

# Disclosure of Information (Pillar3) December 31st,2024

*May 2025*



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**Independent Auditors' Report to the Board of Directors of Royal Financial Trading (Cy) Ltd for the year ended 31 December 2024 pursuant to Part Six of Regulation (EU) 2019/2033 concerning disclosure requirements of investment firms**

1. We report in relation to the fair presentation of the disclosures of Royal Financial Trading (Cy) Ltd (the "Company") for the year ended 31 December 2024, pursuant to our Engagement Letter for the provision of services in relation to Pillar 3 Disclosures, dated 24 March 2025. The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialed for identification purposes.

**Respective responsibilities**

2. The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 (the "IFR"). Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the IFR.

**Scope of work performed**

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



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

#### **Conclusion**

5. Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2024 are not fairly presented, in all material aspects, in accordance with the requirements of the IFR.

6. Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing, other than to the Cyprus Securities and Exchange Commission to which we acknowledge that our report will be provided. This report relates only to the Disclosures required pursuant to Part Six of the IFR and does not extend to any financial statements or other financial information of the Company.

*KPMG Limited*

Certified Public Accountants and Registered Auditors

Nicosia, 27 May 2025

# Disclosure of Information (Pillar3) December 31st, 2024

## APPENDIX

*May 2025*

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## 1. Introduction

Royal Financial Trading (CY) LTD (the “Company”) is a Cypriot Investment Firm (“CIF”) regulated by the Cyprus Securities and Exchange Commission (the “Commission” or the “CySEC”) with license number 312/16 and LEI Code 5493004QVEF71UG5LL51 in line with the Law (L. 87(I)/2017) which provides for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (the “Law”).

The Company’s operating license from CySEC permits the Company to undertake regulated investment services including the services of reception and transmission of orders in relation to one or more financial instruments, the execution of orders on behalf of clients and the provision of investment advice. The Company is also authorized to provide the ancillary services of 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 where these are connected to the provision of investment services and investment research and financial analysis or other forms.

The financial instruments offered by the Company through its investment services are Contracts for Differences (“CFDs”) on foreign exchange, commodities, equities, and indices.

Further to the above, the Company operates under a Straight-Through-Processing (“STP”) model of execution, under which all trades are transmitted to counterparties for execution.

Since 26 June 2021, the Company, as the majority of EU investment firms, has been subject to the capital adequacy and overall risk management requirements that arise from the investment firm European prudential framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized into local legislation through the issuance of the Law for the Prudential Supervision of Investment Firms (165(I)/2021).

The IFR and IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy & Risk Assessment (“ICARA”) Process, and the Liquidity Requirement, among others.

The current regulatory framework (IFR/IFD framework) is based on three pillars:

- Pillar I (“minimum capital requirements”) ensures that the Company maintains at all times a sufficient amount of capital and liquidity above the regulatory minimum requirement, calculated using prescribed methods.
- Pillar II requires investment firms to assess the adequacy of their internal capital and liquidity by carrying out an Internal Capital Adequacy and Risk Assessment Process (“ICARA”), which is subject to the Supervisory Review and Evaluation Process (“SREP”) by their regulator; and
- Pillar III (“market discipline”) involves the disclosure of a suite of qualitative and quantitative risk management information, as well as remuneration policies and practices

to the market.

In addition to the minimum capital requirements, the Company is required to maintain liquid assets equal to at least one third of its Fixed Overhead Requirement.

According to its CIF license the Company is categorized as a Class 2 investment firm. Pursuant to Article 14 of the IFR and Article 9(3) of the IFD the Company is obliged to have an initial capital of €150 thousand which corresponds to the amount of its Permanent Minimum Capital Requirement ("PMCR"), according to the investment and ancillary activities it is authorized to carry out.

According to Article 12 of the IFR the Company is not deemed to be small and non-interconnected Investment Firm and pursuant to Article 46 of the IFR is required to proceed to disclosures to the public (Pillar III disclosures report).

More specifically, the Company is required to disclose information relating to its capital, the risks that it is exposed to, its own funds, risk management objectives and policies, internal governance arrangements as well as its remuneration policies and practices. These disclosures are for the year ended 31 December 2024. The Company's policy is to meet all required Pillar III disclosure requirements as detailed in the European Prudential framework (IFR & IFD).

This report is published and will be available on the Company's website at [www.oneroval.com/eu](http://www.oneroval.com/eu)

### **1.1 Reporting Frequency**

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.

### **1.2 Verification**

The Company's Pillar 3 disclosures are subject to internal review and validation prior to being submitted to the Board for approval. This includes approval by the General Manager/CEO, the Risk Manager, the Head of Accounting and External Auditor.

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 report, have been reviewed by the Board, which has responsibility of the Remuneration Policy in the absence of a Remuneration Committee.

The Company is expected to provide to CySEC a copy of its External Auditor's verification report with regards to its Pillar III Disclosures report, five months after the end of each financial year, at the latest.

### 1.3 Reporting Details

The Company prepared this report on a Solo basis and its reporting currency is EUR. The present report is prepared for the financial year ending on 31<sup>st</sup> of December 2024. The financial statements have been prepared in accordance with International Financial Reporting Standards (the "IFRSs") as adopted by the European Union (the "EU") and the requirements of the Cyprus Companies Law, Cap. 113.

Unless stated otherwise, all amounts are in thousands of Euro ("€" or "EUR").

### 1.4 Non-Material, Proprietary or Confidential Information

This report has been prepared to satisfy the Pillar III disclosure requirements set out in Part Six of the IFR. The Company does not seek any exemption from disclosure on the basis of materiality or on the basis of proprietary or confidential information.

