ICC INTERCERTUS CAPITAL LIMITED

Pillar III Disclosures and
Market Discipline Report
2020

APRIL 2021

Contents

1. Introduction

1.1 Corporate Information

ICC Intercertus Capital Limited, hereinafter "the Company", was incorporated on the 1st day of September 2015 as a private limited company in Cyprus with registration number HE 346662, and was subsequently licensed by the Cyprus Securities and Exchange Commission (CySEC) for offering the following investment services:

- Reception and Transmission of Orders in Relation to One or More Financial Instruments.
- Execution of Orders on Behalf of Clients.

On 26th January 2017, the Company was licensed by the Cyprus Securities and Exchange Commission (CySEC) to provide the following additional investment services:

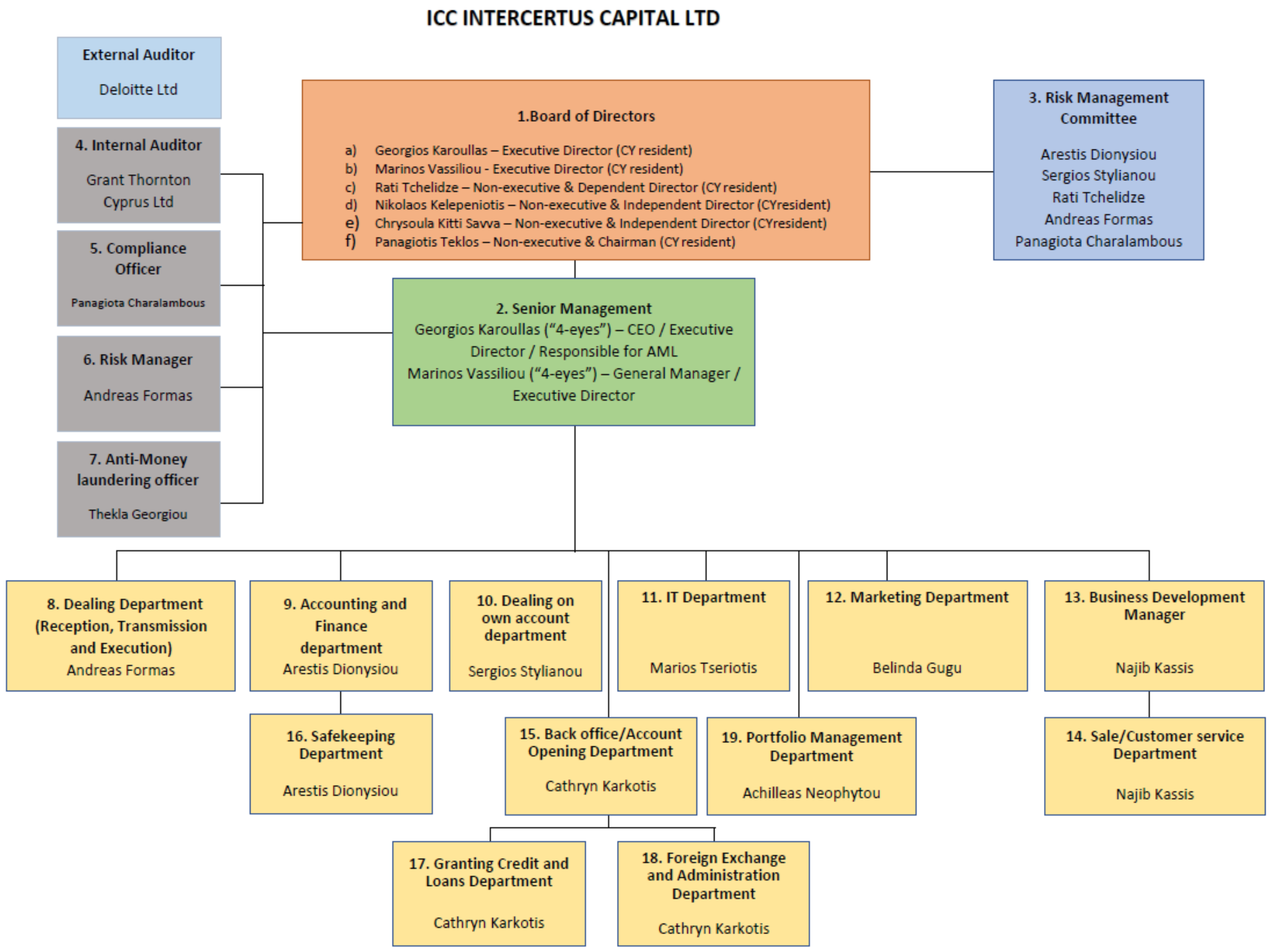
- Dealing on Own Account
- Portfolio Management

In addition to the above core investment services, the company is licensed to offer the below ancillary services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instrument, where the firm granting the credit or loan is involved in the transaction.
- Foreign exchange services where these are connected to the provision of investment services.

