

## **A. ETERNITY CAPITAL MANAGEMENT LTD**

**Regulated by the Cyprus Securities & Exchange Commission (CySEC),  
License No. 346/17  
73, Archbishop Makarios III Avenue, Methonis Tower  
Office 301, Suite 2, 1070 Nicosia, Cyprus**

**Disclosures in accordance  
with CySEC  
Directive DI144-2014-14 of  
2014**

**Year 2023**

**General Notes:**

- ❖ *A.Eternity Capital Management Limited (hereafter referred to as the “Firm” or the “Company”) has prepared the following disclosures.*
- ❖ *The information contained within these disclosures has been prepared for the purpose of explaining how risks are managed by the Company and to disclose the own funds requirements corresponding to these risks, in line with “Specific publication requirements” as stipulated in paragraph 32 of Section 4 of Part II (“Supervisory measures and powers”) of the Cyprus Securities and Exchange Commission’s (hereinafter “CySEC”) Directive DI144-2014-14 of 2014 and DI144-2014-14(A), (hereinafter the “Directive”) and the requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (hereinafter the “Regulation”).*
- ❖ *The report has been prepared by the Compliance Officer and has been reviewed by the Board of Directors.*
- ❖ *It is recommended to read this report in conjunction with the audited financial statements of the Company for the year ended 31 December 2023.*
- ❖ *The disclosures will be verified by the Company’s external auditor by April 30<sup>st</sup> 2024.*
- ❖ *Frequency*  
*The Firm will be making these disclosures annually.*
- ❖ *Media and Location*  
*The disclosure will be published on our website: <http://a-eternitycapital.ltd.cy/news/>*
- ❖ *All figures are stated in US Dollars. On page 13 the figures are in EUR. Figures are rounded to the nearest thousand except where otherwise stated.*

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## Company Overview

The Company was incorporated in Cyprus on April 6<sup>th</sup>, 2017 as a limited liability company under the Cyprus Companies Law, Cap. 113. The Company holds a license from the Cyprus Securities and Exchange Commission (the “CySEC”), number 346/17, on December 11<sup>th</sup>, 2017 for the below Investment Services and Activities, Ancillary Services and Financial Instruments in accordance to First appendix, of the Law:

**a. Investment Services and Activities:**

- i. Dealing on Own Account
- ii. Portfolio Management

**b. Ancillary Services:**

- i. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level (“central maintenance service”), as referred to in point 2 of Section A of the Annex to Regulation (EU) No 909/2014.
- ii. Provision of advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.

**c. Financial Instruments:**

- i. Transferable securities;
- ii. Money-market instruments;
- iii. Units in collective investment undertakings;
- iv. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- v. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- vi. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled
- vii. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point vi of

- this Part and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- viii. Derivative instruments for the transfer of credit risk;
  - ix. Financial contracts for differences; and
  - x. Options, futures, swaps, forward-rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

## Organizational Structure

Please refer to Appendix 1 for the Company's organizational chart as at 31 December 2023.

## Scope of Application

As at 31 December 2023, the Company did not own any subsidiaries. These disclosures have therefore been prepared on a solo basis.

The Company does not foresee any material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to its parent.

## Content of report

This Report contains information to the risks the Company faces and the strategies it has in place to manage and mitigate those risks, its own funds and its capital adequacy. Disclosures are made concerning the risks outlined in Annex XII of Part C of the Directive. Only the risks the Company is exposed to are discussed.

## Approach to Risk Management

Managing risk effectively in an organization operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organizational controls to ensure that the Company identifies and manages its risks adequately, establishes the necessary policies and procedures, sets and monitors relevant limits and complies with the applicable legislation.

The main risks that the Company is exposed to are credit risk, liquidity risk, market risk, operational risk and reputational risk:

**i. Credit Risk**

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

**ii. Liquidity Risk**

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations and arises when the maturity of assets and liabilities does not match. The Company's approach to this risk is to closely monitor liquidity in real time and be aware, to the extent possible, of future financial obligations, and ensure that it will have sufficient liquidity to meet its liabilities when they are due.

**iii. Market Risk**

Market risk is the risk that the value of an investment will decrease as a result of changes in market factors. The four standard market risk factors are:

- Equity Risk – the risk that stock prices will change
- Interest rate risk – the risk that interest rates will change
- Commodity risk – the risk that commodity prices will change
- Currency risk – the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. This risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency.

