

 **KAS Trust & Depositary Services**

Annual Report 2016

KAS Trust & Depositary Services B.V.

Amsterdam

General

KAS Trust is a 100% subsidiary of KAS BANK N.V and independently acts as depository for investment funds. KAS Trust has over 20 years of experience in acting as a supervisor of investment funds providing Depository services. The core business of KAS Trust is to focus entirely and exclusively on the supervision of investment funds. KAS Trust acts since 1995 as a Depository under the Act on Financial Supervision (in Dutch: Wet op het financieel toezicht, Wft) and its predecessors. In this structure, all oversight and monitoring tasks are performed by KAS Trust in its capacity as Depository.

The depository services are offered to investment funds under the Alternative Investment Fund Managers Directive (hereafter "AIFMD") and Undertakings for Collective Investments in Transferable Securities directive (hereafter: "UCITS V") as well as to exempt investment funds of these regimes.

As part of our ongoing commitment to the Dutch investment funds industry and due to the introduction of the AIFMD, KAS Trust became an authorised investment firm in 2013. In 2016 KAS Trust's Assets under Depository have grown to EUR 64 billion (31 December 2015: EUR 50 billion), servicing more than 250 investment funds (2015:200).

As a depository we are responsible for the oversight and supervision duties and custody of the assets of the investment funds. We perform our duties primarily to protect the investors in the funds. In 2016 KAS Trust has further strengthened its position as a depository for investment funds in The Netherlands and managed to increase the number of clients. This was mainly a result of the growing number of Dutch "instellingen voor collectieve beleggingen in effecten, icbe's acting according the UCITS V Directive as of March 2016.

As independent and neutral party KAS Trust does not partake in activities relating to asset management and consultancy. In the course of 2016 KAS Trust has revoked its license under the Act on the Supervision of Trust Offices; in Dutch "Wet toezicht trustkantoren (Wtt)". As a result of the introduction of the AIFMD, KAS Trust has decided to terminate the service to operate as the management of entities that hold legal ownership over Fund's assets. In some fund structures the legal ownership of the Fund's assets is to be held in a separate legal entity. From this position, the interest of our clients is ensured and the segregation of assets from the management company and the Depository are guaranteed, whereby the Depository can focus on post-trade oversight. As a result of this decision the number of subsidiaries in 2016 decreased from 19 to 9. It is expected that the number of subsidiaries will further decrease during 2017.

Under note 6 of the financial statements an overview is given of all KAS Trust's subsidiaries in 2016.

Financial developments

The operating income increased from EUR 3,570,380 in 2015 to EUR 4,625,928 in 2016. The net result of 2016 amounts EUR 2,381,500 (2015: EUR 1,650,130).

The non-risk weighted solvability of KAS Trust decreased in 2016 from 86.8% to 82.4%.

Due to the decrease of the number of subsidiaries, the liquidity of KAS Trust increased from 82% in 2015 to 94% in 2016. The cash inflow of operational activities fully covers the need of cash to finance KAS Trusts operations and eventually its investment needs to expand its operations. From the net result of 2015 of EUR 1,650,130 an amount of EUR 802,427 was added to the General Reserves and EUR 847,703 was paid out as a cash dividend to the shareholder.

Risk management

At KAS Trust Risk Management is an integral part of doing business. Our risk appetite is directly linked to our strategy and is defined in the form of a combination of qualitative and quantitative risk tolerances.

Acting as depositary under the AIFMD and UCITS V regulations there are specific risk and liabilities in the performance of our duties. The liability that KAS Trust can be held liable for the loss of financial instruments of our clients results in one of the main potential risk factors. KAS Trust carries out Due Diligence on all custodians on an annual basis in relation to the delegation of the safekeeping of financial instruments. Furthermore an approved list of admitted countries is defined in which our clients can hold financial instruments in custody. All types of instruments in which our clients are able to invest are subject to approval of KAS Trust. Also periodic Due Diligence is performed on the administrators of the funds for which we act as Depositary in order to get assurance that the Net Asset Values are calculated in a structured and consistent method. Following these measures the risk appetite of KAS Trust stays on the preferred levels.

