



DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2024

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Submitted: **April 2025**

The Disclosure and Market Discipline Report for the year 2024 has been prepared as per the requirements of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

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.

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Introduction

Scope

The scope of this report is to promote market discipline and to improve transparency of market participants. The present report is prepared by **WB Trade EU Ltd (ex Windsor Brokers Ltd)** (the “Company”), a Cyprus Investment Firm (“CIF”) authorized and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”, the “Commission”) which operates in harmonisation with the Markets in Financial Instruments Regulation and Directive (“MiFIR” & “MiFID II” respectively).

Company name	WB Trade EU Ltd (ex Windsor Brokers Ltd) ^a
CIF Authorization date	20/05/2004
CIF License number	030/04
Company Registration Date	16/03/2001
Company Registration Number	HE 119081

Investment Services

Reception and transmission of orders in relation to one or more financial instruments

Execution of Orders on Behalf of Clients

Dealing on own account

Ancillary Services

Safekeeping and administration of financial instruments, including custodianship and related services

Granting credits or loans to one or more financial instruments, 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

Investment research and financial analysis or other forms

In accordance with Regulation (EU) 2019/2033 (the Investment Firm Regulation, “IFR”), the Company is required to disclose information relating to its risk management, capital structure and capital adequacy as well as the most important characteristics of the Company’s corporate governance.

The information contained in this report is audited by the Firm’s external auditors and published on the Company’s website on an annual basis. The Company is making the disclosures on a solo basis.

This document is based on the audited Financial Statements and is prepared on an annual basis.

^a The Company changed name on 27 June 2024.

The Company

WB Trade EU Ltd operates in Europe, offering MiFID II regulated financial instruments with a particular focus on Foreign Exchange (“Forex”) and Contracts for Difference (“CFDs”).

As of December 31, 2024, our company has 23 employees working in our office in Cyprus.

We pursue a dynamic business model, trying to maintain a well-balanced capital allocation in our operations, a geographically diversified strategy and always ensure that compliance rules are strictly respected, especially in the area of anti-money laundering and counterterrorism financing.

We consider our reputation to be an asset of great value that must be protected in order to ensure our business development. The prevention and detection of reputation risks is integrated within all the Company’s operating practices and further protected by making our employees aware of the values of responsibility, ethical behaviour and commitment.

The Company’s business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The Board of Directors (“BoD”), Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Compliance Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

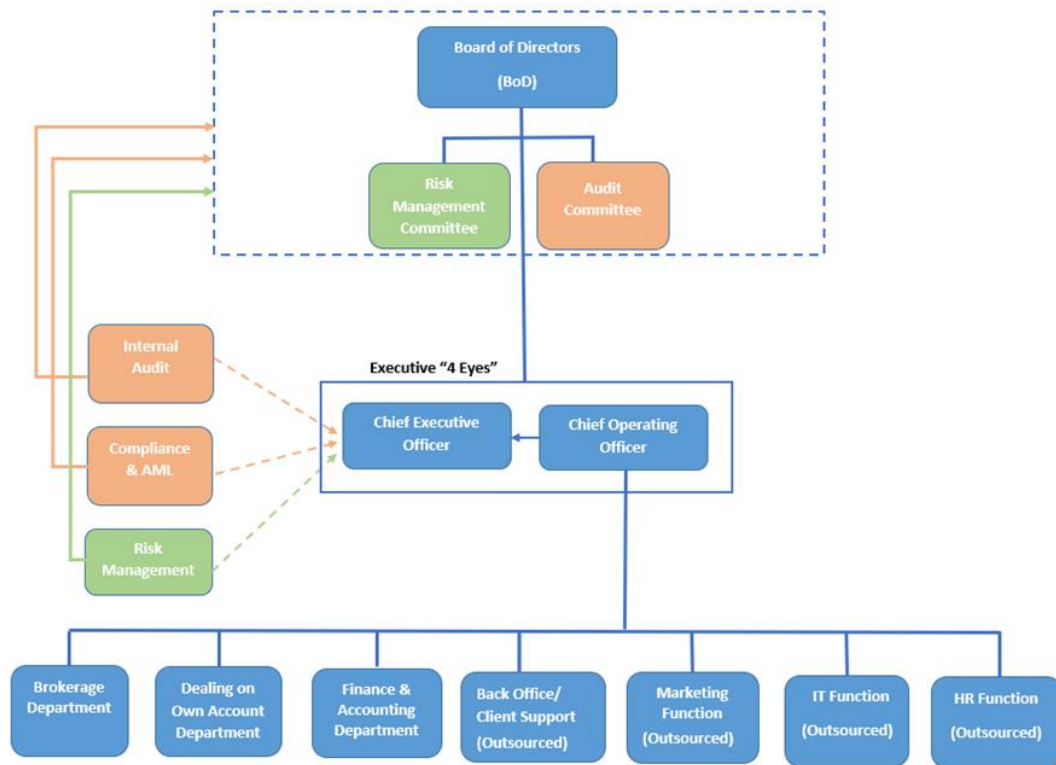
Furthermore, the Board of Directors and the Senior Management have the overall responsibility for the internal control systems of capital adequacy assessment, and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored and controlled to minimise adverse outcomes.

