

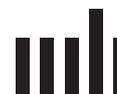


Marcuard Heritage Group

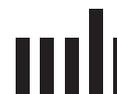
Disclosure and market discipline report

Year ended 31st December 2020

August 2021



Introduction	3
Definitions 3	
Regulatory Developments	3
1 Scope of Application	3
2 Risk Management Functions	4
2.1 Duties and Responsibilities of the Risk Management Functions	4
2.2 Risk Management Framework.....	5
2.3 Board of Directors	5
2.4 Risk reporting to the Board.....	5
3 Governance Arrangements	6
3.1 Board Directorships.....	6
3.2 Board Recruitment	7
3.3 Diversity of the Management Bodies within the MH Group	7
3.4 Declaration of the adequacy of risk management arrangements.....	7
3.5 Risk Appetite and Risk Statement	7
4 Own Funds	7
5 Capital Requirements	10
5.1 Internal Capital Adequacy Assessment Process (ICAAP).....	10
6 Credit Risk	11
6.1 Exposure to Credit risk and Credit Risk adjustments	11
6.2 Concentration risk	11
6.3 Past due and impaired.....	11
6.4 Use of External Credit Assessment Institutions (ECAIs)	11
7 Market risk	13
8 Operational risk	13
9 Other Risks	14
10 Remuneration policy	15
Annex I – Risk Statement	17
Annex II – Own Funds	18



Introduction

This Disclosure and Market Discipline Report has been prepared by Marcuard Heritage Holding Limited (hereinafter referred to as “MH Group” or the “Company”) pursuant 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 (hereinafter the “Regulation”). The current regulatory framework comprises of three pillars:

- Pillar 1 covers the minimum capital requirements for credit, market and operational risks;
- Pillar 2 covers the Supervisory Review and Evaluation Process (“SREP”), and the Internal Capital Adequacy Assessment Process (the “ICAAP”) and
- Pillar 3 covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

Definitions

Regulation: Regulation (EU) 575/2013 on Prudential Requirements for Credit Institutions and Investment Firms (CRR), adopted by the European Union on 26th of June 2013 and amending Regulation (EU) NO 648/2012.

Policy: It is the responsibility of the Board of Directors of MH Group (hereinafter referred to as “Board MH Group”) to approve the Pillar 3 Disclosures policy of the MH Group and update it whenever there are changes in requirements of the relevant laws or at least once every year ensuring that it conveys the risk profile of the MH Group.

Report: This Report contains information in relation to the risks the MH Group faces and the strategies in place to manage and mitigate these risks and its capital adequacy. The risk management objectives and policies of the MH Group are disclosed according to the articles 435-455 of Part Eight of the CRR. The report is, approved by the Board MH Group;

Frequency and Timing: The MH Group will be making these disclosures annually and submit to CySEC no later than 4 months after the financial year end of the Group. Extension of the above mentioned timeframe might be granted by CySEC due to special circumstances (e.g. worldwide pandemic).

Media and Location: The disclosures will be published on the Group’s website: <https://marcuardheritage.com/legal-notice> (under relevant EU office (Limassol) location)

Regulatory Developments

The capital adequacy and overall risk management requirements that currently apply to the Company under the CRR and CRDIV prudential framework, will be replaced by amended prudential rules established by the EU Regulation 2019/2033 (“Investment Firm Regulation” or “IFR”) and the EU Directive 2019/2034 (“Investment Firm Directive” or “IFD”), which shall become applicable on 26th of June 2021. The new rules introduce changes in the methodologies that EU investment firms are required to apply for calculating their exposures to risk and their capital adequacy ratio and in this respect, the Group is in the process of assessing the impact that these changes are expected to have on its solvency position, in order to take timely action and be in a position to adopt the new rules.

1 Scope of Application

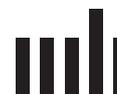
The parent company

The Company was incorporated in Cyprus on 30 December 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 363, 28th Octovriou Street, Metis Tower, 3rd floor, 3107, Limassol, Cyprus.

The disclosures included in this document are prepared on a consolidated basis and reflect the consolidated Pillar I regulatory submissions of MH Group at the year-end.

