EMERGO WEALTH LTD

(Regulated by the Cyprus Securities & Exchange Commission, License Number 232/14)

Disclosures in accordance with CySEC Directive DI144-2014-14 of 2014

Year 2017

Prepared on	23 April 2018

Contents

Introduction

Emergo Wealth Ltd ("the Company") was incorporated in Cyprus on 6th December 2013 as a limited liability company under the Cyprus Companies Law, Cap. 113. The Company holds a license from the Cyprus Securities and Exchange Commission ("CySEC"), number 232/14 dated March 27, 2014 and, further, it has obtained a license extension on 25 June 2014, which permits the Company to operate as a Cyprus Investment Firm and to provide investment and ancillary services in relation to specific financial instruments. Table 1 below, illustrates the updated license information of the Company.

Table 1 – Company License Information (based on sections 6(6) and 22 of the Investment Services and Activities and Regulated Markets Law of 2007 as amended).

Financial instruments	Investment Services/Activities								Ancillary Services						
	I(1)	I(2)	I(3)	I(4)	I(5)	I(6)	I(7)	I(8)	II(1)	II(2)	II(3)	II(4)	II(5)	II(6)	II(7)
III(1)	√			√	√				√	√			√		
III(2)	√			√	√				√	√			√		
III(3)	√			√	√				√	√			√		
III(4)	√			√	√				√	√			√		
III(5)	√			√	√				√	√			√		√
III(6)	√			√	√				√	√			√		√
III(7)	√			√	√				√	√			√		√
III(8)	√			√	√				√	√			√		
III(9)	√			√	√				√	√			√		
III(10)	√			√	√				√	√			√		√

Investment Services

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

- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
- Foreign exchange services where these are connected to the provision of investment services
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments

This report has been prepared in accordance with the requirements of the Directive DI144-2014-14 issued by CYSEC for the capital requirements of investment firms and Directive DI144-2014-15 on the discretions of the CYSEC arising from Regulation (EU) No 575/2013, issued by CYSEC and entered into force on 19 December 2014, for the capital requirements of investment firms.

The Company is exempt from providing any disclosures relating to leverage, under Article 95 (2) of CRR.

The report has been prepared by the Compliance Officer and has been reviewed by the Board of Directors. While it is recommended to read this report in conjunction with the audited financial statements of the Company for the year ended 31 December 2017, the disclosures are prepared as a stand-alone document with the view to explain how the Company manages risks under the requirements of CySEC and how much capital is assigned to these risks for their management.

Content of report

This Report contains information to the risks the Company faces and the strategies it has in place to manage and mitigate those risks, its own funds and its capital adequacy. Disclosures are made concerning the risks outlined in Annex XII of Part C of the Directive. Only the risks the Company is exposed to are discussed.

Preparation and availability of report

This Report is prepared annually and is available electronically on our website (www.emergowealth.net). According to Part Eight of the CRR, the Pillar III disclosures of information shall be published on an annual basis at a minimum. A hard copy of this Report is available upon request.

The information disclosed in the Report is presented in thousands of Euro ("€").

Approach to Risk Management

Managing risk effectively in an organisation operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company identifies and manages its risks adequately, establishes the necessary policies and procedures, sets and monitors relevant limits and complies with the applicable legislation.

The main risks that the Company is exposed to are credit risk, liquidity risk, market risk operational risk and reputational risk:

a) Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

b) Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations and arises when the maturity of assets and liabilities does not match. The Company's approach to this risk is to closely monitor liquidity in real time and be aware, to the extent possible, of future financial obligations, and ensure that it will have sufficient liquidity to meet its liabilities when they are due.

c) Market Risk

Market risk is the risk that the value of an investment will decrease as a result of changes in market factors. The four standard market risk factors are:

- Equity Risk – the risk that stock prices will change
- Interest rate risk – the risk that interest rates will change
- Commodity risk – the risk that commodity prices will change
- Currency risk – the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. This risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency.

d) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, employee errors, or from external events.

e) Reputational risk

Often called reputation risk, is a risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the company is not found guilty. Adverse events typically associated with reputation risk include ethics, safety, security, sustainability, quality, and innovation. Reputational risk can be a matter of corporate trust.

