

WISE WOLVES FINANCE LTD

Pillar III Disclosures and Market Discipline for the year ended 31 December 2024

April 2025

Name of Investment Firm..... : Wise Wolves Finance Ltd

CySEC License Number..... : CIF 337/17

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DISCLOSURE

*The Disclosure and Market Discipline Report for 2024 has been prepared by **Wise Wolves Finance Ltd** in accordance with Part Six of Regulation (EU) 2019/2033 (the IFR) and Directive (EU) 2019/2034 (the IFD), as required by the Cyprus Securities and Exchange Commission.*

Wise Wolves Finance Ltd confirms that any information not included in this report was either not applicable to the Company's business activities or is considered proprietary. Sharing such proprietary information publicly or with competitors would potentially undermine the Company's competitive position.

Wise Wolves Finance Ltd operates under the regulation of the Cyprus Securities and Exchange Commission, holding License No. 337/17.

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1 INTRODUCTION

1.1 CIF Information

Wise Wolves finance Ltd (hereinafter referred to as the “**Company**” and/or “**WWF**”) is an Investment Firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 361580 and is regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “**CySEC**”) with license number 337/17.

The Company is a member of the Investor Compensation Fund (“**ICF**” or “**the Fund**”) for the Clients of Cyprus Investment Firms (“**CIFs**”), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“**the Law**”).

It is a legal obligation for CIFs and other Investment Firms (hereinafter referred to as the “**IFs**”) which are not credit institutions, to subscribe to the ICF. Any compensation provided to clients by the Fund shall not exceed the €20,000. The said coverage applies to the total amount of claims by an applicant against an ICF member, irrespective of the number of accounts, the currency and the place of provision of the service. This applies to clients’ aggregate claims against any CIF or other IF.

The Company falls under the classification of "Class 2" CIF according to the IFR, with a minimum or initial capital requirement of €750,000.

The Company is authorized to provide the following Investment Services, in accordance with Part I of the First Appendix of the Law:

- 1) Reception and transmission, on behalf of investors, of orders in relation to one or more of the financial instruments.
- 2) Execution of orders on behalf of Clients.
- 3) Dealing on own account.

The Company is authorized to provide the following Ancillary Services, in accordance with Part II of the First Appendix of the Law:

- 1) Safekeeping and administration of financial instruments, including custodianship and related services.
- 2) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction:
- 3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings:
- 4) Foreign exchange services where these are connected to the provision of investment services:
- 5) Investment research and financial analysis or other forms:

The Company is authorized to provide the investment and ancillary services for the following Financial Instruments, in accordance with Part III of the First Appendix of the Law:

- 1) Transferable securities.
- 2) Money-market instruments.
- 3) Units in collective investment undertakings.
- 4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to
- 5) securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.

- 6) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
- 7) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF.
- 8) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part II and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls.
- 9) Derivative instruments for the transfer of credit risk.
- 10) Financial contracts for differences.
- 11) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

Table 1: Illustrates the Company Licence Information (based on the First Appendix of the Law)

		Investment Services/Activities									Ancillary Services						
		1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7
Financial Instruments	1	✓	✓	✓	✓	✓	-	-	-	-	✓	✓			✓		
	2	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	3	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	4	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	5	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	6	✓	✓	✓	-	-	-	-	-	-	✓	✓	✓	✓	✓	-	-
	7	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	8	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	9	✓	✓	-	-	-	-	-	-	-	✓	✓			✓		
	10	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	11	-	-	-	-	-	-	-	-	-	-	-			-		

1.2 Regulatory (Prudential) Framework

The Pillar III Disclosures have been prepared in accordance with the new regulatory regime for IFs adopted by the European Parliament, the IFR and the Investment Firms Directive (EU) 2019/2034 (the "IFD"), as well as the relevant provisions of "The Prudential Supervisions for Investment Firms Law of 2021", Law 165(1)/2021 (the "Law"), and "The Capital Adequacy Investment Firms Law of 2021", Law 164(1)/2021, amending Law 97(1)/2021 (the "Capital Adequacy Law").

The IFR on the prudential requirements of IFs amends the CRR, Markets in Financial Instruments Regulation (the "MiFIR" or "Regulation 600/2014"), Single Resolution Mechanisms Regulations (the "UMW or "Regulation

806/2014"), and Regulation 1093/2010. This regulation lays down uniform prudential requirements that apply to investment firms authorized and supervised under MiFID II and supervised for compliance with prudential requirements under IFD. The prudential requirements include the following:

- Own funds requirements relating to quantifiable, uniform, and standardized elements of risk to-firm, risk-to-client, and risk-to-market (Part Two and Three of IFR).
- Requirements limiting concentration risk (Part Four of IFR).
- Liquidity requirements relating to quantifiable, uniform, and standardized elements of liquidity risk (Part Five of IFR).
- Reporting requirements related to above mentioned points.
- Public disclosure requirements.

The IFD lays down rules on the initial capital of investment firms and on the supervisory powers and tools for prudential supervision of IFs by competent authorities. IFD amends Capital Requirements Directives (the "**CRD IV**" or "**Directive 2013/36/EU**"), Bank Recovery & Resolution Directive (the "**BRRD**" or "**Directive 2014/59/EU**"), Markets in Financial Instruments Directive (the "**MiFID II**" or "**Directive 2014/65/EU**"), Financial Conglomerates Directive (2002/87/EC), and Alternative Investment Fund Managers Directive (the "**AIFMD**" or "**Directive 2011/61/EU**").

Even though the IFR/IFD does not explicitly refer to Pillars, it adopts the same three Pillar approach used in the Basel standards and implemented in CRD IV:

Pillar I- Capital Requirements: Covers minimum regulatory capital requirements, liquidity buffer and concentration risk limited (part three of IFR).

Pillar II- Internal Capital Adequacy and Risk Assessment Process (the "**ICARA**"): Risk-based assessment of risks not fully captured under Pillar I. The ICARA includes a complete risk assessment and analysis of financial impact to determine any additional capital requirements, and include capital adequacy calculations, stress testing and scenario analysis, as well as all the relevant information on liquidity adequacy. The ICARA might be subject to regulatory review through the SREP which may trigger a 'Pillar 2R' (the "**P2P**") capital add-on, "Pillar 2g" (the "**P2G**") capital buffer or a liquidity buffer (Chapter 2 of Title IV of IFD).

Pillar III- Public Disclosure: Based on the requirements of Part Six of the IFR, an obligation to publish information on risk management objectives and policies, governance, own funds requirements, remuneration policy and practices, investment policy, which may also extend to environmental, social and governance risks (ESG).

1.3 Classification and Prudential Requirements

The IFD and IFR entered into force on 26 July 2021, introducing a new classification system for Investment Firms (the "**IFs**"), based on their activities, systemic importance, size, and interconnectedness.

The aim of the new framework is to introduce more proportionate and risk sensitive rules for IFs. Under the new framework, most IFs in the EU are no longer be subject to rules that were originally designed for banks. All IFs are classified as Class 1, 2 or 3 Investment Firms. The largest and most systemic investment firms are classified as Class 1 and have an equivalent treatment.

as credit institutions in the sense of a level playing field accordingly and they will fall entirely under the Regulation (EU) No 575/2013 (the "**CRR**").

IFs categorized as Class 2 will be most impacted and to a lesser extend Class 3 from the new prudential framework as, the capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD.

An investment firm is categorized as Class 3 if it meets all the criteria below and thus qualifies as a small and non-interconnected investment firm. When the firm exceeds any of the following specific size thresholds, the Company is categorized as Class 2 IF.

Table 2: Illustrates the Company's K- Factor requirements

Criteria	Threshold
● Asset Under Management (AUM)	< EUR 1.2 billion
● Client Orders Handled (COH)	< EUR 100 million/Day Cash Trades. Or < EUR 1 billion/Day for Derivatives
● Asset Safeguarded and Administered (ASA)	0
● Clients' Money Held (CMH)	0
● Daily Trading Flow (DTF)	0
● Net Position Risk (NPR)	0
● Clearing Margin Given (CMG)	0
● On/Off Balance Sheet Total of Investment Firm	< 100 million
Total Annual Gross Revenue from Investment Services and Activities of The Investment Firm	< 30 million

In accordance with the above thresholds, the Company is categorized as Class 2 IF since it exceeds certain thresholds, more specifically, Client Money Held (COH), and, as such, it should maintain own funds at least the higher between:

- Permanent minimum capital requirement the permanent minimum capital requirement
- of the Class 2 IFs has been set to €750,000.
- Fixed Overhead Requirement.

