



match-prime

Disclosure and Market Discipline Report for 2020

Regulated by the Cyprus Securities
and Exchange Commission License no. 390/20

MTG Liquidity Ltd

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2020

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DISCLOSURE

The Disclosure and Market Discipline Report for the year 2020 has been prepared by MTG Liquidity Ltd as per the requirements of Regulation (EU) No. 575/2013 issued by the European Commission and the Directive DI144-2014-14 issued by the Cyprus Securities and Exchange Commission.

MTG Liquidity Ltd states that any information that was not included in this report was either not applicable on the Company's business and activities -OR- such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

MTG Liquidity Ltd is regulated by the Cyprus Securities and Exchange Commission under License number 390/20.

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

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

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Abbreviation	Full description
BoD	Board of Directors
CAR	Capital Adequacy Ratio
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CIF	Cyprus Investment Firm
CRD IV	Capital Requirements Directive
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECB	European Central Bank
EMIR	European Market Infrastructure Regulation
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
FATF	Financial Action Task Force
FOH	Fixed Overheads
GDPR	General Data Protection Regulation
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICF	Investors Compensation Fund
IFRS	International Financial Reporting Standards
IOM	Internal Operations Manual
MIFID II	Markets in Financial Instruments Directive 2014
OECD	Organisation for Economic Co-Operation and Development
OTC	Over the Counter
PRIIP	Packaged Retail and Insurance-based Investment Products
PSP	Payment Service Provider
RAG	Red-Amper-Green
RAS	Risk Appetite Statement
RBS-F	Risk Based Supervision Framework
RMF	Risk Management Framework
RWA	Risk Weighted Assets
SME	Small and Medium-sized Enterprise
CySEC	Cyprus Securities and Exchange Commission

1. Introduction

1.1. Investment Firm

Table 1: Company information

Name of the Company	MTG LIQUIDITY Ltd
CIF Authorization date	12/10/2020
CIF License number	390/20
Company Registration Date	21/12/2018
Company Registration Number	HE 392680
Services	
<u>Investment Services:</u>	
Reception and transmission of orders in relation to one or more financial instruments	
Execution of orders on behalf of clients	
<u>Ancillary Services:</u>	
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	

1.2. Purpose

The present report is prepared by MTG Liquidity

390/20 and operates in harmonisation with the Markets in Financial Instrume

was introduced in late 2014, the Company is required to disclose information relating to its risk exposure and management, capital structure, capital adequacy as well as the most important characteristics of the promote market discipline and to improve transparency of market participants.

This document is updated and published annually; it will, however, be published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.). CySEC is responsible for implementing and enforcing the European Capital Requirements Directive

Pillar I sets minimum capital requirements comprising of base capital resources requirements; credit, market and Fixed Overheads risk capital requirements;

Pillar II requires firms to undertake an overall internal assessment of their capital adequacy, taking into account all the which the firm is exposed to and whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the

Pillar III complements Pillars I and II and improves market discipline by requiring firms to disclose information on their capital resources and Pillar I capital requirements, risk exposures and their risk management framework

The 2020 Pillar III Disclosures Report sets out both quantitative and qualitative information required in accordance with Part 8 of the CRR and in particular articles 431 to 455, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure Report is

www.match-prime.com; on an annual basis.

Furthermore, the Board of Directors and the Senior Management have the overall responsibility for the internal control systems in the process of capital adequacy assessment and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored, and controlled to minimise adverse outcomes.

procedures put in place. The Board of Directors, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

As with all Investment Firms, the Company is exposed to a variety of risks and in particular to credit risk, Fixed Overheads risk and slightly exposed to market risk. More information can be found in the sections below.

The Company is making the disclosures on a solo basis. This report has been prepared using the Audited Financial Statements.

1.3. The Company

MTG Liquidity Ltd, as a CIF, operates in Cyprus, offering Contracts for Difference (CFDs) products and has 4 employees located in Cyprus.

The Company has a stable business model and this is reflected in a well-balanced capital allocation

and the quality of its customer base. The Company strives for sustainable profitability consistent with its cost of capital and a balanced business model. To this end, the Company:

Seeks to contain the volatility of its results

- Calibrates its capital ratio to ensure a significant safety margin relative to the minimum regulatory requirements
- Monitors the stability and diversification of its funding sources
- Ensures sufficient resilience in scenarios of liquidity shortages
- Tightly controls its foreign-exchange risks

The Company aims to maintain a diversified customer base.

The Company ensures that compliance rules are rigorously respected, especially in the area of anti-money laundering and counterterrorism financing. The Company monitors the loyalty of the behaviour of its employees with regard to customers and all its stakeholders, as well as the integrity of its investment and financial practices.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated into its risk management framework. Its reputation is protected by making its employees aware of the values of responsibility, ethical behaviour, and commitment.

