



Independent Auditors' Report to the Cyprus Securities and Exchange Commission in respect of Fidus Investments Cyprus Limited for the year ended 31 December 2019 pursuant to the paragraph 32(1) of Part II of Section 4 of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Firms, as subsequently amended.

1 We report in relation to the fair presentation of the disclosures of Fidus Investments Cyprus Limited (the "Company") for the year ended 31 December 2019 (the "Disclosures"), required by paragraph 32(1) of Part II of Section 4 of the Cyprus Securities and Exchange Commission (the "CySEC") Directive for the Prudential Supervision of Investment Firms, as subsequently amended (the "Directive"). The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialled for identifications purposes.

Respective responsibilities

2 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

3 We concluded 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 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.

4 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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PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



Conclusion

5 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 31 December 2018 are not fairly presented, in all material respects, in accordance with the requirements of the Directive.

6 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 the Directive and does not extend to any financial statements or other financial information of the Company.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

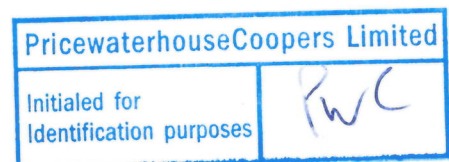
PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 31 July 2020

Fidus Investments Cyprus Ltd

According to Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

July 2020



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1. Introduction

Corporate Information

Fidus Investments Cyprus Limited (hereafter "Fidus" or the "Company") was incorporated in Cyprus on 23 May 2016 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. The principal activity of the Company is the provision of financial services and specifically to act as broker for professional clients, eligible counterparties, retail clients and clients who may be treated as professionals on request.

On the 12th of May 2017, the Company received authorization from the Cyprus Securities and Exchange Commission (hereafter the "CySEC", the "Regulator") to operate as a Cyprus Investment Firm under CIF license number 326/17 and registration number HE355918.

Specifically, its license includes the provision of the following investment and ancillary services, in the financial instruments specified below:

Investment Services

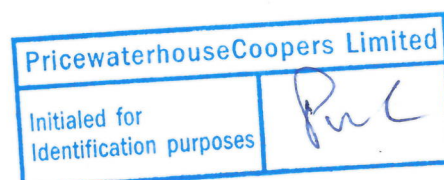
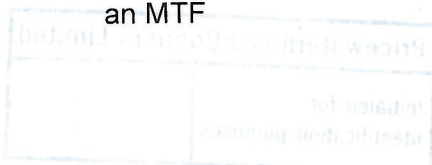
- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients

Ancillary Services

- Safekeeping and administration of financial instruments, including custodianship and related services
- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- Foreign exchange services where these are connected to the provision of investment services

Financial Instruments

- Transferable securities
- Money market instruments
- Units in Collective Investment Undertakings (CIUs)
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
- Options, futures, swaps and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF



- Options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in paragraph 6 of Pillar III and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls
- Derivative instruments, the transfer of credit risk
- Financial contracts for differences
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures, not otherwise mentioned in this Part, which have the characteristics of other financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses are subject to regular margin calls.

Regulatory framework overview

The Company has prepared this Disclosure and Market Discipline Report (hereafter the "Report") to fulfil its obligations in accordance with the below relevant provisions of (not an exhaustive list):

- Law 144(I)/2007, which provides for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters, as amended (hereinafter, the "Law"), including all its amendments: Law 106(I)/2009 of 23 October 2009, Law 141(I) of 26 October 2012, Law 154(I) of 9 November 2012, Law 193(I)/2014 of 19 December 2014 and Law 8(I)/2016 and Law 87(I)/2017.
- The Capital Requirements Directive /Directive 2013/36/EU on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, for the amendment of the Directive 2002/87/EC and the repealing of the Directives 2006/48/EC and 2006/49/EC ('the European Directive').
- The Capital Requirements Regulation/Regulation 575/2013 on prudential requirements for credit institutions and investment firms and the amendment of the Regulation (EU) No. 648/2012 ('the Regulation').
- Directive DI144-2014-14 and DI144-2014-14(A) of the Cyprus Securities and Exchange Commission (hereinafter "CySEC") for the Prudential supervision of Investment Firms, which repealed Directives DI144-2007-05 and DI144-2007-06.
- The Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007, 2010, 2012 and 2013, amending Law 184(I)/2014, 18(I)/2016, 13(I)/2018, 158(I)/2018 and 81(I)/2019 and the relevant Directives and Circulars issued thereof by the Cyprus Securities and Exchange Commission (hereinafter "CySEC").



The Directive is based on three pillars:

- Pillar I has to do with the standards that set out the minimum regulatory capital requirements required for credit, market and operational risk
- Pillar II covers the Supervisory Review Process which assesses the internal capital adequacy processes. Under this pillar, investment firms have to evaluate and assess their internal capital requirements
- Pillar III covers transparency and relates to the obligation of investment firms to publicly disclose information with respect to their risks, their capital and the risk management structures, policies and procedures they have in place.

The Company has prepared these disclosures in accordance with the requirements of Part Eight of the Regulation.

The Regulation provides that an investment firm may omit one or more of the disclosures if it believes that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions.

The Regulation also permits investment firms to omit one or more of the required disclosures if it believes that the information is regarded as confidential or proprietary. The European Banking Authority ("EBA") defines proprietary as "...if sharing that information with the public would undermine its competitive position. It may include information on products or systems which, if shared with competitors, would render an investment firm's investments therein less valuable." Confidential information is defined as: "Information shall be regarded as confidential if there are obligations to customers or other counterparty relationships binding an investment firm to confidentiality."

The Company has prepared the Disclosures taking into consideration the above guidelines.

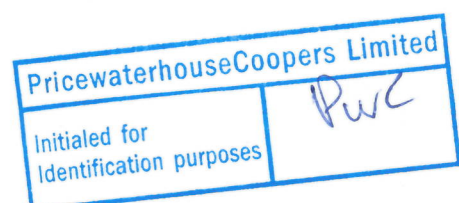
Basis and Frequency of disclosure

The Company intends to make its Pillar III disclosures annually in a document other than the financial statements.

The disclosures will be uploaded on the website of the Company www.fidusinvestments.eu where they will be publicly available to view and download.

These disclosures are based on the position of the Company after the completion of the audit for the financial statements as at 31/12/2019.

The Company has commissioned independent auditors (PwC Limited, Cyprus) to review its Pillar III Disclosures. The Company is required by the Directive DI144-2014-14 to provide a copy of the auditor's verification report to CySEC within five months of each financial year-end.