**iv. Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, employee errors, or from external events.

**v. Reputational Risk**

Reputation risk, is a risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the company is not found guilty. Adverse events typically associated with reputation risk include ethics, safety, security, sustainability, quality, and innovation. Reputational risk can be a matter of corporate trust.

**vi. Compliance Risk**

Compliance risk is the current and prospective risk to earnings or capital that could result and or arise from violations and breaches of, or non-conformance with, laws, bylaws and regulations, prescribed practices, internal policies, and procedures, or ethical standards, which may have an effect on the revenue/income and on the capital of the Company. This risk exposes the Company to financial loss, fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

**vii. Litigation Risk**

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The

risk is restricted through the contracts used by the Company to execute its operations.

#### viii. Capital Risk

Capital includes equity shares and share premium and convertible preference shares. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

#### ix. 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 given the current nature, scale and complexity of its business operations.

## Principal Responsibilities

The principal responsibilities of the Board, the Senior Management, the Internal Auditor and the Risk Manager in relation to the management of the Company's risks include the following:

- the Board reviews and discusses, during its meetings, the written reports prepared by the Risk Manager and identifies the risks faced by the Company;
- the Company's Senior Management also reviews the written reports prepared by the Risk Manager, applies the decisions of the Board with respect to risk management and monitors whether all the Company's risk management procedures are followed;
- the Internal Auditor evaluates the adequacy and effectiveness of the Company's internal control systems, policies and procedures with respect to risk management;
- the Risk Manager ensures efficient management of the Company's risks in the provision of the investment and ancillary services to clients, as well as the risks underlying the operation of the Company, in general.

Furthermore, the Risk Manager bears the responsibility to monitor the adequacy and effectiveness of the risk management policies and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted, in addition to the Company's obligations stemming from the relevant laws, as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

Moreover, the Risk Manager is responsible for making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies identified, as aforementioned.

The responsibilities of the risk management function include, without limitation:



- i. establishing, implementing and maintaining adequate risk management policies and procedures;
- ii. adopting effective mechanisms and processes to manage the risks the Company is exposed to;
- iii. monitoring the adequacy and effectiveness of the risk management policies and procedures; and
- iv. monitoring the level of compliance and the effectiveness of measures taken to tackle the deficiencies.

A risk management report is prepared on an annual basis regarding the status of the Company's risk management policies and procedures and any remedial measures taken to tackle the deficiencies. The risk management report is presented to the Company's Board of Directors.

The risk management function is further strengthened by the following functions:

- i. Internal Audit;
- ii. Legal and Compliance (including the Anti-Money Laundering and Terrorist Financing) and
- iii. Accounting.

## Roles and Responsibilities

### Board of Directors

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. All procedures and rules, as required by CySEC, are approved by the Board of Directors.

On the 1<sup>st</sup> of December 2022, Mr Kostas Pouloupatis was appointed by the BoD as the new Executive Director of the Company. His appointment was approved by CySEC on the 1<sup>st</sup> of June 2023. Mr Pouloupatis possesses adequate collective knowledge, skills, and experience to be able to understand the CIF's activities, including the main risks.

### Number of directorships held by members of the Board of Directors

Table 1 below discloses the number of directorships a member of the management body of the Company holds at the same time in other entities, including A. Eternity Capital Management Limited. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below.

Directorships within the same group are treated as single directorship, as specified on paragraph 9(5) and 9(6), in the Investment Services and Activities and Regulated Markets Law of 2017.

**Table 1: Number of directorships held by members of the Board of Directors**

Name	Position within A. Eternity Capital Management Ltd	Executive Directorships	Non - Executive Directorships
Anna Angelikousi	Chairwoman - Non-independent Non-Executive Director	-	3
Marinos Kallis	Chief Executive Officer - Executive Director	1	3
Kostas Pouloupatis	Chief Operating Officer - Executive Director	1	-
Yiannis Zographakis	Independent Non-Executive Director	-	3
Nicolas Yiannakas	Independent Non-Executive Director	-	3

### Risk Management Committee

The Risk Management Committee has been formed with the view to ensure the efficient monitoring of the risks inherent in the provision of investment services to clients, as well as the risks underlying the operation of the Company in general, with the following mandate:

- i. forming Company's policy with respect the setting of limits and the terms for undertaking risks;
- ii. ensuring that the Company has sufficient capital and reserves to support the risks undertaken, and
- iii. confirming the adequacy of the limits set for the undertaking of risks.