As with all Investment Firms, the Company is exposed to a variety of risks and with main categories being credit, market and operational risk. More information can be found in the sections below.

Internal Governance

Internal Governance refers to the formal set of structures, communication lines, procedures and rules that govern the operations of the Company. Robust governance arrangements include a clear organizational structure, well defined lines of responsibility, effective risk management processes, control mechanisms and remuneration policies. The main responsibility for internal governance lies with the Board of Directors.

A clear organizational structure, with well-defined roles and responsibilities, promote accountability and transparency which are important elements for a strong risk management framework. The Company’s organizational structure is outlined in the following chart.



Risk Governance

Implementing an efficient risk management structure is a critical undertaking for the Company, in all businesses, markets and regions in which it operates. The Company's risk management is supervised at the highest level to be compliant with the regulations enforced by CySEC and the European regulatory framework.

The Company operates in the financial services industry and considers the below risks as the most important, hence are continuously monitored in order to be mitigated the soonest possible:

Enterprise Risks

- *Credit risk*
- *Market risk*
- *Operational risk*
- *Compliance risk*
- *Reputational risk*
- *Anti-Money Laundering and Terrorist Financing Risk*
- *Strategic risk*
- *Technology Risk*

IFR-related Risks

- *Risk-to-Client (RtC)*
- *Risk-to-Market (RtM)*
- *Risk-to-Firm (RtF)*
- *Concentration Risk*

Although the risks mentioned in the lists above are interconnected, for the purposes of these disclosures we will separate them in order to be able to capture all the different components both from a regulatory as well as a general risk perspective.

Enterprise Risks

Credit Risk

Credit risk corresponds to the risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments. It mainly arises by the Company's deposits in credit and financial institutions and by assets held from debtors or prepayments made.

Although the capital requirement of Credit Risk has been essentially removed from the own funds requirement reporting under IFR, the company continues to consider Credit Risk as a key risk category under its broader risk management approach and it follows various credit risk 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 Board of Directors, which then determines the firm'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 and international 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.*
- *The maintenance of predetermined exposure limits to any particular counterparty, including but not limited to banks and liquidity providers. Risk limits are imposed to the level of counterparty, credit rating and country. The limits are reviewed annually or when there is a material change in the risk-taking capacity or risk appetite of the Company.*
- *The responsibility for the selection of banks, brokers and liquidity providers lies with the Senior Management, while the selection process is done through a checklist of minimum requirements.*

Further to the above, the Company has policies to diversify credit risk and to limit the amount of credit exposure (concentration risk) to any counterparty, at all times.

Market Risk

Market risk corresponds to the risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets. Market risk mainly arises from:

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

2. *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.*
3. *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.*
4. *Foreign Exchange Risk: It is a financial risk that exists when a 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 currency pair as well as through the utilization of sensitivity analysis.*

The Company monitors its market risk exposures regularly and additionally reports them on a quarterly basis to CySEC, as per the Net Position Risk (NPR) method of the K-Factor Requirement of IFR (see the next section for more information).

Operational Risk

Operational risk corresponds to the risk of losses/failure arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.

The Company has in place processes, management tools and a control infrastructure to enhance the Company-wide control of its operational risk. These include, among others, specific procedures, permanent supervision, business continuity plans, and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

In extend, 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 mitigation strategies in order to minimize its operational risk and develop risk awareness:

- *Provide of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities*
- *Implement 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*
- *Implement improvements on productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value*
- *Establish a "four-eye" structure and board oversight*
- *Implement improvements on its methods of detecting fraudulent activities*
- *Updating its business contingency and disaster recovery plan*

Finally, the Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. 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 new capital adequacy reporting under IFR the Company uses the Fixed Overhead Requirement (further information can be found in the next section).

