MAYZUS INVESTMENT COMPANY

Disclosures in Accordance with Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on Prudential Requirements for Credit Institutions and Investment Firms and Amending Regulation (EU) No 648/2012

Reference Date: 31 DECEMBER 2015

Report Date: APRIL 2016

Contents

1. SCOPE OF APPLICATION

The following information is disclosed in accordance with the Disclosures in accordance with Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on Prudential Requirements for Credit Institutions and Investment Firms and Amending Regulation (EU) No 648/2012.

Pillar III Regulatory Framework

In accordance with Regulation (EU) No. 575/2013 (the "Capital Requirements Regulation", "CRR"), which was introduced in late 2014, the Company is required to disclose information relating to its risk management, capital structure, capital adequacy, its risk exposures as well as the most important characteristics of the Company's corporate governance including its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

On 26 June 2013, the European Parliament and the Council released a legislative package known as "CRDIV" to strengthen the regulation of the financial sector. The "CRDIV" package replaces the previous European Capital Requirements Directives (2006/48 and 2006/49) and CySEC's Directives DI144-2007-05 and DI144-2007-05, commonly known as Basel II, in relation to capital requirements and large exposures, with a European Directive (2013/36/EU) and a European Regulation (575/2013). The Regulation (EU) 575/2013 ("the Regulation") is directly applicable as a Single Rule book by all Member State institutions whereas the Directive 2013/36/EU need to be transposed by all member state regulatory authorities. The transposed Directive of CySEC is named as Directive DI144-2014-14 ("the Directive"). The main purpose of the Basel II revisions was to make the framework more risk sensitive and representative of actual risk management practices.

The Capital Requirements Regulation introduced significant changes in the prudential regulatory regime applicable to banks and 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. The CRR permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the leverage ratio, which are not expected to be fully implemented until 2018. The current regulatory framework comprises three pillars:

- **Pillar I** covers the calculation of risk weighted assets for credit risk, market risk and operational risk.

- **Pillar II** covers the Supervisory Review and Evaluation Process ("SREP"), which assesses the Internal Capital Adequacy Assessment Process (the "ICAAP") and provides for the monitoring and self-assessment of an institution's capital adequacy and internal processes.

- **Pillar III** covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

The 2015 Pillar III Disclosures Report sets out both quantitative and qualitative information required in accordance with Part 8 of the CRR and in particular articles 431 to 455, which set the requirements of the Disclosures.

Materiality of Disclosures

The Regulation provides that the Company may omit one or more of the disclosures if it believes that the information is immaterial. 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 permits the Company to omit one or more of the required disclosures if it believes that the information is regarded as confidential or proprietary. The Directive 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 investment firm's investments therein less valuable.

Information is regarded as confidential if there are obligations to customers or other counterparty relationships binding an investment firm to confidentiality. Under the light of the above, the Company avoided to disclose such confidential information in this report.

Location and Frequency of Disclosures

According to CySEC's Directive DI144-2014-14 (the "Directive"), the risk management disclosures must be included either in the financial statements of the investment firm, if these are published, or on its website. In addition, these disclosures must be verified by the external auditor of the investment firm. The investment firm will be responsible for submitting its external auditor's verification report to CySEC.

The Company intends to make its disclosures annually in a document other than the Audited Financial Statements. The Board of Directors has stated in its Disclosure Policy that the Disclosures will be uploaded on the website of the Company at www.mayzus.com on an annual basis. All Disclosures mentioned are in line with the Company's annual audited Report and Financial Statements, which are prepared in accordance with the International Financial Reporting Standards ("IFRS"). In addition, the Disclosures have been reviewed by the External Auditor.

The current disclosures are based on the position of the Company as at 31st December 2015. The Pillar III Disclosures report was discussed by the Board of Directors on 19th of April 2016.

Furthermore, the Board of Directors and the Senior Management have the overall responsibility for the internal control systems in the process of "Capital Adequacy Assessment" and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored and controlled to minimize adverse outcomes. The Company's business effectiveness is appeared and based on the guidelines of the risk management policies and procedures. The Board of Directors, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officers control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

Scope of Disclosures

The Company is making the disclosures on an individual (solo) basis. The Company does not have any subsidiaries and thus does not need to produce any consolidated results.