The principal responsibilities of the Board, the Senior Management, the Internal Auditor and the Risk Manager in relation to the management of the Company's risks include the following:

- the Board reviews and discusses, during its meetings, the written reports prepared by the Risk Manager and identifies the risks faced by the Company
- the Company's Senior Management also reviews the written reports prepared by the Risk Manager, applies the decisions of the Board with respect to risk management and monitors whether all the Company's risk management procedures are followed
- the Internal Auditor evaluates the adequacy and effectiveness of the Company's internal control systems, policies and procedures with respect to risk management
- the Risk Manager ensures efficient management of the Company's risks in the provision of the investment and ancillary services to clients, as well as the risks underlying the operation of the Company, in general. Furthermore, the Risk Manager bears the responsibility to monitor the adequacy and effectiveness of the risk management policies and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted, in addition to the Company's obligations stemming from the relevant laws, as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

  Moreover, the Risk Manager is responsible for making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies identified, as aforementioned.

The responsibilities of the risk management function include, without limitation:

i) establishing, implementing and maintaining adequate risk management policies and procedures;

ii) adopting effective mechanisms and processes to manage the risks the Company is exposed to;

iii) monitoring the adequacy and effectiveness of the risk management policies and procedures; and

iv) monitoring the level of compliance and the effectiveness of measures taken to tackle the deficiencies.

A risk management report is prepared on an annual basis regarding the status of the Company's risk management policies and procedures and any remedial measures taken to tackle the deficiencies. The risk management report is presented to the Company's Board of Directors.

The risk management function is further strengthened by the following functions:

- Internal Audit;
- Legal and Compliance (including the Anti-Money Laundering and Terrorist Financing);
- Accounting;

Roles and Responsibilities

Board of Directors

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. All procedures and rules, as required by CySEC, are approved by the Board of Directors.

Number of directorships held by members of the Board of Directors

Name	Position within Emergo Wealth Limited	Directorships – Executive	Directorships – Non Executive
Dr. Constantinos Neophytou	Managing - Executive Director	1	11
Dr. Mike Balm	Executive Director	1	2
Alfred Hendrikus Balm	Non - Executive Director	-	1
Savvas Orphanides	Independent Non - Executive Director	1	8
Andreas Savvides	Independent Non - Executive Director		

Risk Management Committee

The Risk Management Committee has been formed with the view to ensure the efficient monitoring of the risks inherent in the provision of investment services to clients, as well as the risks underlying the operation of the Company in general, with the following mandate:

(a) forming Company's policy with respect the setting of limits and the terms for undertaking risks,
(b) ensuring that the Company has sufficient capital and reserves to support the risks undertaken, and
(c) confirming the adequacy of the limits set for the undertaking of risks

The Risk Management Committee has met 2 times during year 2017.

Investment Committee

The Company has established an Investment Committee which consists of four members, the main responsibility of which is to set the investment policy of the Company according to the market environment at the time and formulates the framework in which the asset management and client investment advisory functions of the Company should operate.

Compliance Officer

The Compliance Officer has the responsibility for ensuring procedures are in place to ensure compliance with laws and regulations, which relate to carrying out business transactions, internal policies and procedures as well as standards of behavior to protect and enhance the reputation of the Company. The Compliance Officer reports to the Managing Director of the Company and thereafter to the Company's Board of Directors.

Internal Audit

The Internal Audit function is independent from any other units of the Company and reports directly to the Board of Directors. It is responsible for conducting independent appraisals of the Company's activities, functions and operations to ensure that an adequate framework of internal controls has been established and is operating effectively. The above function is outsourced to Moore Stephens Stylianou & Co.

Accounting Function

The accounting function plays a key role in the Company complying with its financial reporting obligations. The accounting function is responsible for preparing the Company's financial statements in accordance with applicable accounting standards and rules in order to reflect a fair and true view of the Company's financial position. The Company's statutory financial statements are audited by the Company's independent auditors, Ernst and Young Cyprus Limited and approved by the Board of Directors for approval. The approved financial statements are put before the shareholders of the Company at the Annual General Meeting.

In addition, the accounting function prepares the appropriate capital adequacy forms for submission to CySEC on a quarterly basis in accordance with the Company's statutory obligations.

