ECOMMBX INVESTMENTS

DISCLOSURES & MARKET DISCIPLINE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

According to Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms

JUNE 2025

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1. INTRODUCTION

1.1. CIF Information

ECOMMBX Investments Limited (hereinafter the 'Company') was incorporated in the Republic of Cyprus on 26 August 2013 as a private limited liability company with registration number HE 324665. The Company obtained a Cyprus Investment Firm ("CIF") license from the Cyprus Securities and Exchange Commission ("CySEC"), CIF licence No. 228/14 on 24 February 2014 to provide the following Investment and Ancillary Services trading with the Financial Instruments listed below, in accordance with Part I, II and III of the Law 87(I)/2017:

Investment Services:

- Reception and transmission of orders in relation to one or more financial instruments (Service 1)
- Execution of orders on behalf of clients (Service 2)
- Provision of investment advice (Service 5)

Ancillary Services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management (Service 1)
- Granting credit and loans to one of more financial instruments, where the firm granting the credit or loan is involved in the transaction (Service 2)
- Provision of advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings (Service 3)
- Foreign exchange services where these are connected to the provision of investment services (Service 4)
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments (Service 5)

Financial Instruments:

- Transferable Securities (1)
- Money Market Instruments (2)
- Units in Collective Investment Undertakings (3)
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash (4)
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event) (5)
- Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF (6)

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

Note: In brackets (...) is the number of the financial instrument as referred in Law 87(I)/2017.

The table below illustrates the current licence information of the Company:

TABLE 1: COMPANY LICENSE INFORMATION

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

1.2. Scope of application

The Disclosures & Market Discipline Report (the 'Report') is prepared on a consolidated basis in accordance with the disclosure requirements as laid out in Part Six of the Investment Firm Regulation, Regulation (EU) 2019/2033 ("IFR"). Investment firms are required to disclose their capital resources, capital requirements, remuneration policies, practices and governance standards.

The consolidated basis of this Report includes **ECOMMBX Holding Ltd**, **ECOMMBX Investments Ltd** and **ECOMMBX LTD**, with the prudential consolidation applied in line with IFR requirements. Although the figures are presented on a consolidated basis, it is important to note that the Risk Management framework referenced throughout the Report pertains to the CIF, as the Electronic Money Institution ("EMI") included in the consolidation is not subject to Risk Management obligations under the applicable regulations.

The Report has as a starting point the financial information used in the Company's Financial Statements which are prepared in accordance with the International Financial Reporting Standards ("IFRS"). As the Disclosures & Market Discipline Report and the Financial Statements serve different purposes, the reported figures illustrate differences, which relate to the differences in the fundamental concepts between the IFR and the IFRS.

1.3. Classification and prudential requirements

Under the current prudential regulatory framework i.e. the Investment Firms Directive (EU) 2019/2034 ("IFD") and Investment Firm Regulation, Regulation (EU) 2019/2033, all investment firms are classified as Class 1, 2 or 3 Investment Firms, based on their activities, systemic importance, size and interconnectedness. Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly and they fall entirely under the Capital Requirements Regulations ("CRR").

Investment Firms categorized as Class 2 and Class 3 must comply with the provisions of the IFR/IFD prudential regulatory regime for investment firms introduced back in June 2021. CIFs that meet all of the below criteria are categorised as Class 3 Investment Firms, while when they exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms.

TABLE 2: THRESHOLD CRITERIA

No.	Metric	Thresholds
1.	Assets Under Management	< €1.2 billion
2.	Client orders handled – cash trades	< €100 million per day
3.	Client orders handled – derivative trades	< €1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	On- and off-balance sheet total	< €100 million
7.	Total annual gross revenue from investment services and activities	< €30 million

In accordance with the above, the Company is categorized as a **Class 2 Investment Firm** since it does not meet all of the above criteria and as such it should maintain own funds of at least the **higher** between:

A. Permanent minimum capital requirement

The permanent minimum capital requirement of the Company is **€150k** since the Company is not authorized to provide the investment service of "Dealing on Own Account" but is permitted to hold Customers' money.

B. Fixed overhead requirements

The Fixed Overheads Requirement is calculated as one quarter (¼) of the previous year fixed overheads (based on audited figures).

C. K-Factors requirement

The K-Factors are quantitative indicators that reflect the risk that the IFR/IFD prudential regime intends to address. Specifically, capital requirements from applying the K-factors formula (pursuant to Article 15 of the IFR) is the sum of the Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') proxies.

1.4. Regulatory framework

The Report has been prepared in accordance with the regulatory regime for investment firms that the European Parliament has adopted, the IFR and the IFD as well as the relevant provisions of the Law 165(I)/2021 *"The Prudential Supervisions for Investment Firms Law of 2021"* (the "Law") and the Law 164(I)/2021, amending Law 97(I)/2021, *"The Capital Adequacy Investment Firms Law of 2021"*. The IFR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to EU investment firms. Furthermore, IFR introduced significant changes in the prudential regulatory regime applicable to Investment Firms, including a new classification system, an amended minimum initial capital requirement and minimum capital ratios, changes in the calculation of capital requirements, variations in reporting requirements, internal governance policies, the introduction of the K-Factors methodology and practices relating to liquidity requirements, large exposures and consolidation requirements.

The Regulatory framework consists of:

- **Basic Prudential Requirement** - Covers minimum capital and liquidity requirements.
- **Internal Capital and Liquidity Adequacy Assessment** – Regulates the investment firm's accountability to the regulator for capital and liquidity adequacy. If the regulator deems the capital to be insufficient, a corrective requirement can be imposed on the company in the form of what is known as a 'SREP'.
- **Disclosures Requirement** - require the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy**.**

The Company has prepared this Market Disclosure Report in accordance with the applicable regulatory requirements as set out in Part Six of the IFR. The provisions on disclosure requirements are described in Articles 46 to 53 of the IFR. In addition, these disclosures must be verified by the external auditors of the CIF. The CIF will be responsible for submitting its external auditors' verification report to CySEC, within a month from the publication of this Report. The Company has included its risk management disclosures on its website. Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the Report.