In accordance with Article 13 of the IFR, the Fixed Overheads Requirement (the "FOR") is calculated as 25% (1/4) of the preceding year's fixed expenses based on the audited financial statements. For the purposes of this calculation, the Company's Fixed Overhead Requirement.

- K-Factor Requirement.

A new element introduced by the IFR regime are the K-Factors. They are a series of risk parameters/indicators representing the specific risks IFs face and the risks they pose to customers/markets. The IFR uses nine K-Factors, which fall into three categories: Risk-to-Customer

(the "RtC") K-Factors, Risk-to-Market (the "RtM") K-Factors and Risk-to-Firm (the "RtF") K-Factors. The Company's K-Factor Requirement.

- Frequency and Disclosure.

The Company has an obligation to publish information relating to risks and risk management on an annual basis at a minimum. The frequency of disclosure will be reviewed should there be a material change in the approach used for the calculation of capital or the business structure of regulatory requirements.

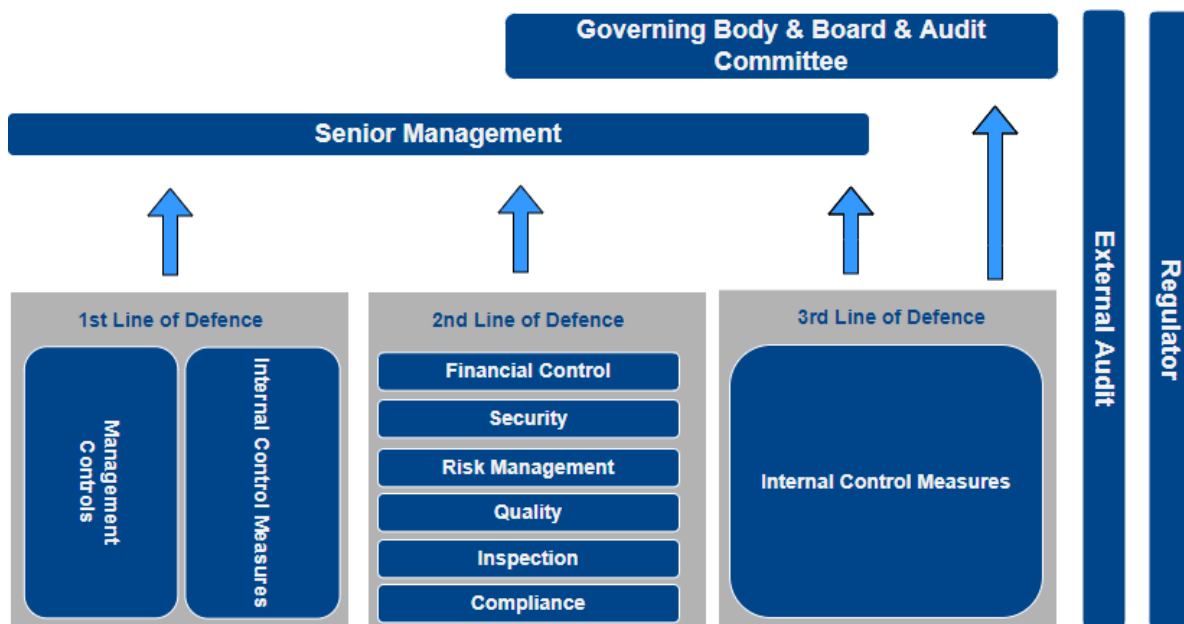
According to the IFR, the Pillar III Disclosures should be included in either the financial statements of the IF, if these are published or on their website. The Company's Pillar III Disclosures are published on the Company's website at: <https://wise-wolves.finance/our-company/>

2 RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 Risk Management Objectives and Policies

Within the RMF, the Company aligns risk management strategies with its business strategies, processes, and capabilities. The organizational structure defines tasks, reporting relationships, and risk owners based on the nature

of the business and inherent risks. Permissible and desirable actions are specified. The Board oversees the development of risk policies, assigns risk owners, and evaluates policy effectiveness. The Investment Committee coordinates decision-making, and oversight related to the RMF. The Company's risk and compliance management system follows the three lines of defense model.



First line of defense: The business management which has day-to-day ownership, responsibility, and accountability for assessing, controlling, and managing risk. The business function and all support functions (managers and employees) that generate exposure to a risk make up the first line of defense. All employees are required to ensure the effective management of risks within the scope of their direct organizational responsibilities. The senior management takes the lead role with respect to implementing and maintaining appropriate controls across the business to ensure the quality standards expected by clients and regulators.

Second line of defense: The second line of defense is provided by independent risk functions (including compliance) which provides support and challenge on risk management and define risk to ensure effective risk mitigation. It consists of activities covered by several components of internal governance such as compliance, risk management, legal functions, IT and other control departments. The role of these functions is to provide independent oversight and challenge the risk management activities performed by the first line of defense. These functions are responsible for ensuring that the risks are managed in accordance with the risk appetite defined by senior management and to foster a strong risk culture across the Company. They must also provide guidance, advice and expert opinion in all key risk-related matters.

Third line of defense: The third line of defense is provided by internal audit. As the last layer of control, regularly assesses policies, methods and procedures to ensure they are adequate and are being implemented effectively in the management and control of all risks. It provides independent assurance on the first and second lines, and the appropriateness and effectiveness of policy implementation and internal controls.

Risk Management Framework

The Company's Risk Management Framework (the "RMF") is an integral part of our business processes, supported by a uniform policy which has been developed to manage these risks. One of the Company's major priorities is the development of a forward-looking risk management strategy, through a sound control environment. This has enabled the Company to deal appropriately with changes in the economic, social and regulatory context in which it operates, contributing to the progress of people and businesses.

The development of a consistent risk culture throughout the Company is considered as one of the most important elements of the Company's RMF and procedures. Risk culture is the heart of the human decisions that govern the day-to-day activities of every organization. In view of this, management considers that risk awareness and risk culture within the Company is an important part of the effective risk management process. The Company ensures that all employees are educated on the various risks that could impact their day-to-day work and are able to quickly notify management, executives, Board, and any other individual impacted, so that action can be taken swiftly to mitigate or respond to the risk.

The Company's RMF aims to establish, implement, and maintain adequate policies and procedures designed to manage the risks relating to the Company's activities and where appropriate, to set the level of risk tolerated by the Company. The current RMF sets the process implemented across the Company, designed to identify potential events that may affect its business, to manage risks within its risk appetite parameters, and to provide reasonable assurance regarding the achievement of its mission and its objectives.

The Accounts Department, the Operations Department, the Internal Auditor, Risk Management and Compliance Functions work in concert considering the nature, scale, and complexity of the business of the Company, and the nature and range of investment services and activities undertaken during the Company's business. The integrated objective of these distinct functions is to enhance the accuracy and overall effectiveness of the Company's risk management and monitoring structure.

Risk Management function

The Company's Risk Management function operates independently and carries out the following tasks:

- Implementation of the policy and procedures relevant to the risk management activities.
- Provision of reports on a frequent basis, and at least annually.
- Provision of advice to senior management.
- Develop and retain a Risk Register to facilitate all risks associated with Company operations and achieve a proactive approach to Risk Management.

To apply the above principles, the Company monitors the following:

- The adequacy and effectiveness of the Company's risk management policies and procedures.
- The level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted.
- The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

Compliance Department

The Company has established a Compliance Function which is an independent unit within the organization. The main duties/responsibilities of the Compliance function are the following:

- Monitor on a permanent basis and assess on a regular basis, the adequacy and effectiveness of the measures, policies and procedures put in place, and the actions taken to address any deficiencies in the Company's compliance with its obligations.
- Advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the Company's obligations under the relevant laws.
- Report to the Board of Directors, on at least an annual basis, on the implementation and effectiveness of the overall control environment for investment services and activities, on the risks that have been identified and, on the Complaints-handling reporting, as well as the remedies undertaken or to be undertaken.

