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Independent Auditors' report to the Cyprus Securities and Exchange Commission in respect of Trilt Ltd for the period pursuant to paragraph 32(1) of Section 4, Chapter 1 of Part II of the Directive DI144-2014-14 of the Cyprus Securities and Exchange Commission for the Capital Requirements of Investment Firms.

We report in relation to the fair presentation of the disclosures of **Trilt Ltd** (the "Company") for the period, required by paragraph 32(1) of Section 4, Chapter 1 of Part II (the "Disclosures") of the Directive DI144-2014-14 of the Cyprus Securities and Exchange Commission for the Capital Requirements of Investment Firms (the "Directive"). The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialed for identification purposes.

Respective responsibilities

The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with the Directive. Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the Directive.

Scope of work performed

We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we plan and perform our work to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Disclosures are not fairly presented, in all material respects, in accordance with the requirements of the Directive. Our procedures included verifying, on a sample basis, the compliance of the Disclosures with the requirements of paragraph 32(1) of Section 4, Chapter 1 of Part II of the Directive, as well as obtaining evidence supporting certain of the amounts and notifications included in the Disclosures. Our procedures also included an assessment of any significant estimates made by the Company's Board of Directors in the preparation of the Disclosures. We believe that our procedures provide a reasonable basis for our conclusion.

The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you

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Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended on 31 December 2020 are not fairly presented, in all material respects, in accordance with the requirements of the Directive.

Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Disclosures required pursuant to paragraph 32(1) of Chapter 1 of Part II of the Directive and does not extend to any financial statements or other financial information of the Company.

G.A.C. AUDITORS LTD

Michalis Lambrianides
Certified Public Accountant and Registered Auditor
for and Behalf of
GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

Larnaca, 13 May 2021

TRILT Limited

CySEC licensed Number 254/14

PILLAR III DISCLOSURES BASEL III

YEAR ENDED 31 DECEMBER 2020

ACCORDING TO ARTICLE 431 OF REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 26 JUNE 2013 ON PRUDENTIAL REQUIREMENTS FOR CREDIT INSTITUTIONS AND INVESTMENT FIRMS AND AMENDING REGULATION (EU) NO 648/2012

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1 Overview

1.1 Background

This report has been prepared in accordance with Section 4 (Paragraph 32) of the Cyprus Securities and Exchange Commission (hereinafter the "CySEC") Directive DI144-2014-14 of 2014 (the 'Directive") for the prudential supervision of investment firms which implements the Regulation (EU) 575/2013 (the "Regulation") and the European Directive 2013/36/EU (the "European Directive").

The Regulation framework consists of a three "'Pillar" approach:

- **Pillar I** establish the minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating RWA.
- **Pillar II** requires firms and supervisors to take a view on whether a firm should hold additional capital against risks considered under Pillar I that are not fully captured by the Pillar I process (e.g. credit concentration risk); those risks not taken into account by the Pillar I process (e.g. interest rate risk in the banking book, business and strategic risk); and factors external to the firm (e.g. business cycle effects). 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.
- **Pillar III** - 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 original own funds. In addition, the results and conclusions of ICAAP are disclosed as applicable.

According to the Directive, the risk management disclosures should be included in either the financial statements of the investment firms if these are published, or on their websites. The Pillar III disclosure requirements are contained in Articles 431 to 455 of the Regulation. 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. The Company has included its risk management disclosures as per the Directive on its website as it does not publish its financial statements. Verification of these disclosures will be made by the external auditors and submitted to CySEC.

1.2. Disclosure Policy: Basis and Frequency of Disclosure / Location and verification

The following sets out TRILT Ltd Disclosure Policy as applied to Basel III Pillar III Disclosures.

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1.2.1. Information to be disclosed

TRILT Ltd (the "Company") policy is to meet all required Pillar III disclosure requirements as detailed in the Regulation.

1.2.2. Frequency

The Company's policy is to publish the disclosures required on an annual basis *(Article 433,* Frequency of disclosure of the Regulation). The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

1.2.3. Medium and location of publication

According to Article 434, Means of disclosures, of the Regulation, Institutions may determine the appropriate medium, location and means of verification to comply effectively with the disclosure requirements. In this respect, the Company's Pillar III disclosures are published on the Company's website: www.trilt.com

1.2.4. Verification

The Company's Pillar III disclosures have been reviewed and approved by the Board. The verified version of this report shall be submitted to CySEC accordingly. At the same time the verified by the external auditor's final report shall be published on the Company's website (www.trilt.com).

1.3. Scope of application

The Company is a limited liability company based in Cyprus and is currently authorized by the Cyprus Securities and Exchange Commission (CySEC) under license number 254/14 to offer the following Investment and Ancillary services:

Investment Services and Activities:

(a) Reception and transmission of orders in relation to one or more financial instruments

(b) Execution of Orders on Behalf of Clients.

Ancillary Services:

(a) Safekeeping and administration of Financial Instruments for the account of clients, including custodianship and related services;

(b) Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction; and

(c) Foreign exchange services where these are connected to the provision of investment services.

The Company received its activation license in October 6, 2015.

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The company following the board of director's decision has changed its strategy regarding the products offered to clients. This it was also communicated to CySEC in writing.

2 Governance-Board and Committees –Organizational Structure

This report including the corporate governance, risk assessment and management procedures should be read in conjunction with the preceding paragraph relating to the general manager's departure from the company.

2.1 The Board of Directors

The Board of Directors (BoD) as per the Internal Procedures Manual of TRILT Ltd consists of at least:

i. two executive directors (the "executives")

ii. two independent non-executive directors (the "non-executives")

The majority of the BoD are residents of Cyprus.

The Senior Management of the Company is identified to be:

i. the executives

ii. the general manager (the "manager")

As per the Company's Internal Procedures Manual, the following are the Directors of the Company:

Mr. Constantinos Toumasis (General Manager/ Executive Director)

Mr. Ioannis Christodoulou (Executive Director)

Mr. Spyrou Spyridon (Non-Executive Director)

Mr. Theodoros Louca (Non-Executive Director)

No changes have been made to the board of Directors members in 2020. The company had taken appropriate action and obtains commission's prior approval due to the changes of executive and non-executive responsibilities.

2.2 Board of Directors duties

The BoD constitutes the ultimate administrative part of the company and is responsible for overseeing all operations.

More concretely, the BoD approves:

1. The objectives of the company
2. The general policy of the company
3. The strategic direction of the company

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4. The annual budget
5. The company's financial statements
6. The manual and other procedures to be followed in the course of the company's business
7. The internal audit report/AML Report/Risk Report/Compliance Report.
8. The company's auditors
9. The company's Disaster Recovery Plan
10. The ICCAP

Furthermore, the BoD:

- Is ultimately responsible for the compliance of the company to the applicable legislation.
- Ensures that the company operates according to all applicable to it legislation, its memorandum and articles of association, and as per the requirements of the local regulatory authorities in jurisdictions in which it provides services.
- Monitors the operations of the company to make sure that strategic objectives of the company are met.
- Is responsible for establishing and amending where necessary the internal procedures.
- It ensures that the company has the sufficient human and technical resources required for the performance of its duties.
- Is responsible for reviewing all the reports from the internal auditor and the compliance officer and takes necessary actions and corrective measures where appropriate.
- Decides on new products and services that the company might offer based on the changing environment of the financial markets.
- Appoints senior management
- Appoints the compliance officer
- Appoints internal auditors
- Meets on a quarterly basis unless in cases where an extraordinary meeting might be required.
- Decides on the procedures that the company follows for recruiting and evaluating the performance of the company's employees.
- Receives reports, at least annually, on the risk management, compliance function and internal audit mechanisms of the company

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- Regularly reviews the company's risk management policies and procedures
- Carries and fulfils any such other responsibilities and obligations as may be required by applicable legislation and regulations.

