Just2Trade

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PILLAR III

DISCLOSURES

FOR THE YEAR ENDED 31st DECEMBER 2020

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Table of Contents

1. Risk management objectives and policies 4
- i. Strategies and Processes to Manage Risks 4
- ii. Declaration regarding the adequacy of the Company's Risk Management arrangements 6
- iii. Risk statement 6
- iv. Number of Directorships Held by Members of the Management Body 6
- v. Recruitment Policy for the members of the Board of Directors 6
- vi. Diversity policy of the Board 7
- vii. Information flow on risk to the Board of Directors 8
- viii. Risk Appetite Framework 8

2. Scope of Application 8
- i. Corporate information 8
- ii. Regulatory framework 9
- iii. Disclosure requirements 10

3. Own funds 11
- i. General 11
- ii. Balance Sheet Reconciliation 11
- iii. Main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments 11

4. Capital requirements 12
- i. Approach to Assessing the Adequacy of the Internal Capital 12
- ii. Eligible own funds 13
- iii. Capital requirement 13

5. Credit Risk 14
- i. Methodology to Assign Internal Capital and Credit Limits for Counterparty Credit Exposures 14
- ii. Counterparty Policies with respect to wrong-way risk exposures 14
- iii. Credit risk - risk weighted assets 15
- iv. Credit risk - by industry 15
- v. Credit risk - by type 15
- vi. Credit risk - by maturity 15
- vii. Credit risk - by geographic location 16
- viii. Impaired exposures, past due exposures and provisions 16

6. Use of External Credit Assessment Institutions (ECAIs) 16

7. Market Risk 17
- i. Market risk 17
- ii. Foreign exchange risk 17

8. Operational Risk 18

9. Exposures in equities not included in the trading book 18

JUST2TRADE ONLINE LTD
10 Chrysanthou Mylona
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10. Remuneration Policy 18
- i. General 18
- ii. Remuneration System 19
- iii. Link between the pay and performance 19
- iv. Quantitative Information on Remuneration 20

11. Leverage ratio 20

12. Securitisations 21

13. Other Risks 21
- i. Concentration Risk 21
- ii. Reputation Risk 21
- iii. Strategic Risk 22
- iv. Business Risk 22
- v. Capital Risk Management 22
- vi. Regulatory Risk 22
- vii. Legal and Compliance Risk 22
- viii. Information Technology Risk 22
- ix. Reporting Risk 23
- x. Liquidity Risk 23

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1. Risk management objectives and policies

i. Strategies and Processes to Manage Risks

The Company is required to establish and maintain an effective and continuous risk management function. Risk Management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of unfortunate events. Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary.

The risk management process is scalable to ensure that the level, type, and visibility of risk management are commensurate with both the risk and the importance of the Company's major activities.

A. **Risk Identification** – The process of determining risks.

B. **Categorize Risks** – The Risk Assessment groups the risks into categories. The Company will create additional categories, as required.

C. **Risk Impact Assessment** - For each risk identified, it should be assessed terms of likelihood of occurrence and its effect on Company objectives if the risk event occurs. This information is used to prioritize the risk using established threshold criteria.

D. **Prioritize Risks** - Risks that meet the threshold criteria will be recorded in the Risk Response Plan.

E. **Risk Response Planning** – this includes:
   - For each risk, to determine the options and actions to reduce the likelihood or consequences of impact to the Company's objectives;
   - To describe the actions to be taken to mitigate the risk;
   - To describe the actions to be taken when the risk event occurs (contingency plan);
   - To assign responsibilities for each agreed upon response.

F. **Risk Response Tracking** – this includes:
   - To document the dates and the procedures taken to mitigate the risk;
   - To document the actions taken when the risk event occurred (contingency plan);
   - To document any subsequent actions taken.

G. **Monitoring Risk** – this includes**:**
   - To assess currently defined risks;
   - To valuate effectiveness of actions taken;
   - To status of actions to be taken;
   - To validate previous risk assessment (likelihood and impact);
   - To validate previous assumptions;
   - To identify new risks.

H. **Risk Control** – this includes:
   - To validate mitigation strategies and alternatives;
   - Take corrective action when actual events occur;
   - To assess impact on the Company of actions taken (money, time, and resources);
   - To identify new risks resulting from risk mitigation actions;
   - To ensure change control addresses risks associated with the proposed change.

The Risk Management function is undertaken by the Risk Manager, who reports directly to the Board of Directors and closely cooperates with the Managing Directors in the course of monitoring the effectiveness of procedures.

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The Board of Directors approves and periodically reviews the strategies and policies for taking up, managing, monitoring and mitigating the risks the Company is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle.

The Board of Directors devotes sufficient time to consideration of risk issues. The Board of Directors is actively involved in and ensures that adequate resources are allocated to the management of all material risks addressed in this Directive and in Regulation (EU) No 575/2013 as well as in the valuation of assets, the use of external credit ratings and internal models relating to those risks. The Company has established reporting lines to the Board of Directors that cover all material risks and risk management policies and changes thereof.