- Monitor the operations of the Complaints-handling process and consider Complaints as a source of relevant information in the context of its general monitoring responsibilities.

Anti- Money Laundering Compliance Department (“AMLCO”)

The AMLCO reports directly to the Senior Management and BoD of the Company and is responsible for:

- Approving all new clients of the Company.
- Reviewing clients on an annual basis or when its deemed necessary.
- Ongoing monitoring of client accounts and transactions.
- Approving of deposits and withdrawals from client accounts.
- Monitoring fraud alerts received from the payment service providers.
- Reviewing and implementing any changes / updates to the Anti-Money Laundering (“AML”) legal framework.
- Reporting any suspicious activity to MOKAS.

Internal Audit

The Company's internal audit function is outsourced to PricewaterhouseCoopers. The main duties and responsibilities of the internal audit are the following:

- Establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements
- Issue recommendations based on the result of the audit.
- Verify compliance with the recommendations.
- Report in relation to internal audit matters to the management of the Company, the Board of Directors and to the regulators.

ICARA and Stress Testing

As part of its Risk Management Framework and procedures, the Company conducts stress tests, in the context of the Annual Internal Capital Adequacy and Risk Assessment Process (hereinafter, the "ICARA") that help the Company to evaluate the impact on its current and future profitability and capital and liquidity adequacy, as well as, to assess and quantify risks using forward looking stress testing scenarios.

It is noted that the next ICARA will be performed by the Company in Q2 2025 and will rely on the "IFR-plus approach" and will aim to capture the risks as stipulated by the new IFR (k-factors, liquidity risks, etc.) but also to include any other risks that are not being captured under the IFR. Stress tests consider the following:

- Understand the risk profile of the Company.
- Evaluate the Company's capital adequacy to absorb potential losses under stressed conditions, considering risks not covered or inadequately covered by minimum regulatory and liquidity requirements, as part of the Company's Internal Capital Adequacy Assessment (ICARA).
- Assess the Company's strategy: Senior Management reviews stress test results in comparison to approved business plans and determines if corrective actions are necessary.
- Stress testing enables Senior Management to ensure that the Company's exposures align with its risk appetite.
- Establish or revise limits: Stress test results are integrated into risk management processes to establish or revise limits across products, various market risk variables, and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, management should make recommendations to the BoD for remedial measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.

- Consider an increase in share capital; or enhance contingency planning.

2.2 Risk Appetite

As part of its business objectives, the Company’s risk appetite represents the level of risk the Company is willing to accept to maintain an adequate balance between risk and return. As part of the strategic decision-making process, the Company’s risk appetite is aligned with its financial and strategic planning processes.

The RAS articulates the Company’s appetite thresholds. This is important as it provides the definite view of the board direction of risk-taking activity. The BoD is comfortable that the Company undertakes and allows decision makers (including those with delegated authority and those providing oversight) to exercise judgment with greater confidence and speed. The RAS aligns to the risks identified and defined under the RMF.

The BoD reviews and approves the risk appetite and capacity on an annual basis, with the aim of ensuring that they are consistent with the Company’s strategy, business and regulatory environment and stakeholder’s requirement.

To determine the risk appetite and capacity, it is the Risk Manager’s suggestion that various triggers and thresholds be set on a forward-looking basis and define the escalation of requirements for further actions. The Company then assigns risk metrics that are sensitive to material risks the Company is exposed to and able to function as key indicators of financial health. In detail, the metrics, should be assessed under stress (such as IFR/IFD fully loaded CET 1 ratio) within the regularly performed benchmark and more severe Companywide stress tests and compared levels as defined in the table below.

Risk Appetite Threshold	CET1 Ratio	Total Ratio	Own Fund
● Normal	>75%	>150%	> 1,000,000
● Critical	56% -- 75%	100% -- 150%	750,000 -- 1,000,000
● Crisis	<56%	<100%	<750,000

Throughout the year 2024, the Company has remained in the normal levels regarding the CET1 ratio and Total Ratio, as well as the amount of Own funds as defined in the table above. In the event that the desired risk appetite is breached under either normal or stressed scenarios, these breaches are highlighted to the Senior Management, and ultimately to the BoD. In addition, the Company has in place well-documented Risk Management procedures that describe the immediate actions during an adverse event.

2.3 Internal capital adequacy and risk assessment process (“ICARA”)

The ICARA process is a new requirement for investment firms, which is set out in the IFD. Investment firms that are in scope of the requirement must assess and maintain internal capital and liquid assets sufficient to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. The ICARA requirements include an obligation on the firm to maintain documentation setting out appropriate strategies and processes to ensure that it can meet the requirements.

Fundamental to the ICARA process is identifying risks and potential harms and considering what could go wrong to the point of failure of the firm. Investment firms need to consider ‘what-if’ scenarios for the activities they undertake, the harm that can be caused and the events leading to that harm. The assessment will need to factor in the likelihood of the events materializing, and that different events might occur at the same time. The ICARA process includes new assessment of the liquidity adequacy, new financial projections and stress tests, which have been established to reflect the new K-Factors requirement. The report is being reviewed and updated annually, while it is submitted to CySEC upon its request as laid down at Article 50(b) of the IFR.

3 GOVERNANCE ARRANGEMENTS

3.1 Board of Directors

For the year ended 31 December 2024, the Board consisted of two Executive Directors and three Non-Executive Directors. The main duties of the Board of Directors (BoD) include:

- Define and oversee governance arrangements for effective and prudent management, including segregation of duties and conflict of interest prevention, promoting market integrity and client interests.
- Formulate the Company's strategy for existing and new service development.
- Govern the organization through broad policies and objectives.
- Ensure implementation and maintenance of adequate internal control mechanisms.
- Ensure compliance with legal obligations to CySEC and relevant laws and directives/guidelines.
- Regularly assess and approve policies and procedures to ensure compliance with applicable laws and CySEC directives/guidelines.
- Define, oversee, and approve policies for services, activities, products, operations, and remuneration based on risk tolerance and client needs.
- Establish and document principles for preventing money laundering and terrorist financing, informing the Compliance/AML Officer accordingly.
- Monitor internal control mechanisms and assess their adequacy in alignment with strategic objectives.
- Review and approve the Client Acceptance Policy.
- Ensure availability of sufficient and experienced resources for Company operations.
- Receive annual written reports from the Compliance Officer, Risk Management Officer, and Internal Audit function, and follow up on issues raised, ensuring remedial measures are taken.

The Board of Directors convenes regularly, holding meetings no less than four times annually at the Company's headquarters in Cyprus. These meetings adhere to a structured agenda, addressing matters requiring board decisions.

3.1 Board Recruitment

The management of a CIF must be undertaken by at least two qualified individuals.

- Members of the Board must be of good repute and possess sufficient knowledge, skills, and experience to perform their duties. The Board's composition should reflect a broad range of experiences.
- Board members must commit sufficient time to their roles.
- The number of directorships held by a Board member should consider individual circumstances and the nature, scale, and complexity of the Company's activities. For significant companies, Board members should not hold more than: (a) One executive directorship and two non-executive directorships; (b) Four non-executive directorships.
- Directorships within the same group or institutional protection scheme, or undertakings where the CIF holds a qualifying holding, count as a single directorship.
- Directorships in non-commercial organizations do not count towards these limits.
- The Commission may allow additional non-executive directorships.

Board Responsibilities:

- The Board must collectively possess adequate knowledge, skills, and experience to understand the Company's activities and principal risks.
- Each Board member must act with honesty, integrity, and independence to effectively assess and challenge senior management decisions and oversee management's decision-making.
- The Chairman of the Board must not simultaneously serve as the Chief Executive Officer unless authorized by the Commission.

3.2 Diversity Policy

Diversity is a key driver of organizational success and economic performance. Our Company integrates diversity into its core business practices, recognizing its critical role in achieving commercial success.