2.3 The frequency of BoD meetings

The BoD meets at least once in a quarter. Quorum must be achieved before meetings can be considered open. Quorum is two (2) directors present either physically or through telephone conference calls. The minutes of the meetings of the BoD during which the reports regarding compliance, internal audit and risk management issues have been discussed are submitted to CySEC.

The minutes of the meetings of the BoD are submitted to CySEC when and if required, within twenty (20) days from the date of the relevant meeting, or as required by the relevant provisions of the legislation attached to the written reports regarding compliance, internal audit and risk management issues.

2.4 Recruitment Policy

Recruitment of the Board members combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework.

Board suggestions for recruitment are subject to the approval of the CEO, the Chairman and the independent non-executive directors as well as the Company shareholder, and upon the Regulatory approval. Review is performed to establish the specific experience and skills needed to ensure the optimum blend of individual and aggregate capability having regard to the Company's long-term strategic plan.

2.5 Diversity Policy

The Company is committed to promote a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy and developing talent at every level in the organization. The Risk Manager and Risk Management Committee are responsible for ensuring there is an appropriate balance of skills and experience across the Board.

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2.6 Number of Directorships held by members of the Board

Based on Directive, Section 4, Paragraph 32 *(Article 435(2)(a)* of Regulation) the C1F discloses the number of directorships held by members of the management body, as follows:

BD Member	Executive Directorships	Non-Executive Directorships
Mr. Constantinos Toumasis (Executive Director/ General Manager Trilt Limited)	1	1
Mr. Spyrou Spyridon (Non-Executive Director)	0	1
Mr. Ioannis Christodoulou (Executive Director Trilt Limited)	1	1
Mr. Theodoros Louca (Non-Executive Director)	1	4

2.7 Governance Committees

In order to support effective governance and management of the wide range of responsibilities the Board as per the Company's Internal Procedures Manual has established the following Sub-Committee:

I. Risk Management Committee

As per the Board of Directors decision received during the year 2018 and based on the size and complexity the company has decided to cancel the Risk Management Committee. No changes have made throughout the year 2020.

II. Executives &/or Four Eyes, and the Company

The Executives or "Four Eyes" members are effectively directing the business of the company and are jointly responsible for it. They report directly to the BoD.
1. The General Manager (Mr. Constantinos Toumasis)

2. The Executive Director (Mr. Ioannis Christodoulou)

More specifically their responsibilities are:

- To take responsibility for the general management of the company's operations in accordance with business objectives laid down by the company's BoD.
- To take appropriate measures to replace any employee in his absence on grounds of illness, annual leave etc.
- To ensure that the business is conducted in good faith, and in accordance with good business practices, business conduct rules and prudential rules as set forth in applicable legislation and in the regulations of CySEC as these may be amended from time to time.
- To promote the business of the company with existing and prospective clients.
- To maintain relationships with regulatory/supervisory authorities.

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- To fulfil such other duties and responsibilities as may be assigned to them from time to time by the BoD.
- To supervise all staff of the company.
- To ensure that all staff of the company comply with company policies, procedures and applicable regulation, and the business conduct code for a CIF.
- To scrutinize, and decide on various issues associated with the operation of the Company with the view to increase the awareness of, formulate internal policies and measure the performance of the said policies

Procedures and controls of the "four eyes":

a) To evaluate, as required, from time to time any market-driven shifts in the Company's organizational structure, depending on the work-load and feedback from each individual department

b) To review regularly the internal procedures in place and formulate the necessary changes to reflect the requirements of the law and the general financial services environment.

c) To ensure that the Company has clear policy in respect of the assumption, follow up and management of its employees duly notified to all organizational units of the Company. Specifically, such policy shall ensure that all parties involved in the provision of investment services are aware of the particular features of each investment service, financial instrument, and risk inherent in the provision of the services in respect thereof

d) To consider, to the extent possible, and on an ongoing basis, the external factors affecting costs, the price at which competitors offer the same services, and the cost-benefit ratio for each service, and verify that such information is utilized by the Management in formulating the Company's strategy

e) With respect to liquidity risk and market risk, review the policies of the Risk Management Department on a regular basis

f) Prior to expanding its operations to any new financial instruments or investment service, the Four Eyes shall see to that the Company shall incorporate such expansion necessary into its strategic development plan, locate and accurately assess the inherent risks, implement relevant procedures, and resolve the legal issues associate with the execution of the relevant transactions as well as the issues relating to their logistic monitoring

g) Constant tracking and scrutiny of important abrupt changes in the Company's financial figures, procedures or personnel, as well as the regular control of the volume and causes underlying deviations between projections and corporate end-results, as submitted to the Board, so as to enable the assessment of the performance of each of the Company's separate organizational units by reference to the set targets

h) To approve the different counterparties

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i) To approve policy description concerning information systems and monitor the information systems in place

j) To appoint the responsible users for the provision of access rights to the various databases

k) To examine the offers obtained from different suppliers for the purchase of equipment and software, before any budgeted expenditure is executed

2.8 The Risk Management function.

The Risk Management function operates independently and monitors the adequacy and effectiveness of policies and procedures, the level of compliance to those policies and procedures, in order to identify deficiencies and rectify.

The Company as indicated in its organizational chart has outsourced its Risk Management function to competent professionals with long experience in this area.

The Risk Management function/department (RM dept.) mainly implements and maintains suitable risk management policies, approved by the Board of Directors, to identify and manage risks relating to the company's activities, processes, and systems. In its role, the department primarily sets appropriate tolerance levels for identified risks and ensures compliance to these by means of adequate and effective policies and procedures.

The appointed Risk Manager (RM) participates in the Board of Directors meetings without voting rights, the RM reports on the risk factors affecting the company.

2.9 Risk Management Policies and Procedures

The Company's risk management framework aims to establish, implement and maintain adequate policies and procedures designed to manage any type of risks relating to the Company's activities. The current risk management framework sets the process applied in the activities of the Company, designed to identify potential events that may affect its business, to manage risks to be within its risk appetite, and to provide reasonable assurance regarding the achievement of its mission and its objectives.

Within the Company's risk management framework there are structures that provide for the validation role of risk management, compliance and internal audit functions. Even though these are distinct functions in the Company's structure and they perform very specific duties in the overall risk management framework, there is a considerable degree of overlap and intersect present.

The Accounting Department, the Operations Department, and the Internal Audit, Risk Management and Legal and Compliance functions work in concert taking into account the nature, scale and complexity of the business of the Company, and the nature and range of investment services and activities undertaken in the course of this business. The integrated objective of these distinct functions is to enhance the accuracy and overall effectiveness of the Company's risk management and monitoring structure.

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2.10 Processes in Place

Within the overall risk management framework, the Company aligns the risk management strategies with its business strategies, processes and capabilities. In its organizational structure, the Company delineates specific tasks and reporting relationships as well as designate clear risk owners as these are defined by the nature of the business / operation and the risks inherent in this business / operation (i.e. specialization and risk ownership as per type of risk). The Company then specifies permissible and desirable actions. The action plans are formulated and formalized in the Operations Manuals of the Departments or in the Terms of Operations of every function (or activity), while responsibilities and risk ownership is delineated in the Job Description of each employee (i.e. the authorized persons to carry out particular tasks).

