

STATOK LTD

RISK MANAGEMENT (PILLAR III) DISCLOSURES IN ACCORDANCE WITH PART SIX OF REGULATION (EU) No 2019/2033 FOR THE YEAR ENDED 31 DECEMBER 2024

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Specific references to articles in the Regulation

Part Six of Regulation (EU) No 2019/2033

Ref.	High-level summary	Compliance reference
Article 46	Scope of disclosure requirements	1.1-1.3
Article 47	Risk management objectives and policies	3.1-3.4
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1. Introduction

This report pertains to the “Disclosure by Investment Firms” regulatory obligation, in accordance with the provisions of Part Six of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (hereinafter referred to as the “IFR” or the “Regulation”).

Under this regulatory obligation, STATOK LTD (hereinafter referred to as the “Company”) is required to disclose information regarding its risk management, capital structure, capital adequacy, and risk exposures, as well as key aspects of its corporate governance, including its remuneration system. The purpose of these disclosures is to promote market discipline and enhance transparency among market participants.

The information provided in this report relates to the financial year ended 31 December 2024.

1.1 Scope

In accordance with Article 46 of Regulation (EU) No 2019/2033, investment firms are required to disclose the information specified in Part Six of the Regulation on the same date as the publication of their annual financial statements, if applicable.

Pillar III disclosures should be made on an annual basis, aligned with the publication of the annual report and financial statements, where applicable. More frequent disclosures will be provided in the event of a material change in the Company’s risk profile during the year.

The Pillar III Disclosures document will be uploaded to the Company’s website.

As of 31 December 2024, the Company did not own any subsidiaries. Accordingly, these disclosures have been prepared on a solo basis. The Company does not anticipate any material, practical, or legal impediments to the prompt transfer of own funds or the repayment of liabilities to its parent.

1.2 Company Overview

STATOK LTD is an investment firm regulated by the Cyprus Securities and Exchange Commission (CySEC) under License No. 403/21.

The Company was granted authorization to operate as a Cyprus Investment Firm (hereinafter referred to as “CIF”) by CySEC on 26 July 2021, under license number CIF 403/21.

The table below presents the Company’s license information as of 31 December 2024.

Financial Instruments	Investment services and activities									Ancillary Services						
	I (1)	I (2)	I (3)	I (4)	I (5)	I (6)	I (7)	I (8)	I (9)	II (1)	II (2)	II (3)	II (4)	II (5)	II (6)	II (7)
III (1)	√	√	√							√	√		√			
III (2)	√	√	√							√	√		√			
III (3)	√	√	√							√	√		√			
III (4)	√	√	√							√	√		√			
III (5)	√	√	√							√	√		√			

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III (6)	√	√	√							√	√		√			
III (7)	√	√	√							√	√		√			
III (8)	√	√	√							√	√		√			
III (9)																
III (10)	√	√	√							√	√		√			
III (11)																

Investment services (Core services)

- I - (1) Reception and transmission of orders in relation to one or more financial instruments.
- I - (2) Execution of orders on behalf of clients.
- I - (3) Dealing on own account.

Ancillary (Non-core) services

- II - (1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level ("central maintenance service"), as referred to in point 2 of Section A of the Annex to Regulation (EU) No 909/2014.
- II - (2) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
- II - (4) Foreign exchange services where these are connected to the provision of investment services.

Financial Instruments

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

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obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

1.3 Legal and Regulatory Framework

The Pillar III Disclosures Report of the Company presents both quantitative and qualitative information as required under Part Six of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms.

The capital requirements framework is based on three pillars:

- Pillar I sets out the minimum regulatory capital requirements, covering Risk-to-Client, Risk-to-Market, and Risk-to-Firm;
- Pillar II relates to the Supervisory Review Process, which assesses the firm's internal capital adequacy. Under this pillar, investment firms must evaluate and determine their internal capital needs;
- Pillar III promotes transparency and requires investment firms to publicly disclose information regarding their risks, capital, and the structures, policies, and procedures in place for risk management.

2. Governance

2.1 Number of directorships held by members of the management body

The following table presents the number of positions held by members of the Board of Directors across various boards during 2024. It should be noted that directorships in organizations that do not pursue predominantly commercial objectives are not taken into account for this purpose. Furthermore, executive or non-executive directorships held within the same group are considered as a single directorship.

