Veles International
LIMITED

VELES INTERNATIONAL LIMITED

2017 Pillar III Disclosures Report

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

Contents

1. General information and scope of Requirements of the Legislation

1.1. Corporate Information

Veles International Limited ('VIL' or 'the Company') is regulated by the Cyprus Securities and Exchange Commission ('CySEC') under authorization number CIF075/06 issued on 20 September 2006 by which it is licensed to operate as a Cypriot Investment Firm and to provide investment and ancillary services in relation to financial instruments in accordance with its license.

The principal activities of VIL are the provision of the following investment services and ancillary services:

Investment Services

- Reception and transmission of orders in relation to one or more financial instrument.
- Execution of orders on behalf of clients.
- Dealing on own account.

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.
- Foreign exchange services when these are connected to the provision of investment services.

1.2. Pillar III Regulator Framework

This Disclosure and Market Discipline Report has been prepared in accordance with the provisions of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter the "Regulation" or the "CRR") and paragraph 32(1) of DI144-2014-14 of the Cyprus Securities and Exchange Commission (the "CySEC") for the prudential supervision of investment firms, under which, an investment firm has an obligation to publish information relating to risks and risk management on an annual basis at a minimum.

Regulatory framework overview

The current legislation, the 'Capital Requirements Regulation (EU) 575/2013' ('CRR'), establishes the prudential requirements for capital, liquidity and leverage that entities need to abide by. It is immediately binding on all EU member states. The 'Capital Requirement Directive' ('CRD IV') governs access to deposit-taking activities, internal governance arrangements including remuneration, board composition and transparency. Unlike the CRR, CRD IV needs to be transposed into national laws, which allows national regulators to impose additional capital buffer requirements. CRR introduced significant changes in the prudential regulatory regime applicable to financial institutions including amended minimum capital adequacy ratios, changes to the definition of capital and the calculation of risk weighted assets and the introduction of new measures relating to leverage, liquidity and funding. CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which are not expected to be fully implemented until 2018.

CRD IV package was implemented in Cyprus via Directives DI144-2014-15 on The Discretions of the Cyprus Securities And Exchange Commission Arising from Regulation (EU) No 575/2013 and DI144-2014-14 of The Cyprus Securities And Exchange Commission for the Prudential Supervision of Investment Firms released in December 2014.

The current regulatory framework comprises three pillars:

- Pillar I covers the calculation of the minimum capital requirements for credit, market and operational risks
- Pillar II covers the Supervisory Review Process (SREP), which assesses the internal capital adequacy processes and provides for the monitoring and self-assessment of a bank's capital adequacy and internal processes.
- Pillar III covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

Basis and frequency of disclosure

This 2017 Pillar III Disclosures Report (this 'Report') of VIL sets out both quantitative and qualitative information required in accordance with Part 8 'Disclosures by Institutions' of the CRR. Articles 431 to 455 of the CRR specify the Pillar III framework requirements.

This Report is published annually on VIL's website http://veles-international.com in accordance with regulatory guidelines. This Report provides additional information to the audited Financial Statements Information on the capital and risk profile of VIL.

The information contained in this Report has been compiled by VIL’s Risk Manager and was reviewed and verified for management purposes. The review and verification found no material inconsistencies as regards the reasonableness of the disclosures and compliance with the disclosure requirements of Part 8 of the CRR.

1.3. Scope of Application

The Company is controlled by IC Veles Capital LLC, incorporated in Russia, which owns 92,31% of the Company's shares.

The Company prepared the disclosures on an individual basis.

2. Risk Management Framework and Structure

VIL aims to embed explicit and robust risk management practices in all areas of its business, from the initial design of its business strategy to the sale of services to its customers, so as to ensure that the level of risk it faces is consistent with VIL's Risk Appetite and corporate objectives. This is achieved by implementing a sound, coherent and comprehensive risk management framework for the identification, assessment, monitoring and control of risks within VIL. VIL's risk management framework improves the service provided to customers and protects and maximizes shareholder value. It also allows VIL to adapt and meet challenges in a structured way, so that it can continuously align its strategy and business objectives against a background of changing risk and uncertainty.

VIL's risk management framework is based on four key elements: a) Risk Governance; b) Organizational model and risk functions (policies, guidelines, monitoring and reporting); c) Risk Appetite; and d) Risk Culture.

VIL's risk management framework has been developed to:

- Ensure that the level of capital adequacy as approved from time to time is maintained and safeguards that the total risk taken across VIL is not greater than VIL's ability to absorb losses.
- Allow VIL to proactively manage its risks in a systematic and structured way and to continuously refine its processes in order to reduce its risk profile and ultimately its capital requirements.
- Ensure appropriate strategies are in place to mitigate or transfer risks.
- Ensure that risk management is an integral part of VIL's process of strategic decision making and capital planning.
- Help create a culture of risk awareness at all levels within VIL.
- Engage VIL's management in monitoring, reviewing, reporting and managing of identified risks, as well as consider new and emerging risks on a continuous basis.

VIL's risk management framework is monitored by executive managers and the Board. The framework and its constituents are subject to compliance and internal auditor reviews that endorse its effectiveness or where necessary identify issues to be addressed.

VIL's management and the Board are satisfied that these arrangements are appropriate given VIL's risk profile.

2.1. Board of Directors

The overall responsibility for VIL is undertaken by the Board of Directors ('the Board' or 'BoD") comprising five directors, two of which are executive and another three non-executive.

The Board of VIL bears the principal responsibility for setting and monitoring VIL's business strategy and overseeing the operations of VIL's management.