The Risk Management Committee advises the Board of Directors on the Company's overall current and future risk appetite and strategy and assists the Board of Directors in overseeing the implementation of that strategy by Senior Management. During the year 2020 the Risk Management Committee has met eight times, including the meetings the Risk Management Committee has to convene in a quarterly basis as required by the Company's Internal Operations Manual.

The Board of Directors retains overall responsibility for risks. The Company ensures that the Board of Directors and the Risk Management Committee have adequate access to information on the risk profile of the Company.

The Company ensures that the risk management function ensures that all material risks are identified, measured and properly reported. The Company ensures that the risk management function is actively involved in elaborating the Company's risk strategy and in all material risk management decisions and that it can deliver a complete view of the whole range of risks of the institution.

The Company ensures that the risk management function can report directly to the Board of Directors, independent from Senior Management, and can raise concerns and warn that body, where appropriate, where specific risk developments affect or may affect the Company, without prejudice to the responsibilities of the Board of Directors pursuant to this Directive and Regulation (EU) No 575/2013.

To ensure effective risk management, the Company has adopted the Three Lines of Defense model, with clearly defined roles and responsibilities.

a) First Line of Defense: Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with Company's policies and where appropriate defined thresholds. The first line of defense acts as an early warning mechanism for identifying (or remedying) risks or failures.

b) Second Line of Defense: The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite and for devising the suite of policies necessary to control the business including the overarching framework and for independently monitoring the risk profile, providing additional assurance where required. The Risk Management Function will leverage its expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise wide risks and make recommendations to address them. Integral to the mission of the first line of defense is identifying risk areas, detecting situations/activities, in need of monitoring and developing policies to formalise risk assessment, mitigation and monitoring.

c) Third Line of Defense: Comprises of the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviews the Company's relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defense to ensure that its findings and recommendations are taken into consideration and followed, as applicable.

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ii. Declaration regarding the adequacy of the Company's Risk Management arrangements

The Board of Directors of **JUST2TRADE ONLINE LTD** (the "Company" or the "Firm") approves in full the adequacy of Risk Management arrangements of the Company providing assurance that the risk management systems in place are adequate with regards to the Company's profile and strategy.

iii. Risk statement

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 Capital Adequacy Ratio (Own Funds / Total Risk Weighted Exposure) of the Company as at 31 December 2020 was 18.04% which is well above the minimum regulatory capital of 10.50%. The Company's Combined Buffer Requirement consists of the following:

- Regulatory capital requirement of the level of 8%,
- Capital Conservation Buffer ("CCB") of the level of 2.50%,,
- Countercyclical Capital Buffer ("CCyB") and
- Specific risk buffer derived from the Company's Exposures to Estonia (Circular C222).

iv. Number of Directorships Held by Members of the Management Body

The management body of the Company is the Board of Directors. All members of the Board commit sufficient time to perform their functions in the Company. The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities.

The table below discloses the number of directorships held by members of the management body as at 31st December 2020.

Full Name	Management Position in the Company	Other Directorships
Ajay Kumar Singh Dipak	Executive Director	**4**
Georgios Argytakis	Executive Director	**1**
Sotiroulla Hadjikyriakou	Non-Executive Independent Director	**1**
Constantinos Zackheos	Non-Executive Independent Director	**5**
Sotirios Pittas	Non-Executive Director	**33**

v. Recruitment Policy for the members of the Board of Directors

The Company follows a predetermined procedure for the appointment of the members of the Senior Management and the Board of Directors. Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework.

Members of the Board shall possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board shall reflect an adequately broad range of experiences to be able to understand the Company's activities, including the principal risks faced by the Company as well as sufficient knowledge, of the legal framework governing the operations an investment firm.

Specifically, when considering the appointment of the members of the Board and Senior Management, special attention shall be given to the following:

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- Essential qualifications, business administration skills, education and experience so as to ensure the sound and prudent management of the Company, and diversity in order to conduct effectively and efficiently all their duties and responsibilities;
- Very strong interpersonal and managerial skills including time management and leadership skills;
- Financial markets and financial advisory sector market knowledge, experience and knowledge in the financial services industry, risk management knowledge and experience with local and international financial matters;
- Sufficient knowledge of the legal framework governing the operations of a Cyprus investment firm, including the investment services and activities which are regulated by the Cyprus Investment Firms Law;
- Criminal record certificate from the competent authorities of the country of residence of the person for the last five years, attesting that the person has no criminal records;
- Excellent command of the Greek or/and English languages. Particularly, when considering the appointment of a member of the Board, special attention shall be given to the potential member's skills review which aims to assess the specific experience and skills needed to ensure the optimum blend of the potential individual and the aggregate capability having regard to the Company's long term strategic plan.

vi. Diversity policy of the Board

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 practices in the Corporate Governance Code of many EU countries. The Company believes that the diversity of the Board enhances decision-making capability and that a diverse Board is more effective in dealing with organisational changes. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender, race and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Company believes that the Board should be characterized by a broad range of views arising from different experiences.

