



7Q HOLDINGS LIMITED

“According to Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012”

August 2020

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2019 has been prepared by 7Q Holdings Ltd (the “Company”) for the Company and 7Q Asset Management Ltd, 7Q Financial Services Limited, 7Q Invest AIF V.C.I.C. Plc (its “Subsidiaries”) (together the “Group”) 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. 7Q Holdings Ltd states that any information that was not included in this report was either not applicable on the Group’s business and activities or such information is considered as proprietary to the Group and sharing this information with the public and/or competitors would undermine its competitive position.

The Board of Directors of each member Company of the Group is ultimately responsible for the risk management framework of the member Company. The Risk Management Framework is the sum of systems, policies, processes and people within the Group that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Group’s operations. The Board of Directors of each member Company of the Group where applicable 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 institutions’ profile and strategy.

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1. INTRODUCTION

The Pillar 3 disclosure is a requirement 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 (“CySEC”) and aims to encourage market discipline by developing a set of disclosure requirements which will allow market participants to access key information on the company’s capital adequacy, risk assessment and control processes. The required regulatory disclosures are set out in the Articles 431-455 of the Capital Requirements Regulation (“CRR”) (Regulation (EU) No. 575/2013).

In Cyprus, the CRD was implemented through:

- Directive DI144-2014-15 of 2014 of the Cyprus Securities and Exchange Commission arising from Regulation (EU) No.575/2013 (the Capital Requirements Regulation, “CRR”)
- Directive DI144-2014-14 of 2014 of the Cyprus Securities and Exchange Commission for the prudential supervision of Investment Firms
- Law 87(I)/2017: 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

In accordance with the above, 7Q Holdings Limited (the “Company”) and its subsidiaries (the “Group”) has an obligation to disclose information on a consolidated basis relating to risks and risk management on an annual basis at a minimum as per Part Eight of regulation (EU) No 575/2013 “Disclosure By Institutions”.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements of the Company incorporate the results, position and cash flows of the Company's subsidiaries which are registered and operates in Cyprus.

The financial statements are the separate financial statements of the Company. The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by Article 141A of the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2019.

3. Disclosure Policy

The Company is obliged to make Pillar 3 disclosures on an annual basis, or more frequently if there is a material change in the approaches or permissions used to calculate the regulatory capital as provided in Article 433 of the CRR. Disclosure will be made as soon as reasonably practicable after completion of the annual financial statements.

The information that the Company discloses herein relates to the year ended 31 December 2019.

The disclosures made within this document have been reviewed by the Board of Directors. These disclosures are not subject to external audit.

The report will be made available for the public on our website at: www.7qfs.com

4. Scope

The disclosures made here relate to the business and activities of the Group. It should be noted that any disclosures described herein apply to the Group on a consolidated basis.

The Company has the following subsidiaries which have not been consolidated for accounting or regulatory purposes:

Subsidiary Companies	Holding (%) 31 December 2019	Description of main activities
7Q Financial Services Limited	100%	Cyprus Investment Firm (“CIF”)
7Q Asset Management Limited	100%	Alternative Investment Fund Manager (“AIFM”)
7Q Invest AIF V.C.I.C. Plc	100%	Alternative Investment Fund (“AIF”)

3. RISK MANAGEMENT AND GOVERNANCE OF THE COMPANY AND THE GROUP

The Company’s Board of Directors have the overall responsibility for the establishment and oversight of the Group’s risk management framework, including aligning business strategy with risk appetite, and ensuring that all key risks are controlled through various control mechanisms.

The Board of Directors has overall responsibility in relation to risk management of the Group such as:

- (a) identification and evaluation of the risks the Company is exposed to;
- (b) implementation of objectives and risk strategy together with internal governance;
- (c) supervision of financial and accounting systems;
- (d) oversight of the process of disclosures and communication;
- (e) review and challenge capital and liquidity stress testing.

