Forextime Ltd

Regulated by the Cyprus Securities and Exchange Commission License no. ***185/12***

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2020

April 2021

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2020 has been prepared by Forextime Ltd as per the requirements of Regulation (EU) No. 575/2013 issued by the European Commission and the Directive DI144-2014-14 issued by the Cyprus Securities and Exchange Commission.

Forextime Ltd states that any information that was not included in this report was either not applicable on the Company's business and activities -OR- such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

*Forextime Ltd is regulated by the Cyprus Securities and Exchange Commission under License number **185/12.***

Contact Us	
Address	FXTM Tower, 35 Lamprou Konstantara Kato Polemidia, 4156,
Telephone	+357 25 558777
Fax	+357 25 558778
Web site	www.forextime.com/eu
Email	info@forextime.com

Contents

Abbreviations

AT1	Additional Tier 1
BoD	Board of Directors
CET1	Common Equity Tier 1 Capital
CIF	Cyprus Investment Firm
CRD	Capital Requirements Directive - Directive 2013/36/EU
CRR	Capital Requirements Regulation - Regulation (EU) No. 575/2013
CRM	Credit Risk Mitigation
CySEC	Cyprus Securities & Exchange Commission
ICAAP	Internal Capital Adequacy Assessment Process
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
T1	Tier 1 Capital
T2	Tier 2 Capital
UBO	Ultimate Beneficial Owner
EU	European Union
EC	European Commission

1. INTRODUCTION

1.1.Pillar III Regulatory Framework and Scope of Application

The present report is prepared by Forextime Ltd (the "Company") a Cyprus Investment Firm ("CIF") authorized and regulated by the Cyprus Securities and Exchange Commission (the "CySEC", the "Commission") under the license number 185/12 and operates in harmonisation with the Markets in Financial Instruments Directive (MiFID II).

In accordance with Regulation (EU) No. 575/2013 (the "Capital Requirements Regulation", "CRR") , which was introduced in 2014, the Company is required to disclose information relating to its risk management, capital structure, capital adequacy, its risk exposures as well as the most important characteristics of the Company's corporate governance including its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

Further to the provisions of the Directive DI144-2014-14 (the "Directive") and specifically Paragraph 23, as well as the provisions of Section 10 of the Law 87(I)-2018 please find in the following sections 3, 4, and 7 information in relation to the Company's governance and remuneration.

The Capital Requirements Regulation introduced significant changes in the prudential regulatory regime applicable to banks and investment firms including amended minimum capital adequacy ratios, changes to the definition of capital and the calculation of Risk Weighted Assets and the introduction of new measures relating to leverage, liquidity and funding. The CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which was fully implemented in 2018. The current regulatory framework comprises three pillars:

- **Pillar I** covers the calculation of Risk Weighted Assets for Credit Risk, Market Risk and Operational Risk.

- **Pillar II** covers the Supervisory Review and Evaluation Process ("SREP"), which assesses the Internal Capital Adequacy Assessment Process (the "ICAAP") and provides for the monitoring and self-assessment of an institution's capital adequacy and internal processes.

- **Pillar III** covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

The 2020 Pillar III Disclosures report sets out both quantitative and qualitative information required in accordance with Part 8 of the CRR and in particular articles 431 to 455, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure report is audited by the Firm's external auditors and published on the Company's website at www.forextime.com/eu on an annual basis.

Furthermore, the Board of Directors and the Senior Management have the overall responsibility for the internal control systems in the process of "Capital Adequacy Assessment" and they have established effective processes to ensure that the full spectrum of risks facing the Company is properly identified, measured, monitored and controlled to minimize adverse outcomes.

The Company's business effectiveness is presented and based on the guidelines of the risk management policies and procedures. The Board of Directors, Risk Management Committee, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

As with all Investment Firms, the Company is exposed to a variety of risks. In particular the Company is exposed to Credit Risk, Market Risk and Operational Risk. More information can be found in the sections below.

1.2.Investment Firm

Table 1 Corporate Information

Company name	Forextime Limited
CIF Authorization date	13 December 2012
CIF License number	185/12
Company Registration Date	09 August 2012
Company Registration Number	310361
Investment Services	
(a) Reception and Transmission of orders in relation to one or more Financial Instruments	
(b) Execution of orders on behalf of Clients	
(c) Dealing on Own Account	
(d) Portfolio Management	
(e) Investment Advice	
Ancillary Services	
(a) Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management	
(b) Granting credits or loans to an investor to allow him to carry out a transaction in one or more Financial Instruments, where the firm granting the credit or loan is involved in the transaction	
(c) Foreign exchange services where these are connected to the provision of investment services	
(d) Investment research and financial analysis or other forms of general recommendation relating to transactions in Financial Instruments	

1.3.Regulatory (Prudential) Supervision

The Laws and Regulations that govern the operations of Cyprus Investment Firms and set out the obligations and requirements that shall be met in the aspect of capital adequacy and market discipline, are comprised, inter alia, by the following:

- Law 87(I)/2018: Provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter “the Law”);
- Regulation (EU) No. 575/2013 – Capital Requirements Regulation;
- Regulation (EU) No. 648/2012 – European Markets Infrastructure Regulation;
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending

Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC – Capital Requirements Directive IV;
- Directive DI144-2014-14: For the prudential supervision of Investment Firms;
- Directive DI144-2014-15: On the discretions of CySEC arising from Regulation (EU) No. 575/2013;

2. RISK MANAGEMENT

2.1.Definition of Risk Management

Risk Management is the process of identification, analysis and evaluation of uncertainty in investment decision-making. As a result, it is treated accordingly; either accepted or mitigated.

Risk Management occurs anytime an investor analyses and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance.

Risks should be continuously monitored and reviewed. In addition to that, outcomes and results should be properly reported and new objectives should be set.

