



Z E R I C H
Securities Limited

Zerich Securities Ltd

Regulated by the Cyprus Securities and Exchange Commission License no. 115/10

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2017

April 2018

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2017 has been prepared by **Zerich Securities Ltd** as per the requirements of Regulation (EU) No. 575/2013 issued by the European Commission and the Directive DI144-2014-14 issued by the Cyprus Securities and Exchange Commission.

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

Zerich Securities Ltd is regulated by the Cyprus Securities and Exchange Commission under License number **115/10**.

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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.

Contents

1. INTRODUCTION	6
1.1. INVESTMENT FIRM	6
1.2. PURPOSE	6
1.3. THE COMPANY	8
1.4. REGULATORY SUPERVISION	8
2. GOVERNANCE AND RISK MANAGEMENT	9
2.1. TYPES OF RISKS	9
2.2 RISK APPETITE	10
2.3. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”)	11
2.4. STRESS TESTS	11
2.5. RISK MANAGEMENT COMMITTEE	12
2.6. DIVERSITY POLICY	13
2.7. BOARD RECRUITMENT	13
2.8. REMUNERATION	14
2.9. DIRECTORSHIPS HELD BY MEMBERS OF THE MANAGEMENT BODY	14
2.10. REPORTING AND CONTROL	15
3. CAPITAL MANAGEMENT AND ADEQUACY	16
3.1. THE REGULATORY FRAMEWORK	16
3.2. REGULATORY CAPITAL	17
3.3. SOLVENCY RATIO (CAPITAL RATIO OR CAPITAL ADEQUACY RATIO)	18
3.4. CAPITAL MANAGEMENT	18
3.5. LEVERAGE RATIO	21
4. CREDIT RISK	23
4.1. EXTERNAL RATINGS	23
4.2. QUANTITATIVE INFORMATION	24
5. MARKET RISK	26
5.1. QUANTITATIVE INFORMATION	26
6. OPERATIONAL RISK	27
6.1. QUANTITATIVE INFORMATION	28
7. LIQUIDITY RISK	29
8. COMPLIANCE, REPUTATIONAL AND LEGAL RISKS	30
8.1. COMPLIANCE TRANSFORMATION PROGRAM ME	31
8.2. PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING	31
9. APPENDIX - SPECIFIC REFERENCES TO CRR	33

TABLE 1: COMPANY INFORMATION	6
TABLE 2: AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION	14
TABLE 3: DIRECTORSHIPS HELD BY MEMBERS OF THE MANAGEMENT BODY	14
TABLE 4: PERIODIC REPORTING SUMMARY	15
TABLE 5: CAPITAL REQUIREMENTS	19
TABLE 6: REGULATORY CAPITAL	20
TABLE 7: OWN FUNDS DISCLOSURE TEMPLATE UNDER THE TRANSITIONAL AND FULL – PHASED IN DEFINITION.....	21
TABLE 8: LEVERAGE RATIO COMMON DISCLOSURE	22
TABLE 9: SPLIT-UP OF ON BALANCE SHEET EXPOSURES	22
TABLE 10: ASSET CLASS BREAKDOWN OF NET CREDIT RISK EXPOSURE AND MINIMUM CAPITAL REQUIREMENT AS AT 31 DECEMBER 2017, IN € THOUSANDS.....	25
TABLE 11: EXPOSURES POST VALUE ADJUSTMENTS (BEFORE APPLYING CREDIT RISK MITIGATION AND AFTER APPLYING CREDIT CONVERSION FACTORS) BY EXPOSURE CLASS, IN € THOUSANDS	25
TABLE 12: MARKET RISK CAPITAL REQUIREMENTS	27

1. Introduction

1.1. Investment Firm

Table 1: Company information

Company name	ZERICH SECURITIES LTD
CIF Authorization date	22/02/2010
CIF License number	115/10
Company Registration Date	23/07/2009
Company Registration Number	HE252803
Investment Services	
Reception and transmission of orders in relation to one or more financial instruments	
Execution of Orders on Behalf of Clients	
Portfolio Management	
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 services and activities as well as ancillary services where these are connected to the provision of investment or ancillary services	

1.2. Purpose

The present report is prepared by Zerich Securities Ltd (the “Company”), a Cyprus Investment Firm (“CIF”) authorized and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”, the “Commission”) under the license number 115/10 and operates in harmonisation with the Markets in Financial Instruments Directive (“MiFID II”).

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

This document is updated and published annually; it is, however, published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.). CySEC is responsible for implementing and enforcing the European Capital Requirements Directive (‘CRD’), a capital adequacy framework consisting of three ‘pillars’:

- **Pillar I** sets minimum capital requirements comprising of base capital resources requirements; credit and market risk capital requirements; and the fixed overhead requirement.
- **Pillar II** requires firms to undertake an overall internal assessment of their capital adequacy, taking into account all the risks which the firm is exposed to and whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the Internal Capital Adequacy Assessment Process (“ICAAP”).
- **Pillar III** complements Pillars I and II and improves market discipline by requiring firms to disclose information on their capital resources and Pillar I capital requirements, risk exposures and their risk management framework.