Scope of application

The Company is making the disclosure on an individual (solo) basis.

2. Governance - Board and Committees

The Company recognizes that risk-taking is inherent to its business activities and manages risk with the purpose of reducing risks to the level accepted by the Company and reaching an optimal balance between risk and profitability. Risks are governed by the Board of Directors which covers risk management issues. The core risk management tasks are carried out by an independent Risk Management function.

The Board of Directors, which consists of three executive and four non-executive members, constitutes the ultimate administrative part of the Firm and is responsible for overseeing all operations. In addition, the Board of Directors has responsibility for the overall risk management and assessment. To this effect, the Board is responsible for identifying, assessing, monitoring and controlling each type of risk on a continuous basis.

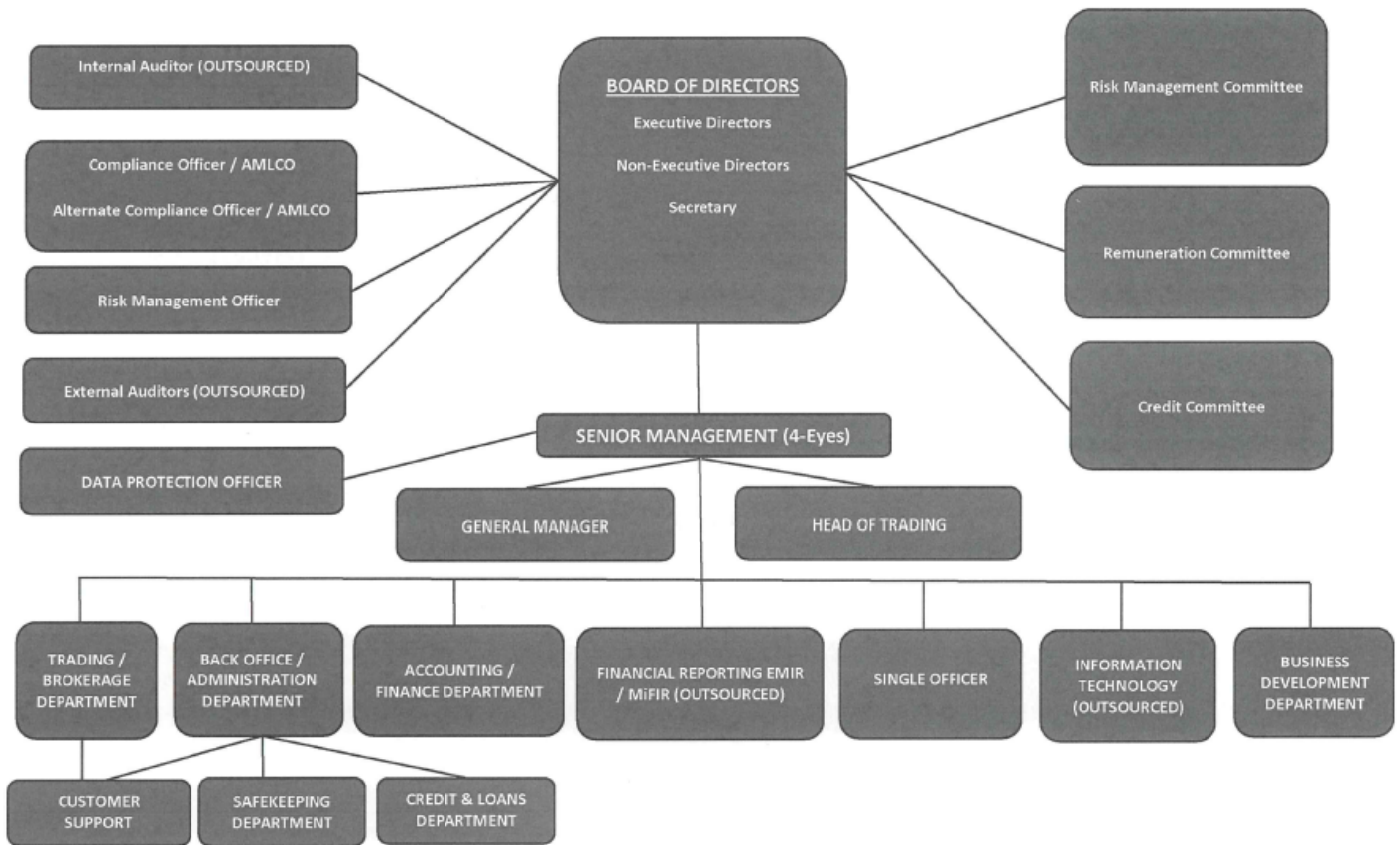
Board of Directors duties

The major duties of the Board of Directors with respect to the management of risks, amongst other, are as follows:

- Is ultimately responsible for the compliance of the Firm to the applicable legislation.
- Ensures that the Firm operates according to all applicable legislations, 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 Firm to make sure that strategic objectives of the Firm are met.
- Is responsible for establishing and amending where necessary the internal procedures.
- 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 Firm might offer based on the changing environment of the financial markets.
- Appoints senior management
- Appoints the compliance officer
- Appoints internal auditor
- Meets on a quarterly basis unless in cases where an extraordinary meeting might be required.
- Receives reports, at least annually, on the risk management, compliance function and internal audit mechanisms of the Firm
- Regularly reviews the Firm's risk management policies and procedures
- Carries and fulfils any such other responsibilities and obligations as may be required by applicable legislation and regulations



The Company's organization structure, which indicates the main reporting lines, allocated functions, responsibilities and information communications at all relevant levels within the Company, as at 31 December 2019 is presented below.



PricewaterhouseCoopers Limited
Initialed for Identification purposes *PWC*

2.1 Board Recruitment Policy

All Board Members of Fidus are well known individuals with a proper background, expertise and skills to fulfill their duties and responsibilities.

In addition, all Board Members were approved by CySEC while four (Cy based) out of the seven have obtained **CySEC's Advanced Certificate**.

All new Board members will be selected based on the below criteria:

- To be of a good repute
- To have a strong educational background
- To have an experience in the European financial services industry
- To be able to create value to the Board and the Company due to his/her experience and background

Towards that end, Fidus aims to verify the integrity of Directors during the selection process.