### 1.5 Exclusions

It should be noted that the Company meets the criteria referred to in Article 32(4)(a) of the IFD. Therefore, this report does not include details regarding the Investment Policy, nor ESG risks outlined in Articles 52 and 53 of the IFR respectively. Furthermore, following consideration of its size, internal organisation and the nature, scope and complexity of its activities, the Company does not deem necessary the establishment of a Nomination or a Remuneration Committee. Furthermore, as for the year under review, the Company was not considered a Significant CIF per the conditions of CySEC Circular C487.

## 2. Corporate Governance – Board and Committees

### 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 is responsible for ensuring that the Company complies with its duties and obligations under the Law, and therefore the Board assesses and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations the Law, and to take appropriate measures to address any deficiencies. As at 31/12/2024, the Board comprised of 1 executive director and 2 non-executive / independent directors.

**Table 1 – Board of Directors**

Full name of Director	Position/Title / Capacity	Country
Andrew Condie	Executive Director	Cyprus
Loukas Kokkinos	Non-executive Director, Independent	Cyprus



Andreas Georghadjis	Non-executive Director, Independent	Cyprus
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*Mrs. Katalina Michael Pantea was appointed as Executive Director on 14 April 2025, while Mr. Michalis Karakatsanis resigned as Executive Director on 15 March 2024.*

The principal responsibilities of the Board, the Senior Management, the Internal Auditor, the Risk Management Committee, and the Risk Manager (i.e., Head of Risk Management Function in relation to the management of the Company's risks) are briefly described in the following subsections.

### Board of Directors

The Board of Directors has the overall responsibility of risk management and/or assessment. The Board of Directors needs to identify, assess, monitor and control each type of risk on a continuous basis. More specifically, when managing and/or assessing risks, the responsibilities of the Board of Directors are the following:

- Assess on a continuous basis the effectiveness of the policies, arrangements and procedures in place.
- Decide on the Company's risk bearing capability and strategy.
- Ensuring they are on the same page in terms of appetite for risk in executing the Company's strategy and making sure the stakeholders understand the stance of the Company.
- Review the Risk Assessment report prepared by the Risk Manager and take appropriate action where necessary.
- Ensure that the Company has the ability to cover its financial needs and capital and liquidity requirements at any time.

The Board holds meetings where the written reports generated by the internal control functions of the Company are reviewed and approved. The Board is responsible for addressing any deficiencies identified throughout the said reports at the soonest possible, especially where there is a breach of the regulatory framework which could potentially harm the Company. The said control functions are the Risk Management, the Internal Audit, the Compliance Department, and the Money Laundering Compliance Department. In this manner the Board remains up to date with the Company's position as regards the aforementioned functions.

### Senior Management

The Senior Management reviews the written reports prepared by the internal control functions of the Company including the Risk Manager's report, applies the decisions of the Board with respect to risk management and monitors whether all the Company's risk management procedures are followed and are in line with the fundamental risk appetite of the Company.

The Senior Management engages in the management of the Company's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including CySEC principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

### Risk Manager

The Risk Manager who heads the Company's Risk Management function and is responsible to identify, assess, quantify, monitor and manage the Company's financial and non-financial risks ensuring that all the different types of risks assumed by the Company are in compliance with its obligations as those derive from applicable legislation and that all necessary risk management procedures are in place. Further, it is the responsibility of the Risk Manager to make recommendations and indicate whether the appropriate remedial measures have been taken in the event of any deficiencies identified.

The Risk Manager reports directly to the Board.

### Internal Auditor

The Internal Auditor evaluates the adequacy and effectiveness of the Company's internal control systems, policies, and procedures with respect to risk management. The Internal Audit function acts independently and is separated from the other functions and activities of the Company, with the Internal auditor being appointed by the Board of Directors and reports directly to the Board of Directors of the Company. The Internal Auditor is responsible for the application of an effective Internal Control System, and the performance at least on annual basis, of checks as these are required by the Internal Control System ("ICS"). The Internal Auditor is provided with access to the Company's personnel and books and any audit issues identified, are considered by the Board when these are presented to it through the appropriate reports.

### Risk Management Committee

The Risk Management Committee is primarily responsible for managing and assessing the risks of the Company, resulting from the Company's operations, and as part of its responsibilities it has to set out, approve and regularly update the Company's risk strategy as well as to monitor all risks on an ongoing basis. The Risk Management Committee's main responsibilities are the following:

- The Risk Management Committee's responsibilities are to ensure the efficient management of the risks inherent in the provision of the investment services to clients as well as the risks underlying the operation of the Company.
- The primary function of the Risk Management Committee is to monitor and control the Risk Manager in the performance of his duties.
- The Risk Management Committee convenes at least annually.
- Establish, implement, and maintain adequate risk management policies and procedures which identify the risks relating to the Company's activities and processes.
- Monitor the adequacy and effectiveness of the risk management policies and procedures.
- Monitor the investment risks undertaken by the Company and by each client on an individual basis.
- Monitor the exposure of the Company.

The Committee has met 4 times during 2024.

## 2.2 Policy on Diversity

The Company is committed to promote a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age, cultural and educational background, for the Board appointments. The Company has established and actively implements a comprehensive Diversity Policy aimed at guiding the selection process for members of the Board of Directors. The Diversity Policy is designed to align with EU requirements and best practices concerning diversity and inclusion.

## 2.3 Number of directorships held by the Board members

According to Section 9 of the Law there is a limitation to the number of directorships held by members of the Board of a CIF that is significant in terms of its size, internal organisation and in terms of the nature, the scope and the complexity of its activities. Thus, only one of the below listed combinations of maximum directorships that can be held simultaneously is allowed:

- One executive directorship with two non-executive directorships;
- Four non-executive directorships

As already mentioned, the Company was not considered Significant for the year under review, as defined by the current definitions by its regulator, thus the application of the above restriction is not applicable.