The 2017 Pillar III Disclosures Report sets out both quantitative and qualitative information required in accordance with Part 8 of the CRR and in particular articles 431 to 455, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Firm’s external auditors and published on the Company’s website at www.zerich.eu , on an annual basis.

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

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

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

The Company is not preparing consolidated financial statements and is making the below disclosures on an individual basis.

1.3. The Company

Zerich Securities Ltd operates mainly in Russia, offering trading in shares, options, futures, commodities and other financial instruments; the Company has 6 employees, who are located in Cyprus and Russia.

The Company has a stable business model and this is reflected in:

- A well-balanced capital allocation between the Company's operations.
- A geographically balanced model with a high percentage of revenues.

The Company's growth strategy focuses on its existing areas of expertise and the quality of its customer base. The Company strives for sustainable profitability consistent with its cost of capital and a balanced business model. To this end, the Company:

- Seeks to contain the volatility of its results.
- Calibrates its capital ratio to ensure a significant safety margin relative to the minimum regulatory requirements.
- Monitors the stability and diversification of its funding sources.
- Ensures sufficient resilience in scenarios of liquidity shortages.
- Tightly controls its foreign-exchange risks.

The Company aims to diversify its customer base in the foreseeable future.

The Company ensures that compliance rules are rigorously respected, especially in the area of anti-money laundering and counterterrorism financing. The Company monitors the loyalty of the behaviour of its employees with regard to customers and all its stakeholders, as well as the integrity of its investment and financial practices.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Company's operating practices. The Company's reputation is protected by making its employees aware of the values of responsibility, ethical behaviour and commitment.

1.4. Regulatory Supervision

The minimum capital requirements as at 31 December 2017 for the CRD IV were calculated in accordance with the 'Pillar I' rules as set out by the Laws and Regulations, published by the CySEC. All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, which are comprised by the following:

- Law 144(I)/2007: Provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter "the Law")
- Regulation (EU) No. 575/2013 – Capital Requirements Regulation

- Regulation (EU) No. 648/2012 – European Markets Infrastructure Regulation
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC – Capital Requirements Directive IV
- Directive DI144-2014-14: For the prudential supervision of Investment Firms
- Directive DI144-2014-15: On the discretions of CySEC arising from Regulation (EU) No. 575/2013

2. Governance and Risk Management

Implementing a high-performance and efficient risk management structure is a critical undertaking for the Company, in all businesses, markets and regions in which it operates, as are maintaining a strong risk culture and promoting good corporate governance. The Company's risk management, supervised at the highest level is compliant with the regulations enforced by CySEC and the European regulatory framework.

The Enterprise Risk Management programme (“ERM”) is closely monitored at the highest level of the Company: It is supervised by a Management body, with the participation of members of the Executive Committee, and is the subject of regular reporting to the Board of Directors (“BoD”).

The first phase of the ERM programme was carried out between 2016 and 2017 (year-end). It has improved the consistency and effectiveness of the Company's risk management system by fully integrating risk prevention and management within the day-to-day management of the Company's operations. In particular, the Board of Directors ensures the adequacy of the Company's risk management infrastructure, monitoring changes in the cost of risk and approves the risk limits for market risks.

2.1. Types of Risks

Given the diversity and evolution of the Company's activities, risk management involves the following main categories:

- **Credit and Counterparty risk (including Country risk):** Risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes Counterparty risk linked to market transactions (Replacement risk) and securitisation activities. In addition, Credit risk may be further amplified by Concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of

counterparties; Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.

- **Market risk:** 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, including real estate assets.
- **Operational risks (including Accounting and Environmental risks):** Risk of losses 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.
- **Liquidity risk:** risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.
- **Compliance risk (including Legal and Tax risks):** Risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.
- **Reputational risk:** Risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- **Strategic risk:** Risk inherent in the choice of a given business strategy or resulting from the Company's inability to execute its strategy.
- **Business risk:** Risk of lower than anticipated profits or experiencing losses rather than a profit.

2.2 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. Risk Appetite is defined using both quantitative and qualitative criteria.

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the Internal Capital Adequacy Assessment Process ("ICAAP"), which is also used to ensure capital adequacy under stressed economic scenarios.

Furthermore, 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, covering:

- Governance (decision-making, management and supervisory bodies).
- Management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management).
- Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits).

Essential indicators for determining the Risk Appetite and their adaptations are regularly supervised over the year in order 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 the recovery plan in the most severe cases.

The Company is considering the time and requirements in order to update its Risk Appetite Statement in accordance with the Company's operations.

2.3. Internal Capital Adequacy Assessment Process ("ICAAP")

The ICAAP requires institutions to identify and assess risks not adequately covered in Pillar I, maintain sufficient 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 maintains compliance with the ICAAP as required under Pillar II of Basel III and its local implementation in Cyprus, through risk management and governance framework, methodologies, processes and infrastructure.

