



Axia Ventures Group

**Pillar III Disclosures and Market Discipline for the
financial year ended 31 March 2022**

Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014

September 2022

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1. INTRODUCTION

1.1 About Axia Ventures Group Ltd

AXIA Ventures Group Ltd (the “Company”) is an investment firm regulated by the Cyprus Securities and Exchange Commission (the “CySEC”) under license number 086/07 and which has a LEI Code of 213800FXT8YDQ67AE287. The Company was incorporated in Cyprus on 31 January 2008 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti, Nice Day House, 6th floor, 1065, Nicosia, Cyprus.

The license permits the Company to operate as a Cyprus Investment Firm (“CIF”) and to provide investment and ancillary services with regards to specific financial instruments as these are defined in the Company’s operating license and stated below:

Investment Services and Activities:

- Reception and transmission of orders in relation to one or more financial instruments;
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- Placing of financial instruments without a firm commitment basis.

Ancillary Services:

- Safekeeping and administration of financial instruments, including custodianship and related services;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Investment research and financial analysis or other forms;
- Services related to underwriting.

1.2 Group Information

The present Disclosures document is prepared on a consolidated basis and reflects information that relates to the AXIA Ventures Group (hereinafter the “Group”), which for the purposes of this document comprises of the Company and its subsidiary entities. The Group is licensed to offer the Investment services of Reception and transmission of orders in relation to one or more financial instruments, underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis and placing of financial instruments without a firm commitment basis. The Group also offers the Ancillary services of safekeeping and administration of financial instruments including custodianship and related services; Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings; Investment research and financial analysis or other forms and Services related to underwriting.

The obligation for consolidated Pillar III reporting arises from the fact that the Group was subject to consolidated supervision at the level of the Company, as at 31st of March 2022.



The subsidiaries of the Company as at 31st of March 2022 and their country of registration are enlisted below:

Table 1: Group's entities

Subsidiary	Country of incorporation	Regulated / Non-Regulated	Principal activity	LEI
Axia Capital Markets Holdings, Inc	US	Non-Regulated entity	Holding Company	N/A
Axia Capital Markets, LLC	US	Regulated entity	Capital Acquisition Broker	N/A

Notes:

- 1) The Company has operations and operates through a branch in Greece and a representative office in Italy.

1.3 Regulatory Framework

The capital adequacy and overall risk management requirements that applied until recently to the Group under the EU Capital Requirements Directive 2013/36/EU ("CRD IV") and EU Regulation No. 575/2013 (the "Regulation" or the "CRR"), have been replaced by amended prudential rules. In particular, the Regulation (EU) 2019/2033 (the "Investment Firm Regulation" or "IFR") and Directive (EU) 2019/2034 (the "Investment Firm Directive" or "IFD"), where the latter has been harmonized into Cyprus legislation through the issuance of the Cyprus Law on the Prudential Supervision of CIFs of 2021 (165(I)/2021).

The new rules introduce several changes to the methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy Assessment Process ("ICAAP") which is replaced by the Internal Capital Adequacy & Risk Assessment ("ICARA") Process, and a newly introduced Liquidity Requirement according to which they are required to maintain liquidity levels equal to at least one third of their Fixed Overhead Requirement, among others.

It is noted the Group considers that it is subject to all the Class 2 prudential requirements at the consolidated level.

The IFR/IFD framework consists of three (3) Pillars that are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three (3) Pillars and their applicability to the Group, are summarised below:

- Pillar I - Minimum Capital Requirements - ensures that the Company and the Group maintain at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.



- Pillar II - ICARA and Supervisory Review and Evaluation Process (“SREP”) - ensures that the Company and the Group and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Group faces.
- Pillar III - Market Discipline - ensures the promotion of market discipline through the disclosure of the Group's regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Group and its peers.

Basis and Frequency of Disclosure

This document represents the disclosures of the Group with reference period 01 April 2021 - 31 March 2022 and reference date 31 March 2022, in accordance with the Pillar III requirements. These disclosures are made mainly in order to give information on the risks faced by the Group and how these are dealt with, as well as the basis of calculating the Group's capital requirements.

The Group's policy is to publish the Pillar III disclosures on an annual basis on its website. The report can be found at: [AXIA Ventures \(axiavg.com\)](http://axiavg.com).

All disclosures made, prior to being published, were reviewed and verified by the Board of Directors which has the ultimate responsibility of the Pillar III disclosures. These Pillar III disclosures are based on information as at 31 March 2022, Group's financial year.

Scope of Application

The Group's management, in accordance with the provisions of Part Six of the IFR for the prudential supervision of investment firms, has an obligation to publish information relating to risks and risk management on an annual basis at a minimum.

The information provided in this report is based on policies and procedures followed by the Group to identify and manage risks for the year ended 31 March 2022, as well as additional information.

It is noted that according to CySEC correspondence, the Group shall prepare only a consolidated Pillar III report and that a Solo Pillar III report is not required due to the insignificant differences between Consolidated and Solo results.