Given the nature of KAS Trust's services, its stakeholders have the following expectations with regards to its activities and processes:

- Safekeeping of assets / Asset safety;
- Operational excellence;
- Business continuity;
- Insurance to transfer/mitigate risks.

The Company does not make use of financial instruments to manage its market risk. The potential impact of changing and accumulating rules and regulations is a constant focal point for institutions like KAS Trust. It calls for an active dialogue with regulators and market participants.

Risk policies

Risk policies are determined by KAS Trust's Risk Committee. The Risk Committee monitors the Company's risk management policy and procedures. Members are the Board of Directors of KAS Trust.

Non-financial risk

Operational risk

Operational risk is the risk that losses will occur as a result of weaknesses or failures in internal processes and /or systems, human frailties or outside events. Examples of operational risks include IT problems, shortcomings in organisational structure, the absence of (or inadequate) internal control, human error, fraud and external threats.

Management commitment is fundamental to identify and analyse operational risks and implement adequate internal control measures. Management is supported by the three teams within KAS Trust, being Account Management, Business Support and Oversight.

Internal Audit performs a monitor role, involving operational and Risk Management audits. KAS Trust's operational risk function is based on the principles of the operational risk framework.

Operational risk framework

Operational loss data collection

Systematic records are kept of events attributable to operational risks. These recorded events are periodically analysed in the Risk Committee to stay in control. Subsequently these are also used for organisational learning purposes and process improvements.

Risk and control self-assessment

Each process has a control structure in place, which documents the process, inherent risks, control objectives and control measures. These control structures are periodically evaluated via risk self-assessments, supported by the risk manager.

Risk self-assessment is an important instrument to identify, quantify and evaluate operational risks in KAS Trust's internal processes. It is also used to manage these risks by implementing adequate internal control measures.

ISAE 3402

KAS Trust has published an ISAE (International Standard on Assurance Engagements) 3402 Type 2 report. This report was compiled to indicate the extent to which internal control measures have been effective in achieving process objectives. The report was audited by an external auditor, PricewaterhouseCoopers Accountants N.V.

Business Continuity Management

Continuity is of great importance in the context of financial services. Since our clients, regulators and applicable legislative bodies require clear business continuity management, it is not an internal business objective only. BCM is an integral part of KAS Trust's business model. We follow the best practice guidelines recommended by the Business Continuity Institute when implementing and fulfilling BCM. We have appointed KAS BANK as Continuity Manager to ensure that up-to-date recovery plans are in place at all times. This includes the monitoring and support of the tests and evaluations of these recovery plans.

Staffing

KAS Trust's staff, including the board members, are employees of KAS BANK N.V. and are fully dedicated to KAS Trust and its depositary services. The KAS Trust team increased in 2016 from 9 to 12 Fte. For 2017 no significant change in the number of FTEs is expected.

The primary objective of the remuneration is to enable KAS Trust to retain and recruit highly qualified staff and is aimed at helping to create good results for the benefit of the company – in line with its objectives in terms of returns and risk, customer satisfaction, Operational Excellence and Innovation. It also helps to develop and maintain the competencies necessary to achieve good results.

KAS BANK's collective labour agreement governs the remuneration packages for all employees.

Outlook

KAS Trust continuously improves its operations, cost level and services. This has resulted in a stable growth of the income in the past years and we expect that this growth will continue in the upcoming years. Developments within the depositary services or other opportunities are monitored continuously and if necessary for our clients we will adjust their services to fulfill their requirements optimal.

Management declaration

KAS Trust's Managing Board hereby declares that the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuing institution.