Characteristics of a productive Risk Management process:

- A culture of risks adjusted in the organization. It embraces a series of values, attitudes and ways of acting towards risks, including taking decisions on change management and strategic business planning.

- Complete approach to all risks; there are risks that directly affect the Company and risks that indirectly affect the Company. It is very important to report all kinds of risks and to assume and understand the relations between them. The overall calculation should be simplified without affecting the difference of nature, degree of evolution and real possibilities of management and control of each type of risk, adjusting the organization, processes, reports and tools to the features of each one.

- An organizational and control model which is assigned to all risk types.

- Common management instruments among the different departments, without negatively affecting the regulations and requirements of supervisors and the degree of development of each department.

Lastly, it is very important that all risk assessment results should be communicated to all relevant departments with the appropriate consultation given.

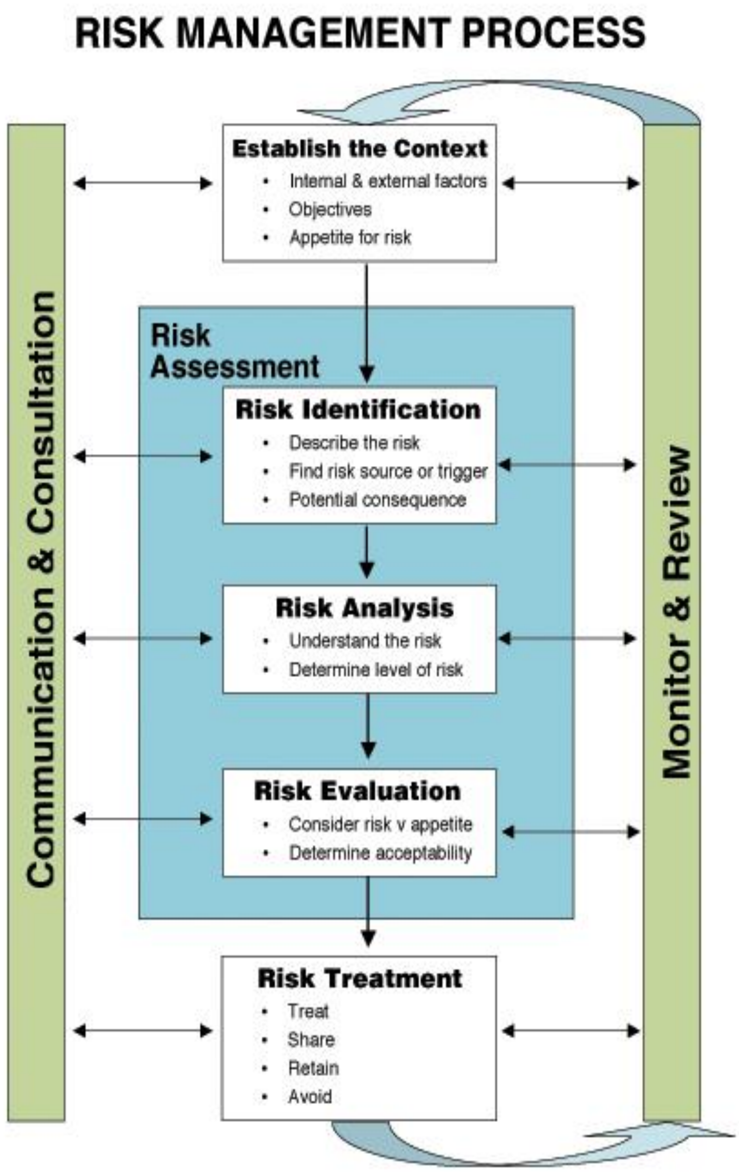

Figure 1 Risk Management Process

2.2.Risk Management Policy and Objectives

The Company's Risk Management Policy was formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment services to Clients, as well as the risks underlying the operation of the Company, in general.

It sets out the procedures and mechanisms regarding risks and it describes the roles and responsibilities of the Risk Manager. In addition to that, it identifies the main reporting procedures and outlines the process followed by the Senior Management in order to evaluate the effectiveness of the Company's internal control procedures.

The Risk Manager ensures that all different types of risks taken by the Company are monitored and reported to the Senior Management and the Board of Directors ("BoD" or "Board"). Moreover, the Risk Manager is responsible for making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies identified, as aforementioned.

The Senior Management bears the responsibility to monitor the adequacy and effectiveness of risk management policies and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

The Company's BoD receives on a regular basis written reports, which contain a description of the implementation and effectiveness of the overall control environment for investment services and activities, ancillary services and other business, and a review of the risks that have been identified, analysed, planned as well as remedies undertaken or will be undertaken.

Processes are continuously being reviewed with the intent of further strengthening through the implementation of guidance provided by both the industry and new regulatory requirements. In addition, the entire risk management policy universe has been re-designed to define an updated comprehensive and coherent framework for risk management, linked to the Company's risk appetite.

The risk management policy is as follows:

Table 2 Risk Management Policies

Policy Name	Revision Frequency
Internal Operations Manual	Annual or Ad-Hoc

2.3.Risk Appetite Framework (RAF)

Risk appetite is the amount and type of risk that the Company is able and willing to accept in pursuing its business objectives. Risk appetite is expressed in both quantitative and qualitative terms and covers all risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, credit, market, operational, conduct, reputational and compliance risk.

An effective risk appetite statement is empowering in that it enables the decisive accumulation of risk in line with the strategic objectives of the Company while giving the board and management confidence to avoid risks that are not in line with the strategic objectives.

The BoD has approved a Risk Appetite Statement (see Appendix 2), expressed along multiple scenarios, including both 'normal' business conditions and 'stressed' periods with zero tolerance for regulatory, legal or compliance risks.

The risk appetite of the Company, expresses its strategy through desirable and undesirable risk exposures. It is the aggregate level and types of risk the Firm is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Thus, Risk Appetite and Strategic Plan occur and evolve in parallel. The Risk Appetite enables the Company to demonstrate that the achievement of its strategic goals has not been the result of fortuitous circumstances.