This information has been prepared for the purpose of explaining the basis on which the Group has determined and disclosed certain capital requirements and information about the management of risks relating to those requirements and for no other purpose. This document does not constitute any form of financial statement on the Group, nor does it constitute any current or future record or opinion of any business within the Group and must not be relied upon in making any judgement about the Group.

1.4 Russian Invasion of Ukraine

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges. The impact on the Group largely depends on the nature and duration of

uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's operations and profitability. Management will continue to monitor the situation closely and will assess the need for any additional measures that might need to be taken.

1.5 Implications of COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Due to emergence of new variants of COVID-19 and the reduced efficacy of the current vaccines, the COVID-19 pandemic has persisted and as a result the global economy and overall business activities have been negatively affected. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

The Group's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment and this is evident from the current profitability of the Group.

1.6 Basis of preparation of Financial Statements

The Group is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Group does not intend to issue Consolidated Financial statements for the year ended 31 March 2022.

For prudence reasons, the present Disclosures reflect information based on accounting figures that have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and expressed in thousands of Euros ("EUR").

2. CORPORATE GOVERNANCE

2.1 Board of Directors (BoD)

The Board of Directors (BoD) is the supreme body of the Company and is responsible for its administration, management and representation. The Board of Directors establishes the strategy and adopts the policies that are applied for the smooth operation of the Company.

The Board of Directors is elected by the General Assembly. The members of the Board, depending on whether they are in charge of representing the Company or not, are distinguished in executive and non-executive.

The duties of the Board of Directors as a collective body, include in particular the following:

- Decision-making on the Company's strategic management issues within the framework of the Law and the Articles of Association and the Company's corporate purpose, with the exception of the issues that belong to the sole competence of the General Assembly in accordance with the Law and the Articles of Association.
- The adoption of the Company's internal rules of operation, its amendment and the introduction of special obligations to the members of the Board of Directors, directors, executives and employees of the Company.
- Any amendments to the Company's organization chart.
- Determining the responsibilities of its executive members.
- The appointment of Managing Directors, Internal Auditor, Compliance Officer, Risk Manager, Customer Asset Protection Officer (if relevant services are provided), Anti-Money Laundering Officer, Personal Data Protection Officer (if necessary), etc.
- The establishment of special committees such as investment committee selection committee and staff evaluation committee and the determination of their function, if such committees are required or deemed appropriate.
- The adoption of instructions and circulars on the conduct of transactions and the specification of the procedures contained in the internal rules according to the Company's needs.
- Monitoring and enforcing compliance with the Internal Rulebook and other procedures by the Obligated Persons, as well as evaluating its implementation and the adequacy of its provisions, assisted by the Company's control bodies.

2.2 Board of Directors Recruitment Policy

The recruitment process of Board Members combines an assessment of both technical capability and competency skills. Criteria shall include, as relevant:

- Good repute;
- Skills, knowledge and expertise.

All Group Board members were selected on a basis of well-known individuals, of good repute, have a strong educational background and possess sufficient knowledge, skills and experience which empower the understanding of the Group's activities, including principal risks. All members are University graduates.

These characteristics are matched against the Group's framework and used to assess their applicability.

The Group must ensure that it devotes adequate human and financial resources to the induction and training of the members of the Board of Directors. The purpose of this training is to facilitate the new member's clear understanding of his or her role and the Group's structure, business model, risk profile and governance arrangements.

2.3 Number of Directorships held by members of the Board

As per the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "Investment Services Law"), the number of directorships which may be held by a member of the board of directors at the same time shall take into account individual circumstances and the nature, scale and complexity of the CIF's activities. Unless representing the Republic, members of the board of directors of a CIF that is significant in terms of its size, internal organisation and in terms of the nature, the scope and the complexity of its activities, shall not hold more than one of the following combinations of directorships at the same time:

- a) one executive directorship with two non-executive directorships;
- b) four non-executive directorships.

Taking into consideration the fact that the Group on -and off- balance sheet assets is on average lower than EUR 100 million, the Group does not satisfy the definition of a "Significant CIF", as per the provisions of the latest CySEC Circular C487.

The below table indicates the number of directorships held by each member of the Company's Board of Directors in different 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. Executive or non-executive directorships held within the same group, are considered as a single directorship.

Table 2: Directorships of Board Members

Name of Directors	Position in Axia Ventures Group Ltd	Number of Executive Directorships in other entities	Number of Non-Executive Directorships in other entities
Antonios Achilleoudis	Executive Director	1	0
Dr. Christoforos Pissarides	Non-Executive Director	0	2
Dimitrios Athanasopoulos	Executive Director	1	0
Demetris Nicolaou	Non-Executive Director	1	1
Demos Vasou	Executive Director	1	1
George Linatsas	Executive Director	1	0
Miltos Kambourides	Non-Executive Director	1	13

2.4 Diversity Policy

The Group recognizes the benefits and necessity of an adequately diverse Board of Directors throughout the Group entities which includes and utilizes all the differences in certain characteristics and skills of the Directors. The Group aims to promote a balanced working environment where the educational and professional background, skills, experience, qualities, professionalism and other backgrounds, such as the temperament and perspective of the Directors, irrespective of gender, age, race, ethnicity and other discriminating criteria, enable each of them to contribute individually.