Subsidiaries

The MH Group entities (hereinafter also referred to as “each MH Group entity”) considered to fall under Consolidated Supervision at the date of publication of this document, are the following:



Name of Company	Country of incorporation	Regulation	Basis of Consolidation for regulatory purposes	Principal activity
Marcuard Heritage (Europe) Ltd	Cyprus	Regulated entity	Full Consolidation	Investment Company
Marcuard Heritage AG	Switzerland	Self-regulated entity	Full Consolidation	Investment Company
Marcuard Heritage (Singapore) Pte Ltd	Singapore	Regulated entity	Full Consolidation	Investment Company
Alpinum Investment Management AG	Switzerland	Regulated entity	Full Consolidation	Investment Company

2 Risk Management Functions

The MH Group's Management is primarily responsible for managing risks and ensuring that the MH Group's business strategy does not expose the MH Group to undue risk. It should be noted that due to the MH Group's size, simple internal structure and the nature, and low level of complexity of the MH Group's activities. Therefore, the MH Group risk committee is not set up and, in line with the provisions of the Law, the risk management duties are performed by the Risk Manager of each MH Group entity, which may combine this function together with the Compliance and Anti-Money Laundering function and all risk categories are communicated under the same process.

The MH Group's risk management policies are established to identify and analyse the risks faced by the MH Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by each MH group entity to reflect changes in market conditions and in the MH Group's activities.

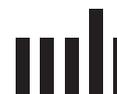
2.1 Duties and Responsibilities of the Risk Management Functions

The Board MH Group has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Risk Management function of each entity within MH Group is responsible for the determination, evaluation and efficient management of the risks inherent in the provision of the investment services. The MH Group's Risk Management framework encompasses the scope of risks to be managed, the process/systems and procedures to manage risk and the roles and responsibilities of individuals involved in risk management. The framework is comprehensive enough to capture all risks the MH Group is exposed to and has flexibility to accommodate any change in business activities.

Duties and Responsibilities of the Risk Management functions within the MH Group entities include to:

- Establish, implement and maintain adequate risk management policies and procedures which identify the risks relating to the corresponding MH Group entity's activities and processes;
- Establish, implement and maintain adequate ICAAP (Internal Capital Adequacy Assessment Process), produce reports at least annually, adjust the Process whenever significant changes arise;
- Development of administrative and accounting procedures, internal control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements for information processing systems;
- Development of risk management policy for clients and counterparties for Credit and Counterparty risk, Operational risk and Market risk;
- Analyse for the Investment Committee the potential hazards associated with the recommended framework on which investment decisions are based;
- Credit assessment of counterparties and classification of the counterparty according to the MH Group entity's risk criteria and limits;
- Monitoring of investment risk undertaken by the MH Group entities' for each client, counterparty and as a whole;
- Estimating risk of the MH Group entity's clients and counterparties participation in money laundering and/or terrorist funding;
- Monitoring of deals executed with counterparties in relation with securities' market prices;
- Monitoring of portfolio management transactions as regards adherence to established risk limits;



- Monitoring day-to-day operational risks;
- Building a risk aware culture within the organisation and providing the relevant training;
- Maintenance of appropriate internal control systems designed to manage key risk areas;
- Monitor the adequacy and effectiveness of its risk management policies and procedures;
- Monitor the level of compliance by the MH Group entities and its employees with the arrangements, processes and mechanisms adopted;
- Monitor the adequacy and effectiveness of measures taken to address any deficiencies in the risk management arrangements and procedures;
- Development of risk management policy for credit and counterparty risk, operational risk and market risk;
- Reporting to Senior Management, at least annually, on risk management issues indicating whether appropriate remedial measures have been taken in the event of any deficiencies identified.

2.2 Risk Management Framework

The MH Group's risk management framework is based on four key elements:

- Risk Governance;
- Organisational model and risk functions (policies, monitoring and reporting);
- Risk Appetite; and
- Risk Culture.

Due to the size and nature of activities of the MH Group, risk related matters are discussed during the regular meetings of the Board of Directors of each Group entity. Where applicable the Board of each MH Group entity is being informed by the Investment Committee (IC), Investment Advisory Committee (IAC), the non-executive Directors, who also express their opinion on the possible exposure to risks that the MH Group may face and the Risk Manager of each MH Group entity.

The Board of MH Group allocates adequate resources towards the management of its risks with the purpose of increasing the efficiency of its operations and its capital utilization, maximize income and maintain stability. In addition, the risk management framework of the MH Group is continually adapted and enhanced as the market environment changes. These measures afford the MH Group with reasonable safeguards against relevant risks.