1.4. Regulatory Supervision

The minimum capital requirements as at 31 December 2020 for the CRD IV were calculated in accordance with the provisions of the CRD IV, as amended, and the Capital Requirements Regulation (EU) No. 575/2013, as amended, by the Laws and Regulations, published by the CySEC. All CIFs under

which are comprised by the following:

Law 87(I)/2017: Provision of investment services, the exercise of investment activities, the

Regulation (EU) No. 2019/876 Capital Requirements Regulation II (Transitional)

Regulation (EU) No. 575/2013 Capital Requirements Regulation

Regulation (EU) No. 648/2012 European Markets Infrastructure Regulation

Directive (EU) 2019/878 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (CRD V - Transitional)

Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC Capital Requirements Directive IV

Directive DI144-2014-14: For the prudential supervision of Investment Firms

Directive DI144-2014-15: On the discretions of CySEC arising from Regulation (EU) No. 575/2013

2. Governance and Risk Management

Implementing a high-performance and efficient risk management structure is a critical undertaking for the Company, in all businesses, markets and regions in which it operates, as are maintaining a strong risk

culture and promoting good corporate governance. supervised at the highest level is compliant with the regulations enforced by CySEC and the European regulatory framework.

2.1. Types of Risks

Given the diversity and evolution of the activities, risk management involves the following main categories:

Credit and Counterparty risk (including Country risk): risk of losses arising from the inability of the Company or other counterparties to meet their financial commitments. Credit risk includes Counterparty risk linked to market transactions (Replacement risk) and securitisation activities. In addition, Credit risk may be further amplified by Concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties; Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.

Market risk: risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.

Operational risks (including Accounting and Environmental risks): risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.

Liquidity risk: risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

Compliance risk (including Legal and Tax risks): risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company

Reputational risk: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company to maintain or engage in business relationships and to sustain access to sources of financing.

Strategic risk: risks inherent in the choice of a given business strategy or resulting from the Company strategy.

Business risk: risk of lower than anticipated profits or experiencing losses rather than a profit.

2.2. Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets. Risk Appetite is defined using both quantitative and qualitative criteria.

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICAAP, which is also used to ensure capital adequacy under stressed economic scenarios.

Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company profile by type of risk will be analysed and approved by the BoD. The Company will be implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks, covering:

- Governance (decision-making, management and supervisory bodies)

- Management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management)

- Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits)

Essential indicators for determining the Risk Appetite and their adaptations will be regularly supervised over the year in order to detect any events that may result in unfavourable developments on the Company up to the deployment of the recovery plan in the most severe cases.

2.3. Internal Capital Adequacy Assessment Process

risks not adequately covered in Pillar I, maintain sufficient capital to face these risks and apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward looking basis, i.e., internal capital supply to exceed internal capital demand.

The Company maintains compliance with the ICAAP as required under Pillar II of Basel III and its local implementation in Cyprus, through risk management and governance framework, methodologies, processes and infrastructure. The company is in the process of updating its ICAAP for the year 2020, in which each risk will be taken into account and be stress tested.

2.4. Stress Tests

Stress testing is a key risk management tool used by the Company to rehearse the business response to a range of scenarios, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Company

- The evaluation of

- the results

- against the approved business plans and determines whether any corrective actions need to be

- exposures correspond to its risk appetite

- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios

The ultimate responsibility and ownership of the

Directors. If the stress testing scenarios reveal vulnerability to a given set of risks, the management should make recommendations to the Board of Directors for mitigation measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning

- Review limits

- Reduce underlying risk positions through risk mitigation strategies

- Consider an increase in capital

- Enhance contingency planning

The Company performs financial modelling and stress analysis on a frequent basis especially when year-end financial results are available or when it revises its business plan.

The Company has performed a qualitative analysis of the material Pillar II risks, as well as weighted them

the probability of occurrence of any material risk is likely to remain the same, the associated/respective financial cost is likely to increase in light of the future enlargement of the organisation. The Company has thus, reached the decision that in planning its projected Capital for Pillar II purposes for the 3 years

calculations in terms of the probability of risk occurrence and probability/impact Matrix, while it will only amend the financial impact element of each risk.

2.5. Risk Management Committee

appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented. In particular, it is responsible for:

- Reviewing the risk control procedures and is consulted about setting overall risk limits
- Reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors
- Reviewing the policies in place and the reports prepared to comply with the regulations on internal control
- Reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in light of the memoranda drafted to this end by the without prejudice to compensation policy and practices are c

it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits

The Company has established and adopted certain processes and mechanisms in place to manage the risks, with special consideration to risks arising from operations of the Brokerage Department in the process of receipt and transmission of client orders.

The Risk Management Committee reports directly to the Board of Directors.

The company does not currently have a Risk Management Committee.

2.6. Diversity Policy

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce and management body, which includes and makes use of differences in the age, skills, experience, background, race and gender between them. A balance of these differences will be considered when determining the optimum composition.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

2.7. Board Recruitment

ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the BoD.

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities.

Factors considered in the review of potential candidates include:

Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subject

-and-

Integrity, honesty and the ability to generate public confidence

Knowledge of financial matters including understanding financial statements and financial ratios

Demonstrated sound business judgment

Risk management experience

The Company has established a dedicated recruitment policy in relation to the BoD.