The number of executive and non-executive directorships held by the Company's Board members (including the directorship held in the Company) for 31/12/2024 is listed below. It should be noted that executive or non-executive directorships held within the same group shall count as a single directorship. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit or charitable organizations, are not taken into account for the purposes of the below.

**Table 2 - Number of directorships held by the Company's Board members**

Full name of Director	Position/Title	# Executive	# Non-Executive
Andrew Condie	Executive Director, "4 eyes"	1	-
Loukas Kokkinos	Non-executive Director, Independent	-	2
Andreas Georgiadis	Non-executive Director, Independent	-	2

1. Mrs. Katalina Michael Pantea was appointed as Executive Director on 14 April 2025, while Mr. Michalis Karakatsanis resigned as Executive Director on 15 March 2024.
2. Information on the above table is based only on representations made by the Company's directors at the time of preparation of the report.

## 2.4 Organisational Structure



## 3. Risk Management Objectives and Policies

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.

To ensure effective risk management the Company has adopted the “three lines of defense” model of governance with clearly defined roles and responsibilities.

**First line of defense:** Operational Managers own and manage risks since their main responsibility lies in the implementation of corrective actions to address process and control deficiencies.

Operation Manager is also accountable to maintain an effective internal control and execute risk and control mechanisms on a daily basis through implementing internal policies and procedures and ensuring that all activities are consistent with the Company’s objectives.

Operational Managers naturally serve as a first line of defence because all controls and processes are designed to be under their guidance. That is why there should be sufficient supervisory controls in order to highlight control breakdown, inadequate processes and unexpected events.

**Second line of defense:** The Risk Management and Compliance Functions help build and monitor the first line of defense in order to make sure that they are operating as intended. These functions can intervene directly when needed in order to modify the internal control and risk structure.

The Company’s Risk Management Function monitors the implementation of effective risk management practices by the managers of the first line of defense, defines the risk exposure and limits and report risk-related information to the Risk Management Committee. As for the Compliance Function, it monitors various risks such as non-compliance with applicable laws and

regulations. They also, provide oversight over business processes and risks.

**Third line of defense:** 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.

### 3.1 Risk Appetite

Risk Appetite limits the risks which the Company can accept in pursuit of its strategic objectives. Risk Appetite is regularly reviewed and monitored on an ongoing basis for adherence. The Company's strategy, business plan and capital and liquidity plans are set with reference to Risk Appetite.

The Board approves the 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 are undertaken regularly to ensure that risk exposures against current business-risk level tolerances and risk limits fit with the Company strategy. The Company's Risk Appetite covers the core areas of Risk to the Clients of the firm, Risk the Firm poses to the Market, Risk to the Firm, Concentration risk and Liquidity risk.

The Board approves the Company's business plans, budget, ICARA and also monitor's the Company's risk profile, capital adequacy, liquidity and concentration position.

#### 3.1.1 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. Identification of risks should occur on an ongoing basis for existing processes and on an ad-hoc basis as required for new hazards, changes to the market, or changes contemplated to existing processes of laws. The participation of all the employees of the Company is an integral part of the identification process in order to spherically identify and address all the potential risk exposures.

#### 3.1.2 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. This is achieved through the documentation and regular update of a detailed Risk Register /Map where all financial and non-financial risks the Company faces are identified and recorded by the Risk Manager as well as the relevant risk management controls.

#### 3.1.3 Risk Management Function

The Risk Management Function (the "RMF") operates under the leadership of the Risk Manager who reports directly to the Senior Management and the Board. The Risk Management Function comprises by individuals with specific expertise and is structured to provide analysis, challenge,



understanding and oversight of each of the principal risks faced by the Company. The Risk Management Function operates independently.

The Risk Management Committee is responsible for monitoring and controlling the Risk Manager in the performance of his duties.

### **3.1.4 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 upon request periodic ICARA reports which establish future plans, their impact on capital availability and requirements and the risks to capital and liquidity adequacy under potential stress scenarios.

### **3.1.5 ICARA and Approach to assessing adequacy of Internal Capital**

The Company in accordance with the Article 24 of the IFD is required to implement an ICARA process. The Company has documented its ICARA report in 2024 which was based on the audited financial statements of 2023. The report has been discussed during a Risk Management Committee meeting before being discussed and approved by the Board of Directors. Following approval of the report, the Risk Manager ensures proper implementation of all the provisions included in the report for the efficient monitoring and control of the risks that the Company is exposed to.

Through the ICARA report the Company evaluates the risks to clients, risks to market and risks to the firm as well as any additional risks that are not covered by the IFR/IFD framework and the calculation of K-Factors (i.e., Pillar I risks). The ICARA process considers all the risks faced by the Company, the likely impact of them if they were to occur, how these risks can be mitigated and the amount of capital and liquid assets that they are prudent to hold against them both currently and in the future.

The Company performs a full ICARA annually with approval provided by the Board. For this purpose, all departments of the Company will complete the Risk Record Charts. After the evaluation of the complete Risk Record charts, the Risk Manager creates a Risk Register with Assessments. The Accounting & Finance department prepares Business Plans and Capital Plans for the next 3 years based on rolling P&L and Balance Sheet. The Risk Manager implements Stress Test of the Capital Plan, based on "What if" approach in each department of the Company. All stress tests are then summarized by the Risk Manager, assessed, identified, and submitted as a "Stress Test Register" to the Risk Management Committee. The Accounting & Finance department prepares stress tests on the Capital Plan based on the Stress Test Register. It also prepares the Budget of the Company, based on stress tested Capital Plan. The Accounting & Finance department compares the calculated Capital Plan and stress tested Capital Plan.: Pillar I Risks + Pillar II risks (uncovered Pillar I Risks).

