

**Pillar III Disclosures and Market Discipline
for the year ended 31 December 2020**

Abris-Cee Holdings Ltd

June 2021

Regulated by the Cyprus Securities and Exchange Commission (License. No. 389/20)

Based on the Company's CIF authorization the Company is exempted from Regulation (EU) No 575/2013. Therefore, this report has been prepared based on the Audited Financial Statements for the year ending 31 December 2020, to the extent applicable, and under Directive DI144-2014-14 and DI144-2014-15 of the Cyprus Securities & Exchange Commission for the prudential supervision of investment firms and Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, where relevant to the Company.

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1 Introduction

1.1 Corporate information

These disclosures relate to Abris-Cee Holdings Ltd (the “Company”), which is authorized and regulated by the Cyprus Securities and Exchange Commission (the Commission” or “CySEC”) as a Cyprus Investment Firm (“CIF”) to offer Investment and Ancillary Services in accordance to the Investment Services and Activities and Regulated Markets Law of 2017 (hereinafter, the “Law”), under license number 389/20 dated 27 July 2020.

The Company has the license to provide the following investment services, in the financial instruments outlined below. It is noted that the CIF is not authorized to provide any ancillary services and most notably it is not authorized to safeguard and administer client money and client assets. Based on the Company’s CIF authorization (number 389/20) the Company **is exempted** from Regulation (EU) No 575/2013. This report is therefore prepared in order to follow best practices and to promote transparency. The disclosure requirements which do not apply to the CIF are not incorporated in this report.

Investment Services and Activities:

- (a) Provision of investment advice.

Financial Instruments:

- 1) Transferable securities;
- 2) Money-market instruments;
- 3) Units in collective investment undertakings;
- 4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- 5) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- 6) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF) or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- 7) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in point 6 of Part III of First Appendix of the Law and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls;
- 8) Derivative instruments for the transfer of credit risk;
- 10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as

any other derivative contract relating to assets, rights, obligations and measures not otherwise mentioned in this of Part III of First Appendix of the Law, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF.

1.2 Basis of preparation

The current EU Capital Requirements Directive 2013/36/EU and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “Regulation” or “CRR”), collectively known as CRD IV, set out the regulatory framework (commonly known as Basel III) that governs the amount of capital EU investment firms and banks are required to maintain. This is achieved through the application of common capital adequacy methodologies and by enforcing standardized disclosure requirements that ensure transparency and enable the comparability of solvency results across the EU.

The Basel III framework is based on three mutually re-enforcing Pillars:

- Pillar I set out the minimum capital requirements firms are required to meet;
- Pillar II requires firms to assess their capital requirements in light of any specific risks not captured in the Pillar I calculations. The main principle of Pillar II is that firms should have an internal process in place for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels. As the Company obtained its license to provide the following investment and ancillary services on 27 July 2020, the Company performed an Internal Capital Adequacy Assessment Process; and
- Pillar III seeks to improve market discipline by requiring firms to publicly disclose required information in relation to their risks exposures, capital, risk management and assessment processes, and hence capital adequacy of institutions.

The CRD IV are transposed and implemented into local legislation through Directives DI144-2014-14 and DI144-2014-14(A) for the prudential supervision of Investment Firms, and DI144-2014-15 on the discretion of the Commission arising from CRR, issued by CySEC and entered into force on 19 December 2014.

The Company prepared these disclosures (hereinafter the “Pillar III disclosures”) demonstrating the successful implementation of the prudential provisions and its compliance with the current legislature.

The Disclosures have been prepared in accordance with the following and to the extent applicable to the capital requirements of the Company:

- Part Eight of the CRR;
- Regulation 1423/2013 with regard to disclosure of own funds

The information provided in these Disclosures is based on procedures followed by the Management to identify and manage risks for the year ended 31 December 2020 and on reports submitted to CySEC for the said year.

1.3 Reporting Frequency and Means of Disclosure

The Company's policy is to publish the disclosures required on an annual basis. Should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements, the frequency of disclosure will be reviewed.

This report is published and will be available on the Company's website at <http://abris-cee.com>

1.4 Verification of Disclosures

The Company's Pillar III disclosures are subject to internal review and validation prior to being submitted to the Board of Directors (the "Board") for approval, even though the Company has yet to adopt a formal policy to comply with the disclosure requirements laid down in Part Eight of the CRR for the assessment of the appropriateness of the Disclosures, including their verification and frequency, in accordance with CRR Article 431(3).

The Company's Pillar III disclosures have been reviewed and approved by the Board. In addition, the Remuneration disclosures as detailed in Section 6 of this document have been reviewed by the Board which has responsibility of the Remuneration Policy in the absence of a Remuneration Committee.

1.5 Reporting details

The Company reports on a Solo basis and the reporting currency is EUR.