2.8. Remuneration

Remuneration refers to payments or compensations received for services or employment. The remuneration system includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the size of the organization and the nature, the scope and the complexity of its activities to the provisions of the Directive 2002/82/EC.

During 2020, the Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors and the Heads of the Departments; the said practices are established to ensure that the rewards for the Senior Management and Executive Management are aligned to achieve the key business aims.

The total remuneration of staff consists of fixed and variable components. Fixed and variable components are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Table 2: Aggregate Quantitative Information on Remuneration broken down by business area

<i>Figures in EUR '000</i>	No. of staff for the whole year	No. of staff as at 31/12/2019	Fixed	Variable	Non- cash	Total
Cleaning Staff						
Back Office						
Finance, Accounting & IT						
Trading & Sales						
Compliance Personnel	3	2	54,434.75	180.00		54,614.75
Senior Management and other staff whose actions have a material impact on the risk profile of the Institution	3	2		751.87		78,688.60
Grand Total	6	4	132,371.48	931.87		

2.9. Performance Related Pay

The Company shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the assessment of the performance of:

- The individual
- The business unit concerned
- The overall results of the Company

Examples of qualitative criteria include compliance with regulatory requirements (especially conduct of business rules) and internal procedures, fair treatment of clients and client satisfaction.

The Company implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel, which is based on a set of Key Performance Indicators and Targets, developed for each department.

The remuneration Committee ensures that any forms of performance related pay schemes do not give rise to any potential conflict of interest between the firm and the employees or the firm and the clients.

2.10. Directorships held by Members of the Management Body

In 2020, the members of the Management body of the Company, given their industry experience, have been taking seats in other Company boards. In line with this, the following table indicates the number of positions that each member holds:

Table 3: Directorships held by Members of the Management Body

Name	Position in the CIF	Directorships (Executive)	Directorships (Non-Executive)
Andreas Kapsos	Executive Director	1	0
Stavros Economides	Executive Director	1	1
Stephanos Angeli	Independent Non-Executive Director	2	2
Yiannis Petrallis	Independent Non-Executive Director	3	1
Arkadiusz Dankowski	Non-Executive Director	1	1

2.11. Reporting and Control

In line with the requirements set out in the Cyprus Investment Firms Law and subsequent Directives, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Table 4: Periodic Reporting Summary

Report Name	Report Description	Owner	Recipient	Frequency	Due Date
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual	30/04/2021
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	BoD, CySEC	Annual	30/04/2021
Annual Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual	30/04/2021
Pillar III Disclosures (Market Discipline and Disclosures)	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual	30/04/2021
Independent Auditors Verification on the Pillar III Report	The verification of the Pillar III Disclosures (Market Discipline and Disclosures) Report by the Independent Auditor	External Auditor	BoD, CySEC	Annual	31/05/2021
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	30/04/2021
Capital Adequacy Reporting	It is expressed as a percentage and is used to protect depositors and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	12/05/2020 11/08/2020 11/11/2020 11/02/2021 31/05/2021
ICAAP (Pillar II) Report	The Internal Capital Adequacy Assessment Process, relating to the monitoring and assessment of the risks that are not fully covered by Pillar I	Risk Manager	BoD, CySEC	Annual	N/A

3. Capital Management and Adequacy

3.1. The Regulatory Framework

In response to the financial crisis of recent years, the Basel Committee, mandated by the G20, has defined the new rules governing capital and liquidity aimed at making the financial sector more resilient. The new Basel III rules were published in December 2010. They were translated into European law by a directive (CRDIV) and a regulation (CRR) which entered into force on 1st January 2014.

The general framework defined by Basel III is structured around three pillars, as in Basel II:

Pillar I sets the minimum solvency requirements and defines the rules that institutions, that are required to comply with the regulation, must use to measure risks and calculate associated capital requirements, according to standard or more advanced methods

Pillar II relates to the discretionary supervision implemented by the competent authority, which allows them based on a constant dialogue with supervised credit institutions to assess the adequacy of capital requirements as calculated under Pillar I, and to calibrate additional capital requirements with regard to risks

Pillar III encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to make a better assessment of a given and, accordingly, capital adequacy

In terms of capital, the main new measures introduced to strengthen institutions follows:

The complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Common Equity Tier 1 (or CET1) ratio, and new Tier 1 capital eligibility criteria for hybrid securities

New capital requirements for the counterparty risk of market transactions, to factor in the risk of a change in CVA (Credit Value Adjustment) and hedge exposures on the central counterparties (CCP)

The set-up of capital buffers that can be mobilised to absorb losses in case of difficulties. The new rules require regulated liquidity providers to create and maintain a capital conservation buffer and allows supervisory authorities to enforce an additional countercyclical buffer, aimed at the prevention of adverse conditions

Capital conservation buffers came into force in January 2016 and have been annually phasing towards their full application in January 2019

The set-up of restrictions on distributions, relating to dividends, Additional Tier 1 instruments and variable remuneration, via the maximum distributable amount (MDA) mechanism. At end-2015, the European Banking Authority (EBA) issued a clarifying statement, which indicated that the MDA should be applied when an institution no longer complies with its CET1 ratio requirements, including those of Pillar II and capital buffers

In addition to these measures, there will be measures to contain the size and consequently the use of excessive leverage. To this end, the Basel Committee defined a leverage ratio, for which

the definitive regulations were published in January 2014. The Basel leverage ratio compares the end off-balance sheet items, with restatements for derivatives and pensions. Full scope institutions have been obliged to publish this ratio since 2015.