These measures allow the Management to evaluate Gap Analysis (what we have at hands and what we should have), and to create Action Plan to monitor and mitigate the consequences of the risks in order to make the Board of Directors to be able to assess and approve the Action Plan along with the outcomes of ICARA.

### 3.1.6 Control Functions

#### Internal Audit

Further to section 2.1 of this report, the Company, taking into account the nature, scale and complexity of its business activities, as well as the nature and the range of its investment services and activities, establishes and maintains an Internal Audit Function through the appointment of a qualified and experienced Internal Auditor.

The Internal Auditor, who is separated and independent of the other functions and activities of the Company, is appointed and reports to the Board of the Company. The Internal Auditor bears the responsibility to:

- a) establish, implement, and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements;
- b) issue recommendations based on the result of internal audit reviews carried out in accordance with point (a) above;
- c) verify compliance with the recommendations of point (b) above;
- d) provides timely, accurate and relevant reporting in relation to internal audit matters to the Board of Directors.

The Internal Auditor is responsible for applying the ICS, which confirms the accuracy of the reported data and information. Furthermore, the role of the Internal Auditor is the programming, on an at least annual basis (as applicable), of checks on the degree of application of the required ICS.

The Internal Auditor has clear access to the Company's personnel and books. Likewise, the Company's employees have access to the Internal Auditor for the reporting of any significant deviations from the guidelines provided.

The Board ensures that internal audit issues are considered when presented to it by the Internal Auditor and appropriate actions should be taken. The Board ensures all issues are dealt with and prioritized according to the Board's assessment.

#### Compliance Officer

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has appointed a Compliance Officer, to head the Compliance Function of the Company in order to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, to put in place adequate measures and procedures designed to minimize such risks and to enable the competent authorities to exercise their powers effectively.

The Compliance Officer is independent and reports directly to the Board of the Company, having at the same time the necessary authority, resources, expertise, and access to all relevant information.

The Compliance Officer is responsible, inter alia, to:

- a) liaising with all relevant business and support areas within the Company;



- b) monitor on a permanent basis and to assess, on a regular basis, the adequacy and effectiveness of the measures, policies and procedures put in place, and the actions taken to address any deficiencies in the Company's compliance with its obligations;
- c) monitor and assess the level of compliance risk that the Company faces, taking into account the investment and ancillary services provided, as well as the scope of financial instruments traded and distributed;
- d) advise and assist the relevant persons responsible for carrying out the investment services to be in compliance with the Law.

#### **Anti-Money Laundering Compliance Officer**

The Board retains a person to the position of the Company's Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and terrorist financing. The AMLCO belongs to the higher hierarchical levels/layers of the Company so as to command the necessary authority. The AMLCO leads the Company's Anti-Money Laundering Compliance procedures and processes and reports to the Board of the Company. Scope and objectives of the AMLCO:

- a) The improvement of mechanisms used by the Company for counteraction of legalization (laundering) of criminally earned income;
- b) To decrease the probability of appearance among the customers of the Company of any persons/organizations engaged in illegal activity and/or related with such persons/organizations;
- c) To minimize the risk of involvement of the Company in any unintended holding and realization of operations with any funds received from any illegal activity or used for its financing;
- d) To ensure compliance with anti-money laundering laws and directives issued by CySEC as well as the identification and proper reporting of any money laundering activity to the relevant authorities.

#### **Risk Manager**

Further to section 2.1 of this report, the Board appoints a Risk Manager who leads the Risk Management Function of the Company to ensure that all different types of risk taken by the Company are in compliance with the Law and the obligations of the Company under the Law, and that all necessary procedures, relating to risk management are in place. The Risk Manager reports directly to the Board of Directors of the Company.

The Risk Manager is responsible, inter alia, to:

- a) Complying and implementing the relevant provisions of the Law relating to risk management issues;
- b) Requiring sufficient information from all the relevant departments of the Company, as applicable;
- c) Educating and training the personnel of the Company on risk related issues;
- d) Examining the financial results of the Company.

### **3.2 Board Risk Statement**

Considering its current nature, scale and complexity of operations, the Company has developed



a risk policy that establishes and applies processes and mechanisms that are most appropriate and effective in monitoring activities. The Company's Risk appetite statement establishes the philosophy and the high-level boundaries for risk-taking activities across the Company.

The operations of the Company expose it to the economies and financial markets and more specifically to a variety of risks, the most material of which are risk to client, risk to firm, credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, and liquidity risk.

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 Company has taken the approach to be risk averse and takes reasonable steps to manage its risks. This is reflected in the Company's low appetite for taking on risks in any of its activities.

The Company aims to take business risks in an informed and proactive manner such that the level of risk is aligned with the potential business rewards. Management regularly reviews risk exposures against current business risk level tolerances and risk limits to ensure they fit with the Company strategy. The Board approves the limits set by the Risk Management department and ensures that they are consistent with the approved strategy, risk tolerance for all types of risks and that these limits take into account market volatility, market liquidity, business strategy and all CySEC regulations.

#### **4. Own Funds**

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. Own funds consist of the sum of Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital and the Company is required to hold own funds in sufficient quantity and quality in accordance with IFR which sets out the characteristics and conditions for own funds.

The Company throughout the year under review managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities. As at 31 December 2024, the Company complied fully with its permanent minimum capital requirement, minimum capital requirement and liquidity requirement and fulfilled its obligations by successfully submitting, on a quarterly basis, the excel-to-XBRL CoRep templates to CySEC.