Own Funds and Capital adequacy Ratio

In accordance with the Directive, the Company's own funds must be disclosed as the amount of original own funds with separate disclosures of all positive terms (share capital, reserves brought forward, less any proposed dividends, translation differences and current period losses, as applicable).

The Company currently maintains only Tier 1 Capital as eligible own funds. The balance with the Investors Compensation Fund and any Intangible assets (computer software and website development) are deducted when deriving Tier 1 capital.

As at 31st of December 2017, the Company's eligible own funds consisted of the following:

Own Funds

	31 Dec 2017 € '000
Tier 1	
Share capital	200
Additional Capital Contribution	1.170
Tier 2	-
Total	1.370
Retained Earnings	(874)
Current year Losses	(244)
Total Tier 1 Capital	252
Deductions from total own funds (Investors compensation fund & Intangible assets)	(83)
Total Eligible Capital	169

Deductions from total own funds

The Company deducts from its Own Funds the balance with the Investors Compensation Fund amounting to € 62.061 and any intangible assets with a net book value of €20.400 as at the reporting date.

During 2017 the Company had fully complied with the minimum capital percentage ratio requirements set by CySEC. The Company's regulatory capital is analysed as follows:

Capital Adequacy Ratio

	31 Dec 2017
	€ '000
Total Regulatory Capital	169
Capital Requirements	
Credit Risk	211
Fixed Overhead Risk	1.870
Operational Risk Capital Requirement	-
Total Capital Requirement	2.081
Total Capital Adequacy Ratio	8,14%

According to Article 92 of the Regulation EU No. 575/2013 a CIF shall at all times satisfy the following own funds requirements:

Capital ratios and capital levels		
	Requirements	**Company's ratios 31/12/17**
CET1 Capital ratio	4.5%	8,14%
T1 Capital Ratio	6.0%	8,14%
Total Capital Ratio	8.0%	8,14%

CIF's that fall under Article 95 and 96 of CRR should maintain sufficient capital to cover one quarter of the fixed overheads of the preceding year.

Fixed Overhead requirement	
	31 Dec 2017
	€ '000
Total Eligible Capital	169
Fixed Overhead Requirement	
Total Expenses	666
less	
fees, brokerage and other charges paid to clearing houses for the purpose of executing transactions	(-)
non-recurring expenses from non-ordinary activities	(-)
Fixed Overheads	666
Fixed Overhead Requirement (25%* Fixed Overheads)	166
Total Capital Requirement as calculated under the requirements of the Directive	2.081

Risk Exposures

Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The main activity of the Company that exposes it to Credit Risk is the deposit of funds with banks.

Some concentrations of credit risk with respect to trade receivables exist due to the currently small number of clients. Trade receivables are shown net of any provision made for impairment. Currently, no provision for impairment has been made and the management believes that no additional credit risk is inherent in trade receivables.

Market Risk

1. Foreign Exchange Risk

The Company's reporting currency is the Euro. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's reporting currency.

As of the date of this report the Company had no exposure to any financial instruments denominated in a foreign currency and all of its income is denominated in Euro, hence no exposure to foreign exchange risk arises.

2. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's current income and operating cash flows are independent of changes in market interest rates. Other than cash at bank, which attracts interest at normal commercial rates, the Company has no other significant interest bearing financial assets or liabilities.

The Company's management shall continue to monitor the interest rate fluctuations on a continuous basis and act accordingly.

3. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations and arises when the maturity of assets and liabilities does not match. The Company's approach to this risk is to closely monitor liquidity in real time and be aware, to the extent possible, of future financial obligations, and ensure that it will have sufficient liquidity to meet its liabilities when they are due.

Operational Risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, errors, omissions, inefficiency, systems failure or external events such as natural disasters. It is inherent in every business organization and covers a wide range of issues.

The Company manages operational risk through a control-based environment in which all processes and transactions are monitored and documented on an ongoing basis. This is further supported by a program of audits undertaken by the Internal Auditors of the Company and by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

Given the current scale and low complexity of the Company's operations, Operational Risk is regarded as low.

Other Risks

- Concentration Risk

Concentration risk includes large individual exposures and significant exposures to companies whose likelihood of default is driven by common underlying factors such as the economy, geographical location, instrument type etc.

