EMERGO WEALTH LTD

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

Pillar III Disclosures for the year ended 31 Dec 2021

Prepared on	30 April-2022

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Introduction

Emergo Wealth Ltd (hereinafter named "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 (hereinafter named "CySEC"), number 232/14 dated 27th March of 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.

The Company currently has the license to provide the following investment and ancillary services.

Investment Services

- Reception and transmission of orders in relation to one or more financial; instruments
- Investment Advice and
- Discretionary 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 and
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

Other Services

- Collective portfolio management and
- Fund Administration (non-regulated service)

Regulatory Framework

The information contained within this report has been prepared in accordance with the Part SIX of the European Regulation (EU) No. 2019/2033 (hereinafter named “the Regulation”) and the relevant requirements of the Directive (EU) 2019/2034 that transposed into national legislation.

The Company according to the conditions on Article 12 of the Regulation is classified as a Class 2 investment firm.

This report has been prepared by the Risk Manager of the Company and has been reviewed by the Board. While it is recommended to read this report in conjunction with the audited financial statements of the Company for the year ended 31 December 2021 the disclosures are prepared as a stand-alone document. The said disclosures are referred to as the “Pillar III Disclosures”.

Pillar III Disclosures focus on transparency and relates to the obligation of investment firms to publicly disclose information with respect to the Company’s capital and risk management structure, remuneration policies and policies and procedures in managing risks.

Disclosure Policy

This Report is prepared annually and is available electronically on our website (www.emergowealth.net). According to Article 46 of the European Regulation (EU) No. 2019/2033, the Pillar III disclosures shall be published at least on an annual basis and in conjunction with the date of publication of the financial statements. A hard copy of this Report is available upon request.

The information disclosed in the Report is presented in Euro (“€”).

Risk Management Objectives & Policies

Risk management is a process involving the identification of exposures to risk, the establishment of appropriate ranges for exposures (based on the Company’s objectives and constrains), the continuous measurement of these exposures and the execution of appropriate adjustments whenever exposure levels fall outside of these target ranges. The Company has established an effective risk oversight structure and the necessary internal organizational controls to ensure that the Company identifies and manages its risks adequately. The practices and processes applied by the Company regarding risk management are documented in the Risk Management Framework (hereinafter named “RMF”). The roles, responsibilities, and expectations for specific tasks regarding RMF are outlined in the Risk Management Policy (hereinafter named “RMP”).

The main risks that the Company was exposed during the reporting period were, Operational, Business and Strategic Risks. Further elaboration to the Company’s risk exposures and strategies to mitigate these risks can be found on the following pages.

Overall, the aggregate risk profile of the Company based on all the risks identified and measured for the year 2021 was ***Low***. The risks faced during the reporting year by the Company were well managed overall, within their respective departments while, the risk management function did not point out any major incidents where losses materialized from deficiencies in the risk management process.

Governance

The principal responsibilities of the Board, the Senior Management, the Risk Manager, and the Internal Auditor 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 Auditors evaluate the adequacy and effectiveness of the Company's internal control systems, policies, and procedures with respect to risk management and

- 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 as well as complying and implementing the provisions of the Law.

Considering the nature, scale and complexity of its structure, the Company does not discriminate towards staff based on gender, race, colour, ethnic or social origin, genetic features, languages, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation.

Furthermore, the policies maintained by the Company are gender neutral. This includes, but is not limited to, remuneration, recruitment policies, career development and succession plans, access to training and the ability to apply for internal vacancies.

Moreover, the Risk Manager is responsible for making recommendations and 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; adopting effective mechanisms and processes to manage the risks that the Company is exposed;

II. Monitoring the adequacy and effectiveness of the risk management policies and procedures, and the level of compliance while also, the effectiveness of measures taken to tackle the deficiencies;

III. Training the personnel of the company on risk related issues and

IV. Drafting written reports to the Senior Management and Board, making recommendations, and indicating whether appropriate remedial measures have been taken in the event of any deficiency.

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.

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

- Internal Audit;

- Compliance Officer (including the AML and Terrorist Financing) and

– Accounting and Finance.

