

KAS Trust & Depositary Services

Annual Report 2014

KAS Trust & Depositary Services B.V.

Amsterdam



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

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This is the annual report of KAS Trust & Depositary Services B.V. ("KAS Trust") for the period to 31 December 2014.

KAS Trust & Depositary Services B.V. (KAS Trust) is a 100 % subsidiary of KAS BANK N.V. and independently acts as the depositary for investment funds. KAS Trust has over 15 years of experience in acting as a supervisor of investment funds solely providing Depositary services. As part of our ongoing commitment to the Dutch funds industry and due to the introduction of the Alternative Investment Fund Managers Directive (AIFMD), KAS Trust became an authorized investment firm in 2013 and with the advent of AIFMD; KAS Trust's Asset under Depositary has grown further and is now in excess of €48bn, servicing more the 200 investment funds.

Due to the continued success of KAS Trust in the Netherlands the decision was made to passport the company into the UK and establishes a branch. KAS Trust (UK) was established in 2013 and is authorized by the Financial Conduct Authority ("FCA") to act as a depositary to both UCITS and AIFMD funds.

General

2014 has been a challenging year which required a huge effort and commitment from KAS Trust personnel. As a result of the implementation of the AIFMD as per 22nd July 2013, one year later at 22nd July 2014 investment schemes in the European Union (EU) must comply with the AIFMD. Consequently they have to appoint an AIFMD-compliant Depositary for the investment funds. The Depositary is responsible for the oversight and supervision duties and custody of the fund's assets. We perform our duties primarily to protect the investors in the fund. The main consequence of the directive is that KAS Trust is liable for the loss of Financial Instruments of our clients. As per 22nd July the number of funds increased with over 100 new funds to more than 200 investment funds. In total with over EUR 48 billion Assets under Administration.

Before the introduction of the AIFMD regime the depositary of investment funds also had to act as the legal owner of the assets of investment funds. In order to comply with this requirement KAS Trust established subsidiaries whose only activity was to act as the legal owner of investments funds. Following the introduction of the AIFMD it is no longer a requirement for the depositary to act as the legal owner. KAS Trust decided therefore to no longer act as the legal owner, as this could be seen as a conflict with the independent role as depositary. Therefore the number of subsidiaries in 2014 decreased from 31 to 29. From 31 December 2014, from these 29 subsidiaries 7 were in the process of liquidation, and from 3 others commenced this process in January 2015. This process is finalized in Q1 of 2015 and expected is that the number of subsidiaries will further decrease during 2015. As these subsidiaries were inactive the liquidation process has not created any financial impact.

Under note 8 to the financial statements an overview is given of all KAS Trust's subsidiaries in 2014.

Financial developments

The turnover increased from EUR 835,862 in 2013 to 2,046,774 in 2014. The net income (after tax) of 2014 has become EUR 812,697 (2013: EUR 163,661).

The net result of 2013 of EUR 163,661 was added to the General Reserves. The proposal of the Managing Board of KAS Trust is to add the net result of the year 2014 of EUR 812,697 to the General Reserves. As a result of this, the total equity of KAS Trust will increase from EUR 5,114,606 to EUR 5,927,573 as per 31 December 2014. With this amount KAS Trust also meets the capital requirements of the United Kingdom, which requires a minimum capital of GBP 4,000,000. - (in EUR 5,420,000).

The solvability of KAS Trust slightly decreased in 2014 from 95.6% to 91.8%. This is the result of the fact that the amount of liabilities is increased. As KAS Trust only acts a Depositary and almost no liabilities, we aim to have this percentage above the 85% which still is very solvable.

Due to the decrease of the number of subsidiaries, and the fact that all assets are kept in cash, the liquidity of KAS Trust increased from 30.6% in 2013 to 56.5% in 2014. Expected is that this percentage will increase further in 2015.

Risk management

As a result of the implementation of the AIFMD regime the tasks and responsibilities of the depositary increased. Subsequently this had an impact on the risks associated with the role of the depositary under the AIFMD. Therefore KAS Trust performed risk assessment on the tasks and responsibilities of the depositary under the AIFMD and further strengthen the risk management. A thorough assessment was done on the potential liable for the definitive loss of Financial Instruments. In order to mitigate this risk, on an annual basis KAS Trust carries out Due Dilligence on all our custodians. Based on the results of this Due Dilligence process, KAS Trust has approved a limited range of admitted countries in which our clients are allowed to invest. Also the type of instruments in which our clients can invest is limited. These risks are further explained in note 16 of this report.

Staffing

All team members (including the Managing Board) are employees of KAS BANK N.V. and dedicated allocated to KAS Trust. The team of KAS Trust increased in 2014 from 6 to 8 Fte.

Forecast

For 2015 we expect a further growth of the number of funds and Assets under Administration, although not in the same size as 2014. Also we expect the operational launch our UK Branch in 2015. Also some extra subsidiaries will be liquidated, as a result of our policy to act no longer as legal owner of investment funds.

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, 4 June 2015

Managing Board

J.N.P. Laan

R.F. Kok

S.F. Plesman

FINANCIAL STATEMENTS 2014

Statement of comprehensive income

In euros	Note	2014	2013
OPERATING INCOME			
Commission income	1	2,047,252	835,862
Other financial income	2	-479	-
Other income	3	1	-
Total operating income		2,046,774	835,862
OPERATING EXPENSES			
Personnel expenses	4	626,059	416,161
General and administrative expenses	5	336,758	214,820
Total operating expenses		962,817	630,981
Operating result before tax		1,083,957	204,881
Tax expense	6	270,989	41,220
Net result for the year		812,967	163,661
Other comprehensive income		-	-
Total comprehensive income		812,967	163,661

The notes on pages 10 to 20 are an integral part of these financial statements.