Furthermore, the Risk Capacity/Tolerance is the maximum amount of risk which the Company is technically able to assume before breaching one or more of its capital base, liquidity, borrowing capacity, reputational and regulatory constraints.

The risk capacity represents the upper limit beyond which a breach is likely to result in failure.

Taking into consideration the Company's size, services offered, complexity and operations, the risks that are considered significant and / or material for the Company are credit risk, market risk, operational risk, liquidity risk and large exposures.

In regards to the above, setting the corporate risk appetite without taking into account the risk capacity of the Company may have serious consequences. Risk capacity may be easy to quantify in terms of capital or required funding but it is more challenging to consider the point at which the Company's reputation is beyond repair.

The BoD and Senior Management understand how the risk capacity impacts on the business and have taken the necessary steps in order to be in constant awareness, mitigating any potential threats.

2.4. Risk Culture

The BoD has a critical role in strengthening risk governance, including setting the 'tone at the top', reviewing strategy, and approving the Risk Appetite Statement. It is the BoD that is ultimately responsible and accountable for risk governance.

A robust risk culture is a substantial determinant of whether the CIF will be able to successfully execute its chosen strategy within its defined risk appetite. The risk culture that the CIF wishes to build is reflected in its policies and procedures which are closely aligned to its Risk Appetite. Risk culture is manifested in the day-to-day decisions that indicate how risk is identified, understood, discussed, and acted upon.

The Company has focused primarily on the implementation of a firm-wide effective and pervasive risk culture. This is achieved through the following:

- Embedding the risk culture at all levels of the Company with clear ownership and accountability of tasks.
- Conducting firm-wide risk assessments.
- Implementing formal risk education presentations.
- Changes in policies and procedures, introducing additional risk criteria for the evaluation of credit and investment decisions.
- Changes in key personnel.
- Training.

2.5.Stress Testing

Stress testing is a key risk management tool used by the Company to rehearse the business response to a range of scenarios, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICAAP.
- The evaluation of the Company's strategy: Senior Management considers the stress test results against the approved business plans and determines whether

any corrective actions need to be taken. Overall, stress testing allows Senior Management to determine whether the Company's exposures correspond to its risk appetite.

- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different 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 capital.
- Enhance contingency planning.

2.6.Internal Capital Adequacy Assessment

Further to the requirements of Pillar I, a more detailed approach on managing risks is achieved through the preparation of the Pillar II requirements and more precisely the internal capital adequacy assessment process (ICAAP) report which follows the requirements under Regulation (EU) No. 575/2013 and relevant guidelines issued by CySEC.

The ICAAP report is a key tool for both the Company and the regulator as it approaches the risk assessment from a holistic perspective enabling the Company to assess and match risks as much as possible, reducing its residual risk and enabling more precise future growth planning.

For the preparation of the ICAAP Report, the Company has implemented "Guidelines GD-IF-02" issued by the CySEC.

The Company prepares the ICAAP Report on a solo basis as it is a standalone entity, i.e. it has neither a parent undertaking nor a subsidiary, and as such, it is not required to produce a consolidated Report.

According to the criteria set by the aforementioned Guidelines, the Company is considered large and / or complex for the purposes of the ICAAP as it is authorised to deal on own account. Nonetheless, it is noted that at present the Company does not meet any of the other criteria under this classification as it is neither authorised to underwrite financial instruments, nor to operate a multilateral trading facility. Furthermore, the Company does not make use of any advanced methods to calculate its capital requirements. The ICAAP (process) and resultant Report have thus been prepared in light of the Company's classification as "large".

The ICAAP Report outlines how the Company has implemented and embedded the internal capital adequacy assessment process within its business, taking into consideration its risk profile, risk appetite and capital needs. Specifically, the ICAAP Report includes procedures and measures adopted by the Company to ensure:
• the appropriate identification and measurement of risks;
• an adequate level of internal capital in relation to the Company's risk profile;
• the application and enhancement of the risk management and internal control systems.

Moreover, the ICAAP enables the BoD and Senior Management to assess on an ongoing basis the risks inherent in the Company's activities, and to this extent, it forms an integral part of the Company's risk management process and decision making culture.

REGULATORY PILLAR I RISK MANAGEMENT

2.7.Credit Risk Management

Definition

Credit Risk is the risk of loss that the Company would incur if the Company fails to perform its contractual credit obligations. The Company follows the Standardized Approach under Pillar 1 for calculating its Credit Risk Capital Requirements as specified in CRR. It categorizes the assets in respect to their exposure class and uses the Credit Step methodology to determine its respective Risk Weights (RW).

Risk identification, Measurement, Control and Reporting

Credit Risk arises when failures by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets in hand, at the balance sheet date. The Company's Credit Risk arises:

- By the Company's deposits in Financial institutions;
- By assets mainly held under the Investor's Compensation Fund, debtors or prepayments.
- As counterparty credit risk arising from the Company's exposure to derivative contracts.

The Company follows mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- All Client funds are held in segregated accounts, separated from Company's funds.
- The Company maintains Regular credit review of counterparties, identifying the key risks faced and reports them to the BoD, which then determines the Company's risk appetite and ensures that an appropriate amount of capital is maintained.
- In order to maintain its Credit Risk to the minimum, the Company is using EU equivalent credit institutions for safekeeping of funds and always ensures that the banks it cooperates with, have high ratings based on top credit rating agencies (Moody's, S&P or Fitch), it frequently monitors their compliance with the EU regulatory framework and diversifies the funds over several credit institutions thus mitigating the risk exposure efficiently.
- Automatic margin call and stop-out levels on its derivative contract positions.

Further to the above, the Company has policies to diversify Credit Risk and to limit the amount of credit exposure to any particular counterparty in compliance with the requirements of the Regulation (EU) No. 575/2013.

