Grant Thornton

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14 June 2021

Independent Auditors' Report to the Cyprus Securities and Exchange Commission in respect of Reliantco Investments Ltd for the year ended 31 December 2020 pursuant to the Directives DI144-2014-14 and DI144-2014-15 of the Cyprus Securities and Exchange Commission for the Capital Requirements of Investment Firms

We report in relation to the fair presentation of the disclosures (the "Disclosures") of Reliantco Investments Ltd (the "Company") for the year ended 31 December 2020, required by the Directives DI144-2014-14 and DI144-2014-15 of the Cyprus Securities and Exchange Commission for the Capital Requirements of Investment Firms (the "Directives"). The Disclosures, which are set out are attached as an Appendix.

Respective responsibilities

The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with the Directives. Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the Directives.

Scope of work performed

We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we plan and perform our work to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Disclosures are not fairly presented, in all material respects, in accordance with the requirements of the Directives. Our procedures included verifying, on a sample basis, the compliance of the Disclosures with the requirements the Directives, as well as obtaining evidence supporting certain of the amounts and notifications included in the Disclosures. Our procedures also included an assessment of any significant estimates made by the Company's Board of Directors in the preparation of the Disclosures. We believe that our procedures provide a reasonable basis for our conclusion.

The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2020 are not fairly presented, in all material respects, in accordance with the requirements of the Directives.

Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Disclosures required pursuant to the Directives and does not extend to any financial statements or other financial information of the Company.

Froso Yiangoulli

Froso Yiangoulli

Certified Public Accountant and Registered Auditor
for and on behalf of

Grant Thornton (Cyprus) Limited
Certified Public Accountants and Registered Auditors

RELIANTCO INVESTMENTS LTD

PILLAR III DISCLOSURES

Risk Management Disclosures for the year ended 31 December 2020 in accordance with the requirements of Part Eight of European Regulation (EU) 575/2013

YEAR ENDED 31 DECEMBER 2020

Grant Thornton (Cyprus) Ltd

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1. GENERAL INFORMATION AND SCOPE OF DISCLOSURES

1.1 Requirements of the Directive

Reliantco Investments Ltd ("the Company"), is registered as a Cyprus Investment Firm ("CIF") and is regulated by the Cyprus Securities and Exchange Commission ("CySEC") since 22 December 2010, under license number 127/10. The Company is trading under the registered trade name UFX.

The Company has a Branch in Czech Republic, since 2015. The branch is an extension for advertising the services of the company and provide the investment service of Reception and Transmission of Orders. The Branch is regulated by CySEC. At 31 December 2020, the company did not have any subsidiaries.

The Company has prepared these disclosures in accordance with the requirements of Part Eight of European Regulation (EU) 575/2013 ("Regulation") on prudential requirements for credit institutions and investment firms.

The framework of the Regulation also known as "Basel III Framework" comprises of three Pillars:

- **Pillar I Minimum Capital Requirements -** this sets out the calculation of the minimum capital requirements firms are required to meet, in relation to Credit, Market, and Operational Risk/Fixed Overheads Requirement.

- **Pillar II Supervisory Review Process -** this requires firms to assess their capital requirements in light of any specific risks not captured in the Pillar I calculations; and

- **Pillar III Market Discipline –** sets external disclosure requirements in terms of frequency and format for uniform assessment of information on the capital structure, risk exposures, internal processes and capital adequacy

This document represents the Pillar III disclosures for the year ended 31 December 2020 in accordance with the requirements of Part Eight of the EU Regulation 575/2013.

The Regulation, under Article 432 of Part 8, provides for an investment firm, to exclude one or more of the disclosures, if it believes that the information is regarded as immaterial, confidential, or proprietary. Where the Company has considered a disclosure to be immaterial or omitted information because of confidentiality or propriety, it has been stated as such within this document.

The Report has been approved by the Board of Directors of the Company, on 7th of June 2021.