The Company value a diverse and skilled workforce and management team, leveraging differences in age, skill, experience, background, race, and gender to optimize team composition. We are committed to fostering an inclusive and collaborative workplace culture that ensures organizational sustainability. This aligns with best practices outlined in the Corporate Governance Code of many EU countries. The Equality and Diversity policy aims to:

- Create a positive, respectful, and inclusive work environment for all employees and customers.
- Prohibit discrimination based on protected characteristics (age, disability, gender, race, ethnicity, religion, sexual orientation, etc.).
- Ensure equal opportunities for all individuals, regardless of background.
- Promote diversity at all levels, including the Board of Directors.

Regular monitoring and/or annual reviews ensure the policy remains effective. We strive to build a workforce that reflects societal diversity, treating every employee with respect and empowering them to perform at their best.

Decisions regarding employment, promotion, training, and benefits are based solely on aptitude and ability. We provide support to help employees unlock their potential, maximizing organizational efficiency.

Key Principles

- Zero tolerance for harassment, bullying, or intimidation.
- Equal access to training, development, and advancement opportunities.
- Encouragement for employees to report discrimination concerns.
- Regular review of employment practices to maintain fairness.

3.3 Committees

The Board establishes sub-committees to focus on specific areas and make informed decisions within their delegated authority. These committees are integral to the governance framework, with clearly defined mandates and reporting procedures.

Under CySEC's Circular C487, the Company is not classified as a Significant CIF. However, the Company has established the Risk Management committee.

Composition of the Risk Management Committee.

The Risk Management Committee, composed of Non-Executive Directors, meets as needed to address key risk-related matters, including policy updates, new product introductions, and risk level adjustments. Its core responsibilities include:

- Define and oversee the Company's risk appetite, ensuring alignment with the evolving external environment (e.g., regulatory changes, sanctions).
- Develop risk strategies aligned with medium-to-long-term business goals.
- Evaluate high-risk clients/deals and make decisions based on risk appetite and exposure.
- Ensure robust internal controls for risk monitoring and management.
- Detect vulnerabilities affecting the Group's risk profile.
- Supervise risk management processes, including controls, training, culture, and communication systems.
- Advise on future risk appetite, tolerance, and strategy, considering external factors (economic, political, regulatory).
- Identify large exposures and devise diversification strategies.
- Conduct thorough assessments of emerging and principal risks, including threats to business models, performance, solvency, liquidity, authorization, and reputation.

It is worth noting that, due to the size and complexity of the business model, the Company has included ICT matters under the Risk Management Committee with the following core responsibilities:

- Develop and maintain a comprehensive ICT risk management framework to identify, monitor, prevent, and mitigate ICT-related risks.
- Ensure adherence to DORA and other regulatory requirements, including the European Banking Authority (EBA) guidelines on ICT and security risk management
- Establish processes for detecting, responding to, and reporting ICT-related incidents.
- Oversee ICT third-party risk management, including contractual provisions and documentation.
- Implement robust digital operational resilience testing programs, including threat-led penetration testing (TLPT) if needed and required.
- Develop and recommend ICT risk management policies to the Risk Committee.
- Regularly monitor ICT risks and report findings to the Risk Committee.
- Coordination: Coordinate with other departments (e.g., Operations, Internal Audit) to ensure integrated risk management.
- Promote ICT risk awareness and provide training to employees.

3.4 Number Directorships held by Members of the Board

The Board of Directors’ composition directly impacts business effectiveness. A diverse board, with varied backgrounds, expertise, and perspectives, ensures balanced decision-making. This includes a mix of dependent and independent members, along with gender diversity. While prioritizing diversity, the Company also values knowledge, skills, experience, and reputation.

Differences in ability, background, gender, age, and nationality within the top management team enhance value creation and improve performance. Gender equality efforts are prioritized, with a target of 25% female board representation achieved this year.

The table below lists the number of directorships held by each member of the Company’s management body in other entities, excluding Wise Wolves Finance Ltd and group companies. Directorships in non-commercial organizations (e.g., non-profits) are excluded.

Table 3: Illustrates the Company’s Board of Directors

Name of Director	Position in the CIF	Directorships - Executive	Directorships – non-executive
Ms. Alla Starodubtseva	Executive Director	1	0
Mr. Timur Gubaydulin	Executive Director	1	0
Mr. Sergey Stopnevich	Non-Executive Director, Non-Independent	0	1
Ms. Yevheniya Savchenko Paschalides	Non-Executive Director, independent	2	0
Mr. Nicos Kacoullis	Non-Executive Director, independent	1	0

Note: The information in this table is based on representations made by the directors of the Company

3.5 Staff Recruitment

The Company recognizes that effective recruitment and selection are essential for maintaining a high-quality workforce. We follow our Equality and Diversity Policy to ensure equal employment opportunities for all qualified individuals. Key Procedures:

- Recruitment is authorized by the relevant organizational unit manager, with HR notified promptly.
- The Board may authorize additional recruitment during planned activity expansions.
- Employee performance is assessed based on mutually agreed goals aligned with job descriptions.

- The Executive Director sets evaluation criteria, with appraisals conducted mostly on an annual. Written records document appraisals and future goal planning.
- The Executive Director completes an Appraisal Form, identifying performance issues and initiating corrective actions. Employees receive a copy of the appraisal.
- Employee records are retained for a minimum of five years.

3.6 Reporting and Control

In accordance with legal requirements and subsequent directives, Wise Wolves Finance Ltd has successfully maintained effective information flow regarding risk to the management body. The details are outlined below: Information of flow for Wise Wolves Finance Ltd

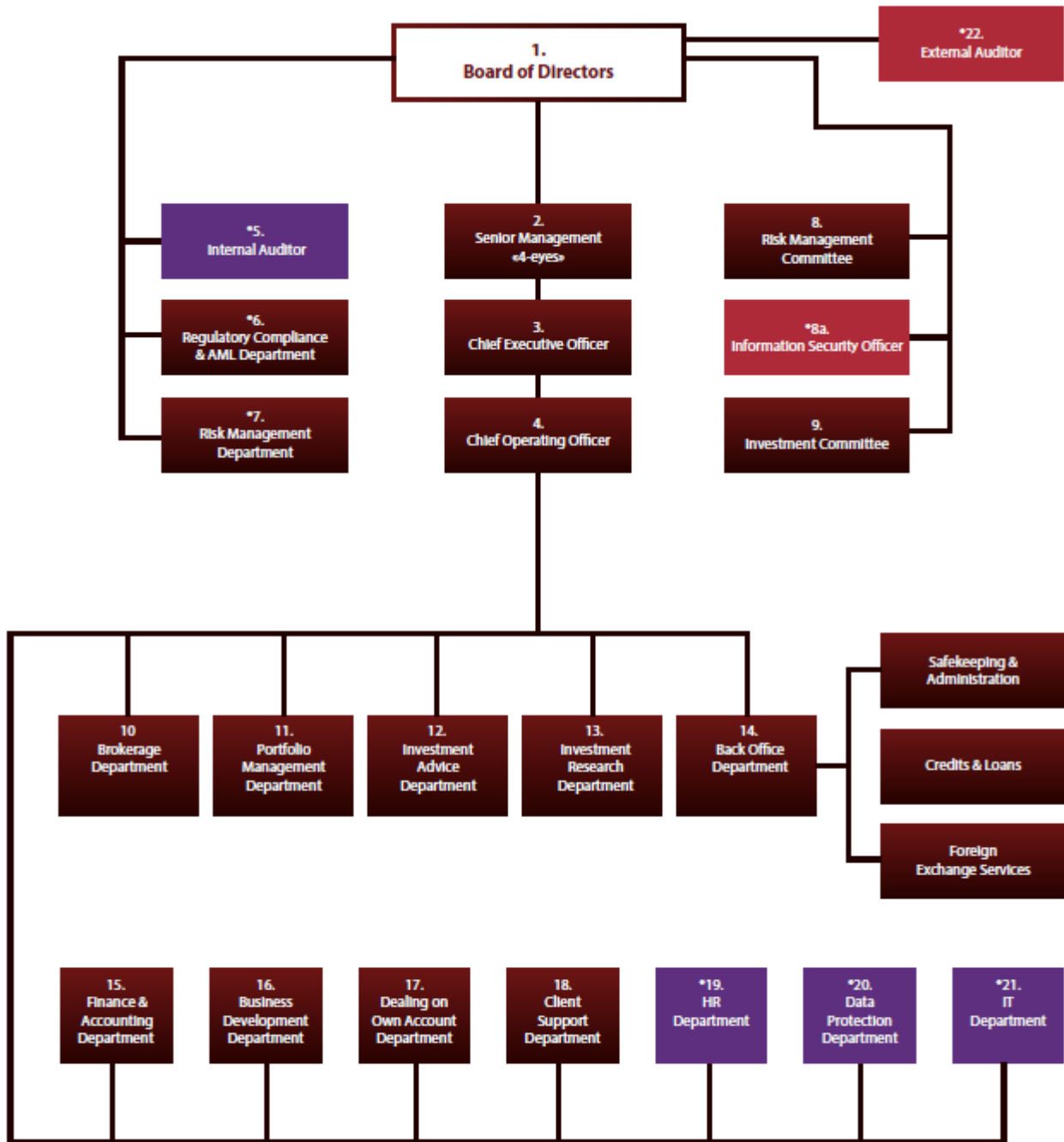
Table 4: Illustrates the Company's annual regulatory obligations