#### **Tier 1 & Tier 2 Regulatory Capital**

Investment Firms shall disclose information relating to their own funds. Furthermore, Investment Firms shall disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the Investment Firm. In this respect, the Company's Owns Funds/capital base is wholly comprised of Common Equity Tier 1 Capital.

As at 31<sup>st</sup> of December 2024 the capital base of the Company was as follows:

**Table 3 - Template EU IF CC1.01 - Composition of Regulatory Own Funds**

Common Equity Tier 1 (CET1) capital: instruments and reserves			
Ref		31 Dec 2024 (€'000)	cross reference to EU IF CC2
1	OWN FUNDS	693	
2	TIER 1 CAPITAL	693	
3	COMMON EQUITY TIER 1 CAPITAL	693	
4	Fully paid-up capital instruments	125	Ref.1 (Shareholders' Equity)
6	Retained earnings	(1.318)	Ref.2 (Shareholders' Equity)
7	Other funds	1.920	Ref.3 (Shareholders' Equity)
19	(-) Other intangible assets	(4)	Ref.1 (Assets)
27	CET1: Other capital elements, deductions, and adjustments	(30)	Ref.2 & 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

**Table 4 - Template EU IFCC2: Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements**

Template EU IF CC2			
Assets - Breakdown by asset classes according to the balance sheet as audited financial statements as at 31 December 2024			
Ref.		(€'000)	Cross reference to EU IF CC1
	<b>Total Assets</b>	<b>944</b>	
	Of which:		
1	Intangible assets	4	Ref.19
2	Deposit with Investors' Compensation Fund	29	Ref.27
3	Additional cash buffer (part of cash and cash equivalents)	1	Ref.27
Ref.	Liabilities - Breakdown by liability classes according to the balance sheet as in audited financial statements		
	<b>Total Liabilities</b>	<b>217</b>	
Ref.	Shareholders' Equity		
	<b>Total Shareholder's equity</b>	<b>727</b>	
1	Share Capital	125	Ref.4
2	Retained Earnings / (accumulated losses)	(1.318)	Ref.6

3	Non-reciprocal contributions from shareholder	1.920	Ref.11
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Tables 3 and 4 above have been prepared in accordance with the Pillar III templates established by the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of the IFR with regard to supervisory reporting and disclosures of investment firms.

## 5. Own Funds requirements

The primary objective of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

Based on the Company's classification, quarterly Capital Adequacy Reports (i.e. excel-to-XBRL CoRep templates) are prepared and submitted to the CySEC. The Capital Adequacy Reports are prepared on a solo basis and the reporting currency is Euro.

It should be noted that the Company does not have any Crypto-asset holdings in banking book neither does it have trading exposures to such assets from trading on its own account or from trades of its clients. Therefore, no information is included in this report on:

- the exposure amounts of different crypto-asset exposures;
- the capital requirement for such exposures; and
- the accounting treatment of such exposures.

At 31<sup>st</sup> of December 2024 the Company's minimum capital requirements were as follows:

**Table 5 - Minimum Capital Requirements**

Minimum Capital Requirements		
K-Factor Requirement		31 Dec 2024 (€'000)
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	8
	K-ASA	-
	K-COH	20
Risk-to-Market (RtM) Saint Vincent	K-NPR	14
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	-
	K-CON	-
Total K-Factor Requirement		42
Fixed Overhead Requirement ('FOR')		332
Permanent Minimum Capital Requirement ('PMCR')		150

As it can be seen in Table 5 above, the FOR is the highest of the three amounts indicated by the IFR methodology, hence determining the ultimate amount of minimum capital requirements that must be held at all times.

As per article 9 of the IFR, investment firms are required to maintain own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

- Common Equity Tier 1 Capital of at least 56% of Minimum Capital Requirements.
- Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of minimum Capital Requirements.
- Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Minimum Capital Requirements.

As at 31 December, 2024, the Company's capital ratio is presented below and they are higher than the minimum own funds requirements.

**Table 6 – Capital Excess/Ratio**

	31 Dec 2024 (€'000)	Reference
<b>Capital</b>		
Common Equity Tier 1	693	
Additional Tier 1	-	
Tier 2	-	
<b>Total Own Funds</b>	<b>693</b>	<b>a</b>
<b>Minimum Own Funds Requirement</b>		
K-factor Requirement	42	b
Fixed Overhead Requirement	332	c
Permanent Minimum Capital Requirement	150	d
<b>Total Minimum Own Funds Requirement</b>	<b>332</b>	<b>e = (higher of b, c, d)</b>
<b>Capital Excess/Ratio</b>		
Capital Excess	361	a-e
Capital Ratio	208,89%	a/e

Based on its Class 2 classification, the Company shall at all times have own funds which amount at least to the highest of the following:

- its Permanent Minimum Capital Requirement (PMCR)
- K-Factor Capital Requirement (KFR)
- Fixed Overheads Requirement (FOR)

A summary of the Company's capital and liquidity requirements is provided in the following

sections.

### 5.1 K- Factor requirements

The K-factor requirement under IFR is applicable to the Company as a Class 2 investment firm, which is required to calculate its Minimum Capital Requirements based to the extent to which it is exposed to certain risk-related activities. K-factors are quantitative indicators targeting the services and business practices that are most likely to generate risk to the Company. They are categorised into three main groups, risk to clients (RtC), risk to market (RtM) and risk to the firm (RtF), reflecting the risks of the Company on each of these areas. The K-factor requirement is the sum of the RtC, RtM and RtF K-factors calculated with due regard to the rules laid down in Article 15 of IFR.