The specific policies and strategies aiming at managing each specific risk are determined by the Company's Board of Directors which has the oversight role. There are other bodies with authority within the Company which co-ordinate decision-making and provide oversight according to the relevant risk management function such as the Risk Management Committee. These authorized bodies may develop Company-wide and specific risk policies, assign owners of significant risks, and evaluate the effectiveness of the policies in place for managing specific risks. They may also evaluate measurement methodologies and establish capital allocation frameworks according to the nature of relevant risks. All specific policies and strategies in place are defined in various forms or means (either through written means, manuals, set of rules, standard actions or code of conducts).

2.11 The Structure and Organization of the Relevant Risk Management Functions

The Accounting Department is responsible for the day-to-day recording of all financial information, control of all receipts and payments, internal management reporting and external financial reporting. The Accounting department is also responsible for the management accounts which are feeding into the Capital Adequacy requirements monitoring.

The Internal Auditor is responsible for conducting independent appraisals of the Company's activities, functions and operations to ensure that an adequate framework of internal controls has been established and is operating effectively. The Compliance Officer has the responsibility for ensuring that structures and procedures are in place to ensure compliance with laws and regulations, which relate to minimizing the risk of complying by the setup of internal policies and procedures as well as fostering standards of behaviour to protect and enhance the compliance of the Company towards the Investment Law and relevant directives.

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The Risk Manager:

1. Ensures that clients do not exceed the maximum deal size, where an order causing exceeding this limit is blocked by the software system, as defined by the Company from time to time.
2. In addition, single client size restriction eliminates concentration risk evolving from a single client.
3. Ensure that the foreign exchange positions are executed instantly by and off-set with the relevant counterparties on a constant basis.
4. If any manual order cycle is carried out by the BO department, this is concluded in a very short interval in order to eliminate any risk of foreign exchange market risk.
5. Ensures that the Company collects margin from its customers prior and in connection with each foreign currency transaction entered into.
6. For any counterparty (new or existing) for which the company is exposed to credit risk (i.e. risk of loss from the failure or inability of the counterparty to fulfil its contractual obligations) the RM department, at least on a semi-annual basis, prepares a suggestion to the Board of Directors suggesting acceptable counterparties and exposure limits per counterparty. The basis of recommendations is the independent review of each counterparty by the RM department with particular weight on the creditworthiness and reputation. Particularly, for the selection of a new counterparty, considers, as minimum criteria for all cases, the creditworthiness, regulatory status, reputation and capabilities of each counterparty, and all corresponding provisions of the applicable legislation. Such counterparties are preferably/typically EU based banks and EU regulated financial institutions. Adherence to such limits is monitored on a daily basis.
7. After approval by the Board of Directors of market risk and credit risk limits, the RM is responsible for distribution of the updated risk limits to the BO dept.
8. Verifies that the company has sufficient redundancy in systems and personnel or can adequately replace in a timely manner such assets so that the company can continue to operate without interruption.
9. Ensures that the company has in place a functional disaster recovery plan (DRP) that is tested at least on a yearly basis and all employees have sufficient knowledge of all procedures that are required to (a) make the disaster recovery site operational and (b) operate in disaster recovery conditions.
10. Independently assesses the company's procedures and report to the Board of Directors on any risks that the company can face from:
    a. Non-compliance to current or future changes in the legal environment.
    b. Conflicts of interest that can lead to unfair customer treatment.
    c. Inadequate controls over fraudulent behaviour from employees.
11. Monitors client transactions on daily basis to identify preferential trading treatment by the Dealing Room (DR Dept).

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12. Ensures that the Company's capital adequacy requirement is above the minimum ratio of 8% at all times, plus the buffer ratio, of 2.5%.
13. Gathers information on market exposure due to ongoing client transactions on the platform.
14. Monitors any other related investment risks undertaken by each client on an individual basis.
15. Evaluates client financial transfers and cases where the company grants credit or loans to clients.
16. Monitors communications between the company and its clients to verify the absence of any false information representations.
17. Prepares at least annually the Risk Assessment Report which identifies and assesses all possible risks the company is or may be incurring
18. Prepares, on a frequent basis and at least annually, a report to the Board of Directors and senior management indicating in particular whether the appropriate remedial measures have been taken in the event of any previously identified deficiencies.

2.12 Risk Reporting and Measurement Systems

Communication of information at all relevant levels of the Company is defined by the organizational structure which clearly specifies reporting lines and allocates functions and responsibilities; the Company maintains internal reporting at various risk types, frequency, and depth of reports. The internal reporting is intended to provide the BoD (or other relevant body) with knowledge about specific risks, including the level of exposures versus limits, "what-if" scenarios, trends in risk drivers, risk diversification and concentration, limits violation and other information set in the policies of the Company.

The Internal Auditor reports directly to the Board of Directors of the company, thus maintaining its independence. The risk management department reports primarily to the BoD and other relevant supervisory bodies of the Company, for the enforcement of the relevant risk management policies and guidelines. The Compliance function reports directly to the General Manager and thereafter to the BoD. Some reporting may be ad-hoc as this may relate to risk controls performed on randomly selected intervals (to monitor various policies in place).

2.13 Internal Audit Function

The internal audit function aim is to ensure compliance of the different units of the company with the manual and its procedures in place and relevant company decisions taken. The company is outsourcing the Internal Audit Function. The internal auditor that the company contracts disposes of adequate knowledge in respect of the capital market and financial issues as well as in connection to the institutional framework governing the company's operation, and the requisite experience.

Internal auditor is allowed full access to the software and to all manners of documents, files and data of the company and will receive all necessary assistance by the employees and members of staff in the course of the exercise of their duties. The conclusions of the regular or extraordinary

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audits are reduced to writing and submitted in the form of a report to the BoD alongside with possible suggestions in respect of any further action to be taken by the company.

The main duties of the Internal Audit function are outlined below:

- The verification that all employees have a good working knowledge of the operational guidelines of the company.
- That the procedures (Chinese Walls) that are designed to restrict information flow between departments are in place and operational.
- That all employees have all required professional certifications as required by their position.
- Liaise with the compliance officer whether conflicts of interest have been identified and resolved.
- That all agreements signed by the company with external counterparties are valid.
- That every new employee with managerial role, heading a department or otherwise critical role as per applicable regulation has been interviewed by the company and accepted by CySEC before the beginning of their contractual employment.

2.14 Compliance Function

The Compliance function is in-house by Constantinos Toumasis and Ms. Agathi Nicolaou compliance support service. Both persons are based in Cyprus, Cypriot citizen and resident.

Considering the current nature, scale and complexity of the business of the Company, and the nature and range of investment services and activities undertaken in the course of the business, no additional staff is deemed necessary.

That the compliance department operates independently and has unhindered access to all information that is necessary to fulfil his/her duties.

1. That the recommendations of the compliance officer are dealt with by the senior management of the company in a satisfactory manner.
2. That any areas located by the compliance officer as deviating from the standard procedures and operational principles are addressed.

2.15 Anti-Money Laundering/KYC

The Anti-Money Laundering function of the Company is in-house by Constantinos Toumasis and Mr. George Ioannides AML support service of J.G. Meerkat City Ltd. Both persons are based in Cyprus, Cypriot citizen and resident.

Considering the current nature, scale and complexity of the business of the Company, and the nature and range of investment services and activities undertaken in the course of the business, no additional staff is deemed necessary.

The responsible Board of Directors member for AML is Mr. Ioannis Christodoulou.

Hierarchy and reporting lines

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According to the Company's organizational structure as at the end of the review period (refer in section 2.16 of this report), the MLCO reports directly to the Company's Board of Directors.