No.	Report Name	Owner of Report	Recipient	Frequency
1	Risk Manager's Report	Risk Manager	Senior Management, Board, CySEC	Annually
2	IF CLASS2 Ind	Risk Manager	Senior Management, Board, CySEC	Quarterly
3	ICARA Report	Risk Manager	Senior Management, Board	Annually
4	Disclosures & Market Discipline Report	Risk Manager	Senior Management, Board	Annually
5	Risk Register	Risk Manager	Senior Management, Board	Annually
6	Compliance Report	Compliance Officer	Senior Management, Board, CySEC	Annually
7	Internal Audit Report	Internal Auditor	Senior Management, Board, CySEC	Annually
8	Anti-money laundering (AMLCO) Report	Anti-money laundering Compliance Officer	Senior Management, Board, CySEC	Annually
9	Audited Financial Statements	External Auditor	Senior Management, Board, CySEC	Annually
10	Form 165-03 'Prudential Supervision Information'	Risk Manager	Senior Management, Board, CySEC	Annually
11	Form 20-01 (Recovery Plan) *	Risk Manager	Senior Management, Board, CySEC	Every Two Years
12	Resolution Templates (XBRL)	Risk Manager	Senior Management, Board, Resolution Authority (CBC)	Annually
13	Remuneration Reporting	Finance Department & Risk Manager	Senior Management, Board, CySEC	Annually
14.	IPU threshold monitoring	Risk Manager	Senior Management, Board, CySEC	Quarterly
15.	Prudential Form 165-03	Risk Manager	Senior Management, CySEC	Annually
16.	Prudential Form 165-05	Risk Manager	Senior Management, CySEC	Annually
17.	Remuneration Reporting	Risk Manager	Senior Management, CySEC	Annually

*CIFs which are subject to simplified obligations for the purpose of preparing their recovery plans according to CySEC's Directive DI20-01

3.7 Organizational Structure

The Company's latest organizational structure is as follows:



*Outsourced Internal Function

*Outsourced External Function

4 OWN FUNDS

The Company's primary capital management objective is to comply with the minimum own funds' requirements under IFR/IFD (Pillar 1), specifically:

- Maintain a Common Equity Tier 1 (CET1) ratio of at least 56%, calculated as CET1 capital as a percentage of total Own Funds Requirement.
- Achieve a Tier 1 (CET1 + Additional Tier 1) ratio of at least 75%, calculated as Tier 1 capital as a percentage of Own Funds Requirement.
- Ensure a total capital (Tier 1 + Tier 2) ratio of 100%, calculated as total own funds as a percentage of total Own Funds Requirement.

During the Supervisory Review and Evaluation Process (SREP), CySEC may require additional capital if there are material changes to the firm's business or risk profile. The Company has not received any Pillar 2 requirements to date.

4.1 Composition of Regulatory Own Funds

The composition of the Company's Own Funds which is cross-referenced to the corresponding rows in table EU IF CC2, is shown below. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

Table 5: Composition of regulatory own funds (Investment firms other than small and non- interconnected) based on Template EU IFCC1.01

Common Equity Tier 1 (CET1) Capital: Instruments and Reserves	31.12.2024 EUR '000	Source Based on Reference Numbers/Letters of The Balance Sheet in The Audited Financial
1 Own funds	2,221	N/A
2 Tier 1 Capital	2,221	N/A
3 Common Equity Tier 1 Capital	2,221	N/A
4 Fully paid-up capital instruments	4	Note 22
5 Share premium	3,476	N/A
6 Retained earnings	-580	N/A
7 Previous years retained earnings	-580	N/A
8 Profit eligible	-	N/A
9 Accumulated other comprehensive income	-	N/A
10 Other reserves	-	N/A
11 Minority interest given recognition in CET1 capital	-	N/A
12 Adjustments to CET1 due to prudential filters	-	N/A
13 Other funds	-	N/A
14 (-) Total deductions from Common Equity Tier 1	-679	N/A
15 (-) Own CET1 instruments	-	N/A
16 (-) Direct holdings of CET1 instruments	-	N/A
17 (-) Indirect holdings of CET1 instruments	-	N/A
18 (-) Synthetic holdings of CET1 instruments	-	N/A
19 (-) Losses for the current financial year	-633	N/A
20 (-) Goodwill	-	N/A
21 (-) Other intangible assets	-4	Notes 16
22 (-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	N/A
23 (-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	N/A
24 (-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	N/A
25 (-) CET1 instruments of financial sector entities where the investment firm does not have a significant investment	-	N/A
26 (-) CET1 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
27 (-) Defined benefit pension fund assets	-	N/A
28 (-) Other deductions	-	N/A
29 CET1: Other capital elements, deductions and adjustments	-42	Note 20
30 Additional Tier 1 Capital	-	N/A
31 Fully paid up, directly issued capital instruments	-	N/A
32 Share premium	-	N/A
33 (-) Total deductions from Additional Tier 1	-	N/A
34 (-) Own AT1 instruments	-	N/A
35 (-) Direct holdings of AT1 instruments	-	N/A
36 (-) Indirect holdings of AT1 instruments	-	N/A

37	(-) Synthetic holdings of AT1 instruments	-	N/A
38	(-) AT1 instruments of financial sector entities where the investment firm does not have a significant investment	-	N/A
39	(-) AT1 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
40	(-) Other deductions	-	N/A
41	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
42	Tier 2 Capital	-	N/A
43	Fully paid up, directly issued capital instruments	-	N/A
44	Share premium	-	N/A
45	(-) Total deductions from Tier 2	-	N/A
46	(-) Own T2 instruments	-	N/A
47	(-) Direct holdings of T2 instruments	-	N/A
48	(-) Indirect holdings of T2 instruments	-	N/A
49	(-) Synthetic holdings of T2 instruments	-	N/A
50	(-) T2 instruments of financial sector entities where the investment firm does not have a significant investment	-	N/A
51	(-) T2 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
52	Tier 2: Other capital elements, deductions and adjustments	-	N/A

Table 6: Own funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements based on Template EU IFCC2

	Balance Sheet As in Audited Management Accounts	Cross Reference to EU IFCC1
	31/12/2024 (AUDITED) EUR '000	31/12/2024
Assets - Breakdown by Asset Classes According to Balance Sheet in Published Audited Financial Statements		
Non-current assets		N/A
Property, plant and equipment	0.1	N/A
Intangible assets	4.36	Ref. 25
Right-of-use asset	64.76	N/A
Cash at banks and with brokers	1919.17	N/A
Deposit with Investors' Compensation Fund	39.89	Ref. 29
Total non-current assets	2,028.28	
Current Assets		N/A
Trade and other receivables	34.47	N/A
Loans receivable	0	N/A
Financial assets at FVTPL	196.61	N/A
Cash and cash equivalents	158.72	N/A
Total current assets	389.8	
Total assets	2,418.08	
Equity		N/A
Share capital	3.96	Ref. 4
Share premium	3476.04	Ref. 3
Retained earnings	-1212.94	Ref. 19
Total equity	2,267.06	
Liabilities - Breakdown by Liability Classes According to Balance Sheet in Published Audited Financial Statements		
Current liabilities	-	N/A
Trade and other payables	47.66	N/A
Lease liability on ROU	65.73	N/A
Deferred Income	37.63	N/A
Total current liabilities	151.02	
Total equity and liabilities	2,418.08	

