RISK MANAGEMENT DISCLOSURES

YEAR ENDED 31 DECEMBER 2014

May 2015

According to 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

CONTENTS

1. General information and scope of Requirements of the Directive

The Management of Teletrade DJ International Consulting Ltd (hereinafter the "Company"), in accordance with the provisions of 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 (hereinafter the "Regulation") and paragraph 32(1) of DI144-2014-14 of the Cyprus Securities and Exchange Commission (the "CySEC") 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 that the Company discloses herein relates to the year ended 31 December 2014.

Principal Activities

The Company is licensed by CySEC as a financial services firm, under license number 158/11, which entitles the Company to operate locally and outside Cyprus.

According to its CIF license, the Company is authorized to provide the following investment and ancillary services:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Dealing on own account
- Portfolio management
- Investment advice
- 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

Disclosure Policy

The Company discloses information in relation to its capital requirements on an annual basis. The disclosures are published on the website of the Company five months after the financial year end.

Scope of the Disclosures

As at 31 December 2014, the Company owned 100% of Teletrade DJ International Consulting (Australia) PTY Ltd. However, the Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law. As a result, the Pillar 3 disclosures relate solely to information of the Company.

The details of the subsidiary are as follows:

Name	Country of incorporation	Principle activities	Holding %	31 December 2014 (€)
Teletrade DJ International Consulting (Australia) PTY Ltd	Australia	Proprietary Company	100	66

2. Governance – Board and Committees

2.1 The Board

The Board of Directors is responsible for overlooking the operations of the Company. With respect to the management of risk, it has overall responsibility for the establishment and oversight of the Company's risk management framework.

The major duties of the Board of Directors of Teletrade DJ International Consulting Ltd are:

- To carry the overall responsibility for proper implementation of the relevant laws and regulations
- To formulate the Company's business strategy in terms of the development of existing and new services and the Company's presence in the local and international financial markets
- To govern the Company by broad policies and objectives, formulated and agreed upon by the chief executive and employees
- To ensure that sufficient resources are available to the Company to carry out its operations
- To be responsible for the overall duties and responsibilities of the Anti-Money Laundering / Compliance Officer (MLCO)
- To define, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing
- To notify the Company's policy for the prevention of money laundering and terrorist financing to the MLCO
- To approve the Company's risk management and procedures
- To establish a clear and quick reporting chain for transmission of information to the MLCO
- To assess the Money Laundering function
- To assess and approve the annual report of the MLCO
- To assess the Internal Audit Department's members and the efficiency of the mechanisms of internal control
- To assess the Compliance Function
- To evaluate and adopt strategies to improve the operation of the internal audit mechanism
- To review written reports regarding Compliance, Risk Management and Internal Audit
- To approve the Company's financial statements
- To review the suitability report prepared by the Company's external auditors
- To take decisions on important matters of the Company during Board meetings

2.2 Risk Management Framework and Function

Overall Risk Management responsibility for the Company lies on the Senior Management. In order to fulfil its responsibilities, the Senior Management has designed and implemented a risk management framework that considers all the risks the Company is exposed to. This framework works in four levels:

- Identifying the risks;
- Measuring their impact on the Company;
- Avoiding/mitigating the impact of the risks;
- Reporting the risks to the Senior Management, Board or to the regulator when necessary

Some responsibilities that arise under the risk framework are delegated to the Company's staff that have appropriate skills and capabilities in terms of education, knowledge and experience to perform them.

The Company has established a Risk Management function which is ran by the dedicated Risk Manager. The Risk Manager has also duties of AML Compliance officer assistant. The Company considers the arrangements appropriate and proportionate for its size and complexity and does not consider them to give rise to any conflict of interest. In addition to the dedicated in-house resource the Company also engages external consultants and when necessary specialised risk advisors. The Risk Manager reports directly to the General Manager.

Within the duties of the Risk Manager is to advise Senior Management, oversee the risk management procedures, comply and implement the relevant provisions of the Law relating to risk management issues, cooperate with all external professionals (e.g. Internal Auditor) towards the enhancement of the risk management procedures and provide regular risk management reports.