Name of director	Function	Directorship Executive	Directorship Non- Executive
Mr. Roman Bilych	Executive Director	1	0
Mr. Andrey Shvachko	Executive Director	1	0
Mr. Gavriel Styllas	Non-Executive Director	1	5
Mr. Andreas Xenofontos	Non-Executive Director	1	3
Mr. Mykola Sushko	Non-Executive Director	2	1

2.2 The recruitment policy for the selection of members of the management body

The management body of the Company is the Board of Directors, comprising executive, non-executive, and independent directors. The members of the Board bring diverse experience and backgrounds, including expertise in management, accounting, finance, banking, investments, and

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risk management. Additionally, the independent directors possess strong credentials in their respective fields, thereby adding significant value to the Board's overall effectiveness.

Individuals proposed for appointment must have specialized skills and/or knowledge that contribute to the collective expertise of the Board of Directors and must be able to commit the time and effort necessary to fulfill their responsibilities.

When reviewing potential candidates, the following factors are considered:

- Specialized skills and/or knowledge in accounting, finance, banking, law, business administration, or related subjects;
- Knowledge of and experience with financial institutions;
- Integrity, honesty, and the ability to inspire public confidence;
- Understanding of financial matters, including financial statements and financial ratios;
- Demonstrated sound business judgment;
- Experience in risk management.

2.3 Diversity policy in relation to the selection of members of the Board of Directors

The Company recognizes both the benefits and importance of maintaining a diverse Board of Directors. The objective of this policy is to promote a balanced working environment, where a range of skills, experiences, qualities, and professional backgrounds—including temperament and perspective—enables each director to contribute effectively, regardless of gender, age, race, ethnicity, or other personal characteristics.

Recruitment to the Board combines an assessment of both technical capability and competency, aligned with the Company's leadership framework. A balanced mix of diverse attributes is considered essential in determining the optimal composition of the Board.

Diversity is increasingly recognized as an asset that contributes to improved organizational performance. The Company acknowledges that a diverse Board—drawing on differences in skills, experience, and background—enhances decision-making and supports strong governance. These differences are taken into account to ensure the most effective structure of the Board of Directors.

The Company has adopted the following principles in relation to diversity matters, in order to support and achieve the objectives of its Diversity Policy:

1. Substance Over Form

The Company shall always give precedence to substance over any other consideration, including diversity. This does not imply that diversity principles will be ignored; rather, they will be considered without compromising merit and capability.

2. Age Criteria

The Articles and Memorandum of Association do not impose an age limit for directors. However, as part of the recruitment and diversity policy, the Company has set the maximum age for directors at seventy (70) years.

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3. Gender Representation

The Company aims for near-equal representation of both genders on the Board. Nevertheless, the overarching objective remains to ensure a qualified and effective Board. Therefore, when selecting candidates, professionalism and suitability will take precedence over gender-based targets.

4. Geographical Provenance

It has been established that the majority of directors shall reside permanently in Cyprus, ensuring proximity and engagement in the Company's affairs.

5. Educational and Professional Background

The following disciplines should be represented on the Board of Directors:

- Accounting
- Finance
- Risk Management
- Legal

If representation from all these disciplines is not feasible, the Company ensures that individuals with such expertise are regularly present at Board meetings (without voting rights) or provide advisory input as needed.

6. Employee Representation

Employee representation on the Board is partially achieved by the presence of executive directors who are full-time employees.

7. Application of Diversity Principles in 2024

During 2024, the Company met the above diversity principles as follows: The Board comprised five male directors - two executive and three non-executive - all of whom are residents of Cyprus, aged under seventy, and with broad and relevant experience in management, investment, trading, accounting, risk management, compliance with investment legislation, and finance.

2.4 Risk Management Committee

The Risk Management Committee:

- Is established to ensure the effective management of risks inherent in the provision of investment services to clients, as well as those associated with the Company's overall operations.
- Reviews and makes decisions on various risks related to the Company's activities, with the aim of raising risk awareness, formulating internal policies, and evaluating the effectiveness of those policies in mitigating identified risks.
- Convenes to set limits on the activities and operations of the Dealing on Own Account Department, review stress test results, and assess the range of risks faced by the Company.