Amsterdam, 16 May, 2017

Managing Board

J.N.P. Laan

R.F. Kok

S.F. Plesman

FINANCIAL STATEMENTS 2016

Income Statement

<i>In euros</i>	Note	2016	2015
OPERATING INCOME			
Net commission income	1	4.626.703	3.571.854
Trading	2	-775	-1.474
Total operating income		4.625.928	3.570.380
OPERATING EXPENSES			
Personnel expenses	3	1.099.903	967.625
General and administrative expenses	4	350.692	402.543
Total operating expenses		1.450.595	1.370.168
Operating result before tax		3.175.333	2.200.212
Tax expense	5	793.833	550.082
Net result for the year		2.381.500	1.650.130
Other comprehensive income		-	-
Total comprehensive income		2.381.500	1.650.130

The notes on pages 14 to 19 are an integral part of these financial statements.

Balance sheet

KAS Trust & Depositary Services B.V. Financial statements 2016

<i>In euros</i>	Note	31 December 2016	31 December 2015
Assets			
Subsidiaries	6	333,001	1,345,511
Other assets	7	323,833	227,295
Cash and cash equivalents	9	10,404,782	7,160,475
Total assets		11,061,616	8,733,281
Equity and liabilities			
Issued capital	10	25,000	25,000
Share premium	11	4,925,945	4,925,945
Other reserves (including profit for the year)	12	4,160,584	2,626,788
Total equity		9,111,529	7,577,733
Other liabilities	8	1,950,087	1,155,548
Total liabilities		1,950,087	1,155,548
Total equity and liabilities		11,061,616	8,733,281

The notes on pages 14 to 19 are an integral part of these financial statements.

Statement of changes in equity

<i>In euros</i>	Issued capital	Share premium	Other reserves (incl. profit for the year)	Total equity
Balance as at 1 January 2015	25,000	4,925,945	976,658	5,927,603
Profit for the period	-	-	1,650,130	1,650,130
Other comprehensive income	-	-	-	-
Balance as at 31 December 2015	25,000	4,925,945	2,626,788	7,577,733
Profit for the period	-	-	2,381,500	2,381,500
Dividend 2015	-	-	-847,703	-847,703
Other comprehensive income	-	-	-	-
Balance as at 31 December 2016	25,000	4,925,945	4,160,584	9,111,529

The notes on pages 14 to 19 are an integral part of these financial statements.

Cash flow statement

KAS Trust & Depository Services B.V. Financial statements 2016

In euros	Note	2016	2015
Net result		2,381,500	1,650,130
Adjustments for non-cash items included in net result			
Tax expense	5	793,833	550,082
Changes in assets and liabilities			
Receivables	7	-209,038	113,509
Accounts payable	8	676	71,016
Other movements		-	-
Cash flow from operating activities		2,966,971	2,384,737
Total net cash flow from financing activities	12	-847,703	-
Financing of subsidiaries (inflow)	6	1,125,010	1,125,000
Cash flow from financing activities		277,307	1,125,000
Net cash flow		3,244,278	3,509,737
Cash and cash equivalents at 1 January	9	7,160,475	3,650,738
Net cash flow		3,244,278	3,509,737
Cash and cash equivalents at 31 December		10,404,782	7,160,475

The notes on pages 14 to 19 are an integral part of these financial statements.

Company information

The objectives of KAS Trust & Depositary Services B.V. (hereafter: KAS Trust) are:

- To act as depositary for investment institutions as provided by the Financial Supervision Act (*Wet op het financieel toezicht*);
- To provide investment services and related services as provided by the Financial Supervision Act; and
- All activities which are incidental to or which may be conducive to any of the foregoing referred.

General information

Registration Chambre of Commerce: 33117326

Corporate seat: Amsterdam

Address of the Company: Nieuwezijds Voorburgwal 225, 1012 RL Amsterdam

Date of Incorporation: 9 June 1966

The annual financial statements were prepared by the Managing Board on 15 May 2017. The annual financial statements will be presented to the Annual General meeting for adoption on 31 May 2017.