The Board of Directors is a critical part of systems of checks and balances that lie at the heart of VIL's corporate governance system. The Board members, both individually and as a group, have the following general responsibilities:

- Have overall responsibility for VIL.
- Establish corporate values and governance structures of VIL to ensure that the business is conducted in an ethical, competent, fair, and professional manner.
- Ensure that all legal and regulatory requirements are met and complied with fully and in a timely fashion.
- Establish long-term strategic objectives for VIL with a goal of ensuring that the best interests of clients and shareholders come first, avoiding any conflict of interest, and that VIL's obligations to other stakeholders are met in a timely and complete manner.
- Establish clear lines of responsibility and a strong system of accountability and performance measurement in all phases of VIL's operations.
- Ensure that management has supplied the Board with sufficient information for it to be fully informed and prepared to make decisions that are its responsibility, and to be able to adequately monitor and oversee VIL's management.
- Meet frequently enough to adequately perform its duties, and meet in extraordinary session as required by events, and
- Acquire adequate training so that members of the Board are able to adequately perform their duties.

2.2. Board's Risk Committee (BRC)

The Risk Committee is set to provide focused support and advice on risk governance to VIL's Board. The Risk Committee's main purpose is the establishment of overall current and future risk appetite and assisting the Board in overseeing the implementation of that strategy by senior management. The Risk Committee shall be composed of three Directors, who shall collectively possess appropriate knowledge, skills and expertise necessary to fully understand and efficiently monitor the risk strategy and risk appetite for VIL.

The Risk Committee shall have adequate access to information on the risk profile of VIL and, if necessary and appropriate, to the Risk Management function and to external expert advice.

The Risk Committee determines the nature, the amount, the format, and the frequency of the information on risk which it is to receive. The Committee met once during 2017.

The Risk Committee consists of the three Non-Executive Directors of the Company, in which the one of them is the Chairman.

2.3. Nomination Committee

To ensure the criteria for selection of nominees to VIL's Board of Directors does not favor executive management's best interests at the expense of the interests of VIL's shareholders and other stakeholders, the Nomination Committee is established with the main purpose of selecting nominees to the Board.

It is essential that the qualifications of these members be carefully reviewed in assessing the long-term investment prospects of VIL. Particular attention should be paid to evaluating their independence, the qualities of those selected for senior management positions, and the success of businesses with which they've been associated. This information is usually available in the regulatory filings of the Company.

The Committee shall report its actions and any recommendations to the Board after each Committee's meeting and shall review at least annually the adequacy of this Section's provisions and recommend any proposed changes to it to the Board for approval.

The Nomination Committee consists of the three Non-Executive Directors of the Company, in which the one of them is the Chairman.

2.4. Remuneration Committee

The Remuneration Committee is established with a view to provide VIL's Board with competent and independent judgment on VIL's remuneration policies, practices and the incentives created for managing risk, capital and liquidity at VIL. Members of this Committee shall be appointed by VIL's Board of Directors upon the recommendation of the Board's Nomination Committee and may be removed by the Board of Directors in its discretion.

The purpose of the Remuneration Committee shall be to carry out the Board of Directors' overall responsibility relating to organizational strength and executive compensation.

The Committee shall report its actions and any recommendations to the Board after each Committee's meeting and shall review at least annually the adequacy of this Section's provisions and recommend any proposed changes to it to the Board for approval.

The Remuneration Committee consists of the three Non-Executive Directors of the Company, in which the one of them is the Chairman.

3. Risk Management Objectives and Policies

VIL's risk management procedures (which include the procedures for credit, counterparty, and market risk management technical approaches) need to be regularly (on at least yearly basis) reviewed on the level of the Board's Risk Committee.

VIL has developed the Risk Management policy with consideration of the major risks faced by VIL at present or in the near future. The Policy was effectively translated into procedures, processes and tools, for significant number of individual risks as identified by the Risk Manager.

The aforementioned procedures, arrangements, processes and mechanisms were perceived to be satisfactory and allow VIL to reach its business objectives effectively and efficiently, and the staff and management's adherence to these was maintained at high levels throughout the reporting year.

3.1. Risk Management Function

The Risk Management Function evaluates the effectiveness of the compliance and risk management processes and reports to the senior management.

VIL's Risk Management function shall regularly review and monitor the effectiveness of the Company's Policies and relevant arrangements with a view to identify and where appropriate, correct, any deficiencies and whenever a material change occurs that affects this Policy's ability to consistently address credit risk assessments at VIL.

Risk Management function reports annually on the effectiveness of the Policies to the Risk Committee of VIL's Board of Directors which considers the appropriate action to be taken.

3.2. Compliance/AML Function

The Compliance Officer (CO) heads the Company's Compliance Function, is independent of the Company's activity and reports to the Company's senior management and Board of Directors. The main responsibility of the CO is to monitor and periodically assess the adequacy and effectiveness of the measures and procedures put in place in accordance with the MIFID II and related legislation.

The duties of the Compliance/ AML officer include the following:

- Designs the internal practices, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing, and describes and explicitly allocates the appropriateness and the limits of responsibility of each department that is involved in the abovementioned.
- Develops and establishes the clients' acceptance policy and submits it to the BoD for consideration and approval.
- Prepares a risk management and procedures manual regarding anti-money laundering and terrorist financing.
- Monitors and assesses the correct and effective implementation of the policy, and the implementation of the AML Manual.
- Responsible for the reporting of suspicious transactions to the relevant competent authority (MOKAS) as provided in the AML directive of CySEC.
- Detects, records, and evaluates, at least on an annual basis, all risks arising from existing and

new clients, new financial instruments and services and updates and amends the systems and procedures applied by the Company for the effective management of the aforesaid risks.

- Determines the Company's departments and employees that need further training and education for the purpose of preventing money laundering and terrorist financing and organizes appropriate training sessions/seminars. Assesses the adequacy of the education and training provided.

3.3. Internal Audit Function

The Internal Audit Function reviews and evaluates the appropriateness, effectiveness and adequacy of the Company's policy, practices, measures, procedures and control mechanisms applied for prevention of money laundering and terrorist financing. The Internal Audit Function carries checks on control environment, concentrating on the risk areas as identified by the Company's management. The function also have advisory role.