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The Risk Management Committee is responsible for developing an internal risk management framework and integrating it into the Company's decision-making processes. This framework covers the full spectrum of the Company's activities and operational units. In particular, the Committee ensures that the Company maintains a clear and well-communicated policy regarding the identification, monitoring, and management of risks, with all relevant departments and stakeholders duly informed.

The policy ensures that all parties involved in the provision of investment services are aware of:

- (a) the specific characteristics and risks associated with each investment service and financial instrument, and

- (b) the relationship between the expected return and the level of risk undertaken by the Company.

Accordingly, the Risk Management Committee is tasked with efficiently monitoring risks related to both the provision of investment services to clients and the broader operational risks faced by the Company.

The Committee is composed of one Executive Director, employee in Risk Management Department and two Non-Executive Directors. In 2024, the Risk Management Committee convened 16 (sixteen) times.

As STATOK LTD is not classified as a significant CIF, there is currently no regulatory requirement to establish a standalone Risk Committee.

2.5 Investment Committee

An Investment Committee shall be established to ensure the implementation of an appropriate own investment policy and to oversee the provision of adequate investment services to clients.

A quorum must be present for meetings to proceed. Quorum shall consist of three (3) members, participating either in person or via telephone conference.

Responsibilities of the Investment Committee:

- (a) To supervise the selection of investments and establish a framework for investment decisions;
- (b) To perform information analysis and ensure adequate briefing prior to decision-making;
- (c) To assess investment potential and contribute to the development of the Company's investment policy;
- (d) To determine the Company's pricing policy;
- (e) To review the Company's Investment Policy annually and whenever a material change occurs, taking into account recommendations from the Risk Manager and staff from the Dealing on Own Account Department;
- (f) To analyse economic conditions and evaluate investment alternatives based on comprehensive reviews of third-party reports;
- (g) To decide on the markets and types of financial instruments in which the Company will be active;

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(h) To monitor policies related to the Dealing on Own Account Department.

During the year 2024, the Investment Committee met twice.

3. Risk Management Objectives and Policies

3.1 Description of the overall control environment

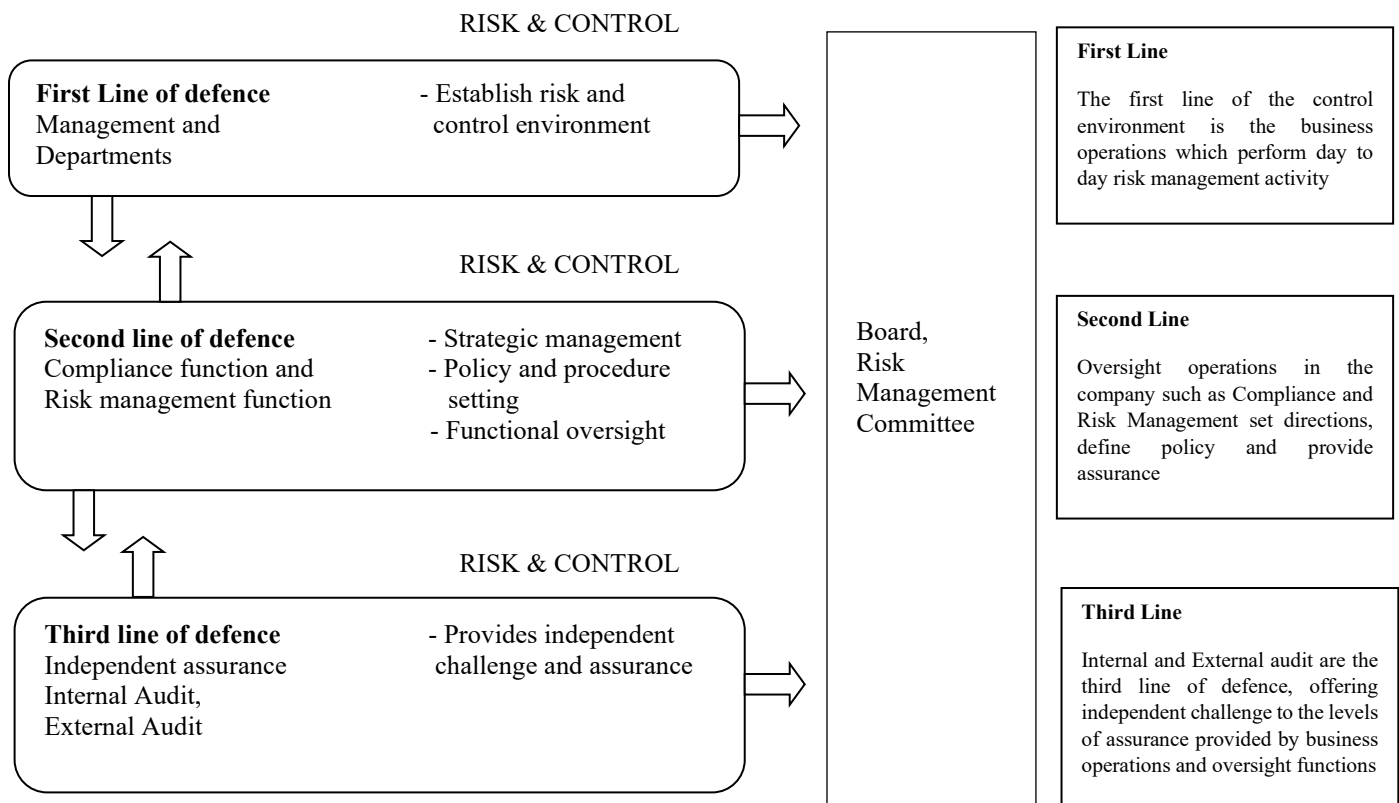
The Company has established an internal control framework to examine, evaluate, and report on financial and other controls related to the services, activities, and operations performed by the Company.