3.2. Regulatory Capital

According to the International Financial Reporting Standards (IFRS), the Company consists of Common Equity Tier 1 and Tier 2 Capital.

Common Equity Tier 1 Capital (CET1 Capital)

According to CRR/CRDIV regulations, Common Equity Tier 1 capital is made up primarily of the following:

- Ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts
- Retained earnings
- Other reserves
- Minority interest limited by CRR/CRDIV

Deductions from Common Equity Tier 1 capital essentially involve the following:

- Estimated dividend payment
- Goodwill and intangible assets, net of associated deferred tax liabilities
- Unrealised capital gains and losses on cash flow hedging
- Deferred tax assets on tax loss carry forwards
- Deferred tax assets resulting from temporary differences beyond a threshold
- Any positive difference between expected losses on customer loans and receivables, risk-weighted using the standardised approach, and the sum of related value adjustments and collective impairment losses
- Expected loss on equity portfolio exposures
- Value adjustments resulting from the requirements of prudent valuation

Tier 2 Capital

Tier 2 capital includes:

- Dated subordinated notes
- Any positive difference between (i) the sum of value adjustments and collective impairment losses on customer loans and receivables exposures, risk-weighted using the standardised approach and (ii) expected losses, up to 0.6% of the total credit risk-weighted assets using the Internal Ratings Based approach
- Value adjustments for general credit risk related to collective impairment losses on customer loans and receivables exposures, risk-weighted using the standardised approach, up to 1.25% of the total credit risk-weighted assets

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares

Holding of Tier 2 hybrid shares issued by financial sector entities

Share of non-controlling interest in excess of the minimum capital requirement in the entities concerned

3.3. Solvency Ratio (Capital Ratio or Capital Adequacy Ratio)

The solvency ratio is calculated -weighted assets
for credit risk and the capital requirement multiplied by 12.5 for market risk and operational risk.

Since 1st January 2014, the new regulatory framework sets minimum requirements to be met for the CET1 ratio and the Tier 1 ratio. For 2015, the minimum requirement for CET1 was 4% and that of Tier 1 5.5%, excluding the Pillar II requirement. The total equity requirement, including CET1, AT1 and Tier 2 equity, was set at 8%. In 2016, the minimum requirement for CET1 was 4.5%, and that of Tier 1 6% with an overall ratio of 8% (including Tier 2).

In addition to the minimum requirements, CET1 and total Capital Requirements, full-scope investment firms are also expected to comply with a Capital Conservation Buffer (CCB). This buffer was introduced in 2016 and required full-scope companies to maintain additional capital of 0.625% of Total Risk Weighted Assets above the minimum requirements. The capital conservation buffer increased to 1.25% in 2017, then to 1.875% in 2018, and increased to 2.5% in 2019 onwards.

3.4. Capital Management

Capital management is implemented by the Senior Management. As part of managing its capital, the Company ensures that its solvency level is always compatible with the following objectives:

Maintaining its financial solidity and respecting the Risk Appetite targets

Preserving its financial flexibility to finance organic growth

Adequate allocation of capital among the various business lines according to the Company strategic objectives

Maintaining the Company

Meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders

The Company determines its internal solvency targets in accordance with these.

In line with the above, the Company is obligated to calculate and report on a quarterly basis (see section on *Reporting and Control*), under CRD, its credit risk, market risk and Fixed Overheads risk, the result of which, i.e. solvency/capital ratio, needs to be above 8% (Calculated based on the section above) at all times.

As at 31 December 2020, the Total Capital ratio of the Company was 30.04% with total risk-weighted assets of 741,125 EUR.

Table 5: Capital Requirements

	Dec 31, 2020 (Audited)
CAR Ratio	30.04%
CAR Ratio surplus	22.04%
Capital Adequacy (CET1) ratio	30.04%
CET1 Capital	222,644.440
Tier 1 Capital	222,644.440
Tier 2 Capital	0.000
Total Own Funds	222,644.440
Total Credit Risk Exposure	102,912.846
Total Market Risk Exposure	0.000
Operational Risk	0.000
Additional Fixed Overheads Risk Exposure	638,212.154
Total Risk Weighted Assets	741,125.000
Minimum Capital Requirements	59,290.000