For the purpose of this policy, the Company considers that the concept of diversity incorporates a number of different aspects, therefore all Board appointments are made on merit, in the context of the skills, experience, knowledge, business perspectives, industry or related experience, independence, gender, age, cultural, educational background and more general experience which the Board as a whole requires in order to be effective.

Skills and Experience

The Board should possess a balance of skills appropriate for the requirements of the business of the Company, in order for the Company to benefit from its directors' experience in a range of activities including varied industries, education, government, investment and the professions.

Independence

The Board includes a composition of Executive and Non-Executive Directors so that there is a strong element of independence in the Board. The Independent Non-Executive Directors shall be of sufficient calibre and stature for their views to carry weight. Each member of the Board must act with independence of mind to properly assess and challenge the decisions of the Senior Management where necessary and to effectively oversee and monitor management decision-making.

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Gender

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, race, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

vii. Information flow on risk to the Board of Directors

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. The key reporting to the Management body consists of:

Report Name	Owner	Recipient	Frequency
Compliance Report	Compliance Officer	BoD, CySEC	Annual
Internal Audit Report	Internal Auditor	BoD, CySEC	Annual
Risk Management Report	Risk Manager	BoD, CySEC	Annual
Pillar III Disclosures	Risk Manager	BoD, CySEC, Public	Annual
Audited Financial Reporting	External Auditors	BoD, CySEC	Annual
Capital Adequacy Reporting	Risk Manager / Accounting Department	Senior Management, CySEC	Quarterly
ICAAP Report	Compliance Officer	BoD, CySEC	Annual
Anti-money laundering (AMLCO) Report	Anti-money laundering Compliance Officer	BoD, CySEC	Annual
Risk Register	Risk Manager	Senior Management	Annual

viii. Risk Appetite Framework

The Company's risk appetite framework enables risk capacity, risk appetite, risk limits, and risk profile to be considered for business lines and legal entities as relevant, and within the group context. The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the risk appetite framework.

The risk appetite framework considers material risks to the Company, as well as to the Company's reputation vis-à-vis policyholders, depositors, investors and customers. The risk appetite framework aligns with the Company's strategy.

The Company has a low risk appetite in respect to investing and to managing business and operational activities. The risk appetite framework has been designed to create links to the strategic long term plan, capital planning and the Company's risk management framework. The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICAAP.

2. Scope of Application

i. Corporate information

The Company was incorporated on March 13, 2015 and registered with the Companies Registrar of the Republic of Cyprus under number HE 341520 as a private company limited by shares. The Company has been authorized by the Cyprus Securities and Exchange Commission (the "CySEC") under license number 281/15 to operate as a Cyprus Investment Firm ("CIF") and provide investment and ancillary services to its clients.

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The Company is licensed to provide to its Clients the investment services of:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Portfolio Management
- Dealing on Own Account
- Investment Advice

In addition to the main investment services listed above, the Company provides the below ancillary services to its Clients:

- Safekeeping and administration of financial instruments for the account of customers, including custodianship and related services such as cash/collateral management;
- Granting credits or loans to an investor to allow him to carry out a transaction in 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;
- Investment research and financial analysis or other forms.

ii. Regulatory framework

The Company is publishing the disclosures on an individual (solo) basis. The Pillar III disclosures are prepared in accordance with the Pillar III disclosure requirements as laid out in Part Eight of the Regulation No. 575/2013 (CRR) and Capital Requirement Directive IV. The report is based on the Annual Reports and Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the provisions of the Cyprus Company Law, Cap. 113.

This Pillar III report (the 'Report') has been prepared in accordance with Section 4 (Paragraph. 32) of the CySEC Directive DI144-2014-14 of 2014 (the "Directive") for the prudential supervision of investment firms which implements the Regulation 575/2013 (the "Regulation" or "CRR") and the European Directive 2013/36/EU (the "European Directive" or "CRD IV"), as well as the relevant provisions of new Law 87(I)/2017 (hereinafter, the "Law"), as amended. It is noted that the Law 144(I)/2007 has been replaced by Law 87(I)/2017, for the purpose of harmonization with European Directive 2014/65/EU ("MIFID II") which applies to CIFs, market operators, data reporting service providers (DRSP), and third-country firms providing investment services or activities through the establishment of a branch in the Republic.

The Pillar III report is prepared in accordance with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV). The CRR and CRD IV establish the prudential requirements for capital, liquidity and leverage that entities need to abide by. CRD IV governs access to internal governance arrangements including remuneration, Board composition and transparency. CRR introduced significant changes in the prudential regulatory regime applicable to Investment Firms including amended minimum capital adequacy ratios, changes to the definition of capital and the calculation of risk weighted assets and the introduction of new measures relating to leverage, liquidity and funding. CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio.