The internal audit function performs the following procedures:

- Inspection of the Company's systems and Company's premises.
- Interviewing key personnel of the Company.
- Assessing the Company's manual.
- Documenting the procedures in accordance with the Manual and performing walk-through tests to establish the actual performance of procedures by the Company.
- Assessment of procedures as documented in the Manual in terms of their efficiency and effectiveness.
- Assessment of procedures as documented in the Manual in terms of their compliance with the Law (selected areas).
- Performs walk-through tests of transactions performed through the systems, on a sampling basis.
- Accessing the risk level of the findings, where and as applicable.
- Recognizing and recording the problematic areas.
- Provides recommendations on areas which need improvement.

4. Internal Capital Adequacy Assessment Process

In accordance with the Directive DI144-2014-14 (the "Directive") of the CySEC, for the prudential supervision of Investment Firms, VIL shall have in place sound, effective and complete strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they considers adequate to cover the nature and level of the risks to which it is or might be exposed. These strategies and processes shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the Company.

CySEC has issued relevant guidelines for the Internal Capital Adequacy Assessment Process (the "ICAAP"). The ICAAP comprises of all the procedures and measures adopted by a CIF, with the purpose of ensuring the following:

- The appropriate identification and measurement of risks.
- An appropriate level of internal capital in relation to the CIFs risk profile.
- The application and further development of suitable risk management and internal control systems.

The Company adopted the Minimum Capital Requirement Approach in the design of its ICAAP, given the low complexity of its operations and its relatively small size.

Specifically, the ICAAP is designed and implemented in the following steps:

- Identification and articulation of future business plans and objectives.
- Procedure for identification and assessment of risks before and after internal controls.
- Aggregation of identified risks.
- Assessment of the impact of stress test scenarios on forecasted capital plan.
- Capital allocation in accordance with the profile of the risks identified and in line with stress test results.

5. Risk Appetite Statement

Risk appetite is the amount and type of risk that VIL is able and willing to accept in pursuing its business objectives. Risk appetite is expressed in both quantitative and qualitative terms and covers all risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, credit, market, operational, conduct, reputational and compliance risk. The Board approves a risk appetite, expressed along multiple dimensions, including both 'normal' business conditions and 'stressed' scenarios with zero tolerance for regulatory, legal or compliance risks.

5.1 Risk Culture

The Board has a critical role in strengthening risk governance, including setting the 'tone at the top', reviewing strategy, and approving VIL's risk appetite. The Board is ultimately responsible and accountable for risk governance at VIL.

A robust risk culture is a substantial determinant of whether VIL will be able to successfully execute its chosen strategy within its defined risk appetite. The risk culture that VIL wishes to build is reflected in its policies and procedures and these are closely aligned to its risk appetite. Risk culture is manifested in the day-to-day decisions that indicate how risk is identified, understood, discussed, and acted upon.

VIL has focused primarily on the implementation of a firm-wide effective and pervasive risk culture. This is achieved through the following:

- Embedding risk culture at all levels of VIL with clear ownership and accountability of tasks.
- Conducting firm-wide risk assessments.
- Implementing formal risk education presentations.
- Changes in job content and descriptions of key personnel.
- Changes in policies and procedures, introducing additional risk criteria for the evaluation of credit and investment decisions.
- Changes in key personnel.
- Training of front-line personnel.

Furthermore, VIL takes risks in connection with its normal business and as such, the following principles underpin the inherent risk culture:

- Risk is taken within a defined risk appetite.
- Every risk taken needs to be approved within the risk management framework.
- Risk taken needs to be adequately compensated.
- Risk should be continuously monitored and managed.

VIL's RM focuses his/her efforts on monitoring the extent to which the risk culture is embedded in the day-to-day operations. Measures to monitor the degree to which this is achieved include, but are not limited to, tracking:

- The number and frequency of risk limits exceeded.
- Causes of limit breaches.
- The number of issues identified in internal audit reports.
- The manner in which audit issues have been addressed.
- The percentage of self-reported risk problems.
- The degree to which information is filtered as it is escalated.
- How VIL deals with staff that have violated risk policy, including how many unintentional mistakes are addressed.

6. Board Declaration

The Company's Board of Directors, in consideration of the procedures and systems established by the Company for the management of risks, assets/declares that the Company has adequate risk management systems in place, with regards to its profile and strategy.

7. Governance Arrangements

7.1. Number of directorships held by the members of the board

The table below provides the number of directorships a member of the management body of the Company holds at the same time in other entities, excluding Veles International Ltd and any other companies belonging to the same group as Veles International Ltd. 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.

Table 1: Directorships of Board Members			
Name	Position with Veles International Ltd	Directorships - Executive in other companies	Directorships – Non Executive in other companies
Aleksandr Krasnopevtsev	Chairman/Non-Executive Director	-	-
Ganna Dotsa	Executive Director	-	-
Alexey Gnedovskiy	Executive Director	-	-
Demos Nicolaides	Non-Executive Director	-	-
Stylianos Procopiou	Non-Executive Director	-	2

Aleksandr Krasnopevtsev appointed at 18 December 2018, after Dmitry's Bugaenko resignation.

7.2. Board of Directors Members Selection Policy

VIL's shareholders and the Board of Directors realize that in order to safeguard proper and prudent management of VIL, as well as to enhance its efficiency and competitiveness, the Board members should have appropriate actual knowledge, qualifications and skills.

VIL's shareholders and the Board design this Policy on the premise that collectively, the Board should have a full understanding of the nature of the business and its associated risks and have adequate expertise and experience relevant to each of the material activities VIL is conducting or intends to pursue in order to enable effective governance and oversight.