New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diversity benefits each candidate can bring to the overall Board composition.

2.5 Governance Committees

The Company, as the only CIF, has formed governance committees to achieve a level of elaborate governance oversight to adequately monitor its operational effectiveness and its potential risks. With growth in scale and complexity, the Group will form additional governance committees.

It is noted that for 31 March 2022 the Group, due to its small size, did not set a Risk Management Committee. More information on risk governance can be found in part 3.1.

Additional levels of assurance for the Company, as the regulated CIF, are provided by control functions, which are independent of the business operations – namely Risk, Compliance, AML, Data Protection and Internal Audit. The control functions provide periodic reporting to the BoD and Executive Committees as appropriate.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group implements and maintains risk management policies and procedures within each Group entity which identify and manage the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Group. The Group has adopted arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

Group entities' risk management framework is based on the same risk architecture, strategy and principles which are then adapted to fit the applicable regulation, business model and surrounding risk. It is therefore ensured that all different types of risks assumed by the Group are in compliance with the applicable regulatory framework and the obligations of the Group under that framework, and that all the necessary procedures relating to risk management are in place. Risk within the Group is managed according to common principles and policies.

The control of the Group's activities and its smooth operation in general, is ensured by the following Units:

- Risk Management Unit
- Regulatory Compliance Unit;
- Internal Audit Unit (external partner).

3.1 Risk Management Unit

The function of Risk Management has as its object:

- a) the establishment and implementation of policies, procedures and arrangements to identify the risks associated with the Group's activities, processes and operating systems, as these risks are identified in accordance with CySEC;
- b) monitoring the Group's policies, procedures and arrangements for Risk Management.

The risk management function is assigned to a Group executive (Risk Manager) appointed by the Board of Directors. This person should have sufficient experience in the capital market and be familiar with the risks associated with the Group's activities. The Board of Directors may also designate an Assistant to the Risk Manager, if deemed necessary, taking into account the size of the Group and the degree of complexity of its activities. During the reported period, there was no Risk Committee established within the Group.

The position of Risk Manager or assistant may be assigned to executives performing compliance, internal audit or other duties, provided that this does not jeopardize the independence and the proper exercise of the duties of those persons.

The Risk Manager shall have access to all data, records and information necessary for the performance of his duties. The Board of Directors is responsible for ensuring that access is granted either by granting the Risk Manager a specific password for electronic information storage systems, or whether

unrestricted access to data is inconsistent with the purpose of risk management, by giving the competent bodies, at the request of the principal, mandate to provide specific data.

The Risk Manager is responsible for submitting risk management reports to the Board of Directors. Where Assistants have been appointed, the Risk Manager is responsible for coordinating the work of his assistants.

The Board of Directors shall ensure that the necessary resources are made available for the proper operation of the risk management function.

The Risk Manager is responsible for formulating the procedures and policies necessary to effectively prevent and manage the risks present in his area of responsibility.

In this context, he recommends to the Board of Directors the choice of risk assessment methods, in line with relevant regulatory provisions and, in general, risk management procedures and policies.

The Risk Manager is also responsible for the preparation and submission to the Board of Directors of the ICARA Report as well as for the disclosures related to this process.

3.2 Regulatory Compliance Unit

The Regulatory Compliance Department is responsible for:

- a) monitoring on a regular basis and regular assessment of suitability and effectiveness of the measures, policies and procedures established by the Company for
 - i] identifying risks of non-compliance with obligations under Law 87 (I) / 2017 and related risks
 - ii] minimizing risks and facilitating the effective exercise of the relevant powers of the CySEC.
- b) advising and assisting the persons in charge of the provision and exercise of investment services and activities in order to comply with the Company's obligations,
- c) monitoring the work of the complaints handling procedure and deal with complaints as a source of relevant information within its overall monitoring roles.

The compliance function is assigned to a Company's executive (Compliance Officer) appointed by the Board of Directors. This person must have knowledge of the Company's activities and experience in the sector of the Capital Market. The Board of Directors may also designate an assistant Compliance Officer if it considers this to be necessary taking into account the size of the Company and the degree of complexity of its activities.

The position of Compliance Officer or Assistant may be assigned to officers that are in charge of the internal audit function or the risk management function or other duties within the Company, provided that this does not jeopardize the independent and appropriate exercise those persons' duties.

3.3 Internal Audit Unit

The purpose of the Internal Audit function is the examination and assessment of:

- a) the suitability and effectiveness of the systems that the Company uses in the context of its operation
- b) the adequacy and effectiveness of the mechanisms used for the internal control of the Company's activities
- c) the appropriateness and effectiveness of the arrangements established and implemented by the Company in the context of its operation

The Group, has outsourced the Internal Audit function to a provider with many years of experience in the industry.

3.4 Risk Appetite Statement

Managing risk effectively in an adverse, complex and continuously changing risk environment requires a strong risk management culture. To this end, the Group has established an effective risk oversight structure within the separate entities of the Group and monitored by the necessary internal organizational controls to ensure that it identifies and manages risks adequately, establishes the appropriate policies and procedures, sets the relevant limits and complies with the relevant legislation.