Roles and Responsibilities

Board of Directors

The Board has the overall responsibility for the establishment and oversight of the Company's RMF and RMP. The purpose of both, is to provide a clearly defined and well documented risk management strategy that sets the Company's risk management objectives, principles, overall risk appetite and responsibilities across the company's staff. All procedures and rules, as required by CySEC, are approved by the Board.

Number of directorships held by members of the Board:

Name	Executive/ Non-Executive (Position within Company)	Directorships – Executive	Directorships – Non-Executive
Michael Hadjihannas	Executive Director (Managing Director)	1	0
Panayiotis Mavromichalis	Executive Director (Head of European Markets)	1	0
Mike F. Balm	Non – Executive Director	1	1
Alfred Hendrikus Balm	Non - Executive Director	1	1
Andreas Savvides	Non - Executive Director	1	1*
Yiannis Soteriou	Non - Executive Director	1	2

*Mr. Andreas Savvides was also a Non-Executive Director at another company but resigned in January 2021.

Risk Committee

The Risk Committee (hereinafter named "RC") 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:

V. Forming Company's policy with respect the setting of limits and the terms for undertaking risks;

VI. Operates independently and is responsible for implementing the Risk Management policy;

VII. Ensuring that the Company has sufficient capital and reserves to support the risks undertaken and

VIII. Confirming the adequacy of the limits set for the undertaking of risks.

The RC related actions during the reporting year, included amongst others the following:

– Update of the Company's RMF and RMP;

– Implementation of the new prudential regime IFR/IFD;

- Update and implementation of the ICAAP including a Risk Register and
- Action plan for the upcoming year, 2022, taking into consideration the recommendation of Internal Auditor and Compliance Officer.

The RC was convened on a quarterly basis during the year of 2021.

Internal Audit

The Internal Audit function is independent from any other units of the Company and reports directly to the Board. 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 FAI Limited.

Legal and Compliance Officer

The Legal and 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 specific Officer reports to the Managing Director of the Company and thereafter to the Company's Board.

The duties of the Compliance Officer include amongst others the following:

- Supervising staff and activities with the aim of monitoring the adherence to the legislative framework that governs the Company, the identification of possible discrepancy from the applicable procedures and rules and the undertaking of proper measures for the prevention of errors;
- Continuously supervising and evaluating the compliance mechanism and the presentation of proposals for the improvement of their effectiveness to the Board;
- Monitoring the AML procedures and receiving information regarding suspicious transactions and
- Drafting and updating company documentation (IOM, AML manual etc.) so that they reflect all obligations of the Company under the applicable legislation and communicating these to staff, notifying them of any changes to their responsibilities.

Accounting and Finance

The Accounting and Finance function plays a key role in the Company complying with its financial reporting obligations. The specific 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 Ltd and approved by the Board for approval. The approved financial statements are put before the shareholders of the Company at the annual General Meeting.

Own Funds Requirements & Capital Ratios

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) is deducted when deriving Tier 1 Capital.

As at 31st of December 2021, the Company's eligible Own Funds consisted of the following. The Company deducts from its Own Funds the balance with the Investors Compensation Fund amounting to € 56,229 and any Intangible Assets with a net book value of € 200,090 as at the reporting date.

Own Funds

	31 Dec 2021 (€'000)
Additional Capital Contribution	2,846
Share Capital	200
Retained Earnings	-2,185
Current Year Losses	-342
Total Equity	**519**
Investors Compensation Fund	-56
Intangible Assets	-200
CET1 Capital	**263**
Additional T1 Capital	-
Tier 1 Capital	**263**
Tier 2 Capital	**-**
Own Funds	**263**

Detailed composition of regulatory Own Funds according to Article 49 (a) and (c) of the Regulation is provided in the Appendix.

According to Article 11 of the Regulation, Class 2 investment firms Total Capital Requirements is the highest of the following:

- K-factor Requirements;
- Fixed Overhead Requirements and
- Permanent Minimum Capital Requirements.

At all times the Company shall have Own Funds which amount at least to the Total Capital Requirements.

As at 31st of December 2021, the Company's capital requirements based on the K-factor methodology was the following.