4.2 Main features of the capital instruments

Table 7: Own funds: main features of own instruments issued by the firm based on Template EU IFCCA

1	Issuer	Wise Wolves Finance Ltd
2	Unique Identifier (E.G., Cusip, Isin or Bloomberg Identifier for Private Placement)	254900Y6DFIZ8ZX7WY93
3	Public Or Private Placement	Private
4	Governing Law(S) Of the Instrument	Cyprus Companies Law
5	Instrument Type (Types to Be Specified by Each Jurisdiction)	Ordinary Share
6	Amount Recognized in Regulatory Capital (Currency in Million, As of Most Recent Reporting Date)	2.52
7	Nominal Amount of Instrument	1 EUR
8	Issue Price	1 EUR
9	Redemption Price	N/A
10	Accounting Classification	Shareholders' Equity
11	Original Date of Issuance	25.10.2016
12	Perpetual Or dated	Perpetual
13	Original Maturity Date	N/A
14	Issuer Call Subject to Prior Supervisory Approval	N/A
15	Optional Call Date, Contingent Call Dates and Redemption Amount	N/A
16	Subsequent Call Dates, If Applicable Coupons / Dividends	N/A
17	Fixed Or Floating Dividend/Coupon	Floating
18	Coupon Rate and Any Related Index	N/A
19	Existence Of a Dividend Stopper	No
20	Fully Discretionary, Partially Discretionary or Mandatory (In Terms of Timing)	N/A
21	Fully Discretionary, Partially Discretionary or Mandatory (In Terms of Amount)	N/A
22	Existence Of Step Up or Other Incentive to Redeem	N/A
23	Noncumulative Or Cumulative	N/A
24	Convertible Or Non-Convertible	Non-convertible
25	If Convertible, Conversion Trigger(S)	N/A
26	If Convertible, Fully or Partially	N/A
27	If Convertible, Conversion Rate	N/A
28	If Convertible, Mandatory or Optional Conversion	N/A
29	If Convertible, Specify Instrument Type Convertible Into	N/A
30	If Convertible, Specify Issuer of Instrument It Converts Into	N/A
31	Write-Down Features	N/A
32	If Write-Down, Write-Down Trigger(S)	N/A
33	If Write-Down, Full or Partial	N/A
34	If Write-Down, Permanent or Temporary	N/A
35	If Temporary Write-Down, Description of Write-Up Mechanism	N/A
36	Non-Compliant Transitioned Features	N/A
37	If Yes, Specify Non-Compliant Features	N/A
38	Link To the Full Term and Conditions of The Instrument (Signposting)	N/A

5 OWN FUND REQUIREMENTS

The Company's primary goal in terms of capital management is to ensure compliance with the capital requirements regulation enforced by the European Union and overseen by CySEC.

Within this framework, the Company is required to monitor its capital base and maintain a robust capital adequacy ratio. This enables the Company to present itself as fully compliant and financially sound, support its operations, and maximize shareholder value. In this context, capital requirements should not be viewed as a business constraint, but rather as proactive risk management measures designed to benefit both the Company and its clientele.

The Board and the Risk Manager oversee the reporting requirements and have established policies and procedures to meet specific regulatory requirements. This is accomplished by preparing accounts to monitor the Company's financial status and capital position.

The Company manages its capital structure and adjusts it in response to changes in economic and business conditions and the risk profile of its operations.

WWF is classified under Class 2 (IFs that exceed the categorization thresholds for Small and Non-interconnected Investment Firms) within the prudential framework for Investment Firms (IFR/IFD). The minimum Pillar 1 Capital Requirement for the Company is the highest of:

- A Permanent Minimum Capital Requirement of 750,000 EUR, applicable as long as the CIF holds a license for Dealing on own account.
- A Fixed Overhead Requirement, set at 25% of the firm's fixed overheads from the previous year; and
- A K-factors Requirement, which is based on risk exposure indicators ("K-factors") designed to measure risk to customers, counterparty credit risk, trading book market risk, and concentration risk (in the trading book and securities financing transactions, including REPOs).

5.1 Capital Ratios

The total Pillar I capital requirement for the Company (on an individual basis) for the year 2024 is 750K EUR. As of December 31, 2024, the Total Own Funds amount to 2,221K EUR. The Minimum Capital Requirements on an individual basis are met as of this date.

Table 8: Total Own Funds Requirement, capital ratios and capital levels based on IFR1

	31.12.2024 EUR '000
1. Total Own Funds	2,221
2. Total Own Funds Requirement (As Max of Lines 2.1 -2.3)	750
2.1. Permanent Minimum Capital Requirement	750
2.2. Fixed Overheads Requirement	283.22
2.3. Total K-Factor Requirement	229.73
3. CET 1 Ratio	296%
Surplus (+)/Deficit (-) of CET 1 Capital	1,801
4. Tier 1 Ratio	296%
Surplus (+)/Deficit (-) of Tier 1 Capital	1,659
5. Own Funds Ratio	296%
Surplus (+)/Deficit (-) of Total capital	1,471

5.2 Permanent Minimum Capital Requirement

Article 9 of the IFD specifies initial capital requirements for investment firms, which vary based on authorized activities, ranging from 75,000 to 750,000 EUR. A CIF authorized to provide investment services or conduct activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law must maintain an initial capital of 750,000 EUR. As the Company is licensed for Dealing on own account, its minimum capital requirement is set at 750,000 EUR.

5.3 Fixed Overheads requirement

In accordance with Article 13 of the IFR, the fixed overheads requirement for an investment firm must be at least one-quarter of the fixed overheads from the preceding year. Fixed overheads are calculated by subtracting variable expenses, as defined in the December 2020 Regulatory Technical Standards (RTS) issued by the EBA. As of 31 December 2024, the Company's Fixed Overhead Requirement was EUR 283.22K, as detailed in the table below.

Table 9: Calculation of Fixed Overheads Requirement as at 31.12.2024

Fixed Overhead Requirement	283.22
Annual Fixed Overheads of The Previous Year After Distribution of Profits	1,133.83
Total Expenses of The Previous Year After Distribution of Profits	1,133.83
Of Which: Fixed Expenses Incurred on Behalf of The Investment Firms by Third Parties	
(-) Total Deductions	0.00
(-) Staff Bonuses and Other Remuneration	
(-) Employees', Directors' and Partners' Shares in Net Profits	
(-) Other Discretionary Payments of Profits and Variable Remuneration	
(-) Shared Commission and Fees Payable	
(-) Fees, Brokerage and Other Charges Paid to Ccps That Are Charged to Customers	
(-) Fees To Tied Agents	
(-) Interest Paid to Customers on Client Money Where This Is at The Firm'S Discretion	
(-) Non-Recurring Expenses from Non-Ordinary Activities	
(-) Expenditures From Taxes	
(-) Losses From Trading on Own Account in Financial Instruments	
(-) Contract Based Profit and Loss Transfer Agreements	
(-) Expenditure On Raw Materials	
(-) Payments Into a Fund for General Banking Risk	
(-) Expenses Related to Items That Have Already Been Deducted from Own Funds	0

5.4 K-factor requirement

The K-factor Requirement is predicated on risk exposure indicators (“K-factors”), which capture not only the risks associated with the balance sheet but also P&L risks. The K-factors Requirement is at least the sum of the following:

- Risk-to-Client (RtC) K-factors encompass client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH).
- Risk-to-Market (RtM) K-factors capture net position risk (K-NPR) in line with the market risk provisions of Regulation (EU) No 575/2013 or, where allowed by the competent authority, based on the total margins required by an investment firm’s clearing member (K-CMG). The Company does not engage in dealing on its own account through clearing members.
- Risk-to-Firm (RtF) K-factors capture an investment firm’s exposure to the default of their trading counterparties (K-TCDD) in line with simplified provisions for counterparty credit risk based on Regulation (EU) No 575/2013, concentration risk in an investment firm’s large exposures to specific counterparties based on the provisions of that Regulation that apply to large exposures in the trading book (K-CON), and operational risks from an investment firm’s daily trading flow (K-DTF).