1.6 Return on Assets

The Company's return on assets (ROA) for financial year ending 31 December 2020 was 7.73%.

1.7 Non-Material, Proprietary or Confidential Information

This document has been prepared to satisfy the Pillar III disclosure requirements set out in the CRR. Part Eight of the CRR. In particular, article 432 of Regulation (EU) No 575/2013 provides that institutions may omit one or more of the disclosures required in Part Eight of that Regulation if the information provided by such disclosures is not regarded as material or as proprietary or confidential, except for the disclosures on management board diversity policy, disclosures on own funds and disclosures on remuneration policy. Where such omission is applicable for an institution, that institution shall state that fact, the reason for non-disclosure and shall publish more general information about the subject matter of the disclosure requirement, except where these are to be classified as proprietary or confidential.

1.8 COVID-19 Pandemic

The rapid development of COVID-19 outbreak resulted in the world entering in a period of unprecedented health care crisis, causing significant disruption to business and economic activity.

It is an emerging risk that the Company is monitoring closely and assesses the range of possible impacts and will continue to respond to the situation as it evolves.

The Management of the Company has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Company and has concluded that COVID-19 did not negatively affect the Company in terms of operations, liquidity and profitability. Overall, the Management considers that the effects of the COVID-19 pandemic to date have been minimal to date, however it continues to monitor the impact that the COVID-19 pandemic may have to the Company, to the private equity industry and the economies in which it operates. The Management does not consider the COVID-19 pandemic to have a material direct financial impact on the Company. The Company will continue to monitor the situation closely and assess additional measures, if deemed necessary.

2 Governance Arrangements

2.1 Board of Directors

The Board has overall responsibility for the business. It sets the strategic aims for the business, in line with delegated authority from the shareholder and in some circumstances subject to shareholder approval, within a control framework, which is designed to enable risk to be assessed and managed. The Board satisfies itself that financial controls and systems of risk management are robust.

The Board of Directors, as at the date of these Disclosures, consists of two (2) executive and four (4) non-executive members, of which the three (3) are also independent. The Chairman of the Board is one of the Non-Executive Directors of the Company.

Table 1: Board of Directors structure

Full name of Director	Position/Title	Capacity	Country
George Christofides	Chief Executive Officer	Executive	Cyprus
Neil Milne	General Manager	Executive	Cyprus
Pawel Gierynski	Non-Executive Director	Non-Executive	Poland
Savvas Orphanides	Independent Non-Exec. Director	Non-Executive	Cyprus
Tassos Anastasiou	Independent Non-Exec. Director	Non-Executive	UK
Constantinos Chiotis	Independent Non-Exec. Director	Non-Executive	Cyprus

2.1.1 Board of Directors responsibilities

The Board shall be responsible for ensuring that the Company complies with its obligations under the Law. The Board assesses and periodically reviews the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under the Law and takes appropriate measures to address any deficiencies. In general, the Board shall:

- a) act within their powers;
- b) exercise independent judgment;
- c) exercise reasonable care, skill and diligence;
- d) avoid conflicts of interest;
- e) review and evaluate the work carried out by the Internal Auditor;
- f) discuss internal audit issues and adopt strategies to improve the operation of the internal audit mechanism;
- g) determine the remuneration of staff, senior management and Directors of the Company;
- h) approve the terms of reference of the company's committees;
- i) approve the annual budget and monitor the quarterly and yearly performance of the company;
- j) determines, record and approve the general policy principles in relation to the prevention of money laundering and terrorist financing and communicate them to the compliance officer;
- k) appoint a compliance officer and, where is necessary, assistant compliance officers and

determine their duties and responsibilities;

- l) approve the risk management and procedures manual; and
- m) Initiate, design and approve the Company's Internal Capital Adequacy Assessment Process (the "ICAAP").

Particularly, the Board shall ensure that it receives on a frequent basis, and at least annually, written reports regarding Internal Audit, Compliance, Anti-Money Laundering & Terrorist Financing, Risk Management and ICAAP issues, indicating, in particular, whether the appropriate remedial measures have been taken in the event of any deficiencies.

The executive directors take part in the operation of the Company and, as appropriate, in the provision of investment or ancillary services. The Non-Executive (Independent) Directors monitor the operations of the Company through their participation in the various meetings of the Board, and will also request and be granted access to, as necessary, information and reports from the management of the Company.

2.1.2 Board of Directors meetings and quorum

The Company's BoD shall meet annually to determine the Company's business strategy and at least once a year to discuss issues relating to internal audit, risk and compliance. The BoD may also meet at any other time on an ad-hoc basis as needed to discuss and approve any other issues that may require its review and approval.

The agenda must be prepared by the executive members and distributed to the Board no less than three (3) working days prior to each meeting. The agenda must include any item that needs to be discussed by the Board. The Secretary shall keep minutes, which shall be distributed to Board members not later than three (3) working days after each meeting.