The current regulatory framework comprises of **three** pillars:

- **Pillar I** Establishes minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating risk weighted assets for credit risk, market risk and operational risk.
- **Pillar II** Requires firms and supervisors to take a view on whether a firm should hold additional capital against: risks considered under Pillar I that are not fully captured by the Pillar I process (e.g. credit concentration risk), risks not taken into account by the Pillar I process (e.g. interest rate risk in the banking book, business and strategic risk) and factors external to the firm (e.g. business cycle effects). Pillar II connects the regulatory capital requirements to the Company's Internal Capital Adequacy Assessment Process ("ICAAP") and to the reliability of its internal control structures. The function of Pillar II is to provide communication between supervisors and institutions on a continuous basis and to evaluate how well the institutions are assessing their capital needs relative to their risks. If a deficiency arises, prompt and decisive action is taken to restore the appropriate relationship of capital to risk.

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- **Pillar III** Market Discipline requires the disclosure of information regarding the risk management policies of the Company, as well as the results of the calculations of minimum capital requirements, together with concise information as to the composition of original own funds.

iii. Disclosure requirements

The Pillar III disclosure requirements are contained in Articles 431 to 455 of the Regulation. These disclosures must be verified by the external auditors of the Company. The Company will be responsible to submit its external auditors' verification report to CySEC. The Company has included its risk management disclosures as per the Directive on its website as it does not publish them in its financial statements. The Regulation provides that institutions may omit one or more disclosures, if such disclosures are not regarded as material, except for the following disclosures:

i Regarding the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved (Article 435(2)(c) of CRR);

ii Own funds (Article 437 of CRR);

iii Remuneration policy (Article 450 of CRR).

Materiality of Disclosures

Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

Disclosures and Confidential Information

The Regulation also provides that institutions may omit one or more disclosures, if such disclosures are regarded as confidential or proprietary. The CRR defines proprietary as if sharing that information with the public would undermine its competitive position. It may include information on products or systems which, if shared with competitors, would render an institution's investments therein less valuable. Information is regarded as confidential if there are obligations to customers or other counterparty relationships binding an institution to confidentiality. Under the light of the above, the Company avoided to disclose such confidential information in this report.

Frequency

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

Medium and location of publication

Institutions may determine the appropriate medium, location and means of verification to comply effectively with the disclosure requirements. In this respect, the Company's Pillar III disclosures are published on the Company's websites.

Verification

The Company's Pillar III disclosures are subject to internal review and validation prior to being submitted to the Board for approval. The Company's Pillar III disclosures have been reviewed and approved by the Board. In addition, the Remuneration disclosures have been reviewed by the Company's Risk Management Committee.

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3. Own funds

i. General

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. The Company is required to hold own funds in sufficient quantity and quality in accordance with CRD IV which sets out the characteristics and conditions for own funds. The Company throughout the year under review managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities. During the 12-month accounting period to 31 December 2020 the Company complied fully with all capital and liquidity requirements and operated well within the regulatory requirements.

The Company discloses information relating to its own funds. Furthermore, the Company discloses a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution. In this respect, the Company's Tier 1 capital is wholly comprised of Common Equity Tier 1 Capital.

ii. Balance Sheet Reconciliation

	31.12.2020
Equity	**€ '000**
Share capital	2 550
Retained earnings	605
Total Equity as per the Audited Financial Statements	**3 155**
Regulatory Deductions	
Additional deductions of CET1 Capital due to Article 3 of the CRR	(91)
Other Intangibles Assets	-
Total Regulatory Deductions	**(91)**
Total Eligible Own Funds	**3 064**

iii. Main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

Capital Instruments	**CET1**
Issuer	Just2Trade Online Ltd
Regulatory Treatment	
Eligible at Solo/(sub-)consolidated/solo	Solo
Instrument type	Common Equity
Amount recognized in regulatory capital	€2.550.000
Nominal amount of instrument	€1.00 each
Number of common shares issued	2.550.000
Accounting classification	Shareholders' Equity
Coupons / Dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A

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4. Capital requirements

i. Approach to Assessing the Adequacy of the Internal Capital

CRD IV is transposed into national laws, which allows national regulators to impose additional capital buffer requirements. Based on the provisions of the Macroprudential oversight of Institutions Law of 2015 which came into force on 1st January 2016, the Central Bank of Cyprus (the “CBC”) is the designated Authority responsible for setting the macroprudential buffers that derive from CRD IV.

The Macroprudential Authority has decided to activate the capital conservation buffer (the “CCB”) having exercised its relevant authority. The CCB was phased-in gradually, starting from 1 July 2016 at 0.625% and increasing by 0.625% every year thereafter, until being fully implemented (2.5%) on 1 January 2019. The Company was obliged to maintain a 2.5% CCB in addition to the CET1 capital buffer maintained for the year 2020 to meet the own funds requirement imposed by Article 92 of the CRR.

According to paragraph 52(2) of the Directive, the Macroprudential Authority may exempt small and medium sized CIFs from holding an institution specific Countercyclical Capital Buffer (the “CCyB”), in addition to their CET 1 Capital. A decision was made by the Central Bank of Cyprus on 26th May 2020 that small and medium sized CIFs are not to be exempted from the requirement of holding an institution specific CCyB and as such the Company is not exempted from the requirement to maintain an institution specific CCyB.