The K-Factor system and its sub-risks are elaborated further next.

#### 5.1.1 Risk to Clients (RtC)

Risk to Client is the risks that an investment firm poses to clients in the event where it fails to carry out its services or operations correctly.

Within this risk class four k-factors have been defined:

- *K-AUM (Assets Under Management)*

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice. The provision of investment advice was inactive in 2024 and therefore the Company was not subject to the risk relating to this K-factor during the year under review.

- *K-CMH (Client Money Held)*

K-CMH captures potential risks associated with the holding of client money by an investment firm, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. As part of its business, the Company holds clients' money on behalf its customers, to enable them to perform transactions, and consequently, it is subject to the risk captured under this k-factor.

In order to mitigate the risk arising from K-CMH, Royal Financial Trading (Cy) Ltd conducts reconciliations between its internal accounts and records and those of any third parties by whom clients' funds are held. Client's money reconciliations are prepared by one of the Company's accountant officers and then reviewed by one of the Company's Executive Directors. Also, due diligence for the banks where clients' cash are held was performed during the year under review. Client's cash are held in designated client's bank account which are identified separately from any accounts used to hold funds belonging to the Company.

- *K-ASA (Assets Safeguarded and Administered).*

K-ASA captures the risk of safeguarding and administering client assets and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on their own balance sheets or in third-party accounts. During the year under review, the Company was not subject to risk relating to this K-factor as the safeguarding of clients' positions in CFD products is captured under k-CMH.



- *K-COH (Client Orders Handled)*

K-COH captures the potential risk to clients of an investment firm which executes orders in the names of the clients, and not in the name of the investment firm itself. During the year under review, the Company was subject to the risk relating to this K-factor as it provided brokerage services to its clients.

In order to mitigate K-COH risk, the Company follows the MiFID II best execution rules which are designed to ensure and always achieve the best interest of the clients when executing their orders. In addition, similarly to other applicable k-factors, relevant capital requirements are calculated and monitored, and the results of such calculations are reported on a quarterly basis to the CySEC.

### 5.1.2 Risk to Market (RtM)

This is the risk the Company poses to the financial markets it operates in and the counterparties it operates with. It applies to firms with a trading book that deals on their own account or on behalf of their clients. RtM also exists from positions in the banking book of a Company in currencies other than its reporting currency. There are two k-factors under RtM:

- *K-NPR (Net Position Risk)*

This k-factor is calculated based on the rules for market risk for positions in equities, interest rate financial instruments, foreign exchange, and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). The Company applies the Standardised approach set out in CRR. K-NPR captures the market risk, which is defined as the risk that the value of an investment will decrease due to changes in market factors (such as currency fluctuations, changes in interest rates and movements in equity and commodity prices). The company is subject to Market Risk from its banking book transactions, with the capital requirement being derived solely from foreign currency exposures in its banking book.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars, British Pounds and Polish Zloty.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. Also, the Company monitors its foreign currency exposures through Capital Adequacy Reports on a quarterly basis.

- *K-CMG (Clearing Margin Given)*

CMG is the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account takes place under the responsibility of a clearing member or qualifying central counterparty. This is an alternative to K-NPR to provide for market risk for trades that are subject to clearing or on a portfolio basis, where the whole portfolio is subject to clearing as set out in Article 23 of IFR. This K-factor was not applicable to the Company for the year ended 31 December 2024.

### 5.1.3 Risk to Firm (RtF)

Risk to Firm capture the risk of the Company's exposures to its trading counterparties (K-

TCD), operational risk (K-DTF) from daily trading flow which could affect the orderly operation of the Company and concentration risk from large exposures (K-CON). The respective K-Factor capture the Company's exposure to these risks. RtF is not applicable to the Company due to the limited scope of its authorization as the Company is not authorized for the investment service of dealing on own account.

There are three RtF K-factors:

- *K-TCD (Trading Counterparty Default)*

K-TCD reflects the risk of trading counterparties failing to meet their obligations to the investment firm. This K-factor was not applicable to the Company for the year ended 31 December 2024.

- *K-DTF (Daily Trading Flow)*

K-DTF reflect the operational risks to an investment firm of trading large volumes on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that a CIF handles for clients through the reception & transmission of client orders. This K-factor was not applicable to the Company for the year ended 31 December 2024.

- *K-CON (Concentration Risk)*

K-CON seeks to impose additional own funds requirements when exposures to a client or a group of connected clients in the trading book of an investment firm, exceed prescribed limits set out in Article 37 (1) of IFR. This k-factor was not applicable for the Company since for the referenced financial year 2024, the Company did not have a Trading Book, as it did not carry out dealing on own account activities.

## 5.2 Fixed Overheads Requirement

The fixed overheads requirement is equal to at least one quarter of the fixed overheads of the preceding year, calculated using figures from the most recent audited annual financial statements, where available, after the distribution of profits. The Company complies with Article 13 of the IFR which places a fixed overhead requirement to hold own funds of at least one quarter of the fixed overhead expenses of the preceding year. The Fixed Overheads Requirement, as of 31 December 2024 amounted to €332K.

## 5.3 Permanent Minimum Capital Requirement ('PMCR')

The Company monitors its Own Funds on a continuous basis and ensures that they remain above the PMCR of EUR 150K, which corresponds to the initial capital that applies to the Company in accordance with Article 14 of the IFR and Article 9(3) of the IFD.

## 5.4 Liquidity Requirement

Being under the scope of the IFR/IFD, the Company has the obligation to comply with the liquidity requirement laid down under article 43(1) of the IFR, by holding liquid assets equivalent to at least one-third of the fixed overheads requirement (FOR).