The Risk Manager prepares and provides the annual risk management report to Senior Management and is responsible for evaluating and managing the Company's risks at all times. The annual risk management report is also presented to the Board of Directors and minutes of such meetings attached to the relevant reports are submitted to CySEC within twenty (20) days from the day of the meeting.

2.3 Board - Recruitment and Diversity Policy

Recruitment into the Board is the subject to the approval of the Board of Directors and the candidates are provided to the Board by the Remuneration and Nominations Committee that has been established in 2015. Candidate to the Board members should possess an appropriate mix of skills and experience to provide the necessary breadth and depth of knowledge and experience to meet the Board’s responsibilities and objectives.

The Board also aims to reflect diversity in its composition by recruiting members with varied geographical, social, economic, environmental, business and cultural background. The Board of Directors is maintaining a reasonable balance with respect to age and gender (where possible).The Remuneration and Nominations Committee is responsible for ensuring there is an appropriate balance of skills and experience across the Board of Directors.

2.4 Risk Committee

Given the relatively small scale, nature and scope of the Company’s operations, there is no risk committee in place.

2.5 Number of directorships held by members of the Board

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.

Directorships within the same group are treated as single directorship, as specified in the CySEC Circular CI144-2014-23. The Directorships in table below does not include the position of each director in the Company.

Name of Director	**Position within Teletrade**	**Directorships – Executive**	**Directorships – Non-Executive**
Petr Nekrasov	Executive Director	0	0
Artur Mamedov	Executive Director	0	0
Andreas Samatas	Non – Executive Director	0	0
Michael Constantinides	Non – Executive Director	1	1
Andreas Karavias	Non – Executive Director	1	0

2.6 Information flow on risk to the management body

As stated above, although there is no formal risk committee in place, the General Manager has direct access to the Board of Directors at all times, at which he/she has the opportunity to inform the Board of Directors for anything related to risk management. The General Manager also notifies the Board of Directors of any breach of the established procedures and provide recommendations for the improvement of the risk management procedures. The flow of information on risk to the Board includes separate reports by the Risk Manager, the Internal Auditor and Compliance Officer.

3. Board Declaration – Adequacy of risk management arrangements

The Board is responsible for reviewing the effectiveness of the Company's risk management arrangements and systems of financial and internal control. These are designed to manage rather than eliminate the risks of not achieving business objectives, and – as such- offer reasonable but not absolute assurance against fraud, material misstatement and loss.

The Board considers that it has in place adequate systems and controls with regard to the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimise loss.

4. Risk Statement

The Company's Risk Appetite remains the same as last year. The Company regularly monitors its Capital Adequacy Ratio and ensures that it is not lower than 8%.

The Company adheres to the Directive on large exposures and does not have any large exposure above 25% of capital. Since implementation of Directive DI 144-2014-15 the Company adheres to it and does not have any large exposure above 25% of capital for assets classified in asset classes other than institutions and does not have any large exposure above 100% of capital for assets classified as exposures to institutions according to the provisions of the European Regulation 575/2013.

5. Risk Management and Internal Control System

Risk is the potential that the Company's financial performance and financial position suffer loss and deviate from the expected values. The crystallization of risk may have as a result the Company to suffer significant damage (financial or operation) which may lead to the disruption of its operations.

The Company has allocated financial and other resources in order to set up procedures that will enable the management of the risks so that to avoid losses, achieve stability and also to increase its profitability.

Responsible for the Company's internal control system and the management of its risks are the following:
- Risk Management Department
- Anti-Money Laundering / Compliance Officer
- Internal Audit Function (outsourced)

Risk Management Department

The Risk Management department is responsible for the compliance and monitoring of all transactions in the context of legality, avoidance of conflict of interest, insider dealing and preservation of confidential information. The Risk Management department is also responsible for the determination, evaluation and efficient management of the risks inherent in the provision of the investment services.

The scope of the Risk Management department concerning risk management is to provide their services in accordance with the provisions of the applicable laws and the directives issued by CySEC, as well as the internal regulations of the Company.