Duties of the MLCO

The MLCO is responsible, inter alia, for the following:

a) Design the internal practice, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing;

b) Prepare a Manual regarding money laundering and terrorist financing;

c) Monitor and assess the correct and effective implementation of the policy, the practices, measures, procedures and controls of point (a) and in general the implementation of the Manual of point (b). In this regard, apply appropriate monitoring mechanisms which will provide him all the necessary information for assessing the level of compliance with the procedures and controls set out in the said manual. In the event that he identifies shortcomings and/or weaknesses in the application of the required practices, measures, procedures and controls, give appropriate guidance for corrective measures;

d) Receive information from the Company's employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or might be related with such activities;

e) Evaluate and examine the information received as per point (d), by reference to other relevant information and discuss the circumstances of the case with the informer and, where appropriate, with the informer's superiors;

f) If following the evaluation described in point (e) the MLCO decides to notify MOKAS, then he does so electronically through the web application goAML at https://reports.mokas.law.gov.cy/live;

g) After the submission of the report to MOKAS as per point (f), the accounts involved and any other connected accounts, are closely monitored by the MLCO and following any directions from MOKAS, thoroughly investigates and examines all the transactions of the accounts;

h) If following the evaluation described in point (e) the MLCO decides not to notify MOKAS, then he fully explains the reasons for such a decision on the "Internal Evaluation Report";

i) Act as the first point of contact with MOKAS, upon commencement and during an investigation as a result of filing a report to MOKAS according to point (f);

j) Respond to all requests and queries from MOKAS and the Central Bank of Cyprus and provide them with all requested information;

k) Acquire the required knowledge and skills for the improvement of the appropriate procedures for recognising, preventing and obstructing any transactions and activities that are suspected to be associated with money laundering or terrorist financing;

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l) Evaluate the systems and procedures applied by a third person on whom the Company relies for customer identification and due diligence purposes, and approve the cooperation;

m) Provide advice and guidance to the employees of the Company on subjects related to money laundering and terrorist financing;

n) Prepare and apply an annual staff training program;

o) Assess the adequacy of the education and training provided;

p) Prepare and submit timely to the Commission the Monthly Prevention Statement regarding the Prevention of Money Laundering and Terrorist Financing;

q) Prepare the Annual Report on the Prevention of Money Laundering and Terrorist Financing; and

r) Maintain a registry of Internal Suspicion Reports, Internal Evaluation Reports, and Money Laundering Compliance Officer's Report to the Unit of Combating Money Laundering and Evaluation Reports.

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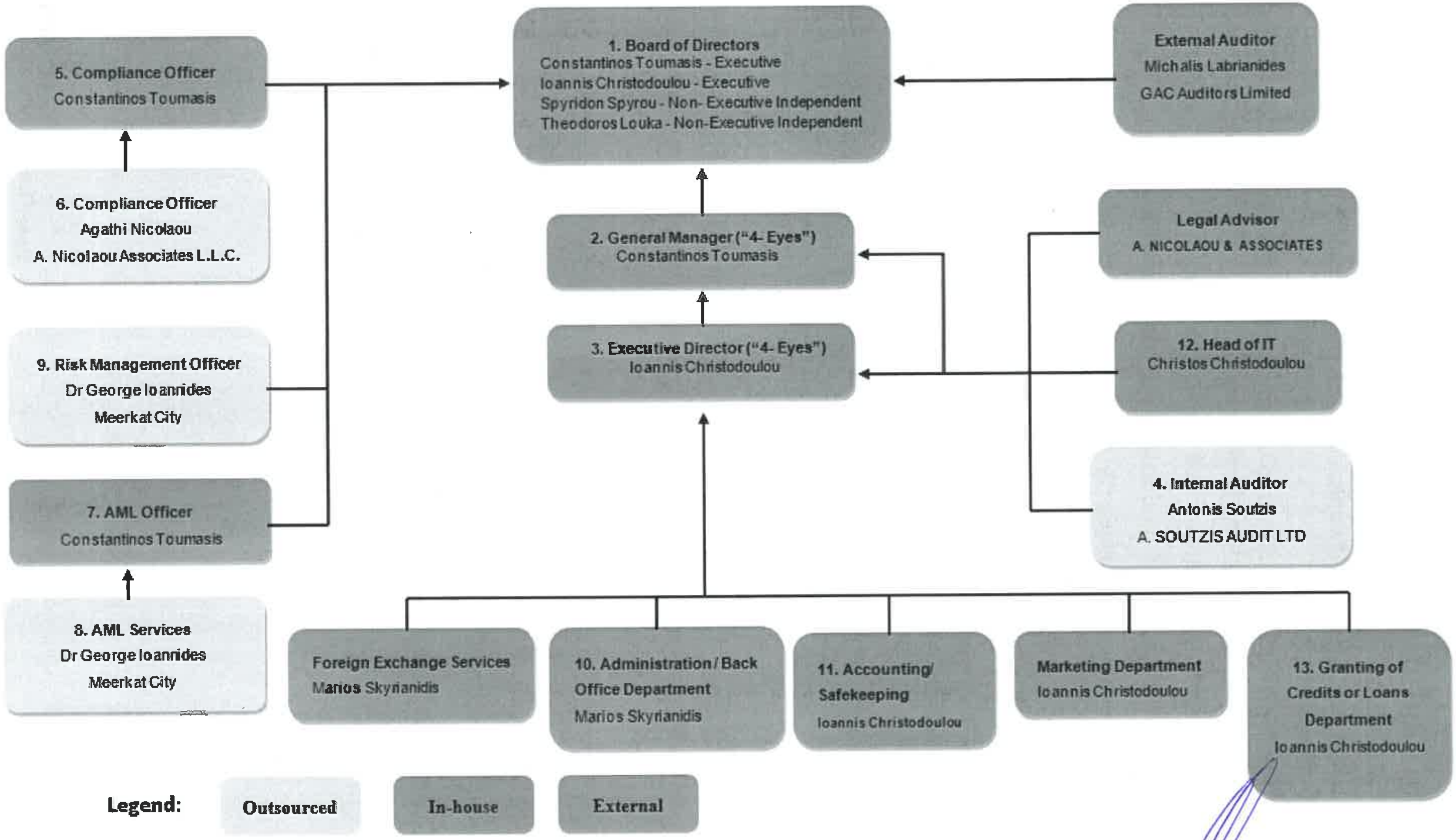
2.16 Organizational Structure as at 31.12.2020.



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1. **Board of Directors**

Full name	Position/Title	Capacity	Country
Constantinos Toumasis	General Manager	Executive Director, "4 eyes"	Cyprus
Ioannis Christodoulou	Executive Director	Executive Director, "4 eyes"	Cyprus
Spyridon Spyrou		Non-Exe. Director, Independent	Cyprus
Theodoros Loukas		Non-Exe. Director, Independent	Cyprus

2. **General Manager**

Full name	Position/Title	Capacity	Country
Constantinos Toumasis	General Manager	Executive Director, part of "4 eyes"	Cyprus

3. Executive Director

Full name	Position/Title	Capacity	Country
Ioannis Christodoulou	Executive Director	Executive Director, part of "4 eyes"	Cyprus

4. Internal Audit

Full name	Position/Title	Type	Country
A. Soutzis Audit Ltd.	Internal Auditor	Outsourced	Cyprus

5. Compliance Officer

Full name	Position/Title	Type	Country
Constantinos Toumasis	Compliance Officer	Executive Director, part of "4eyes"	Cyprus

6. Compliance Services Support

Full name	Position/Title	Type	Country
Agathi Nicolaou (A. Nicolaou Associates L.L.C.	Support Compliance	Outsourced	Cyprus