K-factor Requirements

K-factor (Risk to Client)	31 Dec 2021 (€ '000) K-factor Requirement
K-AUM	16.41
K-CMH (on segregated accounts)	1.44
K-CMH (on non-segregated accounts)	0
K-ASA	0.15
K-COH cash trades	0
K-COH derivatives	0
Total K-factor Capital Requirement	**18**

The Company's K-factor requirement is equal with only the Risk to Client proxies, Risk to Market and Risk to Firm are excluded from the calculation.

As at 31st of December 2021, the Company's capital requirements based on the Fixed Overheads was the following.

Fixed Overhead Requirements

	31 Dec 2021 (€ '000)
Total expenses of the previous year after distribution of profits	**1,164**
Total Deductions	**-124**

Other discretionary payments of profits and variable remuneration	-2
Shared commission and fees payable	-2
Non-recurring expenses from non-ordinary activities	-120
Annual Fixed Overheads of the previous year after distribution of profits	**1,040**
Fixed Overhead Requirements (25%* Annual Fixed Overheads)	**260**

CIF's that are classified as Class 2 according to Article 13 of the Regulation shall maintain sufficient capital to cover one quarter of the fixed overheads of the preceding year.

Total Capital Requirements

	31 Dec 2021 (€ '000)
K-Factor Requirements	18
Fixed Overheads Requirements	260
Permanent Minimum Capital Requirements	150
Total Capital Requirements	**260**

As of 31st December 2021, the Company was compliant with the CET1 Capital ratio, T1 Capital ratio and Total Capital ratio as per the Article 9 (1) of the Regulation. The Company's regulatory capital is analyzed as follows.

Capital Ratios

31 Dec 2021

	Capital Limits	**Capital Ratios**
CET1 Capital ratio	56%	**101.15%**
Tier 1 Capital Ratio	75%	**101.15%**
Total Capital Ratio	100%	**101.15%**

Risk Exposures and Risk Mitigation Strategies

Credit Risk

Credit Risk may arise by failure of the counterparties to discharge their obligations as a result to reduce the amount of future cash inflows from financial assets on hand at the reporting date. Credit Risk arises principally from the Company's cash in banks and trade receivables from clients. Trade receivables are shown net of any provision made for impairment.

The Company amongst others applies the following policies and strategies to mitigate Credit Risk regarding its financial activities:

- Ensures cash balances are held with licensed financial institutions and retains policies to limit the amount of credit exposure to any financial institution;
- Monitors credit ratings by nominated ECAI external agencies and ratios such as, CET1 ratio, Reserves for Loan Losses, Liquidity Coverage ratio which state financial strength;
- Applies the method of diversification by splitting its cash reserves in multiple financial institutions and
- Utilizes stress tests that examine multiple scenarios of downgrade and default of financial institutions.

Also, the Company amongst others employs the below policies and strategies to minimize its exposure to Credit Risk from its operating activities:

- Monitors all contracts under Brokerage services;
- Requires that all clients' funds are cleared before providing the services of discretionary Portfolio Management or Brokerage;
- Ensures that sales of appropriate and suitable products and services are made to clients with sufficient experience, knowledge, and capital and
- Monitors all trade receivables occurred by Investment Advice services by preparing debtors ageing report on a monthly basis and follow up for collection if deemed necessary.

Market Risk

I. Equity Price Risk

Equity Price Risk is the risk that may arise from volatility in security prices from general market risk which is the sensitivity of the price of the security to changes in broad market indices and specific risk which is the sensitivity of the price of a security due to security specific factor.

As of the date of this report the Company had no direct exposure to security prices.

II. Foreign Exchange Risk

Foreign Exchange Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. This risk may arise when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's reporting currency, the Euro.

As of the date of this report the Company had no exposure to deposits or any other financial instruments denominated in a foreign currency and all its income and expenses was denominated in Euro.

III. 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.

As of the date of this report the Company had no significant interest-bearing financial assets or liabilities however, the management body continuously monitors the interest rate fluctuations.