Anti-Money Laundering and Compliance Officer

The Compliance Officer reports directly to the Board of Directors and is responsible for:

- Ensuring compliance with laws, regulations and directives issued by CySEC
- Ensuring implementation of the procedures described in the Company's Procedures Manual
- Monitoring and assessing that adequate policies and procedures to detect any risk of failure by the Company to comply with its obligations under the applicable legislation, as well as the associated risks, have been established, implemented and are maintained, and that for these purposes, the Company takes into account the nature, scale and complexity of its business and the nature and range of investment services and activities undertaken in the course of that business
- Ensuring that Company employees attend training sessions on compliance with applicable laws, rules and regulations, as well as anti-money laundering and terrorist financing procedures
- Providing advice and guidance to Company employees
- Ensuring that the Company complies with its continuous obligations to CySEC (e.g. submission of Capital Adequacy Return, annual reports, notifications to CySEC regarding changes in the Company's structure, services, personnel, procedures, etc)
- Communicating with regulatory bodies
- Assisting regulatory bodies in performing inspections of the Company's activities
- Gathering information with regards to the new customers of the Company
- Analyzing the customers' transactions
- Continuous improvement of the existing control procedures

- Reviewing the Company's marketing communications and checking if it has been prepared in accordance with legal requirements
- Advising and assisting employees to comply with the Company's obligations under the applicable laws and directives
- Recommending specific remedial measures in case of detection of any weakness or failure by the Company to comply with its regulatory obligations
- Providing an annual written report to the Board of Directors on the matters of his/her responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies

The Anti-Money Laundering Compliance Officer reports directly to the Board of Directors and is responsible for:

- To draft the Firm's procedures and controls for the Prevention of the Money Laundering and Terrori sm Financing
- To develop and improve Customer Acceptance Policy and submit it for approval of the Board
- To monitor and evaluate the sound and effective implementation of the Firms general policy principa ls and to manage the associated risks in relation to the Prevention of Money Laundering and Terroris t Financing
- To ensure that KYC and EDD procedures are adhered to
- To advise employees on issues arising as part of implementation of anti-money laundering programme within the Company
- To provide necessary materials and trainings on AML and TF to the employees of the Company
- To immediately inform the Board of Directors of any cases of non- compliance with laws, regulation s and directives issued by CySEC
- To recommend to the Board of Directors any amendments necessary to the AML Policy
- To receive and evaluate information from all personnel regarding suspicious client transactions and a ctivities
- If considered necessary – to report such transactions and activities to MOKAS – Unit for Prevention of Money Laundering, using the newly designated system GoAML
- To ensure the preparation, maintenance and updating of lists of clients categorised following a risk-based approach.
- To screen existing clients and transactions to ensure that the AML policies are followed
- To detect, record and evaluate, at least on an annual basis, the risks arising from existing and new cli ents, new financial instruments and services and make any necessary amendments to the systems and procedures of the Company.
- To prepare and submit to the Commission the monthly prevention statement in a timely manner
- To Report to Senior Management, at least annually, on compliance issues indicating in particular wh ether appropriate remedial measures have been taken in the event of any deficiencies identified
- To prepare the Annual AML Report and submit it to the Board of the Directors

Internal Audit

The Internal Audit function is outsourced and is an element of the internal control framework established by management to examine, evaluate and report on financial and other controls on operations. Internal audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls.

It is an independent unit reporting directly to the Board of Directors through a written internal audit report prepared on an annual basis.

6. Capital Management

The adequacy of the Company's capital is monitored by reference to the provisions of the Capital Requirements Regulation (the "Regulation" or "Regulation (EU) 575/2012") and the Capital Requirements Directive as this is transposed by the CySEC (the "Directive" or "DI144-2014-14"). Together the Regulation and Directive, referred to as CRDIV package, is an EU legislative package covering prudential rules for banks and investment firms and through a transitional period starting from 2014, will bring into force the regulatory provisions of Basel III.

The Basel III consists of three pillars: (I) minimum capital requirements, (II) supervisory review process and (III) market discipline.