In accordance with the provisions of this law, the CBC sets, on a quarterly basis, the CCyB level in accordance with the methodology described in this law. The CCyB is effective as from 1 January 2016 and is determined by the CBC ahead of the beginning of each quarter. The CBC has set the level of the CCyB rate for Cyprus at 0% for 2020. In addition, the Company is required to maintain an institution specific CCyB equivalent to its total risk exposure amount multiplied by the weighted average of the countercyclical buffer rates. The Company maintains Nil institution specific countercyclical capital buffer since its institution specific exposures are located in jurisdictions that have set their CCyB rates at 0% throughout the year.

The Macroprudential Oversight of Institutions Law, 2015, also requires the maintenance of additional capital buffer by the systemically important credit institutions and investment firms either at the national level, or at the EU level, referred to as Other Systemically Important Institutions (“O-SII”). The O-SII capital buffer reflects the cost for an institution of being systemically important and reduces the moral hazard from the support of the institution from the state and the taxpayers and compensates for the higher risk it represents for the national financial system and the potential consequences of its failure. The Company is not obliged to maintain an O-SII capital buffer as it is not an O-SII institution.

The Cyprus Macroprudential Authority (Central Bank of Cyprus) decided the adoption of a macroprudential measure for exposures to Estonia. This measure constitutes a 1% systemic risk buffer rate, applied in accordance with Article 134 of Directive 2013/36/EU, on all exposures located in Estonia of CIFs incorporated in the Republic of Cyprus and offering the investment service of dealing on own account and/or underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis.

Consequently, CIFs with exposures located in Estonia must comply with the decision of the Central Bank of Cyprus when calculating their Capital Requirements pursuant CySEC’s Circular C222. As at 31 December 2020 there were no exposures in Estonia.

The Internal Capital Adequacy Assessment Process (“ICAAP”) requires the Company to identify and assess 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 capital position is monitored on a regular basis by the Management of the Company in order to comply with regulatory obligations and act accordingly in case of emergencies, should the capital adequacy ratio fall below the prescribed minimums.

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ii. Eligible own funds

	31.12.2020	31.12.2019
	€ '000	**€ '000**
Paid up capital	2,550	2 550
Retained earnings	605	185
Deductions	(91)	(90)
Common Equity Tier 1 Capital	**3,064**	**2 645**
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	**3,064**	**2 645**
Tier 2 Capital	**-**	**-**
Total Eligible Own Funds	**3,064**	**2 645**

iii. Capital requirement

	31.12.2020 (EURO '000)		**31.12.2019 (EURO '000)**	
Original Own Funds		2 550		2 550
Paid up capital		-		-
Share Premium		-		-
Reserves		605		185
Investment Compensation Fund deduction *		(91)		(90)
Intangible assets deduction		-		-
Total Eligible Own Funds		**3 064**		**2 645**
	Capital required – 8% Risk weighted exposure	**Risk weighted exposure**	**Capital required – 8% Risk weighted exposure**	**Risk weighted exposure**
Credit Risk	236	2 957	194	2 429
Market Risk	248	3 096	534	6 678
Operational Risk	875	10 932	626	7 831
Additional due to Fixed Overheads		-		-
Credit Valuation Adjustment Risk		-		-
Other Capital Requirements		-		-
Total	**1 360**	**16 985**	**1 354**	**16 938**
Capital Adequacy Ratio (Own Funds/Total Risk Weighted Exposure)		**18,04%**		**15,61%**
Minimum Capital Adequacy Ratio (including buffers)		**10,50%**		**10,50%**

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5. Credit Risk

i. Methodology to Assign Internal Capital and Credit Limits for Counterparty Credit Exposures

In the ordinary course of business, the Company is exposed to credit risk, which is monitored through various control mechanisms. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Company has policies to diversify risks and to limit the amount of credit exposure to any particular counterparty in compliance with the requirements of the Directive. The Company monitors the fair value calculations, forecast and actual cash flows, and cost budgets so that to ensure that the carrying level of Company's own funds and consequently the Capital Adequacy ratio meet the regulatory requirements at all times.

Trade receivables are shown net of any provision made for impairment. The management believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in the trade receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

A financial asset or group of assets is impaired and recognized in the financial reports of the Company only if there is objective evidence exist to such an impairment as a result of events occurred after the initial recognition of the asset. The Company assesses at each date of the financial year end, whether there is an evidence to that the impairment may take place by assessment of the events which occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial assets or group of assets, and such loss can be reliably estimated. Losses are recognized in the Company's Financial Statements. If, in the following reporting period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Income Statement to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

When the asset cannot be recovered, it is written-off in the Income Statement. Subsequent recoveries of amounts previously recognized as uncollectible, decrease the charge for impairment of financial assets in the Income Statement. At present the Company does not have any general or specific provision for the impairment of the financial assets based on its risk-oriented assessment of the current internal and external factors.

ii. Counterparty Policies with respect to wrong-way risk exposures

Wrong-way risk occurs when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty itself or where there is an adverse correlation between counterparty's probability of default and the mark-to-market value of the underlying transaction.