Credit Risk Analysis

The tables below indicate the Company's Credit Risk exposure under Pillar 1, as at the end of 2020.

a. Total Exposure / Credit Risk Capital Requirements

Table 3 Credit Risk Requirements

Credit Risk Capital Requirements	**31/12/2020**	
	EUR '000	EUR '000
Risk Weighted Assets:	**Risk Weighted Assets**	**Capital requirement**
Institutions	3,749	300
Corporate	1,736	139
Other assets	706	56
Total	**6,191**	**495**

b. Industry Exposure

Table 4 Credit Risk by Industry

Credit Risk Capital Requirements by Industry	31/12/2020
	EUR '000
Risk Weighted Assets:	
Financial institutions	3,749
Non-financial institutions	2,442
Total Risk Weighted Assets	6,191
Capital Requirements	**495**

c. Residual Maturity

Table 5 Credit Risk by Residual Maturity

Credit Risk Capital Requirements by Maturity	31/12/2020
	EUR '000
Risk Weighted Assets:	
Up to 3 Months	3,653
Above 3 Months	2,538
Total Risk Weighted Assets	6,191
Capital Requirements	**495**

d. Country Exposure

Table 6 Credit Risk by Country

Credit Risk Capital Requirements by Country	31/12/2020
	EUR '000
Risk Weighted Assets:	
EU	5,809
Non-EU	382
Total Risk Weighted Assets	6,191
Capital Requirements	**495**

2.8.Market Risk Management

Definition

Market Risk is the risk of losses when the value of investments may decline over a given time period as a result of economic changes or events that impact a large portion of the market.

In the context of Pillar I, Market Risk can be divided in the following categories:

Position Risk: It refers to the probability of loss associated with a particular trading (long or short) position due to price changes.

Interest Rate Risk: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Commodities Risk: It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.

Foreign Exchange Risk: It is a financial risk that exists when a financial transaction is denominated in a currency other than the base currency of the Company. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

Risk identification, Measurement, Control and Reporting

The Company's Market Risk mainly arises from:

- Foreign exchange fluctuations which affect the Company's deposits in foreign currencies as well as from positions held during forex trading;
- Security market fluctuations, position risk, arising from positions being traded on the Company's platform.

In line with the above, the Company has policies to minimize its market risk exposures which are in accordance with the CRR. In particular it follows mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- Active hedging strategy
- Stop Loss - Limits on trading

- Margin Calls
- Monitoring and controlling effective leverage

Furthermore, the Company follows the Standardised Approach when it comes to calculating its capital requirements.

Market Risk Analysis

Table 7 Position Risk on Equities

Position Risk Capital Requirements	31/12/2020
	EUR '000
Sectorial Equity Breakdown	
USA	943
EU	0
Other	0
Total Risk Weighted Assets	**943**

Table 8 Position Risk on Commodities

Commodity Risk Capital Requirements	31/12/2020
	EUR '000
Commodity Type	
Agricultural products	0
Precious metals	85
Other & Energy products	65
Total Risk Weighted Assets	**150**

Table 9 Position Risk on Foreign Exchange

Foreign Exchange Capital Requirements	31/12/2020
	EUR '000
Currency	
GBP	0
USD	0
Other	261
Capital requirement	**261**

2.9.Operational Risk Management

Definition

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. Operational Risk includes Legal Risk but excludes Strategic and Reputational Risk.

The following list presents some event types, included in Operational Risk, with some examples for each category:

- Internal Fraud – misappropriation of assets, tax evasion, intentional mismarking of positions, bribery and theft of the CRM from departing employees.
- External Fraud – theft of information, hacking damage, third – party theft and forgery.
- Compliance – Brand impairment, Complaint handling, third country regulator retaliation, E-commerce global taxation matters.
- Clients, Products and Business Practice – market manipulation, asymmetrical slippage, antitrust, improper trade, product defects, fiduciary breaches.

Risk identification, Measurement, Control and Reporting

In order to control the exposure to Operational Risks, the management has established two key objectives:

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of Operational Risk is directly related to effective and efficient management practices and high standards of corporate governance.

To that effect, the management of Operational Risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing Operational Risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimize its Operational Risk Exposure:

- The development of Operational Risk awareness and culture.
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.
- Established a "four-eyes" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management and a Risk Management Committee. The board further reviews any decisions made by the Management while monitoring their activities;
- Detection methods are in place in order to detect fraudulent activities;
- Comprehensive business contingency and disaster recovery plan.

The Senior Management employ specialized tools and methodologies to identify, assess, mitigate and monitor Operational Risk. These specialized tools and methodologies assist Operational Risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection
- Key Risk Indicators
- Business Continuity Management
- Training and awareness

For the calculation of Operational Risk in relation to the capital adequacy returns, the Company uses the Basic Indicator approach. Based on the relevant calculations in the Company's capital requirements, the figures calculated shows that the Company's exposure to Operational Risk, as at 31st December 2020 was EUR'000 2,561.

Operational Risk Analysis

Table 10 Capital Requirements for Operational Risk / Fixed Overheads

Operational Risk/Fixed Overhead Capital Requirements	**31/12/2020**
Key Components	
Trading income/ (loss)	
Direct trading costs	
FX gain/ (loss)	
Indirect trading expenses	
Finance costs	
	EUR '000
Capital Requirements	**2,561**

REFERENCE TO ADDITIONAL SIGNIFICANT RISKS

2.10. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In periods of abnormal fluctuations in market conditions or financial crisis, Liquidity Risk can expose the Company to a shortfall of liquidity and limit its access to the capital markets resulting in damages. Liquidity shortages expose the Company to the risk of not having enough cash to fulfil its duties against creditors / debtors that can eventually cause regulatory sanctions and loss of business/reputation.