Operational Risk

Operational Risk is the risk of loss arising from fraud, unauthorized 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 Auditor of the Company and by continuous monitoring of incidents to ensure that past failures are not repeated. The Company's IOM outlines the policies and procedures to be followed by its employees, and the reporting lines are in place for the functions and responsibilities of each department in order to minimize this risk in the greatest level.

In the reporting year, the Company's main Operational Risks was Computer Systems (Technology) Risk and Cyber Risk.

The Company amongst others applies the following policies and strategies to control the risk of Computer Systems (Technology):

- An in-house Software Development department that supports both internal and external systems;
- Internal monitoring software that monitors the key components of disk space, CPU utilization, memory etc. regarding hardware;
- An internally developed data storage and processing system where all important information in respect to investors are stored while, important daily operations in respect to the investment services provided are executed;
- External data storage systems (i.e., Azure and AWS cloud) where daily back-ups of the data stored on the internal data storage system and on the Point-9 are processed;
- An adequate server that allows scale up and consolidate of workloads on a fewer number of instances and

- A sufficient Disaster Recovery Plan that includes the emergency plans of hardware failure resulting in loss of internet connectivity and general power outage.

Also, the Company amongst others applies the below policies and strategies to avoid arise of Cyber Risk:

- An external IT consultant with full desk support;

- A comprehensive Cyber Risk management program that is designed to ensure information and system availability, user authentication and validation, and non-repudiation;

- Two step verification (e.g., Azure B2C authenticator) process for staff to access server and other IT systems and investors to log-in on the trading platform;

- Segment networks that ensure authorized staff to view and edit certain information;

- A strong risk culture to Cyber Risk by providing on annual basis training seminars in respect to internet security and phishing threats to the staff;

- All software is updated on an on-going basis to reduce the probability of cyber-attacks and

- A sufficient Disaster Recovery Plan that includes the emergency plan in the event of virus outbreak.

Other Risks

I. Liquidity Risk

Liquidity Risk may arise if the Company is not capable to meet its financial obligations when they arise and when the maturity of assets and liabilities do not match.

The Company amongst others applies the following policies and strategies to avoid any liquidity drainage:

- Monitors its liquidity ratios on ongoing basis to ensure that it always have sufficient liquidity to meet its liabilities when they are due;

- Maintains the policy to retain adequate liquidity and contingent liquidity under both normal and stressed conditions;

- Ensures to have sufficient cash reserves to meet expected operation expenses and

- Reviews on a monthly basis a global Economic and Political analysis in order to be informed of market changes and be prepared to any market liquidity drainage.

As of 31st December 2021, the Company was complaint with its liquidity requirements, to hold an amount of liquid assets equivalent to at least one third of its Fixed Overhead Requirements calculated in accordance with Article 13(I) of the Regulation.

Liquidity Requirements

	31 Dec 2021 (€ ‘000)
Liquidity Requirements	**87**
Unencumbered short-term Deposits	184
Total Eligible Receivables due within 30-days	83
Total Liquid Assets Requirements	**267**

II. Legal & Regulatory Risk

Legal and Regulatory Risk may arise from potential litigation which can create uncertainty for the Company and uncertainty surrounding actions by a governmental entity.

The Company amongst others imposes the following policies and strategies to control Legal & Regulatory Risk:

- A full time Compliance Officer that ensures adherence with all applicable local, European and third country regulations, directives, and circulars;
- Engaged, on a contract basis, the services of a reputational lawyer in financial and corporate matters, specialized, not only in jurisdiction of the Republic of Cyprus, but also in jurisdictions of other countries, to act as the Company’s legal advisor;
- The management consists of individuals of suitable professional experience, ethos, and integrity and
- Maintains a civil liability insurance.

III. Business Risk

Business Risk may arise due to variability of inputs that influence either revenues or cost structures due to unfavorable conditions in the business environment.

The Company amongst others applies the below policies and strategies to control Business Risk:

- Research on upcoming changes in the industry, business sentiment, general market activity targeting and regulations;
- Continues development of its business by introducing new services and products;
- Dynamic corporate environment and systems that provide the flexibility to adapt any changes on the business environment and
- Ongoing communication with regulatory bodies regarding new regulatory and publications of new guidelines.