A wrong-way trading situation can be defined as the condition where the exposure to the counterparty increases, while the counterparty's financial situation and its ability to pay on the transaction diminishes. As part of the credit review process, basic assumptions are established regarding correlations for a given trading product. The management of wrong-way risk is integrated within the Company's overall credit risk assessment approach and is subject to a framework for identification and treatment of wrong-way risk, which includes governance, processes, roles and responsibilities, methodology, scenarios, reporting, review and escalation.

A conservative treatment for the purpose of calculating exposure profiles is applied to material trades with wrong-way risk features. The wrong-way risk framework applies to OTC, securities financing transactions and centrally cleared trades. If material correlation is identified, the collateral is deemed ineligible for regulatory risk calculations and risk is measured on an uncollateralised basis. The Company does not have any Wrong-Way Risk Exposures.

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iii. Credit risk - risk weighted assets

31st December 2020	Exposure	Risk Weighted Assets	Capital Requirements
	€ '000	€ '000	€ '000
Institutions	8 528	1 706	136
Corporates	669	585	47
Retail	592	338	27
Other Items	341	328	26
TOTAL	**10 130**	**2 957**	**236**

iv. Credit risk - by industry

31st December 2020	€ '000	€ '000
Institutions		8,528
Corporates		**669**
Financial	669	-
Non-financial - SME exposure	-	-
Non-financial - Corporate exposures other than SME	-	-
Retail exposures		592
Other exposures		341
Total Exposure Measured		**10,130**

v. Credit risk - by type

31st December 2020	Institutions	Corporates	Retail	Other Items	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Cash and cash equivalents	2 476	222	-	13	2 711
Trade receivables	6 052	447	592	0	7 091
Other receivables	-	-	-	41	41
Deposits and prepayments	-	-	-	266	266
Property, plant and equipment	-	-	-	21	21
Total	**8 528**	**669**	**592**	**341**	**10 130**

vi. Credit risk - by maturity

Maturity	Institutions	Corporates	Retail	Other Items	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
<3 months	7 380	669	592	251	8 892
>3 months	1 148	-	-	69	1 217
Indefinite maturity	-	-	-	21	21
Total	**8 528**	**669**	**592**	**341**	**10 130**

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vii. Credit risk - by geographic location

31st December 2020	Institutions	Corporates	Retail	Other Items	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Cyprus	6 072			120	6 192
Hong Kong		45			45
Ireland				134	134
Isle of Man	28				28
Latvia	460				460
Luxembourg	24				24
Malaysia		43			43
Marshall Islands				79	79
Poland				8	8
Russian Federation		400	592		992
United Kingdom	710				710
USA	1 235	180			1 415
Total	**8 528**	**669**	**592**	**341**	**10 130**

viii. Impaired exposures, past due exposures and provisions

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. A financial asset is past due if a counterparty has failed to make a payment when contractually due. For the year ended 31st December 2020, the Company did not have any past due or impaired exposures.

6. Use of External Credit Assessment Institutions (ECAIs)

For the purposes of credit risk calculation under the Standardised Approach an external credit assessment is used to determine the risk weight of an exposure as provided in Section 3, Chapter 2, Title II, Part Three of Regulation (EU) No.575/2013 only if the External Credit Assessment Institution which provides it has been recognized as eligible for those purposes by the Cyprus Securities and Exchange Commission. The Company uses Fitch ratings for the purposes of credit risk calculation under the Standardised Approach.

The table below provides an overview of frequently used risk weights based on ratings from rating agencies (%):

Credit Quality Step	Fitch's assessments	Moody's assessments	S & P assessments	Corporate	Institutions (includes banks)			Sovereign
					Sovereign method	Credit Assessment method		
						Maturity ≥3 months	Maturity 3 months or less	
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	20%	20%	0%
2	A+ to A-	A1 to A3	A+ to A-	50%	50%	50%	20%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	100%	50%	20%	50%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	50%	100%
5	B+ to B-	B1 to B3	B+ to B-	150%	100%	100%	50%	100%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%

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Institutions may use credit assessments to determine the risk weight of an exposure only where the credit assessment has been issued or has been endorsed by an ECAI in accordance with Regulation (EC) No 1060/2009. The conditions and procedure for recognition of a rating agency have been worked out in greater detail by the Committee of European Banking Supervisors (CEBS) in a document entitled Guidelines on the Recognition of ECAIs. However, a bank or investment firm may be unable or unwilling to use an external rating for certain claims. This may be the case, for example, if no rating is available from a recognized rating agency or the use of external ratings is not considered cost effective. For such cases the Standardized Approach provides fixed risk weights for all categories of claim (including off-balance sheet items), ranging from 0% for items with a very low credit risk to 150% for high-risk items.