2.3 Board of Directors

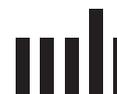
The Board of Directors of Marquard Heritage Holding Ltd (Board MH Group) has the overall responsibility for the establishment and oversight of the MH Group's risk management framework according to common principles and policies. Furthermore, the Board of Directors of each MH Group entity has established relevant Risk Management Functions, which operate independently

2.4 Risk reporting to the Board

The risk reporting is aimed to address to the Board of Directors of each MH Group entity a general overview of the MH Group's risks and specifically identifies the areas with higher risk which need to be improved. On an annual basis, the Board of Directors of each MH Group entity receives the following reports, where these reports are required by local regulators, to be prepared by the respective officers:

	Report
1	Internal Audit Report
2	Annual Compliance Report
3	Annual Risk Management Report
4	Annual Report on Compliance with money Laundering and Terrorist Financing Preventative Issues
5	ICAAP

The above annual reports and regular Common Reporting ("COREP") forms as part of the CRD IV Package which is based and consists of the Capital Requirements Directive ("CRD" or Directive 2013/36/EU) and the Capital Requirements Regulation ("CRR" or Regulation (EU) 575/2013) are used by the MH Group as the main tools for mitigating risks and for monitoring the continuing effectiveness of these mitigating factors / measures.



3 Governance Arrangements

3.1 Board Directorships

The tables below provide the number of directorships held by each member of the management body for each MH Group entity at the same time in other entities including the ones in MH Group. Directorships held within the same group shall count as a single directorship and directorships in organisations which do not pursue predominantly commercial objectives are not considered for the purposes of the below.

Marcuard Heritage (Europe) Ltd.

Name	Position with Marcuard Heritage (Europe) Ltd	Total number of Directorships
Alexis Xenophontos	Executive Director	1
Sinan Robert Bodmer	Executive Director	8
Andreas Hadjimichael	Non-Executive Director	8
Anastasios Nikolaou (CySEC approval from 07/08/2020)	Non-Executive Director	8

Note: The information in this table is based only on representations made by the Marcuard Heritage (Europe) Ltd.

Marcuard Heritage Holding Ltd. (MH Group, the Parent company)

Name	Position with Marcuard Heritage Holding Ltd	Total number of Directorships
Adrian Guldener	Executive Director	3
Anastasios Nikolaou	Executive Director	8
Sinan Bodmer	Executive Director	8
Andreas Hadjimichael	Executive Director	8
Gabriel Petrou	Executive Director	8
Andreas Schüpach	Executive Director	1

Note: The information in this table is based only on representations made by the Marcuard Heritage Holding Ltd.

Alpinum Investment Management AG

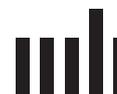
Name	Position with Alpinum Investment Management AG	Total number of Directorships
Marcus Wintsch	Non-Executive Director	2
Klaus Michael Kuenzi	Non-Executive Director	1
Alfred Strebhel	Non-Executive Director	1
Patrick Stauber	Non-Executive Director	4

Note: The information in this table is based only on representations made by the Alpinum Investment Management AG.

Marcuard Heritage AG

Name	Position with Marcuard Heritage AG	Total number of Directorships
Sinan Bodmer	Non-Executive Director	8
Adrian Guldener	None-Executive Director, Chairman	3
Patrick Stauber	Executive Director	4

Note: The information in this table is based only on representations made by Marcuard Heritage AG.



Marcuard Heritage (Singapore) limited

Name	Position with Marcuard Heritage (Singapore) Limited	Total number of Directorships
Patrick Stauber	Non-Executive Director	4
Sinan Bodmer	Executive Director	8

Note: The information in this table is based only on representations made by Marcuard Heritage (Singapore) Limited.

3.2 Board Recruitment

The MH Group's Board members are selected on the principles of acting honestly, fairly and with due skills. The Board of Directors of each MH Group entity comprises of individuals who are professionals with experience in the financial market. They are committed to act with honesty, integrity and independence of mind and devote the necessary time to properly perform their functions within the MH Group ensuring in parallel that the board of Directors is adequately diversified. The MH Group will also ensure that, where appropriate and deemed necessary, adequate resources will be devoted to the induction and training of members of the Board of Directors of each MH Group entity and senior management.

3.3 Diversity of the Management Bodies within the MH Group

The MH Group has considered the issue of diversity of members of its management bodies. Diversity of management body is important for the MH Group in order to successfully fulfil its business objectives. The current composition of the members of MH Group's entity Directors is considered as sufficiently diversified. They have post graduate and professional qualifications, such as: MBA, ACA, BEng, ACCA, TEP etc as well as experience in financial, legal and fiduciary services and they average 15-20 years of experience in large financial institutions.