IV. Strategic Risk

Strategic Risk may arise from adverse strategic business planning, decisions and improper implementation of decisions or lack of responsiveness to changes in the business environment or political and economic uncertainty in the regions which it operates.

The Company amongst others applies the following policies and strategies to reduce exposure to Strategic Risk:

- Continuous monitoring of the strategic direction by the Board and Senior Management ensuring that business plan is in line, taking into consideration objectives, political and economic conditions, and update budgets accordingly;

- Prior approval of the Board to initiate any projects that might have an impact to the short- and long-term business plans;

- Reports with milestones and other goals achieved/ not achieved are regularly submitted to the Board and

- Assessments of strategic decisions implications on risk-based measures and risk-based capital (RAROC) are implemented.

V. Reputation Risk

Reputation Risk may arise due to either loss of confidence in the firm's financial soundness or a perception of a lack of fair dealing with stakeholders. This risk is often one of the outcomes of experiencing a loss in another risk category.

The Company amongst others imposes the following policies and strategies to avoid arise of Reputation Risk:

- Adhered to all applicable laws and regulations and responsive to market changes including changes of regulatory nature;

- Policies and procedures including the Company's 'Code of Business Conduct' and 'Code of Ethics' are updated and adhered in order to secure integrity and good business practices according to market and regulatory changes;

- Internal controls are in place by the Board, Internal Auditor and Compliance Officer and

- Board is composed by high caliber professionals who are recognized in the industry for their knowledge, experience, and integrity.

Remuneration Policy & Practices

During 2021, 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 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 considered its size, internal organization and the nature, scope and 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 level, while the remuneration policy is periodically reviewed.

The Company, when formulating its Remuneration Policy and particularly for those categories of staff whose professional activities have a material impact on the Company's risk profile, takes into consideration gender neutrality in the sense that remuneration is calculated based on various factors other than gender. As such the Company takes into consideration gender pay gap and takes the appropriate measures to adopt equal remuneration standards.

The total remuneration of the Company's staff consisted of only fixed remuneration during the reporting year; no variable remuneration was employed mainly to avoid situations of excessive risk taking. However, the Company retains provisions for fixed and variable remuneration, where the two 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 remuneration 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 considered 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, 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 of Management

Categorization	No. of Staff	Annual Fixed Remuneration (€)
Executive Directors	2	195,617
Non - Executive Directors	3	12,850
Senior Management	4	144,316
Other Staff	18	439,359
Total	**27**	**792,142**

Remuneration broken down by Business Area

Categorization	No. of Staff	Annual Fixed Remuneration (€)
Risk Management	2	127,186
Brokerage	1	37,534
Investment Advice	1	20,553
Portfolio Management	3	119,945
Finance	6	143,005
Other	11	331,070
Total	**24**	**779,293**

**Note: Remuneration figures are for the year end, December 2021 and include employer's contributions paid by the Company for the year ended 31 December 2021.*

Investment Policy

As per Article 52 of the Regulation, Class 2 investment firms shall disclose the information of Article 52(a) – (d) regarding their Investment Policy. The Company is exempt from the requirement of disclosing in regards to its Investment Policy since, neither of the thresholds specified on the Regulation for the application of this disclosing requirement are exceeded.

The two materiality thresholds are as follow:

I. Investment firms with on- and off-balance-sheet assets on average greater than €100 million over the four-year period immediately preceding a given financial year and

II. Investment firms whose shares are admitted to trading on a regulated market and in which the proportion of voting rights exceeds 5 % of all voting rights issued by the company are considered relevant for disclosure.

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 regarding the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid, minimize or eliminate loss.

Board Risk Statement

The Company's strategic objective is to provide to its customers the financial services and the financial instruments and have the clients' loyalty and trust.

The Company operates with a strong customer focus and provides a variety of financial instruments aiming to deliver value to its clients' investments. 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 the level of risk tolerance, where applicable. The Company's strategy is pursued within a defined Risk Appetite.