During 2023, the risk management committee held meetings on 27<sup>th</sup> of April 2023 and 27<sup>th</sup> of October 2023.

### Investment Committee

The Company has established an Investment Committee which consists of three members, the main responsibility of which is to set the investment policy of the Company according to the market environment at the time and formulates the framework in which the asset management and client investment advisory functions of the Company should operate.

During 2023, the investment committee held meetings on 27<sup>th</sup> of April 2023 and 27<sup>th</sup> of October 2023.

### Compliance Officer

The Compliance Officer has the responsibility for ensuring procedures are in place to ensure compliance with laws and regulations, which relate to carrying out business transactions, internal policies and procedures as well as standards of behavior to protect and enhance the reputation of the Company. The Compliance Officer reports to the Managing Director of the Company and thereafter to the Company's Board of Directors.

## Internal Audit

The Internal Audit function is independent from any other units of the Company and reports directly to the Board of Directors. It is responsible for conducting independent appraisals of the Company's activities, functions and operations to ensure that an adequate framework of internal controls is established and is operating effectively. The above function has been outsourced to Deloitte Ltd.

## Back-office / Accounting Department

The back-office department plays a key role in the Company complying with its financial reporting obligations. The accounting function is responsible for preparing the Company's financial statements in accordance with applicable accounting standards and rules in order to reflect a fair and true view of the Company's financial position. The Company's statutory financial statements are audited by the Company's independent auditors, Moore Stylianou & Co and are approved by the Board of Directors. The approved financial statements are put before the shareholders of the Company at the Annual General Meeting.

## Own Funds and Capital adequacy Ratio

In accordance with the Directive, the Company's own funds must be disclosed as the amount of original own funds with separate disclosures of all positive terms (share capital, reserves brought forward, less any proposed dividends, translation differences and current period losses, as applicable).

The own funds of the Company comprise entirely of Core Tier 1 Capital. As at 31 December 2023, the level of own funds was US\$1,133 thousand. Table 2 below shows a breakdown of the own funds as at 31 December 2023 together with the comparatives. The Capital Adequacy Ratio for the year was 166.62% (174.69%, 2022). The calculations of Capital Adequacy Ratio contain the information disclosed in the audited financial statements for the year ended December 31<sup>st</sup>, 2023.

**Table 2: Composition of the Capital base**

<b>ORIGINAL OWN FUNDS (TIER 1)</b>	<b>31 Dec 2023 \$ '000</b>	<b>31 Dec 2022 \$ '000</b>
<b>Eligible Own Funds</b>		
Share capital	11	11
Share Premium	991	991
Retained Earnings	64	42
Current year Losses (If profit insert 0)	-	-
Intangible Assets / goodwill	-	-
Investors' compensation fund	(76)	(76)
Other reserves	143	143
<b>Total Tier 1 Capital</b>	<b>1.133</b>	<b>1.111</b>

During 2023 and 2022 the Company had fully complied with the minimum capital percentage ratio requirements set by CySEC. The Company's minimum capital requirement is shown on Table 3 below.

**Table 3: Minimum Capital Requirements for Credit, Market and Operational risk**

<b>Capital Adequacy</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>Total Regulatory Capital</b>	<b>1.133</b>	<b>1.111</b>
Capital Requirements		
Credit Risk	292	257
Foreign Exchange Risk	119	127
Operational Risk Capital Requirement	<b>269</b>	252
<b>Total Capital Requirement</b>	<b>680</b>	<b>636</b>
<b>Total Capital Adequacy Ratio</b>	<b>166.62%</b>	<b>174.69%</b>

According to Article 92 of the Regulation EU No. 575/2013 a CIF shall at all times satisfy the following own funds requirements:

<b>Capital ratios and capital levels</b>				
		<b>Requirements</b>	<b>Company's Ratios as at 31 Dec 2023</b>	<b>Company's Ratios as at 31 Dec 2022</b>
CET1	Capital ratio	4.5%	166.62%	174.69%
T1	Capital ratio	6%	166.62%	174.69%
Total	capital ratio	8%	166.62%	174.69%

Further to the above, the Company has to comply with the capital conservation buffer (the "CCB"). 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.

As of late June 2021, and as per the new the Investment Firm Directive ("IFD") and Investment Firm Regulation ("IFR"), the Company's Capital Requirement is shown in Table 4 below.