2.4. Stress Tests

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

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICAAP on an annual basis.
- The evaluation of the Company's strategy: Senior management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows senior management to determine whether the Company's exposures correspond to its risk appetite.

- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

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

- Review the overall business strategy, risk appetite, capital and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.
- Consider an increase in capital.
- Enhance contingency planning.

The Company performs financial modelling and stress analysis on a frequent basis especially when year-end financial results are available or when it revises its business plan.

2.5. 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, both current and future, and helps the Board when it verifies the strategy that is implemented. In particular, 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 in light of the memoranda drafted to this end by the BoD without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation 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.

The committee met 4 times in 2017 and all important decisions are kept in the Company's records.

2.6. Diversity Policy

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce and management body, which includes and makes use of differences in the age, skills, experience, background, race and gender between them. A balance of these differences will be considered when determining the optimum composition.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

In line with the recent changes in the regulatory reporting framework, the Company is in the process of establishing a dedicated diversity policy in relation to the Management body.

2.7. Board Recruitment

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

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

Factors considered in the review of potential candidates include:

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

In line with the recent changes in the regulatory reporting framework, the Company is in the process of establishing a dedicated recruitment policy in relation to the BoD.

2.8. Remuneration

Remuneration refers to payments or compensations received for services or employment. The remuneration system includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the CIF's size, internal organization and the nature, the scope and the complexity of its activities to the provisions of the Directive DI144-2014-14.

During 2017, the Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors and the Heads of the Departments; the said practices are established to ensure that the rewards for the 'Executive Management' provide the right incentives to achieve the key business aims.

The total remuneration of staff consists of fixed and variable components. Fixed and variable components are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Table 2: Aggregate Quantitative Information on Remuneration

€ thousands	No. of staff	Fixed	Variable	Non-cash	Total
Board of Directors	4	133,495.22			133495.22

2.9. Directorships held by Members of the Management Body

During 2017, the members of the Management body of the Company, given their industry experience, have been taking seats in other company boards. In line with this, the following table indicates the number of positions that each member holds:

Table 3: Directorships held by Members of the Management Body

Name	Position in the CIF	Directorships (Executive)	Directorships (Non-Executive)
Milena Bojinova	CEO	1	1
Tatsiana Suponeva	Executive Director	1	
Athos Demetriou	Non-Executive Director	1	3
George Ktorides	Non-Executive Director	1	

2.10. Reporting and Control

In line with the requirements set out in the Cyprus Investment Firms Law and subsequent Directives, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Table 4: Periodic Reporting Summary

Report Name	Report Description	Owner	Recipient	Frequency	Due Date
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual	30/04/2018
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	BoD, CySEC	Annual	30/04/2018
Annual Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual	30/04/2018
Pillar III Disclosures (Market Discipline and Disclosure)	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual	30/04/2018
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	30/04/2018
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to protect depositors and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	11/05/2017 11/08/2017 11/11/2017 11/02/2018

3. Capital Management and Adequacy

3.1. The Regulatory Framework

In response to the financial crisis of recent years, the Basel Committee, mandated by the G20, has defined the new rules governing capital and liquidity aimed at making the financial sector more resilient. The new Basel III rules were published in December 2010. They were translated into European law by a directive (CRDIV) and a regulation (CRR) which entered into force on 1st January 2014.

The general framework defined by Basel III is structured around three pillars, as in Basel II:

- **Pillar I** sets the minimum solvency requirements and defines the rules that institutions, that are required to comply with the regulation, must use to measure risks and calculate associated capital requirements, according to standard or more advanced methods.
- **Pillar II** relates to the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar I, and to calibrate additional capital requirements with regard to risks.
- **Pillar III** encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to make a better assessment of a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

In terms of capital, the main new measures introduced to strengthen institutions' solvency were as follows:

- The complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Common Equity Tier 1 (or CET1) ratio, and new Tier 1 capital eligibility criteria for hybrid securities.
- new capital requirements for the counterparty risk of market transactions, to factor in the risk of a change in CVA (Credit Value Adjustment) and hedge exposures on the central counterparties (CCP).
- The set-up of capital buffers that can be mobilised to absorb losses in case of difficulties. The new rules require institutions to create a conservation buffer and a countercyclical buffer to preserve their solvency in the event of adverse conditions.
- Requirements related to capital buffers gradually entered into force as from 1st January 2016, for full application by January 2019.
- The set-up of restrictions on distributions, relating to dividends, Additional Tier 1 instruments and variable remuneration, via the maximum distributable amount (MDA) mechanism. At end-2015, the European Banking Authority (EBA) issued an opinion to

clarify that the MDA should be applied when an institution no longer complies with its CET1 ratio requirements, including those of Pillar II and capital buffers.

- In addition to these measures, there will be measures to contain the size and consequently the use of excessive leverage. To this end, the Basel Committee defined a leverage ratio, for which the definitive regulations were published in January 2014. The Basel leverage ratio compares the institution's Tier 1 capital to the on- and off-balance sheet items, with restatements for derivatives and pensions. Full scope institutions have been obliged to publish this ratio since 2015. By 2018, regulators will decide whether it is relevant to set a minimum requirement applicable to all institutions.