1.2 License Information - Principal Activities

In accordance to the provisions of the Investment Services and Activities and Regulated Markets Law of 2007 (the "Law"), the Company is licensed to conduct the following services:

Investment Services

- Reception and Transmission of Orders on behalf of clients in relation to various financial instruments

Ancillary Services

- Safekeeping and administration of financial instruments, including custodianship and related services
- Granting of credits and loans to clients to allow them to carry out trading in one or more financial instruments, where the firm granting the credit or loan is involved in the trading
- Foreign exchange services connected to the provision of investment services
- Investment research and financial analysis or other forms

More specifically, the Company enables traders to trade through its platform in Contracts for Differences, with underlying assets various currency pairs, stocks, metals, commodities, and indices. The orders received from traders in the above instruments are transmitted to a dedicated liquidity provider, that we are cooperating with, for execution.

Table 1 below illustrates the current license information of the Company:

Table 1 – Company License Information (based on the Third Appendix of the Law 144(I)/2007-2014)

<table>
<tr><th colspan="2"></th><th colspan="8">Investment services and activities</th><th colspan="7">Ancillary services</th></tr>
<tr><th colspan="2"></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th></tr>
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Disclosure Policy
The Company discloses information in relation to its capital requirements on an annual basis or more frequently if there is a material change in its scale of operations, range of activities, presence in different countries, involvement in different financial sectors and participation in international financial markets and payment, settlement and clearing systems. The disclosures are published on the website of the Company in accordance to the requirements of the relevant Regulation.

Scope of the Disclosures
This report constitutes a summary of the disclosure and market discipline policy of the Company. The Company is applying the exceptions of Article 432 of the Regulation in stating these disclosures.

The disclosures in this document relate solely to information of the Company.

2. RISK MANAGEMENT AND GOVERNANCE OF THE COMPANY

The Board of Directors is responsible for overlooking the operations of the Company. The Board of Directors bears the responsibility to oversee and monitor the objectives and general policies of the Company. With respect to the management of risk, it has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board is also responsible for establishing and amending, where necessary, the internal control procedures. It will also ensure that the Company has the sufficient human and technical resources required for the performance of its duties.

The recruitment policy for the members of the Board of Directors requires that they have at least three years prior experience in relevant senior positions in the financial markets and financial advisory sector, bring forth information from which their theoretical background and practical experience can be ascertained and to convince based on the common experience that they shall be in a position to undertake satisfactorily the nature of activities set forth by the Company and have insight concerning the project they undertake themselves, and prove that they know the established Company policy concerning the administration of risks intertwined with the exercise of the Company's activity, the mechanism and framework of its internal audit principles as well as the extent of their responsibilities.

The objective of the policy outlined above is for any Board of Directors in place, to combine a diverse spectrum of experiences and backgrounds that will make them capable of heading the Company's operations. The current Board of Directors in service possess a mixture of experiences, including investment management, finance, accounting, and business backgrounds.

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The Board of Directors consists of two (1) executive and two (3) non-executive directors as at 31st December 2020.

The Company's non-executive directors may hold directorships outside the Company, however this will not compromise their quality and commitment towards the Company. Please refer to the table below for the Non-executive directorships apart from the Company:

	Directorships
Non-Executive Director 1	1
Non-Executive Director 2	2
Non-Executive Director 3	1

The following committees / units oversee the internal control system and risk management system:

- Board of Directors
- Risk Management Committee
- Investment Committee
- Internal Audit
- Compliance Officer

Risk Management Committee

The Company's Risk Management Committee reports directly to the Board of Directors and evaluates the Risk Manager's recommendations. Risk Management reports are prepared and presented to the Board on an annual basis, providing an analysis of the risks incurred by the Company and the actions taken to manage and mitigate them. The Risk Management Committee consists of Executive and Non-Executive Directors and the Risk Manager. The above committee met once during 2020.

The Board of Directors is satisfied that the risk management arrangements are appropriate given the risk profile of the Company.