7. AML Officer

Full name	Position/Title	Type	Country
Constantinos Toumasis	Compliance Officer	Executive Director, part of "4eyes"	Cyprus

8. AML Services Support

Full name	Position/Title	Type	Country
George Ioannides	Support AML	Outsourced	Cyprus

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9. Risk Manager

Full name	Position/Title	Type	Country
George Ioannides	Risk Manager	Outsourced	Cyprus

10. Client Administration Department

Full name	Position/Title	Type	Country
Marios Skyrianides	Head of Back Office/Adm. Dept.	Full Time	Cyprus

11. Accounting and Safekeeping

Full name	Position/Title	Type	Country
Ioannis Christodoulou	Head of Department	Full time	Cyprus

12. Information Technology

Full name	Position/Title	Type	Country
Christos Christodoulou	IT	Full time	Cyprus

13. Granting of Credits or Loans Department

Full name	Position/Title	Capacity	Country
Ioannis Christodoulou	Head of Department	Executive Director, "4 eyes"	Cyprus

3 Remuneration policy

The company's Remuneration Policy describes the procedure which is followed in determining the remuneration of all members of the company's staff, including the members of the Board of Directors.

It is prepared in 2016 to ensure compliance of the CIFs, on the one hand with the requirements of sections 18(2)(b) and 29 of the Investment Services and Activities and Regulated Markets Law of 2007, as in force ('the Law') in relation to conflicts of interests and on the other hand, with the conduct of business rules set out in section 36(1) of the Law.

Moreover, the remuneration policies and practices of CIFs must be consistent with:

i. Circular C031, C138, C145, of CySEC concerning the guidelines on remuneration policies and practices.

ii. The questions and answers 2 and 3 of Chapter 2 of ESMA/2016/904, 'Questions and Answers – Relating to the provision of CFDs and other speculative products to retail investors under MiFID' of 1st June 2016.

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The Remuneration Policy was approved initially by the Board of Directors on the 1st of September 2016. It has been reviewed also during 2018 with no changes. It is based on the principle of transparency and hence has been uploaded on the CIF's server, to enable access by all employees.

It will be reviewed annually by the Board of Directors to ensure compliance with the strategic goals of the CIF and to avoid the payment of rewards that encourage excessive risk-taking.

Furthermore, the Board assesses whether the Remuneration Policy is in line with the prevailing conditions of the market, as well as those of the CIF and whether these justify an update of the Policy.

Remuneration consists of all forms of payments and/or benefits provided directly or indirectly to relevant persons in the provision of Investment and/or ancillary services to clients. Remuneration can be either financial, such as cash shares, options, cancellations of loans to relevant persons at dismissal, pension contributions, remuneration by third parties (i.e. through carried interest models, wage increases) or non-financial, such as career progression, health insurance, discounts or special allowances for car, mobile phone, generous expense accounts, seminars in exotic destinations etc.).

All employees of the Company are covered by the Policy including any employee who can have a material impact on the services provided, on the conduct of business risk profile, and who can influence corporate behaviour.

This included but is not limited to:

- Client-facing front-line staff

- Sales force staff, and/ or other staff indirectly involved in the provision of investment services whose remuneration may create inappropriate incentives to act against the best interest of the clients.

-outsourcing function to service providers

3.1 Remuneration Principal

The following Basic Principles apply with regards to the CIF's Remuneration Policy at the extent that is appropriate to the size, internal organisation and the nature, the scope and the complexity of the company's activities.

- It sets the terms and conditions that apply for the payment of total remuneration to the Management Body and all of the CIF's staff.
- It promotes and is consistent with sound and effective risk management, without encouraging risk-taking that exceeds company's level of tolerated risk.
- It is in line with the business strategy, objectives, long-term interests and values of company and has measures in place to avoid conflicts of interest.
- It is subject to a central and independent internal review, at least annually, in terms of its compliance and implementation.

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- It defines the roles of the Management Body and its relative Committees, the Control Functions in the formation and implementation of the CIF's Remuneration Policy.
- It makes a clear distinction between the fixed and variable (if and when provided) components of total remuneration and ensures that both are appropriately balanced. Fixed remuneration refers to the staff's main form of remuneration and is determined by legislation and employment contracts. Variable remuneration is additional remuneration that is based on performance that is over and above what is expected and its purpose is to motivate staff and to increase productivity and competitiveness.
- It links the amount of variable remuneration with measurable performance criteria.
- It sets the assessment of performance within a multi-year framework in order to ensure that it has a more long-term perspective and that payment of the reward is spread over a period which takes into account the Company's underlying business cycle and business risks.
- It ensures that the performance measurement used to calculate variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of capital and liquidity required. It also ensures that variable remuneration does not limit the company's ability to strengthen its capital base.
- It sets the conditions for the payment of variable remuneration i.e. the components of the reward, guaranteed variable remuneration, discretionary pension benefits, role-based allowances, personal hedging strategies, deferral policy, retention policy and the recalling of the reward.
- It ensures that non-executive members of the Management Body are not included in the beneficiaries of performance related remuneration.
- It disassociates the remuneration of Control Functions from the targets and performance of the Business Units they monitor and ensures the evaluation of Control Functions with regards to their own targets and responsibilities.
- It provides an updated list of the staff members whose professional activities have a material impact on the CIF's risk profile (also defined as "identified staff").
- It ensures the disclosure of information to shareholders, regarding the total remuneration of the CEO and General Management and the basic principles of the CIF's Remuneration Policy.

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 remuneration of the senior officers in the risk management and compliance function is directly overseen by the management's body in its supervisory function.

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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 business unit concerned and of the overall results of the company and when assessing individual performance, financial and non-financial criteria are taken into account.

The amount of variable remuneration with measurable performance criteria is awarded when the conditions are met, and after the event has occurred and or after a specific period of time has passed.

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 spreads over a period which takes account of the underlying business cycle of the company and its business risks.

Remuneration of employees in control functions

The remuneration of employees in control functions (including internal audit, compliance, and finance and risk management) is subject to strict conditions. Once a year, the Board of Directors identifies employees who may take material risks on behalf of the company and ensures that employees in these functions received competitive remuneration.

Remuneration of Executive Directors

The remuneration of the directors ensures the company's continued ability to attract and retain the most qualified board members and a good basis for succession planning. The remuneration of the board is assessed annually and developments in market practice are assessed systematically.

The remuneration of the directors consists of fixed pay and incentive programs. The performance of directors is assessed once a year. The annual report specifies the director's remuneration.

Remuneration of Non-Executive Directors

The non-executive Directors receive a Fixed Fee. Board members are not covered by incentive programs and do not received performance-based remuneration. The basic fee of a board member is set at a level reflects the qualification and contribution required in view of the company's complexity, the extend of the responsibilities and the number of board meetings. No pension contribution is payable on the board members' fees.

3.2. Performance Appraisal

For 2016 and beyond, the Company implements a performance appraisal method, which is based on a set of Key Performance Indicators.

These Indicators include quantitative as well as qualitative criteria. The appraisal is being performed as follows:

a. Objectives are set in the beginning of each month, quarter and/or year (each department is being appraised on different periods) defining what the Company functions, departments and individuals are expected to achieve over an upcoming period of time.

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b. Performance checks and feedbacks: managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies.

c. Annual performance evaluation takes place annually, usually at the end of each year.

The amounts of remuneration for the financial year end 2020, is as follows:

	Directors	Key Management Personnel	Total
Number of beneficiaries	4	2	6
Fixed reward	€73.656	€46.128	€119.784
Variable reward	0	0	€0
Total remuneration	€73.656	€46.128	€119.784

4 Own Funds

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. The Company is required to hold own funds in sufficient quantity and quality in accordance with CRD IV which sets out the characteristics and conditions for own funds.

