

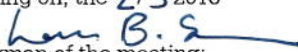
Capital Four Management Fondsmæglerselskab A/S

Per Henrik Lings Allé 2, 8th floor
2100 Copenhagen

CVR-nr. 30 59 30 65

Annual Report 2017

This annual report has been adopted
at the company's annual general
meeting on, the 2/3 2018


Chairman of the meeting:

Lone Benjaminsen Sauer
General Counsel
Attorney-at-law

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Company details

Capital Four Management Fondsmæglerselskab A/S
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CVR-nr.: 30 59 30 65

Board of Directors

Anne-Mette Beske Nielsen, chairman
Harold Murphy
Jeremy Nevil Charles Bassil

Board of Management

Sandro Näf
Henrik Østergaard
Torben Magaard Skødeberg

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Banks

Jyske Bank A/S
Danske Bank A/S
Sydbank A/S
Nordea Danmark, filial af Nordea Bank AB (publ), Sverige
Ringkøbing Landbobank A/S

Group relationship

The Company is included in the consolidated financial statements of the parent company, Capital Four Holding A/S. The Annual Report can be obtained at the phone number 35 25 61 00 or at camilla.levin@capital-four.com.

Statement by the Board of Directors and the Board of Management

The Board of Directors and Board of Management have today discussed and approved the Annual Report for the financial year 1 January - 31 December 2017 for Capital Four Management Fondsmæglerselskab A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act.

The financial statements gives at true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2017 and of the results of operations for the financial year 1 January - 31 December 2017.

The Management's Review gives a fair review of the development in the Company's operations and financial matters as well as a description of the most material risks and elements of uncertainty that may affect the Company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Copenhagen, 2 March 2018

Board of Management



Sandro Naf




Henrik Ostergaard

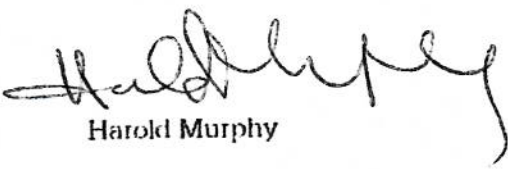


Torben Magaard Skodeberg

Board of Directors



Anne-Mette Beske Nielsen
Chairman



Harold Murphy



Jeremy Nevil Charles Bassil

To the shareholders of Capital Four Management Fondsmægler-selskab A/S

Opinion

We have audited the financial statements of Capital Four Management Fonds-mæglerselskab A/S for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Finan-cial Business Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit ev-idence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Stand-ards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethi-cal responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such inter-nal control as Management determines is necessary to enable the preparation of finan-cial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.


Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2 March 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Anders Duedahl-Olesen

State Authorised Public Accountant

MNE no. mne24732

Company Background

Capital Four (representing Capital Four Holding A/S, Capital Four Management Fondsmæglerselskab A/S and Capital Four Management AIFM A/S) was founded in 2007 on two strategic thrusts: (1) Attractive industry growth of European credit markets; (2) Need for specialist Asset Management expertise to manage credit strategies. The European credit markets have gone through a remarkable growth period during the last two decades. Driven by the introduction of the Euro and thriving Corporate Finance and Private Equity activities, Leveraged Finance (High Yield Bonds & Loans) emerged as a new Asset Class in Europe. Although the recent financial crisis caused new issue High Yield markets to pause, the subsequent changes in regulation have provided a strong backdrop for significant growth of debt capital markets.

The founding partners of Capital Four have been working together for more than 15 years and when Capital Four was founded in 2007, we were recognized pioneers in the European leveraged finance markets. Over the years, deep expertise and skills, combined with relentless focus on credit research, continued to strengthen the quality of our award winning track record. As a result our Assets under Management grew from EUR 644 mill to EUR 9.73bn. in 2017.

Board of Management's Review

In order to reduce the vulnerability to one particular track record and overall swings in the credit cycle we have developed new strategies to complement our standard High Yield offering. Today Capital Four has four investment strategies with industry leading track records:

- European High Yield
- Leveraged Loans
- Credit Opportunities
- Direct Lending

We achieved excellent investment performance in 2017 in all of our strategies and outperformed both competitors and relevant benchmarks. Driven by the strong performance of recent years and strong demand for higher yielding fixed income strategies, Assets under Management grew by EUR 187 million and reached a record high of EUR 9.73 bn at the end of 2017.