The Company is a fully owned subsidiary of ICC Global Holding Ltd, which was incorporated on the 13th day of November 2018 in the British Virgin Islands with registration number: 1998098.

1.2 Organisational structure



The Organisational structure above is as at the date of issuance of this Report[1]

[1] It should be noted that Mr. Teklos will replace Mr. Gogeshvili as member of the Board, once CySEC approves the application which is currently under review.

1.3 Scope of Application

This report has been prepared in accordance with the requirements of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter the "Regulation") and paragraph 32(1) of DI144-2014-14 of the Cyprus Securities and Exchange Commission (the "CySEC") for the Prudential Supervision of Investment Firms. It relates to the year ended 31 December 2020 and is prepared on an individual (solo) basis.

The Regulatory Framework is based on three pillars:

- Pillar 1 has to do with the standards that set out the minimum regulatory capital requirements required for credit, market and operational risk.
- Pillar 2 covers the Supervisory Review Process, which assesses the internal capital adequacy processes. Investment Firms have to evaluate and assess their internal capital requirements.
- Pillar 3 covers transparency and relates to the obligation of Investment Firms to publicly disclose information with respect to their risks, their capital and the risk management structures they have in place.

The Company has established a Disclosures Policy (hereinafter, the "Policy") in accordance with Article 431(3) of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (hereinafter, the "Regulation").

The Disclosures Policy applies solely to the Company and the information to be disclosed shall be based on the Company's latest annual unaudited financial statements prepared on individual basis, in accordance with International Financial Reporting Standards ("IFRS").

The applicability of the Disclosures Policy is reviewed at least annually by the Board of Directors, in the context of an internal review for compliance with the relevant legislation as well as to confirm the appropriateness of the Pillar 3 disclosures and to ensure that they convey the risk profile of the Company comprehensively to market participants.

The Company shall publish the disclosures required under the regulatory framework on an annual basis, within four months after the financial year-end. A two-month extension was granted by CySEC (Circular 445) for the publication of Pillar III disclosures for the year ended 2020.

The disclosures are published on the Company's website at www.everfx.eu and www.inflyx.com.

2. Risk Management Framework and Governance

2.1 Board of Directors

The Board of Directors has the overall responsibility for the business and it is ultimately responsible for ensuring that the Company complies with its obligations under the Law.

Main responsibilities:

i. Ensuring that the Company complies with its obligations under the legislation.
ii. Periodically assess and review the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under the Law and Directives and to take appropriate measures to address any deficiencies.
iii. Set the strategy of the Company and ensure the continuing operations of the Company.
iv. Meet on a frequent basis to ensure that operational and strategic issues are discussed and issue guidance to the Senior Management and heads of the departments.
v. Ensure that written reports concerning internal audit, compliance, anti-money laundering compliance and risk management are received on a frequent basis, and at least annually, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.
vi. Address any issues raised by the regulators and define the action to be taken in case corrective measures are required.

2.2 Recruitment Policy

The Recruitment Policy of the Company outlines the measures and procedures to be followed for the recruitment of persons employed by the Company, taking into consideration the provisions of Circular C025 (Guidelines GD-IF-01) issued by CySEC.

In this respect, persons employed by the Company will have integrity, morals and credibility.

The Company's staff shall be adequately trained, possess the skills, knowledge and expertise necessary to assess the needs and circumstances of each client.

They should have sufficient expertise in financial markets to understand the financial instruments to be sold and to determine when the features of the product match the needs and circumstances of the client.

The members of the Board of Directors need to have demonstrated sound business judgment and act with independence of mind during decision-making, acting to the best interest of the Company as a whole. The recruitment and appointment of the members of the Board of Directors is subject to the approval of CySEC, following their assessment as "Fit and Proper".

2.3 Number of Directorships

The number of directorships held by members of the Board of Directors is shown in the table below. Directorships within the same group of companies are counted as one.