Basis of preparation

The financial statements have been prepared on a historical cost basis unless stated otherwise. The financial statements are presented in euros, which is also the functional currency of KAS Trust. The financial statements have been prepared on a going concern basis.

Statement of compliance

The separate financial statements of 2016 of KAS Trust are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Part 9 of Book 2 of the Dutch Civil Code.

Consolidation exemption

KAS Trust does based on article 2:408 of the Dutch civil law not present consolidated financial statements since its debt or equity instruments are not traded in a public market, it is a wholly-owned subsidiary of KAS BANK N.V. (Amsterdam), and KAS BANK N.V. produces consolidated financial statements that are available for public use and comply with IFRS. These consolidated financial statements are available on KAS BANK's website under Investor Relations, Annual reports (www.kasbank.nl/Investorrelations/AnnualReports.aspx).

Critical accounting estimates and judgements

The preparation of the financial statements requires management judgements and estimates which affect the items reported and disclosed. These estimates and judgements are based on past experiences and take into account recent trends, environmental factors and statistics. At present, for Kas Trust, there are no areas that require significant accounting estimates and judgemental decisions.

Recognition of income and expenses

Revenues and expenses are recognised to the extent that it is probable that economic benefits will flow to or out of KAS Trust and these revenues or expenses can be reliably measured. Fees earned for the provision of services over a period of time are accrued over that period.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to euro at closing rate. Foreign exchange gains and losses resulting from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as 'Other financial income'. KAS Trust has no non-monetary assets and liabilities denominated in foreign currencies.

Financial assets and liabilities*Recognition and derecognition*

All financial assets and liabilities are initially recognised on trade date, i.e. when KAS Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if KAS Trust's contractual rights to the cash flows from these financial assets expire or if KAS Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised when KAS Trust's obligations specified in the contract expire or are discharged or cancelled.

Measurement on initial recognition

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. The classification determines the measurement and the recognition of results. On initial recognition, financial instruments are measured at fair value plus, in the case of instruments not subsequently carried at fair value through profit or loss, any directly attributable transaction costs

Measurement at fair value

Measurement at fair value especially relates to derivative financial instruments, financial assets and liabilities designated at fair value and financial investments available-for-sale. Additional disclosures relating to fair value measurement are presented in note 34 of this annual report.

Measurement at amortised cost

Measurement at amortised cost relates to exposures due from/to banks, loans, due to customers and (reverse) repurchase agreements.

The interest of debt instruments is calculated using the effective interest method and is recognised as 'Interest income' in the income statement.

Measurement at cost

Cash and balances with central banks are measured at cost. The interest is recognised as 'Interest income' in the income statement.

Impairment*Financial assets measured at amortised cost*

For financial assets carried at amortised cost, KAS Trust assesses individually whether objective evidence of impairment exists. Indications of objective evidence of impairment are amongst others:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract, such as a default or delinquency in interest or principal payments by the issuer; or
- Disappearance of an active market for the related financial asset.

The impairment loss is the difference between the assets' amortised cost and the value of future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses are recognised in the income statement. In the event that the financial asset is collateralised, account is taken of future cash flows that may result from foreclosure of the collateral.

If, in a subsequent period, the amount of the impairment loss decreases and this objectively relates to an event after the impairment was initially recognised, the recognised impairment loss is reversed and the recovery is recognised in the income statement.

Fiduciary assets

KAS Trust provides trust and fiduciary services that result in the holding or investing of assets on behalf of clients. Assets held in a fiduciary capacity are not recognised in the balance sheet of KAS Trust, as they are not the assets of KAS Trust.

Subsidiaries

The measurement of subsidiaries is based on historical costs.

Shareholders' equity

Issued capital

KAS Trust's authorised capital comprises ordinary shares.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Annual General meeting. Interim dividend is deducted from equity when declared and no longer at the discretion of KAS Trust.

Other reserves

Other reserves include retained earnings and can be freely distributed to the shareholders of KAS Trust.