The Company throughout the year 2020 managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

During the year 2020, the Company's own funds never dropped below the minimum initial capital requirement (i.e., €125.000 as per the latest regulatory developments of CRDIV application to CIFs) and the Company fulfilled its obligations by successfully submitting, on a quarterly basis, the Capital Adequacy reports additionally, the minimum Total Capital Adequacy Ratio remains above 8%, plus the buffer ration of 2.5%.

During the 12-month accounting period to 31 December 2020 the Company complied fully with all capital and liquidity requirements and operated well with the regulatory requirements.

In this respect, the minimum Total Capital Adequacy Ratio (i.e., 8%) was maintained by the Company during the year 2020. Further to the above, the table below illustrates the Company's Capital Adequacy Ratio for the corresponding reporting months of the year (i.e., quarterly). The Company's Capital Adequacy Ratio as at 31 December 2020 was 24.47%.

4.1 Tier 1 & Tier 2 Regulatory Capital

According to Article 437 of the Regulation, Own Funds Disclosures, Institutions shall disclose information to own funds of the institution. Furthermore, Institutions shall disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 2 instruments and Tier 2

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instruments issued by the institution. In this respect, the Company's Tier 1 capital is wholly comprised of Core Tier 1 Own Funds. Specifically, Equity capital comprises share capital, share premium. Profit and loss reserves.

The composition of the capital base and capital ratios of the company is shown in the following table:

	2020
	€000
Core Tier 1 Capital (Original Own Funds)	
Share capital	250
Share premium	2.212
Reserves (Retained earnings/losses)	-2.087
Part of year-end profit not eligible (Dividends)	0
Regulatory Deductions	
Intangible Assets	-6
Large Exposure in the Banking Book	0
Significant investment in FSE	0
Investors Compensation Fund	-44
Core Tier 1	325
Tier 2 Capital	0
Total Own Funds	325
Core Tier 1 Capital Ratio	24.47%
Tier 1 Capital Ratio	24.47%
Total Capital Ratio	24.47%

4.2 Main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

Article 437 of the Regulation requires disclosure of the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.

Additionally, in order to meet the requirements for disclosure of the main features of these instalments, as referred to in point (b) and (c) of Article 92(3), the company discloses the capital instruments' main features as outlined below:

Capital Instruments Main Feature	**CET1**	**ATI**	**T2**
Issuer	Trilt Limited	N/A	N/A
Regulatory Treatment			
Eligible at Solo/(sub-)consolidated/solo	Solo		
Instrument type	Common Equity		
Amount recognized in regulatory capital	€2.462k		
Nominal amount of instrument	€1		

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Accounting classification	Shareholders' Equity		
Original date of issuance	€300k 23/10/2013 €125k 26/10/2015 €35k 23/05/2016 €50k 27/07/2016 €40k 02/09/2016 €60k 11/10/2016 €60k 28/12/2016 €150k 23/02/2017 €90k 26/06/2017 €160k 26/09/2017 €100k 16/11/2017 €50k 19/12/2017 €300k 30/01/2018 €100k 16/05/2018 €100k 31/01/2019 €50k 29/03/2019 €100k 23/06/2019 €150k 26/09/2019 €100k 16/01/2020 €100k 06/04/2020 €100k 10/06/2020 €57k 07/09/2020 €85k 19/11/2020		
Perpetual or dated	Perpetual		
Original maturity date	No maturity		
Issuer call subject to prior supervisory approval	No		

4.3 Deductions from Tier 1 Own Funds

Intangible assets relate to computer software's, for the net amount of EUR 6(six) Thousand, were deducted from the company's own funds. During October 2016 the commission published a new circular that the investor compensation fund contribution is excluded from Tier 1 own Funds. The amount in Euro 44(forty-four) Thousand was deducted accordingly.

5 Compliance with the Regulation and the overall Pillar 2 Rule

5.1 Internal Capital

The purpose of capital is to provide sufficient resources to absorb the losses that a firm does not expect to make in the normal course of business (unexpected losses). The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions. The Company has adopted the Standardized Approach to the calculation of Pillar I minimum capital requirements for Credit Risk.

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5.2 Approach to assessing adequacy of Internal Capital

The Company has establishing an Internal Capital Adequacy Assessment Process (hereinafter, the **'ICAAP')** document as an integral part of an ICAAP Manual and produce in this regard an ICAAP Report, as per the Circular 26 (Guidelines GD-IF-02) & Circular 27 (GD-IF-03). Upon CySEC's request the ICAAP Report shall be submitted to CySEC.

The ICAAP report will describe how the Company implemented and embedded its ICAAP within its business. The ICAAP will also describe the Company's Risk Management framework e.g. the Company's risk profile and the extent of risk appetite, the risk management limits if any, as well as the adequate capital to be held against all the risks (including risks other than the Pillar 1 risks) faced by the Company.

5.3. Pillar I Capital Requirements

The following information indicate the overall Pillar I minimum capital requirement and risk weighted assets for the Company (when applicable) under the Standardised Approach to Credit, Market Risk and the Fixed Overheads requirements (new requirement as per the Regulation for Limited License CIFs).

5.3.1 Risk Identification, Measurement, control and reporting

The company has adopted methodologies and techniques for risk identification, measurement and reporting of credit risk. These methodologies are revised and modified whenever deemed necessary to reflect changes in the financial environment and adjusted to be in line with the company's overall strategy and its short-term and long-term objectives.

In addition, any extraordinary circumstances e.g. Covid-19 pandemic, may initiate a review of policies and strategies/actions to comply with relevant decrees or legislation and to address special economic circumstances and assess revised repayment ability of customers.

5.3.2 Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. Generally, credit risk can be derived from the following areas:

- Cash and cash equivalents
- Debt securities
- Receivables
- Derivatives

The Company's objective in managing credit risk exposures is to maintain them within parameters that reflect the strategic objectives and risk tolerance. Sources of credit risk are assessed and monitored, and the Company has policies to manage the specific risks within the various subcategories of credit risk. To assess counterparty credit risk, the Company uses the ratings assigned by external rating agencies. The Company has policies in place to ensure that

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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.

Trilt also followed through the economic effects of COVID-19, towards the financial institutions safeguarding client's funds and also provide credit assurance.

5.3.2.1 Credit Risk - Risk Weighted Assets

Based on the Directive, Section 4, Paragraph 32 *(Article 442(c)* of Regulation 575/2013) the CIF shall disclose the total number of exposures after accounting offsets and without taking into account the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes. The Company's total exposure was as follows:

	Risk Weighted Assets	**8% Own Funds Capital Requirements**
	2020	
Exposure Class	**€000**	**€000**
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	281	22
ADDITIONAL RISK EXPOSURE AMOUNT DUE TO FIXED OVERHEADS	1.047	84
Total	**1328**	**106**

5.3.2.2. Credit Risk - Analysis of Exposures by Credit Quality Step

Based on the Directive, Section 4, Paragraph 32 (Article 444(a) *and* (e) of Regulation 575/2013) the CIF shall disclose the names of the nominated ECAIs and the exposure values along with the association of the external rating with the credit quality steps. In determining risk weightings for use in its regulatory capital calculations, the Company uses FITCH as External Credit Assessment Institution (ECAI) and the exposure values with their associated credit quality steps are as follows:

Credit Quality Step	**Fitch**
1	AAA to AA-
2	A+ to A-
3	BBB+ to BBB-
4	BB+ to BB-
5	B+ to B-
6	CCC+ and below

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31 December 2020								
Credit Quality Step								
Exposure class	**1 €000**	**2 €000**	**3 €000**	**4 €000**	**5 €000**	**6 €000**	**Unrated €000**	**Total €000**
Institutions	-	-	-	-	203	-	-	**203**
Other assets and receivables	-	-	-	-	-	-	179	**179**
Corporates	-	-	-	-	-	-	-	-
Total	-	-	-	-	**203**	-	**179**	**382**

Article 112 of the Regulation requires disclosure for additional asset classes. These have not been shown in the table above as these are nil as at the reporting period.