Table 6: Regulatory Capital

	Dec 31, 2020 (Audited)
Common Equity Tier 1 (CET 1) capital: instruments and reserves	
Capital instruments and the related share premium accounts	301,000
Retained earnings	-243,256
Accumulated other comprehensive income (loss), net of tax	0
Other	203,900
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	261,644
Common Equity Tier 1 (CET 1) capital: regulatory adjustments	
Goodwill and other intangible assets (net of related tax liabilities) (negative amount)	0
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (negative amount)	0
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 15 % threshold and net of eligible short positions) (negative amount)	
Other regulatory adjustments	-39,000
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	-39,000
Common Equity Tier 1 (CET 1) capital	222,644
Additional Tier 1 Capital	0
Tier 1 Capital	222,644
Tier 2 Capital	0
Total Capital	222,644
Total risk-weighted assets	741,125
Capital Ratios	
Common Equity Tier 1 (CET 1) capital ratio	30.04%
Tier 1 Capital ratio	30.04%
Total Capital ratio	30.04%

4. Credit Risk

or other counterparties to meet their financial commitments.

By assets mainly held from debtors or prepayments made
financial institutions

The Company follows the Standardized Approach under Pillar I for calculating its Credit Risk Capital Requirements, as specified in CRR. It categorizes the assets in respect to their exposure class and uses the Credit Step methodology to determine its respective Risk Weights (RW).

The Company follows both regulatory and compliance-oriented credit risk mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

The Company maintains regular credit review of counterparties, identifying the key risks faced and reports them to the Board of Directors, which ensures that an appropriate amount of capital is maintained
In order to maintain its Credit risk to the minimum, the Company uses EU credit institutions for safekeeping of funds and always ensures that the banks it cooperates with have high ratings based on reputable . The company also frequently monitors their compliance with the EU regulatory framework and diversifies the funds over several credit institutions thus mitigating the risk exposure efficiently

Concentration Risk

Concentrations are measured using a standardised model and individual concentration limits are defined for large exposures. Any concentration limit breach is managed over time by reducing exposures.

4.1. External Ratings

For the purpose of calculating the capital requirements of the Company, mainly under the credit risk requirement, the external credit ratings from have been applied for the exposure classes listed below:

Exposures to central governments or central banks
Exposures to institutions
Exposures to corporates

The general association with each credit quality step complies with the standard association published by CySEC as follows:

Credit Quality Step	Rating	Institution Risk Weight (Below 3 months)	Institution Risk Weight (Above 3 months)	Sovereigns Risk Weight	Corporate Risk Weight
1	Aaa to Aa3	20%	20%	0%	20%
2	A1 to A3	20%	50%	20%	50%
3	Baa1 to Baa3	20%	50%	50%	100%
4	Ba1 to Ba3	50%	100%	100%	100%
5	B1 to B3	50%	100%	100%	150%
6	Caa1 and below	150%	150%	150%	150%

For exposures to regional governments or local authorities, public sector entities and institutions, the external ratings are applied in the following priority (i) Issue/Exposure (ii) Issuer/Counterparty (iii) Sovereign.

For exposures to central governments or central banks and corporates the external ratings are applied in the following priority (i) Issue/Exposure (ii) Issuer/Counterparty.

It should be noted that the external ratings are not taken into account where exceptions or discretions as per the CRR apply.

4.2. Quantitative Information

The credit exposures in this section are measured using the standardized approach. Exposures are broken down by sectors and obligor ratings.

As at 31 December 2020 capital requirements for credit risk amounted to EUR 8,233.03 (EUR 102,912.846 total risk-weighted credit risk exposure). The tables below indicate credit risk exposure.

Table 7: Asset Class Breakdown of Net Credit Risk Exposure and Minimum Capital Requirement as at 31 December 2020, €

Asset Class	Net value of exposures at the end of the period	Minimum capital requirement
Central governments or central banks	-	-
Public sector entities	-	-
Institutions	41,944.80	3,355.58
Corporates	9,005.51	720.44
Items associated with particular high risk	-	-
Retail	750.00	60.00
<i>Of which: SMEs</i>	-	-
Equity exposures	-	-
Other exposures	51,212.54	4,097.00
Total risk weighted assets	102,912.85	8,233.03

Table 8: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by

Asset class	Exposure before CRM	Exposure After CRM
Central governments or central banks	10,455.93	-
Public sector entities	-	-
Institutions	209,723.98	41,944.80
Corporates	9,005.51	9,005.51
Items associated with particular high risk	-	-
Retail	1,000.00	750.00
<i>Of which: SMEs</i>	-	-
Equity exposures	-	-
Other exposures	51,778.72	51,212.54
Total Exposures	281,964.14	102,912.85

Table 9: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Significant Geographic Area and Material

Asset class	Cyprus	Other	Total
Central governments or central banks	-		-
Public sector entities	-		-
Institutions	2,401.33	39,543.47	41,944.80
Corporates	9,005.51		9,005.51
Items associated with particular high risk	-		-
Retail	750.00		750.00
<i>Of which: SMEs</i>	-		-
Equity exposures	-		-
Other exposures	51,212.54		51,212.54
Total risk weighted assets	63,369.38	39,543.47	102,912.85
Total Credit Risk Capital Requirements	5,069.55	3,163.48	8,233.03