(a) Pillar I – Minimum Capital Requirements

The Company adopted the Standardised approach for Credit and Market risk and the Basic Indicator approach for Operational risk.

According to the Standardised approach for credit risk, in calculating the minimum capital requirement, risk weights are assigned to exposures, according to their characteristics and exposure class to which they belong.

The Standardised measurement method for the capital requirement for market risk adds together the long and short positions according to predefined models to determine the capital requirement.

For operational risk, the Basic Indicator approach calculates the average, on a three year basis, of net income to be used in the risk weighted assets calculation.

(b) Pillar II – The Supervisory Review and Internal Capital Adequacy Assessment Processes

The Supervisory Review Process provides rules to ensure that adequate capital is in place to support any risk exposures of the Company 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.

The management has planned the development and preparation of its ICAAP report which will be presented to the Board of Directors in 2015. The report will include as assessment of the primary risks faced by the Company (i.e. credit, market and operational risks) and also other risks as well as stress tests for the capital adequacy position and performance of the Company in case of extreme circumstances.

(c) 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 as to the composition of own funds.

According to the CySEC Directive DI144-2014-14, the risk management disclosures should be included in either the financial statements of the investment firms if these are published, or on their websites. In addition, these disclosures must be verified by the external auditors of the investment firm. The investment firm will be responsible to submit its external auditors' verification report to CySEC within five months of each financial year.

6.1 Capital Base and Capital Adequacy

The Capital Base of the Company is consisted solely of Common Equity Tier 1 capital. Common Equity Tier 1 capital is comprised of share capital, share premium, reserves and the audited income from current year. From Common Equity Tier 1 capital, intangible assets are deducted. As at the 31/12/2014, the level of own funds was EUR 1.986 thousands.

As at 31/12/2014 the Capital Adequacy Ratio was 9,8%. The Regulation stipulates a minimum capital ratio of 8%.

Table 1 below shows a breakdown of the own funds as at 31/12/2014.

Table 1: Capital Base	
Common Equity Tier 1 (CET1) Capital	**31 December 2014 (€000)**
Share Capital	301
Share Premium	2.700
Retained earnings	(1.087)
Audited income / (loss) for the year	72
Intangibles	-
Total Common Equity Tier 1 Capital	**1.986**

Share capital

Authorised capital
On 5 June 2013, the authorised share capital of the Company was increased from €191.200 divided into 191.200 ordinary shares of nominal value of €1.00 each to 241.200 ordinary shares of a nominal value of €1.00 each, by the creation of 50.000 ordinary shares of a nominal value of €1.00 each under the same terms and with the same rights in all respects as the existing shares.

On 23 July 2013, the authorised share capital of the Company was further increased from €241.200 divided into 241.200 ordinary shares of nominal value of €1.00 each to 301.200 ordinary shares of a nominal value of €1.00 each, by the creation of 60.000 ordinary shares of a nominal value of €1.00 each under the same terms and with the same rights in all respects as the existing shares.

Issued capital
On 5 July 2013, the Company issued and allotted to the existing shareholders an additional 50.000 ordinary shares with nominal value of €1.00 and at a premium of €9.00 each.

On 23 July 2013, the Company issued and allotted to the existing shareholders an additional 60.000 ordinary shares with nominal value of €1.00 and at a premium of €9.00 each.

6.2. Capital Requirements

Minimum regulatory capital requirements

The total capital requirements of the Company as at 31 December 2014 amounted to €1.621 thousand and are analyzed in Table 2 below:

Table 2: Minimum Capital Requirements	
Risk Category	**Minimum Capital Requirements (€000)**
Credit Risk	186
Credit Valuation Adjustment Risk	0
Market Risk (FX risk)	1.159
Operational Risk	276
Total	**1.621**

6.2.1. Credit Risk

General

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. In addition, the Company has policies to limit the amount of credit exposure to any financial institution.

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by individual characteristics of each customer.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Capital Requirements

The Company follows the Standardised Approach for the calculation of the minimum capital requirements for credit risk.