<b>Regulatory Own Funds and Capital Adequacy Ratio</b>	<b>31 Dec 2023</b>
	<b>\$ '000</b>
<b>Total Own Funds</b>	<b>1.133</b>
Own Funds Requirements	
Permanent minimum capital requirement	829
Fixed Overhead Requirement	35
Total K-Factor Requirement	199
<b>Total Own Funds Requirement</b>	<b>829</b>
<b>Own Funds Ratio</b>	<b>136.63%</b>

The Company is obliged to maintain a 2.5% CCB in addition to the CET1 capital maintained for the year 2023 in order to meet the own funds requirement imposed by Article 92 of the CRR.

According to section 67(2) of the Investment Services and Activities and Regulated Markets Law of 2007 to 2016, CIF own funds must in no case fall below the level of initial capital as provided in section 10 of the Law. During 2017 the Company's own funds exceptionally decreased (by €15 thousand - US\$18 thousand) below the limits provided for in section 67 of the Law because of the initial set-up costs. The Company restored compliance on March 13<sup>th</sup> 2018 and maintained it throughout the 2019 and 2020. As of late June 2021, the initial capital requirement has been increased to €750.000 as per the European Parliament's new comprehensive regulatory regime for investment firms: the Investment Firm Directive ("IFD") and Investment Firm Regulation ("IFR") which were intended to replace the regulation for investment firms.

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Own Funds of the CIF	<b>1.025</b>	<b>1.042</b>
Initial Capital Requirement	<b>750</b>	<b>750</b>

## Risk Exposures

### i. Credit Risk

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 reporting date. The main activity of the Company that exposes it to Credit Risk is the deposit of funds with banks.

### ii. Market Risk

#### a. Foreign Exchange Risk

The Company's reporting currency is United States Dollar (US\$). Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's reporting currency.

As of the date of this report the Company was exposed to financial instruments denominated in a foreign currency, mainly Euro and hence exposure to foreign exchange risk arises.

b. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's current income and operating cash flows are independent of changes in market interest rates. Other than cash at bank, which attracts interest at normal commercial rates, the Company has no other significant interest-bearing financial assets or liabilities.

The Company's management shall continue to monitor the interest rate fluctuations on a continuous basis and act accordingly.

c. Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations and arises when the maturity of assets and liabilities does not match. The Company's approach to this risk is to closely monitor liquidity in real time and be aware, to the extent possible, of future financial obligations, and ensure that it will have sufficient liquidity to meet its liabilities when they are due.

### iii. Operational Risk

Operational risk is the risk of loss arising from fraud, unauthorized activities, errors, omissions, inefficiency, systems failure or external events such as natural disasters. It is inherent in every business organization and covers a wide range of issues.

The Company manages operational risk through a control-based environment in which all processes and transactions are monitored and documented on an ongoing basis. This is further supported by a program of audits undertaken by the Internal Auditor of the Company.

Given the current scale and low complexity of the Company's operations, Operational Risk is regarded as low.

### iv. Other Risks

a. 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.

During the year the company's concentration risk is regarded as low.

## b. 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 clients, poor customer service, fraud or theft, customer claims and 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 considered low. In addition, the Company's Board of Directors is made up of high caliber professionals who are recognized in the industry for their knowledge, experience and integrity.

## c. Strategic Risk

This 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 given the current nature, scale and complexity of its business operations.

## d. Business Risk

This 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. Given the current nature, scale and complexity of its operations, the Company's exposure to business risk is considered low.

## e. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by CySEC. 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 Internal Operations Manual ("IOM") and the AML Manual.

Compliance with these procedures and policies shall be further assessed and reviewed by the Company's Internal Auditor. Any suggestions for improvement are considered for implementation by the Management.

The Internal Auditor evaluates and tests the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is considered low.

## f. Legal and Compliance Risk

This 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. 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 Compliance Function. The structure of the Company is such to promote clear coordination of duties and the Management consists of individuals of suitable professional experience and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board shall meet at least two times per annum, to discuss such issues and any suggestions to enhance compliance are implemented by Management.

#### g. IT 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. In addition, the Company has designed a Disaster Recovery Plan. Materialization of this risk has thus been minimized to the lowest possible level.

## Strategies and processes to mitigate risk

### i. Credit Risk Management

The Company is exposed to credit risk from its financing activities – primarily deposits with banks. The Company has policies in place to ensure that cash balances are held with licensed, systemic and secured financial institutions with very good credit rating.

The Company has the policies to limit the amount of credit exposure to any financial institution as per article 395(1) of the CRR.

During 2023 and up to today, the Company fully complied with the above by allocating adequate amount of the term deposit to alternative investment instrument(s).