In general, for the selection of the members of the management body the Company pursuing the targets of having professionally experienced, balanced and integrity management. The members need to have higher education and/or necessary professional qualifications, advanced financial knowledge in the areas of financial markets, accounting and financial reporting, have appropriate knowledge and diverse financial experience to perform their duties. The Company's Board of Directors comprises professionally qualified members, with sufficient financial experience and understanding of financial markets, their professional expertise includes accounting and auditing, IT, financial management and other areas. The Company recognizes the benefits of having a diverse management team in terms of financial specialization, knowledge, skills, expertise and background and that, in particular, it might contributes to higher quality management decisions.

The composition of the team is such that dependency on a single member of Management is avoided.

2.2 Information flow on risk to the management body

The information flow on risk to the management body is achieved, inter alia, through the following reports that are prepared once a year:

Report	Prepared by	Frequency	Report received by
Risk Management	Risk Manager	Annually	Board of Directors
Compliance	Compliance Officer	Annually	Board of Directors
Internal Audit (outsourced)	Internal Auditor	Annually	Board of Directors
AML	AML officer	Annually	Board of Directors

In addition, the Board of Directors should receive all the minutes of the Risk Management Committee as well as financial reports at regular intervals and always has full access on real time accounting data. During 2019 the risk committee has been conveyed on several occasions to discuss operational matters.

2.3 Board Diversity Policy

Fidus recognizes and embraces the benefits of having a diverse Board as a means of enhancing and securing the quality of its performance. The Board Diversity Policy aims to set out the approach for achieving diversity of the Board of Directors of the Company, within the reasonable limitations deriving from the small size and nature of operations.

To avoid group thinking and facilitate independent opinions and critical challenge, the Company's management body is sufficiently diverse as regards age, geographic provenance and educational and professional background to present a variety of views and experiences.

Therefore, diversity is one of the criteria for the composition of the management body.

Also, the employee representation in the management body is a positive way of enhancing diversity and adds a key perspective and genuine knowledge of the Company's internal workings, and thus is promoted by the Company.

2.4 Number of directorships held by members of the Board

The table below provides the number of directorships a member of the management body of the Company holds at the same time in other entities. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below.

It shall be noted that the Company is not considered significant in terms of its size, internal organization and the nature, scope and complexity of its activities.

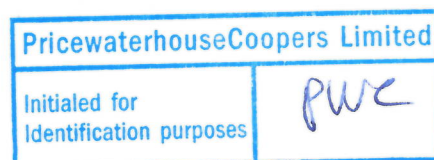
Name	Position with Fidus Investments Cyprus Ltd	Directorships - Executive in other companies	Directorships – Non-Executive in other companies
Fouad Abou Hassan	Executive Director	-	-
Elie Sfeir	Executive Director	-	-
Ziad Abou Jamra	Executive Director	1	2
Nicolas Sawan	Non-Executive Director	-	-

Habib Maroun	Non-Executive Director	-	-
Konstantinos Toumasis	Non – Executive Director	1	-
Kyriakos Koutis	Non – Executive Director	1	-

2.5 Risk Management Committee

The Risk Management Committee is formed with the view to ensure the efficient management of the risks inherent in the provision of the investment services to Clients, as well as the risks underlying the operation of the Company, in general. The responsibilities of Risk Committee are as follows:

- scrutinize, and decide on various risks 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 in dealing with the risks associated with the operation of the Company
- evaluate any market-driven shifts in the Company's organizational structure
- review the risk management procedures in place
- ensure that the Company has clear policy in respect of the assumption, follow up and management of risks duly notified to all interested parties or organizational units of the Company.
- consider risk factor 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 Risk Management Department in the carrying out of their duties
- review the Liquidity Risk and Market Risk policies of the Risk Management Department
- prior to expanding its operations to any new financial instruments or investment services, the Risk Management Committee shall incorporate such expansion projects into its strategic development plan, locate and accurately assess the inherent risks, implement relevant risk management procedures, and resolve the legal issues associated with the execution of the relevant transactions as well as the issues relating to their logistic monitoring
- ensure the immediate tracking down 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
- approve and monitor Clients and counterparty limits
- approve policy description concerning information systems and monitor the information systems in place
- establish policy regarding the amount of information provided to Clients about the nature and risks of financial instruments according to the Client classification
- supervise and approve the Company's Disaster Recovery Plan



- examining the offers obtained from different suppliers for purchasing equipment and software related to Risk Management

The Risk Management Committee present its findings in a report to the Board. The latter decides upon the risk management policies of the Company, giving regard to the recommendations of the Risk Management Committee.

During 2019, the Risk Management Committee has met on several occasions. The Risk Committee usually meets once per annum unless deemed necessary by the Committee to when there are circumstances that require extraordinary meetings. Extraordinary meetings can be called by any member of the Risk Management Committee, as well as by the Risk Manager.

3. Risk Management Objectives and Policies

Risk Management Framework:

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 in place.

Considering 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.

Internal Control Functions

The Company has the following control mechanisms to ensure its proper functionality:

- Risk management function
- AML and Compliance function
- Internal audit function

3.1 Risk management function

The Risk Manager mainly implements and maintains suitable risk management policies, approved by the risk management committee, to identify and manage risks relating to the Company's activities, processes and systems.

In its role, the Risk Manager 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 participates in Risk Management Committee meetings.

Risk Manager

The Company retains a Risk Manager to ensure that all the different types of risks taken by the Company are in compliance with the Law and meet the obligations of the Company under the Law, and that all the necessary procedures, relating to risk management are in place. The Risk Manager reports to the Executive Management Team of the Company.

The Risk Manager is responsible, as necessary, for:

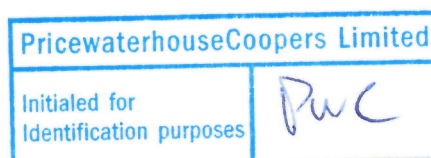
- complying and implementing the relevant provisions of the Law, relating to risk management issues
- requiring sufficient information from all the relevant departments of the Company, as applicable
- educating and training the personnel of the Company on risk-related issues
- examining the financial results of the Company on risk related matters
- evaluating how the introduction of any potential new services or activities by the Company could affect the risk management of the Firm, and provide such requests to the Executive Management Team or the Board, as requested
- examining the capital adequacy and the exposures of the Firm
- drafting written reports to the Executive Management Team making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies, at least annually. These reports shall be presented to the Board and discussed during its meetings, at least annually.
- setting, updating and monitoring Clients
- maintaining a record of all the Clients' and counterparties' risks and limits involved
- recommending, providing and supervising policy description concerning information systems (including backup systems that can restore smooth operation in case of failure)
- monitoring the amount and type of information provided to Clients regarding the nature and risks of financial instruments according to the Client classification.