Table 10: the total K-factor requirement for the Company and the individual K-factors that constitute it:

	31.12.2024
	EUR '000
Total K-Factor requirement	229.73
Risk to client	38.85
Assets under management	-
Client money held - Segregated	25.80
Client money held - non-segregated	-
Assets safeguarded and administered	13.06
Client orders handled - Cash trades	-
Client orders handled - Derivatives trades	-
Risk to market	190.68
K-Net positions risk requirement	190.68
Clearing margin given	-
Risk to firm	0.20
Trading counterparty default	-
Daily trading flow - Cash trades	0.20
Daily trading flow - Derivative trades	-
K-Concentration risk requirement	-

6 CONCENTRATION RISK REQUIREMENT

The calculation of limits for large exposures follows the specifications in the IFR/IFD, applying a simplified version of the CRR requirements. These limits apply exclusively to large exposures in the trading book. A 'large exposure' is defined as an investment firm's exposure to an individual or a group of connected individuals where its value equals or exceeds 10% of the Company's eligible own funds. The Company must adhere to the following Large Exposure limits:

- The concentration risk limit for an exposure value, after considering credit risk mitigation, to an individual client or group of connected clients is 25% of own funds.
- If the client is an institution, or a group of connected clients includes one or more institutions, the limit is the higher of 25% of the Company's own funds or EUR 150m.
- If EUR 150m exceeds 25% of the Company's own funds, the limit is capped at 100% of the Company's own funds.

As per the IFR, exceeding these limits requires notifying the authorities and meeting the own funds requirement for the excess amount (K-CON). The exposure value regarding an individual client or group of connected clients must not exceed:

- 500% of the investment firm's own funds within 10 days of the excess occurring.
- In aggregate, 600% of the investment firm's own funds for any excesses persisting beyond 10 days.

No breaches of the large exposure limits occurred during the four quarters of 2024, maintaining the own funds requirement for concentration risk at zero.

7 LIQUIDITY REQUIREMENT

Liquidity risk arises from mismatches in the maturity of assets and liabilities, potentially increasing profitability but also exposure to losses. To mitigate this, the Company maintains procedures such as holding sufficient cash and highly liquid assets, and ensuring access to credit facilities.

Under IFR/IFD regulations, investment firms must maintain liquidity levels equivalent to at least one-third of their Fixed Overhead Requirement (FOR). As of 31 December 2024, the Company's liquid assets, as reported in its latest audited financial statements, exceeded this requirement, confirming compliance with the liquidity standards.

8 OTHER RISKS

8.1 Reputational Risk

Reputational risk refers to the potential for negative publicity regarding a financial organization's business practices or affiliations, whether true or not, leading to a loss of trust in the institution's integrity. This risk can arise from regulatory non-compliance, ethical violations, or customer perception gaps between product offerings and staff practices. The Company mitigates reputational risk through the following measures:

- The Company oversees all public marketing communications, aligning with new regulations to maintain a strong reputation. It seeks legal advice for new jurisdictions and tailors marketing materials to third-country requirements.
- Clear policies for handling customer complaints ensure high-quality support. Given the Company's service standards, customer claims are rare.
- Employees adhere to confidentiality policies, and controls are in place to prevent and detect internal fraud.
- Management ensures the Company promptly addresses market and regulatory changes that could impact its reputation.

8.2 Strategic Risk

Strategic risk refers to the potential for earnings downside due to revenues or costs underperforming planned targets. It arises from poor strategic positioning, execution failures, or inadequate responses to material plan deviations caused

by external or internal factors, including macroeconomic, financial, and idiosyncratic drivers. Strategic risk is categorized as part of the overall business risk.

The primary objective of strategic risk management is to enhance the Company's earnings resilience and safeguard against excessive earnings volatility, thereby supporting its risk appetite targets, particularly Total Capital Ratios. This is achieved through the systematic identification, assessment, limitation, mitigation, and monitoring of key strategic risks.

8.3 Business Risk

Business risk, distinct from Pillar I capital requirements, is characterized as the potential for economic loss resulting from unfavorable strategic and business decisions, incorrect implementation of these decisions, or a lack of adaptability to changes in the business environment, including technological advancements. While strategic risk is managed through regular business operations, business risk is further scrutinized during the annual Internal Capital Adequacy Assessment Process (ICARA).

The Company's susceptibility to strategic risk is deemed low, as it has implemented robust policies and procedures within its overall strategy to mitigate this type of risk. These measures ensure the Company remains adaptable to changes in the business landscape, maintaining alignment with its strategic objectives and risk management framework.

8.4 Regulatory Risk

Regulatory risk pertains to the potential consequences of non-compliance with laws and directives issued by regulatory authorities. The Company mitigates this risk by:

- Establishing and adhering to procedures aligned with CySEC requirements.
- Evaluating and reviewing adherence to procedures, with annual assessments of the control framework's effectiveness.
- Implementing suggestions for enhancements to maintain low non-compliance risk.

8.5 Compliance / Money Laundering and Terrorist Financing Risk

Compliance risk is the potential for current or future earnings and capital losses due to violations or non-compliance with applicable laws, rules, regulations, agreements, practices, internal policies, or ethical standards. This risk can result in fines, damages, and reputational harm. The Company actively manages compliance risk through:

- Identifying critical rules and regulations where non-compliance could jeopardize the Company's assets.
- Advising senior management on adherence to material rules, implementing effective compliance procedures, and establishing controls.
- Monitoring new or changed regulations and developing implementation plans for appropriate controls.
- Enforcing a zero-tolerance policy for violations of corporate ethics.
- Maintaining open regulatory findings within acceptable levels.
- Conducting detailed reviews of compliance levels across functions to identify and eliminate weaknesses.
- Ensuring comprehensive coverage of all existing material rules and regulations by business departments.

The Company is committed to preventing exploitation for money laundering or terrorist financing through:

- Implementing measures to assess and manage ML/TF risks effectively.
- Conducting thorough client identification and due diligence, especially for high-risk clients.
- Continuously monitoring business relationships and transactions.
- Ensuring personnel receive appropriate training and support.

8.6 Information and Technology Risk

IT risk arises from inadequate information technology and processing, insufficient IT strategy and policy, or improper use of the Company's IT resources. To address these risks, the Company has implemented comprehensive policies and measures, including backup procedures, software and hardware maintenance, internet usage guidelines, data protection protocols, and disaster recovery plans.

The Internal Auditor evaluates the adequacy of the Company's systems and infrastructure during annual on-site inspections. The Company aims to minimize IT risk materialization through regular assessments and necessary corrective actions.

Additionally, the Company conducts annual Business Continuity Plan (BCP) stress tests to ensure the effective operation of its systems and backup procedures, further reducing the likelihood of IT risk materialization. These measures ensure the Company maintains robust IT governance and operational resilience.

9 REMUNERATION DISCLOSURES

The Company's Remuneration Policy, an integral part of its corporate governance, aligns with its operational model and strategic objectives. Designed in compliance with ESMA's "Guidelines on Remuneration Policies and Practices (MiFID)", the EBA's "Guidelines on Sound Remuneration Policies under Directive (EU) 2019/2034", and Cyprus Law 165(I)/2021, the Policy ensures competitive compensation to attract and retain skilled personnel. It emphasizes alignment with the Company's business strategy, objectives, values, and long-term interests, while mitigating conflicts of interest and discouraging excessive risk-taking beyond the Company's approved risk tolerance.

The Policy establishes that employee rewards are directly linked to behaviors and results defined by the Board and the Company's documented policies. Applicable to all employees, it places particular emphasis on roles with significant impact on the Company's risk profile, including front-office and back-office staff, Head of Accounting, Senior Management, Risk Manager, and Compliance/AML Officer.

The Company has implemented a competitive compensation package that balances career advancement opportunities with the minimization of conflicts of interest. This package, which does not incentivize excessive risk-taking, comprises various components including fixed and variable remuneration, benefits, and long-term incentives.

9.1 Fixed remuneration

Fixed remuneration is determined on the basis of the role of the individual employee, including responsibilities and job complexity, performance and local market conditions. Furthermore, fixed remuneration takes into consideration each individual's "work" characteristics, including:

- Skills and competencies required to generate results.
- Relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment.
- Contribution to the team and the Company as a whole.
- The value and contribution of the individual in the context of the external market.