### ii. Funding Liquidity Risk Management

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

The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets by having available an adequate amount of committed credit facilities and for the measurement and management of the Company's net funding position and requirements.

### iii. Market Risk Management

The Company's activities could potentially expose it to market risk, which includes Currency Risk and Interest Rate risk.

#### a. Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial



transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

b. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its bank deposits.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

iv. Operational Risk Management

The Company's Internal Operations Manual ("IOM") outlines the policies and procedures to be followed by its employees, the reporting lines in place, and each department's functions and responsibilities. The aim of the Regulations is to minimize the operational risk the Company faces.

The IOM is reviewed and revised regularly, at minimum once per year, in order to ensure that it fully reflects the most updated procedures that the company's department follow.

Each employee has access to the electronic version of the IOM and must read it upon the commencement of their employment. To ensure that employees remain aware of their responsibilities and the policies and procedures the Company has in place, throughout the course of their employment they are asked to familiarize themselves with the IOM twice a year.

In addition, the Company's business continuity policy (Disaster Recovery Plan) ensures that the Company's operations will continue in the event of the occurrence of circumstances beyond its control.

## Capital Requirements

### Credit Risk

For the calculation of credit risk capital requirements, the Company has adopted the Standardized Approach.

**Table 4: Credit risk exposures, RWA and capital requirements by asset class**

<b>31 December 2023</b>				
<b>Exposure Class</b>	<b>Exposure Amount</b>	<b>Credit Risk Adjustment</b>	<b>RWA</b>	<b>Capital Requirement</b>
	US\$'000	%	US\$'000	US\$'000
Institutions	1.153	20	251	20
Corporates	16	100	16	1
Other	26	100	26	2
<b>Total</b>	<b>1.195</b>	<b>-</b>	<b>293</b>	<b>23</b>

<b>31 December 2022</b>				
<b>Exposure Class</b>	<b>Exposure Amount</b>	<b>Credit Risk Adjustment</b>	<b>RWA</b>	<b>Capital Requirement</b>
	US\$'000	%	US\$'000	US\$'000
Institutions	1.126	20	234	19
Corporates	16	100	16	1
Other	8	100	8	1
<b>Total</b>	<b>1.150</b>	<b>-</b>	<b>258</b>	<b>21</b>

**Table 5: Geographic Credit Risk Exposure**

<b>31 December 2023</b>				
<b>Exposure Class</b>	<b>Cyprus</b>	<b>Switzerland</b>	<b>Germany</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Institutions	25	1.128	-	<b>1.153</b>
Corporates	16	-	-	<b>16</b>
Other	26	-	-	<b>26</b>
<b>Total</b>	<b>67</b>	<b>1.128</b>	<b>-</b>	<b>1.195</b>

31 December 2022				
Exposure Class	Cyprus	Switzerland	Germany	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Institutions	11	1.115	-	<b>1.126</b>
Corporates	16	-	-	<b>16</b>
Other	8	-	-	<b>8</b>
<b>Total</b>	<b>35</b>	<b>1.115</b>		<b>1.150</b>

Table 6: Credit Risk Exposure by Industry

31 December 2023			
Exposure Class	Financial/ Banking	Other	Total
	US\$'000	US\$'000	US\$'000
Institutions	1.153	-	<b>1.153</b>
Corporates	16	-	<b>16</b>
Other	23	-	<b>23</b>
<b>Total</b>	<b>1.150</b>	-	<b>1.192</b>

31 December 2022			
Exposure Class	Financial/ Banking	Other	Total
	US\$'000	US\$'000	US\$'000
Institutions	1.126	-	<b>1.126</b>
Corporates	16		<b>16</b>
Other	8		<b>8</b>
<b>Total</b>	<b>1.150</b>		<b>1.150</b>

**Table 7: Residual Maturity of Credit Exposures**

<b>31 December 2023</b>			
<b>Exposure Class</b>	<b>Residual Maturity ≤ 3 months</b>	<b>Residual Maturity &gt; 3 months</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
Institutions	151	1.003	1.153
Corporates	16	-	16
Other	23	-	23
<b>Total</b>	<b>190</b>	<b>1.003</b>	<b>1.192</b>

<b>31 December 2022</b>			
<b>Exposure Class</b>	<b>Residual Maturity ≤ 3 months</b>	<b>Residual Maturity &gt; 3 months</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
Institutions	611	515	1.126
Corporates	16	-	16
Other	5	2	7
<b>Total</b>	<b>632</b>	<b>517</b>	<b>1.149</b>

**Nominated External Credit Assessment Institutions (“ECAIs”) for the application of the standardized approach.**

For the purposes of applying the standardized approach, the nominated ECAI, recognized by the Cyprus Central Bank are Fitch Ratings, Standard & Poor’s Rating Services and Moody’s Investor Service.