The Board of Directors is responsible for maintaining an effective system of internal controls to safeguard both clients' interests and the Company's assets. The Directors are required to conduct an annual review of the effectiveness of the Company's overall control environment.

The Company's control environment, as illustrated in the diagram below, is structured around the three lines of defence model:

- The first line of defence consists of control mechanisms implemented by management and operational departments;
- The second line of defence includes the Compliance and Risk Management functions, which oversee and guide risk and control practices;
- The third line of defence provides independent assurance through internal and external audits, ensuring that the first and second lines are functioning effectively.

3.2 The Three Lines of Defence



First Line of Defence: Management and Departments – Risk and Control in the Business

The Company's Board of Directors is responsible for ensuring that a robust risk and control environment is established and embedded in day-to-day operations. Line management is equipped with the necessary skills and training to define risks and conduct risk assessments. The Company's risk profile is proactively reviewed and adjusted in response to changes in the business environment and emerging risks.

To ensure the risk framework remains responsive, management leverages early warning indicators to identify, evaluate, and act on changes swiftly. This proactive approach is essential for the early detection and management of risks.

The first line of defence provides management assurance, keeping the Compliance Officer and Risk Manager informed by:

- Identifying risks and business improvement opportunities;
- Implementing appropriate controls;
- Reporting on progress and control effectiveness.

Second Line of Defence: The Oversight Function

The second line consists of the Risk Management and Compliance functions, which operate independently of line management. These functions:

- Establish risk management policies and set standards for managing risk;
- Enforce risk limit structures;
- Provide oversight of specific risk areas across the Company.

They are responsible for determining the appropriate framework for risk management and ensuring its consistent implementation across business units. They also:

- Draft and implement relevant policies and procedures;
- Provide guidance and direction on policy implementation;
- Monitor the effectiveness of risk controls and processes.

This layer ensures that business processes remain within defined risk boundaries and that risks are managed in alignment with Company objectives.

Third Line of Defence: Independent Assurance

The third line consists of the Internal Auditor and the External Auditor, both of whom provide independent assurance on the effectiveness of the Company's overall risk management and control environment.

- The Internal Auditor offers an independent assessment of internal controls, risk management processes, and governance. Their review includes recommendations for corrective actions to address any identified weaknesses or deficiencies.
- The External Auditors express an independent opinion on the fairness and accuracy of the Company's financial statements and its status as a going concern. Their review also includes

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evaluating the Company's risk exposures and the effectiveness of the controls and measures in place to mitigate those risks.