The Group strives to have an appropriate control environment and sufficient capital in place to mitigate the level of risk it assumes in its business.

The Board within each Group entity communicates the Risk Appetite throughout the group through a number of key Risk Appetite measures which define the level of risk acceptable across the below categories and is applied individually to the Group entities:

- **Financial:** K-factor risks, business and liquidity;
- **Reputational:** Regulatory, political and external reputational risk;
- **Operational:** The risk associated with the failure of key processes or systems as well as the risk of human error and natural disasters.

3.5 Stress Testing

This is an important risk management tool used by the Risk Management function to test the Group's response in various scenarios. Stress tests are used for both internal as well as regulatory purposes and assist in developing the risk profile of the Group. Also, stress testing allows the BoD and Senior Management to determine if the Group's exposure is within the accepted risk limits.

The Group is required to prepare and make available upon request periodic Internal Capital and Risk Assessment Process (ICARA) reports which set out future plans, their impact on capital availability and requirements and the risks to capital adequacy under potential stress scenarios.

3.6 Internal Capital and Risk Assessment Process

The new framework, and specifically, the IFD, introduces the concept of the ICARA process, which is similar in some respects to the former ICAAP, with some key differences, to determine the Pillar II capital requirements. Much like the ICAAP process, the ICARA will need to demonstrate that adequate risk management has been undertaken by the firm. As part of the ICAAP, firms were expected to conduct an assessment against a specific list of risk categories. However, under the ICARA process, the focus has shifted more onto the Firm's business model and its activities. From there it should identify, assess and estimate the potential harm to clients, to markets, and to the firm itself, as opposed to simply risks to the firm.

Fundamental to the ICARA process is identifying risks and potential harms and considering what could go wrong to the point of failure of the firm. Investment firms need to consider 'what-if' scenarios for the activities they undertake, the harm that can be caused and the events that led to that. The assessment will need to factor in the likelihood of the events materialising, and that different events might occur at the same time. Investment firms will also need to consider and account for other risks that can reduce the level of their own funds. This may require a more conceptual approach to assessing the risk than that which those familiar with the current ICAAP may be used to, as well as more time and input from senior management and those charged with a firm's governance. Finally, the ICARA considers business model planning and forecasting, recovery and wind-down planning as well as assessing the adequacy of financial resources throughout the economic cycle (i.e., including under stressed conditions)

The key stages of a firm's ICARA process should be as follows:

- Identify and monitor harms: Operate systems and controls to identify and monitor all material potential harm.
- Undertake harm mitigation: Consider and put in place appropriate financial and non-financial mitigants to minimise the likelihood of crystallisation and/or impact of the material harm.
- Undertake business model assessment, planning and forecasting: Forecasting capital and liquidity needs, both on an ongoing basis and were they to have to wind-down. This must include expected and stressed scenarios.
- Undertake recovery planning: Determine appropriate and credible recovery actions to restore own funds or liquid resources where there is a risk of breaching threshold requirements tied to specific intervention points.
- Undertake wind-down planning: Set out entity-level credible wind-down plans, including timelines for when and how to execute these plans.
- Assess the adequacy of own funds and liquidity requirements: Where, in the absence of adequately mitigating risks through systems and controls, the firm assesses that additional own funds and liquid assets are required to cover the risk.

The Company is in the process of updating its existing ICAAP in order to prepare its first ICARA process, through which it will ensure full alignment with the IFR & IFD framework.

4. MAIN RISKS

This section sets out the Group entities' objectives and policies to manage each key risk that arises from its activities and operations, as well as the strategies and processes it has put in place in order to manage and mitigate each such risk. The below are applicable only to the EU regulated entity of the Group.

4.1 Risk to Client ("RtC")

Risk to Client arises when an investment firm fails to properly provide services to its clients. The K-factors under RtC capture client Assets Under Management and ongoing advice (K-AUM), Client Money Held (K-CMH), Assets Safeguarded and Administered (K-ASA), and Client Orders Handled (K-COH).

- K-AUM (Assets Under Management) is the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.
- K-CMH (Client Money Held) is the amount of client money that an investment firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the investment firm.
- K-ASA (Assets Safeguarded and Administered) is the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on the investment firm's own balance sheet or are in third-party accounts.
- K-COH (Clients Orders Handled) is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients.

As the Group did not provide any related service during the reference period, it was not subject to any of the above-mentioned k-factor risks.

4.2 Risk to Market ("RtM")

Risk to Market captures the risk an investment firm can pose to market access. The K-factors that fall under the scope of RtM include Net Position Risk (K-NPR) or Clearing Margin Given (K-CMG) where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member.

- K-NPR (Net Position Risk) means the value of transactions recorded in the Trading Book of an investment firm, as well as transactions in the Banking Book which give rise to Foreign Exchange or Commodity Risk. This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.

- K-CMG (Clearing Margin Given) means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. K-CMG is an alternative to K-NPR to provide for market risk for trades that are subject to clearing as set out in Article 23 of IFR.