3.2 AML and compliance function

The Anti-Money Laundering Compliance (AMLCO) Function of the Company is currently staffed by the Anti-Money Laundering & Compliance Officer who is employed on a full-time basis. The physical location of the Department is within the Company's premises.

The AMLCO function belongs hierarchically to the higher ranks of the Company's Organizational Structure to command the necessary authority. The AMLCO officer reports to the Board of Directors and to the Senior Management. Among other responsibilities, the AML and Compliance Function:

- Designs, based on the general policy principles, the internal practice, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing, describes and explicitly allocates the appropriateness and the limits of responsibility of each department that is involved in the above mentioned



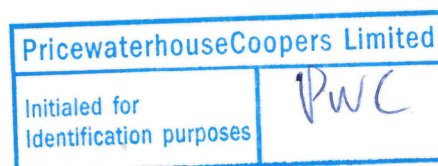
- Develops and establishes the customers' acceptance policy, and submits it to the Board of Directors for consideration and approval
- Prepares a risk management and procedures manual regarding money laundering and terrorist financing
- Monitors and assesses the correct and effective implementation of the AML policy, the practices, measures, procedures and controls and in general the implementation of the AML risk management and procedures manual
- Receives, evaluates and examines 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
- Acts as the first point of contact with MOKAS, upon commencement and during an investigation as a result of filing a report to MOKAS
- Ensures the preparation, maintenance and updating of the lists of customers categorised following a risk-based approach
- Detects, records, and evaluates, at least on an annual basis, all risks arising from existing and new customers, new financial instruments, services, updates and amends the systems and procedures applied by the Company for the effective management of the aforementioned risks
- Provides advice and guidance to the employees of the Company on subjects related to money laundering and terrorist financing
- Acquires 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
- Determines the Company's departments and employees that need further training and education for the purpose of preventing money laundering and terrorist financing and organizes appropriate training sessions/seminars
- Prepares the Anti-Money Laundering report
- Responds to all requests and queries from MOKAS and the CySEC, provides all requested information and fully cooperates with MOKAS and the CySEC.

3.3 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 decisions taken and it is outsourced by the Company.

Internal Auditor is provided with 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 audits are documented and submitted in the form of a report to the Board of Directors alongside with possible suggestions in respect of any further action to be taken by the Company.



The main duties of the Internal Auditor are:

- To establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements.
- To issue recommendations based on the result carried out in accordance with the point above.
- To verify compliance with the recommendations of the point above.
- To provide timely, accurate and relevant reporting in relation to internal audit matters to the Executive Management Team and the Board.
- To ensure that all employees have a good working knowledge of the operational guidelines of the Company.
- To confirm that the procedures (Chinese Walls) that are designed to restrict information flow between departments are in place and operational.
- To validate that all employees have all required professional certifications as required by their position.
- To liaise with the Compliance Officer whether conflicts of interest have been identified and resolved.
- To certify 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.
- To verify that all agreements signed by the Company with external counterparties are valid.

4. Board declaration – Adequacy of risk management arrangements

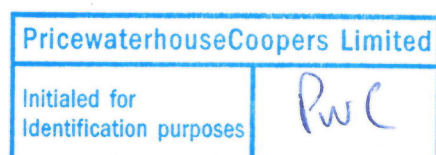
The declaration on the adequacy of risk management arrangements of the Company is provided in ANNEX I. This is approved by the Board and provides assurance that the risk management systems in place are adequate with regards to the Company's profile and strategy.

5. Internal Capital Adequacy Assessment Process

Pillar II covers any risks not fully addressed in Pillar I, such as regulatory risk and political and any external factors affecting the Company.

Pillar II connects the regulatory capital requirements to the Company's internal capital adequacy assessment procedures (ICAAP) and to the reliability of its internal control structures. The role of Pillar II is to provide communication between supervisors and investment firms on a continuous basis and to evaluate how well the investment firms are assessing their capital needs relative to their risks. If a deficiency arises, prompt and decisive action is taken to restore the appropriate relationship of capital to risk.

The Company has prepared an ICAAP report with reference date the 4th of March 2020.



6. Risk Statement

The Company's Risk Statement is provided in Annex II. The Risk Statement describes the Risk Appetite and its link to the overall strategy.

7. Principal Risks

The principal risks that the Company is exposed to areas follows:

- Credit Risk
- Market Risk
- Operational Risk
- Regulatory Risk
- Political Risk

7.1 Credit risk

Credit risk is the risk Fidus is exposed to as a result of customers and or counterparties defaulting on their contractual obligations when they become due. As at the reporting date, the Company is exposed to credit risk mainly due to cash and cash equivalents, trade receivables and loans receivable. For loans receivable the Company provides short- and medium-term credit which require different approvals as follows: for less than Euro 100k an approval of 1 executive director is required whilst for more than Euro 100k the approval of 2 non-executive directors is required.

The Company has established policies and procedures for Credit Risk assessment and mitigation. The Company carefully selects the Banks and Custodians it cooperates with and monitors on a continuous basis their financial situation. Also, the Company mitigates concentration of Credit Risk by further diversifying by counterparty and geographical region.

To mitigate its counterparty concentration risk during 2019 Fidus has activated accounts with Maybank and Global Prime Partners. The financial institutions where the cash balances are held were selected carefully by the Company in order to limit the amount of its credit exposure. All the credit institutions are authorized and regulated by Central Bank of Cyprus, Financial Services Authority and Monetary Authority of Singapore. Account opening with new banks requires the prior approval of management and should meet the following conditions:

- The bank should possess sufficient financial strength.
- Management should have a solid understanding of the bank's financial situation and its decision-making processes

Further details on credit risk exposures are presented in section 9 of the report.

7.2 Market risk

Fidus defines Market Risk as the risk that movements in market prices, including foreign exchange rates and interest rates will have an adverse effect on its income or the value of its financial investments. Accordingly, these movements may affect the Company's' profitability. Company implements processes for identification, measurement and management of all material sources and effects of market risks.

The Company's exposure to Market Risk consists primarily of Foreign Exchange Risk. The Company operates internationally through the use of advanced technology and is exposed to foreign exchange risk arising from various currency exposures. The exposure is minimal and is monitored continuously through the use of various control mechanisms. Further, the Company applies the straight through processing (STP) model, acting as the mediator between its clients and the connected liquidity provider. During the year 2019 the effect of the foreign exchange risk is not assessed as significant.