Frequency

The Company's policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

Location of publication

The Company's market disclosures are published on the Company's official websites:

- https://www.ecommbxinvest.com/
- https://www.ecommbanx.com/investments/

Verification

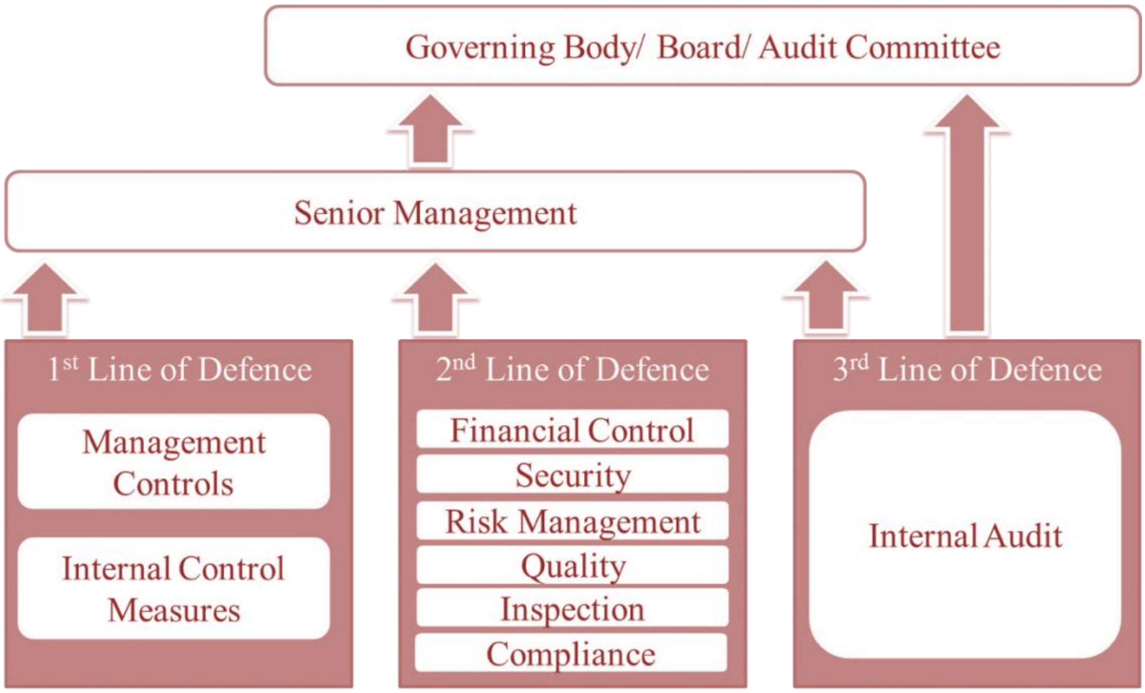
The Company's Disclosures & Market Discipline Report is subject to review and validation by its external auditors.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's risk management and internal control systems include risk assessment, management and mitigation of risks, the use of control processes, information, communication systems and processes for monitoring and reviewing their continuing effectiveness. The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

The Company applies the 'three lines of defence' model for managing risk. The three lines of defence are a clear and consistent organisational and operational structure, including decision-making powers, reporting and functional links and segregation of duties which are clearly defined, transparent, consistent, complete, and free from conflicts of interest.

Generally, the three lines of defence model, is presented with the following:



At the **first level**, managers are responsible for implementing the control framework within their area of operation and identifying and controlling risks presented so that they are operating within the organisational risk appetite and are fully compliant with Company policies and within the appropriate defined thresholds set. First Level controls act as an early warning mechanism for identifying (or remedying) risks or failures.

At the **second level**, the Risk Management Function is responsible for proposing to the Board of Directors ('Board' or 'BoD') appropriate objectives and measures to define the Company's risk appetite and for devising the suite of policies necessary to control the business including the overarching framework and for independently monitoring the risk profile, providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of Second

Level Controls is identifying risk areas, detecting situations/activities, in need of monitoring and developing policies to formalise risk assessment, mitigation and monitoring.

Finally, at the **third level** of control, the Internal Audit function is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviews the Company's relevant policies and procedures. Internal Audit ensure that both the First and Second Level of Controls take into consideration its findings and recommendations and actions are appropriately taken. Following the review and inspection of the Company's Internal Auditor, the Company initiates a process to address the matters raised in the Annual Report of the Internal Auditor relating, directly or indirectly, to the Risk Management function.

2.1. Risk Management Framework

Managing risk effectively in a Company operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- Adequate risk identification and management
- Establishment of the necessary policies and procedures
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies and procedures as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, the Company faces a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against the three all-encompassing main types of risk: credit risk, market risk and operational risk.

2.2. Risk Statement

The Company's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc.

As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Company is following the relevant regulatory guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide both Senior Management and employees a general risk framework for the management of the different types of risks in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to various risks.

Risk Appetite

Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences, and the likelihood that these consequences can occur. Factors that affect consequences and likelihood should be identified. An event can have multiple consequences and can affect multiple objectives. Existing controls and their effectiveness and efficiency should also be taken into account.

Risk appetite is the level and type of risk a firm is able and willing to assume in its business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect the potential impact on earnings, capital and funding/liquidity.

An appropriate risk appetite framework ("RAF") should be aligned with an institution's strategy and should enable a risk capacity, risk appetite, risk limits, and risk profile to be considered for business lines and legal entities as relevant, and within the group context. The risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF should consider material risks to a financial institution, as well as to the institution's reputation vis-à-vis stakeholders.

As part of the RAF, a Risk Appetite Statement ("RAS") needs to be defined. The RAS is defined as the articulation in written form of the aggregate level and types of risk that a financial institution is willing to accept, or to avoid, in order to achieve its business objectives. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures deemed to be appropriate. It should also address more difficult to quantify risks, such as reputational and conduct risks as well as money laundering risks and unethical practices.

Additionally, the risk tolerance is the level of risk to which an organization is willing and able to be exposed to, taking into account its financial strength, its nature, scale and complexity, liquidity, and the physical resources needed to adequately manage the risk. Risk capacity is defined as the maximum level of risk a financial institution can assume given its current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment (i.e. technical infrastructure, risk management capabilities, expertise) and obligations, also from a conduct perspective, to depositors, policyholders, shareholders, fixed income investors, as well as other customers and stakeholders. Specifically, the Company's risk tolerance is the maximum exposure which an organisation can withstand, prior to breaching regulatory and internal capital and liquidity requirements.