Name	Position	Executive Directorships	Non-Executive Directorships
Georgios Karoullas	Executive Director	2	0
Marinos Vassiliou	Executive Director	1	0
Rati Tchelidze	Non-executive & Dependent Director	1	4
Nicolas Kelepeniotis	Non-executive & Independent Director	0	6
Chrysoula Kitti Savva	Non-executive & Independent Director	0	6
Guram Gogeshvili[2]	Non-executive & Independent Director	1	0

The Number of Directorships as indicated above are as at the date of issuance of this Report.

2.4 Structure of Risk Management Function

Risk Management Function

The responsibilities of the risk management function include, without limitation:

- establishing, implementing and maintaining adequate risk management policies and procedures;
- adopting effective mechanisms and processes to manage the risks the Company is exposed to monitoring the adequacy and effectiveness of the risk management to policies and procedures;
- monitoring the level of compliance and the effectiveness of measures taken to tackle any deficiencies.

The risk management report is prepared on an annual basis regarding the status of the Company's risk management policies and procedures and any remedial measures taken to tackle any deficiencies. The risk management report is presented to the Company's Board of Directors for approval and subsequently sent to CySEC.

The risk management function is further strengthened by the following functions:

i. Internal Audit
ii. Legal and Compliance (including the Anti-Money laundering and Terrorist Financing)
iii. Accounting.

i. Internal Audit

The internal audit function is currently outsourced to Grant Thornton. The internal audit function examines and evaluates the adequacy and effectiveness of the Company's policies, procedures and internal control mechanisms in relation to its legislative obligations. On-site inspections are carried out at the headquarters of the Company, recommendation reports are issued and the Company's compliance with its legislative obligations is verified. An internal audit report is prepared on an annual basis and is presented to the Company's senior management and Board of Directors. The approved report is then sent to CySEC.

[2] Please note that Mr. Teklos will replace Mr. Gogeshvili, once CySEC approves the application which is currently under review.

The internal Auditors are responsible for ensuring that the company's policies, procedures, and regulations – as stipulated by the members of the board – are adequately followed, as well as to comment on the effectiveness of the aforementioned policies, procedures, and regulations.

ii. Legal and Compliance (Including Anti-Money Laundering and Terrorist Financing)

Ms. Panayiota Charalambous is leading the Legal and Compliance function. Additionally, Ms. Thekla Georgiou is the Head of AML (AMLCO). This function establishes, implements and maintains adequate procedures to, amongst other things:

- enable the detection of risks faced by the Company should it fail to comply with its legislative obligations,
- minimize the Company's risk of compliance
- assist CySEC in effectively exercising its powers

This function operates independently, monitors, and assesses the adequacy and effectiveness of the internal compliance policies and procedures and the actions taken to address any deficiencies. It also acts as an information point to the Company's employees with reference to the Company's legislative obligations. Reports on compliance and anti-money laundering and terrorist financing are prepared on an annual basis and presented to the Company's senior management and Board of Directors. As the final step, the reports are submitted to CySEC.

iii. Accounting

The accounting function plays a key role in the Company complying with its financial reporting obligations to CySEC. The accounting function is responsible for preparing the Company's financial statements in accordance with applicable accounting standards and rules in order to reflect a fair and true view of the Company's financial position.

In addition, the accounting function prepares the appropriate capital adequacy and large exposures forms for submission to CySEC on a quarterly basis in accordance with the Company's legislative obligations.

2.5 Information Flow on risk to the management body

The Board of Directors should have adequate knowledge, skills and experience in order to understand the Company's activities, including the principal risks. In this respect, the Board shall ensure that it receives on a frequent basis, and at least annually, written reports including Internal Audit, Compliance, Anti Money Laundering & Terrorist Financing, Risk Management and ICAAP reports.

2.6 Declaration of the Management Body

The Company generally maintains low risk appetite and this is demonstrated by the maintenance of effective processes in identification, assessment, monitoring and management of risks.

The Board is responsible for reviewing the effectiveness of the Company's risk management arrangements and controls, which are designed to manage risks.

The Board of Directors considers that it has in place adequate systems and controls concerning the Company's risk profile and strategy and appropriate mechanisms in order to avoid or minimise loss.

A description of the main risks faced by the Company can be found below:

2.6.1. Credit Risk Management

Credit risk arises when a failure by counterparties and or customers to discharge their obligations could reduce the amount of future cash inflows from financial assets held at the reporting date. Credit risk arises from cash and bank balances and trade receivables. In addition, this risk primarily arises from exposures with credit institutions and investment firms as well as corporate and individual customers. It may also arise because of a downgrade in the credit ratings of rated counterparties.