3.4 Declaration of the adequacy of risk management arrangements

The Board of each MH Group entity is responsible for reviewing the effectiveness of the MH Group entity's risk management arrangements and systems of financial and internal control which are designed to manage the risks of not achieving business objectives, and offer reasonable assurance against fraud, material misstatement and loss.

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

3.5 Risk Appetite and Risk Statement

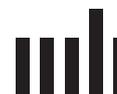
Managing risk effectively in an adverse, complex and continuously changing risk environment requires a strong risk management culture. The MH Group has minimum risk appetite and is not willing to take any unnecessary risks. Therefore, each MH Group entity has established an effective risk oversight structure and the necessary internal organizational controls to ensure that they identify and manage their risks adequately, establish the appropriate policies and procedures, set the relevant limits and comply with the relevant legislation.

The management of each MH Group entity 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 of each MH Group entity expresses, depending on their local regulatory guidelines and where relevant, the Risk Appetite through a number of key Risk Appetite measures which define the level of risk acceptable across a number of areas.

4 Own Funds

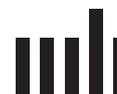
The MH Group calculates its regulatory own funds and capital adequacy ratio on a quarterly basis, according to their local regulatory guidelines. For example, with respect to Marcuard Heritage (Europe) Ltd and according to the CRD IV Directive there are three new Own Funds categories: Common Equity Tier 1 (CET1), Additional Tier 1 and Tier 2. The MH Group's Eligible Own Funds include only CET1. CET1 capital is the core measure of the MH Group's financial strength from the CY Regulator's (i.e. CySEC) point of view. It is composed of the share capital and retained earnings.



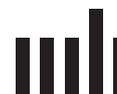
The table below illustrates the balance sheet reconciliation information of own funds items to the Unaudited Consolidated Management Accounts:

Balance Sheet Description as per Unaudited Consolidated Management Accounts	As at 31st Dec 2020 (€000)
- Share capital	12
- Share premium	1,136
- Retained earnings	5,473
- Minority Interest	251
Total Equity as per unaudited Consolidated Management Accounts:	6,872
Regulatory adjustments:	
- Investors Compensation Fund (CySEC related only)	(58)
Other adjustments (minority interest)	(51)
Total Regulatory Capital	6,763

To fulfil the requirements of the Regulation to disclose the components of the regulatory capital the below table indicates the transitional own funds disclosure based on the template provided in Annex VI and in accordance with the instructions in Annex VII of the EU Regulation 1423/2013 where applicable to the MH Group.



Own Funds disclosure		
	Transitional position as of 31.12.2020 (€000)	Fully loaded subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of Regulations (EU) No 575/2013 (€000)
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	1,147	1,147
Retained earnings	5,473	5,473
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-	-
Funds for general banking risk	-	-
Minority interest (amount allowed in consolidated CET1)	201	201
Common Equity Tier 1 (CET1) capital before regulatory adjustments	6,821	6,821
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-	-
(-) Additional deductions of CET1 Capital due to Article 3 CRR	(58)	(58)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(58)	(58)
Common Equity Tier 1 (CET1) capital	6,763	6,763
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	6,763	6,763
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	6,763	6,763
Total risk weighted assets	31,761	31,761
Capital ratios and buffers		
Common Equity Tier 1	21.29%	21.29%
Tier 1	21.29%	21.29%
Total capital	21.29%	21.29%



5 Capital Requirements

The MH Group Board has decided that the most appropriate method for measuring the capital requirement is the Fixed Overheads approach.

The minimum Capital Requirements of the MH Group as at 31 December 2020 are shown in the table below:

Type of Risk	As at 31 st December 2020 (EUR '000)	
	Risk Weighted Assets	Minimum Capital Requirements
Credit Risk	14,336	11,147
Market Risk	8,964	696
Operational Risk (Based on Fixed Overheads)	31,761	2,541
Total Capital Requirements ((MAX((CR + MKR) ; OPR))	31,761	2,541

The Own Funds requirement as per Article 147 of the Regulation for each applicable exposure class as of 31.12.2020 is as follows:

Exposure Amount, Risk Weighted Assets (RWA) and Minimum Capital Requirement per Exposure Class

Exposure Class	Exposure Value (EUR '000)	RWA (EUR '000)	Own Funds requirement (EUR '000)
Institutions	6,015	6,241	499
Corporates	6,956	6,056	484
Other Items	2,039	2,039	163
Total	15,010	14,336	1,147

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

CET1 Capital ratio 4.5%

T1 Capital ratio 6.0%

Total Capital ratio 8.0%

As indicated in the Risk Exposure table above, the CET 1 Capital ratio, T1 Capital ratio and Total Capital ratio of the MH Group as of 31 December 2020 are 21.29%, 21.29% and 21.29% respectively, which is significantly higher than the minimum required respective percentages of 4.5%, 6% and 8%.