As part of its business activities (that is, the provision of financial services within the meaning and terms of the Law) the Company faces a variety of risks the most significant of which are credit, market, operational, liquidity, reputational, compliance, political, group and strategic and are described in the section 5 of this document.

Thus, the Company has established, implemented and maintained adequate policies and procedures designed to manage any type of risks relating to the Company’s activities. The current Risk Management framework sets the process applied in the activities of the Company, designed to identify potential events that may affect its business, to manage risks to be within its risk appetite, and to provide reasonable assurance regarding the achievement of its mission and its objectives.

The Risk Management function ensures that relevant controls are put in place to evaluate the effectiveness and the practical implementation of measures to mitigate and manage risks.

Number of Directorships held by Members of the Board

The Table below provides the number of Directorships the members of the management body hold simultaneously in other entities, excluding the Group. Directorships in organisations which do not pursue predominately commercial objectives, such as non-for-profit or charitable organisations are not taken into account. Furthermore, executive or non-executive directorships held within the same group, are considered as a single directorship.

Name of Director	Position with 7Q Holdings Ltd	Directorships– Executive	Directorships – Non - Executive
Andreas Hadjikyrou	Non-Executive	1	-
Andreas Michalias	Non-Executive	1	2
Daniel Antoniou	Non-Executive	1	2

Risk Appetite Framework (RAF)

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

The overall risk profile of the Group remains low-medium.

According to Financial Stability Board (“FSB”) an appropriate risk appetite framework (“RAF”) should enable 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 RAF 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 the financial institution, as well as to the institution’s reputation vis-à-vis investors and customers. The RAF aligns with the institution's strategy.

The RAF has been designed to create links to the strategic long-term plan, capital planning and the risk management framework.

4. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders.

The adequacy of the Group’s capital is monitored by reference to the rules established by the Basel Committee as adopted by CySEC. The Group is subject to compliance with paragraph 32(1) of Part II of the Directive DI 2014-144-14 (the “Directive”) for the Prudential Supervision pursuant to Part Eight of regulation (EU) No 575/2013 “Disclosure By Institution”.

The Basel III consists of three pillars:

- (I) **Pillar I** - Minimum capital requirements
- (II) **Pillar II** - Supervisory review process
- (III) **Pillar III** - Market discipline

Pillar I – Minimum Capital Requirements

The Group adopted the Standardized approach for Credit and Market risk and the Fixed Overhead approach for Operational risk.

According to the Standardized approach for credit risk, in calculating the minimum capital requirement, risk weights are assigned to exposures, according to their characteristics and exposure class to which they belong. The Standardized measurement method for the capital requirement for market risk adds together the long and short market risk positions according to predefined models to determine the capital requirement. For operational risk, the Group is required to hold eligible capital of at least one-quarter of the fixed overheads of the preceding year.

Pillar II – The Supervisory Review and Internal Capital Adequacy Assessment Processes

The Supervisory Review Process provides rules to ensure that adequate capital is in place to support any risk exposures of the Company in addition to requiring appropriate risk management, reporting and governance structures. Pillar II covers any risks not fully addressed in Pillar I, such as liquidity risk, compliance risk, reputational and information technology risk and any external factors affecting the Group.

Pillar II connects the regulatory capital requirements to the internal capital adequacy assessment procedures (ICAAP) of the Group and to the reliability of its internal control structures. The function of Pillar II is to provide communication between supervisors and investment firms on a continuous basis and to evaluate how well the investment firms are assessing their capital needs relative to their risks. If a deficiency arises, prompt and decisive action is taken to restore the appropriate relationship of capital to risk.

Pillar III – Market Discipline

Market Discipline requires the disclosure of information regarding the risk management policies of the Group, as well as the results of the calculations of minimum capital requirements, together with concise information as to the composition of own funds.

5. OWN FUNDS

The Own Funds of the Group as at 31 December 2019 consisted of Tier 1 (CET1) capital. The Company's CET1 capital includes share capital and reserves, less the Company's contribution to the Investors Compensation Fund, less Intangible Assets, which is deducted in accordance with CySEC's Circular C162 issued on 10/10/2016.