Retirement benefit plan

The pension expenses related to the employees of KAS Trust are charged by KAS BANK to KAS Trust and recognised in the income statement of KAS Trust as 'Personnel expenses' as the employees of KAS Trust are employees from KAS BANK.

Taxes

KAS Trust forms a fiscal unity with KAS BANK and several subsidiaries of KAS BANK for both company tax and VAT. The fiscal unity is jointly and severally liable for taxation payable by the tax group. The company tax expense is settled via the current account.

Statement of cash flows

The separate statement of cash flows is based on the indirect method. Cash flows are classified as cash flows from operating, investing and financing activities. The cash flow from operating activities is based on the result after tax. This result is adjusted for those items in the income statement and changes in the balance sheet which do not result in actual cash flows during the year. Cash and cash equivalents comprise balances which are callable on demand.

Changes in accounting policies

The accounting policies applied in preparing these financial statements are consistent with the previous year except for the following non-significant adjustments:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Annual improvements to IFRSs (2012-2014 cycle).

These adjustments had no impact on the relevant comparative figures.

New IFRS standards and interpretations not yet adopted

New, amended or revised standards were not applied in preparing these financial statements as these standards were either not effective for the current period or have not been adopted by the EU.

The impact of the new standards will have no material impact on the future results and financial position of KAS Trust in the future. Especially IFRS 9 and IFRS 16.

Capital management

For the purpose of KAS Trust's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. KAS Trust's policy is aimed at maintaining an adequate capital base in order to meet existing and future capital requirements and to fulfil the capital adequacy standards at all times.

Fair value estimation

KAS Trust has no financial assets and liabilities measured at fair value.

Fair values, including valuation methods and assumptions

At 31 December 2016, the carrying amounts of cash and cash equivalents, other assets and other liabilities, approximated their fair values due to the short-term maturities of these assets and liabilities.

1. Net Commission income

<i>In euros</i>	2016	2015
Commission income	7.941.834	5.900.684
Commission expense	3.315.131	2.324.257
Total	4.626.703	3.576.428

The commission is our fee for acting as depository for investment funds and are mostly calculated as a basis points fee based on the assets of the investment funds. All revenue is recognised in the Netherlands.

2. Trading

<i>In euros</i>	2016	2015
Foreign exchange transaction results	-775	-1,474
Total	-775	-1,474

3. Personnel expenses

<i>In euros</i>	2016	2015
Salaries	828,838	662,017
Social securities costs	110,978	84,881
Temporary staff	3,492	60,764
Pension charges	76,500	95,807
Other	80,095	64,155
Total	1,099,903	967,625

The staff of KAS Trust is employed with KAS BANK N.V. All salary related expenses of the KAS Trust staff are fully charged from KAS BANK to KAS Trust. During 2016, the average number of employees at fulltime equivalent basis was twelve (2015: nine). One of the employees was working outside the Netherlands in 2016 (2015: none).

4. General and administrative expenses

<i>In euros</i>	2016	2015
Advice	24,562	35,839
Audit fee	61,964	20,999
Information technology	209,001	228,081
Traveling and accommodation expenses	33,520	39,434
Other	21,645	78,190
Total	350,692	402,543

5. Tax expense

<i>Reconciliation with effective tax rate</i>	2016	%	2015	%
Result before tax	3,175,333		2,200,212	
Tax expense at statutory tax rate	793,833	25.0	550,082	25.0
Tax expense at effective tax rate	793,833	25.0	550,082	25.0