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2. COMPANY INFORMATION

Mayzus Investment Company LTD is an independent international financial markets participant and leading provider of on-line trading services for retail and institutional investors.

The Company is registered as a Cyprus Investment Firm under the registration number HE230122 and licensed by CySEC (Cyprus Securities and Exchange Commission) under the license number 093/08 in accordance with MiFID.

The Company currently offers the following investment and ancillary services:

INVESTMENT SERVICES
Reception and Transmission of Orders in Relation to One or More Financial Instruments
Execution of Orders on Behalf of Clients
Portfolio Management ***(license received in 2016)***

ANCILLARY SERVICES
Safekeeping and administration of financial instruments, including custodianship and related services
Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
Foreign exchange services where these are connected to the provision of investment services
Investment research and financial analysis or other forms

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3. CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Board of Directors

The responsibility of the overall risk management and/or assessment lies with the Board of Directors of the Company. The Board of Directors needs to identify, assess, monitor and control each type of risk on a continuous basis. More specifically, when managing and/or assessing risks, the responsibilities of the Board of Directors and Senior Management may be summarized as follows:

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

The following table shows the constitution of the Board of Directors as at 31 December 2015:

Table 1. Board of Directors.

Name	Position
Mr. Sergey Mayzus	Executive Director
Ms. Kristina Leonova	Executive Director
Mr. Andreas Paralikis	Non-Executive Director
Mr. Panos Markou	Non-Executive Director
Mr. Ilia Lashchenko	Executive Director *(since 01/02/2016)*

Recruitment and Diversity Policy

The Company has implemented the Recruitment and Diversity Policy, providing conditions for employment of staff for crucial managerial positions and those who shall be responsible for the determination of the Company's entrepreneurial strategy.

The Policy provides that these people shall have at least three to five years prior experience in relevant executive positions in the financial markets, and adequate academic and/or professional qualifications in financial, management, accounting fields.

The recruitment principles for the Board member provide that there are a maximum number of directorships which can be held by the Boards members.

The table below provides the number of directorships a member of the management body of the Company holds at the same time in other entities. 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.

Data is provided for the Directors in office as of 31 December 2015 and the compliance with the policy principle was adhered to during the year, including all Directors in office in 2015.

Table 2. Number of Directorships.

Name	Financial Year 2015		
	Position	**Directorships - Executive**	**Directorships - Non-Executive**
Mr. Sergey Mayzus	**Executive Director**	**1**	**1**
Ms. Kristina Leonova	**Executive Director**	**1**	**0**
Mr. Andreas Paralikis	**Non-Executive Director**	**0**	**3**
Mr. Panos Markou	**Non-Executive Director**	**0**	**4**
Mr. Ilia Lashchenko	**Executive Director** *(since 01/02/2016)*	**0**	**3**

By having a diversified Board of Directors the Company has a number of benefits. Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how we do business and imperative to commercial success. The Company recognizes the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

The Company recognizes the benefits of having a diverse BoD which includes and makes use of differences in the skills, experience, background, race and gender between directors.

Information Flow on Risk to the Management Body

The Company provides the structured flow of risks to the management body, with the aim to elevate the risks to the appropriate levels on time.

Risk information flows up to the Board through the Executive Director or directly from the business departments and control functions.

Remuneration Polices

Further to the application of enhanced corporate governance arrangements in relation with the BoD, the Company’s remuneration system has also been enhanced in respect to is disclosure in order to promote further transparency.

Remuneration refers to payments or compensations received for services or employment.

Based on the above, the Remuneration Policy includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the CIF's size, internal organization and the nature, the scope and the complexity of its activities to the provisions of the Directive DI144-2014-14.

The Company has reviewed and updated its Remuneration Policy for risk-taking functions, taking into account their size, internal organization and the nature, scope and complexity of its activities and without prejudice to the provisions of the Processing of Personal Data (Protection of Individuals) Law. Based on the above principles, as covered personnel (senior management and members of staff whose actions have a material impact on the risk profile of the investment firm) have been determined the members of the Board of Directors only.