Some concentration of credit risk with respect to trade receivables exists due to the currently small number of clients. The management has adequate experience in the collection of trade receivables, which is evident from the fact that so far there are no past due receivables that have to be impaired. Due to these factors, management believes that no additional credit risk is inherent in the Company’s trade receivables.

The Company has a policy in place to monitor debts overdue by preparing debtors ageing reports. Any receivable amounts which are past due the payment period are promptly chased for collection.

- 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 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 Company’s key directors, the loss of large clients, poor customer service, fraud or theft, customer claims and legal action and regulatory fines.

The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is considered low. In addition, the Company’s Board of Directors is made up of high caliber professionals who are recognised in the industry for their knowledge, experience and integrity.

- Strategic Risk

This could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate given the current nature, scale and complexity of its business operations.

- Business Risk

This 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 Company's exposure to business risk. These are analysed and taken into consideration when implementing the Company's strategy. Given the current nature, scale and complexity of its operations, the Company's exposure to business risk is considered low.

- Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by the Cyprus Securities and Exchange Commission. If materialised, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Internal Operations Manual ("IOM") and the KYC Manual.

Compliance with these procedures and policies shall be further assessed and reviewed by the Company's Internal Auditors. Any suggestions for improvement are considered for implemented by Management.

The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is considered low.

- Legal and Compliance Risk

This could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Compliance Function. The structure of the Company is such to promote clear coordination of duties and the Management consists of individuals of suitable professional experience and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board shall meet at least quarterly, to discuss such issues and any suggestions to enhance compliance are implemented by Management.

- IT Risk

IT risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the Internet and anti-virus procedures. In addition, the Company has designed a Disaster Recovery Plan. Materialisation of this risk has thus been minimised to the lowest possible level.

Strategies and processes to mitigate risk

- Credit Risk Management

The Company is exposed to credit risk from its operating activities – primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company 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. Cash balances are held with licensed financial institutions and the Company has the policies to limit the amount of credit exposure to any financial institution.

Approval of extension of credit or material change to credit facility to any counterparty requires approval of the appropriate authority level and must fit within the portfolio guidelines and credit strategies of the Company. In addition, a regular credit review of counterparties and country limits is undertaken to mitigate potential credit risk. The Company maintains counterparty lines with secure credit institutions.

Cash balances are held with licensed financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution where applicable.

- Liquidity Risk Management

The Company has procedures in place with the object of minimizing the risk of losses which may arise as a result of any unmatched position. These procedures include maintaining sufficient cash and other high liquid current assets and having available an adequate amount of committed credit facilities.

- Market Risk Management

The Company's activities could potentially expose it to market risk, which includes Foreign Exchange risk and Interest Rate risk.

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Foreign Exchange Risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is not exposed to foreign exchange risk as of the reporting date.

Interest Rate Risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Financial assets and financial liabilities issued at variable rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- Operational Risk Management

The Company's IOM outlines the policies and procedures to be followed by its employees, the reporting lines in place, and each department's functions and responsibilities. The aim of the Regulations is to minimize the operational risk the Company faces.

Each employee has access to an electronic version of the IOM and must read it upon the commencement of their employment. To ensure that employees remain aware of their responsibilities and the policies and procedures the Company has in place, throughout the course of their employment they are asked to familiarise themselves with the IOM twice a year.

In addition, the Company's business continuity policy (disaster recovery plan) ensures that the Company's operations will continue in the event of the occurrence of circumstances beyond its control.

Capital Requirements

Credit Risk

For the calculation of credit risk capital requirements, the Company has adopted the Standardised Approach.

Credit risk exposures, RWA and capital requirements by asset class

Exposure classes	Exposure Amount (€ '000)	Credit risk adjustment	RWA (€ '000)	Capital Requirement (€ '000)
Institutions	58	20%	12	12
Corporates	92	100%	92	92
Other items	107	100%	107	107
Total	257		211	211

The table below provides information on the geographic distribution of the Company's credit risk exposures, analysed by asset class:

Exposure Class	Cyprus (€ '000)	Other (€ '000)	Total (€ '000)
Institutions	58	-	58
Corporates	92	-	92
Other items	107	-	107
Total	257	-	257

The following table presents the distribution of the exposures by industry, broken down by asset class:

Credit risk exposures by industry

Exposure Class	Financial/Banking (€ '000)	Other (€ '000)	Total (€ '000)
Institutions	58	-	58
Corporates	24	68	92
Other items	-	107	107
Total	82	175	257

The table below presents the residual maturity breakdown of all the exposures, broken down by exposure class:

Residual maturity of credit exposures

Exposure Class	Residual Maturity ≤ 3 months (€ '000)	Residual Maturity > 3 months (€ '000)	Total (€ '000)
Institutions	58	-	58
Corporates	92	-	92
Other items	-	107	107
Total	150	107	257

The Company has selected to use Fitch Ratings as the External Credit Assessment Institution ("ECAI").