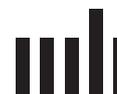
5.1 Internal Capital Adequacy Assessment Process (ICAAP)

The MH Group has performed its latest Group ICAAP with reference date 30 September 2020.

The MH Group uses the results of its ICAAP exercise as a measurement of its internal capital requirements as well. The results will be reported to the respective MH Group entity Management which takes decisions and actions accordingly.

The process followed for the preparation of the ICAAP document consists of the following steps:

- Identifying risks and assessing the management of those risks;
- Documenting the techniques used for the quantification of the risks identified;
- Calculating the amount of regulatory and internal capital required for each type of risk identified;



- Determining the need for additional capital buffers to ensure the MH Group has enough capital over a cycle as well as the case of a stress scenario.

6 Credit Risk

6.1 Exposure to Credit risk and Credit Risk adjustments

Credit risk is the risk of loss caused by the failure of a counterparty or issuer to meet its obligations. The MH Group has no significant concentration of credit risk. The MH Group applied the Standardised Approach.

The MH Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The MH Group's exposure to credit risk is influenced by the individual characteristics of each customer. Most of the clients are well known to the Group for many years. The MH Group also keeps a policy to split receivables between different financial institutions.

6.2 Concentration risk

Concentration risk, is defined as the risk that arises from the uneven distribution of exposures to affiliated Clients, specific industry or economic sectors, geographical regions, product types or currencies. The MH Group exercises effective management for this type of risk through limit setting (e.g. concentration on the projects related to the same Group of Clients or Clients from the same market, product types etc) and booking mandates with new non-related Clients from different geographical locations.

6.3 Past due and impaired

The MH Group defines a financial asset as past due when the counterparty has failed to make a payment when contractually due.

6.4 Use of External Credit Assessment Institutions (ECAIs)

For the calculation of credit risk, under the Standardised Approach, the MH Group uses Fitch Sovereign Ratings as its nominated External Credit Assessment Institution. The use of Fitch Sovereign Ratings is in compliance with the requirements of the Directive and is used consistently for all exposures in a specific asset class. Public sector Entities are unrated. Their credit risk and risk for unrated corporates is calculated according to Fitch Sovereign Ratings for the Country.

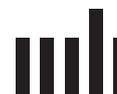
The table below outlines the Group's exposures by asset class net of any specific provisions and before applying Credit Risk Mitigation:

Exposures before and after Credit Risk Mitigation (CRM)

Asset Class	Value of Exposure before/after CRM (EUR '000)	Average Exposure (EUR '000)*	Risk weighted Assets (EUR '000)	Capital Requirements (EUR '000)
Institutions	6,015	6,831	6,241	489
Corporates	6,956	6,832	6,056	484
Other Items	2,039	2,212	2,039	163
Total Exposures	15,010	15,875	14,336	1,147

* The figures represent only the Cyprus regulated entity.

The table below outlines the Group's exposures by asset class and geographic area of the counterparty, net of any specific provisions and before applying Credit Risk Mitigation:



Geographic distribution of exposures

Exposure Class	Cyprus	Switzerland	Singapore	Luxembourg	Russia	Other	Total
Institutions	938	4,791	288	-	-	-	6,015
Corporates	180	4,946	571	782	130	347	6,956
Other Items	727	934	378	-	-	-	2,039
Total	1,843	10,671	1,236	557	1,402	1,963	15,010

The table below analyses the Group's exposures before and after Credit Risk mitigation by Residual Maturity per Exposure Class:

Residual Maturity per Exposure Class

Asset Class	Exposure Amount by residual maturity (EUR '000)		
	≤ 3 months	> 3 months, NA and Unrated	Total
Institutions	250	5,765	6,016
Corporates	5,764	1,192	6,956
Other Items	83	1,956	2,039
Total Exposures	6,097	8,913	15,010

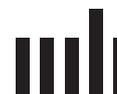
The table below outlines the Group's exposures by asset class and industry area net of any specific provisions and before applying Credit Risk Mitigation:

Distribution of exposures by industry type

Exposure by significant industries (EUR '000)			
Asset Class	Financial/Banking Services	Other	Total
Institutions	6,015	-	6,015
Corporates	6,956	-	6,956
Other Items	-	2,039	2,039
Total Exposures	12,971	2,039	15,010

For its exposures to institutions, the MH Group has used the ratings provided by Fitch's to determine the applicable risk weight. The MH Group has used the credit step mapping table below to map the credit assessment to credit quality steps ("CQS"):

Credit quality step	Fitch's assessments	Corporate	Institutions (includes banks)			Sovereign
			Sovereign method	Credit assessment method		
				Maturity > 3 months	Maturity 3 months or less	
1	AAA to AA-	20%	20%	20%	20%	0%
2	A+ to A-	50%	50%	50%	20%	20%
3	BBB+ to BBB-	100%	100%	50%	20%	50%
4	BB+ to BB-	100%	100%	100%	50%	100%
5	B+ to B-	150%	100%	100%	50%	100%
6	CCC+ and below	150%	150%	150%	150%	150%



The table below analyses the MH Group's exposures before and after Credit Risk mitigation by Credit Quality Step:

Exposure by Counterparty CQS

Credit Quality Step	Exposure amount before credit risk mitigation	Exposure amount after credit risk mitigation
1	1,590	1,590
2	-	-
3	-	-
4	-	-
5	-	-
6	-	-
Unrated	2,341	2,341
Not Applicable	11,079	11,079
Total	15,010	15,010

7

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and equity prices, will affect the MH Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The MH Group's exposure to Market Risk is limited since it does not hold securities in its own accounts, it does not trade on its own account nor undertakes proprietary trading.

(b) Foreign Exchange Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the MH Group's functional currency. The MH Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars, the Singapore Dollar, the British Pounds and the Swiss Franc. The management of each MH Group entity monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The MH Group had insignificant exposure to Foreign Exchange Risk during 2020.

RWA and Capital Requirement for Foreign Exchange Risk

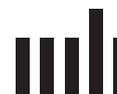
Market FX risk	As at 31st December 2020 (EUR '000)	
	RWA	Capital Requirement
All assets & liabilities	8,694	696

As per the requirements of Article 92 (3) (b) and (c) the MH Group is exposed to the foreign exchange risk only. Own Funds requirements for Foreign Exchange Risk as at 31.12.2020 was €634 thousand.

8

Operational risk

Operational risk is the risk of loss and the material adverse impact resulting from inadequate or failed internal processes, systems and personnel or from events external to the MH Group. It includes potential losses caused by a breakdown in information or transaction processing and settlement systems and procedures, human errors, non-compliance with Internal policies and procedures. Further, Operational risk encompasses certain other risks such as information security and Information Technology (IT) risk, legal/litigation risk, taxation risk, reputational, conduct risk and compliance risk (in close cooperation with the compliance function of each MH Group entity). Operational Risk for the MH Group also arises from the business line of MH Group's activities.



The MH Group has adopted a number of procedures such as insurance coverage and contingency planning, in order to be able to prioritize and address them effectively.

	As at 31 st Dec 2020 (€000)
Fixed Overheads	10,163
Fixed Overheads Requirement (25% * Fixed Overheads)	2,541
Fixed Overheads risk exposure amount	31,761

Fixed Overheads requirement is 25% of the total Fixed Overheads and as at 31 December 2020 the amount was €2,541 (EUR '000).

9 Other Risks

In the course of its operating activities, the MH Group has to face and tackle some other risks like:

- Liquidity risk
- Legal, Compliance and Regulatory risk
- Reputational risk

a. Liquidity risk

Liquidity risk is defined as the risk to the MH Group's earnings or capital from its inability to meet its financial obligations as they fall due. It arises from the management of its assets and liabilities. The MH Group maintains enough liquidity to manage known and unanticipated funding needs.

The MH Group has procedures with the object of minimizing such losses such as maintaining enough cash deposits and highly liquid assets and by having available an adequate amount of committed credit facilities. The MH Group has determined that it is not exposed to liquidity risk as it does not hold any assets with long maturity.

b. Legal, Compliance and Regulatory risk

Compliance risk is the risk of financial loss (including fines and other penalties) which could arise as a result of a direct breach or non compliance with the current legislation, agreements with third parties or ethical standards of business.