The Own Funds (Capital Base) of the Company as at 31 December 2019 are analysed in Table 1 below:

Table 1: Capital Base	31 December 2019 €000
<i>Original Own Funds (Tier 1)</i>	
Share Capital	2
Share Premium	-
Reserves	(79)
Profit from current year	1,104
Total own funds before deductions	1,027
<i>Deductions</i>	
Intangible Assets	(2)
Investor Compensation Fund	(63)
Total Eligible Own Funds	962

Share Capital

The Groups's share capital as at 31 December 2019 amounted to €1,500, divided into 1,500 ordinary shares of €1 each.

Compliance with initial capital requirements

The Group has to meet an initial minimum capital (own funds) of €250 thousand. As at 31st December 2019, the Company's own funds amounted to €962 thousand, which is above the minimum initial capital required.

Capital Adequacy Ratio

As at 31st December 2019 the Capital Adequacy Ratio was 51.83%. The Directive stipulates a minimum Capital Adequacy Ratio of 8%.

6. CAPITAL REQUIREMENTS

Minimum regulatory capital requirements

The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities.

CySEC requires Investment Firms to maintain a minimum ratio of capital to risk weighted assets of 8,00%. CySEC may impose additional capital requirements for risks not covered by Pillar I.

Throughout 2019, the Group has fully complied with all externally imposed capital requirements as shown in the Table 2 below:

31 December 2019	
Table 2: Minimum Capital Requirements	
€000	
Risk Category	Minimum Capital Requirements
Credit Risk (CR)	452
Market Risk (MR)	1,405
Operational Risk (based on fixed overheads) (FO)	-
Total (MAX((CR + MR) ; FO))	1,857

6.1. Credit Risk

In the ordinary course of business, the Group is exposed to credit risk, which is monitored through various control mechanisms. Credit risk arises when a failure of parties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the reporting date. The Group's subsidiaries has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The Group has adopted the Standardised Approach for the assessment of capital requirements for credit risk, and has elected to use Moody's Ratings as the External Credit Assessment Institution ("ECAI") for all classes of exposure. The Group has used the credit step mapping tables provided in the Directive to map credit assessment from the ECAI to risk weightings. Exposures which do not have an available Moody's credit rating are considered to be unrated.

Table 3	
Credit Quality Step	Moody's Rating
1	Aaa to Aa3
2	A1 to A3
3	Baa1 to Baa3
4	Ba1 to Ba3
5	B1 to B3
6	Caa1 and below

For the credit ratings of institutions, the Group has used ratings from Moody’s Investors Service. The Group’s main exposures were located in two institutions in Cyprus, with a Credit Quality Step 6, granting it a risk weight of 150%.

Exposures to corporates were unrated. As a result, a 100% risk weight was used.

For the credit ratings of equity, the Group has used ratings from Moody’s Investors Service. The Group’s equity holdings consist of holdings in a financial institution in Cyprus, granting it a risk weight of 100%.

The Other Items category comprises exclusively of Fixed Assets. A risk weight of 100% has been applied to all other items.

No credit mitigation techniques used by the company as at the end of the year.

The exposure to credit risk as at 31 December 2019 was €452 thousand.

Capital Requirements

The Group follows the Standardised Approach for the calculation of the minimum capital requirements for credit risk.

We note that the Group does not keep any collateral in relation to its credit risk exposures.

Table 4 below presents the allocation of credit risk in accordance with the Standardised Approach exposure classes:

Table 4: Exposure Amount, Risk Weighted Assets and Minimum Capital Requirements			31 December 2019
			€000
Exposure Class	Total Exposure Value	Risk Weighted Assets	Minimum Capital Requirements
Institutions	239	359	29
Corporates	18	18	1
Retail	76	76	6
Equity	-	-	-
Other Items	-	-	-
Total	333	453	36

Risk Weighted Assets and Credit Quality Steps

For the credit ratings of institutions the Group made use of the ratings of Moody’s and mapped them to the corresponding Credit Quality Step (“CQS”).