Table 3 below presents the allocation of credit risk in accordance with the Standardised Approach exposure classes:

Table 3: Exposure Classes and Minimum Capital Requirements		
Exposures at 31 December 2014	**Total Exposure Value (€000)**	**Minimum Capital Requirements (€000)**
Exposure Class		
Institutions	1.774	98
Corporates	1.472	73
Public Sector Entities	85	7
Other Items	79	8
Total	**3.410**	**186**

Risk Weighted Assets and Credit Quality Steps

As at 31 December 2014, the Company's exposures to Institutions resulted from its deposits with credit institutions. The Company used the credit ratings of Fitch, Moody's and Standard & Poor's to rate its exposures and counterparties.

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

Table 4: Credit Quality Step Mapping table			
Credit Quality Step	**Fitch**	**Moody's**	**S&Ps**
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

A breakdown of the Company's exposures by Credit Quality Step ("CQS") is given in the following Table:

Table 5: Breakdown by CQS		
Exposures at 31 December 2014	**Exposure Value before Credit risk mitigation (€000)**	**Exposure Value after Credit risk mitigation (€000)**
Credit Quality Step		
1	-	-
2	-	-
3	57	57
4	2	2
5	4	4
6	683	683
Unrated/Not applicable	2.664	2.664
Total	**3.410**	**3.410**

Average Exposure

The average exposure of the Company in 2014, broken down by asset class, is shown in Table 6 below:

Table 6: Average Exposure in 2014	
Exposure Class	**Average Exposure (€'000)**
Institutions	1.437
Corporates	1.256
Public Sector Entities	85
Other Items	98
Total	**2.876**

Residual Maturity of Credit Risk Exposures

Table 7: Exposure Classes and Residual Maturity			
Exposures at 31 December 2014	**Maturity ≤ 3 months (€'000)**	**Maturity > 3 months (€'000)**	**Total (€'000)**
Exposure Class			
Institutions	1.774	-	1.774
Corporates	1.376	96	1.472
Public Sector Entities	-	85	85
Other Items	-	79	79
Total	**3.150**	**260**	**3.410**

Geographic Distribution

Table 8: Exposure Classes by Country						
	Australia (€'000)	**Cyprus (€'000)**	**Switzerland (€'000)**	**Romania (€'000)**	**Other (€'000)**	**Total (€'000)**
Exposure Class						
Institutions	1.020	684	18	-	52	1.774
Corporates	-	9	597	340	526	1.472
Public Sector Entities	-	85	-	-	-	85
Other Items	-	79	-	-	-	79
Total	**1.020**	**857**	**615**	**340**	**578**	**3.410**

Credit Risk Mitigation and Counterparty Credit Risk

As at 31 December 2014, the Company was exposed to Counterparty Credit Risk through FX and Gold CFD positions with clients. The capital requirement for this risk was calculated using the Mark-to-Market approach. The positions were also secured by cash collaterals (i.e. the margins deposited by the clients in order to be able to conduct the trades), which were used to mitigate the final exposures based on the Simple Method for Credit Risk Mitigation.

Table 9: Counterparty Credit risk Breakdown per Derivative position							
	Positive Fair Value (€'000)	**Negative Fair Value (€'000)**	**Nominal Value (€'000)**	**Exposure Amount before CRM (€'000)**	**Exposure Amount after CRM (€'000)**	**RWA (€'000)**	**Cap. Requir. (€'000)**
Derivative Type							
FX Derivatives	794	(84)	55.162	1.346	1.346	794	64
Derivatives on Gold	16	-	873	25	25	16	1
Total	**810**	**(84)**	**56.035**	**1.371**	**1.371**	**810**	**65**

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

As at the end of December 2014, the Company didn't have any impaired or past due exposures.

6.2.2. Operational Risk

General

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks outlined above. The directors of the Company are responsible for managing operational risk.

Capital Requirements

The Company applies the Basic Indicator Approach for calculating the amount of capital required under the minimum regulatory capital requirements for Operational Risk. As at 31 December 2014, the minimum capital requirements under this approach, using actual income figures for 2012, 2013 and 2014, amounted to €276 thousand.