The Company's Remuneration Policy is determined by the Board of Directors. The remuneration of the Company's control functions and senior officers, covered by the Policy, is based on fixed basis with no variable component.

Present Disclosure is required to provide for the information as follows:

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm, indicating the following:

- The amounts of remuneration for the financial year split into fixed and variable remuneration, and the number of beneficiaries.
- The amounts and forms of variable remuneration, split into cash, shares, share linked instruments and other types; ***- NONE.***
- The amounts of outstanding deferred remuneration, split into vested and unvested portions; ***- NONE.***
- The amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments; ***- NONE.***
- New sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments; ***- NONE.***
- The amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person. ***- NONE.***

In 2015, the remuneration structure of Mayzus Investment Company Limited included only fixed monthly salaries and not any variable cash or non-cash compensation. The Company does not operate a pension scheme/provident fund for its employees.

Table 3 below presents the 2015 annual net remuneration of Senior Management, Executive Directors and other staff whose actions have a material impact on the risk profile of the Company. Senior Management consists of three persons, the Company's Executive Directors.

Table 3. Remuneration of Senior Management.

Fixed Emoluments in their executive capacity:

	Number of Beneficiaries	Amounts of Remuneration for the Financial Year 2015		Total Remuneration
		Fixed Remuneration €'000	Variable Remuneration €'000	€'000
Executive Directors	**3**	**82.35**	**0**	**82.35**
Non-Executive Directors	**2**	**11.15**	**0**	**11.15**
TOTAL REMUNERATION:	**5**	**93.50**	**0**	**93.50**

The remuneration relating to independent control functions **(Internal Audit & Compliance)** is based on fixed fee contracts. For the year 2015, the overall fee for those functions was **Euro 57,226.61.**

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4. RISK MANAGEMENT

Risk Management Objectives and Policies

As the Company is authorised by the Cyprus Securities and Exchange Commission to conduct investment business, it is required by the EU Capital Requirements Directive to make public disclosure of its risk management objectives and policies in accordance with the requirements of Pillar III of the Directive and the Internal Capital Adequacy Assessment Process ("ICAAP") prescribed by the CySEC .

The Company has clearly defined operational strategy, which is:

- To maintain a highly trained workforce which is flexible in operational terms to deal with varying levels of income; and
- Recognising also the necessity to retain strong cash reserves to tide us over any downturns.

The Company is operated managerially through the medium of a three Executive Directors (6-eyes principle). Standing apart from the Company's operational management, it has Board of Directors which comprises of three Executive Directors and two Non-Executive Directors.

In accordance with the proportionality principles, and provided limited range of services and activities undertaken, the overall governance is assigned to the Board members and no separate Committees are in place at present.

The Board of Directors' responsibility includes monitoring and reviewing the Company' risk management, compliance and internal audit functions and considering reports from compliance, internal audit on internal controls and risk management.

The Board has overall responsibility for the Company's system of internal controls, the objectives of which are the safeguarding of the Company's assets, the maintenance of proper accounting records and the availability of reliable financial information for use within the business and for regulatory reporting.

This system of internal controls designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement and loss, and to prevent and detect fraud and other irregularities.

The Board regularly reviews the effectiveness of the Company's internal control system. There is an ongoing process for identifying, evaluating and managing significant risks which was in place throughout the year.

The risk management process encompasses the organisation, behaviours, processes, systems and other aspects of a Company that, taken together:

- ✓ facilitate its effective and efficient operation by enabling it to assess current and emerging risks, respond appropriately to risks and significant control failures and to safeguard its assets;

- ✓ help to reduce the likelihood and impact of poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented;
- ✓ help ensure the quality of internal and external reporting; and
- ✓ help ensure compliance with applicable laws and regulations, and also with internal policies with respect to the conduct of business.