The Company has selected to use Fitch Ratings as the ECAI. The general ECAI association with each Credit Quality Step (CQS) complies with the standard association published by the CCB as follows:

<b>CQS</b>	<b>Fitch Rating</b>
<b>1</b>	AAA to AA-
<b>2</b>	A+ to A-
<b>3</b>	BBB+ to BBB-
<b>4</b>	BB+ to BB-
<b>5</b>	B+ to B-
<b>6</b>	CCC+ and below

Exposures without an available Fitch credit rating are considered to be unrated. As at 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 all exposures are unrated; however, for exposures to institutions, the Company used the credit rating of the country in which the institution is incorporated in order to determine the corresponding risk weight.

**Table 8: Credit Exposures per CQS**

<b>31 December 2023</b>			
<b>Exposure Class</b>	<b>CQS 1</b>	<b>CQS 4</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
Institutions	1.128	25	<b>1.153</b>
Corporates	-	16	<b>16</b>
Other	-	23	<b>23</b>
<b>Total</b>	<b>1.128</b>	<b>64</b>	<b>1.192</b>

<b>31 December 2022</b>			
<b>Exposure Class</b>	<b>CQS 1</b>	<b>CQS 4</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
Institutions	1.115	11	<b>1.126</b>
Corporates	-	16	<b>16</b>
Other	-	8	<b>8</b>
<b>Total</b>	<b>1.115</b>	<b>35</b>	<b>1.150</b>

## Remuneration Disclosures

During 2023, the following was applicable with regards to the Company's remuneration system:

The Company has implemented a Remuneration Policy in accordance with Circular No: CI144-2013-18 of CySEC as well as the Circular 031 on remuneration policies and practices to ensure the consistent and improved implementation of the existing MiFID II conflicts of interest and conduct of business requirements in the area of remuneration.

On the one hand, the Remuneration policy and practices ensure compliance with the conflicts of interest requirements set out in Articles 13(3) and 18 of MiFID II; and on the other hand, they also ensure compliance with the conduct of business rules set out in Article 19 of MiFID II.

The Remuneration Policy of the Company ensures that it applies to all personnel employed by the Company and undertaking the duties of the Company’s functions and general activities.

Every year, at least once, the Board of Directors monitors compliance with the Remuneration Policy.

The Company’s reward scheme consists from different components and depends on employees’ contractual agreements. Applicable types of reward are in line with, but not limited to, the Labor Laws of the Republic of Cyprus and best market industry practices and standards.

All Company employees currently have fixed remuneration components only. Fixed remuneration varies for different positions/roles depending on each position’s actual functional requirements, and it is set at different hierarchical level which reflect the educational level, experience, accountability, liability and responsibility needed for an employee to perform each position/role. The Variable remuneration component is designed to ensure that the total remuneration remains in competitive levels thus rewarding the staff for its performance whilst remaining aligned with the department’s performance(s) and long terms targets.

The Variable remuneration component will be discussed in the future by the Board of Directors and decide whether it should be applied.

The Company was licensed on December 11<sup>th</sup> 2017, and the employment contracts entered into force in November 2017.

**Table 9: Remuneration to Board and senior management for the year 2023:**

		31 December 2023	31 December 2022
<b>Categorization</b>	<b>No. of beneficiaries</b>	<b>Annual Fixed Remuneration US\$’000</b>	<b>Annual Fixed Remuneration US\$’000</b>
<b>Board of Directors *</b>	5	59	44
<b>Senior Management*</b>	2	48	71
<b>Total</b>	<b>7</b>	<b>107</b>	<b>115</b>

*\*Two Directors of the Board is not remunerated by A. Eternity Capital Management Limited.*

**Table 10: Remuneration broken down by business area:**

	31 December 2023	31 December 2022
<b>Business Area</b>	<b>Annual Fixed Remuneration US\$’000</b>	<b>Annual Fixed Remuneration US\$’000</b>
<b>Portfolio Management</b>	0	32
<b>Control functions</b>	48	71
<b>Total</b>	<b>48</b>	<b>103</b>