Compliance, Reputational and Legal Risks

Compliance risk corresponds to the risk of legal, administrative or disciplinary sanctions or material financial losses, arising from failure to comply with the provisions governing the Company's activities. Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all its counterparties, employees, and shareholders.

The Compliance Officer verifies that all relevant laws, regulations and principles applicable to the Company's services are observed, and that all staff respect the codes of good conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational damage, performs compliance controls at the highest level and assists with the day-to-day operations.

Policies have been set up within the Company's different business lines by the Compliance Department, to identify and prevent any risks of non-compliance.

Anti-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 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 risk-based approach that involves specific measures and procedures in assessing, identifying and managing the Money Laundering and Terrorist Financing risks faced by the Company*
- *Adequate Client due diligence and identification procedures*
- *Minimum standards of quality of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information)*
- *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.*
- *Monitoring and reviewing the business relationship with clients and potential clients of high-risk countries*
- *Ensuring that the Company's personnel receive the appropriate training and assistance*

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure top level compliance with the applicable legislation.

Strategic risk

Strategic risk is the potential threat to an organization's future viability and success, resulting from inadequate or failed strategic decisions, plans, or implementation. Strategic risk management involves the identification, assessment, and prioritization of these risks, and the implementation of strategies to mitigate or manage them.

Effective strategic risk management requires a deep understanding of the organization's goals and objectives, as well as the external and internal factors that can impact its success. This includes assessing the competitive landscape, market trends, technological changes, regulatory environments, and organizational culture.

Overall, effective strategic risk management is essential to ensure the long-term success and sustainability of an organization, and requires a proactive and integrated approach that is aligned with the organization's overall goals and objectives.

The Company's management oversees the organization's strategic risk management efforts, and for ensuring that risks are appropriately identified, assessed, and managed. This includes developing risk management policies and procedures, conducting risk assessments, and providing training and support to staff.

Technology Risk

Technology risk refers to the potential for technology-related events or circumstances to adversely affect an organization's business processes, operations, or objectives. It encompasses a range of potential issues stemming from the use, adoption, or reliance on technology within an organization.

Addressing technology risks requires a comprehensive approach that involves assessing, mitigating, and managing these risks through a combination of technological controls, policies, procedures, training, and strategic planning.

The Company's management recognizes the critical importance of effectively managing technology risks to safeguard our operations, data integrity, and overall business continuity. Our approach to technology risk management is proactive and comprehensive, aligning with industry best practices and regulatory standards. We are committed to maintaining a secure and resilient technology environment to support our business objectives and protect our stakeholders.

IFR Risks and related requirements

The introduction of IFR, brought significant changes in the way investment firms calculate their capital requirements. As such our Firm has created a separate policy to avoid mixing risks arising from the Company's operations (i.e. Enterprise risks as these are presented in the section above) with risks arising from the revised capital requirements framework, presented below alongside, with the rest of the "non-risk" capital requirements.

In line with this, the risks under IFR are collectively refer to as K-Factors. K-Factor requirements (KFR), is a methodology recommended by the European Banking Authority, in order to capture the range of risks which an investment firm is exposed to.

The K-factors essentially replace the CRR credit, market and operational risk approach in order to better calibrate the capital needed to meet the risks of the investment firm.

Broadly speaking, K-factors are quantitative indicators or factors which represent the risks that an investment firm can pose to customers, market/liquidity and the firm itself. There are three K-factor groups:

Risk-to-Client (RtC)

The K-factors under RtC capture client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH).

As at 31/12/2024, our firm was exposed to:

	K-factor Requirement (USD'000)
K-AUM	0
K-CMH	16.18
K-ASA	0
K-COH	0

Risk-to-Market (RtM)

The K-factor under RtM captures net position risk (K-NPR) in accordance with the market risk provisions of CRR or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member (K-CMG).

As at 31/12/2024, our firm was exposed to:

	K-factor Requirement (USD'000)
K-NPR	7,546.55
K-CMG	0

Market risk capital requirements based on NPR

	K-factor Requirement (USD'000)
Position risk	2,455.62
Foreign exchange risk	2927.79
Commodity risk	2,163.14
Total (NPR)	7,546.55

Risk-to-Firm (RtF)

The K-factors under RtF capture an investment firm's exposure to the default of their trading counterparties (K-TCD) in accordance with simplified provisions for counterparty credit risk based on CRR, concentration risk in an investment firm's large exposures to specific counterparties based on the provisions of CRR that apply to large exposures in the trading book (K-CON), and operational risks from an investment firm's daily trading flow (K-DTF).

