

Hogg Capital Investments Limited

Disclosure of information in accordance with Standard License Conditions

For the Year Ended 31 December 2023

The Investment Services Rules Part BI (Rules Applicable to Investment Services Licence Holders which qualify as MiFID Firms), Part 3, Section 7 (Disclosure by Investment firms), R3-2.7.2 requires the licence holder to publicly disclose on an annual basis information on its risk management objectives and policies, governance, its own funds and own funds requirements, and its remuneration policy and practices in accordance with the Investment Services Rules and Regulation (EU) 2019/2033 (“IFR”).

(i) Risk management objectives and policies

The directors consider the likelihood of the Company being exposed to events which could significantly impact its assets as limited given the nature and execution of its business activities and in relation to its capital base. In the opinion of the directors, and given the risk management procedures which are in place, the Company is not exposed to a significant level of risk.

In terms of the IFR, the Company is required to disclose information about the following risks:

- a) Risks relating to capital requirements, including own funds requirements, fixed overhead requirements, minimum capital requirements, risk-to-client factors, risk-to-market factors and risk to-firm factors - this risk is managed and monitored by means of policies and procedures aimed at ensuring that the Company is within its regulatory capital requirements at all times;
- b) Concentration risk - the risk arising from high exposures to a single counterparty or a group of connected counterparties. The Company’s exposures to institutions represent its counterparty risks with regulated financial institutions. The financial health of the respective institutions is considered as very strong and is monitored on a regular basis. The risk of loss from this category is considered to be low; and
- c) Liquidity risk - this risk is managed by maintaining sufficient liquid assets within the Company at all times, and the periodic review of the Company’s liquidity position.

The Company has in place ongoing compliance and risk management procedures to monitor and where necessary to quantify the impact of its identifiable risks. The Company’s Risk Management and Internal Capital Adequacy Assessment Processes (RMICAAP) register is reviewed by the Company’s Executive Committee under advice by the Risk Manager on a regular basis and is considered to be representative of the nature, scale and complexity of its business operations and activities.

Risk management objectives and general conduct of business

The Company’s risk exposures are reflective of its business practices as conducted on a day-to-day basis. The Company will avoid unnecessary risks in its ordinary course of business.

The Company and its management undertake their professional responsibilities in a prudent and diligent manner, thereby minimising the possibilities of the Company being exposed to any other, and/or unavoidable risks, and as referred to above. Such risks are minimised through the risk management and operational procedures in place, including through the Company’s internal control systems and procedures.

The Company is additionally compliant with applicable regulations and guidelines as are issued by the constituted regulatory bodies within Malta, the European Union and wherever applicable from other overseas jurisdictions.

The Company maintains a sufficient financial capital buffer as a part of its risk management objectives.

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(i) Risk management objectives and policies (continued)

Risk management objectives and general conduct of business (continued)

The Company's conduct of business and hence its professional reputation is key to this entire process and is encapsulated within its operations' manual and which is followed by the board of directors and by its members of staff.

(ii) Governance

The Board is presently composed of three Executive Directors, and two Non-Executive Directors. The members of the Board collectively represent a high level of professional experience within financial services and specifically within direct securities and other financial instruments including derivatives, as well as the legal and regulatory framework within which the Company operates. The Board is not aware of any matters relating to any of its members which would represent a conflict of interest that would materially interfere with the exercise of their independent judgment.

(iii) Own funds

The Company is required to disclose the following information regarding its own funds, in accordance with the IFR:

(a) a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the investment firm and the balance sheet in the audited financial statements of the investment firm;

As at 31 December 2023, the Company's own funds amounted to €1,261,260 (2022: €1,188,565) and consisted of ordinary share capital of €326,112 (2022: €326,112), share premium of €339,047 (2022: €339,047), other reserves of €263,298 (2022: €263,298), intangible assets of €4,760 (2022: €5,172) and retained earnings of €337,563 (2022: €265,279). The reconciliation of own funds is being presented in the following prescribed regulatory templates:

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

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	1,261,260	
2	TIER 1 CAPITAL	1,261,260	
3	COMMON EQUITY TIER 1 CAPITAL	1,261,260	
4	Fully paid up capital instruments	326,112	Note 14.1
5	Share premium	339,047	Note 14.2
6	Retained earnings	337,563	
8	Other reserves	263,298	Note 14.4
19	(-) Other intangible assets	(4,760)	Note 11
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

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(iii) Own funds (continued)

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

		(a) and (b)	(c)
		Balance sheet (a) as in audited financial statements (b) under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end (EUR)	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Non-current assets	93,577	
2	Current assets	1,617,362	
3	Total Assets	1,710,939	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Non-current liabilities	-	
2	Current liabilities	296,568	
3	Total Liabilities	296,568	
Shareholders' Equity			
1	Share capital	469,524	4
2	Share premium	339,047	5
3	Investor compensation scheme reserve	4,939	
4	Preference dividend reserve	130,519	8
5	Capital contribution	132,779	8
6	Retained earnings	337,563	6
7	Total Shareholders' equity	1,414,371	

(b) a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm;

The following table describes the terms and conditions of the called up ordinary share capital and preference share capital as at 31 December 2023 and 2022.

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(iii) Own funds (continued)

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

		Ordinary share capital	Preference share capital
1	Issuer	Hogg Capital Investments Limited	Hogg Capital Investments Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Public or private placement	Private	Private
4	Governing law(s) of the instrument	Maltese law	Maltese law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Preference shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	€326,112	€143,412
7	Nominal amount of instrument	160,000	61,567
8	Issue price	€0.582343	€2.329373
7	Nominal amount of instrument	100,000	N/A
8	Issue price	€2.329373	N/A
9	Redemption price	N/A	N/A
10	Accounting classification	Share equity	Share equity
11	Original date of issuance	17 August 1995	17 August 1995
12	Perpetual or dated	N/A	Dated
13	Original maturity date	N/A	31-Dec-19
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable		
	<i>Coupons / dividends</i>	No distributions	Retained in reserve
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	7%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
22	Existence of step up or other incentive to redeem	No	No
23	Noncumulative or cumulative	Noncumulative	Noncumulative
24	Convertible or non-convertible	Non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A	N/A
26	If convertible, fully or partially	N/A	N/A
27	If convertible, conversion rate	N/A	N/A

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(iii) Own funds (continued)

28	If convertible, mandatory or optional conversion	N/A	N/A
29	If convertible, specify instrument type convertible into	N/A	N/A
30	If convertible, specify issuer of instrument it converts into	N/A	N/A
31	Write-down features	No	No
32	If write-down, write-down trigger(s)	N/A	N/A
33	If write-down, full or partial	N/A	N/A
34	If write-down, permanent or temporary	N/A	N/A
35	If temporary write-down, description of write-up mechanism	N/A	N/A
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

(c) a description of all restrictions applied to the calculation of own funds in accordance with the IFR and the instruments and deductions to which those restrictions apply.

No restrictions were applied to the calculation of the Company's own funds as at 31 December 2023 and 2022.

(iv) Own funds requirements

The Company assesses the adequacy of its internal capital to support current and future activities on an ongoing basis by means of periodic management reports and regulatory updates being considered and discussed by the Board.

As at 31 December 2023, the Company's K-Factor requirement, calculated in accordance with Article 15 of the IFR, amounted to €79,436 (2022: €106,515), and the Company's fixed overheads requirement, determined in accordance with Article 13 of the IFR, amounted to €401,766 (2022: €351,167). As at 31 December 2023 the Company's capital resources requirement amounted to €750,000 (2022: €750,000).

(v) Remuneration policy and practices

The Company is required to disclose the remuneration policy for those staff whose professional activities have a material impact upon its risk profile.

- The Company adopts a gender-neutral employment and remuneration policy.
- The Company engages its senior management and staff on the basis of indefinite contracts of employment, following a period of probation.
- Senior management staff are eligible for annual salary increases, which will reflect the Company's business performance as well as their individual performance.
- Annual bonuses are paid to senior management staff members according to individual overall performance during the previous financial year.
- Share options, share incentive schemes and profit sharing do not feature in the Company's Remuneration Policy.
- Total emoluments, exclusively reflective of fixed remuneration paid to senior management during the period under review amounted to EUR 319,776.