6. Subsidiaries

In euros	Balance as at 31 December 2015	Movements in share premium	Liquidated subsidiaries	Balance as at 31 December 2016
KAS-Trust Blue Sky Eagle Fund Bewaarder B.V.	18,000	-	-	18,000
KAS-Trust Bewaarder Gestion Actief Beheer Fonds B.V.	112,500	-	-112,500	-
KAS-Trust Bewaarder IMQubator Multi Manager Fund B.V.	112,500	-94,500	-	18,000
KAS-Trust Bewaarder IMQubator Participation Fund B.V.	112,500	-	-112,500	-
KAS-Trust Bewaarder Index Umbrella Fund B.V.	18,000	-17,999	-	1
KAS Bewaarder Klantenvermogen BND B.V.	18,000	-	-18,000	-
KAS-Trust Bewaarder OVMK Fondsen B.V.	112,500	-94,500	-	18,000
KAS-Trust Juridisch Eigenaar Beleggingsfondsen B.V.	18,000	-	-18,000	-
KAS-Trust Bewaarder Theta Multistar Fund B.V.	112,500	-	-112,500	-
KAS-Trust Bewaarder Trend Map Total Volendam Fund B.V.	112,500	-	-112,500	-
KAS-Trust Bewaarder IAM Beleggingsfondsen B.V.	112,500	-94,500	-	18,000
KAS-Trust Bewaarder Fund for Fair Future Fund B.V.	18,000	-	-	18,000
KAS-Trust Bewaarder Brand New Day Premiepensioeninstelling B.V.	112,500	-	-	112,500
KAS-Trust Bewaarder Brand New Day Collectief Paraplufonds B.V.	18,000	-	-18,000	-
KAS-Trust Bewaarder Capvest Masters Funds B.V.	112,500	-	-	112,500
KAS-Trust Bewaarder Staalbankiers Multi Asset Fonds B.V.	112,500	-94,500	-	18,000
KAS-Trust Bewaarder Double Dividend Equity Fund B.V.	10	-	-10	-
KAS-Trust Bewaarder Aster-X Ottoman Fund B.V.	112,500	-	-112,500	-
KAS-Trust Bewaarder Bright LifeCycle Fund B.V.	1	-	-1	-
Balance as at 31 December	1,345,511	-395,999	-616,511	333,001

All subsidiaries are fully owned by KAS Trust and located in Amsterdam, The Netherlands. The management of these entities is executed by KAS Trust. The only activity of these subsidiaries is to act as legal owner of investment funds as described in the Financial Supervision Act (*Wet op het financieel toezicht*). During 2016 ten subsidiaries were liquidated. The liquidation of these subsidiaries did not result in any gains or losses.

Subsidiaries are entities which are controlled by KAS Trust. Control of an entity exists if KAS Trust is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In general, control is presumed to exist where KAS Trust owns more than 50% of the voting power of an entity.

7. Other assets

In euros	2016	2015
Receivables	323,833	114,795
Other (>1 year)	-	112,500
Balance as at 31 December	323,833	227,295

Account receivables are not past due nor impaired. No provisions have been made for credit risk. The fair value of other assets does not materially deviate from its carrying amount, due to the short-term nature of its related assets.

8. Other liabilities

In euros	2016	2015
Accounts payable (<1 year)	1,950,087	1,155,578
Balance as at 31 December	1,950,087	1,155,578

The fair value of liabilities does not materially deviate from its carrying amount, due to the short-term nature.

9. Cash and cash equivalents

This balance sheet item includes cash on hand and demand deposits. KAS Trust has no restricted cash position.

10. Issued capital

The authorised share capital of KAS Trust & Depositary Services B.V. amounts to EUR 25,000, divided into 50 ordinary shares of EUR 500. Issued and fully paid up share capital consists of 50 ordinary shares. This has not changed compared to December 2015

11. Share premium

<i>In euros</i>	2016	2015
Balance as at 1 January	4,925,945	4,925,945
Balance as at 31 December	4,925,945	4,925,945

12. Other reserves (including profit for the year)

<i>In euros</i>	2016	2015
Balance as at 1 January	2,626,788	976,658
Result for the period	2,381,500	1,650,130
Dividend	-847,703	-
Balance as at 31 December	4,160,584	2,626,788

The end balance of EUR 4,160,584 (2015: EUR 2,626,788) is comprised fully of retained earnings.