As at 31/12/2024, our firm was exposed to:

	K-factor Requirement (USD'000)
K-TCD	36.05
K-DTF	190.57
K-CON	0

Liquidity Requirement

Liquidity requirement corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise. The Company's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and adhering to regulatory constraints (such as the requirement of always holding a minimum of one third of their fixed overheads requirement in liquid assets). The table below shows the Firm's liquidity requirement as at 31/12/2024.

IFR Liquidity Requirement, as at 31/12/2024

	Amount (USD'000)
Liquidity Requirement	356.29
Client guarantees	0
Total liquid assets	7,264.79
Unencumbered short-term deposits	7,264.79
Total eligible receivables due within 30 days	0
Level 1 assets	0
Coins and banknotes	0
Withdrawable central bank reserves	0
Central bank assets	0
Central government assets	0
Regional government/local authorities assets	0
Public Sector Entity assets	0
Recognisable domestic and foreign currency central government and central bank assets	0
Credit institution (protected by Member State government, promotional lender) assets	0
Multilateral development bank and international organisations assets	0
Extremely high-quality covered bonds	0
Level 2A assets	0
Regional government/local authorities or Public Sector Entities assets (Member State, RW20 %)	0
Central bank or central/regional government or local authorities or Public Sector Entities assets (Third Country, RW20 %)	0
High quality covered bonds (CQS2)	0
High quality covered bonds (Third Country, CQS1)	0
Corporate debt securities (CQS1)	0

Level 2B assets	0
Asset-backed securities	0
Corporate debt securities	0
Shares (major stock index)	0
Restricted-use central bank committed liquidity facilities	0
High quality covered bonds (RW35 %)	0
Qualifying CIU shares/units	0
Total other eligible financial instruments	0

Fixed Overhead Requirement (FOR)

Under IFR, the Firm is required to report its Fixed Overhead requirement, essentially substituting the CRR operational risk, calculated as a quarter of the fixed overheads of the preceding year. The table below indicates the calculations used for our reporting:

Fixed Overhead Requirement, as at 31/12/2024

	Amount (USD'000)
Fixed Overhead Requirement	1,068.87
Annual Fixed Overheads of the previous year after distribution of profits	4,275.50
Total expenses of the previous year after distribution of profits	4,275.50
(-) Total deductions	0
(-) Staff bonuses and other remuneration	0
(-) Employees', directors' and partners' shares in net profits	0
(-) Other discretionary payments of profits and variable remuneration	0
(-) Shared commission and fees payable	0
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	0
(-) Fees to tied agents	0
(-) Interest paid to customers on client money where this is at the firm's discretion	0
(-) Non-recurring expenses from non-ordinary activities	0
(-) Expenditures from taxes	0
(-) Losses from trading on own account in financial instruments	0
(-) Contract based profit and loss transfer agreements	0
(-) Expenditure on raw materials	0
(-) Payments into a fund for general banking risk	0
(-) Expenses related to items that have already been deducted from own funds	0
Projected fixed overheads of the current year	4,178.13

Permanent Minimum Capital Requirement (PMC)

The Permanent Minimum Capital Requirement is the initial capital required for authorisation to conduct the relevant investment services set in accordance with the Investment Firm Directive (IFD).

As at 31/12/2024, the Firm's PMC was EUR750,000 or USD779,180 (reporting currency) for offering the services referred to in the Scope section of this report.

In relation to our most recent reported figures under IFR, please refer to section **Capital Adequacy**.

Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets and is one of the strategic oversight tools available to the Management body.

The positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analysed and approved by the BoD. The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks.

Essential indicators for determining the Risk Appetite are regularly monitored over the year to detect any events that may result in unfavourable developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of a recovery plan in the most severe cases.

Throughout the year, **the Company's risk profile has remained within normal/acceptable levels despite effects of despite increased geopolitical tensions and economic challenges.**

Finally, in regards to the revised capital requirements, since the IFR came into force in mid-2021, we have revised our regulatory appetite levels as per the below tables:

Revised Risk Appetite levels in response to IFR changes

	Total Ratio
● Well Above the limit	> 150%
● At the limit	100% - 150%
● Below the limit	< 100%

Risk Management Committee

The Risk Management Committee (“RMC”) advises the Board of Directors on the overall strategy and the appetite to all kinds of risks and helps the Board to verify that this strategy is implemented.

The RMC consists of two independent non-executive directors.

The members have varied experiences and backgrounds, relating to accounting, banking, investments, risk management, governance, and Information and Communication Technology (ICT). This rich blend of expertise adds essential value to our risk management practices.