ICC Intercertus Capital Limited has no significant concentration of credit risk.

The Company maintains its liquid Assets with high credit quality financial institutions and has policies in place that are intended to limit counterparty credit risk. Furthermore, all counterparties and financial institutions utilized are regulated entities.

2.6.2. Market Risk Management

Market risk is the risk that the value of an investment will decrease due to movements in market factors.

Due to its business model, the Company could be exposed to the following sub-categories of market risk:

- Currency risk - the risk that foreign exchange rates will change;
- Equity risk - the risk that stock prices will change;
- Commodity risk - the risk that commodity prices (e.g. oil, natural gas, wheat) will change.

The Company has a number of procedures in place to monitor and evaluate market risk including but not limited to:

- The appointment of a Risk Manager for the monitoring of the Company's overall risk exposure, with any material deviations affecting the Company's profitability being disclosed to the Risk Management Committee with appropriate action taken;
- Monitoring of trading activity on various levels, ensuring no excessive exposure is taken;
- Aiming for Company's revenues and expenses to be in the same currency;
- Maintaining trading accounts with other regulated firms for engaging in proprietary positions in financial instruments for its own account as a hedging measure.

2.6.3. Liquidity Risk Management

Liquidity risk is the risk that arises when there are no sufficient liquid assets to meet liabilities as they fall due.

ICC Intercertus Capital Limited has procedures in place to minimizing the risk of losses which may arise because of an unmatched position. The Company also ensures it has sufficient cash on demand to meet any operational expenses that arise.

Some examples of such liquidity risk mitigation procedures include:

- Ensuring hedging practices are followed within approved limits;
- Regularly reviewing credit ratings of counterparties and liquidity providers;
- Preparing monthly budgets to ensure that obligations are met on time;
- Ensuring secondary markets are active;
- Assessing cashflows on a day-to-day under different market scenarios.

2.6.4. Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital adequacy against regulatory requirements and has to maintain a minimum level of capital. The Company is further required to report on its capital adequacy each quarter and has to maintain at all times a minimum capital adequacy ratio which is set at 8%.

The capital adequacy ratio expresses the capital base of the Company as a proportion of the total risk weighted assets. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of management accounts on a monthly basis to monitor the financial and capital position of the Company.

2.6.5. Operational Risk Management

Operational risk is the risk of loss arising from inadequate or failed internal processes, error, omission, inefficiency, systems failure or external events. The Company's Internal Regulations outline the policies and procedures to be followed by its employees, the reporting lines in place, and each department's functions and responsibilities. The aim of the Regulations is to minimize the operational risk the Company faces. This is supported by a program of audits undertaken by the Internal Auditors of the Company.

In addition, the Company's business continuity policy ensures that the Company's operations will continue in the event of the occurrence of circumstances beyond it is control.

2.6.6. Regulatory and Compliance Risk

Regulatory and Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls, and continuous supervision and training applied by the Company.

The Company, being a Cyprus Investment Firm (CIF), is subject to relevant laws and directives, including the new EU regulations introduced in 2018, MiFID II and MiFIR. The Company is thus exposed to regulatory and compliance risk as it may not be in compliance, either partly or fully, with specific areas of this legislative framework.

Additionally, the Company is also required to comply with the requirements of S.116 of the Law 144(I) 2007 for the purposes of safeguarding clients' rights in relation to financial instruments and belongings to them. According to the requirements of the Law, the Company must establish such internal control procedures around the receipt, maintenance and transmission of clients' assets to ensure the best possible level of protection for clients' financial instruments. These procedures include the segregation of clients' financial instruments from the entity's financial instruments, the performance of reconciliations, the circularisation of account statements to clients and other procedures.

2.6.7. Litigation risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

2.6.8. Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company has policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances.

2.7 COVID-19 Pandemic

On 11 March 2020, the World Health Organisation (WHO) declared the COVID-19 outbreak a pandemic, in recognition of its rapid spread across the globe. To help contain the virus, many Governments, including Cyprus, have since been taking increasingly stringent steps, including country-wide lockdowns. Such persistent measures and the uncertainties surrounding the pandemic have, inevitably, slowed down the world economy, with certain sectors, like hospitality and retail trade, having been hit harder than others.