Investment Committee

The Investment Committee is responsible for developing the Investment Strategy and investment approaches to be followed by the Company. To this effect, the Committee meets on a semi - annual basis to examine the economic conditions and other relevant matters that are likely to affect the investment strategy of the Company. An extraordinary meeting might be arranged at any time by any member of the Committee. The Investment Management Committee consists of Executive and Non-Executive Directors and the Head of the Reception and Transmission of Orders Department.

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Internal audit

The Internal Auditor reports to the Board of Directors of the Company. The principal objective of the Internal Auditor shall be to aid the Senior Management, as well as to the Board of the Company, so that they may efficiently fulfill their responsibilities.

The Internal Auditor shall review and evaluate the adequacy and effectiveness of the Company's systems of internal controls and the quality of operating performance when compared with established standards on an ongoing basis. The recommendations that the Internal Auditor makes to the Senior Management and the Board regarding the internal controls and the management of the various risks that are associated with the operations, aim to secure a controlled environment in the Company.

Compliance Officer

The Compliance Officer is responsible for establishing, implementing, and maintaining adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, and puts in place adequate measures and procedures designed to minimize such risk and to enable the competent authorities to exercise their powers effectively. The Compliance Officer reports on a day to day basis to the Senior Management of the Company and on an annual basis to the Board of Directors.

The Board of Directors is satisfied that the risk management arrangements are appropriate given the risk profile of the Company.

3. OWN FUNDS & CAPITAL REQUIREMENTS

Own Funds

The Total Eligible Own Funds of the Company as at 31 December 2019 consisted of Tier 1 capital only. The Total Eligible Own Funds are only subject to Investors Compensation Fund amount deduction. This is analyzed as follows:

	US$000
Common Equity Tier 1 capital: instruments and reserves	
Capital Instruments and the related Share premium accounts	285
Retained Earnings	1,609
Common Equity Tier 1 (CET1) capital before regulatory adjustments – As agreed to audited FS	**1,894**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	
Investors Compensation Fund	(53)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(53)
Common Equity Tier 1 (CET1) capital	**1,841**
Additional Tier 1 (AT1) capital	0
Tier 1 capital (T1=CET1 + AT1)	**1,841**
Tier 2 (T2) capital	**-**
Total capital (TC=T1+T2)	**1,841**
Risk weighted assets	
Credit risk	2,450
Foreign Exchange Risk	3,119
Fixed Overhead Risk	1,948
Total risk weighted assets	**7,517**
Capital ratios	
Common Equity Tier 1	**24.49%**
Tier 1	**24.49%**
Total capital	**24.49%**

By way of derogation from points (a) and (b) of Article 92(1), the Company exceeds the own funds requirements that shall apply during the period from 1 January 2020 to 31 December 2020 as follows: (a) Common Equity Tier 1 capital ratio by 19.99 % and (b) Tier 1 capital ratio by 18.49%.

The Company is not required to hold any additional capital requirements as regard to the countercyclical buffer.

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The share capital of the company consists of 2,000 fully paid ordinary shares of €1.00 each. All the shares carry the same voting and dividend distribution rights. The main features of these Common Equity Tier 1 instruments are as follows:

1	**Issuer**	**Reliantco Investments Limited**
2	Unique identifier	N/A
3	Governing law(s) of the instrument	Laws of the Republic of Cyprus
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-) consolidation/solo and (sub-) consolidated	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital	$ 284,902
9	Nominal amount of instrument	$ 2,829
9(a)	Issue price	$ 142.45
9(b)	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	12-Jul-10
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

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Minimum regulatory capital requirements

The Company implements procedures and takes the necessary actions to maintain its capital above the minimum level as prescribed by the relevant legislation.

The ability to maintain the minimum regulatory capital requirements is based on the application of the rules established by the Basel Committee as adopted by CySEC. In December 2007, CySEC issued the Directive DI144-2007- 15, as later amended, for the calculation of the capital requirements of Investment Firms adopting the related European Union directive. Basel II consists of the three pillars which are mentioned in the Requirements of the Directive section, of this report.