Table 10: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Industry and Exposure Class, €

Asset class	Financial Services	Payment Processor	Not Applicable	Total
Central governments or central banks				-
Public sector entities				-
Institutions	41,944.80			41,944.80
Corporates			9,005.51	9,005.51
Items associated with particular high risk			-	-
Retail			750.00	750.00
<i>Of which: SMEs</i>			-	-
Equity exposures			-	-
Other exposures			51,212.54	51,212.54
Total risk weighted assets	41,944.80	-	60,968.05	102,912.85
Total Credit Risk Capital Requirements	3,355.58	-	4,877.44	8,233.03

Table 11: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Residual Maturity and by Material Exposure Class, €

Asset class	Up to 3 months	More than 3 months	Total
Central governments or central banks	-		-
Public sector entities	-		-
Institutions	41,944.80		41,944.80
Corporates	9,005.51		9,005.51
Items associated with particular high risk	-		-
Retail	750.00		750.00
<i>Of which: SMEs</i>	-		-
Equity exposures	-		-
Other exposures	51,212.54		51,212.54
Total risk weighted assets	102,912.85		102,912.85
Total Credit Risk Capital Requirements	8,233.03		8,233.03

5. Market Risk

Market risk corresponds to the risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.

As mentioned above, in the context of Pillar I, market risk mainly arises as:

Position Risk: It refers to the probability of loss associated with a particular trading/security (long or short) position due to price changes.

Interest rate risk: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Commodities Risk: It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.

Foreign Exchange Risk: It is a financial risk that exists when a financial transaction is denominated in a currency other than the base currency of the company. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

The Company monitors these exposures on a quarterly basis and has policies to minimize its market risk exposures which are in accordance with the CRR.

5.1. Quantitative Information

approach.

As at 31 December 2020, the Company had no market risk exposure.

6. Operational Risk

Operational risks (including accounting and environmental risks) correspond to the risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss. This section describes the monitoring of the , in addition to providing and regulatory capital requirements.

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities. These include, among others, general and specific procedures, permanent supervision, business continuity plans and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

In order to control the exposure to operational risks, the management has established two key objectives:

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).

- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of operational risk is highly dependent on the effective and efficient management practices and high standards of corporate governance.

To that effect, the management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.

- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimize its Operational Risk Exposure:

- The development of operational risk awareness and culture

- II levels, in order to

- facilitate decision making for risk control activities

- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives

- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value

- four-eye

- power regarding vital functions of the Company namely through the existence of a Senior

Management. The Board further reviews any decisions made by the Management while monitoring their activities

Detection methods are in place in order to detect fraudulent activities

Comprehensive business contingency and disaster recovery plan

The Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps. To this effect, the following are implemented:

Incident collection

Key Risk Indicators

Business Continuity Management

Training and awareness

6.1. Fixed Overheads Risk

Fixed Overhead Risk is the risk that the company holds sufficient eligible capital to accommodate fluctuations in a firm's levels of business. The requirement is to hold eligible capital of at least one-quarter of the fixed overheads of the previous year. For the operational risk in relation to the capital adequacy returns, the Company now uses the fixed overhead requirement, which is taken into account if and only if the summation of credit and market risk falls below a calculated limit of Fixed overheads.

The risks and uncertainties faced by the company are those inherent to the industry. The Board seeks to mitigate this risk by constant review and strict control of fixed overhead costs by optimising resources and reducing unnecessary expenses.

From January 2020 to December 2020 the total fixed overheads risk exposure based on the Audited Financial Statements was EUR 741,125.

6.2. Pandemic Risk

Further to the recent developments of the COVID-19 outbreak, which is a current major worldwide issue, MTG Liquidity Ltd follows all of the government and health guidelines and instructions, regarding the protection measures against the virus. Moreover, the company implements additional health and safety measures enabling the company to continue its operations in a smooth and moderate manner.

Furthermore, the company has adapted a dynamic business model, ready to withstand possible market volatilities and anomalies, that are caused due to the rapid developments of the virus.

7. Liquidity risk

Liquidity risk corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

by managing liquidity risk and adhering to regulatory constraints. The liquidity system aims at providing a balance sheet framework with assets and liabilities target structure that is consistent with the risk appetite defined by the Board of Directors:

The assets structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liabilities structure

The liabilities structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Company to sustainably raise financial resources on the markets, in accordance with its risk appetite

The principles and standards applicable to the management of governing bodies, whose duties in the area of liquidity are listed below:

The Board of Directors establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise, (ii) on a quarterly basis

The Senior Management (i) sets budget targets in terms of liquidity (ii) allocates liquidity to the pillars

To minimize its exposure to liquidity risk, the CIF implements the below Liquidity Risk Mitigation Strategies:

Regular analysis & reporting to the Board of Directors on the funding needs of the Company
Diversification to avoid rise of concentration risk as per the internal policies
Cash Management

The Company has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities. As at 31/12/2020, the Company held enough capital in its bank accounts, to meet its short-term obligations.