The Company's systems of risk management and internal control include:

- ✓ risk assessment;
- ✓ management or mitigation of risks, including the use of control processes;
- ✓ information and communication systems; and
- ✓ processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

When determining the principal risks, the Board focuses on those risks that, given the Company's current position, could threaten the Company's business model, future performance, solvency or liquidity, irrespective of how they are classified or from where they arise.

The Board treats such risks as principal risks and establishes clearly the extent to which they are to be managed or mitigated, in a form of prescribed credit risk limits, excess expenditures and other parameters important for monitoring of the principal risks.

Pillar II – Internal Capital Adequacy Assessment Process

The Supervisory Review Process provides rules to ensure that adequate capital is in place to support any risk exposures the Company may have, in addition to requiring appropriate risk management, reporting and governance structures.

Pillar II covers any risk not fully addressed in Pillar I, such as concentration risk, reputation risk, business and strategic risk and any external factors affecting the Company.

Pillar II connects the regulatory capital requirements to the Company's Internal Capital Adequacy Assessment Procedures (ICAAP) and to the reliability of its internal control structures. The function of Pillar II is to provide communication between supervisors and investment firms on a continuous basis and to evaluate how well the investment firms 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.

Under Basel II, ICAAP is a requirement for the Company to establish and report to the regulator (on request) the process of Internal Capital Adequacy Assessment. The requirement originates from the rightful assumption that the Pillar I risk assessments may not cover fully the risks assessed under Pillar I calculations, and the Pillar I does not cover unique to the Company (or its particular sector) internal and external risks it may be exposed to.

Therefore, the capital requirements calculated under Pillar I, do not reflect real amount of capital to be held to cover all relevant risks.

Company's ICAAP Approach

Our approach for meeting the Pillar II requirements, are based on the Pillar I Minimum Capital Requirement Plus Approach, as it takes the Pillar I capital requirements calculation as a starting point and then considers whether this results in an adequate amount of capital to cover the Company's actual risk profile.

The Company chooses to apply this method and uses, as a starting point, the minimum capital calculated according to the provisions of the Regulation, under Pillar I for credit risk, operational risk and market risk.

The capital calculated as a minimum requirement, under Pillar I, is then assessed internally as to its adequacy vis-à-vis the following:

- Risks covered in Pillar I (additional counterparty credit risk);
- Risks not fully covered in Pillar I (additional concentration and market risks);
- Pillar II risks (reputational, political and client concentration risks).

The Company assesses the above elements of the overall risk, following the chosen approach, and uses the stress scenarios approved at the strategic management levels, mainly for external factors, including through the cycle, to ensure that the Company's plans and current level of the capital are sufficient to:

- meet the Company's liabilities as they fall due;
- survive a recession and meet the Pillar I capital requirement through a severe recession.

The Company aims to operate at all times over and above the required statutory capital and currently maintains a prudent level of capital for both short and long term requirements.

Pillar III – Market Discipline

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 with respect to the composition of own funds. Preparation and publication of the Present Report is made in accordance with this requirement.

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5. RISK CATEGORIES AND DEFINITIONS

Operational Risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including legal risk. The Company is aware that operational risk can never be eliminated, but seeks to minimize the probability and impact of operational events.

The Company's business areas manage this risk through applicable controls and loss mitigation techniques, including use of limits, participation in Investor Compensation Fund and adequate human resources management procedures.

These activities include a balance of policies, procedures and internal controls to ensure compliance with laws and regulations.

Further assurance is provided by the Company's internal audit and compliance functions.

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

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of operational risk is directly related to effective and efficient management practices and high standards of corporate governance. To that effect, the management of operational risk is geared towards:

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

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

- The development of operational risk awareness and culture.
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.

- Established a "four-eyes" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management and a Risk Management Committee. The board further reviews any decisions made by the Management while monitoring their activities;
- Detection methods are in place in order to detect fraudulent activities;
- Comprehensive business contingency and disaster recovery plan. The Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps.