VIL's Chairman of the Board of Directors ('the Chairman') is responsible for the implementation of VIL's 'Management Body Members Selection Policy: Knowledge, Skills and Expertise' and respective internal and external reporting on the achievements of this policy objectives. Using the instruments and powers assigned to him by the Board, the Chairman identifies and recommends, for the evaluation of the Board, candidates to fill its vacancies. The Board evaluates the balance of knowledge, skills, diversity and experience of each candidate and prepares a description of the role and capabilities for a particular appointment, and assesses the time commitment expected. The Board then recommends the selected candidate for approval of the general meeting.

Members of the Board shall at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board shall reflect an adequately broad range of knowledge and experiences. Collectively, members of the Board shall:

- Have extended knowledge of the financial industry, financial products and services, as well as relevant business practices.
- Have sound understanding of the business specifics and risks of the geographical areas VIL operates in.
- Have sufficient general knowledge of the relevant legislation and regulation of the main jurisdictions where VIL conducts its business; at least one director should have a valid industry certificate issued by a respective financial regulator of the state of VIL's major business activities.
- Have appropriate skills in finance and accounting; at least one director should have a specialized degree in finance, e.g. CFA or relevant university degree.
- Have appropriate skills in management; at least one director should have a university degree in management, e.g. MBA, MSc, BSc (Hons), etc.
- Have sound proven skills and experience in risk management.
- Have appropriate practical skills and experience in audit.
- Have appropriate skills in corporate governance and compliance.

Additionally, each member of the Board shall:

- Have at least 10 years' work experience on managerial (directorship) positions with well reputed institutions.
- Be able to prove his/her skills and competences by providing respective references and certificates.
- Not have been suspended from occupying his/her position by any regulator or court.
- Not have been involved in the process of managing risks or finance at a financial institution that went bankrupt or financially insolvent.
- Not have been involved in plagiarism while conducting any academic activity.

Other factors equal, to promote diversity of standpoints and mindsets, a candidate will have an advantage while being assessed by the Board if he/she has an additional experience in a non-financial industry (real economy) or with a regulatory body.

7.3. Board of Directors Members Selection Diversity of Policy

VIL's shareholders and the Board of Directors realize that in order to enhance the Board's efficiency, to mitigate the negative effect of 'groupthink' (inadvertent suppression of contradictory views and doubt) in decision making and to facilitate independent opinions and critical challenge with variety of views, standpoints and experiences, the Board and the senior management team should be sufficiently diverse as regards age, gender, geographical provenance and educational and professional background.

VIL's shareholders and the Board also understand that diversity is crucial in implementing changes and launching initiatives, especially in the situations of environmental instability and changing regulation. Moreover, dissimilar views and knowledge can trigger innovations giving VIL's business advantages in highly competitive environment of the financial services industry.

Also, gender, age, ethnic origin balance and other diversity issues are of particular importance to ensure adequate and fair representation of population, promote equality and counter discrimination. For these purposes VIL is implementing the principle of equal treatment irrespective of racial or ethnic origin, religion or belief, disability, age or sexual orientation.

VIL's Chairman of the Board of Directors is responsible for the implementation of this Policy and respective internal and external reporting on the achievements of the Policy objectives.

As part of his/her responsibilities on diversity, the Chairman ensures that the Board's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of VIL as a whole.

7.4 Information flow on risk to the management body

The Board is updated regarding any risk issues by the Risk Manager and is informed of the Risk Committee resolutions. In addition, it receives reports on internal audit, compliance and money-laundering issues at least annually. The following table presents the main pieces of information provided to the Board on risk-related issues:

Table 2: Information flow on risk to the management body

Information	Report prepared by:	Report received by:	Frequency
Risk Management Report	Risk Manager	Board, CySEC	Annually
Internal Audit Report	Internal Auditor (outsourced)	Board, CySEC	Annually
Compliance Report	Compliance Officer	Board, CySEC	Annually
AML Compliance Report	Anti-Money Laundering Compliance Officer	Board, CySEC	Annually
Suitability Report	External Auditor	Board, CySEC	Annually
Audited Financial Statements	External Auditor	Board, CySEC	Annually

8. Capital Management

The Company's objectives in managing capital are (i) to comply with the capital requirements set by the regulatory (Cyprus Securities and Exchange Commission – CySEC), (ii) to safeguard the Company's ability to continue as a going concern and (iii) to maintain a strong capital base to support the development of the business. The Company's policy of capital management is designated to maintain the capital base sufficient to keep the confidence of customers, creditors, other market participants 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. The required information is filed with the Company's regulator on a quarterly basis as at 31 December 2017 the Company was compliance with the relevant provisions of the regulation which set the minimum capital requirement at 8%.

9. Capital Base

The Capital Base of the Company is consisted solely of Common Equity Tier 1 capital. Common Equity Tier 1 capital is comprised of share capital, share premium, retained earnings and the audited profit from current year. From Common Equity Tier 1 capital, intangible assets and investors compensation fund (ICF) are deducted.

As at the 31/12/2017, the level of own funds was $17.855 thousands. As at 31/12/2017 the Capital Adequacy Ratio was 31,41%.

Table 3 below shows a breakdown of the own funds as at 31/12/2017.

Table 3: Capital Base	31 December 2017 $'000
Common Equity Tier 1 Capital	
Share Capital	1.530
Share Premium	13.301
Retained earnings	2.918
Profit for the year	230
Intangibles	-
Additional deductions due to the CRR	(124)
Total Common Equity Tier 1 Capital (CET1)	**17.855**
Additional Tier 1 (AT1)	-
Total Tier 1 (T1 = CET1+AT1)	**17.855**
Tier 2	-
Total Eligible Capital (=T1+T2)	**17.855**

Issued share capital

The authorized share capital consists of 650.000 shares with par value of €1,71 per share, all of which are issued and fully paid. There was no movement in the share capital of VIL for the year ended 31 December 2017. In addition all issued ordinary shares carry the same rights.