From a regulatory perspective, the year 2017 saw the continued implementation of the Banking Union. The European Central Bank (ECB) took the helm of the Single Supervisory Mechanism in the Eurozone in November 2014, and in 2015 determined the Pillar II minimum requirements applicable to European Institutions. The ECB applied the new Supervisory Review and Evaluation Process (SREP) methodology in accordance with the guidelines of the EBA, published end-2014.

3.2. Regulatory Capital

According to the International Financial Reporting Standards (IFRS), the Company's regulatory capital consists of only Common Equity Tier 1 capital.

Common Equity Tier 1 Capital (CET1 Capital)

According to CRR/CRDIV regulations, Common Equity Tier 1 capital is made up primarily of the following:

- Ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts.
- Retained earnings.
- Other reserves.
- Minority interest limited by CRR/CRDIV.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- Estimated dividend payment.
- Goodwill and intangible assets, net of associated deferred tax liabilities.
- Unrealised capital gains and losses on cash flow hedging.
- Deferred tax assets on tax loss carry forwards.
- Deferred tax assets resulting from temporary differences beyond a threshold.
- Any positive difference between expected losses on customer loans and receivables, risk-weighted using the standardised approach, and the sum of related value adjustments and collective impairment losses.

- Expected loss on equity portfolio exposures
- Value adjustments resulting from the requirements of prudent valuation

3.3. Solvency Ratio (Capital Ratio or Capital Adequacy Ratio)

The solvency ratio is set by comparing the institutions' equity with the sum of risk-weighted assets for credit risk and the capital requirement multiplied by 12.5 for market risk and operational risk.

Since 1st January 2014, the new regulatory framework sets minimum requirements to be met for the CET1 ratio and the Tier 1 ratio. For 2015, the minimum requirement for CET1 was 4% and that of Tier 1 5.5%, excluding the Pillar II requirement. The total equity requirement, including CET1, AT1 and Tier 2 equity, was set at 8%. In 2016, the minimum requirement for CET1 was 4.5%, and that of Tier 1 6% with an overall ratio of 8% (including Tier 2).

3.4. Capital Management

Capital management is implemented by the Senior 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
- Preserving its financial flexibility to finance organic growth
- 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 its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders

The Company determines its internal solvency targets in accordance with these.

In line with the above, the Company is obligated to calculate and report on a quarterly basis (see section on *Reporting and Control*), under CRD, its credit risk, market risk and fixed overhead requirements (the capital requirement for the Company is calculated as the higher of total fixed overhead requirement and the sum of the total credit risk and market risk requirements) the result of which, i.e. solvency/capital ratio, needs to be at all times above 8% (Calculated based on the section above).

At 31st December 2017, the Total Capital ratio of the Company was 87.09% with total risk-weighted assets of EUR1,379 thousand.

Table 5: Capital Requirements

			2017 increase (decrease) from 2016	
	Dec 31, 2017 (Audited) €'000	Dec 31, 2016 (Audited) €'000	In €'000	In %
CAR Ratio	87.09%	48.79%	-	38.30%
CAR Ratio surplus/deficit	79.09%	40.79%	-	38.30%
Capital Adequacy (CET1) ratio	87.09%	48.79%	-	38.30%
CET1 Capital	1,201	1,349	(148)	-10.97%
Tier 1 Capital	1,201	1,349	(148)	-10.97%
Tier 2 Capital	-	-	-	-
Total Own Funds	1,201	1,349	(148)	-10.97%
Total Own Funds surplus/deficit	1,076	1,224	(148)	-13.75%
Total Credit Risk exposure	1,235	1,907	(672)	-34.24%
Total Market Risk Exposure	144	248	(104)	-41.94%
Additional Fixed Overhead Risk Exposure	-	610	(610)	-100%
Total Risk Exposure	1,379	2,765	(1,386)	-50.13%
Leverage ratio	86.15%	95.74%		-9.59%
Total Capital Requirements	110	221	(111)	-50.23%

Table 6: Regulatory Capital

	Dec 31, 2017 (Audited) €'000	Dec 31, 2016 (Audited) €'000	2017 increase (decrease) from 2016	
			In €'000	In %
Common Equity Tier 1 (CET 1) capital: instruments and reserves				
Capital instruments and the related share premium accounts	1,200	1,200	-	-
Retained earnings	(216)	(155)	(61)	39.35%
Accumulated other comprehensive income (loss), net of tax				
Other reserves	307	391	(84)	-21.48%
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	1,291	1,436	(145)	-10.10%
Common Equity Tier 1 (CET 1) capital: regulatory adjustments				
Goodwill and other intangible assets (net of related tax liabilities) (negative amount)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 15 % threshold and net of eligible short positions) (negative amount)	-	-	-	-
Other regulatory adjustments	(90)	(87)	(3)	3.45%
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	(90)	(87)	(3)	3.45%
Common Equity Tier 1 (CET 1) capital	1,201	1,349	(148)	-10.97%
Additional Tier 1 Capital	-	-	-	-
Tier 1 Capital	1,201	1,349	(148)	-10.97%
Tier 2 Capital	-	-	-	-
Total Capital	1,201	1,349	(148)	-10.97%
Total risk-weighted assets	1,379	2,765	(1,386)	-50.13%
Capital Ratios	-	-	-	-
Common Equity Tier 1 (CET 1) capital ratio	87.09%	48.79%	-	38.30%
Tier 1 Capital ratio	87.09%	48.79%	-	38.30%
Total Capital ratio	87.09%	48.79%	-	38.30%

