

Otkritie Capital Cyprus Limited

Registration # HE 165058

Date of Incorporation: 06/09/2005

License Number: 069/06

Issued by the Cyprus Securities and Exchange Commission

STATEMENT OF OTKRITIE CAPITAL CYPRUS LIMITED FOR 2015
In accordance with the Law 144(I)-2007 ("Law") and Directive DI144-14-2014

Paragraph 12 of the Law.

The management of a CIF must be undertaken by at least two persons meeting the requirements laid down.

The persons who effectively direct the business of a CIF shall be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the CIF.

<p>Mr. Nikolay Katorzhnov</p>	<p>Executive Director Chairman of BOD</p>	<p><i>CEO Otkritie Capital - Nikolay Katorzhnov joined Otkritie Group in 2009 to build up the Repo and SLB Division from the ground up. In 2013, he was appointed CEO of Otkritie Capital and Senior Vice-President of Otkritie FC Bank to oversee the integration of Otkritie Capital and the investment banking team of Otkritie FC Bank (formerly, Nomos Bank).</i></p> <p><i>Leading a team of 300 professionals in Moscow, London, Limassol and New York, Nikolay has harmonized Otkritie Capital's investment products and services and strengthened the company's position across different markets. Under his guidance, Otkritie Capital has closely integrated different sales teams to offer clients new opportunities in all asset classes. In 2013, it became one of the most profitable investment companies in Russia with a profit of 3.6 billion roubles. Its net fee and commission income increased by 126%, and equity by 21%, compared to 2012.</i></p> <p><i>Before joining Otkritie, from 2008 until 2009, Nikolay has managed equity portfolios at Leader, Russia's largest asset manager with over \$15bn of client assets. Prior to that, he was a trader at RN-Invest and Head of Repo at SPB Consult. Nikolay graduated from the International Economic Relations Department of the Finance Academy under the Government of the Russian Federation</i></p>
<p>Mr. Alexander Kupriyanov</p>	<p>Executive Director</p>	<p><i>Managing Director Mr. Alexander Kupriyanov graduated from the Institute of Asian and African countries of Moscow State University named after M.V. Lomonosov (Moscow) and the Finance Academy under the Government of the Russian Federation. In 2001-2003 he studied in the Institute of Financial Services (UK). Holds professional qualification certificates of the Ministry of Finance of the Republic of Cyprus allowing him to head brokerage and dealing departments in any Investment Company in Cyprus.</i></p> <p><i>Until 1993 Mr. Kupriyanov was working in the public sector structures of the Soviet Union. In 1993-2003 was working in Banking. He was managing various departments and branches of Sotsinvestbank, Toribank, and Bank of National Development. In 2001 he was appointed a general manager of Agropromstroybank International Banking Unit in Limassol, Cyprus. After 2003 Mr. Kupriyanov was a Managing Director of Cypriot Investment Firms: S.L Capital Services Ltd and Metropol (Cyprus) Ltd.</i></p> <p><i>In November 2010 Mr. Kupriyanov was appointed the Managing Director and member of the Board of Directors of Otkritie Capital Cyprus Ltd, an EU licensed company located in Cyprus being a part</i></p>

		of OTKRITIE Financial Corporation Limited. Mr. Kupriyanov is a member of the Association of Russian Businessmen in Cyprus.
Mr. Constantinos Shiatis	Non-Executive Director	Graduated from the Institute of Bankers (Banking Diploma admitted as Associate of Institute of Bankers). He holds Certified Diploma in Accounting and Finance C.Dip.A.F. He has awards for the achievement of targets in loans, profits, insurance for the years 1995-2002. Mr. Constantinos Shiatis started his career in 1966. Since 1995 till his retirement in 2006 he worked in Bank of Cyprus.
Mrs. Veeny Hadjimilti	Non-Executive Director	has accounting, taxation & auditing education, was a Director in London Forfaiting Cyprus Ltd (subsidiary of London Forfaiting Company PLC - quoted in the London Stock Exchange) and this company was involved in various investment services including syndicating of loans, securitisation of loans, forfaiting of loans invested in financial institutions with portfolio of assets varying in 1999-2000 from 120 to 250 million of GBP.