Further details in relation to the share capital of VIL are presented in Note 16 of the Audited Financial Statements for year 2017.

Share premium reserve

The share premium reserve is maintained pursuant to the provisions of Section 5 Law, Cap. 113 and is not available for distribution to equity holders in the form of a dividend.

10. Capital Requirements

Minimum regulatory capital requirements:

The CySEC requires each investment firm to maintain a minimum ratio of capital to risk weighted assets of 8% for Pillar I risks plus additional capital buffers as applicable, while it may also impose additional capital requirements for risks not covered by Pillar I. As at 31 December 2017, the Company was subject to a minimum Pillar I capital adequacy ratio of 8%, plus a capital conservation buffer of 1,25% as per the transitional application provisions for buffers. The Company was exempted from applying the institution-specific countercyclical buffer following a decision of Central Bank of Cyprus to exempt small and medium-sized CIFs from this requirement. As a result, as at 31 December 2017 the Company was subject to an overall minimum requirement of 9,25%.

The total capital requirements of the Company as at 31 December 2017 amounted to $4.547 thousand and are analyzed in table 4 below:

Table 4: Minimum Capital Requirements

Risk Type	Capital Requirements $'000	Risk Weighted Assets $'000
Credit Risk	4.264	53.298
CVA	-	-
Market (FX) Risk	77	972
Operational Risk	206	2.572
Total	**4.547**	**56.842**

Principal Risks

The financial risk factors of the Company are:

- Credit risk
- Liquidity risk
- Market price risk
- Operational risk
- Compliance risk

10.1. Credit Risk

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

The Company's Credit Risk Management Policy establishes the framework from credit assessment, structure of limits and process of approval and monitoring of credit risks.

The Company manages the credit risk inherent in its entire portfolio as well as the risk attributable to individual credits or transactions. Credit exposures from related accounts are aggregated and monitored on a consolidated basis. The evaluation of client or counterparty credit worthiness involves the analysis of financial and non-financial information, including submitted pledge to cover credit risk.

Credit risk management objectives during 2017 were to:

- Maintain a framework of controls to ensure credit risk-taking is based on sound credit risk management principles.
- Identify, assess and measure credit risk clearly and accurately across VIL and within each separate business line, from the level of individual facilities up to the total portfolio.
- Control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations.
- Monitor credit risk and adherence to agreed controls, and
- Ensure that risk-reward objectives are met.

The Standardized Approach has been used to calculate the minimum capital requirement in accordance with the requirements laid down in Article 92 of the CRR.

Table 5 below presents the allocation of credit risk in accordance with the Standardized Approach exposure classes.

Table 5: Exposure Classes and Minimum Capital Requirements

Exposures at 31 December 2017	Risk-weighted amounts $'000	Minimum Capital Requirements $'000
<u>**Exposure Class**</u>		
Corporates	45.931	3.674
Institutions	7.270	582
Other Items	95	8
High Risk	2	-
Total	**53.298**	**4.264**

Nominated External Credit Assessment Institutions ("ECAIs") for the application of the Standardized Approach

According to the requirements of the Directive, under the Standardized Approach, the Company can choose one of the three nominated ECAIs (Standard and Poor's Rating Services, Fitch Ratings and Moody's Investors Service) for assigning risk weights to its exposures.

The Company uses Fitch Ratings for credit issuer ratings of its entire portfolio, and is in compliance with the requirements of the Directive. Where 3 different credit ratings are available the Company chooses 2 values associated with the better credit quality steps and then the worst among these 2; where only 2 credit ratings are available the Company uses the 1 associated with the lower credit quality step; where 1 credit rating is available the Company applies credit quality step associated with such value.

The Company has used the credit quality step mapping table below to map the credit assessment to credit quality steps.

Table 6: Credit Quality Step Mapping

Credit Quality Step	Fitch	Moody's	S&Ps
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below

A breakdown of the Company's exposures by Credit Quality Step (CQS) is given in the following table:

Table 7: Breakdown by CQS by counterparty

Exposures at 31 December 2017	Exposure Value before Credit risk mitigation $'000	Exposure Value after Credit risk mitigation $'000
<u>**Credit Quality Step**</u>		
1	12.640	12.640
2	14.185	14.185
3	-	-
4	43.399	42.866
5	3.157	3.157
6	103	103
Unrated/Not applicable	4.424	4.424
Total	**77.908**	**77.375**

Average Exposure

The average exposure of the Company in 2017, broken down by asset class, is shown in table 8 below:

Table 8: Average Exposure in 2017		
Exposure Class	Original exposure amount, net of specific provisions $'000	Average Exposure $'000
Corporates	46.291	46.291
Institutions	31.520	31.520
Other Items	96	96
High Risk	1	-
Total	**77.908**	**77.907**

Residual Maturity of Credit Risk Exposures

Table 9: Exposure Classes and Residual Maturity			
Exposures at 31 December 2017	Maturity ≤ 3 months $'000	No Maturity $'000	Total $'000
<u>**Exposure Class**</u>			
Corporates	46.251	40	**46.291**
Institutions	31.520	-	**31.520**
Other Items	1	95	**96**
High Risk	-	1	**1**
Total	**77.772**	**136**	**77.908**

Geographic Distribution of Credit Risk Exposures

Table 10: Exposures per Asset Class per Country of Incorporation of Counterparty						
	Belize $'000	Cyprus $'000	Russia $'000	Singapore $'000	Other $'000	Total $'000
Exposure Class						
Corporates	-	999	45.258	-	34	**46.291**
Institutions	12.640	2.947	-	14.184	1.749	**31.520**
Other Items	-	96	-	-	-	**96**
High Risk	-	-	-	-	1	**1**
Total	**12.640**	**4.042**	**45.258**	**14.184**	**1.784**	**77.908**

Industry of Credit Risk Exposures

Table 11: Exposure Classes by Industry			
Exposures at 31 December 2017	Financial $'000	Other $'000	Total $'000
Exposure Class			
Corporates	45.291	1.000	46.291
Institutions	31.340	180	31.520
Other Items	-	96	96
High Risk	-	1	1
Total	**76.631**	**1.277**	**77.908**

Counterparty Credit Risk

Counterparty credit risk arises from derivatives and similar contracts, repurchase transactions, long settlement transactions and margin lending transactions.