The Company is assessing its risk appetite with respect to investing and managing business and operational activities while the Company's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

TABLE 3: CIF'S RISK APPETITE AREAS

Indicator	Normal [1]	Warning [2]	Limit [3]
Minimum Own Fund Requirement	≥€235k	<€235k	€195k
Common Equity Tier 1 Ratio[4]	>150%	<125%	100%
AT1 Capital Ratio[4]	>150%	<125%	100%
Total Capital Ratio[4]	>150%	<125%	100%
Liquid Assets	≥€50k	<€50k	€32k
Return on Assets	≥5.00%	<5.00%	≤1.00%
Return on Equity	≥5.00%	<5.00%	≤1.00%

Notes:

1. *The level of the indicator is within the acceptable limits as per the Company's risk appetite.*
2. *The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.*
3. *The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.*
4. *Additional own funds requirement and additional 18.75% total capital ratio requirement as per the paragraph 18 of the Law 20(I)/2016 have been taken into consideration for Normal and Warning thresholds.*

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework.

The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies, to ensure risks are managed within its Risk Appetite.

2.3. Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behaviour is a key component of the strong risk culture, and its importance is also continuously emphasised by Management.

The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas are encouraged to take risk–based decisions, while knowing when to escalate or seek for advice.

2.4. Material Risks

Credit Risk

Credit Risk arises when counterparties fail to discharge their obligations towards the Company, thus reducing the amount of future cash inflows from the financial assets at hand on the Company's balance sheet. In particular, the Company has specific credit risks arising from its current banking accounts with credit institutions, fixed assets debts and prepayments. In view of the fact that the Company's credit risk mainly arises from the default of credit institutions with which it maintains accounts, in order to manage the risk, the Company's management assesses the credit quality of financial institutions taking into account their financial position, past experience and other factors to ensure that cash balances are kept with high credit quality credit institutions.

Market Risk

Market Risk arises from unanticipated changes in the price of the financial instruments that the Firm holds. Specifically, CIFs can be exposed to FX Risk, Commodity Risk, Position Risk, Interest Rate Risk, etc. Given the Company's current business model and operations, it is exposed to market risk arising from the banking book alone.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. It is inherent in every business organization and covers a wide range of issues. The Company manages operational risk through a control-based environment in which processes are documented, and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

Figure 1: Operational Risk Drivers

The Company is in the process of drafting its Operational Risk Management Framework, congruent with the Policy and the principles of the Capital requirements framework. The Operational Risk Management Framework will outline the strategic direction and guidelines on operational risk in order to ensure that an effective operational risk management and measurement process is adopted throughout the Company. The Framework will also provide for the consistent and comprehensive capture of data elements needed to measure and verify operational risk exposures, as well as to implement appropriate reporting systems and mitigation strategies.

Further to the above, the Company already has in place controls and procedures in order to mitigate the impact of operational risk as follows:

- Monitoring the effectiveness of policies, procedures and controls
- Using systems to automate processes and controls to eliminate risk due to human error
- Ongoing maintenance of procedures to prevent unauthorised actions and errors
- Maintaining risk registers and
- Maintaining a four-eye structure and implementing board oversight over strategic decisions made by the heads of departments

Furthermore, the Company has in place additional policies and processes whose implementation assists with the evaluation and management of operational risk. Such policies and processes include Business Continuity and Disaster Recover Plans. The Company acknowledges that a significant hazard exists to its ability to continue normal business procedures following unexpected incidents. Moreover, the Company has an ongoing dependency with its automatic systems and processes. As a result, a disaster recovery plan and business continuity plan are necessary to deal with the risk of a potential disaster. The objectives of these plans are to allow for:

a. continuity of operations so that the Company can continue to offer its services to its Customers,

b. business and records protection,

c. a framework for management of risk and exposure,

d. measurement against risks.

Information, Communication & Technology Risk

Information, Communication & Technology ("ICT") risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's systems. The Internal Auditor, as part of the annual on-site inspections, evaluates and assesses whether the Company's systems and infrastructure are adequate.

The aim of the Company is to minimise the impact of ICT risk and therefore the Company shall take the respective rectifying measures, as and when deemed necessary. Specifically, policies have been implemented and measures have been taken regarding backup procedures, software maintenance, hardware maintenance, internet use, data protection procedures, and disaster recovery, as applicable.

Funding Liquidity Risk

Funding liquidity risk is the possibility that over a specific horizon the Company will be unable to meet its demands/needs for money (i.e. cash) due to mismatches in its assets vs liabilities maturity structure. Furthermore, liquidity risks can also arise either via extreme market conditions and/or failures of designated counterparties that the Company associates with.

Further to the above, and subject to the provisions of the Directive DI87-01 of CySEC for the safeguarding of financial instruments and funds belonging to Customers, the Company is exposed to liquidity risk, with respect to the accounts at the Customer's funds are kept. Extreme market conditions can lead to failure of multiple counterparties (i.e. Liquidity Providers, credit institutions, payment service providers, etc.) that will lead to the Company facing liquidity issues.

As part of its procedures the Company continuously monitors the forecast and actual cash flows and cost budgets so to ensure that the level of the Company's own funds and consequently the Capital Adequacy ratio meets the regulatory requirements at all times as well as ensuring that adequate liquidity is maintained at all times.

Money Laundering and Terrorist Financing Risk

Money Laundering and Terrorist Financing risk mainly refers to the risk that the Company may be used as a vehicle to launder money and/or finance terrorism. The Company has policies, procedures and controls in place in order to mitigate Money Laundering and Terrorist Financing risk. 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 Money Laundering and Terrorist Financing risk faced by the Company
b. the adoption of adequate Customer Due Diligence and Identification Procedures in line with the Customers 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 Customer (i.e. documents from independent and reliable sources, third party information, documentary evidence)
d. obtaining additional data and information from Customers, 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. on-going monitoring of high risk Customers' transactions and activities, as applicable
f. ensuring that the Company's personnel receive the appropriate training and assistance

The Company maintains its policies, procedures and controls with respect to Money Laundering and Terrorist Financing risks and provides, inter alia, details and further information with respect to the abovementioned measures (points (a) to (f)).