Number of Directorships as of 31.12.2015

The number of directorships which may be held by a member of the board of directors at the same time must 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 organization and the nature, the scope and the complexity of its activities shall, from 1 July 2014, not hold more than one of the following combinations of directorships at the same time:

- (a) **1 executive** directorship with **2 non-executive** director-ships,
(b) **4 non-executive** directorships.

The following counts as a single directorship:

- (a) **executive or non-executive directorships held within the same group,**
(b) **executive or non-executive directorships held within:**

- (i) CIFs or credit institutions which are members of the same institutional protection scheme provided that the conditions set out in Article 113(7) of Regulation (EU) No 575/2013 are fulfilled; or
(ii) Undertakings (including non-financial entities) in which the CIF holds a qualifying holding.

Mr. Alexander Kupriyanov	Executive Director of OTKRITIE CAPITAL CYPRUS LIMITED	Holds also 1 Position of a Non-Executive Director
Mr. Nikolay Katorzhnov	Executive Director of OTKRITIE CAPITAL CYPRUS LIMITED	Holds also 1 Position of a Non-Executive Director
Mr. Constantinos Shiatis	Non-Executive Director of OTKRITIE CAPITAL CYPRUS LIMITED	0
Mrs. Veeny Hadjimilti	Non-Executive Director of OTKRITIE CAPITAL CYPRUS LIMITED	0

In accordance with paragraph 18 of the Law Otkritie Capital Cyprus Limited ("OCCL"):

- Has established adequate policies and procedures sufficient to ensure its compliance, including its managers, employees, tied agents and other relevant persons, with its obligations pursuant to this Law and the directives issued pursuant to this Law, as well as appropriate rules governing personal transactions by such persons.
- Maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest.
- Takes reasonable steps to ensure continuity and regularity in the performance of investment and ancillary services and activities, by employing appropriate and proportionate systems, resources and procedures.
- Ensures, when relying on a third party for the performance of investment services or activities or operational functions which are critical for the provision of continuous and satisfactory service to clients and the performance of investment activities on a continuous and satisfactory basis, that it takes reasonable steps to avoid undue additional operational risk. Outsourcing of the above must not be undertaken in such a way as to materially impair the quality of its internal control and the ability of the Commission to monitor OCCL's compliance with all its obligations
- Has robust governance arrangements which include a clear organisational structure with well defined, transparent and consistent lines of responsibility
- Has sound administrative and accounting procedures, internal control mechanisms, effective procedures for

assessing the risks OCCL undertakes or may undertake, and effective control mechanisms; including appropriate administrative and accounting procedures and safeguard arrangements for information processing systems

- Has arranged for records to be kept of all services provided and transactions undertaken by OCCL, which shall be sufficient to enable the Commission to monitor compliance with the requirements under this Law, the directives issued pursuant to this Law and the Regulation (EC) No 1287/2006, and in particular to ascertain that OCCL has complied with all its obligations with respect to clients or potential clients
- Applies appropriate client identification procedures, records maintenance and internal reporting as provided by the Prevention and Suppression of Money Laundering Activities Law and by directives issued pursuant to the said Law or/and to section 20 of this Law

Country-by-country Reporting

From 1 January 2015 CIFs are required to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

Name	OTKRITE CAPITAL CYPRUS LIMITED
Nature of activities	INVESTMENT and ANCILLARY SERVICES in accordance with the license
Geographical location	CYPRUS
Turnover	(8 058 535) USD
Number of employees on a full time equivalent basis (members of staff whose actions have a material impact on the risk profile of the institution)	6
Profit or loss before tax	(8 596 467) USD
Tax on profit or loss	236 925 USD
Public subsidies received	0

(2) The information referred to in this subparagraph (1) is audited in accordance with the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and is also published ON the web-site.