All new business counterparties selected in the period were assessed by the Risk Manager before any new counterparty business relationship was established by VIL. All existing business counterparties were subject to regular review performed by the Risk Manager during the reporting period. Only reviewed by RM counterparties were presented to Executive Management's consideration and further presentation to the Board for the counterparty approval. Only after Board's approval (in the format of written resolutions) and the RM's notification of the Board's decision and relevant limits to the interested department, the counterparty relationship was established by relevant department of VIL.

All exposures to business counterparties (including that to banks) were monitored for compliance with established limits on an ongoing basis. During the period under review, four occasions of exposures falling outside established limits (which are set at the highest of internal credit limit as set following VIL's RM's assessment and 100% or 25% of VIL's eligible capital (the regulatory limit), as applicable). All large exposures that were emerged during 2017 have been duly reported to CySEC and eliminated within declared deadlines.

During the period under review, there were no occasions of large exposures arising with respect VIL's exposures to a client (or group of connected clients) as a result of margin lending transactions or to business counterparties as a result of dealings in financial instruments. It was noted, however, that every process of granting credits to client's needs to be fully documented to provide for explicit description of the decision-making process, calculations and authorizations applied in each case of margin lending. Also, even though most of VIL's dealings in financial instruments are performed on either a DVP (delivery versus payment) basis or exposures incurred in the ordinary course of settlement do not last more than five working days following payment or delivery of the securities (thus, not being considered as exposures for large exposure purposes), there is a need to formalize via VIL's Policies and Procedures Manual existing rules and procedures that needs to be followed for non-standard dealings.

In discharging her obligations with regards to the assessment, selection, periodic review and monitoring of the third parties, the Risk Manager was guided by relevant provisions of VIL's Credit Risk Assessment Policy and relevant parts of VIL's Policies and Procedures Manual.

The Credit Risk Assessment Policy was reviewed and updated in November 2017. It now lists the general principles of creditworthiness evaluation, as well as special aspects on credit assessment of commercial banks, special aspects on credit assessment of enterprises, special aspects on credit assessment of investment companies. It also contains the detailed methodology for risk evaluation.

The company in order to mitigate its Repo and reverse Repo transactions, uses as a credit risk mitigation, funded credit protection through the financial collateral comprehensive method.

The table 12 below depicts the Company's exposures before and after credit risk mitigation and the value of exposures secured by financial collateral

Table 12: Exposures by assets class before and after credit risk mitigation

Asset Class	Exposure values before credit risk mitigation $'000	Exposure values after credit risk mitigation $'000	Value of exposures secured by financial collateral $ '000
Corporates	1	1	-
Institutions	46.291	45.758	533
Other Items	96	96	-
Retail	31.520	31.520	-
Total	**77.908**	**77.375**	**533**

The table 13 below outlines the Company's Reverse Repos Transactions:

Table 13: Reverse Repo Transactions				
Type of exposure	Exposure values before credit risk mitigation $'000	Volatility adjustment to the exposure $'000	Financial collateral: adjusted value (Cvam) $'000	Exposure values after Credit Risk mitigation $'000
Reverse Repo	647	-	(533)	114
Total	**647**	**-**	**(533)**	**114**

Past due and impaired assets

Past due exposures are those with delayed payments and/or settlements or in excess of authorized credit limits. Impaired exposures are those which are not considered fully collectable and for which a provision for impairment has been recognized on an individual basis or for which incurred losses exist at their initial recognition.

As of 31 December 2017 VIL did not have either past due or impaired exposures.

Exposures in equities not included in the trading book

During the year 2017 the Company did not purchase any equities which qualify under this category such as equity in investments, equity in associates or investments that would be classified as available for sale.

Interest rate risk in non-trading book activities

There were no positions which are subject of this risk at the end of 2017.

10.2. Market price Risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's market price risk is managed through diversification of the investment portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

As from 26th June 2015, VIL has been authorized for and engaged in trading on own account activities, which, however, consisted of reverse REPO transactions only and did not result in any trading book positions, and thus VIL was not exposed to Position risk to noticeable degree which would require special management techniques.

VIL also does not deal in commodities or commodity derivatives for own account, making it also not eligible for Commodities risk requirements. However, due to foreign-exchange transactions performed on behalf of its clients, VIL was exposed to Foreign-exchange risk arising on both its banking and trading book positions during the period under review.

For the purposes of calculating regulatory capital requirements for Foreign-exchange risk, VIL was guided by relevant provisions of the CRR and relevant CySEC Directives.

Trading book positions were established by VIL's Own Trading Department following the provisions of VIL's Trading Book Policy, according to which the positions of the Trading Book are analyzed by VIL's Risk Management Function against the limits set by the Trading Book Policy, including the analysis of turnover and positions for which the originally intended holding period has been exceeded. As part of VIL's risk management process, any deviations from allowable positions/instruments and respective limits set by the Trading Book Policy are immediately reported to VIL's Executive Management ('exceptional reporting'). The monitoring and analysis of the Trading Book positions was carried on by VIL's RM on a continuous basis with no exceptional reporting done during the period under review.

Interest rate risk

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

Currency risk

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

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Russian Ruble, the Euro, the British Pound, the Ukranian Hryvna, the Kazakhstan Tenge and Swiss Franc. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company uses the Standardized Method to measure capital requirements for market risk.