In order to safeguard the ability to continue as a going concern, the Company needs to control the capital, while maximizing the return to shareholders. The Company control the capital structure and is ready to change or apply any strategy or policy in order to overcome any change in the economic and business environment.

The Company ensures through its Internal Adequacy Assessment Programme (ICAAP), whether any additional Pillar II capital is required. The ICAAP process determines the capital requirements that are necessary from the risks identified in the Risk Manager report, based on the likelihood and impact of these risks occurring and the additional cost of implementing controls to mitigate these risks. Based on the ICAAP process, no additional Pillar II capital is required.

The Company employs a real-time budgeting process to assess the adequacy of its internal capital to support the current and future activities.

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4. RISKS

4.1. Credit Risk

General

Credit risk is the risk of loss that the Company would incur if the counterparty in a transaction failed to perform its contractual obligations and arises principally from deposits with banks and financial institutions, including outstanding receivables.

For banks and financial institutions, only parties whom management has internally assessed as financially healthy and stable are accepted. If there is no independent rating, management assesses the credit quality of the counterparty, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Transactions with customers are settled using major credit cards and banks or financial institutions specializing in online transferring of funds and transactions.

Due to the nature of the principal activities, the Company is exposed to credit risk, which is monitored through several control mechanisms. In case the counterparties are unable to meet their obligations towards the Company, the Credit risk will arise, and this possibly will diminish the amount of future cash inflows from financial assets at the balance sheet date.

The Company established strategies for risk diversification in order to mitigate the amount of credit exposure to any counterparty in agreement with the requirements of the Directive. The Company is managing the fair value calculations, forecast and actual cash flows, and cost budgets so that to safeguard that the carrying level of Company's own funds and consequently the Capital Adequacy ratio meet the regulatory requirements constantly. No concentrations of credit risk with respect to trade receivables existed during the year. Yearend concentration is related to cash balances. Trade receivables are shown net of any provision made for impairment.

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Capital Requirements

The Company follows the Standardized Approach for the calculation of the minimum capital requirements for credit risk.

Risk Weighted Assets and Credit Quality Steps

The Company shall disclose the total number of exposures after accounting offsets and without considering the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes.

The assets of the Company are analyzed by exposure class as follows:

	RWA 31-Dec-20	Capital Requirement	Average 2019
	US$000	US$000	US$000
Institutions	4,141	1,350	7,068
Corporates	830	830	918
Other	270	270	311
	5,241	**2,450**	**8,297**

Institutions
For the credit ratings of institutions, the Company has used the Moody's ratings. Based on the credit rating for residual exposures less than 3 months assigned to the institutions the Company is using on its day to day operations, we classify the exposure on the relevant Credit Quality Step and then grant the appropriate risk weight. For exposures to institutions that our current accounts are maintained, the Company is using a risk weight of 20%.

Corporates
Exposures to corporates were unrated. Thus, the higher risk weight between 100% and the risk weight assigned to the central government the corporate is incorporated to is been used.

Other Items
The Other Items category comprises of fixed assets, cash in hand, prepayments, trade and other receivables. A risk weight of 0% has been assigned on the cash in hand items, whereas all other items have received a 100% risk weight.

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Analysis of credit exposures by credit quality step and class

The credit exposures of the Company for rated and unrated counterparties is analyzed by credit quality step and class as follows:

Credit Quality Step	1	2	3	4	Unrated	Total
	US$000	US$000	US$000	US$000	US$000	**US$000**
Institutions	1,603	733	1,549	256	-	**4,141**
Corporates	-	-	-	-	830	**830**
Other	-	-	-	-	270	**270**
Total	**1,603**	**733**	**1,549**	**256**	**1,100**	**5,241**

The Company uses the standard association of the credit ratings to the credit quality steps.