13. Related parties

KAS Trust identifies as related parties the members of the Managing Board and the parent KAS BANK.

The table below presents the remuneration of the Managing Board of KAS Trust.

Remuneration of the Managing Board <i>In euros</i>	Short-term employee benefits	Post-employment benefits	Other long term benefits	Termination benefits	Share-based payments
2016	342,169	44,607	-	-	-
2015	330,917	37,987	-	-	-

The key management consists of the Managing Board of KAS Trust.

The following table presents the transactions with the parent KAS BANK N.V.

Related party transactions <i>In euros</i>	Revenues from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
2016				
Parent	-	4.688.577	-	1.905.090
2015				
Parent	-	3.351.708	112.500	1.106.966

The transactions between KAS Trust and KAS BANK relate to revenues and expenses received or paid by KAS BANK which concern KAS Trust. Related party purchases relate to commission expenses (custody) and staff costs including pension charges. These related party transactions are charged from or to KAS BANK without mark-up.

14. Contingencies and commitments

KAS Trust forms a fiscal unity with KAS BANK and several subsidiaries of KAS BANK for both company tax and VAT. The fiscal unity is jointly and severally liable for taxation payable by the tax group.

15. Risk Management

Financial risk management

KAS Trust's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks based on principles for overall risk management. KAS Trust's overall risk management program seeks to minimize potential adverse effects on KAS Trust's financial performance. Management is of the opinion that KAS Trust's exposure to financial risks is limited.

Market risk

Foreign exchange risk

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. Assets and liabilities as well as the transactions are primarily denominated in the same currency significantly reducing to the exposure to foreign currency exchange risk. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

Price risk

KAS Trust is not exposed to any significant price risk due to the absence of any investments or liabilities measured at fair value.

Interest rate risk

Because KAS Trust is not financed with external debt, no significant interest rate risk is present.

The cash balances of KAS Trust are not significantly exposed to interest rate risk due to the fact *that* cash is used to settle the current liabilities at short notice and the bank-accounts of KAS Trust are non-interest bearing.

Capital management

It is KAS Trust's policy to maintain a strong capital base, to meet regulatory capital requirements at all times and to support the development of the business. This involves the management, planning and allocation of capital within KAS Trust.

Capital risk

Capital risk is the risk of losses due to investments. Because KAS Trust does not invest it is not exposed to any significant capital risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. KAS Trust has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and intercompany receivables.

<i>In euros</i>	<u>Subsidiaries</u>	<u>Other assets</u>	<u>Cash and cash equivalents</u>
31 December 2016			
Carrying amount	333,001	323,833	10,404,782
Assets not impaired, not past due	333,001	323,833	10,404,782
31 December 2015			
Carrying amount	1,345,511	227,295	7,160,475
Assets not impaired, not past due	1,345,511	227,295	7,160,475

Concentration risk

Concentration risk is the risk that KAS Trust will encounter difficulty in its continuity when major clients will cancel the agreement with KAS Trust. In 2016 a limited number of clients were responsible for over 50% of the income. For 2017 it is expected that this percentage will slightly decrease as a result of new clients.

Compliance risk

Compliance risk is the risk that KAS Trust is not compliant to the relevant laws and legislations (e.g. the specific services under the applicable laws) KAS Trust continuously monitors the relevant changes, both by Legal and the Risk committee.

Liquidity risk

Liquidity risk is the risk that KAS Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. KAS Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to KAS Trust's reputation.