The RMC meets as and when required to carry out its functions.

During 2024, the RMC held four (4) meetings.

The Committee shall review and, if appropriate, challenge the process undertaken by the business in setting its Risk Appetite.

It is responsible for:

- *Reviewing the risk control procedures and is consulted about setting overall risk limits*
- *Reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors*
- *Reviewing the policies in place and the reports prepared to comply with the regulations on internal control*
- *Reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially considering and reviewing whether the incentives provided by the remuneration policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits*

Diversity Policy

The Company recognizes the value of a diverse and skilled workforce and management body, as diversity is an asset to organizations and linked to better economic performance.

We are committed on creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future.

The Company considers itself diverse in regards to its main workforce and has in place a diversity policy in relation to its management body and all employees.

The Company while assessing diversity should consider the following aspects:

- *Educational and professional background*

The management body should consist of members of different backgrounds to the financial services sector.

- *Gender*

The management body should ensure gender balance in order to ensure adequate representation of population.

- *Age*

The management body should consist of members of different age, so as to ensure adequate representation of population and target market.

- *Geographical provenance*

The management body should be consistent of members of different jurisdictions to ensure that is collectively has sufficient knowledge and views on the culture, market specificities and legal frameworks of the areas the Company is active in.

In order to facilitate an appropriately diverse pool of candidate for the management body and key holders, the Company should ensure that all diversity aspects are taken into consideration in the selection process and equal treatment and opportunities are provided for all staff of different genders, age, etc.

Candidates shortlisted for becoming members of the Board of Directors of the Company shall at least cover one of the areas of diversity listed above, with the aim of strengthening and enhancing the management body.

Despite the aforementioned, when appointing members of the management body, the Company will ensure that the candidates have adequate knowledge, experience, qualifications and skills necessary to safeguard the proper and prudent management of the Company.

Board Recruitment

The Company and its shareholders rely on a strong Board of Directors, hence they carefully evaluate the recruitment of all Directors and ensure appropriate succession planning. The persons proposed for the appointment need to have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and most importantly emphasis is given on their commitment in terms of time and effort. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the existing BoD to ensure selecting the most appropriate candidate. The Board Members have also assumed responsibility for reviewing and assessing Board Composition, over and above to the Senior Management review.

The Company considers the following factors (which also form the basis of its BoD recruitment policy):

- *Integrity, honesty and the ability to generate public confidence*
- *Knowledge of and experience with financial institutions (“fit-and-proper”)*
- *Knowledge of financial matters including understanding financial statements and financial ratios*
- *Ability to commit sufficient time in the performance of their duties*
- *Demonstrated sound business judgment and independence of mind*
- *Specialised skills and/or knowledge in accounting, finance, banking, law, business administration, ICT or related subjects*

Remuneration

Remuneration refers to payments or compensations received for services or employment. The Company's remuneration system includes the base salary and bonuses or other economic benefits that an employee or executive may receive during employment. These benefits are frequently reviewed in order to always be appropriate to the CIF's size, internal organization and the nature, scope and complexity of its activities.

The Company's Policy is in line with its business strategy, objectives, values and long-term interests and it is designed in such a way as not to create incentives that may lead relevant persons to favour their own interest. It also incorporates measures to avoid conflicts of interest (e.g. when it comes to the remuneration of its employees, having directly or indirectly an impact on Clients' best interests) and to promote code of conduct requirements as well as promote investor protection and serve Clients' best interest.

Furthermore, the Policy considers the role performed by relevant persons, the type of products offered, and the methods of distribution as to prevent potential conduct risk and conflict of interest risks and to ensure the company adequately manages any related residual risk.

Moreover, the Company's Policy is consistent with sound and effective risk management and intended to deter risk-taking beyond the Company's expressed risk appetite and risk tolerance levels. Further, staff engaged in Control Functions (Compliance Officer, Risk Manager, Money Laundering Compliance Officer, Internal Auditor) are only remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The applicability of the Company's 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 applicability, viability and alignment with the industry's remuneration standards (e.g. to ensure base salary levels are not set at artificially low levels).

Fixed remuneration

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.

Variable remuneration

The Company has an "annual discretionary bonus scheme" whereby the employees may receive variable remuneration in addition to their fixed salary. The Company does not award, pay or provide guaranteed variable remuneration.

The variable remuneration reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment. The variable remuneration should give no rise to conflicts of interest between company's employees and clients.