Since the outbreak of the pandemic and in an effort to relieve individuals as well as businesses from the negative economic effects of the pandemic, the Cyprus Government has offered numerous support packages, in the form of both monetary and fiscal reforms. In tandem, European Supervisory Authorities have taken numerous measures to improve the liquidity of financial institutions as well as facilitate the gradual absorption of the pandemic’s effects on the capital adequacy ratios.

The Company’s Management, since March 2020, has taken the required measures to maintain the viability of the Company and the smooth conduct of its operations. Namely, it has proceeded with not only making use of the existing arrangements as per its Business Continuity and Disaster Recovery Plan but has also taken further actions in order to abide to the measures and restrictions as set by the Cyprus Government in an effort to combat the COVID -19 spread. Namely, in March 2020, the Company prepared a new Internal Policy, namely “COVID-19 – Business Continuity Policy Contingency Plan; a separate internal policy which is effective in conjunction with the Business Continuity and Disaster Recovery Plan. As per the aforementioned policies, Management ensured that key personnel had access to the necessary technological infrastructure, including laptops with key programs being installed (such as MT4 Manager as well as CRM system). Additionally, and given the restrictions imposed by the Cyprus Government on the number of people working from the office, further actions were taken so as to ensure the smooth continuity of operations and safeguard the best service to clients under such circumstances. Namely, the Company managed to enable remote and safe access to e-mails and key programs for all its employees to enable them to efficiently and effectively work from home.

It should be noted that the Company is closely and continuously monitoring COVID-19 developments, albeit not being in a position to fully and accurately assess the magnitude of the pandemic’s impact on its financial performance and operations, as this is dependent on a number of factors outside its realm of control. As things stand, and on the basis of the information currently available, the Company is not in a position to accurately assess the extent of COVID-19 future impact on the Company’s operations and financial results. This is due to the fact that this will principally depend on a number of interrelated factors, including the effectiveness of the Government’s economic and other measures to support the economy and contain the spread of the virus, the success of the vaccination plan, as well as the direct and indirect impact of the pandemic on customers.

3. Pillar I - Capital Adequacy

According to the CRR, the minimum capital adequacy ratio is 8% and the minimum capital requirement is €730.000.

The Own Funds of the Company as at 31 December 2020 consisted solely of Tier 1 capital and are analyzed in Table 1 below:

Table 1: Own Funds Balance sheet Description	(€000) As at 31.12.2020
Share Capital	2
Share Premium	4.404
Retained Earnings (PY)	(3.358)
Unaudited income/loss for the year	1791
Other Intangible assets	(2)
Additional deductions of CET1 Capital due to Article 3 CRR	(87)
TOTAL Own Funds as per CoREP	**2.750**

Please refer to Appendix A for the detailed figures.

Issued Capital

The issued capital of the Company as at 31 December 2020 was 2.440 ordinary shares of €1 each.

Capital Adequacy Ratio

As at 31 December 2020, the Company's Capital Adequacy ratio was 144,51% based on the end of year unaudited figures.

3.1 Capital Requirements

Minimum regulatory capital requirements

The total Risk Weighted Exposures of the Company as at 31 December 2020 amounted to €1.903 thousand and are analyzed in Table 2 below:

Table 2: Minimum Capital Requirements (€000)	
Risk Category	**Risk Weighted Exposures**
Credit risk	1.306
Operational Risk	375
Position Risk – Foreign Exchange Risk	222
TOTAL	**1903**

For the calculation of Credit Risk and Market Risk capital requirements, under Pillar 1, the Company uses the Standardized Approach whereas for the purposes of Operational Risk, the Basic Indicator Approach is used.

3.2 Credit Risk

3.2.1 General

Credit Risk is defined as the risk that a counterparty will fail to discharge their obligation and cause the Company to incur a financial loss. Credit risk arises primarily on the following cases:

• Company's own funds and client funds deposited with bank institutions

• Client positions opened against the Company

• Company's deposited funds in prime broker's accounts

• Prime broker's failure to pay for profitable trades

ICC Intercertus Capital Limited has no significant concentration of credit risk. Clients pre-deposit (fund) their accounts before they commence trading operations, and, as such, the company does not maintain debit balances from clients in its books of account. Furthermore, the company utilizes industry specific software for monitoring client positions; if a client's position is approaching a negative balance, the client will automatically receive a "margin call". Furthermore, clients' balances are never allowed to deteriorate to negative values, as a given margin is always tied, or held as collateral, protecting the Company from potential adverse market movements.