The Internal Auditor and Anti-Money Laundering Compliance Officer, as well as the Compliance Team undertake on-site inspections and desk-based reviews in order to assess the Company's compliance with the AML regulatory framework. Following the inspections, the abovementioned functions provide the Company with a list of recommendations for improvement in AML compliance related areas.

The aim of the Company is for the materialization of the Money Laundering and Terrorist Financing risk to be minimized to the lowest possible level and, as such, the Company has reviewed and examined in detail the Internal Auditor's recommendations with respect to anti-money laundering issues and shall take the relevant rectifying measures and actions, as and when required.

Regulatory & Compliance Risk

Regulatory & Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, bylaws, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company to financial loss, fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

The Internal Auditor of the Company undertakes on-site internal audit inspections in order to assess the Company's compliance with the regulatory framework. Following the inspections, the Internal Auditor provides the Company with a list of recommendations for improvement in different compliance related areas.

Furthermore, the Compliance Officer carries out a number of desk-based and onsite inspections, reviews and checks as well as continuous monitoring of the Company's activities programme as per the Circular 030 (CySEC's Guidelines GD-IF-06).

In particular, the Compliance Officer assesses the Company's risk of failure to comply with the legal obligations governing the Company's operations. In this respect, the Compliance Officer devises an on-going monitoring programme in order to evaluate whether operations are conducted in compliance with obligations under the applicable legislation and whether the organisation/internal guidelines/control measures of the Company remain appropriate and robust.

The Company's aim is for the materialisation of compliance risk to be minimised to the lowest possible level and, as such, the Company shall review and examine in detail the Internal Auditor's and Compliance Officer's recommendations and shall take all necessary remedial measures/actions in order to fully comply with the regulatory framework.

Furthermore, the Company's Compliance Officer initiated a program to examine in detail the level of compliance of certain areas of the Company with the relevant legislation in light of weaknesses identified during the year under review, propose remedial measures/actions, and provide the relevant training to the Company's personnel, as and when required.

Reputational Risk

Reputational risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company by Customers, counterparties, shareholders, investors or regulators. Reputational risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large Customers, poor Customer service, fraud or theft, Customer claims, legal action, regulatory fines and from negative publicity relating to the Company's operations whether such a fact is true or false.

The Company is aware that, operating in a demanding industry, with many competitors, who may also act in unethical ways, could introduce risks of a reputational nature. The possibility of having to deal with serious incidents is limited as the Company exerts its best efforts in providing high quality services to its Customers. In addition, the Company's Board members and Senior Management comprise of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company.

The Company aims to minimise reputational risk through the implementation of a strong internal control system and adequate policies and procedures (including in the area of Customer complaint handling). Furthermore, the Company aims to also mitigate this risk by ensuring that all employees are adequately trained and equipped with the required skills to fulfil their duties.

Conduct Risk

Conduct risk is defined as the risk of an action which leads to customer detriment as a result of the actions performed by an individual or the organisation. This can bring sanctions and negative publicity to the Company. Moreover, EBA has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company. Furthermore, the Company can be exposed to conduct risks arising from inadequate agreements with the third parties that hold Customers' funds.

Business Risk

Business Risk arises due to probable losses that might be incurred by the Company during unfavourable market conditions, thus, having a current and/or future possible impact on earnings or capital from adverse business decisions and/or the lack of responses to industry changes by the Company.

The Company may be exposed to business risk in case of a deterioration of business and economic conditions in the markets in which it operates. The Company's business plans involve an expansion of its clientele so as to grow its revenue base and increase its profitability. However, the Company has taken into consideration Business Risk when preparing its financial projections and when conducting its stress testing procedures.

In order to avoid any potential damage to the Company's financial position, the Company continuously evaluates (and redesigns if and when necessary) its business plans taking into account changing economic conditions.

The Company has policies and procedures in place when dealing with possible Customer complaints in order to provide the best possible assistance and service under such circumstances.

3. GOVERNANCE

The Company's risk management and internal controls' systems include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

3.1. Organizational Structure

The Company incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations.

The Company has in place an Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, Senior Management and staff constituting the Company.

Moreover, the Company implements and maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, in light of the set level of risk tolerance, where applicable.

3.1.1. Board of Directors

The management body has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures put in place, whilst if needed, takes appropriate measures to address any deficiencies. The Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust. The Board comprises of two executive directors and four non-executive directors.

3.1.2. Risk Manager

Further to the formation of the overall Internal Governance Framework, it should be noted that the Board has appointed a Risk Manager to ensure that all the different types of risks taken by the Company are in compliance with the regulatory framework and the obligations of the Company under the Law, and that all the necessary procedures, relating to risk management are in place and are functional on an operational level from a day to day basis. The Risk Manager reports directly to the Senior Management of the Company. It is noted that at this time the role of the Risk Manager has been outsourced.

3.1.3. Risk Committee

According to Circular C487, if the Company meets the definition of 'significant CIF' as set out in Section 26(8)(a) of the Law, it is obligated to establish a Risk Committee. The Company **does not fall** under the definition of 'significant CIF' since its average on and off-balance sheet items during the four preceding years were less than €100m. Therefore, it was decided not to establish a Risk Committee .

3.1.4. Other Governance Functions

Compliance Function

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has established a compliance function to manage compliance risk. Furthermore, the Board has appointed a Compliance Officer (the "CO") who is responsible for this function across the entire investment firm. Specifically, the CO is responsible to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, to put in place adequate measures and procedures designed to minimize such risks and to enable the competent authorities to exercise their powers effectively. The compliance function's, policies and procedures should also be compliant with Article 22 of Commission Delegated Regulation (EU) 2017/565 and ESMA guidelines on the compliance function.

The Compliance Officer is independent and reports directly to the Senior Management of the Company, having at the same time the necessary authority, resources, expertise and access to all relevant information. The staff within the compliance function possess sufficient knowledge, skills and experience in relation to compliance and the relevant procedures and have access to regular training.