The Company's Market Risk Capital Requirement as at 31/12/2017 was $972 thousand as shown in table 14 below:

Table 14: Market RWA's and Capital Requirement		
Risk Type	**Capital Requirements $'000**	**Risk Weighted Assets $'000**
Market		
of which FX market risk	972	77
Total	**972**	**77**

10.3. Operational Risk

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

Management of operational risk is ensured by operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage and operating the Operational Risk Framework, which comprises a number of elements allowing VIL to manage its operational risk profile. This framework is implemented across VIL as follows:

- Vertically, through the organizational structure with all VIL's functions and Departments required to implement and operate an operational risk framework that meets, as a minimum, the requirements detailed in VIL's internal policies, and

- Horizontally, with VIL's Risk Management function required to monitor information relevant to Operational risk from each operational risk framework element.

The prime responsibility for the management of operational risk and the compliance with control requirements rests with VIL's departments and functional units where the risk arises. The Risk Management function acts in a 'second line of defense' capacity and provides oversight and challenge of the business operational risk profile escalating issues as appropriate. For the period under review, the RM's monitoring process was based on VIL's departments and functional units event-driven and regular (annual) reports on their operational risks. No significant events occurred during the period under review, which could have given basis for further challenge of VIL's Operational risk arrangements by the RM.

In addition the Company's systems are evaluated, maintained and upgraded continuously.

VIL assesses its operational risk capital requirements using a Basic Indicator Approach (BIA), which does not require the prior permission from CySEC.

The Operational Risk Capital Requirement of the Company as at 31/12/2017 amounted to $206 thousand as per table 14 below:

Table 15: Operational Risk RWA's and Capital Requirements

	2015 $'000	2016 $'000	2017 $'000	Capital Requirements $'000	RWA $'000
Basic Indicator Approach	1.369	1.303	1.442	206	2.572

10.4. Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

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 of the Company's financial liabilities are due within twelve months of the reporting date.

10.5. Compliance Risk

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

11. Leverage

The Leverage ratio is a new monitoring tool which allows competent authorities to assess the risk of excessive leverage in their respective institutions. It is a simple, non-risk-based ratio that has been introduced in the Basel III framework to constrain the build-up excessive leverage.

The new regulatory and supervisory tool has been running since 1st January 2015.

The Leverage ratio is defined as the capital measure (i.e. the Company's Tier 1 capital) divided by the exposure measure as this is defined in the European Commission's Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regards to the Leverage ratio. It is noted that the final calibration, and any further adjustments to the definition, were completed within 2017, with a view to migrating to a Pillar I minimum capital requirement on 1 January 2018.

The Company's Leverage ratio as at the reference date was 23,08%, the minimum allowable being 3%.

The table 16 below provides a reconciliation of accounting assets and Leverage ratio exposures:

Table 16: reconciliation of Accounting Assets and Leverage Ratio exposures	**Applicable Amounts** **$'000**
Total assets as per published financial statements	78.031
Adjustments for derivative financial instruments	-
Other adjustments	(656)
Total Leverage ratio exposure	**77.375**

The following table provides a breakdown of the exposure measure by exposure type:

Table 17: Breakdown of the exposure by exposure type	CRR Leverage ratio exposures $'000
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	77.385
(Asset amounts deducted in determining Tier 1 capital)	(124)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	77.261
Derivative exposures	
Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	-
Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	-
Total derivative exposures	-
Securities financing transaction exposures	
Counterparty credit risk exposure for SFT assets	114
Total securities financing transaction exposures	**114**
Other off-balance sheet exposures	
Other off-balance sheet exposures	-
Capital and total exposures	
Tier 1 capital	17.855
Total Leverage ratio exposures	77.375
Leverage ratio	
Leverage ratio (%)	23,08%

The table below provides a breakdown of total on balance sheet exposures (excluding derivatives, SFTs, and exempted exposures) by asset class:

Table 18: Breakdown of total on-balance sheet exposures	CRR leverage ratio exposures $'000
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**77.385**
Trading book exposures	-
Banking book exposures, of which:	77.385
Covered bonds	-
Exposures treated as sovereigns	-
Exposures to regional governments, MDB, international organizations and PSE NOT treated as sovereigns	-
Institutions	31.520
Secures by mortgages of immovable properties	-
Retail exposures	-
Corporate	45.644
Exposures in default	-
Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	221

Description of the Processes Used to Manage the Risk of Excessive Leverage

In order to manage the risk of excessive leverage, the Company monitors its Leverage ratio at least on a quarterly basis and ensures that it is always well above the recommended threshold of 3%.

Factors that had an Impact on the Leverage Ratio during the Period

The Leverage ratio of the Company over the financial year 2017 ranged between 16,07% (30 September 2017) and 48,37% (31 March 2017) with an average rate of 32,63%. The reason for this fluctuation is the changes on the Company's Risk Weighted Assets driven by the changes in Credit and Counterparty Credit Risk.

12. Remuneration

This Remuneration Policy ('this Policy') sets forth VIL's policies and procedures for establishing remuneration of VIL's staff based on the accepted industry practices and in accordance with the current legislation. For the purposes of this Policy, remuneration includes wages, salaries and other financial and material incentives, including benefits associated with retirement.

This Policy shall be applied to the following staff categories ('the covered staff categories') of VIL:

- Senior management (Executive and Non-executive Directors).
- Employees, whose activities are associated with risk taking (Head of Brokerage, Head of Own Trading, Head of Asset Management).
- Employees entrusted with control functions (Risk Manager, Compliance/Anti-Money Laundering Officer, and Internal Auditor).
- Employees with management functions (Chief Accountant, Head of Treasury, and Head of Back-Office).
- Any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a significant and/or material influence on the risk profile of VIL.

REMUNERATION POLICIES

The remuneration of the covered staff categories of VIL shall consist of fixed, non-performance-based portion only. VIL shall not have any arrangements for any kinds of variable components of compensation payable to its covered staff categories. No predefined bonus award schemes shall exist, and VIL shall not have any executive incentive schemes in place. Also, VIL shall not provide for any benefits for its employees or management upon their retirement.