Furthermore, the Company is taking due care in safeguarding the client assets held in fiduciary capacity (in segregated accounts) and performs the following mitigation strategies:

These assets are held by the Company in a fiduciary capacity and are not included in the

The funds are held in client segregated bank accounts
Frequent reconciliations are performed internally

8. Compliance, Reputational and Legal Risks

Compliance risk (including legal and tax risks) corresponds to the risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all of its counterparties, employees, and the various regulatory authorities to which it reports.

Compliance System and Department

Independent compliance structures have been set up within the around the world to identify and prevent any risks of non-compliance.

The Compliance Officer verifies that all compliance laws, regulations and principles applicable to the services are observed, and that all staff respect codes of good conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational risk and provides expertise for the Company performs controls at the highest level and assists with the day-to-day operations. The Compliance Officer is responsible for:

- T terrorism financing;
- know-your-customer obligations; embargoes and financial sanctions)
- Developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Company regulatory projects
- Coordinating a compliance control mechanism within the Company (second-level controls), overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function
- Preventing and managing conflicts of interest
- Proposing ethical rules to be followed by all Company employees
- Training and advising employees and raise their awareness of compliance issues
- Building and implementing steering and organisational tools for the function: Compliance and Reputational Risk dashboards, forums to share best practices, meetings of functional compliance officers
- Generally monitoring reputation

8.1. Compliance Transformation Programme

In light with the changes arising from MiFID II, which came into force since January 1st, 2018, the Company launched a programme to transform and improve the Compliance function, in particular to raise the monitoring standards and better fulfil the increasing requirements of regulatory authorities.

Among other things, this programme strengthened governance and increased the resources made available to the function, both by recruiting additional resources and by investing in streamlining the internal controls and management.

It targets the continued enhancement of priority functions, the central tools for monitoring regulatory application (including training, harmonisation, and regulatory oversight), financial security, constant oversight, customer protection, market integrity (including preventing conflicts of interest), and reporting quality.

8.2. Prevention of Money Laundering and Terrorism Financing

Money laundering and terrorist financing risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place and is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks. Among others, these policies, procedures and controls include the following:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company

- The adoption of adequate Client due diligence and identification procedures in line with the

- Setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information)

- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction

- Monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries

- e

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

9. Appendix - Specific References to CRR

CRR Ref	High Level Summary	Compliance Reference
Scope of disclosure requirements		
431(1)	Requirement to publish Pillar III disclosures.	1.2
431(2)	Disclosure of operational risk information.	6
431(3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness.	1.1
431(4)	Explanation of ratings decisions to SMEs upon request.	N/A
Frequency of disclosure		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements.	1.2
Means of disclosures		
434(1)	To include disclosures in one appropriate medium, or provide clear cross-references to other media.	1.2
434(2)	Equivalent disclosures made under other requirements (i.e., accounting) can be used to satisfy Pillar III if appropriate.	1.2
Risk management objectives and policies		
435(1) (a)	Disclosure of information as regards strategies and processes, organisational structure of the relevant risk management function, reporting and measurement systems and risk mitigation/hedging policies	2, 4, 5 and 6
435(1) (b)		2, 4, 5 and 6
435(1) (c)		2, 4, 5 and 6
435(1) (d)		2, 4, 5 and 6
435(1) (e)	Declaration approved by the BoD on adequacy of risk management arrangements	Preface
435(1) (f)	Concise risk statement approved by the BoD	Preface
435(2)	Information, once a year at a minimum, on governance arrangements.	2
435(2) (a)	Number of directorships held by members of the BoD.	2.9
435(2) (b)	Recruitment policy of BoD members, their experience and expertise.	2.7
435(2) (c)	Policy on diversity of BoD members, its objectives and results against targets.	2.6
435(2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	2.5
435(2) (e)	Description of information flow on risk to BoD.	2.10
Scope of application		
436(a)	Name of institution.	1.1

436 (b)	Difference on the basis of consolidation for accounting and prudential purposes, naming entities that are:	N/A
436 (b) (i)	Fully consolidated;	N/A
436 (b) (ii)	Proportionally consolidated;	N/A
436 (b) (iii)	Deducted from own funds;	N/A
436 (b) (iv)	Neither consolidated nor deducted.	N/A
436 (c)	Impediments to transfer of funds between parent and subsidiaries.	N/A
436 (d)	Capital shortfalls in any subsidiaries outside of scope of consolidation and their names (if any).	N/A
436 (e)	Use of articles on derogations from (a) prudential requirements or (b) liquidity requirements for individual subsidiaries / entities.	N/A
Own Funds		
437 (1)	Requirements regarding capital resources table	3.4
437 (1)		3.4
437 (1) (a)		3.4
437 (1) (b)		3.4
437 (1) (c)		3.4
437 (1) (d) (i)		3.4
437 (1) (d) (ii)		3.4
437 (1) (d) (iii)		3.4
437 (1) (e)		3.4
437 (1) (f)		3.4
437(2)	EBA shall develop implementation standards for points (a), (b), (d) and (e) above	N/A
Capital Requirements		
438(a)		2.10
438(b)	Result of ICAAP on demand from competent authority.	2.3
438(c)	Capital requirement amounts for credit risk for each Standardised approach exposure class (8% of risk-weighted exposure).	4
438(d)	Capital requirements amounts for credit risk for each Internal Ratings Based approach exposure class.	N/A [4]
438(d) (i)		N/A [4]
438(d) (ii)		N/A [4]
438(d) (iii)		N/A [4]
438(d) (iv)		N/A [4]
438(e)	Capital requirements amount for market risk or settlement risk, or large exposures where they exceed limits.	5.1