Despite the favorable asset management environment and our industry leading investment result, the challenges of future success are significant. Asset Management is a very competitive industry and in order to be able to ensure positive long-term developments, we need to continuously develop our firm. During 2017 we continued to extend the talent base of our firm and increased the number of employees from 35 to 43. We will continue to add new professionals from leading universities and successful companies to strengthen our organization going forward.

Management and Directorship

For a specification of the individual Board of Directors members' Management and Directorships see note 16 in the Annual Report.

Uncertainty with regard to recognition and measurement

No uncertainty with regard to the recognition and measurement exists apart from what is mentioned under accounting policies, just as no exceptional circumstances affecting the recognition and measurement occurred during the financial year.

Risk Exposure and Management

As a financial institution Capital Four accepts risks of a market related, credit related and operational nature. Management of these risks is a significant activity in the company. Risks are controlled by the company by having updated business procedures, including IT-technology and trading systems ensuring proper management of the company.

Net profit and Equity

Net result for the year shows a net profit of DKK 49,470 K compared to a Net profit of DKK 35,914 K in 2016. Net profit of the year is assessed to be satisfactory.

Distribution to owners for 2017: DKK 44,890 K

After transfer of the net result of the year, the equity is DKK 36,114 K as per 31 December 2017.

Subsequent events

No events have occurred after the balance sheet date which significantly affects the company's financial position as of 31 December 2017.

Outlook for 2018

The management acknowledges strong growth of Assets under Management in 2017, which had a positive impact on 2017 revenues. For 2018 it is expected that revenues will also be at a high level. There is a risk of High Yield markets to correct and Assets-flows might – as a result – revert. Such developments leave the firm vulnerable to declining revenues (and profit). The current high profit margins and the efforts of the firm to gather Assets under Management in less cyclical strategies will mitigate vulnerability of the firm to the credit cycle.

Board of Directors, proposed dividend

Board of Directors propose a dividend of DKK 23,800 K at the company's annual general meeting.

Income Statement

Notes		2017	2016
		DKK '000	DKK '000
3	Interest expenses	-161	-9
	Net interest income	-161	-9
4	Fees and commissions income	130,490	107,114
	Paid fees and commissions expenses	-4,120	-43
	Net interest and fee income	126,209	107,062
5	Value adjustments	-233	34
6	Staff costs and administrative expenses	-61,164	-60,057
	Depreciation and impairment of property, plant and equipment	-806	-874
	Profit before tax	64,006	46,165
7	Taxes	-14,536	-10,251
	Profit for the year	49,470	35,914
	Comprehensive income	0	0
	Total Comprehensive income	49,470	35,914
Allocation of the result			
	Proposed dividend	23,800	19,000
	Paid, interim dividend	25,890	14,941
	Accumulated result	-220	1,973
	Total allocation	49,470	35,914

Balance Sheet

Assets			
		31.12.17	31.12.16
Notes		DKK '000	DKK '000
	Cash and demand deposits with central banks	9	14
8	Receivables from credit institutions and central banks	33,966	21,069
9	Other property, plant and equipment	1,283	2,046
	Tax assets	966	0
	Other assets	18,780	20,711
	Prepayments	4,453	3,652
	Total assets	59,457	47,492
Liabilities & equity			
	Tax liabilities	0	979
	Other liabilities	23,294	16,787
	Total liabilities	23,294	17,766
	Provisions for deferred taxes	49	65
	Share capital	2,368	2,368
	Retained earnings	9,946	8,293
	Proposed dividend	23,800	19,000
10	Total equity	36,114	29,661
	Total liabilities & equity	59,457	47,492

11 Contingent and contractual liabilities

12 Security provided

13 Related parties

14 Capital adequacy requirements

15 Risk management

16 Management and directorships

Statement of Changes in Equity and Comprehensive Income

Amounts in DKK thousand	Share capital	Retained earnings	Proposed dividend	Total
Equity at 01.01.16	2,368	6,041	7,700	16,109
Comprehensive income for the period	0	1,973	33,941	35,914
Change in equity, for the period:				
Distribution to owners	0	0	-22,641	-22,641
Issue of warrants and stock awards	0	279	0	279
Equity at 31.12.16	2,368	8,293	19,000	29,661
Equity at 01.01.17	2,368	8,293	19,000	29,661
Comprehensive income for the period	0	-220	49,690	49,470
Change in equity, for the period:				
Distribution to owners	0	0	-44,890	-44,890
Issue of warrants and stock awards	0	1,873	0	1,873
Equity at 31.12.17	2,368	9,946	23,800	36,114

The parent company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the parent company at a given time after the 1st of April 2022.