All matters brought to the attention of the Board shall be resolved by a simple majority of votes. In the event of equality of votes, the decision shall be deemed taken if the Chairman approves such a decision. It is always agreed that the quorum for a BoD Meeting shall be two (2) directors.

2.1.3 Number of Directorships held by the Board members

According to Article 435(2a) of the CRR, companies shall disclose, at least on an annual basis, the number of directorships held by the members of the management body. In accordance with Section 9 of the Law, the number of directorships which may be held by a member of the board of directors of a CIF that is significant in terms of its size, internal organization and in terms of the nature, the scope and the complexity of its activities, shall not hold more than one of the following combinations of directorships at the same time:

- (a) one executive directorship with two non-executive directorships;
- (b) four non-executive directorships.

Executive or non-executive directorships held within the same group shall count as a single directorship, as per the provisions of the Investment Services Law

Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit making or charitable organizations, are not taken into account for the purposes of the below. In addition, the below directorships have been assessed by the Commission having taken into consideration the size and complexity of each company and for each directorship undertaken.

The table below provides the number of directorships that each member of the management body of the Company holds at the same time in other entities, including the one in Abris-Cee Holdings Ltd:

Table 2: Directorships of Board Members

Full name of Director	Position/Title	Executive	Non-Executive
George Christofides	Chief Executive Officer	1	4
Neil Milne	General Manager	1	3
Pawel Gierynski	Non-Executive Director	0	1
Savvas Orphanides	Independent Non-Exec. Director	1	6
Tassos Anastasiou	Independent Non-Exec. Director	0	2
Constantinos Chiotis	Independent Non-Exec. Director	1	2

2.2 Board recruitment and Diversity policy

Recruitment of Board members combines an assessment of both technical capability and competency skills referenced against the Company's regulatory and operational framework.

The persons proposed for appointment to the Board should commit the necessary time and effort to fulfill their obligations. Prior to their appointment the proposed persons should obtain the approval of the Commission.

All organizational units of the Company shall be staffed by competent people. During the executive hiring process, special attention shall be given to the following:

- Morality and reliability (character) of the person;
- Academic qualifications;
- Professional experience;
- Possession of certificates of professional competence, where applicable;
- His/her potential to contribute to the business development of the Company's projects.

The Company promotes Diversity on its management body, in order to promote a diverse pool of Members. The Company's recruitment policy aims to engage a broad set of qualities and competences when recruiting Members, to achieve a variety of views and experiences and facilitate independent opinions and sound decision-making within the management. In this respect, when appointing Members, the Company is not influenced by the Member's educational and professional background, gender, age or geographical provenance.

Therefore, for the Company a diverse Board would effectively consist of Directors with a balanced set of different skills, experiences, background, race and gender. The Law requires institutions to set a target for the representation of the underrepresented gender in the BoD and the preparation

of a policy on how to increase the number of the underrepresented gender in the BoD to achieve this target. The target, policy and their implementation shall be made public. At the date of these Disclosures, the BoD has yet to set the above required policy and aspires towards a diverse board composition.

2.3 Governance Committees

The Company has not formed any governance committees since the current scale and complexity of its operations does not require such level of elaborate governance oversight to adequately monitor its operational effectiveness and its potential risks.

2.4 Information flow on risk to the Board

The flow of risk-related information to the management body of the Company, is presented in the table below:

Table 3: Information flow on risk to Board

No.	Report Description	Responsible Officer	Frequency
1	Risk Management Report	Risk Manager	Annually
2	Pillar I (CySEC Form 10)	Risk Manager	Annually
3	Pillar 3 Disclosures	Risk Manager	Annually
4	Escalation of key risk (when applicable)	Risk Manager	Ad hoc
5	Internal Audit Report	Internal Auditor	Annually
6	Compliance Report	Compliance Officer	Annually
7	AMLCO Report	AMLCO	Annually
8	Suspicious transactions involving money laundering and terrorist financing	AMLCO	Ad hoc

3 Risk Management Objectives and Policies

3.1 Approach to Risk Management

There is a formal structure for monitoring and managing risks across the Company comprising of detailed risk management frameworks (including policies and supporting documentation) and independent governance and oversight of risk.

First line of defence - Managers are responsible for establishing an effective control framework within their area of operations and identifying and controlling all risks so that they are operating within the organizational risk appetite and are fully compliant with the Company's policies and where appropriate defined thresholds.

Second line of defence - the Risk Management and the Compliance Functions is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite and for devising the suite of policies necessary to control the business including the overarching framework and for independently monitoring the risk profile, providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist the Company's Management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise wide risks and make recommendations to address them.