To this effect, the following are implemented:

- Incident collection
- Key risk indicators
- Business continuity management
- Training and awareness

Due to the limited authorisation of the Company, the Company falls under Article 95(1) of CRR and therefore the calculation of the capital requirements for operational risk is based on the fixed overheads of the preceding financial year. Under this method, the Company calculates its total Risk Weighted Assets as follows:

Total Risk Exposure Amount = max [total risk exposure amount (excluding Operational Risk); Fixed Overheads of the preceding year x 12.5 x25%]

Under the CRR, the Fixed Overheads are calculated using the most recent audited annual financial statements of the preceding year. For the year ended 31 December 2015 the amount required to be held by the Company to meet the Fixed Overheads Requirement was **Euro 206,677.**

Table 4. Operational Risk/Fixed Overhead Capital Requirements.

Operational Risk/Fixed Overhead Capital Requirements KEY COMPONENTS:	31/12/2015 EUR '000
Total Expenses	**1,419**
Total Deductions	**592**
Fixed Overheads	**827**
Risk Weighted Exposure	**2,583**
CAPITAL REQUIREMENTS	**207**

Credit Risk

This represents the risk of loss through default by counterparty. The most significant risk to the Company is that market counterparty will fail to settle a trade with the client and the credit institution or payment systems will fail to meet its obligations towards the safety of funds deposited with them.

To guard against this the Company sets exposure levels for various counterparties and monitors these. Exposure values to either retail or market counterparties are determined using mark to market methods.

The Company does not conduct derivative business on its own account. Client trades are transacted by the Company as a broker working on STP/ECN model with large liquidity providers (back to back transactions).

In all cases where such transactions place the client or the Company at risk we hold suitable collateral. This normally takes the form of a lien over the customer's assets giving a claim on these assets for both existing and future liabilities, in a form of margin requirements to the accounts, which are automatically monitored.

The Company has to hold funds to protect itself against credit risk, and this has been assessed based on the Pillar I requirements of the EU Directive. Current Credit Risk Capital requirement is **Euro 53,590**.

The Company uses Moody's, Standard & Poor's and Fitch's Ratings as its External Credit Assessment Institutions ("ECAIs"). The credit ratings of all three ECAIs are used for all exposures of Mayzus Investment Company Limited, subject to their availability. If two credit assessments are available from nominated ECAIs and the two correspond to different risk weights for a rated item, the higher risk weight is assigned. If more than two credit assessments are available from nominated ECAIs for a rated item, the two assessments generating the two lowest risk weights are referred to. If the two lowest risk weights are different, the higher risk weight is assigned. If the two lowest risk weights are the same, that risk weight is assigned.

The Company has used the credit step mapping table below to map the credit assessment to credit quality steps.

Table 5. Credit Step Mapping Table.

Credit Quality Step (CQS)	External Credit Assessment Institutions		
	FITCH	***MOODYS***	***S&P***
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below