Mitigation Strategies

To minimize its exposure to Liquidity Risk, the Company implements the below Liquidity Risk Mitigation Strategies:

- Regular analysis and reporting to the BoD on the funding needs of the Company.
- Monitoring of the Company's exposures and diversification to avoid rise of concentration risk as per the internal policies.
- Cash Management.

2.11. Money Laundering and Terrorist Financing Risk

Money laundering and Terrorist Financing Risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place and is updating as applicable, certain policies, procedures and controls in order to mitigate the Money Laundering and Terrorist Financing Risks. Among others, these policies, procedures and controls include the following:

(a) the adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing Risks faced by the Company;
(b) the adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing Risk,
(c) setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information);
(d) obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction;
(e) monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high risk countries;
(f) ensuring that the Company's personnel receive the appropriate training and assistance.

The Company has reviewed its policies, procedures and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

3. CORPORATE GOVERNANCE

3.1.Recruitment Policy

One of the BoD's main responsibilities is to identify, evaluate and select candidates for the Board and ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the BoD.

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities.

Factors considered in the review of potential candidates include:

- Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subject;
- Knowledge of and experience with financial institutions ("fit-and-proper");
- Integrity, honesty and the ability to generate public confidence;
- Knowledge of financial matters including understanding financial statements and financial ratios;
- Demonstrated sound business judgment;
- Risk management experience.

3.2. Board of Directors

Further to the provisions of Section 10 emanating from the Law, the Company has taken into consideration the relevant provisions when identifying its Board. The Company's members of the Board reflect an adequately broad range of experiences and:

- Have sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties
- Commit sufficient time to perform their functions in the Company
- The number of directorships held by each member of the Board does not compromise the time devoted to the Company. In all cases the Company's Board members do not hold more than one of the following combination of directorships at the same time:
    - one executive directorship with five non-executive directorships;
- Act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor the decision-making of the management.

The members of the Board collectively possess adequate knowledge, skills and experience to be able to understand the Company's activities, including the principal risks. The current members of the Board of Directors consists of four executive directors and two independent non-executive directors. Their biographies can be accessed on the Company's website (http://www.forextime.com/eu/forex-time/leadership).

The Company devotes adequate human and financial resources to the induction and training of members of the Board, as well as to the rest of the Company's employees.

The Board of Directors is comprised of 3 executive directors and 2 independent non-executive directors.

Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Executive or non-executive directorships held within the same group, are considered as a single directorship.

Table 11 Board of Directors

Name of Directors	Executive Director/ Independent Non-Executive Director in Forextime Limited	Number of Executive Directorships in other entities	Number of Non-Executive Directorships in other entities
Nicholas Defteras	Executive Director	0	5*
George Kyriakoudes	Executive Director	0	0
Valeriya Kolesnik	Executive Director	0	0
Philippos Mannaris	Independent Non-Executive Director	1	1
Yiannis Misirlis	Independent Non-Executive Director	1	1

3.3.Diversity Policy of the Board of Directors

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how we do business and imperative to commercial success. The Company recognizes the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

The Company recognizes the benefits of having a diverse BoD which includes and makes use of differences in the skills, experience, background, race and gender between directors. A balance of these differences will be considered when determining the optimum composition of the BoD.

The Company considers that the Board currently has a balanced and diverse range of skills, background, knowledge and experience and it aims to have board members with knowledge and experience in operational, corporate governance, financial, IT, software development, risk management, compliance, legal, marketing and sales matters.

During the previous year, 2020, the Company did not achieve its target of 20% female representation in the Board. The Company aims to increase the percentage of female representation in the period 2021 to 2023.

* of which 3 relate to entities belonging to the same legal group as the Company

3.4. Governance arrangements

Overall, the Company's governance arrangements comply with the below requirements, as set out in the Law:

- the Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Company. This includes the segregation of duties in the organization and the prevention of conflicts of interest
- the overall responsibility for the Company lies with the Board, which approves and oversees the implementation of the Company's strategic objectives, risk prevention strategy and internal governance
- the Board ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the Law and relevant standards
- the Board oversees the process of disclosure and announcements
- the Board is responsible for providing effective supervision of senior management
- the Chairman of the Board of Directors is one of the independent non-executive directors of the Company
- the Company's Board monitors and periodically assesses the effectiveness of the Company's governance arrangements and takes all appropriate steps to address any deficiencies.

3.5.Risk Management Committee

The Company, due to its large and complex organisational structure, its license and investment services as well as broad range of products and countries which it serves, has established a Risk Management Committee in order to better handle the risks that arise from its operations.

The Risk Management Committee is a committee appointed by the BoD to review the Company's system of risk management. The Risk Management Committee is formed with the purpose of ensuring the efficient management of the risks inherent in the provision of the investment services to Clients as well as the risks underlying the operation of the Company.

The Risk Management Committee, which reports directly to the BoD, consists of 4 participants and during 2020 held 4 meetings.

The role of the Risk Management Committee is essential to:

a. ensure the efficient management of the risks inherent in the provision of the investment services to clients;
b. monitor the risks underlying the operation of the Company;

c. be responsible for monitoring and controlling the Risk;
d. meet regularly in the offices of the Company, or via conference call.

The Risk Management Committee is dedicated primarily to managing the credit, market and operational risks of the Company, resulting from the Company's operations, and as part of its responsibilities it has to set out, approve and regularly update the policies, arrangements and procedures, which form the risk strategy, as well as to monitor all risks on an ongoing basis. The Risk Management Committee provides the BoD with status updates and recommendations on risk management policies and guidelines.