Table 7: Own funds disclosure template under the Transitional and Full – phased in definition

	Transitional Definition €'000	Full – phased in Definition €'000
Common Equity Tier 1 (CET 1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	1,200	1,200
Retained earnings	(216)	(216)
Accumulated other comprehensive income (loss), net of tax		
Other	307	307
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	1,291	1,291
Common Equity Tier 1 (CET 1) capital: regulatory adjustments		
Goodwill and other intangible assets (net of related tax liabilities) (negative amount)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (negative amount)	-	-
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 15 % threshold and net of eligible short positions) (negative amount)	-	-
Other regulatory adjustments	(90)	(90)
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	(90)	(90)
Common Equity Tier 1 (CET 1) capital	1,201	1,201
Additional Tier 1 Capital	-	-
Tier 1 Capital	1,201	1,201
Tier 2 Capital	-	-
Total Capital	1,201	1,201
Total risk-weighted assets	1,379	1,379
Capital Ratios	-	-
Common Equity Tier 1 (CET 1) capital ratio	87.09%	87.09%
Tier 1 Capital ratio	87.09%	87.09%
Total Capital ratio	87.09%	87.09%

3.5. Leverage Ratio

The Company steers its leverage effect according to the CRR leverage ratio rules, as amended by the delegated act of 10th October 2014. Steering the leverage ratio means both calibrating the amount of Tier 1 capital (the ratio's numerator) and controlling the Company's leverage exposure (the ratio's denominator) to achieve the target ratio levels that the Company sets for itself.

The Company aims to maintain a leverage ratio that is significantly higher than the 3% minimum in the Basel Committee's recommendations. The leverage ratio is in an observation phase in

order to set the minimum requirements. Once they have been set, the Company's target will be adjusted as needed.

At the end of 2017 the Company's leverage ratio was 86.15%.

Table 8: Leverage ratio common disclosure

	CRR leverage ratio exposures €'000
On-balance sheet exposures (excluding derivatives and SFTs)	1,394
Derivative exposures	-
Securities financing transaction exposures	-
Other off-balance sheet exposures	-
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	-
Tier 1 capital	1,201
Total leverage ratio exposures	1,394
Leverage ratio	86.15%

Table 9: Split-up of on balance sheet exposures

	CRR leverage ratio exposures €'000
Trading book exposures	
Banking book exposures, of which:	1,394
Covered bonds	-
Exposures treated as sovereigns	-
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	-
Institutions	202
Secured by mortgages of immovable properties	-
Retail exposures	2
Corporate	1,174
Exposures in default	-
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	16
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)	1,394

4. 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.

The Company's credit risk mainly arises:

- By the Company's deposits in credit and financial institutions.
- By assets mainly held from debtors or prepayments made.

The Company follows the Standardized Approach under Pillar I for calculating its Credit Risk Capital Requirements, as specified in CRR. It categorizes the assets in respect to their exposure class and uses the Credit Step methodology to determine its respective Risk Weights (RW).

The Company follows both regulatory and compliance oriented credit risk mitigation ("CRM") 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 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.

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

Concentration Risk

Concentrations are measured using a standardised model and individual concentration limits are defined for large exposures. Any concentration limit breach is managed over time by reducing exposures.

4.1. External Ratings

For the purpose of calculating the capital requirements of the Company, mainly under the credit risk requirement, the external credit ratings from **Moody's Analytics** have been applied for the exposure classes listed below:

- Exposures to central governments or central banks.
- Exposures to institutions.
- Exposures to corporates.

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

Credit Quality Step	Moody's Rating	Institution Risk Weight (Below 3 months)	Institution Risk Weight (Above 3 months)	Sovereigns Risk Weight	Corporate Risk Weight
1	Aaa to Aa3	20%	20%	0%	20%
2	A1 to A3	20%	50%	20%	50%
3	Baa1 to Baa3	20%	50%	50%	100%
4	Ba1 to Ba3	50%	100%	100%	100%
5	B1 to B3	50%	100%	100%	150%
6	Caa1 and below	150%	150%	150%	150%

For exposures to regional governments or local authorities, public sector entities and institutions, the external ratings are applied in the following priority (i) Issue/Exposure (ii) Issuer/Counterparty (iii) Sovereign.

For exposures to central governments or central banks and corporates the external ratings are applied in the following priority (i) Issue/Exposure (ii) Issuer/Counterparty.