Maturity calendar as at 31 December 2016				Non-	
In thousands of euros	Direct	<= 1 year	> 1 year	maturity	Total
Assets					
Subsidiaries	-	-	-	333,001	333,001
Other assets	-	323,833	-	-	323,833
Cash and cash equivalents	10,404,782	-	-	-	10,404,782
	10,404,782	323,833	-	333,001	11,061,616
Liabilities					
Other liabilities	-	1,950,087	-	-	1,950,087
	-	1,950,087	-	-	1,950,087
Liquidity surplus/(deficit)	10,404,782	-1,626,254	-	333,001	9,111,529

Maturity calendar as at 31 December 2015				Non-	
In thousands of euros	Direct	<= 1 year	> 1 year	maturity	Total
Assets					
Subsidiaries	-	-	-	1,345,511	1,345,511
Other assets	-	114,795	112,500	-	227,295
Cash and cash equivalents	7,160,475	-	-	-	7,160,475
	7,160,475	114,795	112,500	1,345,511	8,733,281
Liabilities					
Other liabilities	-	1,155,548	-	-	1,155,548
	-	1,155,548	-	-	1,155,548
Liquidity surplus/(deficit)	7,160,475	-1,040,753	112,500	1,345,511	7,577,703

Operational risk management

The main risk of KAS Trust is operational risk. Operational risk is the risk that losses will occur as a result of weaknesses or failures in internal processes and/or systems, human frailties or outside events. These include operational risks such as IT problems, shortcomings in the organization structure, absence of or inadequate internal control, human error, fraud, loss of assets with custodians and other external threats.

KAS Trust's operational risk policy is also underpinned in the following ways:

- For each process, there is a control structure in place in which the process, inherent risks, control objectives and control measures are all documented. These control structures are periodically

evaluated on the basis of Risk Self Assessments (RSAs), assessments performed by the Risk Management department and operational audits;

- Operational risks are continuously monitored;
- Analysis of events and risks, including proposals for improving processes;
- Ongoing attention to enhancing risk and quality awareness among staff;
- Training and professional development as important elements in staff performance.

Outsourcing risk

KAS Trust has outsourced several IT and other services to KAS BANK. With regards to outsourced components a Service level Agreement (SLA) is agreed upon by KAS Trust and KAS BANK. Monitoring of the SLA is performed by management of KAS Trust. Periodic meetings between KAS BANK and KAS Trust take place to discuss actual performance by KAS BANK and possible changes in the service provided to KAS Trust. Furthermore KAS BANK yearly delivers an assurance report (ISAE3402 Type 2) to KAS Trust to provide insight in the effectiveness of its control-framework as agreed upon.

16. Audit fee

The following table presents the external independent auditor's fees recognized in the income statement as 'General and administrative expenses' Other services includes ISAE 3402 report audit services.

<i>In euros</i>	PricewaterhouseCoopers Accountants N.V.
2016	
Audit of the financial statements	18.778
Other services	43.187
Total	61.965
2015	
Audit of the financial statements	20.999
Other services	-
Total	20.999

Subsequent events

There were no subsequent events that have a material impact on the consolidated or company financial statements.

Proposed appropriation of result

The Managing Board of KAS Trust proposes to declare a cash dividend of EUR 27,630.58 per share (2015 EUR 16,954.06) and add EUR 999,971 to the General Reserves.

Amsterdam, 16 May, 2017

Managing Board

J.N.P. Laan

R.F. Kok

S.F. Plesman

OTHER INFORMATION

Proposed appropriation of result

The result is appropriated pursuant to Article 4.1 of the Articles of Association of KAS Trust & Depositary Services B.V. This article stipulates that the Annual General meeting decides how to appropriate the result.

To: the general meeting of KAS Trust & Depositary Services B.V.

Report on the financial statements 2016

Our Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of KAS Trust & Depositary Services as at 31 December 2016, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of KAS Trust & Depositary Services B.V., Amsterdam ('the company').

The financial statements comprise:

- the balance sheet as at 31 December 2016
- the following statements for 2016: the income statement, changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of KAS Trust & Depositary Services B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroeps-regels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the managing board;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the managing board and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of management

Management is responsible for:

the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for

such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error.

They are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of responsibilities is set out in the appendix to our report.

Amsterdam, 16 May 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by A. van der Spek RA

Appendix to our auditor's report on the financial statements 2016 of KAS Trust & Depositary Services B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit on the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatements of the financial statement, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.