Interest rate risk is the risk that the value of financial instruments will fluctuate due to variability of interest rates. The Company is exposed to interest rate risk in relation to its bank deposits. However, during the period under review, the Company was substantially independent from changes in interest rates due to the fact that the Company, other than cash at bank, which attracts interest at normal commercial rates, has no other significant interest bearing financial assets or liabilities. Nonetheless, the Risk Manager monitors the interest rate fluctuations and where necessary, any hedging will be applied.

7.3 Operational risk

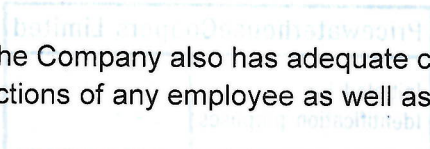
The Company defines Operational Risk as the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. This risk is inherent in every organization and covers a wide range of issues.

The Company manages Operational Risk through a control-based environment in which processes are documented and transactions are reconciled and monitored.

Fidus Risk Management Department has procedures in place for the identification, measurement, assessment, monitoring and mitigation of Operational Risk in which are under development as the Company roughly few months of existence. It provides guidance and advice to the business lines and acts as a means of communication between the business lines and the Board of Directors.

Fidus has also policies in place in relation to backup procedures, software maintenance, hardware maintenance, the use of the internet and anti-virus protection via its maintenance and support agreement with Logicom Solutions Limited. Moreover, the Company has established a business continuity plan that will become active in case of a major disruption to the business and which covers the impact of COVID 19 including remote location work for all its employees.

The Company also has adequate controls and policies in place to monitor and track down the actions of any employee as well as identify any internal fraudulent activity.



In addition, due diligence of third-party providers is planned to be performed at the commencement of the relationship and on every other year basis.

It should be noted that the Company, as a limited license, estimates its capital requirements for operational risk using the fixed overhead approach.

7.4 Regulatory risk

Regulatory Risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body.

The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the CySEC.

Compliance with these procedures and policies is further assessed and reviewed by the Company's Internal Auditors report 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 mitigated to a significant degree.

Moreover, the external auditors and tax advisors of the Company provide all the necessary advise for tax issues so that the Company will avoid paying any penalties on taxes.

7.5 Political risk

Political risk refers to external factors which are beyond the control of the Company, such as political developments and government actions, specifically in Lebanon, Cyprus and the EU, which may adversely affect the operations of the Company, its strategy and vision.

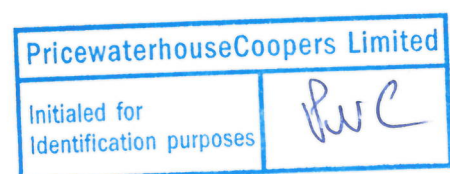
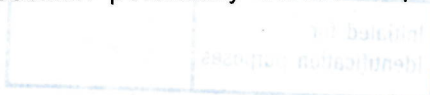
More specifically, this risk may result in lower volume of transactions or loss of clients.

The general economic and political environment in the jurisdictions in which the Company operates (mainly Cyprus and Lebanon) may materially affect its activities. Political decisions that may be taken could have a dramatic effect on legislation, taxation, inflation and unemployment, factors that are directly linked to the economic progress of a country or region and may cause chain reactions in several areas affecting the Company.

Political instability is something that is externally defined and beyond the control of the Company and its Directors. The Company's management closely monitors such developments in order to be in the position to take proactive measures to mitigate or eliminate the effect of these risks. Since the Company has managed decrease its reliance on its two main clients in 2019 this risk is now considered low.

7.6 Liquidity Risk

Liquidity risk arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The



Company has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets.

As at 31 December 2019 and in accordance with the audited accounts, the Company's current assets were higher than its liabilities with cash and cash equivalents representing the major proportion of assets. The Liquidity Ratio calculated as the sum of highly liquid current assets (cash and cash equivalents, non-financial assets, receivables, and loans receivable) divided by current liabilities was 8.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, equal their carrying balances as the impact of discounting is not significant.

31 December 2019	Up to 1 Year €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Trade and other payables (excluding statutory liabilities)	132,981	-	-	-
Total	132,981	-	-	-

8. Own Funds

The Own Funds of the Company as at 31 December 2019 consisted solely of Common Equity Tier 1 (CET1) capital i.e. wholly paid up share capital and retained earnings net of dividends. The investor's compensation fund and the book value of intangible assets are deducted in arriving at Tier I capital.

CySec requires each investment firm to maintain a minimum ratio of capital to risk weighted assets of 8% and any time may impose additional capital requirements for risks not covered by Pillar I. As at 31 December 2019 the capital adequacy ratio of the Company was 45,79%. The Company's actual capital adequacy ratio as reported to CySEC for the year ended 31 December 2019 was above the minimum requirement, as indicated by the tables of section 9.



The following table shows a breakdown of the Own funds of the Company as at 31 December 2019:

Table 8.1: Own Funds	31 December 2019 (€'000)
Tier 1 Capital	
Share Capital	230
Share premium	945
Previous Years Retained Earnings/ Accumulated losses	(167)
Audited profit for the year	337
Other instruments eligible as capital	-
Deductions from own funds	
Intangible assets/Goodwill	(1)
Investors Compensation Fund	(43)
0.3% Cash Buffer	(1)
Total Common Equity Tier 1 Capital	1,300

Authorized share capital

As at 31 December 2019, the authorized share capital of Fidus comprises of 230.000 ordinary shares of €1 per share.

Issued share capital

Upon incorporation on 23 May 2016 the Company issued 1.000 Ordinary Shares of a nominal value of €1 each. As at the time of this report the Company's Ordinary Share Capital and Share Premium were €230.000 and €945.000 respectively.

Deductions from Own Funds

As at 31st December 2019 the Company deducted its intangible assets, Investors Compensation fund and the 0.3% cash buffer from its own funds, as per the requirements of the Regulation and the CySEC circular C162 and C334 respectively.

Further breakdown of the own funds is provided in Annex III and IV.