6.2.3. Market and Liquidity Risk

General

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

6.2.3.1 Market Risk

Currency risk
Currency risk results from adverse movements in the rate of exchange on transactions in foreign currencies. As at year end, the Company was exposed to currency risk deriving from its balance sheet exposures and open FX and Gold CFD positions denominated in currencies other than the reporting currency (EUR). The capital requirement deriving from currency risk is €1.159 thousand.

Interest rate risk
Interest rate risk reflects the Company's exposure to adverse movements in interest rates. It arises as a result of timing differences on the reprising of assets and liabilities.

6.2.3.2 Liquidity Risk

Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Capital Requirements

As at 31 December 2014, the Company had exposures to interest rate risk arising from its trading book positions in FX CFDs. However, due to the very short-term nature of these positions, the capital requirement for Interest rate risk was zero.

6.2.4. Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non – compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

7. Remuneration

The remuneration policy of Teletrade DJ International Consulting Ltd is set by the Senior Management and the Board of Directors. Decisions with regards to remuneration levels and salary increases of employees are taken by the CEO in consultation with the Board.

Performance is assessed using a set of criteria that differ according to the position and responsibilities of the employee concerned. In 2014, remuneration consisted mainly of fixed monthly salaries.

Table 10 below presents a breakdown of the annual remuneration for those categories of staff whose professional activities have a material impact on the risk profile of the Company, by business area:

Table 10: Aggregate Remuneration by Business Area

Business Area	Aggregate Remuneration (€'000)
Control Functions	30
Reception, Transmission & Execution of orders	47
Dealing on Own Account, Portfolio Management & Investment Advice	66
Back Office, Marketing and Credit & Loans	828
Other	89
Total	**1.060**

Control functions include the persons employed in the Risk Management and AML&Compliance Department.

The aggregate remuneration for 2014, broken down by Senior Management & Executive Directors and members of staff whose actions have a material impact on the risk profile of the Company, is as follows:

Table 11: Aggregate Remuneration by Senior Management & Executive Directors and other staff

Personnel	No. of people	Fixed (Cash) (€'000)	Variable (Cash) (€'000)	Variable (non-Cash) (€'000)	Total (€'000)
Senior Management & Executive Directors	10	265	-	-	265
Other Staff	212	795	0	-	795
Total	**222**	**1.060**	**-**	**-**	**1.060**

In Table 11 above, "Senior Management & Executive Directors" consists of the heads of the departments and the executive directors of the Company. "Other Staff" includes the personnel employed in the departments mentioned above.

Appendix

I. Balance sheet reconciliation

Balance Sheet Description, as per published financial statements	Amounts (€'000)
Share capital	301
Share premium	2.700
Accumulated losses	(1.015)
Total Equity as per published accounts	**1.986**
Regulatory adjustments	-
Regulatory own funds	**1.986**

II. Own funds disclosure template

At 31 December 2014	Transitional Definition	Full - phased in Definition
	€'000	€'000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	3.001	3.001
Retained earnings	(1.015)	(1.015)
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	0
Funds for general banking risk	0	0
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**1.986**	**1.986**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	0	
Intangible assets (net of related tax liability)	0	0
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0	0
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**0**	**0**
Common Equity Tier 1 (CET1) capital	**1.986**	**1.986**
Additional Tier 1 (AT1) capital	**0**	**0**
Tier 1 capital (T1 = CET1 + AT1)	**1.986**	**1.986**
Tier 2 (T2) capital	**0**	**0**
Total capital (TC = T1 + T2)	**1.986**	**1.986**
Total risk weighted assets	**20.267**	**20.267**
Capital ratios and buffers		
Common Equity Tier 1	9,80%	9,80%
Tier 1	9,80%	9,80%
Total capital	9,80%	9,80%

Definitions:
The Common Equity Tier 1 (CET1) ratio is the CET1 capital of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.

The Tier 1 (T1) ratio is the T1 capital of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.

The Total Capital ratio is the own funds of the Company expressed as a percentage of the total risk weighted assets for covering pillar 1 risks.