In 2016 and 2017 the parent company has issued stock awards which gives the right to ordinary shares in the parent company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

1. Accounting Policies

GENERAL

The annual report is prepared in accordance with the Danish Financial Business Act, the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

The accounting policies have been applied consistently with last year.

The company has received the Danish Financial Supervisory Authority's approval to present the annual report in the English language only.

Recognition and measurement in general

In the income statement, income is recognised as earned, including value adjustments of financial assets and liabilities. In the income statement, all expenses, including depreciation and impairment losses, are recognised as well.

In the balance sheet, assets are recognised when the economic benefits are likely to be realised and when the asset value can be measured in a reliable manner. Liabilities are recognised when they are likely to be realised and when they can be measured in a reliable manner. On subsequent recognition, financial assets and liabilities are measured as described below for each specific entry.

For purposes of recognition and measurement, predictable losses and risks which occur before the interim report is presented are taken into consideration.

REPORTING CURRENCY

The Annual Report is presented in Danish kroner.

Foreign currency translation

Transactions in foreign currency are translated into Danish kroner using the exchange rate ruling on the date of the transaction. Receivables and liabilities in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement under net financials.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

INCOME STATEMENT**Interest income and fee income**

Interest income consists of interest and similar income and will be accrued over the specific periods to which they relate and they will be recognised in the income statement with the amounts related to the specific financial reporting period.

Fees income includes income concerning discretionary capital management at the clients' expense, including administrative fees in particular.

Performance fees are recognized as income when the Company obtains definitive rights to the fee.

Fee and commissions expenses

These includes the company's fees for banks, payments and other charges related to the company's fee income.

Translation adjustments

Realised and unrealised capital gains and losses are recognised in the income statement, including any value adjustments of assets and liabilities measured at fair value.

Staff costs and administrative expenses

These include staff, management and administrative expenses, including expenses, related to office rental.

Share-based payment (warrants and stock awards) of employees is recognized as an expense in the income statement at the grant date. Similarly, recognition is made by a corresponding increase in other reserves in equity. The shares-based payment are measured at fair value at the grant date.

Depreciation

Depreciation of property, plant and equipment aims at systematic depreciation over the expected useful lives of the assets. The following depreciation period is applied by the company:

Fixtures and fittings, tools and equipment:	3-5 years
Leasehold improvements	5 years

Tax

Tax for the year comprises current tax, joint taxation contribution and changes in deferred tax for the year. Tax relating to the profit/loss for the year is recognised in the income statement, and the tax relating to amounts directly recognised in equity is recognised directly in equity.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Other property, plant and equipment

Property, plant and equipment comprise leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Impairment of assets

The carrying amount of non-current assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the disposal of the asset or group of assets after the expiry of their useful lives.

Other assets

Receivables and receivables related to fees for portfolio management are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by provisions for bad debts.

Equity and dividend

The proposed dividend for the financial year is recognized as a special item under equity.

Premiums for warrants and stock awards and the redemption of warrants and stock awards on the company's shares are recognized as a change in equity in other reserves.

Current and deferred taxes

Current tax payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for any tax paid on account.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Other liabilities

Expenses that is not due until subsequent reporting year is recognised under other liabilities.

Financial highlights

The financial highlights have been prepared in accordance with the Danish Financial Supervisory Authority's executive order on financial reports of credit institutions and stockbroker companies.