Appendix

Composition of Regulatory Own Funds

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	**OWN FUNDS**	263	Total equity less Intangible and ICF
2	**TIER 1 CAPITAL**	263	Total equity less Intangible and ICF
3	**COMMON EQUITY TIER 1 CAPITAL**	263	Total equity less Intangible and ICF
4	Fully paid up capital instruments	2955	Share capital plus the contributions from shareholder
5	Share premium	0	
6	Retained earnings	-2527	Accumulated losses
7	Accumulated other comprehensive income	0	
8	Other reserves	91	Contributions from shareholder
9	Minority interest given recognition in CET1 capital	0	
10	Adjustments to CET1 due to prudential filters	0	
11	Other funds	0	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-256	Intangible assets plus ICF (Non-current Assets)
13	(-) Own CET1 instruments	0	
14	(-) Direct holdings of CET1 instruments	0	
15	(-) Indirect holdings of CET1 instruments	0	
16	(-) Synthetic holdings of CET1 instruments	0	
17	(-) Losses for the current financial year	0	
18	(-) Goodwill	0	
19	(-) Other intangible assets	-200	Non-current assets-Intangible assets
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	0	
22	(-) Total qualifying holdings in undertaking other than financial sector entities which	0	
23	(-) CET1 instruments of financial sector entites where the institution does not have a	0	
24	(-) CET1 instruments of financial sector entities where the institution has a significant	0	
25	(-)Defined benefit pension fund assets	0	
26	(-) Other deductions	-56	Non current assets-Balance with Investors Compensation fund (ICF)
27	CET1: Other capital elements, deductions and adjustments	0	
28	**ADDITIONAL TIER 1 CAPITAL**	0	
29	Fully paid up, directly issued capital instruments	0	
30	Share premium	0	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
32	(-) Own AT1 instruments	0	
33	(-) Direct holdings of AT1 instruments	0	
34	(-) Indirect holdings of AT1 instruments	0	
35	(-) Synthetic holdings of AT1 instruments	0	
36	(-) AT1 instruments of financial sector entities where the institution does not have a	0	
37	(-) AT1 instruments of financial sector entities where the institution has a significant	0	
38	(-) Other deductions	0	
39	Additional Tier 1: Other capital elements, deductions and adjustments	0	
40	**TIER 2 CAPITAL**	0	
41	Fully paid up, directly issued capital instruments	0	
42	Share premium	0	
43	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
44	(-) Own T2 instruments	0	
45	(-) Direct holdings of T2 instruments	0	
46	(-) Indirect holdings of T2 instruments	0	
47	(-) Synthetic holdings of T2 instruments	0	
48	(-) T2 instruments of financial sector entities where the institution does not have a	0	
49	(-) T2 instruments of financial sector entities where the institution has a significant	0	
50	Tier 2: Other capital elements, deductions and adjustments	0	

Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Equipment	29,166.00	29,166.00	
2	Intagible assets	200,090.00	-	Ref 19
3	Right of use asset	407,128.00	407,128.00	
4	Balance with Investors Compensation Fund	56,228.00	-	Ref 26
5	Trade & other receivables	111,231.00	111,231.00	
6	Cash at bank	183,816.00	183,816.00	
7	**Total Assets**	987,659.00	731,341.00	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/auditied financial statements*				
1	Lease liabilities	416,849.00	416,849.00	
2	Trade & other payables	51,803.00	51,803.00	
3	**Total Liabilities**	468,652.00	468,652.00	
Shareholders' Equity				
1	Share capital	200,000.00	200,000.00	Ref 4 & Ref 8
2	Contribution from shareholder	2,846,137.00	2,846,137.00	
3	Accumulates losses	(2,527,130.00)	(2,527,130.00)	Ref 6
4	**Total Shareholders' equity**	519,007.00	519,007.00	

Own Funds: Main Features of Own Instruments issued by the Firm

		a
		Own shares
1	Issuer	Emergo Wealth Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR3.046.137
7	Nominal amount of instrument	EUR200.000
8	Issue price	EUR200.000
9	Redemption price	N/A
10	Accounting classification	shareholders' equity
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	no maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the intrument (signposting)	N/A

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