In order to manage its overall credit risk exposure, the Group:

- accepts as counterparty, for the purposes of depositing client funds, only financial institutions (including banking institutions) that are internally assessed as financially stable and in order to diversify its exposure, the Company maintains accounts with a number of European based investment grade banking institutions;

- assesses the credit quality of its counterparties taking into account their financial position, past experience and other related factors (if there is no independent credit rating by a rating agency);
- ensures that clients fund their accounts prior to the commencement of trading in financial instruments;

An analysis of the exposure by counterparty CQS is provided in the table below:

Table 5: Exposure Amount (before & after CRM) per Exposure Class	Credit Quality Step		31 st December 2019 €000
	CQS6	N/A	Total
Institutions	239	-	239
Corporates	-	18	18
Retail	-	76	76
Equity	-	-	-
Other Items	-	-	-
Total	239	94	333

Residual Maturity of the exposures

Table 5 below displays the residual maturity of the Group's exposures, broken down by exposure class, as at 31 December 2019.

Table 6: Credit Risk Capital Requirements by Maturity	31 st December 2019 €000		
	Exposure Class	Residual Maturity	
≤ 3 months		> 3 months NA and Unrated	
Institutions	239	-	239
Corporates	-	18	18
Retail	-	76	76
Equity	-	-	-
Other Items	-	-	-
Total	239	94	333

Geographic Distribution

The following table presents the countries to which each exposure class is concentrated:

Table 7: Geographic Distribution of Exposures		31st December 2019 €000	
Exposure Class	Cyprus	Total	
Institutions	239	239	
Corporates	18	18	
Retail	76	76	
Equity	-	-	
Other Items	-	-	
Total	333	333	

Exposures by Asset Class by Industry Segment

Table below analyses the distribution of the Group's counterparties by industry:

Table 8: Distribution of Exposure by Industry Type		31st December 2019 €000		
Exposure Class	Financial / Banking Services	Other	Total	
Institutions	239	-	239	
Corporates	-	18	18	
Retail	-	76	76	
Equity	-	-	-	
Other Items	-	-	-	
Total	239	94	333	

Average Exposure Amount per Exposure Class

Table below shows the Company's average credit risk exposure during 2019, analyzed by exposure class:

Table 9: Average Exposure Amount per Exposure Class		31st December 2019 €000
Exposure Class	Average Exposure Amount	
Institutions	359	
Corporates	18	
Equity	-	
Retail	76	
Other Items	-	
Total	453	

IFRS 9

The company has adapted the new IFRS 9 standards that set out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Trade and other receivables are initially measured at the transaction price and are subsequently measured at amortised cost using the effective interest method. The impairment cost is reduced by impairment losses. Foreign exchange losses, impairment and any gain or loss on derecognition are recognised in profit or loss. Loss allowances are always measured at an amount equal to lifetime expected credit losses.

As at 31 December 2019 the Group recognised a decrease in expected credit losses of €4.459- on receivables and contract assets arising from contract with customers.

6.2. Operational Risk (IT and Control Systems)

Operational risk is the risk that derives from the deficiencies relating to the Group’s information technology and control systems as well as the risk of human error and natural disasters.

Each subsidiary of the Company, where applicable maintains a Business Continuity Plan (thereafter the “BCP”) which is reviewed and updated on an annual basis by the Board of Directors of each company. These policies cover back-up procedures, software maintenance, hardware maintenance, guidelines for the use of Internet and anti-virus procedures

The Group’s systems are evaluated, maintained and upgraded continuously in order to minimize its exposure.