Third line of defence comprises the Internal Audit Function which is responsible for providing assurance to the Board and senior management on the adequacy of design and operational effectiveness of the systems of internal controls.

3.2 Risk Appetite

Risk Appetite limits the risks which the business can accept in pursuit of its strategic objectives, maintain its ordinary activity in the scenario of unexpected events that could have negative impact on the Company's level of capital, maintain acceptable levels of profitability and return and ensure long term viability and going concern. Risk appetite is defined as the maximum level of risk the Company can assume in both normal and distressed situations before breaching regulatory constraints and its obligations to stakeholders.

Risk Appetite is formally reviewed annually and is monitored on an ongoing basis for adherence. The Company's strategy, business plan and capital and liquidity plans are set with reference to the Company's Risk Appetite. The Board approves the Company's Risk Appetite, which defines the level of risk that the Company is prepared to accept to achieve its strategic objectives and is translated into specific risk measures that are tracked, monitored and reported to the Board. The Risk Appetite framework has been designed to create clear links to the strategic long-term plan, capital planning, stress testing and the Company's risk management framework. The review and approval process is undertaken at least annually.

The Company's Risk Appetite covers three (3) core areas, being financial risk, reputational risk and operational risk. The risk appetite measures are integrated into decision making, monitoring and reporting processes, with early warning trigger levels set to drive any required corrective action before overall tolerance levels are reached.

3.3 Risk Management Function

The Risk Management function is independent from other operational functions, possesses the necessary authority for the fulfilment of relevant duties and responsibilities, as well as direct access to the Company's Board of Directors.

The Board assumes overall responsibility for the risk management since it is responsible for the approval of The Risk Strategy & Risk Management Policy as well as approving and periodically reviewing the strategies and policies for taking up, managing, monitoring and mitigating the risks that the Company is or might be exposed to. The Board in effect employs the Risk Manager to enable the effective and efficient execution and review of the risk management process defined by the Risk Strategy & Risk Management Policy.

The Risk Management Function is solely comprised of the Risk Manager who reports directly to the Senior Management and the Board. The Risk Management function has been outsourced to a professional with specific expertise and structured to provide analysis, challenge, understanding and oversight of each of the principal risks faced by the Company. The Risk Manager is responsible for the following tasks:

- a) to establish, implement and maintain 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;
- b) to adopt effective arrangements, processes and mechanisms to manage the risks relating to the Company's activities, processes and systems, in light of that level of risk tolerance;
- c) to monitor the following:
 - i. the adequacy and effectiveness of the Company's risk management policies and procedures;
 - ii. the level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted in for managing relevant risks;
 - iii. the adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Company to comply with such arrangements, processes and mechanisms or follow such policies and procedures;
- d) to provide reports and advice to the BoD at least annually, on the adequacy of risk management policies and procedures designed to identify and manage risks relating to the Company's activities, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies; and
- e) Provision of ICAAP training to relevant employees and senior management.

3.4 Risk Management Framework

The Company' aim is to embed explicit and robust risk management practices across its entire business operations, in order to ensure that the level of risk it faces is consistent with its corporate objectives and its level of risk tolerance. This is achieved through the implementation of a comprehensive risk management framework for the identification, assessment, monitoring and

control of all relevant risks. The framework also enables the Company to continually align its business objectives against a background of changing risks and uncertainty.

The risk management framework:

- Enables the Company to proactively manage its risks in a systematic manner;
- Ensures that appropriate measures are in place to mitigate risks;
- Creates a culture of risk awareness within the Company; and
- Ensures that risk management is an integral part of the Company's decision-making process.

3.4.1 Risk Identification

The Risk Identification process provides guidance on the sources to investigate and research in order to identify new and emerging risks and sets out consistent principles, which should be applied.

Detailed information on the risk identification process followed is included in the Company's Annual Report of the Risk Management Function submitted to CySEC on an annual basis.

3.4.2 Risk Assessment

The Risk Assessment process is the means through which the Company understands and estimates the effect of risk on the business and the processes, systems and controls that mitigate those risks to an acceptable level. Detailed information on the risk assessment process followed is included in the Company's Annual Report of the Risk Management Function submitted to CySEC on an annual basis.

3.4.3 Risk monitoring and control

Based on the Risk Assessment findings and having the Risk Appetite as a benchmark the Company decides to eliminate, mitigate or tolerate the risks faced and accordingly takes appropriate actions and measures to achieve the decision being made. The actions and measures are monitored for performance and change achievement.

3.4.4 Stress Testing

Stress Testing is the process by which the Company's business plans are subjected to severe stress scenarios in order to assess the impact of those potential stresses on the Company's business including the projected capital and liquidity positions.

The Company is required to prepare and make available to the Commission upon request periodic ICAAP reports which set out future plans, their impact on capital availability and requirements and the risks to capital adequacy under potential stress scenarios.