In respect of the above, the General Manager may perform annual reviews of the fixed remuneration of the employees, following which, a recommendation for salary increases may be made to the BoD.

9.2 Variable remuneration

Variable remuneration, an addition to the monthly fixed salary, is paid in cash through the Company's payroll system via wire transfer or cheque. The Company does not provide guaranteed variable remuneration. The amount is determined by key factors including the employee's contribution to the Company's strategy, their experience (particularly in financial and OTC markets), competitiveness, and educational qualifications.

The Company's remuneration policies are simplified to meet the basic requirements for hiring and retaining professional staff, reflecting the Board's view that this approach is practical for the current stage of business growth. As the Company grows, more detailed variable components may be introduced to support long-term goals.

Performance measurements for variable remuneration consider current and future risks, liquidity, capital requirements, and the timing and likelihood of future revenues. The fixed and variable components are balanced, with the fixed component being a significant proportion of total remuneration, allowing flexibility in variable remuneration, including the possibility of zero variable components.

Under Article 32 of the IFD, variable remuneration typically requires at least 50% to be in shares or share-linked instruments and at least 40% to be deferred over three to five years. However, these provisions do not apply to the Company as it does not meet the 'significant CIF' criteria (off-balance sheet assets averaging less than €100 million over the preceding four years).

9.3 Aggregate Remuneration

During 2024, the Company's remuneration structure for management and staff consisted of a fixed cash salary component and non-cash benefits, including medical insurance. Additionally, cash bonuses were awarded to recognize exceptional employee performance throughout the year.

The aggregate remuneration for Senior Management and staff whose actions significantly impact the Company's risk profile, as of 31 December 2024, reflects the Company's commitment to aligning compensation with its strategic objectives and risk tolerance. This structure is designed to attract and retain talent while ensuring that remuneration practices support the Company's long-term goals and regulatory compliance.

Table 12: Illustrate the aggregate remuneration split by the business area

Remuneration as of 31st December 2024		Annual Remuneration (EUR)		
Business Area	No. of Beneficiaries	Fixed	Variable	TOTAL
Portfolio Manager	1	14981.07	0	14981.07
Investment Advisor	1	21351.17	0	21351.17
Safekeeping officer	3	57101.5	0	57101.5
Dealing on Own Account	2	50646.93	0	50646.93
Reception, Transmission and Execution	1	38528.56	0	38528.56
Other Staff	12	349269.41	0	349269.41
Control Function	4	115049.22	0	115049.22
Total	24	646927.86	0	646927.86

* *Note: Control Function involves Compliance Officer, Risk Manager and Money Laundering Compliance Officer.*

Table 13: Illustrate the aggregate remuneration split by staff who have a material impact on the Company's risk profile

Remuneration as of 31st December 2024		Annual Remuneration (EUR)		
Position/ Role	No. of Beneficiaries	Fixed (cash) Remuneration	Variable (cash) Remuneration	Aggregated Remuneration
<i>Senior Management (incl. executive directors)</i>	2	133939.02	0	133939.02
<i>Other staff</i>	22	512988.84	0	512988.84
Total	24	646927.86	0	646927.86

10 ESG DISCLOSURES

In accordance with Article 53 of the IFR, investment firms are required to disclose information on environmental, social, and governance risks, including physical and transition risks, as defined in the report referred to in Article 35 of

Directive (EU) 2019/2034. This requirement applies to firms whose average value of on and off-balance sheet assets exceeds €100 million over the four-year period immediately preceding the given financial year.

As of 31 December 2024, the Firm did not meet the threshold for disclosure under Article 53 of the IFR, as its average value of on and off-balance sheet assets over the preceding four years did not exceed €100 million. Therefore, no further disclosure is required.

11 APPENDIX - SPECIFIC REFERENCES TO THE IFR

IFR Reference (Article)	High Level Summary	Compliance Reference
Scope of Disclosure Requirements		
46 (1)	Requirement To Publish Disclosures for Class 2 Ifs	1.3
46 (2)	Requirement to publish market disclosures for small and non-interconnected IFs	N/A
46 (3)	Requirement to publish market disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF	N/A
46 (4)	Determination Of the Appropriate Medium and Location to Publish the Disclosures	1.3
Risk management objectives and policies		
47	Investment Firms Shall Disclose Their Risk Management Objectives and Policies for Each Separate Category of Risk, Including A Summary of The Strategies and Processes to Manage Those Risks and A Concise Risk Statement Approved by The Investment Firm's Management Body Succinctly Describing the Investment Firm's Overall Risk Profile Associated with The Business Strategy.	2.1
Governance		
48 (a)	Disclosure Of the Number of Directorships Held by Members of The Management Body	3.4
48 (b)	Diversity Policy	3.2
48 (c)	Risk Committee and Number of Times the Risk Committee Has Met Annually	3.3
Own Funds Composition		
49 (1) (a)	Full Reconciliation of Common Equity Tier 1 Items, Additional Tier 1 Items, Tier 2 Items and Applicable Filters and Deductions Applied to Own Funds of The Investment Firm and The Balance Sheet in The Audited Financial Statements of The If:	N/A
49 (1) (b)	Description Of the Main Features of The Common Equity Tier 1 And Additional Tier 1 Instruments and Tier 2 Instruments Issued by The If	4.0
49 (1) (c)	Description Of All Restrictions Applied to The Calculation of Own Funds in Accordance with The IFR and The Instruments and Deductions to Which Those Restrictions Apply	4.1
49 (2)	Eba Shall Develop Implementation Standards for Points (A), (B), (C) Above.	N/A
Own Funds Requirements		
50 (a)	Summary Of IF's Approach to Assessing Adequacy of Its Internal Capital to Support Current and Future Activities.	3.7
50 (b)	Result Of ICAAP Upon Request of The Competent Authority.	2.3
50 (c)	K-Factor Requirements Calculated in Aggregate Form for RtM, RtF, And RtC, Based on The Sum of The Applicable K-Factors	5.4
50 (d)	Fixed Overheads Requirement	5.3
Remuneration policy and practices		
51	Remuneration Policy, Including Aspects Related to Gender Neutrality and The Gender Pay Gap, For Those Categories of Staff Whose Professional Activities Have a Material Impact on The Risk Profile	9
51 (a)	Design Characteristics of The Remuneration System, Including the Level of Variable Remuneration and Criteria for Awarding Variable Remuneration, Payout in Instruments Policy, Deferral Policy and Vesting Criteria	9
51 (b)	Ratios Between Fixed and Variable Remuneration	9
51 (c)	Aggregated Quantitative Information on Remuneration, Broken Down by Senior Management and Members of Staff Whose Actions Have a Material Impact on The Risk Profile of The Investment Firm	9

51 (c) (i)	The Amounts of Remuneration Awarded in The Financial Year, Split into Fixed and Variable Remuneration, And the Number of Beneficiaries	9
51 (c) (ii)	The Amounts and Forms of Awarded Variable Remuneration	N/A
51 (c) (iii)	The Amounts of Deferred Remuneration Awarded for Previous Performance Periods	N/A
51 (c) (iv)	The Amount of Deferred Remuneration Due to Vest in The Financial Year	N/A
51 (c) (v)	The Guaranteed Variable Remuneration Awards During the Financial Year and The Number of Beneficiaries of Those Awards	N/A
51 (c) (vi)	The Severance Payments Awarded in Previous Periods, That Have Been Paid Out During the Financial Year	N/A
51 (c) (vii)	The Amounts of Severance Payments Awarded During the Financial Year, Split into Paid Upfront and Deferred, The Number of Beneficiaries of Those Payments and The Highest Payment That Has Been Awarded to A Single Person	N/A
51 (d)	Whether The If Benefits from A Derogation Laid Down in Article 32(4) Of the IFD	9
<i>Investment policy</i>		
52	Not Applicable Due to Criteria Referred to In Point (A) Of Article 32 (4) Of the IFD	N/A
<i>Environmental, social and governance risks</i>		
53	Not Applicable Due to Criteria Referred to Article 53 of the IFR	10