The primary function of the Risk Management Committee shall be to monitor the Risk Manager in the performance of his/her duties. Towards this direction, the Company shall adopt and maintain diversity risk management policies, which identify the risks relating to the Company's activities, processes and systems and set the risk tolerance levels of the Company. The Risk Management Committee bears the responsibility to monitor the adequacy and effectiveness of such risk management policies and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted, as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

3.6.Reporting and Control

In line with the requirements set out in the Law and subsequent Directives, the Company has been able to maintain a good information flow on risk to the management body, as can be seen below:

Table 12 Main reporting Requirements for 2020

Report Name	Owner	Recipient	Frequency	Due Date
Annual Compliance Report	Compliance Officer	BoD, CySEC	Annual	30/04/2021
Annual Internal Audit Report	Internal Auditor	BoD, CySEC	Annual	30/04/2021
Annual Risk Management Report	Risk Manager	BoD, CySEC	Annual	30/04/2021
Annual Anti-Money Laundering Report	Anti-Money Laundering Compliance Officer	BoD, CySEC	Annual	30/03/2021 Due to Covid-19 this was extended to 30/06/2021
Pillar III Disclosures (Market Discipline and Disclosure)	Risk Manager	BoD, CySEC, Public	Annual	30/04/2021
Financial Reporting	External Auditor	BoD, CySEC	Annual	30/04/2021

Capital Adequacy Reporting	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	N/A

4. FINANCIAL INFORMATION

The following information provides a reconciliation between the balance sheet presented in Financial Statements and the balance sheet prepared for prudential purposes.

Regulatory Capital

Table 13 Capital Structure under CRR

	31/12/2020
	€ '000
Total Equity as per Financial Statements	
Share Capital	32,261
Share Premium	0
Reserves	-12,676
Other deductions including PSE	-93
Total Common Equity Tier 1	**19,492**
Additional Tier 1 Capital	0
Total Tier 1 Capital	**19,492**
Tier 2	0
Total Own Funds	**19,492**

Balance Sheet

Table 14 Balance Sheet breakdown for reconciliation with the above

	31/12/2020
	€ '000
Assets	**20,363**
Liabilities	778
Equity	19,585
Total Liabilities and Equity	**20,363**

Country-by-Country reporting

In line with the requirements of paragraph 18 of the Directive please find below the following information for the year end of 2020:

Name	Forextime Limited
Nature of Activities	The principal activity of the Company is the carrying out of investment activities and ancillary services.
Geographical Location	Cyprus
Turnover	21,625,237 EUR
Number of Employees on a full time basis	31
Gross Profit	21,019,115 EUR
Gross Profit Margin	97%
Public Subsidies received	The Company does not receive any public subsidies so no such disclosure is necessary.

Public disclosure of return on assets

The Company's Return on Assets, as at 31 December 2020, calculated in line with paragraph 19 of Directive DI144-2014-14 is 56% (Net Profit/Total Balance Sheet). It is noted that the Net Profit figure taken is after tax.

5. CAPITAL REQUIREMENTS UNDER PILLAR I

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the capital requirements regulation imposed by the European Union and regulated by CySEC. Under this framework, the Company needs to monitor its capital base and maintain a strong capital adequacy ratio in order to be able to promote itself as a fully compliant and healthy Company, to support its business and maximize shareholders' value. In this respect, the Capital requirements should not be seen as a restriction of business but rather as proactive risk management imposed to help both the Company and its client base.

The fundamental pillar of the capital adequacy framework, Pillar I, is based on the fact that the Company must have own funds which are at all times more than or equal to the sum of its capital requirements.

In line with CRR, Pillar I sets out the minimum regulatory capital requirements of firms to cover credit, market and operational risk. The minimum capital adequacy ratio an investment firm is required to maintain is set at 8%. Moreover, with the introduction of Basel III/CRR, the minimum capital adequacy ratio has been further defined and fragmented providing more rigorous monitoring of core equity ratio which is set at 4.5% in contrast with the total ratio at 8%. Additional capital is required due to capital buffer which for 2020 amounts to 2.5% thus bringing total capital adequacy ratio at 10.5% and it is not expected to increase in the next year.

The BoD, as well as the Risk Manager, monitor the reporting requirements and have policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of accounts to monitor the financial and capital position of the Company.

The Company manages its capital structure and makes adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

The Company's Own Funds, Capital Requirements and Capital Adequacy Ratio as at 31st of December 2020, were the following:

Table 15 Capital Requirements

Capital Requirements Pillar 1	**31-Dec-20**	
	€ '000	
Core Equity Tier 1 (CET 1)	**19,492**	
Additional Tier 1 Capital (AT 1)	0	
Total Tier 1 Capital	19,492	
Tier 2	0	
Total Own Funds	**19,492**	
	Risk weighted assets	**Capital Requirement**
	€ '000	**€ '000**
Credit Risk	6,191	495
Market Risk	4,353	348
Operational Risk	32,009	2,561
Credit Valuation Adjustment Risk	27	2
Total Risk Exposure Amount	**42,580**	**3,406**
CET1 Capital Ratio	**46%**	
T1 Capital Ratio	**0**	
Total Capital Ratio	**46%**	

6. CREDIT ASSESSMENT UNDER THE STANDARDISED APPROACH

For the purpose of calculating the capital requirements of the Company mainly under the Credit Risk requirement, for the exposure classes listed below, Moody's, S&P and Fitch's external credit ratings have been applied.

- Exposures to central governments or central banks.
- Exposures to public sector entities.
- Exposures to institutions.
- Exposures to corporates.

The general ECAI association with each credit quality step complies with the standard association published by CySEC as follows:

Table 16 ECAI association with CQS

Credit Quality Step	Moody's	S&P	Fitch	Institution Risk Weight (Below 3 months)	Institution Risk Weight (Above 3 months)	Sovereigns Risk Weight	Corporate Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	0%	20%
2	A+ to A-	A1 to A3	A+ to A-	20%	50%	20%	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	20%	50%	50%	100%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	50%	100%	100%	100%
5	B+ to B-	B1 to B3	B+ to B-	50%	100%	100%	150%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%

For exposures to regional governments or local authorities, public sector entities and institutions, the ECAIs are applied in the following priority:

1. Issue/Exposure.
2. Issuer/Counterparty.
3. Sovereign.

For exposures to central governments or central banks and corporates the ECAIs are applied in the following priority:

1. Issue/Exposure.
2. Issuer/Counterparty.

The ECAIs are not taken into account where all relative exceptions or discretions as per the CRR apply.