3.5 Market Risk

Market risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial markets. The Company is not exposed and is unlikely to be exposed to such risks considering it is not licensed to trade on its own account.

3.6 Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations. 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 high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.7 Operational Risk

Operational risk is defined by the Basel Committee for Banking Supervision as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". Major sources of Operational risk include inadequate operational processes, IT security, dependence on key service providers and implementation of strategic change, fraud, human error, recruitment training and retention of staff. The Company's systems and controls are evaluated, maintained and upgraded continuously. Furthermore, the Company has a "four-eye" principle structure and board oversight ensuring the separation of power and authority regarding vital functions of the Company.

The Company has implemented an Operational risk management framework designed to ensure that Operational risks are identified, assessed, mitigated and reported in a consistent manner consisting of, inter alia, the following components:

- Reviewing risks and controls as part of the Internal Audit function; Regular review and updating of policies;
- Monitoring of the effectiveness of policies, procedures and controls by Internal Audit;
- Maintaining Risk Registers by following the risk monitoring program in order to ensure that past failures are not repeated;
- Maintaining a four-eye structure and implementing board oversight over the strategic decisions made by the heads of departments;
- Access to the Company's systems is limited and the end-users are properly authorized. The system is in a network protected by firewalls and other hardware and software intrusion security tools to block any external intruders from accessing it;
- The Company has performed due diligence on its system providers and has ensured that their service can be delivered uninterrupted. The due diligence performed covered the areas of a business continuity policy, acceptable downtime, accessibility, security features, and server location(s). The provider is a reputable software developer with years of experience in system provision for the financial industry;

- A Disaster Recovery Plan has been designed in order to be used in the event of a force majeure affecting the Company's internal systems and databases. This plan is structured around departments, with each having a set of specific responsibilities; and
- A Business Continuity Policy has been implemented which helps protect all of the Company's information databases including data, records and facilities.

In addition to its overall framework, in order to mitigate operational risks, the Company has specific processes and systems in place to focus continuously on high priority operational matters such as information security, managing business continuity and combating fraud.

3.8 Other Risks

3.8.1 Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. All liabilities are repayable on demand or payable within 30 days of the year end, however as most amounts are due to affiliated companies it is not expected that any immediate demands will be made.

3.8.2 Strategic Risk

Strategic risk corresponds to the unintended risk that can result as a by-product of planning or executing the strategy. A strategy is a long-term plan of action designed to allow the Company to achieve its goals and aspirations. Strategic risks can arise from:

- Inadequate assessment of strategic plans;
- Improper implementation of strategic plans; and
- Unexpected changes to assumptions underlying strategic plans.

Risk considerations are a key element in the strategic decision-making process. The Company assesses the implications of strategic decisions on risk-based return measures and risk-based capital in order to optimize the risk-return profile and to take advantage of economically profitable growth opportunities as they arise.

3.8.3 Reputation Risk

Risks to the Company's reputation include the risk that an act or omission by the Company or any of its employees could result in damage to the reputation or loss of trust among its stakeholders. Every risk type has potential consequences for the Company's reputation, and therefore, effectively managing each type of risk helps reduce threats to its reputation.

The Company strives to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of the Company, which includes integrity and good business practice. The Company centrally manages certain aspects of reputation risk, for example

external communications, through functions with the appropriate expertise. It also places great emphasis on the information technology security which is one of the main causes of such reputational risk manifestation.

3.8.4 Business Risk

Business risk 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 minimize the Company's exposure to business risk. Additionally, reports from external providers are constantly reviewed. All these are analyzed and taken into consideration when implementing the Company's strategy.

The Company's Board regularly reviews the economic and market conditions and responds to any changes.

3.8.5 Regulatory non-compliance risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk.

The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

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. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are 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 minimized within acceptable limits.

3.9 Board Declaration - Adequacy of the Risk Management arrangements

The Board of Directors is ultimately responsible for the risk management framework of the Company. The risk management framework is the totality of systems, structures, policies, processes and people within the Company that identify, assess, mitigate and monitor all internal and external sources of risk that could have a material impact on the Company's operations.

The Board is responsible for reviewing the effectiveness of the Company's risk management arrangements and systems of financial and internal control. 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 and considers it has established effective risk management arrangements.

3.10 Board Risk Statement

Considering its current nature, scale and complexity of operations, the Company has developed a policy that establishes and applies processes and mechanisms that are most appropriate and effective in monitoring activities.

The aim is to promptly identify, measure, manage, report and monitor risks that interfere with the achievement of the Company's strategic, operational and financial objectives. The policy includes adjusting the risk profile in line with the Company's stated risk tolerance to respond to new threats and opportunities in order to minimize risks and optimize returns.