Public disclosure of return on assets for 2015

Return on assets, calculated as net profit divided by total balance sheet	-8%
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Remuneration policy.

When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile, OCCL must comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

(a) The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of OCCL;

(b) The remuneration policy is in line with the business strategy, objectives, values and long-term interests of the OCCL, and incorporates measures to avoid conflicts of interest;

(c) The OCCL's board of directors adopts and periodically reviews the general principles of the remuneration policy and is responsible for overseeing its implementation;

(d) The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the board of directors;

(e) Staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

(f) The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;

(g) The remuneration policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:

(i) Basic fixed remuneration, which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment; and

(ii) Variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

OCCL has developed quite clear and straightforward Remuneration Policy (the "Policy") which reflects the objectives of the Company for good corporate governance of the financial compensation of the Company's employees, as well as the sustained and long-term value creation for the Company's shareholders and effective risk management.

The purpose of the Policy is to ensure that:

- The Firm is able to attract, develop and retain high-performing and motivated employees in a competitive, international market;
- Employees are offered a competitive remuneration package;
- Employees feel encouraged to create sustainable results and do not expose the Company to excessive risk.
- Corporate values and culture are supported;
- Leadership, accountability, teamwork and innovation are reinforced;
- The contribution and performance of the businesses, teams and individuals are aligned.

The Policy focuses on ensuring sound and effective risk management through practices and procedures that are consistent with and promote:

- Setting goals and communicating these goals to employees;
- Including both financial and non-financial goals in performance and result assessments;
- Making fixed salaries the main remuneration component.

The following principles have been adopted by the Company in relation to establishing the Policy:

- Simplicity
- Fairness
- Transparency
- Risk tolerance
- Alignment with values and long-term interests.

Otkritie Group has generated and implemented performance review for the employees of the companies of Otkritie Group.

On an annual basis all the employees should complete an assessment form, where they emphasise their achievements.

Every year an employee makes a plan of what they want to achieve in their career, work out the steps they need to get to the goal. All the employees should provide the detailed information with regards to the investment objectives that were set for the year and the actual results.

The employees identify their achievements and successes, areas for improvement, highlight any barriers for improvement. They state the objectives for the next year.

On the basis of the completed assessment, the responsible manager can analyse the employees work during the year, provide the feedback and discuss the strength/weaknesses, objectives, challenges, areas for development,

job satisfaction. The Responsible Manager provides the employee with a score that indicates the satisfaction of the work of the employee during the year.

This score may influence the annual bonus/compensation for the employee.

The performance review allows the company to assess the employees work during the year. It is also essential for OCCL to have informal discussions between the individuals and the line managers on an ongoing basis and to assess any risks that may lead to misconduct or conflict of interest as well as to assess whether the clients' needs are met and the individuals acts in the best interests of the clients and follow the set company' goals.

In determining the performance of relevant persons, OCCL should also take into account the outcome of their activities in terms of compliance with the conduct of business rules and, in general, with the duty to care about the best interests of their clients.

OCCL takes into the account the qualitative components and assesses such skills of the individuals as: ability to develop and motivate others, be the team leader, share the knowledge, perform the technical knowledge, demonstrate the professionalism and competence, be open with colleagues, assist clients properly and always on time respond on any client requests, deliver correct information. These skills are performed by all the employees at all the time; however this could be performed on junior, professional and senior professional levels.

A company annually assesses whether the information management tools it uses adequately capture the qualitative data required to determine the variable remuneration it pays to relevant persons.

- The management body, in its supervisory function, of the Company adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation.
- The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of OCCL;
- The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the board of directors;
- The remuneration policy is in line with the business strategy, objectives, values and long-term interests of OCCL, and incorporates measures to avoid conflicts of interest
- The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee
- Staff engaged in control functions is independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks.
- The total variable remuneration does not limit the ability of the Company to strengthen its capital base.
- Guaranteed variable remuneration is exceptional and occurs only when hiring new staff and is limited to the first year of employment.

Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans

Variable elements of remuneration

For variable elements of remuneration, the following principles shall also apply:

- (a) Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of OCCL and when assessing individual performance, financial and non-financial criteria are taken into account;
- (b) The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process

is based on long-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of OCCL and its business risks;

(c) The total variable remuneration does not limit the ability of OCCL to strengthen its capital base;

(d) Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans;

(e) Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where OCCL has a sound and strong capital base and is limited to the first year of employment;

(f) Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

(g) OCCL must set the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles shall apply:

(i) The variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual.

(ii) Shareholders of OCCL may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200 % of the fixed component of the total remuneration for each individual. Any approval of a higher ratio in accordance with point (g) (ii) must be carried out in accordance with the following procedure:

– The shareholders must act upon a detailed recommendation by OCCL giving the reasons for, and the scope of, an approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;

– Shareholders must act by a majority of at least 66 % provided that at least 50 % of the shares or equivalent ownership rights are represented or, failing that, must act by a majority of 75 % of the ownership rights represented;

– OCCL must notify all shareholders of the CIF, providing a reasonable notice period in advance, that an approval under the first subparagraph of this point will be sought;

– OCCL must, without delay, inform the Commission of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and must be able to demonstrate to the Commission that the proposed higher ratio does not conflict with the CIF's obligations under this Directive and under Regulation (EU) No 575/2013, having regard in particular to the CIF's own funds obligations;

– OCCL must, without delay, inform the Commission of the decisions taken by its shareholders, including any approved higher maximum ratio pursuant to point (g)(ii), and the Commission must use the information received to benchmark the practices of CIFs in that regard. The Commission shall provide EBA with that information and EBA shall publish it on an aggregate home Member State basis in a common reporting format;

– Staff who are directly concerned by the higher maximum levels of variable remuneration referred to in point (g)(ii) of this paragraph must not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders;

(iii) OCCL may apply the discount rate to a maximum of 25 % of total variable remuneration provided it is paid in instruments that are deferred for a period of not less than five years.

(h) Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;

(i) Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of OCCL including retention, deferral, performance and clawback arrangements;

(j) The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;

(k) The allocation of the variable remuneration components within OCCL must also take into account all types of current and future risks;

(l) Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

(q) Variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with the Directive DI-144-14-2014 or Regulation (EU) No 575/2013.

Remuneration package that reflects the business or support unit, the employee's corporate rank within the Firm and professional activity as well as market practice.

The six main remuneration components are:

- Fixed remuneration (the salary) determined on the basis of the role of the individual employee, including responsibility and job complexity, performance and local market conditions.
- Performance-based variable remuneration (the bonus). All bonuses are discretionary, i.e. there is the possibility that no bonus will be awarded. Bonuses are awarded in a manner that promotes sound risk management and does not induce excessive risk-taking.
- Pension scheme (not applied yet)
- Other benefits which may be changed or withdrawn or added to at the discretion of the Board. As of the 31 December 2015 these benefits include medical insurance only.
- Severance payment is awarded on the basis of individual employment contract and local market practice
- Special remuneration arrangements including sign-on, redundancy or termination payments not set out in the employment contracts must be approved by the Board.

Remuneration Committee

As Otkritie Capital Cyprus Limited ("OCCL") is a significant CIFs (significant in terms of their size, internal organisation and the nature, the scope and the complexity of their activities), OCCL has set up a Remuneration Committee, comprised of two Non-Executive Directors.

The Remuneration Committee is constituted in such a way as to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity.

The Remuneration Committee is responsible for the preparation of decisions regarding fixed and variable remuneration, including those which have implications for the risk and risk management of OCCL concerned and which are subject to the approval by the Board of Directors.

The Chair and the members of the remuneration committee must be members of the board of directors who do not perform any executive function in the CIF concerned.

When preparing such decisions, the Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the CIF and the public interest.