The fixed portion of the remuneration of each of the covered staff categories shall be determined by the individual employment contract with that person or in accordance with the service contract concluded with relevant service provider. The amount of such fixed remuneration shall be determined with reference to the: (i) current labor market trends; (ii) organizational responsibilities as set out in an employee's job description as part of the employment contract; (iii) qualifications, skills and professional experience of relevant person, and it shall not be in any way related to performance.

12.1. Design and structure of Remuneration

VIL's Board of Directors shall have the responsibility for deciding on the compensation and benefits for Executive and Non-executive Directors. In discharging this duty, the Board shall be guided by three goals:

- Compensation should fairly pay directors for work required in a Company of VIL's size and scope.
- Compensation should align directors' interests with the long-term interests of shareowners.
- The structure of the compensation should be simple, transparent and easy for shareowners to understand.

The Board of Directors believes these goals will be served by providing 100% of both employee and non-employee director compensation in fixed, non-performance based portion. The Board of Directors shall ensure that variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with this Policy, including those on the group level.

Decisions relating to the remuneration of members of VIL's Board of Directors, may from time to time be assigned to the General shareholders' meeting, as per the requirements of the Cyprus corporate law. The shareholders' vote may be either consultative or binding. To this end, shareholders should be provided with adequate information in order for them be able to make informed decisions. The Board remains responsible for the proposals submitted to the shareholders' meeting, as well as for the actual implementation and oversight of any changes to the remuneration policies and practices.

VIL's Board of Directors shall also directly control the level of remuneration set for control functions (i.e. for Compliance/Anti-Money Laundering Officer, Internal Auditor, and Risk Manager). Control functions' remuneration shall be independent of the performance of the business areas they control and shall be set with reference to:

- Objectives linked to their functions and respective responsibilities assigned.
- Market levels of remuneration for such services appropriate to VIL's size, internal organization, and the nature, scope and complexity of the function's activities.
- Qualifications, skills and experience of responsible person.

VIL's Chief Executive Officer ('the CEO') shall be responsible for establishing the level of remuneration set for management functions employees (i.e. for Head of Brokerage, Head of Own Trading, Head of Asset Management, Chief Accountant, Head of Treasury, and Head of Back-Office). In discharging his/her responsibilities with this regard, the CEO shall be guided by provisions of this Policy. VIL's CEO shall also be responsible for the implementation of this Policy and respective internal and external reporting on the achievements of this Policy objectives.

12.2. Fees and emoluments of members of the Board of Directors and other key management personnel

The fees of non-executive directors include fees payable to them as members of VIL's Board as well as for being members of the Board's committees. They include the fees and benefits for the period that they serve as members of the Board.

Remuneration of key managers by business area:

Table 19: Aggregate Remuneration by Business Area			
Business Area	**Fixed Salary $'000**	**Variable Salary $'000**	**Aggregate Remuneration $'000**
Control Function (including Executive & Non-Executive Directors)	310	-	310
Other Risk Functions	189	-	189
Total	**499**	**-**	**499**
Other Benefits, according to the Financial Statements, of the Company, were not included			

Control Function includes the Company's Executive & Non-Executive Directors, the Risk Management Function and Compliance Function. The Other Risk Functions includes the Brokerage Department, the Treasury Department, the Back Office Department and the Middle Office

Department.

Remuneration of the Asset Management key manager is paid by VIL's parent company (IC Veles Capital LLC), with no cost to VIL.

Table 20: Aggregate Remuneration by Directors Senior Management				
Personnel	**No. of people**	**Fixed $'000**	**Variable $'000**	**Total $'000**
Directors and Senior Management	9	499	-	**499**
Total	**9**	**499**	**-**	**499**
**Other Benefits, according to the Financial Statements, of the Company, were not included*				

"Directors and Senior Management" includes the Company's Executive & Non-Executive Directors, the Heads of Departments, the Risk Manager and AML/Compliance Officer.

All of the Remuneration was paid in cash form. In addition, no sign-on payments have been awarded during 2017, while no severance payments were paid during the year. Moreover there was not any deferred remuneration paid in either vested or unvested portions.

Appendix I – BALANCE SHEET RECONCILIATION

Balance Sheet Description	Amount $'000
Share Premium, as per published financial statements	13.301
Share Capital, as per published financial statements	1.530
Retained Earnings, as per published financial statements	2.918
Profit for the year	230
Non reciprocal shareholder contribution	-
Intangible assets/Goodwill, as per published financial statements	-
Additional deductions due to the CRR	(124)
Deferred Tax assets, as per published financial statements	-
Adjustments to Own Funds for the purposes of Own Funds	-
Total Own Funds	**17.855**

Appendix II – OWN FUNDS DISCLOSURE TEMPLATE

At 31 December 2017	Transitional Definition	Full - phased in Definition
	$'000	$'000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	14.831	14.831
Retained earnings	3.148	3.148
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-	-
Funds for general banking risk	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**17.979**	**17.979**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-	-
Additional deductions of CET1 Capital due to Article 3 CRR	(124)	(124)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(124)**	**(124)**
Common Equity Tier 1 (CET1) capital	**17.855**	**17.855**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**17.855**	**17.855**
Total regulatory adjustments to Tier 2 (T2) capital	**-**	**-**
Tier 2 (T2) capital	**-**	**-**
Total capital (TC = T1 + T2)	**17.855**	**17.855**
Total risk weighted assets	**56.842**	**56.842**
Capital ratios and buffers		
Common Equity Tier 1	31,41%	31,41%
Tier 1	31,41%	31,41%
Total capital	31,41%	31,41%

Definitions:

The Common Equity Tier 1 (CET1) ratio is the CET1 capital of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.

The Tier 1 (T1) ratio is the T1 capital of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.

The Total Capital ratio is the own funds of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.