Risk appetite measures are integrated into decision making, monitoring and reporting processes, with early warning trigger levels set to drive any required corrective action before overall tolerance levels are reached. Risks are assessed systematically and evaluated as to the probability of a risk scenario occurring, as well as the severity of the consequences should they occur.

The following table sets out a number of key measures used to monitor the Company's risk profile:

Table 4: Key Risk Measures

Risk Area	Metrics	Comment	Measure as at 31/12/20
Capital risk	Eligible capital	The Company's objective is to maintain the initial and ongoing minimum capital requirement of €50k as defined by the Regulation and the Commission .	Eligible capital: €4,910k
Liquidity risk	Current Ratio	The Company aims to keep its Current Ratio (i.e. Current Assets/Current Liabilities) at values exceeding 1.0.	Cash Ratio: 2.13x

4 Pillar I Risks and Minimum Capital Requirements

4.1 Capital Management

The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital against regulatory requirements and has to maintain a minimum level of capital of €50,000 which is the regulatory initial capital requirement. This ultimately ensures the going concern of the Company.

The Company is further required to report on its capital adequacy on a regular basis. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a quarterly basis of Company's Management Accounts to monitor the financial and capital position of the Company.

It is underlined that in accordance to the Company's licenses, no additional capital conservation buffer nor systemic risk buffer are applicable as applicable by the Cyprus Macroprudential Authority regulations. Moreover, due to the investment services authorized to provide, the Company is exempted from maintaining any additional capital buffers (i.e., the institution-specific countercyclical capital buffer and the capital conservation buffer).

4.1.1 Capital Base

The own funds/capital base of the Company as at 31 December 2020 comprised solely of Common Equity Tier 1 (CET1), as shown in the table below.

Under the Law, Own Funds consists mainly of paid-up share capital, retained earnings less any proposed dividends, translation differences and un-audited current year losses. Current year profits are not added to own funds unless these are audited.

This following table has been prepared using the format set out in Annex IV of the 'Commission Implementing Regulation (EU) No 1423/2013', which lays down implementing technical standards on the disclosure of own funds requirements for institutions according to the Regulation. In accordance with Regulation Article 437(a) and Implementing Regulation 1424/2013, the following table provides a reconciliation between the balance sheet presented in the audited Financial Statements and the balance sheet prepared for prudential purposes. The Company's own funds as of 31 December 2020 were €4,910k.

Table 5: Composition of Capital Base

Own Funds Disclosure Template	2020 (€000)
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves	
Capital Instruments and the related share premium	
Of which: Share Capital	1
Of which: Share Premium	-
Retained Earnings	5,531
Common Equity Tier 1 (CET1) capital before regulatory adjustments	5,532
Common Equity Tier 1 (CET1) capital: regulatory adjustments	
(-) Additional deductions of CET1 Capital due to Article 90 CRR	(621)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(621)
Common Equity Tier 1 (CET1) Capital	4,910
Additional Tier 1 (AT1) Capital Instruments	-
Tier 1 Capital (T1=CET1 + AT1)	4,910
Tier 2 (T2) Capital	-
Total Capital (TC=T1+T2)	4,910

A detailed description of the main features of Common Equity Tier 1 issued by the Company is presented in Appendix I of these Disclosures.

4.1.2 Capital Requirements and Capital Adequacy

The Company's objectives when managing capital are:

- to comply with the capital requirements set by the CySEC;
- to safeguard its ability to continue as a going concern; and
- to maintain a strong capital base to support the development of its business.

The Company's policy on capital management is focused on maintaining the capital base sufficient in order to keep the confidence of customers, creditors and other market participants at satisfactory levels and to secure the future development of the Company. Capital adequacy and the use of the regulatory capital are monitored by the Company's management through its Internal Capital Adequacy Assessment Process. Based on the Company's authorization, an annual Capital Adequacy is required to be reported to CySEC on its capital adequacy. The Capital Adequacy Report is prepared on a solo basis and the reporting currency is Euro. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements.

According to the Regulation and the Law the minimum capital €50 thousand. The Company maintains only Tier 1 Capital as eligible own funds. Total eligible own funds for 31 December 2020 were €4,910k.

Publication of disclosures

According to the CySEC Directive DI144-2014-14, the information referred to in Part Eight of the CRR should be included in either the financial statements of the investment firms if these are published, or on their websites. In addition, these disclosures must be verified by the external auditors of the investment firm.. The Company has included this information on its website as it does not publish its financial statements. Although being exempt from this Regulation, verification of these disclosures will be made by the external auditors and sent to CySEC by the end of 31st August 2021 in line with the extended submission deadline for audited financial statements as per Circular C445.

5 Leverage Ratio

The leverage ratio is a new monitoring tool which allows the competent authorities to assess the risk of excessive leverage in their respective institutions. According to Article 451 of the CRR, the investment firms have to report all necessary information on the leverage ratio and its components.