The Group's exposure to K-NPR was minimal as the majority of bank balances, as well as other assets and liabilities, are maintained in its reporting currency (Euro). However, K-CMG was not applicable to the Group since it did not provide the service of clearing, during the reference period.

Foreign Exchange and Interest Rate

- Foreign Exchange Risk: It is the risk that exists when a financial transaction is denominated in a currency other than Euro. The Risk Management Department monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The Group's exposure to this risk is minimal as the majority of bank balances, as well as other assets and liabilities, are maintained in its reporting currency. As at 31 March 2022, the Currency Risk exposure of the Group related to some balance sheet items that were denominated in USD and GBP.
- Position Risk (General Risk): General risk arises due to a change in the level of interest rates (when traded debt instrument) or to a broad equity-market movement unrelated to any specific attributes of individual securities. The income and operating cash flows of the Group are affected by changes in market interest rates. The Risk Manager monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.3 Risk to Firm ("RtF")

Risk to Firm captures the risk an investment firm may be subject to through its activities and operations. The K-factors under RtF capture an investment firm's exposure to the default of its trading counterparties (K-TCD), the Concentration Risk resulting from an investment firm's Trading Book exposures to specific counterparties or groups of connected counterparties (K-CON), and Operational Risks from an investment firm's trading activities (both Banking Book and Trading Book - K-DTF).

- K-TCD (Trading Counterparty Default) means the exposures in the Trading Book of an investment firm in instruments and transactions referred to in Article 25 of the IFR, which give rise to the risk of a counterparty's default.
- K-DTF (Daily Trading Flow) is the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of client orders handled.
- K-CON (Concentration Risk) captures large exposures in the Trading Book to counterparties and groups of connected counterparties, including issuers of Trading Book financial instruments.

As the Group did not provide any related service during the reference period, it was not subject to any of the above-mentioned k-factor risks.

4.4 Liquidity Risk

Liquidity Risk is defined as the risk that may arise from the below reasons:

- Inability to meet obligations when they fall due / difficulty in obtaining funds to meet urgent commitments.
- Lack of liquid assets (cash deposits, bonds, etc.) resulting in inability to meet immediate liquidity needs within a short-term horizon.
- Changes in market conditions and inability to address them result in inability on behalf of the Group to liquidate assets and at a minimal loss in value.
- The risk that arises when the maturities of assets and liabilities do not match. When the maturities are unmatched, this potentially enhances efficiency but may also increase the risk of losses.

The Risk Management Department has implemented procedures to minimize related losses, such as:

- a) Maintaining sufficient cash and other assets with high liquidity, as well as an adequate amount of committed credit facilities.
- b) In addition, budgets and capital planning are prepared and reviewed regularly, and as an internal policy, a capital cushion and high liquid assets are kept on a continuous basis in case of an unexpected liquidity stretch.
- c) Moreover, the Management of the Group along with the Finance Department monitor the financial status of the Group on a weekly basis. If conditions deteriorate, the Group will seek for extra funding through its overdraft account and also ask for a capital injection from its shareholders.

Also, the Group follows the Liquidity requirement set by the new IFR/IFD framework. That is, the Group is required to maintain a basic Liquidity Requirement equal to at least one third of its Fixed Overhead Requirement. As at 31 March 2022 the Group satisfied the Liquidity Requirement.

4.5 Other Risks

Pandemic Crisis Risk

As every business in Cyprus and the world, the Group was affected by the overall slow-down in local and global economies, since the “lockdown” and the other social distancing measures imposed by many governments (including Cyprus and Greece), as well as by private organisations, required employees to work from home, thus creating a challenge for companies to have the necessary IT systems and tools to be able to support work from home, and for employees to remain productive while also having to support children who stayed home following the close-down of all educational units.

Through a series of measures, which are outlined below, the Group has managed to adapt, within a short period of time, to the unusual circumstances caused by the pandemic:

- a) Improving the financial performance and position of the Group, such as material cost reduction measures and focus on core markets and business activity.
- b) Furthermore, the Group’s Management along with the Finance Department monitor the financial status of the Group on a weekly basis. If current conditions deteriorate, the Group will seek for

extra funding through its overdraft account and also ask for a capital injection from its shareholders.

- c) The Group's largest shareholders are also the General Managing Directors (GMDs) of the Group, therefore they are fully aware of the potential impact of COVID-19 and are able and willing to financially support the Group, if needed.
- d) In addition, all health and safety regulations/guidelines announced and applied by the authorities have been followed and are still being followed by all of our employees in the countries we operate in (for example all employees have performed COVID-19 tests, necessary distancing is maintained between desks, meetings with clients are avoided, no business travelling is made, necessary cleaning is performed, etc).
- e) Finally, Group's IT department along with its IT external associates have taken measures and ensured that all employees will be able to continue working normally from home, if needed, by providing the necessary computer hardware and telephones to all employees. Also, the IT department in order to ensure that the Group will not be exposed to a possible data breach or other risks, upgraded the computers' software along with the installation of new firewalls, new antivirus software and set up of more passwords to enhance security.