5.3.2.3. Credit Risk - Risk Weighted Assets by Geographical distribution of the exposure classes

Based on the Directive, Section 4, Paragraph 32 *(Article 444(d)* of Regulation 575/2013) the CIF shall disclose the geographical distribution of the exposures, broken down in significant areas by material exposures classes. The geographical distribution of the exposure classes of the Company are as follows:

31 December 2020					
Geographical Distribution of the Exposures					
Exposure class	**EMEA €000**	**Asia €000**	**Americas €000**	**Other €000**	**Total €000**
Institutions	203	-	-	-	**203**
Other assets and receivables	179	-	-	-	**179**
Corporates	-	-	-	-	-
Total	382	-	-	-	**382**

5.3.2.4 Cash and cash equivalents

In 2020 the Company had exposure to cash with two (2) financial institutions in Cyprus. Specifically, during the period under review the Company allocated its deposits with the Bank of Cyprus (Fitch Rating B- on 2 October 2020) and the Hellenic Bank (Fitch Rating B on 02 October 2020).

https://www.bankofcyprus.com/en-GB/investor-relations-new/credit-ratings--analyst-coverage/credit-rating/

https://www.hellenicbank.com/portalserver/hb-en-portal/en/about-us/investor-relations/show-me/fixed-income-investors

For 2020, the company's own funds mainly were deposited at Hellenic Bank and a small amount held with Bank of Cyprus. A smaller amount is held with the company's PSPs and merchants.

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In order to mitigate risks related to cash and cash equivalents, the Company will spread its deposits with several domestic and/or foreign financial institutions, and, in doing so, it utilizes banks with lower default risks.

5.3.2.5 Debt securities

The Company for 2020 was not exposed to credit risk from third party counterparties where it holds securities issued by those entities. Moreover, it does not intend to hold debt securities in the near future neither through sovereign nor institutional issuers.

5.3.2.6 Receivables

The Company for 2020 was exposed to credit risk from receivables from third party agents, brokers, and other intermediaries. Please note that the Company is in continual operational in terms of receiving clients since the reception of its activation license (end of 2015).

5.3.2.7 Derivatives

The Company is exposed to credit risk arising from derivative financial instruments, such as swaps, options, futures and forward contracts.

5.4 Market Risk

Market risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial markets. Fluctuating risk drivers resulting in market risk include:

- Equity market prices
- Real estate market prices
- Interest rates
- Currency exchange rates

The Company manages the market risk of assets relative to liabilities on an economic total balance sheet basis. It strives to maximize the economic risk-adjusted excess return of assets relative to the liability benchmark considering the Company's risk tolerance as well as regulatory constraints.

As per requirement of Article 445 of the Regulation, the Company shall disclose the own funds requirements for Market Risk exposures.

5.4.1. Foreign Exchange Risk

The Company's reporting currency is the Euro. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The risk arises when future commercial transactions and recognised assets and liabilities are denominated in a

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currency that is not the Company's reporting currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

5.4.2 Equity and real estate market prices

Risks arising from equity securities and real estate could affect the Company's liquidity, reported income, surplus and regulatory capital position. Such exposure may include, but is not limited to, common stocks, direct holdings in real estate, or listed real estate company shares and funds.

For 2020 the Company was not exposed to any risks resulting from price fluctuations on equity securities, real estate or capital markets. Moreover, it is highly unlikely that the Company will be exposed to such risks in the future considering its current authorization (not licensed to trade on own book) and own funds consisting mainly of bank deposits.

5.4.3 Interest rates

Interest rate risk is the risk of loss resulting from changes in interest rates, including changes in the shape of yield curves. Such exposure may include, but is not limited to, debt securities, reserves for insurance contracts, liabilities for investment contracts, employee benefit plans and loans and receivables.

Currently, the Company is slightly exposed to a lower interest rate risk which results from reduced income on bank deposits.

5.4.4 Currency risk

Currency risk is the risk of loss resulting from changes in exchange rates. The Company is exposed to the financial impact arising from changes in the exchange rates of various currencies in three ways.

Firstly, it may receive income in a currency other than Euro, which is its base currency. Secondly, it may have expenses denominated in a currency other than Euro, and thirdly, it may have deposits denominated in another currency other than Euro.

During the year the Company was not exposed in deposits in foreign currency. The company is exposed on trading activities in other currencies.

The company will continue to regularly monitor the impact of exchange rate risks and if deemed necessary corrective actions will be taken to minimize the effect

5.5 Operational Risks, Fixed Overheads. Leverage Ratio and Return on Assets

5.5.1 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. In general, operational risk can be derived from the following areas:

- Employee errors

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- System failures
- Fire, floods or other losses to physical assets
- Fraud (internal/external) or other criminal activity

The Company's exposure to operational risk is limited to the extent of its current scale and complexity. The Company has a comprehensive framework with a common approach to identify, assess, quantify, mitigate, monitor and report operational risk. Overall planning, coordination, and monitoring is centralized, however, most operational risks are managed within the departments in which they arise. Moreover, the Company is applying the guidelines issued by the Commission in relation to the recruitment of its personnel.

In addition to its overall framework, in order to mitigate operational risks, the Company has specific processes and systems in place to focus continuously on high priority operational matters such as information security, managing business continuity and combating fraud.

During the year the 2020 the Business Continuity Plan was also revisited and approved by the Board of Directors in view of the COVID-19 pandemic, to reset where needed, the boundaries within which business strategies developed over 2020.

5.5.2 Fixed Overheads

Following the CRDIV implementation. Operational Risk is replaced by Fixed Overheads requirements for "Limited Licence" CIFs pursuant to Article 95(1).

The purpose of this new requirement is to enable CIFs to protect their investors in case of winding down or restructuring their activities and to hold sufficient financial resources to withstand operational expenses over an appropriate period of time. In this respect, investment firms are required to hold eligible capital of at least one-quarter of the fixed overheads of the previous year based on the most recent audited annual financial statements.

In addition to holding eligible capital of at least one-quarter of the fixed overheads of the previous year, CIFs have to calculate their total risk exposure based on fixed overheads. The Total Risk Exposure Amount for Limited Licence CIFs is the greater of the Total risk exposure amount (excluding Operational Risk) and the Fixed Overhead of the preceding year (x 12.5 x 25%).The Eligible capital covered times the fixed overheads requirements.

The Company's Fixed Overheads Risk Exposure amount is provided by the table below:

Fixed Overheads	Fixed Overheads Requirements	Fixed Overheads Risk Exposure Amount	Total risk exposure amount (as per Article 92(3), excluding item (e))	Additional Risk Exposure Amount due to Fixed Overheads
€000	€000	€ 000	€000	€000
425	106	1.328	281	1.047

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5.5.3. Leverage Ratio

Based on the Directive, Section 4, Paragraph 32 *(Article 451* of Regulation 575/2013) the CIF shall disclose the Leverage Ratio and how it applies the definition of Tier 1 Capital. The company during 2020 has implemented leverage and margin policy and sufficient information are uploaded on the company's office website.