The company maintains its liquid Assets with high credit quality financial institutions and has policies in place that are intended to limit counterparty credit risk. Furthermore, all counterparties and financial institutions utilized are regulated entities within the European Union.

When selecting counterparties, the board is obligated to place clients' interest before their own and the company's, and does so always in accordance with the commission's best execution guidelines. During the due diligence process for counterparty selection, the following criteria are considered:

- Whether the counterparty in question is regulated by a competent authority.
- The reputation of the counterparty.
- Whether the execution terms of the counterparty in question are favorable for the company's clients.

3.2.2 Capital Requirements

The Company follows the Standardized Approach for the calculation of its minimum capital requirements for credit risk. Table 3 below presents the allocation of credit risk in accordance with the Standardized Approach exposure classes:

Table 3: Exposure Classes and Minimum Capital Requirements (€000)		
Minimum Capital Requirements 31 December 2020	**Total Exposure Value**	**Risk-weighted amounts**
Institutions	3.980	856
Retail	4	3
Other items	447	447
TOTAL	**4.431**	**1.306**

The following Table presents the exposures of the Company per risk weight:

Table 4: Exposure Amount per risk weight (€000)	
Risk Weight	**Exposure Amount**
0%	0
20%	3.905
50%	1
75%	4
100%	521
TOTAL	**4.431**

3.2.3 Residual Maturity of Credit Risk Exposures

The following presents the residual maturity of the Company's credit risk exposures by asset class:

Table 5: Exposure Classes and Residual Maturity (€ 000)			
Exposures as at 31 December 2020	**Maturity ≤ 3 months**	**Maturity > 3 months or Not Applicable**	**Total**
<u>Exposure Class</u>			
Public Sector Entities	-	-	-
Institutions	3.905	75	**3.980**
Retail	4	-	**4**
Other Items	-	447	**447**
Total	**3.909**	**522**	**4.431**

3.2.4. Geographic Distribution

The Company's exposures analyzed by geographical area are shown below:

Table 6: Exposure Classes and Geographic Distribution (€ 000)			
Exposures as at 31 December 2020	**European Countries**	**Non-European Countries**	**Total**
<u>Exposure Class</u>			
Public Sector Entities	-	-	-
Institutions	3.969	11	3.980
Retail	2	2	4
Other Items	447	-	447
Total	**4.418**	**13**	**4.431**

3.2.5. Industry sector of Credit Risk Exposures

A breakdown of the credit risk exposures by industry, for each exposure class at year end, is provided in the table below:

Table 7: Exposure Classes and Industry (€ 000)			
Exposures as at 31 December 2020	**Financial**	**Other**	**Total**
Exposure Class			
Public Sector Entities	-	-	-
Institutions	3.980	-	3.980
Retail	-	4	4
Other Items	-	447	447
Total	**3.980**	**451**	**4.431**

3.2.6 Impairment of assets

As at 31 December 2020, the Company recognized impairment losses at the amount of €26.303.

3.3 Operational Risk

3.3.1 General

Operational Risk is defined as Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Company's Internal Regulations outline the policies and procedures to be followed by its employees, the reporting lines in place, and each department's functions and responsibilities. The aim of the Regulations is to minimize the operational risk the Company faces. This is supported by a program of audits undertaken by the Internal Auditors of the Company.

In addition, the Company's business continuity policy ensures that the Company's operations will continue in the event of the occurrence of circumstances beyond it is control.

ICC Intercertus Capital Limited has moderate Operational Risk - Although the company has adequate internal procedures and systems back up facilities in place, it is faced with a moderate risk because of its small size, as it relies on the Board's expertise and small number of employees.

3.4 Market and Liquidity Risk

3.4.1 General

Market Risk is defined as Risk to value, earnings, or capital arising from movements of risk factors in financial markets.

Market risk is considered low, due to the existence of risk management policies in place to actively manage all exposures of the Company. The risk management committee is monitoring constantly all exposure metrics of the Company.

When choosing to deal on own account, the Company accommodates all client orders instead of operating as an STP Broker.

Under the STP Model, each trade is client-initiated, and executed, outside an exchange/regulated market, between the client and the Company upon mutual acceptance, and subject to prior terms agreed.

When a client wants to trade, via the company's platform, he/she self-initiates (self-manages) a standardized (electronic) form, and hence request execution of it (order) at rate displayed. Once executed, the confirmation of the transaction appears electronically on the client's terminal in the platform (MT4). The Company therefore does not assist the client in the making of the order.