It should be noted that the external ratings are not taken into account where exceptions or discretions as per the CRR apply.

4.2. Quantitative Information

The credit exposures in this section are measured using the standardized approach. Exposures are broken down by sectors and obligor ratings.

At 31st December 2017, the Company's capital requirements for credit risk amounted to EUR99 thousand, while the risk-weighted assets amounted to EUR1,235 thousand (compared to EUR153 thousand and EUR1,907 thousand, respectively, as at the end of 2016). The tables below indicate the Company's credit risk exposure.

Table 10: Asset Class Breakdown of Net Credit Risk Exposure and Minimum Capital Requirement as at 31 December 2017, in € thousands

Asset Class	Net value of exposures at the end of the period €'000	Capital Requirement €'000
Central governments or central banks	-	-
Public sector entities	-	-
Institutions	48	4
Corporates	1,166	93
<i>Of which: SMEs</i>	-	-
Retail	2	<0.5
<i>Of which: SMEs</i>	-	-
Equity exposures	-	-
Other exposures	19	2
Total risk weighted assets	1,235	
Total Credit Risk Capital Requirements	-	99

Table 11: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Exposure Class, in € thousands

Asset class	Exposure before CRM €'000	Exposure after CRM €'000
Central governments or central banks	-	-
Public sector entities	-	-
Institutions	48	48
Corporates	1,166	1,166
<i>Of which: SMEs</i>	-	-
Retail	2	2
<i>Of which: SMEs</i>	-	-
Equity exposures	-	-
Other exposures	19	19
Total risk weighted assets	1,235	1,235
Total Credit Risk Capital Requirements	99	99

5. 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, including real estate assets.

As mentioned above, in the context of Pillar I, market risk mainly arises through:

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

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

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

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

The Company monitors these exposures on a daily basis and has policies to minimize its market risk exposures which are in accordance with the CRR.

During 2017, the Company's market risk mainly emanated from foreign exchange fluctuations which affect the Company's deposits in banks or reserves held that are denominated in foreign currencies.

5.1. Quantitative Information

The Company's capital requirements related to market risk are mainly determined using the standardized approach.

The Company's total capital usage for market risk as at 31 December 2017 amounted to EUR12 thousand, while the market risk risk-weighted assets amounted to EUR144 thousand (compared to EUR20 thousand and EUR248 thousand, respectively, as at 31 December 2016).

Table 12: Market risk capital requirements

	RWAs €'000	Capital Requirements €'000
Foreign exchange risk	144	12
<i>Of which: USD</i>	87	7
<i>RUB</i>	57	5
Equity risk	-	-
Interest rate risk	-	-
Commodity risk	-	-
Total	144	12

6. Operational Risk

Operational risks (including accounting and environmental risks) correspond to the risk of losses 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. This section describes the monitoring of the Company's operational risk, in addition to providing an analysis of the Company's operational risk profile and regulatory capital requirements.

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities. These include, among others, general and 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 order to control the exposure to operational risks, the management has established two key objectives:

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

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

To that effect, the management of operational risk is geared towards:

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

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

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

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

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

6.1. Quantitative Information

For the calculation of operational risk in relation to the capital adequacy returns, the Company now uses the fixed overhead requirement, which is only taken into account if the summation of credit and market risk falls below a calculated limit.

Based on the relevant calculations the Company's capital requirement in respect to operational risk (arising from the additional fixed overheads), as at 31 December 2017, amounted to EUR0 thousand while the risk weighted exposure was EUR0 thousand, since the sum of the Credit and the Market Risk exceed the Fixed Overhead Risk and such is not taken into consideration (compared to EUR49 thousand capital requirements and EUR610 thousand risk-weighted assets as at 31 December 2016).

7. Liquidity risk

Liquidity risk corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

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. The liquidity system aims at providing a balance sheet framework with assets and liabilities target structure that is consistent with the risk appetite defined by the Board of Directors:

- The assets structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liabilities structure.
- The liabilities structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Company to sustainably raise financial resources on the markets, in accordance with its risk appetite.

The principles and standards applicable to the management of liquidity risks are defined by the Company's governing bodies, whose duties in the area of liquidity are listed below:

- The Company's Board of Directors (i) establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise, (ii) meets regularly to examine the Company's liquidity risk situation, on a quarterly basis.
- The Senior Management (i) sets budget targets in terms of liquidity (ii) allocates liquidity to the pillars.

To minimize its exposure to liquidity risk, the CIF implements the below Liquidity Risk Mitigation Strategies:

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

The Company has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities. As at 31/12/2017, the Company held EUR 230,011 thousand own fund in cash and cash equivalents in its bank accounts.

Furthermore, the client assets held in fiduciary capacity (in segregated accounts) were 47 257 094.66 million. The Company is taking due care in safeguarding these assets and performs the following mitigation strategies:

- These assets are held by the Company in a fiduciary capacity and are not included in the Company's funds nor its financial statements.
- The funds are held in client segregated bank accounts.