The classification of exposures as at 31/12/2020 in the table below follows the information above.

Table 17 Credit Risk Analysis with Risk Weight/CQS €'000

Credit Quality Step	Corporates	Institutions	Other Assets	Total
1	114	388	0	502
2	38	2,647	0	2,685
3	134	0	0	134
4	1,367	714	706	2,787
5	83	0	0	83
6	0	0	0	0
Total	1,736	3,749	706	6,191

7. REMUNERATION POLICY AND PRACTICES

Remuneration refers to payments or compensations received for services or employment. The Company, has established and implemented a Remuneration Policy (the Policy) which is applicable for its employees as well as its Senior Management. Based on the above, the Policy includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the Company's size, internal organization and the nature, the scope and the complexity of its activities to the provisions of the Directive DI144-2014-14.

The Company has also established an HR Committee which is responsible among other things for the following:

a. to evaluate the employees performance;

b. to review the staffing structures and organizational structures, as and if needed;

c. to ensure the consistent and improved implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration. On the one hand, remuneration policies and practices should ensure compliance with the conflicts of interest requirements set out in Section 18(2)(b) and 29 of the Law; and on the other hand they should also ensure compliance with the conduct of business rules set out in Section 36 of the Law;

d. to monitor implementation of the remuneration policies and practices approved by the Board

e. to control risks that remuneration policies and practices create, if any risks are identified, these should be altered to Board of Directors;

f. to ensure that the scope and purpose of the remuneration policies relate to categories of staff which include senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile;

g. to ensure that the remuneration of staff in control functions and senior officers in the risk management and compliance functions (specifically, staff engaged in control functions) should be independent from the business units they oversee, have appropriate authority and be remunerated according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Company's Policies comply with the following principles, in a manner appropriate to its size, internal organisation and the nature, scope and complexity of its activities:

- The Policy promotes sound and effective risk management and does not encourage risk-taking that exceeds the acceptable levels of tolerated risks of the Company.
- The Policy is in line with the Company's business strategy, objectives and values. The Policy has been designed to serve the Company's long term interests, while it has incorporated measures to avoid conflicts of interest.
- The HR Committee is responsible for ensuring the implementation of the Policy and to periodically review it and suggest changes that may be necessary for ensuring that the Company's talent is retained.
- The implementation of the Policy, is reviewed at least annually, subject to independent internal review for compliance with policies and procedures adopted by the Board.
- The remuneration of the staff engaged in control functions is in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they oversee
- The remuneration of the Senior Officers in the Risk Management and Compliance functions are directly overseen by the HR Committee and the Board.

In relation to variable elements of remuneration, it is designed to ensure that the total remuneration remains at competitive levels thus rewarding the staff for their performance whilst remaining aligned with the department's and/or the Company's performance and long term targets.

The total remuneration of specific employees (i.e. sales and dealing on own account departments) consists of fixed remuneration and possible variable remuneration components. The principals of the current variable remuneration for these categories of employee, are based on quantitative individual and collective business targets, client satisfaction (e.g. number of client complaints) and compliance monitoring of mis-selling practices (qualitative criteria).

In addition to the aforementioned principles, the following principles for variable elements of remuneration shall also apply:

- 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. The overall results of the Company when assessing individual performance and financial and non-financial criteria are also taken into account;

- the assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance. The actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks;
- the total variable remuneration does not limit the ability of the Company to strengthen its capital base;
- guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans;
- guaranteed variable remuneration is exceptional, it only occurs when hiring new staff and where the Company has a sound and strong capital base and is limited to the first year of employment;
- fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components. This includes the possibility to pay no variable remuneration.
- the Company sets the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles shall apply:
    - the variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual.
    - The Shareholder of the Company may approve a higher maximum level of the ratio between the fixed and variable components of remuneration, provided the overall level of the variable component shall not exceed 200 % of the fixed component of the total remuneration for each individual.

      Any approval of a higher ratio in accordance with the aforementioned point is carried out, taking into consideration the provisions of paragraph 21 of the Directive.
    - the Company may apply the discount rate to a maximum of 25 % of total variable remuneration, provided it is paid in instruments that are deferred for a period of not less than five years.
- payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
- remuneration packages relating to compensation or buy - out from contracts in previous employment, must align with the long-term interests of the Company, including retention, deferral, performance and claw back arrangements;

- the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components, includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;
- the allocation of the variable remuneration components within the Company also takes into account all types of current and future risks;
- the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified on the basis of the performance of the Company, the business unit and the individual concerned.

  Without prejudice to the general principles of national contract and labour law, the total variable remuneration shall generally be considerably contracted, where subdued or negative financial performance of the Company occurs. This will take into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or claw back arrangements.

  Up to 100 % of the total variable remuneration shall be subject to malus or claw back arrangements. The Company sets specific criteria for the application of malus and claw back. Such criteria covers situations where the staff member:
    - participated in or was responsible for conduct which resulted in significant losses to the Company;
    - failed to meet appropriate standards of fitness and propriety;
- the pension policy is in line with the business strategy, objectives, values and long-term interests of the Company.
- staff members are required to undertake not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with this Directive or Regulation (EU) No 575/2013.

Nomination Committee: Taking into consideration the Company’s size as well as the fact that the Company is currently categorized as non-significant as per the provisions of Circular C081, the Company's Board decided that currently there is no need for a Nomination Committee to be set up.