3.3 Risk Statement

The Company has developed a Risk Scoring Methodology for assessing the various risks it faces. These risks are internally evaluated by the Risk Department based on two key dimensions:

1. Probability of occurrence, and
2. Aggregate financial impact (on a yearly basis) to the Company.

The assessment is conducted using a six-level scoring matrix, which enables the categorization of risks into four severity levels:

- Category A
- Category B
- Category C
- Category D

This structured approach ensures a consistent and transparent method for identifying, evaluating, and prioritizing risks across the organization.

Probability of Risk	Impact of Risk						
		1	2	3	4	5	6
	6	B	C2	C3	D1	D2	D3
	5	B	C1	C2	C3	D1	D2
	4	B	B	C1	C2	C3	D1
	3	B	B	B	C1	C2	C3
	2	A	B	B	B	C1	C2
	1	A	A	B	B	B	C1

The Company defines its risk appetite as follows: it is willing to accept risks classified as Category A and Category B, while it does not tolerate risks falling under Categories C and D, which are considered material.

Once the materiality threshold has been defined and risks exceeding this threshold have been identified, the Company takes action to reduce the severity of these risks - aiming to reclassify them to at least Category B.

This risk reduction is achieved by:

- Allocating additional capital, and/or
- Implementing additional controls, or a combination of both.

For each material risk identified, the Company selects the most appropriate mitigation strategy to apply.

3.4 Risk Categories

In accordance with the provisions of the Investment Firms Regulation (IFR) and the Investment Firms Directive (IFD), the Company has established risk management objectives and policies for each defined risk category. These are designed to ensure the sound management of risks and the protection of clients, markets, and the Company's own financial integrity.

3.4.1 Risk to Client

Client Money Held (CMH).

To ensure the protection of clients' funds and assets and uphold the Company's obligations toward clients in accordance with MiFID II and CySEC requirements.

The amount of client money that the Company holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the Company. This K-factor category represents the risk of potential for harm where the Company holds the money of its clients.

To manage the risk the Company takes the following actions:

- reviews and ensures the safeguarding of clients' ownership rights;
- performs due diligence over the selection of third parties and periodic review of the third parties;
- reviews the agreements to be signed between the Company and third parties;
- prevents the use of client's assets for securities financing transactions in respect of financial instruments held by the Company on behalf of a client, in respect of financial instruments which are held on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments for own account by the Company or the account of another client of the Company, except with client's express consent;
- reports to Clients;
- reviews and approves periodic reconciliation reports for client assets;

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- reviews exceptions in daily reconciliation procedures and taking action for inquiry and remediation of any discrepancies.

Assets Safeguarded and Administered (ASA).

The value of assets that the Company safeguards and administers for clients, irrespective of whether assets appear on the Company's own balance sheet or are in third-party accounts. This K-factor category represents the risk of safeguarding and administering client assets.

To manage the risk the Company takes the following actions:

- reviews and ensures the safeguarding of clients' ownership rights;
- performs due diligence over the selection of third parties and periodic review of the third parties;
- reviews the agreements to be signed between the Company and third parties;
- prevents the use of client's assets for securities financing transactions in respect of financial instruments held by the Company on behalf of a client, in respect of financial instruments which are held on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments for own account by the Company or the account of another client of the Company, except with client's express consent;
- reports to Clients;
- reviews and approves periodic reconciliation reports for client assets;
- reviews exceptions in daily reconciliation procedures and taking action for inquiry and remediation of any discrepancies.

Client Orders Handled (COH).

The value of orders that the Company handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients. This K-factor category represents the risk to clients of the Company which executes orders.

To manage the risk the Company when handling client orders:

- ensures that orders executed on behalf of clients are promptly and accurately recorded and allocated;
- carries out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise;
- follows the best execution policy;
- informs a client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

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The Company does not misuse information relating to pending client orders, and takes all reasonable steps to prevent the misuse of such information by any of its relevant persons.

3.4.2 Risk to Market

To prevent any adverse impact on financial market integrity as a result of the Company's trading activities, and to promote orderly and transparent markets.

Net Position Risk (NPR).

The K-factor category that represents the market risk in the Company's trading portfolio. NPR is calculated in relation to trading positions in debt instruments, equities, Collective Investment Undertakings (CIUs) and commodities. Foreign Exchange risk is also included, but calculated for both trading and non-trading positions.

The Company's market risk is managed by setting and controlling relevant risk limits that the Company has established in anticipation of such financial markets related exposures.