- Frequent reconciliations are performed internally and also from the External Auditors which also are tasked to verify and submit to CySEC annual reports.

8. Compliance, Reputational and Legal Risks

Compliance risk (including legal and tax risks) corresponds to the risk of legal, administrative or disciplinary sanction, or of 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 of its counterparties, employees, and the various regulatory authorities to which it reports.

Compliance System and Department

Independent compliance structures have been set up within the Company's different business lines to identify and prevent any risks of non-compliance.

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

- The Company's financial security (prevention of money laundering and terrorism financing; know-your-customer obligations; embargoes and financial sanctions).
- Developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Company regulatory projects.
- Coordinating a compliance control mechanism within the Company (second-level controls), overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function.
- Preventing and managing conflicts of interest.
- Proposing ethical rules to be followed by all Company employees.
- Training and advising employees and raise their awareness of compliance issues.
- Building and implementing steering and organisational tools for the function: Compliance and Reputational Risk dashboards, forums to share best practices, meetings of functional compliance officers.
- Generally monitoring subjects likely to be harmful to the Company's reputation.

8.1. Compliance Transformation Programme

In light with the changes arising from MiFID II, which will come into force from 2018 onwards, the Company will launch a programme from 2017 to 2018 to transform and improve the Compliance Function, in particular to raise the monitoring standards and better fulfil the increasing requirements of regulatory authorities.

Among other things, this programme will strengthen governance and increase the resources made available to the function, both by recruiting additional resources and by investing in streamlining the Compliance Function's existing IT applications and strengthening alert controls and management.

It targets the continued enhancement of priority functions, the central tools for monitoring regulatory application (including training, harmonisation, and regulatory oversight), financial security, constant oversight, customer protection, market integrity (including preventing conflicts of interest), and reporting quality.

8.2. Prevention of Money Laundering and Terrorism Financing

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/be involved in financing terrorism.

The Company has in place, and is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks. Among others, these policies, procedures and controls include the following:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company.
- The adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing risk.
- Setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information).
- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction.
- Monitoring and reviewing the business relationship or an occasional transaction 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 compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

9. Appendix - Specific References to CRR

CRR Ref	High Level Summary	Compliance Reference
<i>Scope of disclosure requirements</i>		
431(1)	Requirement to publish Pillar III disclosures.	1.2
431(2)	Disclosure of operational risk information.	6
431(3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness.	1.1
431(4)	Explanation of ratings decisions to SMEs upon request.	N/A
<i>Frequency of disclosure</i>		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements.	1.2
<i>Means of disclosures</i>		
434(1)	To include disclosures in one appropriate medium, or provide clear cross-references to other media.	1.2
434(2)	Equivalent disclosures made under other requirements (i.e., accounting) can be used to satisfy Pillar III if appropriate.	1.2
<i>Risk management objectives and policies</i>		
435(1) (a)	Disclosure of information as regards strategies and processes, organisational structure of the relevant risk management function, reporting and measurement systems and risk mitigation/hedging policies	2, 4, 5 and 6
435(1) (b)		2, 4, 5 and 6
435(1) (c)		2, 4, 5 and 6
435(1) (d)		2, 4, 5 and 6
435(1) (e)	Declaration approved by the BoD on adequacy of risk management arrangements	Preface
435(1) (f)	Concise risk statement approved by the BoD	Preface
435(2)	Information, once a year at a minimum, on governance arrangements.	2
435(2) (a)	Number of directorships held by members of the BoD.	2.9
435(2) (b)	Recruitment policy of BoD members, their experience and expertise.	2.7
435(2) (c)	Policy on diversity of BoD members, its objectives and results against targets.	2.6
435(2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	2.5
435(2) (e)	Description of information flow on risk to BoD.	2.10
<i>Scope of application</i>		
436(a)	Name of institution.	1.1
436 (b)	Difference on the basis of consolidation for accounting and prudential purposes, naming entities that are:	N/A

436 (b) (i)	Fully consolidated;	N/A
436 (b) (ii)	Proportionally consolidated;	N/A
436 (b) (iii)	Deducted from own funds;	N/A
436 (b) (iv)	Neither consolidated nor deducted.	N/A
436 (c)	Impediments to transfer of funds between parent and subsidiaries.	N/A
436 (d)	Capital shortfalls in any subsidiaries outside of scope of consolidation and their names (if any).	N/A
436 (e)	Use of articles on derogations from (a) prudential requirements or (b) liquidity requirements for individual subsidiaries / entities.	N/A
Own Funds		
437 (1)	Requirements regarding capital resources table	3.4
437 (1)		3.4
437 (1) (a)		3.4
437 (1) (b)		3.4
437 (1) (c)		3.4
437 (1) (d) (i)		3.4
437 (1) (d) (ii)		3.4
437 (1) (d) (iii)		3.4
437 (1) (e)		3.4
437 (1) (f)		3.4
437(2)		EBA shall develop implementation standards for points (a), (b), (d) and (e) above
Capital Requirements		
438(a)	Summary of institution's approach to assessing adequacy of capital levels.	2.3
438(b)	Result of ICAAP on demand from competent authority.	2.3
438(c)	Capital requirement amounts for credit risk for each Standardised approach exposure class (8% of risk-weighted exposure).	4
438(d)	Capital requirements amounts for credit risk for each Internal Ratings Based approach exposure class.	N/A
438(d) (i)		N/A
438(d) (ii)		N/A
438(d) (iii)		N/A
438(d) (iv)		N/A
438(e)	Capital requirements amount for market risk or settlement risk, or large exposures where they exceed limits.	5.1
438(f)	Capital requirement amounts for operational risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.	6.1