The main features of the Common Equity Tier 1 instruments are as follows:

1	Issuer	Fidus Investments Cyprus Limited
2	Unique identifier	N/a
3	Governing law(s) of the instrument	Laws of the Republic of Cyprus
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-) consolidation/solo and (sub-) consolidated	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital	€1.175.000
9	Nominal amount of instrument	€1
9(a)	Issue price	1 000 shares issued on 23/5/2016 at €1 per share 124 000 shares issued on 1/3/2017 at €1 per share 10 000 shares issued on 5/4/2017 at €10 per share 28 000 shares issued on 7/5/2017 at €10 per share 17 000 shares issued on 19/12/2017 at €10 per share 50 000 shares issued on 13/4/2018 at €10 per share
9(b)	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	23/05/2016
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20(a)	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20(b)	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A

28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

9. Capital Requirements

In accordance with the provisions of the Part Two of Capital Requirements Regulation (CRR), the own funds comprise the following elements:

- Tier1 capital (Common Equity Tier1 (CET1) capital and additional Tier1 capital)
- Tier2 capital

CET1 capital comprises in particular the following components:

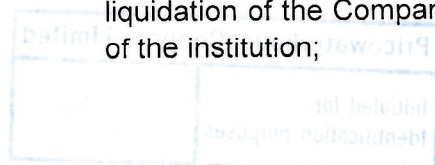
- Capital instruments, that meet criteria stated in the Article 28 and 29 of the CRR;
- Share premium accounts, that relate to the capital instruments referred to above;
- Accumulated retained earnings and other comprehensive income;
- Other reserves.

The Company's own funds are fully formed by CET1 capital and do not include any elements of additional Tier1 capital or Tier2 capital. As at 31 December 2019 the Company's CET1 capital consisted of the following components:

- Share capital (ordinary shares, classified as equity);
- Share premium (premium over the nominal value of the shares);
- Eligible reserves (accumulated retained earnings carried forward).

All the elements of the Company's CET1 capital satisfy the CRR requirements to be qualified as CET1 capital elements, in particular:

- The capital instruments were issued directly by the Company;
- The capital instruments were paid up;
- The capital instruments are classified as equity within the meaning of the IFRS;
- The capital instruments are clearly and separately disclosed in the Company's statement of financial position;
- The capital instruments are of perpetual nature;
- The capital instruments rank below all other claims in the event of insolvency or liquidation of the Company and entitle their owners to a claim on the residual assets of the institution;



- Retained earnings are available for unrestricted and immediate use to cover risks or losses as soon as these occur and verified by the persons independent of the Company that are responsible for the auditing of the accounts of the Company.

The Company's eligible reserves comprise audited retained earnings/ accumulated losses.

The Company assesses its needs under Pillar I for credit, market and operational risk. The CET1 ratio is the CET1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks. The Tier 1 ratio is the T1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks and the total capital ratio is the own funds of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks.

As shown below, the total capital requirements of Fidus, which are calculated based on the maximum of the operational risk exposure using the Fixed Overhead method and the total of credit and market risk exposures, as at 31 December 2019 amounted to €194 thousand producing the following capital ratios:

Capital Ratios	
CET1 ratio	45,79%
T1 capital ratio	45,79%
Total Capital ratio	45,79%

Institutions are required to hold a Capital Conservation Buffer (CCB) at a rate of 0,625% in year 2016 to a full 2,5% for the year 2019 onwards, to withstand future stressful times. CCB will be met with common equity.

The Company is not required to hold any additional capital requirements as regard to the countercyclical buffer, during the year 2019.

Table 9.1: Capital Requirements		31 December 2019 (€'000)	
Risk Category	Approach	Pillar 1 Capital Requirement	Pillar 1 Risk Weighted Assets
Credit Risk (CR)	Standardized Approach	98	1,236
Market Risk (MR)	Standardized Approach	96	1,202
Operational Risk (OPR)	Fixed Overheads	226	2,835
Total Capital Requirement		226	2,835



Provisions of CRR require application of prudential filters and deductions reducing the amount of institutions' own funds, relevance, and application of which to the Company's own funds is analysed below:

- Article 32 of CRR requires institutions to exclude from the elements of own funds any increase in its equity that results from securitised assets. During the financial year ended 31 December 2019 the Company did not use securitisation as a funding mechanism, and therefore the provisions of Article 32 of CRR are not available;
- Article 33 of CRR requires institutions to exclude from the elements of own fund fair value reserves related to cash flow hedges of financial instruments not valued at fair value, gain and losses on liabilities at fair value resulting from the changes in own credit standing and fair value gains or losses arising from the institution's own credit risk related to derivative liabilities. The Company did not have relevant operations so the Company's capital does not include any of these elements;
- Article 34 of CRR requires institutions not to make adjustments to remove unrealised gains/losses on assets and liabilities measured at fair value from the own funds. As at 31 December 2019 there were no unrealised gain/(losses) on fair value measured financial assets, thus these provisions are not relevant;
- The Company has made the required deductions required by the Article 36 of CRR: net book value of the intangible assets;

Deductions from own funds include the deposit in the Investors Compensation Fund (ICF). The Company holds funds initially deposited and maintained in the ICF as a regulatory licensing requirement; this amount was deducted in full of own funds in accordance with the Regulator's Circular C162 of 10th October 2016.

Credit Risk Capital Requirements

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

Table 9.1.1 below presents the allocation of credit risk by exposure class as at 31 December 2019:

Table 9.1.1: Exposure Classes and Minimum Capital Requirements			
	Original Exposure Value during 2019	Exposure RWA	Minimum Capital Requirements
	(€'000)	(€'000)	(€'000)
Institutions	1,321	606	48
Corporates	0	0	0
Other Items	629	629	50
Total	1,950	1,236	98

Table 9.1.2 analyses the Company's credit risk exposures by residual maturity of exposure class

Table 9.1.2: Exposure classes by residual Maturity				
Exposures at 31 December 2019	Maturity ≤ 3 months	Maturity > 3 months	> 1 Year	Total
<u>Exposure Class</u>				
Institutions	1,321	0	0	1,321
Corporates	0	0	0	0
Other Items	315	308	5	629
Total	1,636	308	5	1,950

Table 9.1.3 Presents the geographic distribution of the Company's exposures, by exposure class:

Table 9.1.3: Exposure classes by Country					
Exposure Class	Cyprus (€'000)	Denmark (€'000)	Lebanon (€'000)	Singapore (€'000)	Total (€'000)
Institutions	1,229	3	70	19	1,321
Corporates	0	0	0	0	0
Other Items	629	0	0	0	629
Total	1,858	3	70	19	1,950

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Table 9.1.4 Presents the industrial distribution of the Company's exposures, by exposure class:

Table 9.1.4: Breakdown of Exposures into Industry			
Exposure Class	Financial	Other	Total
	(€'000)	(€'000)	(€'000)
Corporates	0	0	0
Institutions	1,321	0	1,321
Other Items	0	629	629
Total	1,321	629	1,950

Use of External Credit Assessments Institutions' (ECAI) Credit Assessments for the determination of Risk Weights

For rating its credit risk exposures, the Company uses external credit ratings from Fitch, Moody's and Standard & Poor's. These ratings are used for all relevant exposure classes. In the cases where the three credit ratings differ, the Company takes the two credit assessments generating the two lowest risk weights and then it uses the credit assessment that corresponds to the higher risk weight.