Payments related to early Termination

Payments related to the early termination of an agreement reflect the performance achieved over time and shall not reward failure or misconduct.

Remuneration and Capital

The Company shall ensure that the total variable remuneration does not prevent its ability to strengthen its capital base. The Policy underlines the link between the Company's variable remuneration costs and the need to manage its capital base including forward-looking capital planning measures. Where the Company needs to strengthen its capital base, its variable remuneration arrangements should be sufficiently flexible to allow it to direct the necessary resources towards capital building.

The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components and allocation of variable remuneration includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required.

Link between pay and performance

The Company operates an annual appraisal process which establishes objectives for all staff covering both financial and non-financial metrics, specific behavioural competencies including compliance and risk management behaviours with regards to the Company's policies and procedures. The Company considers this process to address fully the requirement of Items (a) and (b) of Paragraph 21 of the Directive on "Variable elements of remuneration" DII44-2014-14.

The Company's policy ensures that remuneration is linked with performance and the total amount of remuneration is based on a combination of the performance assessment of:

- *the individual (quantitative as well as qualitative criteria are taken into account; annual performance evaluation and performance rating are taken into account),*
- *the business unit concerned, and*
- *the overall results of the Company*

The Board of Directors of the Company takes into account, when determining remuneration awards, the need to ensure an appropriate ratio between fixed and variable pay.

The fixed remuneration is determined on the basis of the role and position, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. The performance-based (or variable) remuneration motivates and rewards staff for contributing to sustainable results, performing in accordance with agreement(s) and set expectations for the Company, strengthening long-term client relations, generating income and increasing the shareholders' value.

Performance is assessed in accordance with the long-term outcomes taking into account the underlying business cycle of the Company and its business risks, with high consideration given to the qualitative results.

Aggregate Remuneration throughout 2024 broken down by business area

\$ thousands	No. of beneficiaries^b	Fixed	Variable	Non-cash	Total
Executive Directors	3	297.23	0.00	0	297.23
Controls Functions	4 ^c	157.51	20.26	0	177.77
Operation Units	6	344.52	12.47	0	356.98
Grand Total	13	799.26	32.73	0	831.98

Directorships held by Members of the Management Body

The Company's members of the Management Body, and in particular of the non-Executive positions, are often experienced professionals and businessmen that are invited to participate in other corporate boards. In line with this, the Company is responsible to approve and monitor such individuals in terms of conflicts of interest.

With regards to the actual knowledge, skills and experience of the members of the Board, the Board of Directors comprises of professionally qualified members who have collectively varied experiences and skills, including, amongst others, finance, accounting, legal, banking, investments, ICT and risk management. Additionally, each independent Director has a strong background in his field adding specialised value to the Company's Board of Directors.

The following table summarizes the number of positions that each member holds in 2024:

Directorships held by Members of the Management Body in 2024

Name	Position in the Firm	Executive Directorships	Non-Executive Directorships
Hanna N.I Abu Aitah	Executive Director	2	2
Issa N.I Abu Eita	Executive Director	2	1
Andreas Kontos	Executive Director	1	-
Petros Florides	Independent Non Executive Director	-	4
Georgios Agathangelou	Independent Non Executive Director	4	1

^b Includes all beneficiaries who were employed in these roles during any part of the reporting year.

^c The individual serving in the dual capacity of Head of Compliance and AMLCO was replaced during the reporting year.

Capital Adequacy

Capital management and adequacy of liquid funds is a paramount priority for the Company. The Company, continuously monitors its capital reserves and risk exposures. This is currently performed in accordance with the Investment Firms Regulation (IFR).

Regulatory Capital

In line with the International Financial Reporting Standards (IFRS) and IFR, the Company's regulatory capital mainly consists of Common Equity Tier 1 Capital, composed primarily of ordinary shares and related share premium accounts and retained earnings.

In some cases, additional capital tiers can come into force such as the Tier 2 Capital which could introduce the use of loans to support the business and operational capital. Such loans are highly regulated and are always subordinated to other claims.

Capital Ratio

The capital (adequacy) ratio is a key metric for a financial institution and is calculated by comparing the institutions' own funds with the highest of the three Capital Requirements (K-Factor Requirement, Fixed Overhead Requirement and Permanent Minimum Capital Requirement) as mentioned in **IFR Risks and related requirements** section. The calculations always follow a strict set of rules as defined by IFR. The minimum Total Capital Ratio that must be maintained **AT ALL** times is 100%.

As at 31/12/2024, the Company had a Total Capital Ratio of 474.33% (audited).