3.4.3 Risk to Firm

To safeguard the Company's financial resilience and operational continuity in the face of internal or external shocks.

Trading counterparty default (TCD)

The exposures in the trading book of the Company in the next instruments and transactions that giving rise to the risk of trading counterparty default:

- derivative contracts;
- long settlement transactions;
- repurchase transactions;
- securities or commodities lending or borrowing transactions;
- margin lending transactions;
- any other type of SFTs;
- credits and loans.

Counterparty risk is monitored by the Company on an ongoing basis. The following processes, measures and techniques have been established and implemented by the Company:

- conduct regular credit review, assessment of counterparties (credit institutions and financial institutions);
- set and monitor relevant counterparty risk limits and diversify trading counterparties exposures;
- unless credit is provided, the Company has established a policy to ensure that clients cannot begin to trade unless money has been deposited into clients' accounts.
- ongoing monitoring of utilization of buying power by clients who employ margin facilities.

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The Company exercise all due skill, care and diligence in the selection, appointment and periodic review of the credit institution or financial institution, acting as trade counterparties.

The Company takes into account the expertise and market reputation of such institutions with a view to ensure the protection of own and clients' rights, as well as any legal or regulatory requirements or market practices.

Daily trading flow (DTF)

The daily value of transactions that the Company enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that the Company handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of client orders handled.

To manage the risk associated with daily trading flow the Company mostly uses the same set of actions as with the risk of clients' orders handled (COH).

Concentration risk (CON)

Concentration risk is a vital part of Company's risk management function. It is the risk of losses due to the high concentration of risk in one and/or between different categories, which leads to losses on capital, liquidity, and income level. The concentration risk regime applies to all investment firms with exposure limits applicable to all investment firms that deal as principal, even where this is for clients.

The Company allocates the capital to cover the exposures in its trading book to a client or a group of connected clients the value of which exceeds the regulatory limits. The limits are applied in relation to individual or highly connected private sector counterparties with whom the Company have exposures above 25 % of its own funds. The Company imposes a capital add-on in line with the relevant regulation for excess exposures above those limits. The Company mitigates and controls the risk by setting and monitoring relevant concentration risk limits.

4. Own Funds

The fundamental pillar of the Company's capital adequacy framework is the requirement to maintain own funds at least equal to D, where D is defined as the highest of the following:

- a) The fixed overheads requirement
- b) The permanent minimum capital requirement
- c) The K-factor requirement

The Company's regulatory capital is calculated based on account balances prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the provisions of the Cyprus Companies Law, Cap. 113.

The Company confirms that no restrictions were applied to the calculation of own funds.

Classification of Regulatory Capital

The available regulatory capital is classified into two main tiers:

1. Tier 1 Capital
 - Common Equity Tier 1 (CET1) Capital
 - Additional Tier 1 (AT1) Capital
2. Tier 2 Capital

Common Equity Tier 1 (CET1) Capital

Includes:

- Share capital and share premium
- Reduction of share capital reserve
- Retained earnings (including current year profit/loss)
- Revaluation and other reserves

Deductions from CET1 (as per Part Two, Title I of Regulation (EU) No 575/2013):

- Carrying amount of goodwill and other intangible assets
- Deferred tax assets that rely on future profitability and do not arise from temporary differences

Additional Tier 1 (AT1) Capital

Includes:

- Hybrid instruments, namely:
 - Convertible Capital Securities 1 (CCS1)
 - Convertible Capital Securities 2 (CCS2)

Deductions from AT1:

- A portion of the carrying amount of intangible assets

Tier 2 Capital

Includes:

- Subordinated loan capital

Adjustments:

- Direct holdings of Tier 2 instruments are deducted

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- Transitional adjustments (e.g. property revaluation reserves) are added

Tier Breakdown for 2024

Tier 1 Capital – CET1 includes:

- Capital instruments eligible as CET1 (Share Capital + Share Premium)
- Retained earnings
- Deductions under Article 3 CRR
- Other CET1 capital elements or deductions

No Additional Tier 1 Capital was held.

Tier 2 Capital: Not applicable (N/A) for 2024.

Capital Base

As of 2024, the Company's capital base consists solely of Common Equity Tier 1 capital. A detailed analysis of the Company's audited own funds is presented in Table 1 below.