<i>Exposure to counterparty credit risk (CCR)</i>		
439(a)	Description of methodology to assign internal capital and credit limits for counterparty credit exposures.	N/A
439(b)	Discussion of policies for securing collateral and establishing reserves.	N/A
439(c)	Discussion of policies as regards wrong-way exposures.	N/A
439(d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	N/A
439(e)	Derivation of net derivative credit exposure.	N/A
439(f)	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	N/A
439(g)	Notional value of credit derivative hedges and current credit exposure by type of exposure.	N/A
439(h)	Notional amounts of credit derivative transactions for own credit, intermediation, bought and sold, by product type.	N/A
439(i)	Estimation of alpha, if applicable.	N/A
<i>Credit Risk Adjustments</i>		
442(a)	Definitions for accounting purposes of 'past due' and 'impaired'.	N/A
442(b)	Approaches for calculating credit risk adjustments.	N/A
442(c)	Exposures post-value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by different types of exposures.	4.2
442(d)	Exposures post value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by significant geographic areas and material exposure classes.	N/A
442(e)		N/A
442(f)	Exposures post value adjustments by residual maturity and by material exposure class.	N/A
442(g)	Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type.	N/A
442(g) (i)		N/A
442(g) (ii)		N/A
442(g) (iii)		N/A
442(h)	Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography.	N/A
442(i)	Reconciliation of changes in specific and general credit risk adjustments.	N/A
442(i) (i)		N/A
442(i) (ii)		N/A
442(i) (iii)		N/A
442(i) (iv)		N/A
442(i) (v)		N/A

442 endnote	Specific credit risk adjustments recorded to income statement are disclosed separately.	N/A
<i>Unencumbered assets</i>		
443	Disclosures on unencumbered assets.	N/A
<i>Use of ECAI's</i>		
444(a)	Names of the nominated ECAIs used in the calculation of Standardised approach RWAs, and reasons for any changes.	4.1
444(b)	Exposure classes associated with each ECAI.	4.1
444(c)	Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;	4.1
444(d)	Mapping of external rating to credit quality steps.	4.1
444(e)	Exposure values pre- and post-credit risk mitigation, by credit quality step.	4.1
<i>Exposure to market risk</i>		
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	5
<i>Operational Risk</i>		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	6
<i>Exposures in equities not included in the trading book</i>		
447(a)	Differentiation between exposures based on their objectives and overview of the accounting techniques and valuation methodologies used.	N/A
447(b)	Recorded at fair value and actual prices of exchange traded equity where it is materially different from fair value.	N/A
447(c)	Types, nature and amounts of the relevant classes of equity exposures.	N/A
447(d)	Cumulative realised gains and losses on sales in the period.	N/A
447(e)	Total unrealised gains or losses, latent revaluation gains or losses and amounts included in Tier 1 capital.	N/A
<i>Exposure to interest rate risk on positions not included in the trading book</i>		
448(a)	Nature of interest rate risk and key assumptions in measurement models.	N/A
448(b)	Variation in earnings, economic value, or other measures used from upward and downward shocks to interest rates, by currency.	N/A
<i>Remuneration Disclosures</i>		
450	Remuneration Policy	2.8
<i>Leverage</i>		
451(1) (a)	Leverage ratio and analysis of total exposure measure, including reconciliation to financial statements,	3.5

451(1) (b)	and derecognised fiduciary items.	3.5
451(1) (c)		3.5
451(1) (d)	Description of the risk management process to mitigate excessive leverage and factors that had an impact on the leverage ratio during the year.	N/A
451(1) (e)		N/A
451(2)	EBA shall develop implementation standards for points above.	N/A
<i>Use of Credit Risk mitigation techniques</i>		
453(a)	Policies and processes, and an indication of the extent to which the CIF makes use of on- and off-balance sheet netting.	N/A
453(b)	Policies and processes for collateral valuation and management.	N/A
453(c)	Description of types of collateral used by the CIF.	N/A
453(d)	Types of guarantor and credit derivative counterparty, and their creditworthiness.	N/A
453(e)	Information about market or credit risk concentrations within the credit mitigation taken.	N/A
453(f)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure value covered by eligible collateral.	N/A
453(g)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure covered by guarantees or credit derivatives.	N/A
<i>Use of the Advanced Measurement Approaches to operational risk</i>		
454	Description of the use of insurance or other risk transfer mechanisms for the purpose of mitigating operational risk.	N/A