Anti-Money Laundering Compliance Officer

The Board retains a person to the position of the Company's Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and terrorist financing. The AMLCO operates at an appropriately senior level within the organizational structure to ensure the necessary authority and independence in overseeing the Company's Anti-Money Laundering compliance framework, procedures, and processes.

It is noted that currently the function of the Compliance Officer and AMLCO are held by a single person.

Internal Audit Function

The Internal Auditor has been appointed and operates independently from the Company's other functions and activities. The internal audit function is structured to ensure objectivity and autonomy in the performance of its duties.

The Internal Auditor has access to the Company's premises, systems, information, personnel and financials. The Board ensures that internal audit issues are considered when presented by the Internal Auditor and appropriate actions are taken according to the Board's assessment and prioritization.

3.2. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels and as such it approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

In addition, recruitment into the Board combines an assessment of both technical capability and competency skills references against the Company's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the CIF's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of a CIF.

3.3. Number of Directorships held by members of the Board

The table below discloses the number of directorships held by members of the management body of the Company, including ECOMMBX Investments Limited and any other companies belonging to the same group, as at 31 December 2024. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

TABLE 4: NUMBER OF DIRECTORSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Demetra Kalogerou	Non-Executive Director	-	4
Gregory Dellas	Non-Executive Director	-	3
Michael Christos Charalambides	Non-Executive Director	1	1
Charalambos Michaelides	Executive Director	1	-
Ioannis Georgoulas	Non-Executive Director	-	4

**The information in this table is based only on representations made by the directors of the Company.*

For the purpose of the above, Executive or Non-Executive directorships held within the same group shall count as a single directorship.

4. OWN FUNDS

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Company to absorb losses.

During the year under review, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business. Further to the above, the Company, as a **Class 2** investment firm, shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement
- Fixed Overheads Requirement, and
- K-Factors Requirement

The Company throughout the year under review, managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

4.1. Composition of regulatory own funds

The Company shall disclose information relating to their own funds according to Article 49(a) and (c) of IFR.

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments at a solo and consolidated basis. Both on a solo basis and consolidated basis regulatory capital comprises fully of CET1 capital with no AT1 or T2 capital in issue.

The composition of the Company's Own Funds which is cross-referenced to the corresponding rows in table EU IF CC2 is shown below:

TABLE 5: IF CC1.01 - COMPOSITION OF REGULATORY OWN FUNDS AS AT 31 DECEMBER 2024

Regulatory Own Funds		Solo €'000	Consolidated €'000	Source based on reference numbers of EU IF CC2
1	**OWN FUNDS**	**720**	**20,813**	
2	**TIER 1 CAPITAL**	**720**	**20,813**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**720**	**20,813**	
4	Fully paid up capital instruments	897	1	1 (Shareholders' Equity)
5	Share premium	645	-	2 (Shareholders' Equity)
6	Retained earnings / Retained Losses	(812)	21,575	3 (Shareholders' Equity)
7	Accumulated other comprehensive income	-	-	N/A
8	Other reserves	-	-	N/A

Regulatory Own Funds		Solo €'000	Consolidated €'000	Source based on reference numbers of EU IF CC2
9	Minority interest given recognition in CET1 capital	-	-	N/A
10	Adjustments to CET1 due to prudential filters	-	-	N/A
11	Other funds	-	-	N/A
12	**(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1**	**-**	**(754)**	
13	(-) Own CET1 instruments	-	-	N/A
14	(-) Direct holdings of CET1 instruments	-	-	N/A
15	(-) Indirect holdings of CET1 instruments	-	-	N/A
16	(-) Synthetic holdings of CET1 instruments	-	-	N/A
17	(-) Losses for the current financial year	-	-	N/A
18	(-) Goodwill	-	-	N/A
19	(-) Other intangible assets	-	(754)	4 (Assets)
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-	N/A
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	-	N/A
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	-	N/A
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	-	N/A
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	-	N/A
25	(-)Defined benefit pension fund assets	-	-	N/A
26	(-) Other deductions	-	-	N/A
27	CET1: Other capital elements, deductions and adjustments*	(9)	(9)	2 (Assets)
28	**ADDITIONAL TIER 1 CAPITAL**	-	-	
29	Fully paid up, directly issued capital instruments	-	-	N/A
30	Share premium	-	-	N/A
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	-	N/A
32	(-) Own AT1 instruments	-	-	N/A

Regulatory Own Funds		Solo €'000	Consolidated €'000	Source based on reference numbers of EU IF CC2
33	(-) Direct holdings of AT1 instruments	-	-	N/A
34	(-) Indirect holdings of AT1 instruments	-	-	N/A
35	(-) Synthetic holdings of AT1 instruments	-	-	N/A
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	-	N/A
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	-	N/A
38	(-) Other deductions	-	-	N/A
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	-	N/A
40	**TIER 2 CAPITAL**	-	-	
41	Fully paid up, directly issued capital instruments	-	-	N/A
42	Share premium	-	-	N/A
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	-	N/A
44	(-) Own T2 instruments	-	-	N/A
45	(-) Direct holdings of T2 instruments	-	-	N/A
46	(-) Indirect holdings of T2 instruments	-	-	N/A
47	(-) Synthetic holdings of T2 instruments	-	-	N/A
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	-	N/A
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-	N/A
50	Tier 2: Other capital elements, deductions and adjustments	-	-	N/A

[*]According to Circular C334, CIFs should deduct the additional Cash Buffer of 3 per thousand of the eligible funds and financial instruments of their clients as at the previous year calculated according to paragraph 11(6) of the Directive DI87-07 (operation of the ICF).

4.2. Main features of capital instruments

The Company shall disclose the main features of the CET1 and AT1 instruments and Tier 2 instruments issued according to Article 49(b) of IFR. Therefore, the Company's capital instruments' main features are outlined below:

TABLE 6: EU IF CCA - MAIN FEATURES OF OWN INSTRUMENTS ISSUED BY THE FIRM

No	Item	CET1 Capital
1	Issuer	ECOMMBX HOLDING LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Companies Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€0.001
7	Nominal amount of instrument	€1
8	Issue price	€1
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	02/11/2021
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A

No	Item	CET1 Capital
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

4.3. Balance Sheet Reconciliation

The Company shall disclose the balance sheet included in their audited financial statements, for the year-end disclosures.