Exposures to rated institutions are risk weighted based on the credit assessment of the institution itself and the residual maturity of the exposure as per Article 120 of CRR. Exposures to unrated institutions are assigned a risk weight according to the credit quality step to which exposures to the central government of the jurisdiction in which the institution is incorporated are assigned, as specified in Article 121 of CRR. Notwithstanding the general treatment mentioned above, short term exposures to institutions could receive a favorable risk weights of 20% if specific conditions are met.

As at 31 December 2019, exposures to corporate counterparts were risk weighted with 100% since they were all unrated and incorporated in countries with credit assessment up to credit quality step 4.

Finally, the Other Items category includes mainly plant and equipment and VAT refundable. A risk weight of 100% was applied to the above items as per the requirements of the CRR.

The Company has used the credit step mapping table below to map the credit assessment of ECAIs to Credit Quality Steps ("CQS").



Table 9.1.5: General ECAI association with each credit quality step

Credit Quality Step	Fitch	Moody's	S&P's Rating	Institutions Risk Weight		Sovereigns Risk Weight	Corporate Risk Weight
				Residual Maturity up to 3 months	Residual Maturity more than 3 months		
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	0%	20%
2	A+ to A-	A1 to A3	A+ to A-	20%	50%	20%	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	20%	50%	50%	100%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	50%	100%	100%	100%
5	B+ to B-	B1 to B3	B+ to B-	50%	100%	100%	150%
6	CCC+ or lower	Caa1 or lower	CCC+ or lower	150%	150%	150%	150%

Table 9.1.6: Exposure to Institutions by CQS

Asset class	As at 31/12/2019 (€'000)		
	CQS 6	N/A	Total
Corporate	0	0	0
Institutions	0	1,321	1,321
Other Items	0	629	629
Total	0	1,950	1,950

Impaired Assets

As of 1 January 2019, the Company has adopted IFRS 9 "Financial Instruments. In the Disclosures the values of the exposures are presented net of the allowance for the expected credit losses ("ECL") as at 31 December 2019.

Based on the requirements of IFRS 9, the Company assesses on a forward-looking basis the ECL for debt instruments measured at Amortised Cost.

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The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified as Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any.

No impairment losses have been recognised during the year ended 31 December 2019. As at 31 December 2019, the Company did not have any financial assets that were past due or impaired.

Operational Risk Capital Requirements

Due to the limited authorization of the Company from CySEC, the Company falls under Article 95(1) of CRR and therefore the calculation of the capital requirements for operational risk is based on the fixed overheads of the preceding financial year. Under this method, the Company calculates its total Risk Weighted Assets as the higher of the following:

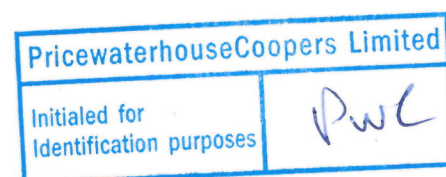
- The sum of Risk Weighted Assets for Credit and Market risk
- Operational Risk Weighted Assets based on the preceding year's fixed overheads

The following table shows the calculation of the capital requirements for Operational Risk based on the fixed overheads methodology.

Table 9.2: Operational Risk Capital Requirement – Fixed Overhead Approach

Type of Risk	Capital Requirements (€'000s)
Operational Risk (based on Fixed Overheads)	226
Additional capital requirement due to the Fixed Overheads approach	32

Based on the above, the capital requirements due to Fixed Overheads amounts to €226 thousand.



Market Risk Capital Requirements

The Company does not trade on own account. As a result, it does not have a trading book.

The Company calculates its capital requirements on currency risk only. As at 31 December 2019, the Company's capital requirement against currency risk amounted to €96 thousand.

10. Remuneration Policy

The Remuneration Policy is approved by the Board of Directors, after taking advice from the compliance function, and implemented by appropriate functions to promote corporate governance. The Board of Directors is responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks that remuneration policy and practices can create. Finally, this Policy adopts and maintains measures enabling them to effectively identify where the relevant persons, who can have a material impact on the services provided and/or corporate behavior of the Company fails to act in the best interest of the client and to take remedial action.

The Company's Remuneration Policy is in line with its business strategy, objectives, values and long-term interests and is designed in such a way as not to create incentives that may lead relevant persons to favor their own interest. It also incorporates measures to avoid conflicts of interest (e.g. when it comes to the remuneration of its employees, having directly or indirectly an impact on Clients' best interests) and to promote code of conduct requirements as well as promote client protection and serve Clients' best interest.

Furthermore, the Company's Remuneration Policy is consistent with sound and effective risk management and intended to deter risk-taking beyond the Company's expressed risk tolerance levels.

The Compliance Function is involved in the design process of this Policy before applying it to the relevant persons. Moreover, it verifies that the Company complies with the conduct of business and conflicts of interest requirements under the Law 144(I)/2007-2014, as amended and has access to all relevant documents.

The Company's Remuneration Policy is reviewed at least annually by the Board of Directors for compliance with the relevant legislation as well as to confirm applicability, viability and alignment with the industry's remuneration standards.

Remuneration Components

The employees' total remuneration consists only of a fixed component. All employees are also eligible for a discretionary bonus remuneration to recognize each employee's contribution to the success of the firm.

Fixed remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role.

The Policy is also set in comparison with standard market practices employed by the other market participants/competitors. It is, however, at the sole discretion of the Company to pay the employee salary above the minimum amount of remuneration defined by the Employment Law. Benefits provided to the relevant Company employees, such as private health insurance, are not employee performance-related.

Currently the Company does not offer **variable remuneration** to any of its employees.

Moreover, all Company employees as per their engagement contracts are not entitled for extra pay for overtime or holiday remuneration not taken. All Company employees can receive a bonus remuneration subject to management's discretion.

In addition, as at the reference date of this Report the Company does not have an active pension scheme. The Company shall proceed and establish such arrangements when and if it is deemed necessary, while taking into consideration the business strategy, objectives, values and long-term interest of the Company.

Performance Appraisal

The Company shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the performance assessment of:

- the individual (quantitative as well as qualitative criteria are taken into account; annual performance evaluation and performance rating are taken into account),
- the business unit concerned, and
- the overall results of the Company.