Exposure by Residual Maturity

The Company's exposure to assets according to their maturity, can be broken down as follows:

	Less than 3 months	Over 3 months	Over 6 months	Total
	US$000	US$000	US$000	**US$000**
Institutions	919	3,222	-	**4,141**
Corporates	830	-	-	**830**
Other	270	-	-	**270**
Total	**2,019**	**3,222**	**-**	**5,241**

Exposure by Significant Counterparty Type

The Company due to its operations is exposed to a big extent to banks and financial institutions and to a lesser extent to introducing brokers and liquidity providers.

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Geographic Distribution

The credit risk exposure of the Company is mainly spread within the European Economic Area. This was as follows as of 31 December 2020:

	Institutions	Corporates	Other	Total
	US$000	US$000	US$000	**US$000**
Germany	1,603	-	-	**1,603**
Cyprus	256	361	179	**796**
Latvia	733	-	-	**733**
Romania	1,549	-	-	**1,549**
Czech Republic	-	1	-	**1**
UK	-	468	91	**559**
TOTAL	**4,141**	**830**	**270**	**5,241**

Financial assets at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio;

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(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment based on an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

A financial asset is 'past due' when a counterparty fails to make a payment that is contractually due.

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4.2. Market and Liquidity Risk

4.2.1. Market Risk

General

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. 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

The Company operates internationally using advanced information technology and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company is also exposed to foreign exchange risk on the basis that the payable balances to clients are denominated in US Dollars and the respective balances of Client's Money held by the Company in a fiduciary capacity are held in various currencies. These balances are not included in the Company's financial statements, but the Company bears the foreign exchange risk on these balances.
Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Interest rate risk

Interest rate risk is the Company's exposure to adverse movements in interest rates. It arises because of timing differences on the reprising of assets and liabilities.
At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments was represented by the carrying amount of the Company's balances held in accounts with banks. The Company, however, had no exposure to adverse movements in interest rates as the interest rates of these amounts have been set at fixed rates.

4.2.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, through the established policies and procedures 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 Company's reputation.

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This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

4.3 Fixed Overhead risk

As the Company falls under the provisions of Article 95 of the Regulation for investment firms with limited authorization, it is required to hold eligible capital which is the higher of the sum of the credit and foreign exchange risk requirement or its fixed overhead risk requirement. The capital requirement for the fixed overhead risk is defined of at least one-quarter of the fixed overheads of the previous year.

The approach for calculating fixed overheads is a so-called subtractive approach, whereby variable cost items are deducted from the total expenses as calculated according to the International Financial Reporting Standards.

Out of the total expenses the Company has reported for the year ended 31 December 2018, there have been adjustments for non-recurring expenses from non-ordinary activities of the Company, fully discretionary staff bonuses and fees paid to intermediate brokers.

4.4. Other Risks

4.4.1. Legal, Compliance and Regulatory Risks

Legal, compliance and regulatory risks are the current and prospective risks to earnings or capital arising from violations of, or non-conformance with laws, by laws, regulations, prescribed practices, internal policies, procedures, and ethical standards. These risks expose the Company to financial loss, fines, civil money penalties, payment of damages and the voiding of contracts. Legal, compliance and regulatory risk can lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential and an inability to enforce contracts. In general, the Company has enhanced the compliance of all departments according to regulatory requirements.

Legal, compliance and regulatory risks are reduced by the supervision applied by the Compliance Officer, as well as the monitoring controls and systems applied by the Company. The Company has documented procedures and policies based on requirements of the relevant laws and directives issued by the Commission; these can be found in the Company's Internal Operations Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditor and management implements suggestions for improvement. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually.

4.4.2. Reputation Risk

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

The Company has policies and procedures in place when dealing with possible client complaints to provide the best possible assistance and service under such circumstances. The possibility of having to deal with client complaints exists, however the Company does its best to provide high quality services to its clients and aims to establish the appropriate procedures in place to avoid the recurrence of any such complaints. In addition, the Company's Board members and Senior Management is comprised of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company.

4.4.3. Online Fraud

Online fraud could occur when Clients illegally use the credit cards or other online payment methods of others in order to fund their accounts with the Company. This risk exposes the Company to monetary loss and to potential implications with the credit cards' issuers.