Counterparty Concentration Risk

The Group is exposed to counterparty concentration risk due to the following reasons:

- Cash balance position it holds mainly with Eurobank and smaller amounts with Piraeus, Intesa Sanpaolo, Signature Bank (US) and Alpha Bank;
- Success fees that arise from a small number of counterparties;
- Retainer fees relate to a few cases that not being received.

The Group has adapted following measures in order to mitigate the particular risk:

- a) The Group monitors closely its large clients on which a great portion of income depends;
- b) Furthermore, it maintains close communication with its clients and monitors their intentions regularly (whether they remain the same and adjust accordingly);
- c) It also monitors the credit ratings of its counterparties on a regular basis, and as an internal policy, the Group places funds only with high credit quality institutions;
- d) Finally, the Group is monitoring of the financial and political situation in Greece and Cyprus and the financial standing of Eurobank Group and examining the possibility of diversifying bank deposits even more, by transferring some money to other Banks in other countries.

Cyclicality & Economic Risk

This is a significant risk faced by the Group and it refers to the negative economic conditions, including underlying sectors influences and losses arising from downturn in economic cycle.

The Group has put in place enhanced due diligence processes as follows:

- a) The Group keeps deep knowledge of the market conditions and the economic situation performing regular monitoring and assessment of developments in the market as well as the local and global economy overall;

- b) It acts proactively and has several controls in place with respect to negative economic conditions, more specifically with regards to the Greek economy.

Geopolitical Risk

Geopolitical Risk is the current or prospective risk to earnings and capital arising from changes in the business environment, including the effects of deterioration in economic conditions due to unfavourable political circumstances. Political Risk refers to external factors which are beyond the control of the Group or its related entities, such as sovereign developments and government actions taking place specifically in Cyprus, Greece, Italy and the EU in general, as well as in the US, which may adversely affect the operations of the Group and/or its Group, their strategy and/or their vision.

Political instability is something that is externally defined and beyond the control of the Group and its directors, no control can be exercised over politicians as well as things could take a wrong turn at any time without notice. However, in order to mitigate the possibility of the aforementioned risk, the Group has several controls in place with respect to negative economic and political conditions, more specifically with regards to Greek economy.

- a) Research on economic, political, sovereign and market forecasts is conducted with a view to minimizing the Group's exposure to Political & Sovereign and Business Risks. These factors are analysed and taken into consideration when implementing the Group's strategy and day-to-day actions;
- b) Furthermore, Group's directors are high profile professionals and do have close communications with political leaders in Cyprus and Greece as well as executive staff from Banks. Therefore, they have a good understanding of the overall political and economic conditions in Cyprus and Greece and take the necessary actions proactively;
- c) Lastly, the Group has an internal research department that follows closely the economic and political conditions in Cyprus and Greece as well as global political and economic conditions.

Money Laundering

The Group is very strict and demanding with regards to Money Laundering and Terrorist Financing regulations, listed in its Internal Operations handbook. Those regulations are continuously adjusted to specifically apply to certain circumstances and enhanced to be completed and more comprehensive.

The Group is exposed to Money Laundering Risk arising from the failure to identify and report money laundering activities or being used as an instrument for money laundering by its clients. In order to prevent the negative effects of this risk, it has taken the following measures:

- a) The Group has very strict regulations in place with regards to Money Laundering and Terrorist financing, adjusted to specifically apply to certain circumstances, like when a transaction exceeds a pre-defined threshold, or when the Group enters into business with a new client.
- b) The Anti-Money Laundering ("AML") officer is responsible for ensuring that these procedures are complied with, and for issuing the annual compliance report to be submitted to CySEC. The AML report is constantly improving and the Group is committed to upgrade this as an ongoing process.
- c) Moreover, Group's employees follow up on subjects related to AML through seminars. The Group never receives any cash from its clients, but instead this is done through banks.

5. MINIMUM CAPITAL REQUIREMENTS

As previously mentioned, the new IFR & IFD framework introduces a different approach for calculating the Minimum Capital Requirements, which for Class 2 investment firms dictates that they are derived by taking the highest of the Fixed Overhead Requirement ("FOR"), the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply to each investment firm.

5.1 "K-factor" Capital Requirements

The Group calculates its overall "K-factor" capital requirement on a continuous basis which is the sum of "K-factor requirements" grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR (and as described in further detail in Section 4).

The Group's Minimum Capital Requirements as at 31 March 2022, were the following:

Table 3: Minimum Capital Requirements

Minimum Capital Requirements		31 March 2022 (€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	-
	K-ASA	-
	K-COH	-
Risk-to-Market (RtM)	K-NPR	18
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	-
	K-CON	-
Total K-Factor Requirement		18
Fixed Overhead Requirement ('FOR')		1.696
Permanent Minimum Capital Requirement ('PMCR')		1.500

5.2 Fixed Overhead Requirement

The Group reports its Fixed Overhead requirements to the BoD and the relevant regulatory authorities on a quarterly basis. The Group calculates its FOR by taking the one quarter of the fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as at 31 March 2022 amounted to €1.696K.