As at the 31 December 2024, the reconciliation of assets and liabilities and regulatory Own Funds, both on a solo and consolidated basis, is shown in the following table:

TABLE 7: EU IFCC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

No.	Item	Balance sheet as in audited financial statements €'000	Under regulatory scope of consolidation €'000	Cross reference to EU IF CC1
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Property, plant and equipment	5	2,149	N/A
2	Investor's compensation fund	9	9	Ref. 27
3	Right-of-use assets	-	2,562	N/A
4	Intangible assets	-	754	Ref. 19
5	Investments at amortised cost	-	873	N/A
6	Trade and other receivables	667	12,928	N/A
7	Loans receivable	-	2,002	N/A
8	Cash at bank	282	8,417	N/A
xxx	**Total Assets**	**963**	**29,694**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Trade and other payables	234	3,926	N/A
2	Current tax liabilities	-	1,565	N/A
3	Lease liabilities	-	2,627	N/A
xxx	**Total Liabilities**	**234**	**8,118**	
Shareholders' Equity				
1	Share Capital	897	1	Ref. 4
2	Share Premium	645	-	Ref. 5
3	Retained Earnings	(812)	21,575	Ref. 6
xxx	**Total Shareholders' equity**	**729**	**21,576**	

5. PRUDENTIAL REQUIREMENTS

5.1. Own Funds Requirement

5.1.1. Initial Capital Requirement

As per Title III of the Law, the initial capital of a CIF which is authorised to provide any of the investment services or perform any of the investment activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law, shall be €750k while for a CIF which is authorised to provide any of the investment activities listed in points (1), (2), (4), (5) and (7) which is not permitted to hold clients' money or securities belonging to its clients, the initial capital shall be €75k. For all other CIFs, the initial capital shall be €150k.

Therefore, and since the Company is not authorized to provide the investment service of "Dealing on Own Account" but is permitted to hold Customers' money, its solo permanent minimum capital requirement is €150k.

Furthermore, the consolidated permanent minimum capital requirement is currently €500k (€150k for the CIF and €350k for the EMI).

5.1.2. Fixed Overheads requirement

The fixed overheads requirement ("FOR") applies to all CIFs. The FOR is intended to calculate a minimum amount of capital that a CIF would need available to absorb losses if it has cause to wind-down or exit the market.

It is calculated as one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provision of Article 13 of the IFR.

Further to the above, the solo and consolidated fixed overheads requirement based on the latest solo and consolidated audited financial statements are €96k and €4,628k respectively as per the table below:

TABLE 8: FIXED OVERHEADS REQUIREMENT

Item	Solo €'000	Consolidated €'000
Total expenses of the previous year after distribution of profits	**385**	**65,099**
Total deductions	-	**(46,585)**
(-) Staff bonuses and other remuneration	-	(9)
(-) Employees', directors' and partners' shares in net profits	-	-
(-) Other discretionary payments of profits and variable remuneration	-	-
(-) Shared commission and fees payable	-	(40,450)
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	-	-
(-) Fees to tied agents	-	-
(-) Interest paid to customers on client money where this is at the firm's discretion	-	-
(-) Non-recurring expenses from non-ordinary activities	-	(1,152)

Item	Solo €'000	Consolidated €'000
(-) Expenditures from taxes	-	(4,261)
(-) Losses from trading on own account in financial instruments	-	-
(-) Contract based profit and loss transfer agreements	-	-
(-) Expenditure on raw materials	-	-
(-) Payments into a fund for general banking risk	-	-
(-) Expenses related to items that have already been deducted from own funds	-	(712)
Annual Fixed Overheads	**385**	18,514
Fixed Overheads requirement	**96**	**4,628**

5.1.3. K-Factors Requirement

The K-factors capital requirement is essentially a mixture of activity- and exposure-based requirements. The K-factors which apply to an individual investment firm will depend on the MiFID investment services and activities it undertakes. Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF').

Further to the above and since the Company is Class 2 IF which is not authorized to provide the investment service of *Dealing on Own Account*, it is only required to calculate the RtC proxy and the on balance sheet items for the FX Risk in the net position risk ("K-NPR") of the RtM proxy.

Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

The Company is required to calculate the following K-Factors requirements as part of the RtC:

K-AUM: Assets Under Management

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values.

K-AUM shall be the arithmetic mean of the remaining 12 monthly values multiplied by the relevant coefficient of 0.02%.

As at 31 December 2024, the K-AUM on a solo and consolidated basis was €0k.

K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

Calculation

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-CMH shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non- segregated accounts).

As at 31 December 2024, the K-CMH on a solo and consolidated basis was €0k.

K-ASA: Assets Safeguarded and Administered

K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

ASA means the value of assets that an investment firm safeguards and administers for clients – ensuring that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

Calculation

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%.

During the year under review, the Company offered safeguarding services in relation to the real equity positions of its clients and was therefore subject to the risk relating to K-ASA for these client trades.

The Company safeguards the real equity positions of its clients in accordance with the rules prescribed by the CySEC's Directive DI87-01 for the Safeguarding of Client Assets, Product Governance Obligations and Inducements.

As at 31 December 2024, the K-ASA solo and consolidated capital requirement was €0k.

K-COH: Client Orders Handled

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders.

COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

Calculation

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months.

K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2024, the K-COH on a solo and consolidated basis was €0k.

<u>Risk to Market</u>

Risk to market captures the risk that an IF can pose to market access. The K-factor for RtM is based on the rules for market risk, for position in financial instruments in foreign exchange and in commodities in accordance with the Capital Requirements Regulation ("CRR").

K-NPR: Net Position Risk

A Class 2 investment firm must calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

The Company is exposed to K-NPR solely from on-balance sheet items denominated in a non-reporting currency.

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms.

The Company's foreign exchange risk capital requirement is €195k emanating from a net foreign exchange exposure of €2,437k based on the latest relevant calculations of the Company's capital requirements, as at 31 of December 2024.