The Company has developed risk management technology to identify fraudulent transactions. To this end, the Company employs the Risk Rule Engine Alerting and Flagging System to prevent and identify online fraud.

Following an alert/flag by the Company's Risk Rule Engine Alerting and Flagging System, the Company investigates the relevant account(s) to establish whether the transaction(s) in question are indeed fraudulent. In case the Company establishes that fraud activity has been performed, the Company then refunds the funds to the original mean of payment (i.e. to the real payment account holder).

In addition, credit card issuers, have adopted credit card security guidelines as part of their ongoing efforts to prevent identity theft and credit card fraud. The Company continues to work with credit card issuers to ensure that its services, including customer account maintenance, comply with these rules.

When there is unauthorized access to credit card data that results in financial loss, there is the potential that the Company could experience reputational damage and parties could seek damages from the Company.

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4.4.4. Information Technology Risk

Information Technology ("IT") risk could occur because of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's IT. Specifically, policies have been implemented regarding improved backup procedures, software maintenance, hardware maintenance, security policies, use of the internet, anti-virus procedures and monitoring systems. Materialization of this risk has been minimized to the lowest possible level by employing advanced technology.

The Company pays attention to its data retention. To this end, the Company conducts frequent backups with respect to all the Company's IT systems for all types of data and information and stores these backups at a safe remote location outside the Company's head offices.

The Board of Directors believes that the management of the above described risks fits within the growth strategy approved for the organization. The target when managing these risks is to always maintain the capital adequacy ratio of the Company above the 8%, with the available capital been used as efficiently as possible for achieving the objectives of the Company.

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5. REMUNERATION POLICY

The Company ensures that its remuneration policy adheres to the principles governed in its "conflicts of interest policy" defined in the Company's Internal Operations Manual.

The Company remunerates its employees with a fixed and variable remuneration component. The fixed component of the remuneration mainly reflects the seniority, the educational level and experience of an employee. The variable component of the remuneration is based on employee's annual evaluation. Evaluation's main components are:

- Annual performance
- Professional behavior
- Professional ethics
- Ability to add value to the company
- The Company pays attention that bonuses of any employees engaged in compliance, risk, financial, back office or administrative roles are not directly linked to the financial results of the Company.

This bonus is given after a performance evaluation, performed by Heads of Departments and Managers. The evaluation considers both quantitative and qualitative criteria, with a focus on qualitative criteria. The criteria used to perform the annual evaluation are not related to the employees' interaction with the Company's Clients and consequently the annual bonus may not create conflicts of interest.

5.1 Outline of the Remuneration Policy

The Company maintains and applies a remuneration policy with the following main elements:

- Focus on avoiding any incentives for employees to act in a way that conflicts with the best interests of the Company's Clients.
- Avoidance, mitigation, and management of any conflicts of interest inadvertently created by the Remuneration Policy.
- If applicable, employees shall be informed from the outset that their remuneration will be variable, as well as about the criteria and methods used to calculate their remuneration.
- The Company may use both qualitative and quantitative criteria for determining the variable remuneration of its employees, with a preference on qualitative criteria.
- The criteria shall also include elements conducive to the avoidance or mitigation of conflicts of interests, such as client satisfaction and regulatory compliance.
- If applicable, the Company shall give preference to fixed remuneration over variable and shall maintain a reasonable ratio of fixed to variable.

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5.2 Outline of the Remuneration Practices

The salaries paid to the key management employees of the Company, including the Directors, are analyzed as follows:

		2020
		US$
Salaries		322,847
		=========

The above amounts relate to the remuneration paid to 5 people in the Company during the year, whose actions might have a significant impact on the risk profile of the Company. This remuneration consists only from a fixed salary element, paid to these employees monthly. The ratio of the salaries between executive and non – executive directors is 1:1.

The remuneration policy is reviewed by the Board of Directors on an annual basis.