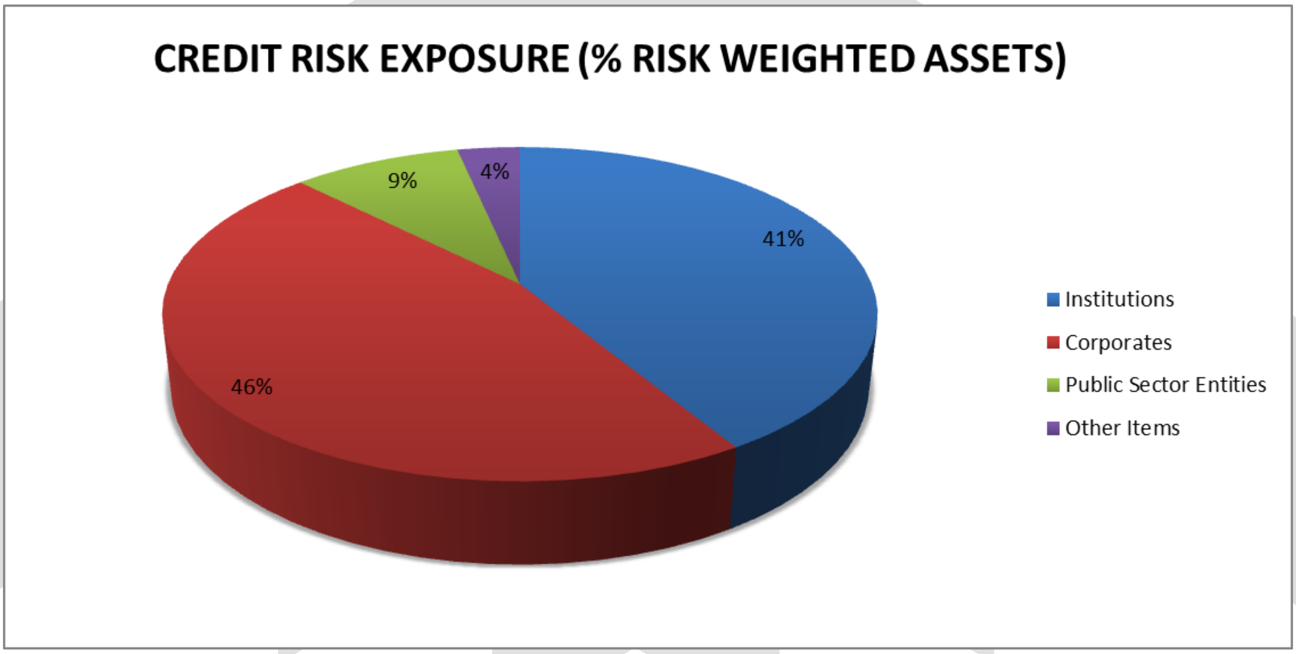
For the purpose of calculating the capital requirements of the Company mainly under the credit risk requirement, for the exposure classes listed below:

- Exposures to public sector entities.
- Exposures to institutions.
- Exposures to corporates.

The table and charts below indicates the Company's Credit Risk exposure under Pillar I, as at the end of 2015:

Table 6. Minimum Capital Requirements per Asset Class.

Asset Class	Risk Weighted Amount EUR '000	Minimum Capital Requirement EUR '000
Institutions	**418**	**8.872**
Corporates	**468**	**34.600**
Public Sector Entities	**92**	**7.373**
Other Items	**34**	**2.745**
TOTAL	**1.012**	**53.590**



Geographical breakdown of exposures by major asset classes is presented below:

Table 7. CRR/CRDIV Asset Class: Corporate.

Country	Final Exposure Amount, Euro	Risk Weight (%)	Capital Requirement
Cyprus	**16.332**	**100%**	**1.307**
New Zealand	**176.238**	**100%**	**11.297**
United Arab Emirates	**26.938**	**100%**	**2.155**
United Kingdom	**248.017**	**100%**	**19.841**
TOTAL	**467.525**		**39,600**

Table 8. CRR/CRDIV Asset Class: Institution.

Country	Final Exposure Amount, Euro	Risk Weight (%)	Capital Requirement
Czech Republic	**28.668**	**20%**	**459**
Cyprus	**102.752**	**20%**	**1.644**
Cyprus	**21.060**	**150%**	**2.527**
Malta	**8.667**	**20%**	**139**
United Kingdom	**256.460**	**20%**	**4.103**
TOTAL	**417.607**		**8.872**

Market Risk

Market Risk is the risk of losses when the value of investments may decline over a given time period as a result of economic changes or events that impact a large portion of the market. In the context of Pillar I, market risk can be divided in the following categories:

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

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

The Company's market risk mainly arises from foreign exchange fluctuations which affect the Company's deposits in foreign currencies as well as from positions held during forex trading. In line with the above, the Company has policies to minimize its market risk exposures which are in accordance with the CRR. In particular it follows mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- Active hedging strategy
- Stop Loss - Limits on trading
- Margin Calls

Furthermore, the Company follows CRR's Standardised Approach when it comes to calculating its capital requirements. Current Market Risk Capital requirement is **Euro 17,527**.

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Table 9. Foreign Exchange Risk Analysis.