The Company continues to regularly monitor the impact of exchange rate risks and, if deemed necessary, corrective actions will be taken to minimize the effect.

Closely Correlated Currencies

Following the EBA's Final draft Implementing Technical Standards on Closely Correlated Currencies under Article 354 (3) of CRR, the Company may apply lower own funds requirements against positions in relevant closely correlated currencies as those disclosed by EBA. In this respect, for the calculation of the foreign exchange risk for matched positions on closely correlated currencies, a capital requirement of 4% instead of 8% is used.

The Company's matched positions in closely correlated currencies for the period up to 31 December 2024 was zero. In this respect, please find below the analysis of the Company's exposure to Foreign Exchange Risk as at 31 December 2024:

TABLE 9: FOREIGN EXCHANGE RISK CAPITAL REQUIREMENTS

	Positions Subject to Capital			Capital Requirement
	Long	Short	Matched	
Closely Correlated Currencies	-	-	-	
Of which EUR	-	-	-	
All Other Currencies	-	2,437	-	
Gold Positions	-	-	-	
Total	**-**	**2,437**	**-**	**195**

K-Factors Requirement Results

As at 31 December 2024, the solo and consolidated K-Factors Requirement are €195k as shown in the table below:

TABLE 5: K-FACTORS RESULTS

Item	Solo		Consolidated	
	Factor Amount €'000	K-Factor Requirement €'000	Factor Amount €'000	K-Factor Requirement €'000
TOTAL K-FACTOR REQUIREMENT		**195**		**195**
Risk To clients		**-**		**-**
K-AUM	-	-	-	-
K-CMH (Segregated)	-	-	-	-
K-CMH (non-Segregated)	-	-	-	-

Item	Solo		Consolidated	
	Factor Amount €'000	K-Factor Requirement €'000	Factor Amount €'000	K-Factor Requirement €'000
K-ASA	-	-	-	-
K-COH (Cash Trades)	-	-	-	-
K-COH (Derivative Trades)	-	-	-	-
Risk to Market		***195***		***195***
K-NPR		195		195
K-CMG		-		-
Risk to Firm		**-**		**-**
K-TCD		-		-
K-DTF (Cash Trades)	-	-	-	-
K-DTF (Derivative Trades)	-	-	-	-
K-CON		-		-

5.2. Capital Ratios

According to Article 9 of the IFR, Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital}}}{\boldsymbol{D}} \geq \mathbf{56\%}$$

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital + Additional Tier 1 Capital}}}{\boldsymbol{D}} \geq \mathbf{75\%}$$

$$\frac{\textbf{\textit{Common Equity Tier 1 Capital + Additional Tier 1 Capital + Tier 2 Capital}}}{\boldsymbol{D}} \geq \mathbf{100\%}$$

where D is the Company's own funds requirement calculated in accordance with Article 11 of the IFR.

The Company's own funds, own funds requirement and capital ratios reported as at 31 December 2024 on a solo and consolidated basis were the following:

TABLE 11: CAPITAL ADEQUACY ANALYSIS

OWN FUNDS COMPOSITION	Solo €'000	Consolidated €'000
Share Capital	897	1
Share Premium	645	-
Retained Earnings	(812)	21,575
Other Intangible Assets	-	(754)
Investors Compensation Fund	(9)	(9)
CET 1 Capital	**720**	**20,813**
Additional Tier 1	**-**	**-**
T1 Capital	**720**	**20,813**
Tier 2 Capital	**-**	**-**
Own Funds	**720**	**20,813**

OWN FUNDS REQUIREMENTS	€'000	€'000
Permanent Minimum Capital Requirement	150	500
Fixed Overheads Requirement	96	4,628
K-Factors Requirement	195	195
Own funds Requirement	**195**	**4,628**
CAPITAL RATIOS	**€'000**	**€'000**
CET 1 (min. 56%)	**369.28%**	**449.68%**
Surplus of CET 1 Capital	*611*	*18,221*
T1 (min. 75%)	**369.28%**	**149.68%**
Surplus of Tier 1 Capital	*574*	*17,342*
Total (min. 100%)	**369.28%**	**449.68%**
Surplus of total capital	***525***	***16,185***

As per the above results, the Company as at 31 December 2024 maintains adequate own funds to cover its capital requirements. However, the Company should monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

5.3. Liquidity Requirement

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario.

The IFR specifies the instruments that are eligible to be qualified as liquid assets to be included in the calculation of the said ratio:

- Coins and banknotes
- Claims on ECB or other Central Banks
- High Quality Covered Bonds
- Shares or units in CIUs

In this respect and as per the Company's latest audited financial statements, the Company has the following liquid assets which are well above the 1/3 of the total fixed overheads requirement.

TABLE 12: LIQUIDITY REQUIREMENTS

Item	Solo €'000	Consolidated €'000
Liquid Assets	99	5,987
Requirement (1/3 of Fixed Overheads Requirement)	32	1,543
Surplus of total liquid assets	**67**	**4,445**

Further to the above, the Company maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Company should monitor the above in order to ensure compliance at all times.

5.4. Reporting requirements

5.4.1. Quarterly Submissions

The Company as a Class 2 investment firm is required by the Law to report on a quarterly basis the following items:

a. Level and composition of own funds
b. Own funds requirements
c. Own funds requirement calculations
d. Where the firm is a Class 3 firm – the level of activity, including the balance sheet
e. Revenue breakdown by investment service and applicable K-factors
f. Concentration risk
g. Liquidity requirements

The information above shall be reported to CySEC using the prudential form *IF CLASS2 Ind and IF CLASS2 CON* on a quarterly basis though CySEC's XBRL portal.

The Senior Management as well as the Risk Manager monitor these 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.

Moreover, the Company is required to submit immediately to CySEC the prudential Form under exceptional reporting, when:

- The own funds of the CIF have decreased below its own funds requirement
- The CIF's liquid assets are below its liquidity requirement and
- The CIF has exceeded the concentration risk limits, as defined in Articles 37(1) and 37(3) of IFR

5.4.2. Concentration risk requirements

Concentration risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity and in particular risks associated with large indirect credit exposures such as a single collateral issuer, must be addressed and controlled including by means of written policies and procedures.