The MH Group is becoming more exposed to legal and Compliance Risks due to its offering of different services (i.e. fund management and investment services). The risk is significantly mitigated as the MH Group ensures compliance with different legislative obligations, such as MiFID II, AMLD 4, CDR IV, AIFMD, FATCA/CRS.

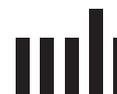
The Compliance Officers and Risk Managers of each MH Group entity make sure that the policies and procedures are sufficient and in compliance with the required legislation provision at all times.

Compliance and Regulatory issues are addressed by a detailed and complex approach at MH Group level which applies "proactive" and "forward looking" measures and it hence helps reduce Compliance and Regulatory risk. Regular calls with the CEOs, Asset Management and Compliance teams are set up at MH Group level in order to keep MH Group developments in the loop.

c. Reputational risk

The risk of loss of reputation arising from the negative publicity relating to the MH Group's operations (whether true or false) may result in a reduction of its client base, reduction in revenue and possible legal actions against the MH Group.

Reputational risk can derive from financial or operational activities or have an effect or outcome with financial or operational consequences. It is generally connected with hazard that has a social or ethical dimension, rather than purely a financial or operational one. For example, poor customer service, fraud or theft, customer claims and legal action.



Reputation is the most valuable asset, one that distinguishes the MH Group among the rest. Therefore, the MH Group has applied policies and procedures to minimize this risk.

Reputation is protected, sustained and enhanced through the active management of issues and relationships, both at high level and through our day to day routine contacts. No customer complaints have been officially submitted to date.

The MH Group has licensed entities in different locations such as Switzerland and Singapore and with the Management consisting of experienced professionals with decades of practice in Wealth and Asset Management gained with top-tier institutional names, has a positive impact on the MH Group's reputation. Therefore, the MH Group does not face significant reputational risk.

The MH Group entities are covered by Professional Indemnity Insurance under an MH Group-wide Policy.

d. Impact of COVID-19

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year. In parallel, governments, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Group has not applied for such government assistance. The details of all the arrangements that might be available to the Group and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Group is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes. 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.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Group will not experience negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Group's activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020 the Group has not incurred any losses.

10 Remuneration policy

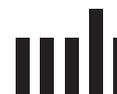
The MH Group has in place a remuneration policy which complies, in each MH Group entity case, with the respective local requirements and Regulations.

Due to the size and nature of its operations, the MH Group has not set up a Remuneration Committee and instead the responsibilities of the Remuneration Committee are performed by the Board of Directors of each MH Group entity. The MH Group's Remuneration Policy within each entity addresses both the fixed and variable component of remuneration, the governance around remuneration, the characteristics of performance measurement, determination of pay, etc. The remuneration of the employees is agreed once a year by the executive Directors of the MH Group entities. The MH Group does not apply deferral policy.

The remuneration mechanism incorporates principles that take into account skills required in each department and performance while supporting at the same time long-term business objectives. The criteria for performance measurement are based on the assessment of the MH Group's annual results and the feedback that is obtained from clients and counterparties within the MH Group as part of the annual performance review according to the MH Group Policy (Employees Handbook). The considered key performance indicators, do not include entitlement to shares, options or variable components of remuneration.

The total remuneration consists of:

- Fixed component: The fixed component reflects the educational level, experience, accountability and the role of the individual employee, including responsibility and job complexity, performance and local market conditions. The main fixed remuneration element is the employee's salary. Potential fixed remuneration increases are accommodated during an annual salary review and market benchmarking process. MH Group performance market outlooks, takes its data and employee performance into account in fixed remuneration increase proposals.



- Variable component: It is upon the MH Group's discretion to award variable remuneration, primarily based on an assessment of the Group's performance. The variable components of the MH Group's remuneration are given in the form of a profit-sharing bonus. It is noted that a bonus is given not only based on each MH entity's and the employee's performance but also based on the performance of the MH Group as a whole. For the specific case of Relationship Managers, their total compensation is directly linked to revenue generated from asset management fees earned from introduced clients. This compensation is calculated and paid in the form of a quarterly bonus less any direct costs (e.g. fixed salary, travel costs etc.) suffered by the corresponding MH Group entity

The MH Group will further develop its remuneration policy as it will continue to grow and expand its business.

During 2020 the MH Group paid both fixed and variable remuneration. The variable component was in the form of bonus payable in cash only.

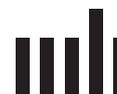
The tables below present the 2020 annual remuneration of Senior Management and other staff whose actions have a material impact on the risk profile of the MH Group.