Own Funds	Year ended 31/12/2024
	EUR
Common Equity Tier 1 Capital	
Share Capital	1.200
Share Premium	1.999.800
Retained earnings	29.283.353
Profit eligible	1.760.476
Other reserves	135.943
Total CET1	33.180.772
Tier 2 Capital	-
Total Own Funds	33.180.772

The *Common Equity Tier 1 (CET1) ratio* is the CET1 capital of the Company expressed as a percentage of the own funds requirement (D).

The *Tier 1 (T1) ratio* is the T1 capital of the Company expressed as a percentage of the own funds requirement (D).

The *Own Funds ratio* is the own funds of the Company expressed as a percentage of the own funds requirement (D).

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	Minimum requirements (%)	STATOK LTD as at 31/12/2024 (%)
CET 1 Ratio	56	906.96
Tier1 Ratio	75	906.96
Own Funds Ratio	100	906.96

The Company did not breach any of the minimum capital ratios mentioned above.

5. Own Funds Requirements

In addition to the requirements under Pillar I, a more detailed and forward-looking approach to risk management is achieved through compliance with Pillar II requirements, particularly via the preparation of the Internal Capital Adequacy and Risk Assessment (ICARA) report. This report is developed in accordance with the new IFPR requirements and the Investment Services and Activities and Regulated Markets Law 87(I)/2017 of Cyprus.

The ICARA report serves as a key tool for both the Company and the regulator, offering a holistic approach to risk assessment. It enables the Company to assess a wide range of risks, reduce residual risk exposure, and support more accurate and sustainable strategic growth planning.

The Company's ICARA functions as a core component of its Risk Management framework, ensuring that risk considerations are integrated into all relevant operational and governance functions. Furthermore, it reflects the Board's commitment to fostering a risk-aware and risk-averse culture across the organization.

Through the application of the ICARA, the Company ensures that:

- The ICARA process and general risk management practices are embedded into daily operations and business decisions;
- It maintains an adequate internal control and risk management system, which is continuously developed and enhanced in line with identified risk factors;
- It identifies, monitors, measures, mitigates, and controls risks arising from its activities;
- Material Pillar II risks are quantified, and the Company either allocates additional capital or implements additional controls, as appropriate;
- It always holds sufficient internal capital, aligned with its risk profile. This capital is calculated based on both regulatory minimum capital requirements and the Company's own internal risk assessments;
- Budget forecasting, financial projections, and stress testing are conducted regularly to ensure that capital planning and risk management remain forward-looking and proactive.

In developing its ICARA, the Company is required to consider quantitative as well as qualitative criteria such as the establishment of suitable processes.

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The K-factor requirements calculated, in accordance with Article 15 of Directive (EU) 2019/2033, for the Company as at 31 December 2024 are summarized in the table below:

K-factor requirement	[EUR ('000)]
Risk to Client	151
Risk to Market	2.390
Risk to Firm	1.117
Total	3.658

The fixed overheads requirement determined in accordance with Article 13 of Directive (EU) 2019/2033, for the Company as at 31 December 2024 is EUR 473.811.

Liquidity Requirements

As a Class 2 investment firm, the Company is required to maintain liquid assets equivalent to at least one-third of its fixed overheads requirement. This requirement ensures that investment firms hold an adequate stock of unencumbered, high-quality liquid assets that can be easily and immediately converted into cash in private markets to meet liquidity needs under a 30-calendar-day stress scenario.

The Company's policy is to maintain adequate liquidity and contingent liquidity to meet its obligations under both normal and stressed conditions. To achieve this, the Company:

- Monitors and manages its liquidity requirements on an ongoing basis;
- Ensures the availability of sufficient cash on demand to meet expected operational expenses.

This policy excludes the potential impact of extreme, unforeseeable events that cannot reasonably be anticipated.

Furthermore, the Company adheres to the liquidity requirements set out under the IFR/IFD framework. As of 31 December 2024, the Company fully satisfied the Liquidity Requirement.

6. Remuneration Policy

The purpose of the Remuneration Policy is to set out the principles governing the Company's Remuneration systems in such a way that allows to strengthen client's protection by improving the implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration and of course to improve the services provided by the Company. The Company implemented remuneration policies and practices under appropriate internal procedures taking into account the interests of all the clients, with a view to ensuring that clients are treated fairly and their interests are not impaired by the remuneration practices adopted by the firm in the short, medium or long term.