3.4.2. Foreign Exchange Risk

Foreign Exchange Risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. As the company's principal activity is trading in foreign currency, it is exposed to foreign currency risk as a result of the existence of open currency positions in the currencies in which it performs transactions with its customers. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. As at 31st of December 2020, the risk weight assets for market risk amounted to €221.883 and the respective capital requirement amounted to €17.751.

4. Leverage Ratio

The Company shall disclose the Leverage Ratio and how it applies the definition of Tier 1 Capital. The Company's Leverage Ratio for the period up to 31 December 2020 was 62,06% based on the fully phased-in definition of Tier 1:

Table 8: Leverage Ratio Analysis	
2020	**Leverage Ratio exposure €000**
<u>Exposure Value</u>	
Other Assets	4.431
Total Exposures	**4.431**
Capital and regulatory adjustments	
Tier 1 capital - fully phased-in definition	**2.750**
Leverage Ratio	**62,06%**

5. Remuneration

5.1. General

ICC Intercertus Capital Ltd has established a remuneration policy. The purpose of the remuneration policy is to set out the remuneration practices of the Company taking into consideration the salaries and benefits for certain categories of employees, in accordance with the provisions of CySEC's Directive DI144-2014-14, for the prudential supervision of Investment Firms, Circulars 031, C138 and C145, as well as with ESMA/2016/904 where these shall comply with specific principles in a way and to the extent that is appropriate to their size, internal organization and the nature, the scope and the complexity of their activities.

For the purpose of this policy, «Remuneration» means all forms of payments or benefits provided directly or indirectly by the Company to relevant persons in the provision of investment and/or ancillary services to clients. It can be either financial (such as cash, shares, options, cancellations of loans to relevant persons at dismissal, pension contributions, remuneration by third parties e.g. through carried interest models, wage increases) or nonfinancial (such as career progression, health insurance, discounts or special allowances for car or mobile phone, generous expense accounts, seminars in exotic destinations, etc.).

5.2. Performance Related Pay

The Company implements a performance appraisal method, mainly to foster talent and promote healthy competition amongst personnel (i.e. it is not currently related to any variable remuneration scheme) which is based on a set of Key Performance Indicators, developed for each department.

In general, the performance appraisal is performed in a multiyear framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of remuneration will be spread over a period which will take into account the Company's underlying business cycle.

Additionally, the performance appraisal on medium and short-term is being performed as follows:

a. The appraisal entails the review of the performance of the individuals against the set personal targets/objectives of the year.
b. Targets/objectives are defining what the Company's functions, departments and individuals are expected to achieve over an upcoming period.
c. There are also mid-term procedures that allow, if necessary, to amend any targets/objectives and incorporate any changes that might happen during the year.
d. Performance checks and feedbacks: managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies
e. Performance evaluation takes place annually, usually at the end of each year in order to set the targets for the following year.

5.3. Remuneration Committee

It is noted that the Company has taken into account its size, internal organization and the nature, the scope and the complexity of its activities and it does not deem necessary the establishment of a Remuneration Committee. The design of the remuneration policies and practices has been approved by the Board of Directors after taking advice from the compliance function. In case the Company shall deem necessary to establish a Remuneration Committee in the future, then this section shall be updated as applicable.

5.4. Fixed Remuneration

The employees' total remuneration currently consists of a fixed component while variable components may also occur. Fixed remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels, which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role.

The Remuneration Policy is also set in comparison with standard market practices employed by the other market participants/competitors. The Company's Remuneration policy is to provide an attractive fixed remuneration to its employees so to ensure good and stable performance.

The Company's fixed remuneration is approved by the Board of Directors for all the relevant employees. Benefits provided to the Company's employees, such as medical, indemnity & insurance protection, card and rent allowances are not employee performance-related and are considered part of the Fixed Remuneration.

The Company determines only fixed remuneration for third parties which provide MiFID Compliance, AML and Internal Audit as well as IT support services based on the work performed and market conditions.

The fixed remuneration of third parties, for whom this Remuneration policy is of concern, is determined in an individual service contract with the service provider. The size of the remuneration shall be determined by the current market conditions. The fixed remuneration is not performance related.

Total remuneration and scope of services are negotiated by the Company and service provider before signing the service contract and commencing duties under the contract.