5.3 Permanent Minimum Capital Requirement (PMCR)

In accordance with Article 14 of the IFR, the PMCR of the Group as at 31 March 2022 was equal to €1.500K which is above the levels of initial capital required for authorisation to conduct the relevant investment services set of the Group.

5.4 Capital Excess Ratio

Table below indicates that the Group has excess capital of above the minimum which is required to hold. This is reflected by a Capital Adequacy Ratio of 430%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of IFR.

Table 4: Capital Excess Ratio

(EUR)	31 March 2022 (€'000)	Reference
Capital		
Common Equity Tier 1	7.287	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	7.287	a
Own Funds Requirement		
K-factor Requirement	18	b
Fixed Overhead Requirement	1.696	c
Permanent Minimum Capital Requirement	1.500	d
Minimum Own Funds Requirement	1.696	e = (higher of b, c, d)
Capital Ratios		
Surplus of CET 1 Capital	6.337	
CET 1 Ratio (≥56%)	430%	
Surplus of Tier 1 Capital	6.015	
Tier 1 Ratio (≥75%)	430%	
Surplus of Total Capital	5.591	
Own funds Ratio (≥100%)	430%	

6. OWN FUNDS

The new prudential framework of the Union, IFR/IFD, has been developed to address the specific vulnerabilities and risks inherent to investment firms by means of proportionate and appropriate prudential arrangements and as such, aim to reflect the risks faced and posed by most investment firms.

While the calculation of Own Funds in IFR remains largely the same as in the CRR with only a few discrepancies on the items deducted, the new framework introduces a different approach for calculating the Minimum Capital Requirements to be described in further detail below. Firstly, in respect of Own Funds, investment firms are required to maintain Own Funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall at all times meet all of the following conditions:

- a) Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
- b) Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
- c) Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

The Group consolidated capital adequacy calculation and minimum ratios are submitted to CySEC (through the submission of the relevant Common Reporting Template, otherwise known as CoRep) on a quarterly basis.

Table 5 below presents the composition of the Group's Own Funds as at 31st of March 2022, while Table 6 additionally indicates the Own Funds based on the Group's Financial Statement as of the same date and they have been prepared using the format set out in the Final Report on the Draft Implementing Standards issued by the EBA on reporting and disclosure requirements of investment firms under the IFR (EBA/ITS/2021/02).

As at 31st of March 2022, the Group's Own Funds fully comprised of Common Equity Tier 1 capital. As shown below, the Group's Own Funds as at 31st of March 2022 amounted to €7.287K.

Table 5: Template EU IF CC1.01 - Composition of regulatory own funds

Template EU IF CC1			
Ref.	Common Equity Tier 1 (CET1) capital: instruments and reserves	31 March 2022 (€'000)	Source based on reference numbers/letters of the Balance Sheet in the audited Financial Statements
1	OWN FUNDS	7.287	
2	TIER 1 CAPITAL	7.287	
3	COMMON EQUITY TIER 1 CAPITAL	7.287	
4	Fully paid up capital instruments	1.083	Ref. 1 (Shareholder's Equity)
5	Share premium	5.763	Ref. 2 (Shareholder's Equity)
6	Retained earnings	623	Ref. 3 (Shareholder's Equity)
8	Other Reserves	(100)	Ref. 3 (Shareholder's Equity)
26	(-) Other deductions	-	Ref. 5 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(82)	Ref. 4 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

Table 6: Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Template EU IF CC2			
As at 31 March 2022 (€'000)		Under regulatory scope of consolidation	Cross reference to EU IF CC1
Ref.	<i>Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements</i>		
1	Property Plant and Equipment	81	
2	Trade and Other Receivables	3.185	
3	Right of use Assets (IFRS 16)	770	
4	Investor Compensation Fund	82	Ref. 27
5	Financial Assets at Fair Value through profit or loss	17	Ref. 26
6	Cash and cash equivalents	6.280	
	Total Assets	10.415	
Ref.	<i>Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements</i>		
1	Trade and other payables	1.285	
2	Bank Overdrafts	51	
3	Current tax liabilities	855	
4	Lease Liabilities (IFRS 16)	855	
	Total Liabilities	3.046	
Ref.	Shareholders' Equity		
1	Share capital	1.083	Ref.4
2	Share Premium	5.763	Ref.5
3	Retained Earnings	523	Ref.6 & 8
	Total Equity	7.369	

More information about the main features of the Own Funds of the Group, can be found in Appendix 1.

7. REMUNERATION POLICY

The Group designs and applies a set of remuneration policies and practices within each entity of the Group in order to comply with the requirements of the European and national legislation. The Remuneration Policy is designed in such a way so as to contribute to the achievement of the strategic goals and the mission of the Group and ensure its productivity and long-term interests. At the same time, the Remuneration Policy aims at promoting appropriate and efficient risk management while ensuring the avoidance of excessive risk-taking and the creation of conflicts of interest. The Board of Directors of each separate entity within the Group is responsible for the design and application of the Remuneration Policy. No Remuneration Committee has been established in the Group until 31 March 2022.