438(f)	Capital requirement amounts for operational risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.	6.1
Exposure to counterparty credit risk (CCR)		
439(a)	Description of methodology to assign internal capital and credit limits for counterparty credit exposures.	N/A [4]
439(b)	Discussion of policies for securing collateral and establishing reserves.	N/A [4]
439(c)	Discussion of policies as regards wrong-way exposures.	N/A [4]
439(d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	N/A [4]
439(e)	Derivation of net derivative credit exposure.	N/A [4]
439(f)	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	N/A [4]
439(g)	Notional value of credit derivative hedges and current credit exposure by type of exposure.	N/A [4]
439(h)	Notional amounts of credit derivative transactions for own credit, intermediation, bought and sold, by product type.	N/A [4]
439(i)	Estimation of alpha, if applicable.	N/A [4]
Credit Risk Adjustments		
442(a)		N/A [4.3]
442(b)	Approaches for calculating credit risk adjustments.	N/A
442(c)	Exposures post-value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by different types of exposures.	4.2
442(d)	Exposures post value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by significant geographic areas and material exposure classes.	4.2
442(e)		4.2
442(f)	Exposures post value adjustments by residual maturity and by material exposure class.	4.2
442(g)	Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type.	N/A [4.3]
442(g) (i)		N/A [4.3]
442(g) (ii)		N/A [4.3]
442(g) (iii)		N/A [4.3]
442(h)	Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography.	N/A [4.3]
442(i)	Reconciliation of changes in specific and general credit risk adjustments.	N/A
442(i) (i)		N/A

442(i) (ii)		N/A
442(i) (iii)		N/A
442(i) (iv)		N/A
442(i) (v)		N/A
442 endnote	Specific credit risk adjustments recorded to income statement are disclosed separately.	N/A
Unencumbered assets		
443	Disclosures on unencumbered assets.	N/A
444(a)	Names of the nominated ECAIs used in the calculation of Standardised approach RWAs, and reasons for any changes.	4.1
444(b)	Exposure classes associated with each ECAI.	4.1
444(c)	Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;	4.1
444(d)	Mapping of external rating to credit quality steps.	4.1
444(e)	Exposure values pre- and post-credit risk mitigation, by credit quality step.	4.1
Exposure to market risk		
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	5
Operational Risk		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	6
Exposures in equities not included in the trading book		
447(a)	Differentiation between exposures based on their objectives and overview of the accounting techniques and valuation methodologies used.	N/A [5.2, under market risk]
447(b)	Recorded at fair value and actual prices of exchange traded equity where it is materially different from fair value.	N/A
447(c)	Types, nature and amounts of the relevant classes of equity exposures.	N/A
447(d)	Cumulative realised gains and losses on sales in the period.	N/A
447(e)	Total unrealised gains or losses, latent revaluation gains or losses and amounts included in Tier 1 capital.	N/A
Exposure to interest rate risk on positions not included in the trading book		
448(a)	Nature of interest rate risk and key assumptions in measurement models.	N/A
448(b)	Variation in earnings, economic value, or other measures used from upward and downward shocks to interest rates, by currency.	N/A

Remuneration Disclosures		
450	Remuneration Policy	2.8
Leverage		
451(1) (a)	Leverage ratio and analysis of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items.	3.5
451(1) (b)		3.5
451(1) (c)		3.5
451(1) (d)	Description of the risk management process to mitigate excessive leverage and factors that had an impact on the leverage ratio during the year.	N/A
451(1) (e)		N/A
451(2)	EBA shall develop implementation standards for points above.	N/A
Use of Credit Risk mitigation techniques		
453(a)	Policies and processes, and an indication of the extent to which the CIF makes use of on- and off-balance sheet netting.	N/A
453(b)	Policies and processes for collateral valuation and management.	N/A
453(c)	Description of types of collateral used by the CIF.	N/A
453(d)	Types of guarantor and credit derivative counterparty, and their creditworthiness.	N/A
453(e)	Information about market or credit risk concentrations within the credit mitigation taken.	N/A
453(f)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure value covered by eligible collateral.	N/A
453(g)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure covered by guarantees or credit derivatives.	N/A
Use of the Advanced Measurement Approaches to operational risk		
454	Description of the use of insurance or other risk transfer mechanisms for the purpose of mitigating operational risk.	N/A