Aggregate Remuneration by Directors and Senior Management				
Personnel	No. of people	Fixed	Variable	Total
		\$'000	\$'000	\$'000
Directors and Senior Management (inclusive GEB and all Board members entities - MHCH, AIM, MHSG, MHHL, MHEU)	19	5,694	1,440	7,134
Compliance	2	153	31	184
Total	21	5,847	1,471	7,318

Remuneration of key managers by business area:

Business Area	Aggregate Remuneration
	\$'000
Control Functions	3,136
Non-executive Board	4,182
Total	7,318

During 2020, there was no outstanding deferred remuneration and no share options were offered, no new sign-on and severance payments made, no amounts of severance payments awarded to the members of MH Group Board.



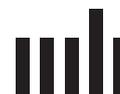
Annex I – Risk Statement

The MH Group Board expresses the Risk Appetite through several key measures which define the level of risk acceptable across three categories:

- Financial: credit, market, foreign exchange and liquidity risks
- Reputational: regulatory and external reputational risk
- Operational & People: the risk associated with the failure of key processes or systems and the risk of not having the right quality and quantity of people to operate those processes and systems.

The following table sets out a number of the key measures used to monitor the MH Group 's risk profile:

Risk Area	Comment
Credit	<p>The MH Group's credit risk mainly resulted from its balances with banks, its receivables and its fixed assets. The MH Group applied the Standardised Approach.</p> <p>Furthermore, the different counterparty types have been examined and the outstanding counterparty risk has been determined in each case/segment.</p> <p>The MH Group aims to diversify Bank Issuer Credit Risk.</p>
Concentration	<p>The MH Group exercises effective management for this type of risk through limit setting (i.e. concentration on the projects related to the same Group of Clients or Clients from the same market, product types etc.) and through booking mandates with new Clients from different geographical locations.</p>
Market	<p>The MH Group's exposure to Market Risk is limited since it does not hold securities in its own accounts. The MH Group does not trade on its own account nor undertakes proprietary trading.</p>
Foreign Exchange	<p>The MH Group's foreign exchange risk is limited to the balance sheet exposure derived from monetary assets and liabilities denominated in currencies other than its reporting currency (the Euro or USD depending on the jurisdiction). The volatility in the EUR/USD, EUR/CHF, EUR/SGD pairs causes certain FX gains/ losses/ fluctuations respectively due to the foreign currency receivables/payables.</p>
Liquidity	<p>The MH Group has determined that it is not exposed to liquidity risk as it does not hold any assets with long maturity. All own funds are placed with banks in current accounts or in very liquid products.</p>
Operational	<p>The MH Group has adopted a number of procedures to ensure that the systemic risk is minimized for the material operational risk events, in order to be able to prioritize and address them effectively. The MH Group uses the expected loss method to measure capital requirements for operational risk.</p>
Legal & compliance	<p>The MH Group faces legal and compliance risks due to its offering of different services (i.e. fund management and investment services). However, the risk is significantly mitigated because the MH Group ensures compliance with different legislative obligations, such as MiFID II, AMLD 4, CDR IV, AIFMD, FATCA/CRS.</p>
Reputational	<p>The MH Group has licensed entities in different locations such as Switzerland and Singapore and with the Management consisting of experienced professionals with decades of practice in Wealth and Asset Management gained with top-tier institutional names, has a positive impact on the MH Group's reputation. Therefore, the MH Group does not face significant reputational risk.</p>



Annex II – Own Funds

Own Funds	31 December 2020
	(€'000)
Common Equity Tier 1 Capital	
Share Capital	12
Share Premium	1,136
Retained Earnings	5,473
Other Reserves (Fair value reserve)	
Losses of current year (unaudited)	
Minority Interest	201
Total Common Equity Tier 1 Capital (CET1) before deductions	6,821*
Deductions from CET1 capital	
Goodwill	
Intangible assets	
Investors Compensation Fund	58
Additional Valuation Adjustment (AVA)	
Total deductions from CET1 capital	58
Total CET1 capital after deductions	6,763
Deductions from CET1 capital	
Total Tier 1 Capital (T1 = CET1+AT1)	6,763
Capital Requirements	
Credit Risk	1,147
Market Foreign Exchange Risk	696
Operational Risk (Additional capital due to fixed overheads approach)	698
Total Pillar 1 Capital requirements	2,541
Capital Adequacy Ratio	21,29%

*Any discrepancies are due to rounding