5.5. Variable Remuneration

The Company does not guarantee any variable remuneration. Nevertheless, the Company is dedicated to recognise the contribution of the employees to its success by payment of bonuses whenever it is financially appropriate and depending on the performance of the Company as a whole. Moreover, the variable remuneration is also allocated to employees based on the individual performances. The current portion of the variable remuneration does not exceed the annual fixed remuneration of any employee.

The Board of Directors for the payment of any variable remuneration to employees takes into consideration and reviews the current financial position and performance of the Company, the development plans, liquidity, operational and capital risks.

Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the credit institution and when assessing individuals' performance, financial as well as non-financial criteria are taken into account.

It is noted that, no remuneration is payable under deferral arrangements (with vested or unvested portions), nor there are any severance payments.

Further to this, the Company shall periodically review the Remuneration Policy, as and when applicable, and thus adjust it, should the need arise for remuneration to include any other possible sources of additional variable components.

In this regard, it is understood that if the Remuneration Policy should incorporate additional variable components in the future, then the fixed and variable components should be appropriately balanced and the fixed component shall always represent a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible Remuneration Policy on variable remuneration components (even to allow for zero variable component to be offered).

Further to the above, variable remuneration should be designed to ensure that the total remuneration remains in competitive levels thus rewarding the staff for its performance whilst remaining aligned with the department's and/or the Company's performance and long-term targets.

Currently the Company provides bonus to all employees and commission based on net commission income from clients to sales staff.

5.6 Aggregate quantitative information on remuneration by Business area

During the year ended 31 December 2020, remuneration consisted of fixed monthly salaries and performance-based bonuses. The table below presents the annual fixed and variable remuneration per business area as at 31 December 2020, for those categories of staff whose professional activities have a material impact on the risk profile of the Company:

Table 9: Annual Aggregate Remuneration by Business Area (000€)	No. of staff during the year	Fixed	Variable	Non-cash	Total
Operations	23	137.969	13.228	-	151.198
Administrative and Other	30	542.651	38.761	-	581.412
Total	**53**	**680.621**	**51.989**	**-**	**732.610**

The table below shows the fixed and variable remuneration paid to those categories of staff whose professional activities have a material impact on the risk profile of the Company, broken down by Senior Management and staff:

Table 10: Annual Aggregate for senior Management and staff whose actions have a material impact on the risk profile of the institution	No. of staff during the year	Fixed	Variable	Non-cash	Total	Vested portion of outstanding deferred remuneration	Unvested portion of outstanding deferred remuneration	Deferred remuneration awarded during the year
Executive Directors Remuneration	2	134.887	2.428	-	137.315	-	-	-
Total	2	134.887	-	-	137.315	-	-	-

Variable cost includes bonus, overtime pay, bank holidays and weekends payments.

6. Appendix A

Balance sheet reconciliation with Own Funds as per CoREP

Balance sheet Description- As at 31 December 2020	(€'000)
Eligible own funds	
Share Capital	2
Share Premium	4.404
Retained Earnings (PY)	(3.358)
Other reserves	0
Unaudited income/loss for the year	1.791
Total equity as per unaudited Financial statements	**2.839**
Additional deductions of CET1 capital due to Article 3 CRR	(87)
Other intangible assets	(2)
Adjustments to own funds for the purposes of Own Funds	0
TOTAL Own Funds as per CoREP	**2.750**

Transitional Own Funds Disclosure

Own Funds As at 31 December 2020	(€'000)
Common equity Tier 1 capital: instruments and reserves	
Capital instruments and the related share premium accounts	**4.406**
Retained Earnings	**(1.567)**
Accumulated other comprehensive income (and other reserves to include unrealized gains and losses under the applicable accounting standards)	**0**
Common equity Tier 1 (CET1) capital before regulatory adjustments	**2.839**
Additional value adjustments	**(89)**
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**0**
Additional Tier 1 (AT1) capital	**0**
Tier 1 capital (T1 =CET1 +AT1)	**2.750**
Tier 2 (T2) capital before regulatory adjustments	**0**
Tier 2 (T2) capital: regulatory adjustments	
Total regulatory adjustments to Tier 2 (T2) capital	**0**
Tier 2 (T2) capital	**0**
Total capital (TC=T1+T2)	**2.750**
Total risk weighted assets	**1.903**
Capital ratios and buffers	
Common Equity Tier 1	144,51%
Tier 1	144,51%
Total capital	**144,51%**