Foreign Exchange Capital Requirements CURRENCY:	31/12/2015 EUR '000
EUR	**25**
AUD	**4**
CAD	**7**
CZK	**12**
GBP	**9**
PLN	**25**
RUB	**10**
CHF	**4**
USD	**148**
Total Risk Weighted assets	**244**
CAPITAL REQUIREMENTS	**18**

As per the table above, the Company shows that it has foreign exchange risk mainly in United States Dollars. Furthermore, since its reporting currency is EUR, no exposure can arise from this denomination.

Board Risk Management Declaration

The Board has the overall responsibility for assessing the effectiveness of the Company's risk management measures and the systems of financial and internal control. These are designed to control rather than abolish the risks of not achieving business objectives; hence they offer adequate but not absolute assurance against fraud, material misstatement and loss.

The Board considers that it has in place satisfactory systems and controls with regards to the Company's profile and strategy, with an appropriate range of assurance mechanisms and resourced, to avoid or minimize loss.

6. CAPITAL BASE

Tier 1 Capital

The Own Capital definition and calculations are based on the Directive and are represented entirely by the Tier 1 capital. The overwhelming majority of the Company's Tier 1 capital comprises ordinary shares, which may have been issued at a premium, and shareholders' non-refundable contribution.

In line with CRR, the Company's own funds for prudential purposes do not differ from the financial accounting breakdown of equity therefore there is no need to provide further reconciliation on the amounts presented in the composition below:

Table 10. Own Funds.

OWN FUNDS	'000, Euro	Capital Adequacy Ratio
COMMON EQUITY TIER 1 CAPITAL	244	
ADDITIONAL TIER 1 CAPITAL	0	
TIER 1 CAPITAL	244	
TIER 2 CAPITAL	0	
TOTAL OWN FUNDS	244	9.44%

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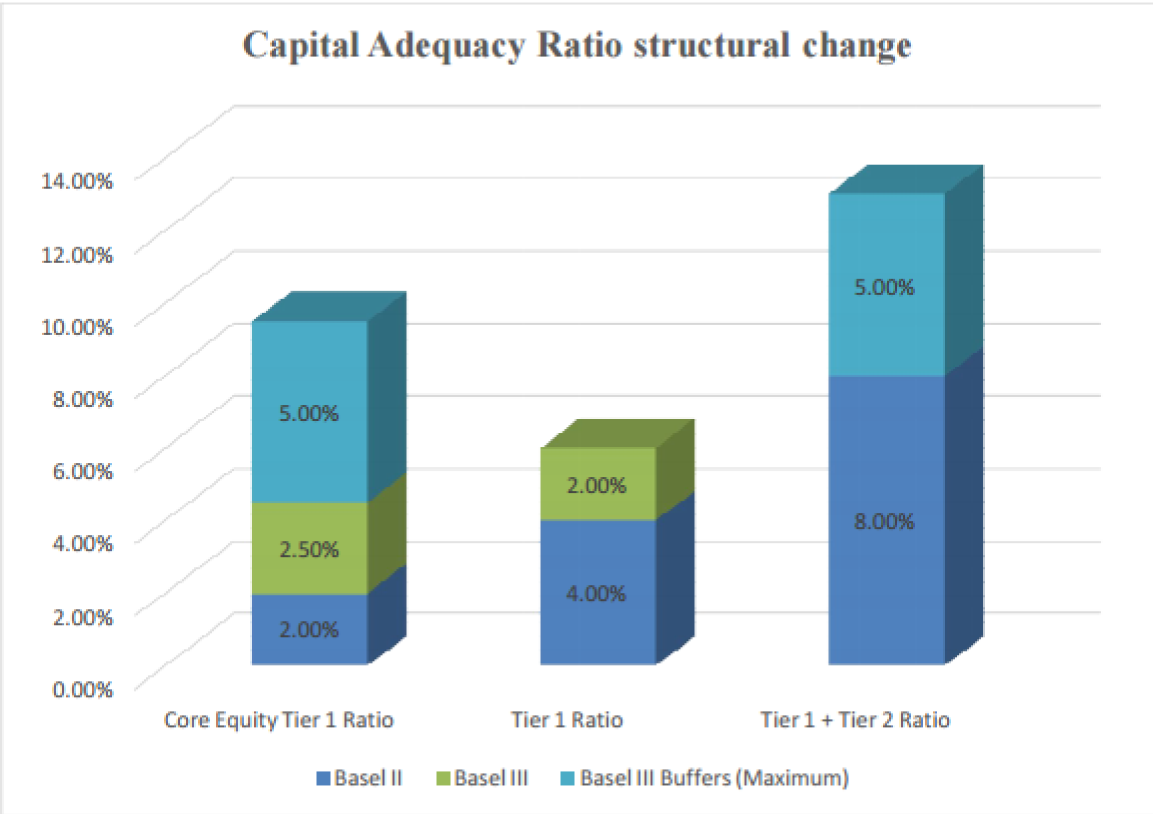
7. CAPITAL REQUIREMENTS