Examples of qualitative criteria include compliance with regulatory requirements and internal procedures.

Remuneration Committee:

The Company has taken into account its size, internal organization and the nature, scope and complexity of its activities, and has established a Remuneration Committee. Remuneration practices are currently set by the Board of Directors.

The remuneration committee is composed of the following members: Ziad Abou Jamra (Executive Director), Elie Sfeir (Executive Director), Habib Maroun (Non-Executive Director). And Nicholas Sawan (Non – Executive Director). The Committee convened in 2019 and discussed personnel appraisal matters.

Risk takers and control functions

The remuneration of material risk takers and employees in control functions is subject to stricter conditions. Once a year, the Board of Directors identifies its employees who may take material risks on behalf of the Company, such as employees whose professional activities have a material impact on their risk profile, and/or other staff indirectly involved in the provision of investment and/or ancillary services whose remuneration may create inappropriate incentives to act against the best interests of the Company's Clients.

Table 10.1 below provides a snapshot of the aggregate remuneration, broken down by Senior Management (including the Executive Directors) and members of staff whose actions have a material impact on the risk profile of the Company.

Table 10.1: Aggregate Remuneration by Senior Management & Executive Directors and Other Staff for the year 2019				
Role	No. of employees	Fixed (€'000)	Bonus (€'000)	Aggregate Remuneration (€'000)
Senior Management (including Executive Directors) & Other Staff whose actions have a material impact on the risk profile of the Company	8	500	59	559
Total	8	500	59	559
<i>*Other Staff Costs, according to the Financial Statements, of the Company, were not included</i>				

Due to the size of the Company, the remuneration was not broken into business area.

During 2019, no sign-on or severance payments have been made and no deferred remuneration has been awarded.

11. Assets' encumbrance

An asset is considered as encumbered if it is pledged or subject to any form of arrangement to secure, collateralise or credit enhance any transaction form which it cannot be freely withdrawn. Assets pledged that are subject to any restrictions in withdrawal, assets that require prior approval before withdrawal or replacement by other assets are considered encumbered.

During the reporting year and as at the reporting date 31 December 2019, the Company did not hold any encumbered assets.



Annexes

Annex I – Board Declaration- Adequacy of the Risk Management arrangements

The Board of Directors is aware of the fact that in accordance with the Regulation (EU) No.575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, the Company shall disclose its risk management objectives and policies for each separate category of risk, including the risks referred under Article 435 of the above-mentioned regulation. These disclosures shall include, inter alia, a declaration approved by the management body on the adequacy of risk management arrangements of the Company, providing assurance that the risk management systems put in place are adequate regarding company's profile and strategy.

All Board members have reviewed and analysed the content of the Risk Report for 2019. The Company is privately owned, its shares are not listed and are not publicly traded; it has a clearly defined non-complex internal organization and is not large in terms of capital and number of employees with relatively non-complex nature and scope of activities and operations. The Company is not a significant CIF in line with the criteria defined by the Regulator in circular C228. Management estimated that the overall level of risk the Company should be willing to assume to achieve its strategic objectives is approximately on the level from low to low-medium.

The Board of Directors concludes that the Company's risk management framework, including liquidity risk management is adequate in relation to the Company's risk profile and strategy, and that it complies with the above Regulation.

The Board of Directors further verifies that the description of the Company's overall risk profile, included in the Report, is associated with the Company's business strategy and business model reflects the actual risks.

In addition, the management body confirms that the Risk Report provides a relevant and a comprehensive review of the Company's risk management and the information in this report has been prepared in accordance with the internal control processes of the Company. The Board of Directors approves the Risk Report for the year 2019.

The Risk Report for 2019 process as well as the results of the report will be used for future strategic decisions and will be embedded in the day to day operations of the Company.

Annex II –Risk Statement

Fidus Investments Cyprus Ltd, 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. Fidus strives to maintain its strong Tier 1 capital ratio (31 December 2019 36.70%) that is well above the regulatory minimum requirements as defined in Article 92 CRR.

The risk management strategy of Fidus 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. Fidus complies with its own risk policies.

The risk and capital management processes of Fidus have been enhanced through the inclusion of the ICAAP as an integral part of these processes. The Board of Directors and Senior Management use the ICAAP to maintain an effective link between Fidus' risk profile and its capital, thus ensuring that the Firm has adequate capital to cover its risks and operate effectively within its capital framework.

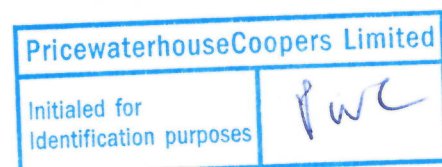


In particular, the Board of Directors will review quarterly the Fidus' capital adequacy as outlined in the ICAAP statement, following any significant changes to the business profile and strategy of the Firm. For instance, future credit facilities granted to clients, upgrade of license, or the introduction 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. Three-year 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 Fidus' Board of Directors of the adequacy of its capital with its risk appetite limits, considering the projected risk profile for the next three years.

Annex III – Balance sheet reconciliation

Balance Sheet Description	Amount (€'000)
Share Premium, as per published financial statements	945
Share Capital, as per published financial statements	230
Accumulated Losses at 1 January 2019, as per published financial statements	(167)
Profit & Loss for the year, as per published financial statements, as per published financial statements	337
Other instruments eligible as capital	-
Intangible assets/Goodwill, as per published financial statements	(1)
Investors Compensation Fund	(43)
0.3% Cash Buffer	(1)
Total Own Funds	1,300



Annex IV – Own funds

At 31 December 2019	Transitional Definition	Full - phased in Definition
<u>At 31 December 2019</u>	€'000	€'000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	1.175	1.175
Retained earnings	170	170
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-	-
Funds for general banking risk	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1.345	1.345
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	(1)	(1)
Investors Compensation Fund	(43)	(43)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
0.3% Cash Buffer	(1)	(1)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(45)	(45)
Common Equity Tier 1 (CET1) capital	1,300	1,300
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1 = CET1 + AT1)	1,300	1,300
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	1,300	1,300
Total risk weighted assets	2,835	2,835
Capital ratios and buffers	-	-
Common Equity Tier 1	45.79%	45.79%

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Tier 1	45.79%	45.79%
Total capital	45.79%	45.79%

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Definitions:

- The Common Equity Tier 1 (CET1) ratio is the CET1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks.
- The Tier 1 (T1) ratio is the T1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks.
- The Total Capital ratio is the own funds of the Company expressed as a percentage of the total risk weighted assets for covering Pillar 1 risks.