In our commitment to fostering gender neutrality and addressing the gender pay gap, the Company has implemented proactive measures to ensure fairness and equality in remuneration practices. We conduct regular reviews to identify and rectify any disparities in pay based on gender, striving to

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maintain transparency and equity across all levels of the organization. Our remuneration policy is designed to promote diversity and inclusivity, with clear guidelines to prevent discrimination and promote equal opportunities for all employees.

During 2024 the Company provided only fixed remuneration to its personnel, consisting of base salaries that are commensurate with industry standards and individual performance. The Company does not benefit from a derogation laid down in Article 32(4) of the IFD.

Severance payments are governed by clear guidelines and are provided to employees in accordance with contractual agreements and legal requirements. We prioritize fairness and consistency in severance arrangements, ensuring that employees are treated with dignity and respect during transitions. No severance payments awarded in previous periods were paid out during the financial year. Additionally, no severance payments were awarded during the financial year.

Remuneration Principles

The Company's Remuneration Policy is designed to prevent conflicts of interest and avoid incentives that could lead employees to prioritize personal or Company interests over clients' best interests. There is no direct link between remuneration and the sale of specific financial instruments, ensuring compliance with conduct of business and conflict of interest obligations under the Law.

Remuneration includes all financial and non-financial benefits provided to employees involved in the provision of investment and ancillary services. The Policy applies to all staff, particularly those in roles that can materially impact the Company's risk profile or client outcomes.

Key principles include:

- Alignment with the Company's size, complexity, and long-term objectives;
- Promotion of effective risk management and avoidance of excessive risk-taking;
- Gender neutrality and clear separation between fixed and variable pay;
- Independence and performance-based remuneration for staff in control functions;
- Annual internal reviews and oversight by the Board of Directors.

For 2024, the Company has opted to maintain fixed remuneration for all staff, with no variable pay components. The Policy also applies to staff under outsourcing arrangements, where applicable.

Staff are deemed to have a material impact on the Company's risk profile if they meet defined qualitative or quantitative criteria, including senior roles, control responsibilities, or total remuneration above EUR 500,000. The Company does not publish remuneration breakdowns by business area due to the confidential and proprietary nature of this information.

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The table below presents the aggregate gross remuneration figures for 2024, relating to the independent members of the Board and Senior Management. For the purpose of these disclosures, Senior Management is defined as key management personnel, including the heads of relevant departments and control functions (such as the Compliance Officer, AMLCO, Head of the Risk Department), as well as the Company's executive and non-executive directors.

Type	Number of Beneficiaries	Fixed Remuneration (Euro)	Variable Remuneration (Euro)	Total (Euro)
Key Management Personnel	8	419,455	Zero	419,455
Non-executive Directors	3	26,025	Zero	26,025
Executive Directors	2	272,169	Zero	272,169

7. Investment Policy

In accordance with Article 52(1) of the IFR, Member States shall ensure that investment firms (IFs) which do not meet the criteria set out in point (a) of Article 32(4) of the IFD are required to disclose their Investment Policy.

However, IFs that do meet the criteria specified under the Law and Article 32(4) of the IFD—specifically, those whose average on- and off-balance sheet assets over a four-year period are less than €100 million—are exempt from this disclosure requirement.

The Company's average on- and off-balance sheet assets over the preceding four-year period were less than €100 million. Accordingly, the Company is exempt from the requirement to disclose its Investment Policy.

8. Environmental, Social and Governance Risk (ESG Risk)

In accordance with Article 35 of the IFD and Article 53 of the IFR, most investment firms (IFs) are required to disclose information on ESG risks, including both physical risks and transition risks (i.e., those arising from changes in politics, technology, and the market environment).

This requirement came into effect on 26 December 2022, with disclosures required once during the first year and biannually thereafter.

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However, IFs that meet the criteria set out in the Law and Article 32(4) of the IFD—namely, those with average on- and off-balance sheet assets below €100 million over the preceding four-year period—are exempt from this disclosure obligation.

The Company's average on- and off-balance sheet assets for the previous four years are below €100 million, and therefore, the Company is exempt from the requirement to disclose ESG risk information.