According to the CRR, the requirement for institutions to start disclosing the leverage ratio (Form 144-14-07) from 1 January 2016, depends on the category of the institution as detailed in the table below extracted from the relevant CySEC circular. The Company is exempted from this reporting requirement in accordance to its minimum initial capital which is €50,000.

ANNEX VI – Summary of reporting requirements

Category	Minimum initial capital	Form 144-14-06.1	Form 144-14-07	Form 144-14-08.1	Form 144-14-08.2	Form 144-14-08.3	Form 144-14-09
Full scope ¹	€730.000	submit	submit	submit	submit	submit	Submit
Under art. 95(1) of CRR ²	€125.000	Submit (calculation based on FOH)	exempted	exempted	submit	submit	exempted
Under art. 95(2) of CRR ³	€50.000	Submit (calculation based on FOH)	exempted	exempted	exempted	exempted	exempted
Under art. 96(1) (a) of CRR	€730.000	Submit (calculation based on FOH)	exempted	exempted	submit	submit	submit
Under art. 96(1) (b) of CRR	€730.000	Submit (calculation based on FOH)	exempted	exempted	submit	submit	submit
Exempted under art. 4(1) (2) of CRR ⁴	€50.000	exempted	exempted	exempted	exempted	exempted	exempted

6 Remuneration Policy and Practices

The Company must comply with Directive DI144-2014-14 of the CySEC for the Prudential Supervision of CIFs, regarding Remuneration policies (paragraph 20), and the requirements regarding variable elements of remuneration (paragraph 21).

The Remuneration Policy (the “RP”) is the internal document approved by the BoD of the Company and its provisions are applicable to each Director, Officer and Employee. The remuneration varies for different positions/roles depending on each position’s actual functional requirements, and it is set at levels, which reflect the knowledge level, experience, accountability, and responsibility needed for an employee to perform each position/role.

The Company when establishing and applying the total remuneration policies, including the salaries and discretionary pension benefits, for categories of staff, including Senior Management (“SM”), risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as SM and risk takers, whose professional activities have a material impact on their risk profile, must comply with the following principles in a manner and to the extent that is appropriate to their size, internal organization and the nature, scope and complexity of their activities:

1. The RP is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company;
2. The RP is in line with the business strategy, objectives, values and long-term interests of the Company, and incorporates measures to avoid conflicts of interest;
3. The implementation of the RP is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the BoD;
4. Staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
5. The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board;
6. The RP, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:
 - a. Basic fixed remuneration, which should primarily reflect relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment; and
 - b. Variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

The Board of Directors is responsible for determining and approving the Company's remuneration policy and practices. The Board of Director's is also responsible to monitor the Company's compliance towards the approved policy and to identify and work towards any deficiencies. The Board of Directors meets at least once a year, and whenever the need arises, to discuss issues and to reformulate the policy where this is necessary on account of changes and developments, whether internal to the Company or external in its market environment. Any changes in the Company's remuneration policy can be brought about only as a result of a decision of its Board of Directors.

6.1 Design and Structure of Remuneration

The Company believes that remuneration should as far as possible to be individually designed and with that encourage employees to perform according to the Company's goals, strategy and vision. The remuneration should also encourage employees to act according to the Company's values: simplicity, care and openness, since this is considered to be the foundation for a successful and long- term business. Further, the total remuneration should be designed in a way that makes the Company attracts employees with the needed skills within the existing margins of costs.

The employees' total remuneration consists of a fixed component and, under certain conditions, a bonus component. The Company's general structure of remuneration is detailed below:

1. The Company's BoD shall approve, after taking advice from the compliance function, its remuneration policy. The Company's senior management shall be responsible for the day-to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy;

2. None of the Company's employees and/or Directors can be remunerated based on the successful promotion of certain products or financial instruments over others as it may create a conflict of interest in promoting what is best or most suitable for the client; and
3. Where variable remuneration (i.e., performance related bonuses) is adopted, the Company will endeavour to maintain a balance between the fixed and the variable component with the variable not exceeding the fixed. In circumstances where the Company's overall performance allows for the variable remuneration to potentially exceed the fixed component, the BoD may extraordinarily approve such excesses. Before confirming the amount, each recipient is entitled to on the merits of their qualitative and quantitative performance, the BoD will:
 - a. ascertains whether the recipient was a direct contributor to the Company's performance (i.e., performance fee income);
 - b. assesses whether in exercising his/her role deviated from the client's prescribed risk tolerance levels; and
 - c. adjusts the performance related bonus either lower if the risk level was exceeded, or higher if the risk level was maintained below eligible levels. The adjustment should be reflective of the extend of the deviation from the client prescribed risk appetite limits.