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's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under both normal and stressed conditions. To achieve this, the Company monitors and manages its liquidity needs on an ongoing basis. The Company also ensures that it has sufficient cash on demand to meet expected operational expenses. It also monitors the Company's exposures and diversification avoiding high Concentration risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As at 31 December 2024, the Company satisfied the regulatory Liquidity requirement.

## **5.5 Other Risks**

### **5.5.1 Strategic Risk**

The Company is exposed to Strategic risk in every aspect in its business. The Company's management assesses, manages, and mitigates significant Strategic risks with the Board's oversight. Each department head is responsible for managing strategies with that area and for ensuring that they are aligned with the Company's overall strategy and vision. All managers are accountable to the CEO/General Manager for monitoring, managing, and reporting on business risks inherent in their strategies.

The CEO/General Manager reports to the Board of directors on the implementation of the Company's strategy, in addition to identifying business risks within these strategies and how these risks are being managed.

### **5.5.2 Reputation Risk**

A solid corporate reputation is essential to optimizing shareholder's value. While the ultimate responsibility of the Company's reputation lies with the management, anyone who is employed by the Company has a responsibility to contribute in a positive way to the Company's reputation. The Company upholds its reputation by maintaining ethical practices, adhering to internal policies and procedures and external regulations and legislation.

The following are some areas that contribute to reputational risk where the company is working on ensuring they are properly managed:

- Word of mouth.
- Contract agreements.
- Brand awareness and goodwill.

### **5.5.3 Business Risk**

Business risk refers to the possibility of reduced profits or even the incurrence of losses that as a result of unfavorable conditions in the business environment, thus having a current and/or future adverse impact on the Company's financial performance and/or financial position. The continuous attention of the Company's Board of Directors and Senior Management who have the knowledge and technical expertise to implement goals, objectives and strategic initiatives ensures mitigation of the Company's exposure to Business risk.



#### 5.5.4 Capital Risk Management

This risk can occur when the Company finds itself in a situation where regulatory own funds (i.e. its total eligible funds) are inadequate to cover the material risks to which it is exposed (i.e. Pillar I and Pillar II risks) as the Company must maintain a minimum capital adequacy ratio of 100%. The risk is mitigated through prudent and forward-looking capital planning and ongoing monitoring of the capital adequacy ratio.

The Company submits the relevant capital adequacy forms to its Regulator on a quarterly basis. As at 31st of December 2024, the Company's Own Funds comprised entirely out of Common Equity Tier 1 Capital.

#### 5.5.5 Regulatory Risk

This may arise as a result of negligent actions by the Company's Senior Management and / or staff members, and may lead to fines, loss of license and / or other form of disciplinary action by the regulatory authority. As a result, the Company's reputation will be adversely affected.

The Company maintains strong Compliance / Internal Audit departments, which perform frequent inspections on the Company's processes and procedures. Should a non-compliance issue arise, all appropriate measures are immediately taken to rectify the issue. Both the Compliance officer and the Internal Auditor are qualified and well trained and remain abreast with any new regulatory developments. The potential of such risk arising is considered low.

#### 5.5.6 Legal and Compliance Risk

The Company may, from time to time, become exposed to this type of risks, which could manifest because of non-compliance with local or international regulations, contractual breaches, or malpractice.

Compliance and legal risks occur as part of the normal course of operations. Failure to meet applicable regulatory requirements poses a risk of regulatory penalty as well as a risk of reputation loss to the Company.

Each business unit is responsible for complying with a set of regulations and internal policy and procedures when fulfilling their business operations and discharging their responsibilities. Control functions, namely the Internal Audit and Compliance departments are charged with the responsibility of ensuring that these business units adhere to set regulations and policies and procedures and provide them with any required advice and assistance in this regard.

The Company adopts a risk-based approach in order to classify clients and operations according to different risk levels, the risks that are taken into consideration are but not limited to the following:

- Customer Risk.
- Country Risk.
- Service Risk

Risk management assesses and understands the money laundering and terrorist financing

risks in which the company is exposed to and takes the appropriate AML/CFT measures in order to mitigate those risks effectively. The risk assessment should be approved by the Board of directors and should act as the basis for the development of the policies and procedures in order to mitigate AML/CFT risks, reflecting the risk appetite of the company and stating acceptable risk level.

The risk assessment should be reviewed and updated on a regular basis. Policies, procedures, measures, and controls to mitigate this risk should be consistent with the risk assessment.

#### **5.5.7 Information Communication Technology (“ICT”) Risk**

ICT and security risk is the risk of loss due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology within a reasonable time and with reasonable costs when the environment or business requirements change. This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.

The Company establishes a framework for identifying, assessing, managing, and mitigating risks associated with ICT. The goal is to protect the Company’s information assets, ensure business continuity, and maintain the integrity and availability of critical ICT systems.

THE ICT framework applies to all employees, contractors, consultants, and third-party service providers who interact with the Company’s ICT systems and data. It encompasses all digital and physical assets related to ICT.

### **6. Remuneration Policy**

The purpose of the Company’s Remuneration Policy is to ensure the consistent implementation of the MiFID II conflicts of interest and conduct of business requirements in the area of remuneration.

The remuneration policy and practices of the Company are designed in such a way to avoid exposing the Company into excessive or undue risks. Moreover, they are targeted to avoid creating incentives that may lead relevant persons to favor their own interest, or the Company’s interests, to the potential detriment of clients. The Company has set up adequate controls for compliance with the regulatory requirements regarding the remuneration policy and practices. The controls are implemented throughout the Company and subject to periodic review.