2. Five year summary (key figures and financial ratios)**Key Figures**

Amounts in DKK thousand	2017	2016	2015	2014	2013
Net interest and fee income	126,209	107,062	81,945	73,851	52,343
Value adjustments	-233	34	-28	-97	-83
Staff costs and administrative expenses	61,164	60,057	40,066	31,434	24,499
Profit for the year	49,470	35,914	31,226	31,650	20,650

Amounts in DKK thousand	31.12.17	31.12.16	31.12.15	31.12.14	31.12.13
Equity	36,114	29,661	16,109	13,403	10,593
Total assets	59,457	47,492	30,213	24,738	17,586

Amounts in DKK thousand	2017	2016	2015	2014	2013
Own funds in relation to minimum capital requirement	1,18	1,28	1,06	1,35	1,55
Solvency ratio	9,4%	10,3%	8,5%	10,8%	69,0%
Core capital ratio	9,4%	10,3%	8,5%	10,8%	69,0%
Return on equity before tax	194,6%	201,7%	277,6%	349,2%	220,7%
Return on equity after tax	150,4%	156,9%	211,6%	263,4%	165,6%
Income/cost ratio	2,03	1,76	2,00	2,32	2,11

The decrease in solvency- and core capital ratio in 2014 is primarily due to the transition to CRR.

	2017 DKK '000	2016 DKK '000
3. Interest expenses		
Interest from credit institutions and central banks	111	9
Other interest expenses	50	0
Total	161	9

4. Fees and commissions income

Other fees and commissions income	130,490	107,114
Total	130,490	107,114

The Company has not distributed net interest and fee income on activity and geographical markets. It is estimated that there is not significant deviation between the activities and geographical areas, and therefore made no segment information.

	2017 DKK '000	2016 DKK '000
5. Value adjustments		
Currency adjustments	-233	34
Total	-233	34

	2017 DKK '000	2016 DKK '000
6. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk		
Board of Directors	150	212
Board of Management, fixed salary	5,067	5,022
Board of Management, variable salary	0	0
Salary risktakers, fixed salary	1,939	1,952
Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk	7,156	7,186
Staff salaries	28,622	26,562
Staff pensions	1,962	1,750
Social security costs	220	210
Payroll tax	4,764	4,699
Total staff costs	42,724	40,407
Other administrative expenses	18,440	19,650
Total staff costs and administrative expenses	61,164	60,057
Average number of employees in the period	40	33

	2017 DKK '000	2016 DKK '000
6. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk - continued		
Number of employees defined as risktakers:		
Board of Directors	3	3
Board of Management	3	3
Risktakers	2	2
Total	8	8
Audit fee:		
Fees for statutory audits of annual accounts	231	138
Fees for assurance engagements other than audit	26	44
Fees for tax advisory services	0	53
Fee for other services	19	0
Total Audit fee	276	235

Fees to the Board of Directors of Capital Four Management Fondsmæglerselskab A/S are shown in note 16.

There are no pension commitments on the company because the company's pension plan is a defined contribution plan.

The company has no significant risk takers beyond the company's Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance. As the wages in respect to the Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance are specified above, it is chosen not to specify these again under significant risk takers.

	2017 DKK '000	2016 DKK '000
7. Taxes		
Calculated tax for the period	14,552	10,279
Deferred tax, adjustment for the year	-16	-28
Total taxes	14,536	10,251
Deferred tax liability:		
Provisions for deferred taxes	49	65
Tax reconciliation:		
Current tax rate	22,0%	22,0%
Non-deductible Items	0,7%	0,2%
Average effective rate of interest	22,7%	22,2%
	31.12.17 DKK '000	31.12.16 DKK '000
8. Receivables from credit institutions and central banks		
Receivables from credit institutions on demand	33,966	21,069
Receivables from credit institutions and central banks, total	33,966	21,069

	31.12.17 DKK '000	31.12.16 DKK '000
9. Other property, plant and equipment		
Machinery, fixtures and fittings etc,		
Costs as at 01.01.17	4,440	4,337
Additions during the year	43	103
Costs as at 31.12.17	4,483	4,440
Depreciations and impairment losses as at 01.01.17	2,394	1,520
Depreciation during the year	806	874
Depreciations and impairment losses as at 31.12.17	3,200	2,394
Carrying amount as at 31.12.17	1,283	2,046

10. Equity

The company's share capital is divided into A-shares, each of a nominal value of DKK 1,00 and carrying one vote and B-shares, each of a nominal value of DKK 0,1 and 10 B-shares carrying one vote.