7. Market Risk

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in the Company's trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet. As per the requirements of the Regulation, the Company shall disclose the own funds requirements for Market Risk exposures. The Company was primarily exposed to foreign-exchange risk due to the fact that it holds cash reserves in material amounts in currencies other than its reporting currency, namely Russian Rubles, Chinese Yuan and United States Dollars. The Company benefits from a number of factors that reduce the volatility of its revenue and protect it from significant changes in market conditions such as its product range. This diversification leads to a significant reduction in the Company's exposure to price risk. The Company's exposure to price risk at any point in time depends primarily on short-term market conditions during the trading day, hence the exposure at each reporting date may not be representative of the price risk exposure faced by the Company over the year. The following table discloses the Company's market risk as 31 December 2020:

i. Market risk

	31/12/2020
Risk Weighted Assets	**€ '000**
Traded Debt Instruments	-
Equity	-
Foreign Exchange	3 096
Commodities	-
Total Market Risk Exposure	**3 096**
Total Market Risk Requirements	**248**

ii. Foreign exchange risk

Currency	Open position (EUR)		Net position (EUR)		Overall Net FX position
	Assets (Long)	Liabilities (Short)	Assets (Long)	Liabilities (Short)	
	EUR	EUR	EUR	EUR	EUR
	€ '000	**€ '000**	**€ '000**	**€ '000**	**€ '000**
EUR	3 707	3 733		26	
GBP	0	1		1	
CNY	0		0		
USD	4 850	2 065	2 784		2 784
RUR	1 549	1 238	311		311
CAD	0	0			
PLN	2	7		5	
CHF	91	91			
MBC	1		1		1
	10 199	**7 135**	**3 096**	**32**	**3 096**

Risk Capital Charge: 8.00%
Capital Requirements in € '000: 248

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8. 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 Company's operational risk, in addition to providing an analysis of the Company's operational risk profile 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.

Further to the above, the company has in place controls and procedures in order to reduce the operational risk arising, as follows:

- Monitoring of the effectiveness of policies, procedures and controls;
- Use of systems to automate processes and controls to eliminate risk due to human error;
- Ongoing maintenance of procedures to prevent unauthorised actions and errors;
- Use of training to reduce the likelihood of human error arising from lack of expertise
- Maintaining risk registers in the context of ICAAP; and
- Maintaining a four-eyes structure and implementing Board oversight over strategic decisions made by the heads of departments.

Furthermore, the Company has in place additional policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk. Such policy and process is the Business Continuity and Recovery Plan. The Company acknowledges that a significant hazard exists to its ability to continue normal business procedures following unexpected incident. Moreover, the Company has an important dependency with its automatic systems and processes. As a result, a recovery plan is needed in order to deal with the risk of potential disaster. The objectives of this plan are to provide:

- continuing operations so that the Company can offer its services to the clients;
- business and records protection;
- a framework for risk and exposure controlling;
- measures against risks.

For the calculation of operational risk in relation to the capital adequacy reports, the Company uses the Basic Indicator Approach (BIA). Under the BIA, the own funds requirement for operational risk is equal to 15% of the average over three years of gross operating income. Based on the relevant calculations the Company's risk weighted exposure to Operational Risk, as at 31 December 2020, was € 10.932.000.

9. Exposures in equities not included in the trading book

Not applicable.

10. Remuneration Policy

i. General

The Company has established a remuneration policy, which its purpose is to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the staff, in accordance with the provisions of the Directive as well as the Circular 031 on remuneration policies and practices, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities. Furthermore, the Company's remuneration strategy is designed to

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reward and motivate the people who are committed to maintaining a long term career with the Company and performing their role in the interests of the Company.

The design of the Policy is approved by the people who effectively direct the business of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The people who effectively direct the business are responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks, that remuneration policies and practices can create. The Board reviews the remuneration policy at least annually.

Furthermore, the Policy also benefits from the full support of Senior Management or, where appropriate, the supervisory function, so that necessary steps can be taken to ensure that relevant persons effectively comply with the conflicts of interest and conduct of business policies and procedures.

ii. Remuneration System

The Company's remuneration system and policy 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 and members of the Board; the said practices are established to ensure that the rewards are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels. The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short and long term success.

The remuneration mechanisms employed are well known management and human resources tools that take into account the following factors in order to determine the remuneration of each staff member:

- knowledge and skills;
- the adding value to the business;
- the demands (physical and mental) of the job;
- amount of training and/or experience needed;
- working conditions;
- the importance and the amount of responsibility;
- market dynamics such as the supply and demand for labour;
- financial viability of the Company;
- economic performance of the country in which the Company operates;
- employee's personal goals and performance evaluation in relation to the objectives set up at the beginning of the period;
- employee's professional conduct with clients;
- staff's skills, experience and performance, whilst supporting at the same time the long-term business objectives.

The Company's remuneration system takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff.