Exposure means any asset or off-balance sheet item without applying the risk weights or degrees of risk. Large Exposure means the exposures in the trading book and/or banking book of an investment firm to a client or a group of connected clients, the value of which exceeds the predetermined limits set.

With respect to concentration risk, the Company reports to CySEC on a quarterly basis the level of concentration risk with respect to credit institutions, investment firms and other entities where client money are held and where client securities are deposited while it also reports the level of concentration risk with respect to the credit institutions where its own cash is deposited as per Article 54(2) of IFR.

Moreover, the Company reports the top five clients from which the largest amounts of the Company's earnings derive, as well as the top five, largest exposures not recorded in the trading book, in view of the fact that the Company only has a banking book (i.e. non-trading book).

5.5. Internal Capital Adequacy and Risk Assessment Process

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions.

Pursuant to Chapter 2 and Paragraph 18 of the Law, the Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed to. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company and they shall be subject to regular internal review.

In light of the above, the ICARA report presents the main business background and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of its material risks as well as provides forward looking capital and liquidity planning.

The Company recognises the importance of the ICARA and appreciates that it enables the firm to justify its business strategy and risk assessments in such a way as to be more diligent in the inclusion of risk factors in the business design process and also to hold adequate capital against the gross risks to which it is exposed to. It is also acknowledged that the ICARA Report is a reasonably intense process, requiring information from many different departments of the Company and also it requires senior management time and involvement at the design phase, during the risk and financial data collection phase and the sign-off phase. Therefore, the Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates.

6. REMUNERATION POLICY AND PRACTICES

The Company acknowledges the requirements of Circular C138 and the relevant provisions of the Law concerning the establishment of a remuneration policy that prevents conflicts of interest and promotes the fair treatment of Customers. The Company is in the process of finalising its remuneration policy, which will be approved by the Management Body upon consideration of input from the risk management and compliance functions.

The forthcoming policy will be designed to ensure that remuneration and similar incentives do not create or encourage conflicts of interest or behaviours that may be detrimental to Customers. It will apply to all relevant persons whose actions may impact the investment and ancillary services provided by the Company, as well as the Company's overall conduct.

The policy will aim to strike an appropriate balance between fixed and variable remuneration components, ensuring alignment with regulatory standards, the fair treatment of Customers, and the quality of services delivered. Furthermore, the Company intends to apply the same remuneration principles to outsourced functions where applicable.

During the year 2024, the Group's total remuneration for the staff whose activities have a material impact on the risk profile of the Group amounted to €1,586,512, consisting of €1,338,935 in fixed remuneration and €247,577 in variable remuneration. This amount was distributed among fourteen (14) members of the Senior Management team, including the Executive Directors and Non-Executive Director.

In light of the above, the variable to fixed remuneration ratio as at 31 December 2024 was 18%.

Article 32 of the IFD sets, among others, the conditions on variable remuneration paid to employees:

- at least 50% of the variable remuneration shall consist of shares/ share-linked instruments/ equivalent non-cash instruments that adequately reflect the credit quality of the IF as a going concern, or non-cash instruments which reflect the instruments of the portfolios managed
- at least 40% of the variable remuneration is deferred over the three-to-five-year period

Considering Article 32(4)(a) of the IFD, these points don't apply to the Company since the Company does not fall under the definition of '*significant CIF*' (off-balance sheet assets is on average less than €100m over the preceding four-year period).

Moreover, according to Article 34(4) of IFD, Investment Firms are required to disclose the number of natural persons that are remunerated €1mln or more per financial year, in pay brackets of €1mln, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. Nevertheless, currently there are no natural persons at the Company that are remunerated €1mln or more per financial year and as such the above disclosure is not applicable to the Company.

During the year there were no deferred remuneration, sign-on or severance payments.

7. INVESTMENT POLICY

Investment Firms should disclose the following information in accordance with Article 46 of IFR:

a. the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector

b. a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of Article 46, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved and

c. an explanation of the use of proxy advisor firms

d. the voting guidelines regarding the companies, the shares of which are held in accordance with paragraph 2 of Article 46

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure requirement regarding investment policy.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it meets the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding its investment policy.

8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

From 26 December 2022, investment firms shall disclose information on environmental, social and governance risks (ESG risks), including physical risks and transition risks, as defined in the EBA's report referred to in Article 35 of the IFD. The information on ESG shall be disclosed once in the first year and biannually thereafter.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, and whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure of information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it meets the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding ESG.

9. APPENDIX – SPECIFIC REFERENCES TO THE IFR

IFR Reference	High Level Summary	Section
Scope of disclosure requirements		
46 (1)	Requirement to publish market disclosures, on the date of publication of the annual financial statements.	1.2
46 (2)	Requirement to publish market disclosures for small and non-interconnected IFs	N/A
46 (3)	Requirement to publish market disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF	N/A
46 (4)	Market disclosures to be published in an appropriate medium or provide clear cross-references to other media.	1.4
Risk management objectives and policies		
47	Disclosure of the risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five of the IFR, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy	2, 5.1
Governance		
48 (a)	Disclosure of the number of directorships held by members of the management body	3.3
48 (b)	The policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	3.2
48 (c)	whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually	3.1.3
Own Funds		
49 (1) (a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the investment firm and the balance sheet in the audited financial statements of the IF;	4.3
49 (1) (b)	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the IF	4.2
49 (1) (c)	Description of all restrictions applied to the calculation of own funds in accordance with the IFR and the instruments and deductions to which those restrictions apply	4.1
49 (2)	EBA shall develop implementation standards for points (a), (b), (c) above.	N/A
Own Funds Requirements		

50 (a)	Summary of IF's approach to assessing adequacy of its internal capital to support current and future activities.	5.2
50 (b)	Result of ICARA upon request of the competent authority.	5.5
50 (c)	K-factors requirement calculated in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors	5.1.3
50 (d)	Fixed overheads requirement	5.1.2
Remuneration policy and practices		
51	Remuneration policy and practices, along with the relevant aspects	6
Investment policy		
52	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	7
Environmental, social and governance risks		
53	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	8