The Remuneration Policy is applicable to both fixed and variable remuneration for the entirety of the Group's employees covering all levels of its organizational structure and, specifically, the employees whose professional activities have a material impact on the Group's risk profile, such as the top management, taking into consideration the qualitative and quantitative criteria of the Regulation (EU) 2021/923.

Taking into account the business activities and associated risks, as well as the impact that different categories of staff have on the risk profile, the Group sets the appropriate ratios between the variable and the fixed component of the total remuneration. For that purpose, the total remuneration is mainly shaped on the basis of the fixed remuneration ensuring the appropriate balance between fixed and variable remuneration. The fixed component represents a sufficiently high proportion of the total remuneration so as to enable the operation of a fully flexible policy on variable remuneration components.

In all cases, while determining the variable remuneration, the following, among others, are taken into account; a multiannual framework for the performance assessment, the time period over which the variable remuneration is spread over based on the underlying business activity cycle of the Group and its business risks, as well as the current and future risks relating to the underlying performances by placing emphasis on the cost of capital and the required liquidity and by ensuring that the ability of the Group to strengthen its capital base is not limited. Furthermore, such variable remuneration shall be provided only if it is sustainable based on the financial situation of the Group as a whole and justified on the basis of the performance of the Group, the concerned business department and the specific employee. Moreover, the Group establishes internal arrangements regarding a potential deferral or return of the variable remuneration, as well as appropriate mechanisms in order for the remuneration practices in general to be adjusted to potential changes affecting the Group and to ensure the avoidance of potential conflicts of interests.

It is pointed out that the Remuneration Policy of the Group is a gender-neutral remuneration policy and also promotes the mitigation of the gender pay gap which is a key priority for the Group.

Table 7: Aggregate information on remuneration, broken down by senior management and other members of staff whose actions have a material impact on the risk profile of the Group

31 March 2022				
Position/Role	No. of Beneficiaries	Fixed Remuneration (€' 000)	Variable Remuneration (€' 000)	Aggregate Remuneration (€' 000)
Senior Management (incl. Executive & Non-Executive Directors) & Other Staff	8	1.041	160	1.201
Other Staff	3	188	40	228
Total	11	1.229	200	1.429

The above table shows the emoluments/number of people whose professional activities have a material impact on the risk profile of the Group. As decided by the Board of Directors, during the year under review the Group did not offer any entitlements to shares and/or options as a form of variable remuneration. All the variable remuneration paid within the reference period was in the form of cash.

During the financial year ending on 31 March 2022, the Group did not pay or award any deferred remuneration or severance payment, neither for the financial year nor from previous years. The Group also does not benefit from any derogation as laid down in Article 32(4) of the IFD.

7.1 Performance Appraisal

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

- The individual (quantitative as well as qualitative criteria are taken into account, including annual performance evaluation and performance ratings);
- The business unit concerned; and
- The overall results of the Group.

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

The Group implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel, which is based on a set of group-wide Key Performance Indicators (“KPIs”) and Targets.

In general, performance appraisal is performed in a multi-year framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of remuneration will be spread over a period which will take into account the Group entities’ underlying business cycle and risks.

Additionally, performance appraisal on the medium and short-term is performed as follows:

- Objectives are set in the beginning of each year (depending on the department appraisal process) defining what the Group entity’s functions, departments and individuals are expected to achieve during the year and semi-annually;
- Performance checks and feedbacks: Managers provide support and feedback to the concerned staff annually and semi-annually, during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies;
- The performance review takes place annually and, among others, determines the level of the annual bonus to be awarded to the Group entity’s staff members (if the decision of Senior Management is to proceed with annual bonus awards).

Appendix 1 – Main Features of Own Funds

The main features, including full terms and conditions, of the ordinary shares of the Group are listed in the table below:

Table 8: Template EU IF CCA: Own funds: main features of own instruments issued by the firm

Template EU IF CCA		Common Equity Tier 1 Capital
1	Issuer	Axia Ventures Group Limited
2	Unique identifier (Legal Entity Identifier)	213800FXT8YDQ67AE287
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares and Class B shares
6	Amount recognised in regulatory capital (including share premium)	€6.846.243
7	Nominal amount of instrument	€1.083.289 (108.328.853 issued shares @ nominal value of €0,01 each)
8	Issue price	Various – different issues were made at share premium
9	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	1. 31/01/2008 (5.000 ordinary shares then divided into 500.000 ordinary shares) 2. 02/06/2008 (765.000 ordinary shares) 3. 30/06/2008 (3.735.000 ordinary shares) 4. 20/07/2009 (500.000 ordinary shares) 5. 30/06/2010 (275.000 ordinary shares) 6. 21/09/2010 (94.225.000 ordinary shares) 7. 04/07/2011 (454.545 ordinary shares) 8. 21/09/2011 (5.022.727 ordinary shares) 9. 14/01/2014 (2.751.581 ordinary shares) 10. 27/04/2015 (100.000 class B shares)
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	N/A

Template EU IF CCA		Common Equity Tier 1 Capital
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A