Fixed remuneration:

Executive/Managing Directors and Senior Management Personnel:

Executive Directors and SM shall be eligible for an annual remuneration paid in 12 instalments as may approved by the BoD always taking into consideration the scale and complexity of the company's operations, prevailing market conditions and geographical area of operation. The BoD may recommend increments to the existing remuneration structure and approve them with the shareholder(s)' consent. Executive Directors may receive part of their remuneration in the form of fixed Director's emoluments and may invoice the Company separately for the said fee. Such emoluments should not exceed the remuneration that the Executive Director receives as salary.

Non-Executive / Independent Director:

The Non-Executive / Independent Director may receive a fixed monthly or annual remuneration by way of Director's fees invoiced to the Company. All non-executive members will be required to attend regular BoD meetings at least once a month and when extraordinarily required to approve regulatory induced changes to the Company's structure and/or operations. Attendance via teleconference is accepted in cases where the director cannot appear in person due to overseas travel.

Employees/other staff:

Employees are entitled to both fixed and variable remuneration. For the fixed remuneration, the employees will be entitled to an annual remuneration paid in 12 instalments as may be approved by the BoD. The fixed remuneration will include any statutory contributions (such as social insurance) by the employee. The variable remuneration will be based on the individual performance of each employee and the Company's performance. Formal performance appraisals take place annually (between January and March) to evaluate the performance of each employee. The head of each department or any one of the SM will perform the role of the appraiser.

Performance-based remuneration:

It is intended to motivate and reward high performers who strengthen long-term customer relations and generate income and shareholder value. Performance will be assessed using a set of both qualitative and quantitative criteria that differ according to the position and responsibilities of the employee concerned. For example, sales staff will be evaluated based on the number of clients introduced and the quality of customer service, among others.

Other individual benefits: May be awarded to individuals on a case by case basis in accordance with local market practice.

Provident Fund Contributions: The Company has not instituted a Provident Fund Scheme, nor has it applied to participate in one at the moment. The Company reserves the right to amend its current status and either develop its own Provident Fund or participate in an existing Pension Scheme.

Outsourcing Arrangements: The Company's RP and procedures shall apply to any outsourcing arrangements that may be undertaken for functions that can be outsourced. Therefore, where the function requires fixed remuneration that will also be the form of remuneration to the outsourcing third party. The same will apply in cases of variable remuneration components. As a matter of principal, the Company will endeavour to enter into outsourcing arrangements that entail only fixed remuneration arrangements.

6.2 Remuneration Committee

Given the Company's current scale and complexity it has not established a Remuneration Committee.

6.3 Link between Pay and Performance

Remuneration policies and practices implemented by the Company were intentionally simplified to the basic requirements of recruiting and maintaining high level professional personnel. The Board of Directors considers such approach as the most practical at this stage as it corresponds to the scale and complexity of the Company's operations. To this respect, the Company has decided to follow fixed remuneration scales for all employees including top Management. More complex stimulating remuneration schemes are expected to be introduced in the future depending on the Company's results and growth.

The total staff costs for 2020 amounted to €6,294k (2019: €4,773k). It should be noted that the Legal function, Internal Audit, Compliance, Risk Management, IT, Client Administration and Accounting Departments are outsourced. Moreover, the Company did not pay any non-cash remuneration, nor any new sign-on and severance payments were made, during the year 2020.

None of the members of staff whose professional activities have a material impact on the Company's risk profile have been remunerated with more than EUR 1 million during 2020. Additionally, no deferred remuneration was awarded during the financial year, paid out and reduced through performance adjustments.

The table below provides aggregate quantitative information on remuneration, broken down by senior management and members of staff (heads of departments) whose actions have a material impact on the risk profile of the Company.

Table 6: Quantitative information on remuneration

Description	No. of beneficiaries	Fixed remuneration	No. of beneficiaries	Variable remuneration	Total remuneration
Senior Management – Directors	2	669,984	-	-	669,984
Non-executive directors	4	10,000	-	-	10,000
Heads of departments	2	11,933	-	-	11,933

7 Appendix I: Main Features of Common Equity Tier 1

The main features, including full terms and conditions, of the ordinary shares of the Company are listed in the table below:

CAPITAL INSTRUMENTS MAIN FEATURES		Common Equity Tier 1 instruments
1	Issuer	ABRIS-CEE HOLDINGS LIMITED
2	Unique identifier (ISIN)	N/A
3	Governing law(s) of the instrument	Cyprus Law
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo
7	Instrument type	Ordinary Shares
8	Amount recognised in regulatory capital (in EUR€)	EUR 501
9	Nominal amount of instrument (in EUR€)	EUR 501
9a	Issue price (in EUR€)	EUR 501
9b	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	Original call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates	N/A
17	Fixed or floating dividend/ coupon	N/A
18	Coupon date 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	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 info	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
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 (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A