All exposures are unrated; however, for exposures to institutions, the Company used the credit rating of the country in which the institution is incorporated in order to determine the corresponding risk weight.

Exposure Class	CQS 6* (€ '000)	Unrated or N/A (€ '000)	Total (€ '000)
Institutions	58	-	58
Corporates	-	92	92
Other items	-	107	107
Total	58	199	257

*Credit assessments to credit quality steps, mapping of European rating agency credit assessment under the Standarised Approach.

Remuneration Disclosures

During 2017, the following was applicable with regards to the Company's remuneration system:

The Company's remuneration system policy 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" are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance, whilst ensuring base salary levels are not set at artificially low levels. The Company operates a discretionary bonus policy directly correlated to the annual profitability of the Company. The Company uses remuneration as a key method of attracting and retaining key employees whose talent can contribute to the Company's short and long term success. It is noted that the Company has taken into account its size, internal organisation and the nature, scope and the complexity of its activities and it does not deem necessary the establishment of a specific remuneration committee. Decisions on these matters are taken on a Board of Directors level, while the remuneration policy is periodically reviewed.

The total remuneration of staff consists of fixed and variable components. Fixed and variable components are appropriately balanced and the fixed component presents 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. Variable remunerations is a multiplier of performance and fixed component.

Fixed remuneration varies for different position/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability and responsibility needed for an employee to perform each position/role. Fixed remuneration is also set in comparison with standard market practices employed by the other market participants/competitors.

Variable remuneration is designed to ensure that the total remuneration remains at competitive levels and to reward the staff for its performance, whilst remaining aligned with department's and/or the Company's performance. Other factors taken into account are the following:

- The financial viability of the Company;
- The general financial situation of the state in which the Company operates, and;
- Each employee's personal objectives (such as personal development, compliance with the Company's systems and controls, commitment and work ethics).

The Company's variable remuneration (if any) is approved by the Board of Directors for the employees of the compliance department and by the Senior Management for the employees of the back office department, dealing department and customer support department.

Remuneration to management:

Categorization	No. of staff	Annual Fixed Remuneration (€ '000)
Board of Directors		
Executives	1	69.40
Non Executives	2	10.35
Senior Management	2	125.69
Other Staff	14	149.86
Total	19	355.30

Remuneration broken down by business area:

Business Area	No. of staff	Annual Fixed Remuneration (€ '000)
Brokerage	4	132.40
Asset Management	1	69.00
Supporting Staff	11	123.6
Research	1	19.93
Total	17	344.95

Board Risk Management Declaration

The Board is responsible for reviewing the effectiveness of the Company's risk management arrangements and systems of financial and internal control. These are designed to manage rather than eliminate the risks of not achieving business objectives, and -as such- offer reasonable but not absolute assurance against fraud, material misstatement and loss.

The Board considers that it has in place adequate systems and controls with regard to the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimize loss.

Board Risk Statement

The Company's strategic objective is to provide to its customers the financial services and the financial instruments, these activities bear a variety of risks.

The Company operates with a strong customer focus and provides a variety of financial instruments aiming to deliver value to its clients' portfolios. The Company has implemented and maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. The Company has adopted effective arrangements, processes and systems, considering that level of risk tolerance, where applicable. The Company's strategy is pursued within a defined Risk Appetite.

The Board expresses the Risk Appetite through several key Risk Appetite measures which define the level of risk acceptable across the following two categories:

- Operational: regulatory reporting risk, marketing risk client, communication risk, damage to physical assets business disruption and systems failure risk, employment practices and workplace safety risk, fraud risk, conflicts of interest risk;

- General: systematic risk, credit risk, market risk, country risk, liquidity risk, interest risk