Capital Management

As part of managing its capital, the Company ensures that its solvency level is always compatible with the following objectives:

- *Maintaining its financial solidity and respecting the Risk Appetite targets*
- *Adequate allocation of capital among the various business lines according to the Company's strategic objectives*
- *Maintaining the Company's resilience in the event of stress scenarios*
- *Meeting the expectations of the regulator and shareholders*

The Company determines its internal capital adequacy thresholds in accordance with the above and the Senior Management is tasked to monitor the capital on a constant basis.

Further to the above, the Company is obligated to calculate and report its capital adequacy on a quarterly basis to the Cyprus Securities and Exchange Commission (the "CySEC").

Below you may find the latest results reported for 2024:

Capital Adequacy/Own Funds Requirements
\$ thousands

	Dec 31, 2024 (Audited)
CET1 Capital	36,947
Tier 1 Capital	36,947
Total Capital	36,947
Permanent Minimum Capital (PMC)	779.18
Fixed Overhead Requirement (FOR)	988.44
K-Factor Requirement (KFR)	7,789.35
Requirement Used	KFR
Total Own Fund Requirement	7,789.35
Total Ratio	474.33%
CET1 Ratio	474.33%

EU IF CCI.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

	Amount (\$'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves		
OWN FUNDS	36,947	N/A
TIER 1 CAPITAL	36,947	N/A
COMMON EQUITY TIER 1 CAPITAL	36,947	N/A
Fully paid up capital instruments	1,509	Capital
Share premium	0	N/A
Retained earnings	35,492	Prior Year
Accumulated other comprehensive income	0	N/A
Other reserves	0	N/A
Minority interest given recognition in CET1 capital	0	N/A
Adjustments to CET1 due to prudential filters	0	N/A
Other funds	0	N/A
(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	N/A
(-) Own CET1 instruments	0	N/A
(-) Direct holdings of CET1 instruments	0	N/A
(-) Indirect holdings of CET1 instruments	0	N/A
(-) Synthetic holdings of CET1 instruments	0	N/A
(-) Losses for the current financial year	0	N/A
(-) Goodwill	0	N/A
(-) Other intangible assets	0	100030 100035
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0	N/A
(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	0	N/A
(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	0	N/A

(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	0	N/A
(-) CET1 instruments of financial sector entities where the institution has a significant investment	0	N/A
(-) Defined benefit pension fund assets	0	N/A
(-) Other deductions	0	N/A
CET1: Other capital elements, deductions and adjustments	-53.16	161001 171024
ADDITIONAL TIER 1 CAPITAL	0	N/A
Fully paid up, directly issued capital instruments	0	N/A
Share premium	0	N/A
(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	N/A
(-) Own AT1 instruments	0	N/A
(-) Direct holdings of AT1 instruments	0	N/A
(-) Indirect holdings of AT1 instruments	0	N/A
(-) Synthetic holdings of AT1 instruments	0	N/A
(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	0	N/A
(-) AT1 instruments of financial sector entities where the institution has a significant investment	0	N/A
(-) Other deductions	0	N/A
Additional Tier 1: Other capital elements, deductions and adjustments	0	N/A
TIER 2 CAPITAL	0	N/A
Fully paid up, directly issued capital instruments	0	N/A
Share premium	0	N/A
(-) TOTAL DEDUCTIONS FROM TIER 2	0	N/A
(-) Own T2 instruments	0	N/A
(-) Direct holdings of T2 instruments	0	N/A
(-) Indirect holdings of T2 instruments	0	N/A
(-) Synthetic holdings of T2 instruments	0	N/A
(-) T2 instruments of financial sector entities where the institution does not have a significant investment	0	N/A
(-) T2 instruments of financial sector entities where the institution has a significant investment	0	N/A
Tier 2: Other capital elements, deductions and adjustments	0	N/A

EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
	As at period end	As at period end	
Assets - Breakdown by asset classes			
Tangible Assets	510,284.86	N/A	100050
			100055
			110010
			110015
			110030
			110035
			110050
			110055
			110070
			110075
			110090
			110095
			110120
			110125
			110140
			110145
Cash, cash balances at central banks and other demand deposits	27,808,543.07	N/A	171990
			173381
			171321
			152053
			172025
			172027
			172066
			172054
			152074
			171005
			170035
			155007
			172067
			152111
			152121
			152120
			172068
			171320
			172061
			172055
			150023
			172052
			171004
			171390
			170010
			170030
			152072
			172065
			172028
			170000
			171495