5.5.4. Return on Assets

Based on the Directive, Paragraph 19, CIFs must disclose in their annual report among the key indicators their return on assets, calculated as their net profit divided by their total balance sheet. As it was mentioned previously in this report the company received its final approval from CySEC for commencing its operations at October 2015. Furthermore, the company received its first active clients in February 2016.

Following the board of director's decision, the company during the year has changed its strategy regarding the products offered to clients. This decision was also communicated in writing to CySEC. Consequently, the company did not have much revenues and/or profits from operations for the years ended December 31st, 2018 to 2020. As a result, and in this respect, please note that the Company's Return on Assets for the year ended December 31st, 2020 is calculated negatively by 1.05%.

5.6 Other Risks

5.6.1 Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The Company's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under both normal and stressed conditions. To achieve this, the Company assesses monitors and manages its liquidity needs on an ongoing basis.

The Company also ensures that it has sufficient cash on demand to meet expected operational expenses in addition to its overdraft facility. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

5.6.2 Strategic Risk

Strategic risk corresponds to the unintended risk that can result as a by-product of planning or executing the strategy. A strategy is a long-term plan of action designed to allow the Company to achieve its goals and aspirations. Strategic risks can arise from:

- Inadequate assessment of strategic plans
- Improper implementation of strategic plans
- Unexpected changes to assumptions underlying strategic plans

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Risk considerations are a key element in the strategic decision-making process. The Company assesses the implications of strategic decisions on risk-based return measures and risk-based capital in order to optimize the risk-return profile and to take advantage of economically profitable growth opportunities as they arise.

5.6.3. Reputation Risk

Risks to the Company's reputation include the risk that an act or omission by the Company or any of its employees could result in damage to the reputation or loss of trust among its stakeholders. Every risk type has potential consequences for the Company's reputation, and therefore, effectively managing each type of risk helps reduce threats to its reputation.

Additionally, the Company strives to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of the Company, which includes integrity and good business practice. The Company centrally manages certain aspects of reputation risk, for example, communications, through functions with the appropriate expertise.

5.6.4. Concentration Risk

This includes large individual exposures and significant exposures to companies whose likelihood of default is driven by common underlying factors such as the economy, geographical location, instrument type etc.

As at 31 December 2020, there were no large exposures to affiliated entity in the trading/banking book.

5.6.5. Business Risk

This includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analysed and taken into consideration when implementing the Company's strategy.

5.6.6. Capital Risk Management

This is the risk that the Company will not comply with capital adequacy requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital against regulatory requirements and has to maintain a minimum level of capital. This ultimately ensures the going concern of the Company. Such procedures are explained in the Procedures Manual of the Company.

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The Company is further required to report on its capital adequacy quarterly and has to maintain at all times a minimum capital adequacy ratio which is set at 8%. The capital adequacy ratio expresses the capital base of the Company as a proportion of the total risk weighted assets. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a monthly basis of management accounts to monitor the financial and capital position of the Company.

5.6.7. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Internal Procedures Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

5.6.8. Legal and Compliance Risk

This could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

5.6.9. IT Risk

IT risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

5.6.10 CoVid-19 Risk and Uncertainties

The COVID-19 pandemic which started in Cyprus in March 2020 and remains until today, led the European and global economy to a sharp recession. Cyprus has been greatly affected by the global pandemic as well, both in terms of health and economic impact.

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Cyprus managed the first wave of the COVID-19 pandemic relatively well thanks to an early and vigorous public health response. Nonetheless, unprecedented disruptions to economic and social activity caused a deep recession in the first half of 2020. The gradual easing of containment measures since early May has led to a partial revival of economic activity, but in late-October a localised "soft-lockdown" was announced to counter a new wave of infections, followed by stricter restrictions in mid-December across the island.

As the coronavirus outbreak unfolds, the company is following the local government guidelines in its response to the virus. Furthermore, in accordance with its Business Continuity Plans (BCP), the Pandemic Incident Management Plan of Trilt has been invoked and the company has adopted a set of measures to ensure minimum disruption to its operations and to protect its customers and employees. Since the first outbreak in Cyprus in March 2020 the company is partially operating remotely. As per the Business Continuity Plan mentions following the outbreak of COVID-19 in Cyprus, the Firm has taken the required measures to ensure that its employees have access to its technology infrastructures necessary for the completion of their tasks and that additional system for critical functions are being provided. The Business Continuity Plan had taken into account the distribution of business through unforeseen events hence there was no need on its amendment.

Even though the global economy has recorded growth in the latest year after overcoming the latest economic recession, the overall future economic outlook of the economy remains unstable due to the recent developments on the outbreak of Coronavirus (COVID-19).

Furthermore, the Company is closely monitoring the impact of COVID-19 on its financial position in order to be able to take proactive measures.

6 Adequacy of Risk Management Arrangements

The Board is ultimately responsible for the risk management framework of the firm and ensuring that it has implemented an appropriate governance and risk management structure. The Board is responsible for reviewing the effectiveness of the Firm's risk management arrangements and systems and controls as well as ensuring that the risk appetite of the Firm is clearly defined and is monitored on regular basis. The Board believes that it has put in place systems and controls which are adequate with regard to the Firm's risk profile and strategy {Article 435 1 (e)}.

The Board of Directors assesses that the Firm's risk management framework including liquidity risk management is adequate in relation to the Firm's risk profile and strategy, and that it complies with the applicable regulation. Furthermore, it is the Board of Directors' assessment that the following description of the Firm's overall risk profile associated with the Firm's business strategy and business model reflects the actual risks. In addition, this Risk Report provides a relevant and a comprehensive review of the Firm's risk management.

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Information in this report has been prepared in accordance with the internal control processes of the Firm. The Company's Board of Directors have approved the Risk Strategy and Risk Management Policy in 2019 and the Annual Risk Management report for 2020 in accordance with article 435 in the CRR2.

7 Executive Summary

TRILT LTD ("TRILT"), in the course of its business, enters into transactions which predominantly lead to Operational Risk exposure, whereas Credit and Market Risk exposures constitute only a minor portion of the total own funds' requirements under regulatory Pillar 1. TRILT strives to maintain its strong Tier 1 capital ratio (31 December 2020, 24.47 %) that significantly exceeds the regulatory minimum requirements as defined in Article 92 CRR. The risk management strategy of TRILT is to develop and implement effective processes to identify report, assess, measure and manage risks incurred by the business, and to comply with applicable regulatory requirements and internal guidelines associated with risk management. TRILT complies with its own risk policies. The risk and capital management processes of TRILT have been enhanced through the inclusion of the ICAAP as an integral part of these processes. Trilt is closely monitoring developments in, and the effects of COVID-19 on both the global and Cypriot economy. The Board of Directors and Senior Management use the ICAAP to maintain an effective link between TRILT's risk profile and its capital, thus ensuring that the Firm has adequate capital to cover its risks and operate effectively within its capital framework. In particular, the Board of Directors will review quarterly the TRILT's capital adequacy as outlined in the ICAAP statement, following any significant changes to the business profile and strategy of the Firm. For instance, future credit facilities granted to clients, upgrade of license, or the introduction of new products are examples of events that will be taken into account in evaluating potential changes to the ICAAP. Moreover, the Firm performs stress testing and scenario analysis exercises as outlined in the ICAAP statement in determining its capital assessment needs. Projections will be assessed at least annually and recalculated following any significant changes to the business profile and strategy (including those changes outlined above). The results of the ICAAP exercise provide comfort to TRILT's Board of Directors of the adequacy of its capital with its risk appetite limits, considering the projected risk profile for following years.

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