Table 18 Remuneration Figures for 2020

Remuneration Figures as at 31st December 2020	No. of staff during 2020	Annual Remuneration (EUR)		
		Fixed	Variable	TOTAL
Executive directors	3	488,000	325,000	813,000
Non-executive directors	2	60,000	-	60,000
Total	**5**	**548,000**	**325,000**	**873,000**

LEVERAGE

According to CRR, Article 429, the leverage ratio is calculated as an institution's capital measure divided by the institution's total exposure measure and is expressed as a percentage. Institutions shall calculate the end-of-quarter leverage ratio as per the discretions from CySEC.

The leverage ratio of the Company is calculated using the fully phased in definition of Tier 1 capital and the monitoring by the regulator will end in 2020, when a minimum ratio will be established. Currently, a 3% minimum limit is being in place for monitoring purposes.

As at 31 December 2020, the leverage ratio of the Company was equal to 90% using a fully phased-in definition, as per the table below:

Table 19 Leverage Ratio Analysis

Leverage Ratio	**31/12/2020**
	€ ‘000
Exposure Values	
On Balance Sheet	21,139
Off Balance Sheet	482
Derivatives / REPOs	0
Capital	21,621
Leverage Ratio	**90%**

8. DISCLOSURES POLICY

The Company, taking into consideration the requirements of the Law, is currently planning on preparing its Disclosures policy for 2021.

9. ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT FUNCTION

The organizational structure of the Risk Management function is explained in the diagram below:

Figure 2 Risk Management Structure

Appendix 1 - Specific References to CRR

CRR Ref	High Level Summary	Compliance Reference
Scope of disclosure requirements		
431(1)	Requirement to publish Pillar III disclosures.	Point 1.1
431(2)	Disclosure of Operational Risk information.	Point 3.3
431(3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness.	The Company has in place a disclosures policy plan to be established within 2021
431(4)	Explanation of ratings decisions to SMEs upon request.	N/A
Frequency of disclosure		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements.	Point 1.1
Risk management objectives and policies		
435(1) (a) 435(1) (b) 435(1) (c) 435(1) (d)	Disclosure of information as regards strategies and processes, organisational structure of the relevant risk management function, reporting and measurement systems and risk mitigation/hedging policies	Point 2.1
435(1) (e)	Declaration approved by the BoD on adequacy of risk management arrangements	Point 2.2
435(1) (f)	Concise risk statement approved by the BoD	Point 2.2
435(2) (b)	Recruitment policy of BoD members, their experience and expertise.	Point 3.1
435(2) (c)	Policy on diversity of BoD members, its objectives and results against targets.	Point 3.3
435(2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	Point 3.5
435(2) (e)	Description of information flow on risk to BoD.	Point 3.5, 10
Scope of application		
436(a)	Name of institution.	Point 1.2
Own Funds		
437 (1) 437 (1) 437 (1) (a) 437 (1) (b) 437 (1) (c)	Requirements regarding capital resources table	Point 5

CRR Ref	High Level Summary	Compliance Reference
437 (1) (d) (i)		
437 (1) (d) (ii)		
437 (1) (d) (iii)		
437 (1) (e)		
437 (1) (f)		
437(2)	EBA shall develop implementation standards for points (a), (b), (d) and (e) above	
Capital Requirements		
438(a)	Summary of institution's approach to assessing adequacy of capital levels.	Point 5
438(b)	Result of ICAAP on demand from competent authority.	Point 2.6
438(c)	Capital requirement amounts for Credit Risk for each Standardised approach exposure class (8% of risk-weighted exposure).	Point 2.7
438(d)	Capital requirements amounts for Credit Risk for each Internal Ratings Based approach exposure class.	n/a
438(d) (i)		
438(d) (ii)		
438(d) (iii)		
438(d) (iv)		
438(e)	Capital requirements amount for Market Risk or Settlement Risk, or large exposures where they exceed limits.	Point 2.8
438(f)	Capital requirement amounts for Operational Risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.	Point 2.9
Use of ECAI's		
444(a)	Names of the nominated ECAIs used in the calculation of Standardised approach RWAs, and reasons for any changes.	Point 6
444(b)	Exposure classes associated with each ECAI.	
444(d)	Mapping of external rating to credit quality steps.	
Operational Risk		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	Point 2.9
Remuneration Disclosures		
450	Remuneration Policy	Point 7

CRR Ref	High Level Summary	Compliance Reference
Leverage		
451(1) (a) 451(1) (b) 451(1) (c)	Leverage ratio and analysis of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items.	Point 8
451(1) (d) 451(1) (e)	Description of the risk management process to mitigate excessive leverage and factors that had an impact on the leverage ratio during the year.	
451(2)	EBA shall develop implementation standards for points above.	

Appendix 2 – Risk appetite statement

The Company's risk appetite is determined by its BoD, following the recommendations of the Risk Management Committee and taking into account the Company's risk bearing capacity.

Risk appetite determines the maximum risk that the Company is willing to assume in order to meet its business targets. To ensure coherence between the Company's strategic considerations as regards risk taking and the day-to-day decisions, Management frequently reviews and updates the Company's risk appetite statement.

The Company's risk appetite is set by taking into consideration its current risk profile (please see below). The following are the main risk appetite statements which are applicable across all of the Company's activities:

• The available internal capital over the total risk weighted assets for Pillar I risks is targeted to be greater than or equal to 11.5%;

• Under no circumstances should the regulatory capital adequacy ratio fall below the minimum required of 10.5% imposed by CySEC;

• The Company has zero tolerance towards internal fraud and non-compliance with regulatory requirements. Therefore all departments are required to operate at all times in compliance with respective regulatory and internal requirements;

• The Company has low tolerance towards operational risks / losses.

The Company's risk bearing capacity is defined as the ability of the Company's available capital to absorb adverse risk. The Company's available capital currently consists solely of Tier 1 capital, calculated after relevant deductions.