			171201
			171232
			171361
			171492
			171412
			155001
			162010
			172060
			150240
			175020
			173380
			150230
			172031
			171411
			171460
			172041
			171200
			172042
			171480
			171410
			171413
			172053
			171230
			172050
			173440
			173431
			161520
			173355
			150060
			161512
			173421
			173430
			173422
			161525
			173432
			161511
			150020
			173220
			161502
			173350
			173222
			173030
Other assets	1,679,894.93	N/A	100035
			153001
			157000
			161005
			155010
			161101
			161000
			161010
			162000
			155000
			156120
			156060
			156090

			155028
			161110
			155025
			100030
Investor Compensation Fund	53,162.14	N/A	171204
			161001
Financial assets held for trading	11,336,940	N/A	120002
			120015
			140001
Total Assets	41,388,825.00	N/A	N/A
Liabilities - Breakdown by liability classes			
Other liabilities	4,388,671.00	N/A	200001
			200002
			210101
			210201
			210300
			210305
			210315
			210317
			210320
			211005
			211010
			211012
			211027
			211050
			211056
			220025
			220030
			221000
			221007
			230000
			230015
			230040
Total Liabilities	4,388,671.00	N/A	N/A
Shareholders' Equity			
Ordinary share capital	1,508,610	N/A	Capital
Retained earnings	35,491,544	N/A	Retained earnings
Total Shareholders' equity	37,000,154	N/A	N/A

EU IF CCA: Own funds: main features of own instruments issued by the firm

Issuer	Company
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	Private
Governing law(s) of the instrument	Cyprus Companies Law
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 1.5 mln
Nominal amount of instrument	EUR 1.71 each
Issue price	EUR 1.71 each
Redemption price	N/A
Accounting classification	Ordinary share capital
Original date of issuance	16/03/2001
Perpetual or dated	N/A
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	N/A
Convertible or non-convertible	N/A
If convertible, conversion trigger(s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	N/A
If write-down, write-down trigger(s)	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Non-compliant transitioned features	N/A
If yes, specify non-compliant features	N/A
Link to the full term and conditions of the instrument (signposting)	N/A

Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process (“ICAAP and ILAAP”) requires institutions to identify and assess risks, maintain enough capital to face these risks and apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand.

The Company generated its ICAAP and ILAAP report as required under IFR. The ICAAP and ILAAP also serves as a stress testing 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 and liquidity adequacy in absorbing potential losses under stressed conditions (This takes place in the context of the Company’s ICAAP and ILAAP on an annual basis)*
- *The evaluation of the Company’s strategy*
- *The establishment or revision of risk limits*

In our ICAAP and ILAAP report for 2024, stress scenarios tested the potential requirements on risks under Pillar I and Pillar II which showed that the company is sufficiently capitalized.

Regulatory Reporting

In line with the regulatory requirements, the Company has been able to maintain a good reporting flow, as it can be seen below:

Annual Reporting Summary for 2024

Report	Responsible Person	Recipients	Frequency	Due Date
Annual Compliance Report	Compliance Officer	BoD, CySEC	Annual	30/04/2024
Annual Internal Audit Report	Internal Auditor	BoD, CySEC	Annual	30/04/2024
Annual Risk Management Report	Risk Manager	BoD, CySEC	Annual	30/04/2024
Annual Anti-Money Laundering Compliance Report	AML Compliance Officer	BoD, CySEC	Annual	31/03/2024
Pillar III Disclosures (Market Discipline and Disclosure)	Risk Manager	BoD, CySEC, Public	Annual	30/04/2024

Financial Reporting	External Auditor	BoD, CySEC	Annual	30/04/2024
Capital Adequacy Reporting	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	11/05/2024 11/08/2024 11/11/2024 11/02/2025
Prudential Supervision Information	Risk Manager / Accounting	CySEC	Annual	30/06/2024
Risk Based Supervision Framework	Compliance Officer / Risk Manager / Accounting	CySEC	Annual	Upon CySec request
Quarterly Statistics	Compliance Officer / Accounting	CySEC	Quarterly	30/04/2024 04/08/2024 06/11/2024 05/02/2025

Declaration by the Board of Directors on the adequacy of risk management arrangements of the institution

The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management framework is the sum of systems, policies, processes and people within the Company that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations.

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

Regulatory Supervision

All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, as per the below legal framework:

- *Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets (hereafter "the Law")*
- *Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012*
- *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 and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation - CRR)*
- *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 – CRD IV)*
- *Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (Investment Firms Regulation - IFR)*
- *Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (Investment Firms Directive - IFD)*