Capital Requirements

Due to its limited authorisation, the Group falls under Article 95(1) of CRR and therefore the calculation of the capital requirements for operational risk is based on the fixed overheads of the preceding financial year. Under this method, the Group calculates its total Risk Weighted Assets as the higher of the following:

- (a) Sum of risk weighted assets for credit and market risk
- (b) Operational Risk Weighted Assets based on preceding year fixed overheads

The following table shows the calculation of the capital requirements for Operational Risk.

Table 10: Capital Requirement for Operational Risk under Fixed Overhead Approach		31st December 2019
Operational Risk (Fixed Overheads Approach)		Minimum Capital Requirements (€000)
25% of the fixed overheads of the preceding year		80

6.3. Market and Liquidity Risk

6.3.1. Market Risk

Market Risk is defined as the risk of financial loss as a result of changes in interest rates, exchange rates, stock prices and commodity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

Currency risk results from adverse movements in the rate of exchange on transactions in foreign currencies. The Group is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the Group. The proportion of transactions that are denominated in a currency other than the Group's functional currency is not significant compared to the total volume of operations of the Group.

Interest rate risk

Interest rate risk is the Group's exposure to adverse movements in interest rates. It arises as a result of timing differences on the reprising of assets and liabilities.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was represented by the carrying amount of the Group's balances held in accounts with banks, and its bank overdraft. The Group, however, had no exposure to adverse movements in interest rates as the interest rates of these amounts have been set at fixed rates.

Asset Price Risk

Asset price risk is the Group's exposure to adverse movements in the assets held on its members Balance Sheets. The Group's Management is actively involved in the management of its portfolio and the Companies included therein.

Capital Requirements

The Group calculates its capital requirements on market risk on a regular basis. As at 31 December 2019, the Group had no capital requirements against market risk.

6.3.2. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses through its overdraft facility, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

6.4. Other Risks

6.4.1. Reputational risk

Reputational risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Group on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the key directors in one of the companies within the Group, the loss of large clients, poor customer service fraud or theft, customer claims and legal action, regulatory fines.

The Company has transparent policies and procedures in place when dealing with possible customer complains in order to provide the best possible assistance and service under such circumstances, the possibility of having to deal with customer claims is very low as the Group's members have policies in place to provide high quality services to clients. In addition, the Board of Directors of each company within the Group is made up of high calibre professionals who are recognised in the industry for their integrity and ethos; this adds value to the Group. Furthermore, the Risk Management function of the Group is monitoring reputational risk closely.

6.4.2. Business risk

It includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimise the Group's exposure to business risk. These are analysed and taken into consideration when implementing the strategy of each company within the Group.

6.4.3 Compliance and legal risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the EU and Cyprus. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer of each company within the Group, as well as by the monitoring controls applied separately by each company within the Group.

6.4.4 Anti-Money Laundering risk

The Group's Management continually assesses the applicable laws and regulations that it operates under and believes that it has adequate and effective systems in place to effect this. The Compliance Officer of each company within the Group provides regular reports on the effectiveness of these procedures to the relevant Board of Directors.

All procedures as per the pertinent section of the each company's Internal Manual are followed in order to minimize such risk.

6.4.5 Legal and Regulatory Risk

The Group ensures that it understands local conduct of business rules and regulations which apply in the jurisdictions in which it operates. It also ensures that it understands laws and regulations relevant to the securities in which it trades (e.g. shareholding disclosure requirements and foreign ownership rules) and can advise accordingly.

6.4.6 GDPR Risk

GDPR Risk relates to the risk of non-compliance with the General Data Protection Plan which has come in force in May 2018. The risk has to be managed to ensure compliance from the operational perspective and ensuring that customer data is kept safe and secure. The Group has invested in security systems and has appointed a Data Protection Officer as required by the Regulation. Furthermore, the Group has a secure network in place to mitigate the effects of security breach and has assigned the setup and maintenance of its systems to an established IT solutions provider.