Furthermore, there was no remuneration payable under deferral arrangements (with vested or unvested portions). Finally, the Company did not pay any non-cash remuneration for the year under review. It is noted that the Company has taken into account its size, internal organisation and the nature, the scope and the complexity of its activities and it does not deem necessary the establishment of a specific Remuneration Committee. The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for a staff member to perform each position/role. The remuneration is also set in comparison with standard market practices employed by the other market participants/competitors.

iii. Link between the pay and performance

The Company recognises the responsibility that the Staff has in driving its future success and delivering value for the Company and that remuneration is a key component in motivating and compensating its employees. The

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individual performance is assessed during the annual appraisal process, which establishes objectives for all staff covering both financial and non-financial factors, specific behavioral competencies including compliance and risk management behaviors with regards to the Company's procedures. Each department sets targets for which the Company functions, departments and individuals are expected to achieve over a specific timeframe. The Company's managers provide support and feedback to the staff during the daily activities, time periods decided and/or during formal or informal performance reviews.

iv. Quantitative Information on Remuneration

Aggregate remuneration analysis of Senior Management and members of staff whose actions have a material impact on the risk profile of the Company

	2020
	€'000
Fixed reward	210
Variable reward	13
Total	**222**
Variable Remuneration Ratio	**6%**
Number of beneficiaries	**7**

Companies are required to disclose the number of natural persons that are remunerated €1mln or more per financial year, in pay brackets of €1mln, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. Nevertheless, currently there are no natural persons at the Company that are remunerated €1mln or more per financial year and as such the above disclosure is not applicable to the Company. No sign-on payments have been awarded during 2020, while no severance payments were paid during the year.

Aggregate remuneration analysis by business area

	2020
	€'000
Control Functions	259,533
Investment Services	167,032
Business Support	1,274,196
Marketing and Sales	87,358
TOTAL REMUNERATION	**1,788,120**

11. Leverage ratio

Leverage means the relative size of an institution's assets, off-balance sheet obligations and contingent obligations to pay or to deliver or to provide collateral, including obligations from received funding, made commitments, derivatives or repurchase agreements, but excluding obligations which can only be enforced during the liquidation of an institution, compared to that institution's own funds. A leverage ratio was introduced as a supplementary measure to the risk-based capital requirements of the Basel III framework through bank-level reporting to national supervisors of the leverage ratio and its components from 1st January 2013.

The Leverage Exposure measure includes:

- All On-balance sheet assets;
- Derivative exposures;
- Securities Financing Transaction exposures;
- Other non-trading book exposures.

The Basel Committee has set a benchmark of 3% for a minimum Leverage ratio. The Company monitors leverage closely in order to ensure that any possible excess of the Leverage Limit will be identified and managed promptly. The Company's leverage ratio of 30.24% is well above the minimum ratio of 3%.

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Total On-Balance Sheet Exposures	**31.12.2020** **€ '000**
Total assets as per audited Financial Statements	10 221
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
Adjustments for derivative financial instruments	
Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	
Other adjustments *	(91)
Leverage Total Exposure Measure	**10,130**
Tier 1 (fully phased-in)	**3,064**
Leverage Ratio (using a fully phased-in definition of Tier 1)	**30.24%**

** Treatment pursuant to Circular C162, according to which the contribution to ICF will no longer be risk weighted as an "exposure to public sector entities" pursuant to paragraph 13(3) of Directive DI144-2014-15. The said ICF exposure will be deducted from CET1 Capital pursuant to Article 3 (Application of stricter requirements by institutions) of the CRR.*

Leverage Total Exposure Measure	**Minimum ratio**	**Actual ratio 31.12.2020**
CET1 Capital Ratio	4,50%	18.04%
Tier 1 Capital Ratio	6%	18.04%
TOTAL Capital Ratio	8%	18.04%

12. Securitisations

The Company is not an active participant in the origination of securitisations (meaning pooled assets with trenched risk), and accordingly detailed Pillar III disclosures are not made.

13. Other Risks

i. Concentration Risk

Concentration Risk includes large individual exposures and significant exposures to companies whose likelihood of default is driven by common underlying factors such as the economy, geographical location, instrument type etc. Concentration risk was partly addressed through diversification of counterparties, namely banking institutions and liquidity providers.

ii. Reputation Risk

Reputation risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large customers, poor customer service, fraud or theft, customer claims, legal action and regulatory fines. The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is very low as the Company provides high quality services to customers.

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iii. Strategic Risk

Strategic Risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy of the Company.

iv. Business Risk

Business Risk includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analyzed and taken into consideration when implementing the Company's strategy.

v. Capital Risk Management

Capital Risk is the risk that the Company will not comply with capital adequacy requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital against regulatory requirements and has to maintain a minimum level of capital. This ultimately ensures the going concern of the Company. The Company is further required to report on its capital adequacy quarterly and has to maintain at all times a minimum total capital adequacy ratio which is set at 8%. The capital adequacy ratio expresses the capital base of the Company as a proportion of the total risk weighted assets. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a monthly basis of management accounts to monitor the financial and capital position of the Company.

vi. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Procedures Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

vii. Legal and Compliance Risk

Legal and Compliance Risk could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. Following the replacement of the Law 144(I)/2007 by Law 87(I)/2017 for the purpose of harmonization with MIFID II, several regulatory changes were applied that may cause the Company's exposure to compliance risk. The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

viii. Information Technology Risk

IT risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

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ix. Reporting Risk

The Company maintains a system in place to record any risk event incurred on a special form duly completed by personnel of each department and is submitted to the Compliance Officer and Risk Manager when such event occurs.

x. Liquidity Risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has policies and procedures with the object of minimizing such losses.