The share capital consists of:

	Nominal value
Share class A	2,366,618
Share class B	1,000

The parent company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the parent company at a given time after the 1st of April 2022.

In 2016 and 2017 the parent company has issued stock awards which gives the right to ordinary shares in the parent company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

	31.12.17 DKK'000	31.12.16 DKK'000
11. Contingent and contractual liabilities		
Danish guarantee fund for depositors and investors	130	125
Total guaranties	130	125
Other commitments		
Rent commitments	21,816	3,337
Total other commitments	21,816	3,337

The company is taxed with other group companies. The company is liable from 2014 with the other taxed companies for the total company tax. The total known tax liability for the jointly taxed companies amounts to DKK thousands 497 at the balance sheet date.

The company is jointed registered with other group companies for VAT. The company is liable with the other group companies for the total VAT.

12. Securities provided

The company has per 31st December 2017 not made any pawning or given any form of securities.

13. Related parties

The company has not completed transactions, granted loans, granted mortgage, provided guarantees, for Board of Directors, Board of Management or principal shareholder or with companies outside of the company in which the parties have an interest. Any transactions with related parties are based on market conditions.

Ownership:

The following shareholders are registered in the company's register of shareholders as holding more than 5% of the share capital:

- Capital Four Holding A/S, Per Henrik Lings Allé 2, 8, 2100 Copenhagen Ø

Capital Four Management Fondsmæglerselskab A/S is included in the consolidated financial statements of the parent company, Capital Four Holding A/S.

	31.12.17 DKK'000	31.12.16 DKK'000
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14. Capital adequacy requirements

Capital adequacy requirements according to section 95 (2) of Capital Requirements Regulation (CRR):

Total risk exposure / risk-weighted items	130,631	103,753
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Capital adequacy requirements according to section 97 of Capital Requirements Regulation (CRR) (previous years fixed costs):

Staff costs and administrative expenses	60,057	40,066
Hereof one-off costs	-19,129	-7,749
Depreciations and impairment losses on property, plant and equipment	874	884

Total fixed expenses	41,802	33,201
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Capital adequacy requirements, 25% of this	10,451	8,300
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Own Funds

Equity	36,114	29,661
Proposed dividend	-23,800	-19,000
Own Funds	12,314	10,661

15. Risk management

The most important operating risks of the company relates to:

- Loss of customers/assets under management. This risk is minimised through: Contractually fixed minimum maturity periods. Diversification of the customer base.
- Operational errors leading to losses. This risk is minimised through: Business procedures, including up-to-date IT technology and trading systems. Staff training.
- Loss of key staff in the investment area. This risk is minimised through: Contractually fixed non-competition clauses. Increase/diversification of the staff.
- Financial risks (credit and market risks). Deemed to be limited for the company and thus insignificant.

As a financial institution, Capital Four Management Fondsmæglerselskab A/S assumes market, credit and operational risks. Risk management constitutes a significant activity in the company. The risks are managed according to guidelines on investments in securities as laid down by the Board of Directors. The risks are limited and primarily relate to investments in mortgage credit bonds.

16. Management and Directorships

Management and Directorships held by the Board of Directors in companies as member of the Board of Management or Board of Directors (Chief Executive Officer (CEO), Chairman (CM), Board member (BM))

Anne-Mette Beske Nielsen, Chairman of the Board

	2017 DKK '000	2016 DKK '000
Directors remuneration, fixed	150	212
Directors remuneration, variable	0	0
Total	150	212

- Capital Four AIFM A/S (CM)
- Christian Nielsens Fond (BM)

Harold Murphy, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2017)

- Capital Four Holding A/S (BM)
- Capital Four AIFM A/S (BM)
- Harvest Financial Services Ltd (CM)
- CNP Europe Life Ltd. (BM)

Jeremy Nevil Charles Bassil, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2017)

- Capital Four AIFM A/S (BM)
- Capital Four Holding (BM)
- Northill Global Strategies SPC (BM)
- Northill Global Fund Managers Limited (BM)
- Ellis Munro Asset Management Pte. Limited (BM)
- Northill Global Funds ICAV (BM)
- Alpha Strategic Limited (BM)
- Longview Partners Limited (BM)