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the capital requirements regulation imposed by the European Union and regulated by CySEC. Under this framework, the Company needs to monitor its capital base, as mentioned in previous chapter, and maintain a strong capital adequacy ratio in order to be able to promote itself as a healthy Company, fully compliant with the legislation, to support its business and maximize shareholders' value. In this respect, the Capital requirements should not be seen as a restriction of business but rather as proactive risk management imposed to help both the Company and its client base.

The fundamental pillar of the capital adequacy framework, Pillar I, is based on the fact that the Company must have own funds which are at all times more than or equal to the sum of its capital requirements.

In line with CRR, Pillar I sets out the minimum regulatory capital requirements of firms to cover credit, market and operational risk. The minimum total capital adequacy ratio an investment firm is required to maintain is set at 8%. Moreover, with the introduction of Basel III/CRR, the minimum capital adequacy ratio has been further defined and fragmented providing more rigorous monitoring of core equity ratio which is set at 4.5% in contrast with the total ratio at 8% and within a period of 2-3 years the transitional introduction of capital buffers (as per the chart below) will provide more capital requirements and also enhanced security.



The Company aims to maintain, at all times, a higher capital adequacy ratio compared to the required minimum (8%). In order to manage its capital risk, the Company continually monitors its capital adequacy ratio so as to ensure that this remains, at all times, at a level above the legally required level of 8%.

The Company shall maintain a low risk level. The long-term risk profile will be managed so that the effect of an extremely negative, but possible scenario does not significantly reduce the Common Equity Tier 1 capital ratio. If the monitoring process indicates an excessively large impact on the Company's capitalisation, measures will be taken to mitigate the risks.

The objectives of the Company, when managing its capital are: (i) safeguarding the Company's ability to continue as a going concern, and (ii) maintaining an optimal capital structure in order to reduce the cost of capital. In 2015, the Company fulfilled its obligations by successfully submitting, on a quarterly basis, the Capital Adequacy Reports.

As shown below, the total capital requirements of Mayzus Investment Company Limited as at 31 December 2015 which are calculated based on the maximum of the operational risk exposure using the Fixed Overhead method and the total of credit and market risk exposures, amounted to **Euro 206,677**, producing the following capital ratios:

Table 11. Capital Ratios.

CET1 Capital Ratio	**9.44%**
T1 Capital Ratio	**9.44%**
Total Capital Ratio	**9.44%**

Capital deemed necessary to be maintained by the company at the end of 2015 was:

Table 12. Minimum Capital Requirements.

Risk Weighted Exposures	Risk Weighted Exposure Amount EUR '000
Risk Weighted Exposure Amount for Credit, Counterparty Credit and Dilution Risk and Free Deliveries	**670**
Total Risk Exposure Amount for Settlement/Delivery	**0**
Total Risk Exposure Amount for Position, Foreign Exchange and Commodities Risks	**219**
Total Risk Exposure Amount for Operational Risk (OpR)	**0**
Additional Risk Exposure Amount due to Fixed Overheads	**1,694**
Total Risk Exposure Amount for Credit Valuation Adjustment	**0**
Total Risk Exposure Amount Related to Large Exposures in the Trading Book	**0**
Other Risk Exposure Amounts	**0**
TOTAL RISK EXPOSURE AMOUNT	**2,583**