The remuneration policy of the Company applies to all of the Company’s employees. The main purpose of this policy is to ensure the consistent and improved implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration. On the one hand, remuneration policies and practices should ensure compliance with the conflicts of interest requirements; and on the other hand, they should also ensure compliance with the conduct of business rules.

The policy reflects the Company’s objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that:

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- a) the Company is able to attract, develop and retain high-performing and motivated employees in a competitive, international market.
- b) employees are offered a competitive remuneration package.
- c) employees feel encouraged to create sustainable results and that a link exists between shareholder and employee interests.
- d) the Company's focus areas are supported.

The policy focuses on ensuring sound and effective risk management through:

- a. a stringent governance structure for setting goals and communicating these goals to employees.
- b. including both financial and non-financial goals in performance and result assessments.
- c. making fixed salaries the main remuneration component.

The remuneration policy of the Company is set by the Company's Senior Management and the Board of Directors. Decisions with regards to remuneration levels and salary increases of employees are taken by the Executive Directors of the Company, in consultation with the departmental heads.

Employees are assessed using a set of criteria that differ according to the position and responsibilities of the employee concerned.

At the annual appraisal interview, the individual employees and managers evaluate and document performance and set new, documented goals.

During the design of the Remuneration Policy, the Company considers and reflects the conduct of business and conflicts of interest risks that may arise. The Company's remuneration policy is aligned with effective conflicts of interest management duties (which include the avoidance of conflicts of interests created by the remuneration policy) and conduct of business risk management obligations, in order to ensure that clients' interests are not impaired by the remuneration policy adopted by the Company in the short, medium and long term.

The Company considers all relevant factors such as, but not limited to, the role performed by relevant persons, the type of products offered, and the methods of distribution (e.g. advised or non-advised, face-to-face or through telecommunications) in order to prevent potential conduct of business and conflict of interest risks from adversely affecting the interests of its clients and to ensure that the Company adequately manages any related residual risk.

The remuneration policy is approved by the people who effectively direct the business of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The people who effectively direct the Company should be responsible for the implementation of the remuneration policy and for preventing and dealing with any relevant risks that remuneration policy can create.

## Remuneration components

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's rank in the Company and professional activity as well as market practice.

The remuneration components are:

- a) fixed remuneration (including fixed supplements).
- b) performance-based remuneration (variable salary).
- c) deferred compensation.
- d) employees' compensation and sick leave schemes.
- e) statutory pension contributions and schemes.
- f) other benefits.
- g) severance payment (early termination of employment).

The fixed remuneration is determined on the basis of the role of the individual employee, including responsibility and job complexity, performance and local market conditions.

Performance-based remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking, i.e. by granting performance-based pay as deferred and in addition to salary.

Performance-based pay is awarded by ensuring:

- an appropriate balance between fixed and performance-based components.
- that the fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the performance-based component possible.
- that the performance-based component reflects the risk underlying the achieved result.
- that awarded performance-based pay may be forfeited in full or in part if granted on the basis of unsustainable results (back-testing – as a minimum for employees who are identified as risk takers).
- that awarded performance-based pay may be clawed back if granted on a deliberately erroneous foundation.

Performance-based remuneration pools must be based on an assessment of the Company's budget performance and a number of Key Performance Indicators ("KRIs") reflecting the trend in the Company's focus areas.

## Discretionary Annual Appraisal Scheme for all Departments

The Company operates a discretionary annual Employee Appraisal scheme to recognize an employee's contribution to the success of the Company.

The discretionary annual bonus scheme of the Company is set by the Company's Senior Management and the Board of Directors. Decisions with regards to the discretionary annual bonus scheme are taken by the Executive Directors of the Company, in consultation with the department heads.

The discretionary annual bonus year runs from 1<sup>st</sup> January until 31<sup>st</sup> December.

The Company's annual remuneration to senior management and members of staff whose actions have a material impact on its risk for 2024 is presented in the below table.

**Table 7 – Quantitative information on remuneration**

	Senior Management <sup>1</sup> €'000	Staffs whose actions have material impact on the Company's Risk Profile <sup>2</sup> €'000
Fixed Remuneration	134	341
Variable Remuneration	-	-
Total	134	341
Number Of beneficiaries	4	10
<small>1 Includes the Executive Directors of the Board and the Independent Non-Executive Directors.</small>		
<small>2 Includes the management team of the Company excluding the ones in point 1 above.</small>		

During 2024 the Company did not provide any variable remuneration, deferred remuneration, severance payment, or any guaranteed variable remuneration. There were also no deferred remuneration or severance payments that were awarded in previous periods, and which have been paid out during 2024.

## 7. Investment Policy

Investment firms shall disclose information on their Investment policy risks, including physical risks and transition risks as listed in Article 52 of the IFR. The Company for the year under review does not meet the criteria mentioned in Article 52 of the IFR thus it is not required to make any disclosures on Investment Policy.

## 8. Environmental Social Governance Policy

Investment firms shall disclose information on environmental, social and governance risks (ESG risks), including physical risks and transition risks, as defined in the relevant EBA's report referred in Article 35 of the IFD. The Company for the year under review does not meet the criteria mentioned in Article 53 of the IFR thus it is not required to make any disclosures on ESG Risks.

## Appendix I – Own funds: Main Features of own instruments issued by the Company

Template EU IF CCA		Common Equity Tier 1 instruments
1	Issuer	Royal Financial Trading (Cy) Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type	Ordinary Shares
6	Amount recognised in regulatory capital (in EUR)	EUR 125.000
7	Nominal amount of instrument	EUR 125.000
8	Issue price (in EUR)	EUR 1 each
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	7 December 2016
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/ coupon	Floating
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	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible info	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

38	Link to the full term and conditions of the instrument (signposting)	N/A
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