6.4.7 Political Risk

Political risk is the risk of financial, market or personnel losses because of political decisions or disruptions. The risk of loss of assets could arise because of the political or economic conditions of the country in which the assets of the Group and/or the Group's client funds have been placed through different local banks / financial institutions. Exposure to Political Risk stemming from operations in the Republic of Cyprus is significant although the Cypriot problem has been a standing issue for over 45 years. Management has factored it in its strategic planning and is closely monitoring changes in the political scenery.

6.4.8 Outsourcing risk

The Group ensures that careful due diligence on third party service providers is conducted before recommending them to clients. To the extent applicable, it will disclose the monitoring procedures in relation to its third party service providers upon request.

6.4.9 Strategic risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Group's exposure to strategic risk is managed by the performance of a risk analysis of the Company's future strategic actions, such as the development of a new product or service and expansion to new market segments.

6.4.10. Group Risk

Group Risk could occur as adverse impact due to relationships (financial or non-financial) of the Company with other entities in the group. The company is reliant on certain services from other entities of the Group including the parent company and has significant holdings in the group companies.

Management ensures independence between entities to minimize impact of any regulatory or reputational events in other group operations. In the event of group structure change (i.e. new companies added to the

Group) the Board, the Risk Management and the Risk Manager consider and analyze the risks under such a structure in relation to regulatory, reputational, credit and operational risks.

7. REMUNERATION DISCLOSURES

Remuneration Policy

The Group focuses on performance management and is committed to the retention and ongoing development of its staff.

The Remuneration Policy addresses both the fixed and variable component of remuneration, the governance around remuneration, the characteristics of performance measurement, determination of pay, etc. Changes in salaries and bonuses lie at the discretion of the Remuneration committee of each subsidiary company, whom have to approve and authorize them before they can be processed.

The table below presents the 2019 annual gross remuneration of the Management and other staff of the Group whose actions have a material impact on the risk profile of the Company.

Aggregate Remuneration				
Personnel	As at 31st December 2019			
	No. of staff during 2019	Fixed (€000)	Variable (€000)	Total (€000)
Management (Including Executive Directors)	5	234	-	234
Other Staff	3	29	-	29
Total	8	263	-	263

It should be noted that non-executive directors in companies within the Group are remunerated based on the Diversity and Remuneration Policy for the Board of Directors.

The following table provides aggregate quantitative information on remuneration, broken down by business line:

As at 31 December 2019	
Business Line	Aggregate remuneration (€000)
Executive Directors	131
Other Functions	132
Total	263

ANNEXES

Annex I - Transitional Own Funds Disclosure

As at 31 December 2019	Transitional Definition	Full-Phased in Definition
	€'000	€'000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	2	2
Retained earnings	1,025	1,025
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-	-
Funds for general banking risk	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,027	1,027
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	(2)	(2)
(-) Additional deductions of CET1 Capital due to Article 3 CRR	(63)	(63)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(65)	(65)
Common Equity Tier 1 (CET1) capital	962	962
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	962	962
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	962	962
Total risk weighted assets	962	962
Capital ratios and buffers		
Common Equity Tier 1	51,83%	51,83%
Tier 1	51,83%	51,83%
Total capital	51,83%	51,83%

Definitions:

The Common Equity Tier 1 (CET1) ratio is the CET1 capital of the Company expressed as a percentage of the total Risk Weighted Assets for covering Pillar 1 risks.

The Tier 1 (T1) ratio is the T1 capital of the Company expressed as a percentage of the total Risk Weighted Assets for covering Pillar 1 risks.

The Total Capital ratio is the Own Funds of the Company expressed as a percentage of the total Risk Weighted Assets for covering Pillar 1 risks.

Annex II - BALANCE SHEET RECONCILIATION

Balance Sheet Description as per Financial Statements	As at 31 December 2019 €'000
Share Capital	2
Share Premium	-
Retained earnings	(79)
Profit / (Loss) for the audited period	1,104
- Intangible Asset	(2)
- Investor Compensation Fund	(63)
Total Own Funds	962