Balance sheet

KAS Trust & Depositary Services B.V. Financial statements 2014

<i>In euros</i>	Note	31 December 2014	31 December 2013
Assets			
Subsidiaries	8	2,470,511	3,487,500
Other assets	9	340,804	222,414
Cash and cash equivalents	7	3,650,738	1,638,404
Total assets		6,462,053	5,348,318
Equity and liabilities			
Issued capital	11	25,000	25,000
Share premium	12	4,925,945	4,925,945
Other reserves (including profit for the year)	13	976,628	163,661
Total equity		5,927,573	5,114,606
Other liabilities	10	534,480	233,712
Total liabilities		534,480	233,712
Total equity and liabilities		6,462,053	5,348,318

The notes on pages 10 to 20 are an integral part of these financial statements.

Statement of changes in equity

KAS Trust & Depositary Services B.V. Financial statements 2014

<i>In euros</i>	Issued capital	Share premium	Other reserves (incl. profit for the year)	Total attributable to shareholders
<i>Notes</i>	<i>11</i>	<i>12</i>	<i>13</i>	
Balance as at 1 January 2013	25,000	88,445	-	113,445
Comprehensive income	-	-	163,661	163,661
Capital contribution	-	4,837,500	-	4,837,500
Balance as at 31 December 2013	25,000	4,925,945	163,661	5,114,606
Comprehensive income	-	-	812,967	812,967
Balance as at 31 December 2014	25,000	4,925,945	976,628	5,927,573

The notes on pages 10 to 20 are an integral part of these financial statements.

Cash flow statement

KAS Trust & Depositary Services B.V. Financial statements 2014

<i>In euros</i>	Note	2014	2013
Net result		812,967	163,661
Adjustments for non cash items included in net result			
Tax expense	6	270,989	41,220
Changes in assets and liabilities			
Receivables	9	-118,390	-109,436
Accounts payable	10	29,778	192,492
Other movements		-1	-478
Cash flow from operating activities		995,344	287,459
Financing of subsidiaries (outflow)	8	-	-337,500
Financing of subsidiaries (inflow)	8	1,016,990	1,575,000
Cash flow from financing activities		1,016,990	1,237,500
Net cash flow		2,012,334	1,524,959
Cash and cash equivalents at 1 January	7	1,638,404	113,445
Net cash flow		2,012,334	1,524,959
Cash and cash equivalents at 31 December		3,650,738	1,638,404

The notes on pages 10 to 20 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;
- To participate in, to take an interest in any other way in, to conduct the management (including acting as a managing director as provided in the Trust Offices Supervision Act (*Wet toezicht trustkantoren*)) of other business enterprises of whatever nature, furthermore to finance third parties, in any way to provide security or undertake the obligations of third parties; and
- All activities which are incidental to or which may be conducive to any of the foregoing referred.

General Information

Registration Chambre de 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 4 June 2015. The annual financial statements will be presented to the Annual General meeting for adoption on 9 juni 2015.

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 2014 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 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. Actual outcomes may differ from estimates and judgemental decisions. The applied estimates are reviewed every reporting period.

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. This especially relates to services as custody.

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.

Classification of 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.

Other assets and other liabilities

Measurement at amortised cost relates to exposures due from and to banks, loans, other assets and other liabilities. The receivables and payables are initially recognised at fair value and subsequently at amortised costs.

Cash

Cash and cash equivalents are measured at cost.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are not set off unless related to hedging or to assets and liabilities which are set off in accordance with the foregoing.

Impairment*Financial assets measured at amortised cost*

For financial assets carried at amortised cost, KAS Trust assesses individually whether objective evidence of impairment exists. The impairment loss is the difference between the assets's 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

KAS BANK sponsors a defined benefit plan for the Dutch employees. The plan assets and defined benefit obligations are recognised in the financial position of KAS BANK. There is no stated policy for charging the net defined benefit cost. 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:

- IAS 27: Separate Financial Statements;
- IFRS 10: Consolidated Financial Statements;
- IFRS 12: Disclosures of Interest in Other Entities;
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities;
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance;

The relevant comparative figures have been restated where necessary.

New IFRS standards and interpretations not yet adopted

A number of 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. These standards will not have a significant impact on the preparation of the financial statements in the near future. These new, amended or revised standards are listed below:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions, effective for annual periods beginning on or after 1 July 2014;
- Annual improvements to IFRSs (2010-2012 cycle), effective for annual periods beginning on or after 1 July 2014;
- Annual improvements to IFRSs (2011-2013 cycle), effective for annual periods beginning on or after 1 July 2014;
- Amendments to IAS 1: Disclosure Initiative, effective as of 2016;
- Amendments to IAS 27: Equity Method in Separate Financial Statements, effective as of 2016;
- Annual Improvements to IFRSs 2012-2014 Cycle, effective as of 2016;
- IFRS 15 Revenue from Contracts with Customers, effective as of 2017;
- IFRS 9 Financial instruments, effective as of 2018.

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 a 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 2014, 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. Commission income

In euros	2014	2013
Commission	2,047,252	835,862
Total	2,047,252	835,862

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

2. Other financial income

In euros	2014	2013
Foreign exchange transaction results	-479	-
Total	-479	-

3. Other income

In euros	2014	2013
Other	1	-
Total	1	-

4. Personnel expenses

In euros	2014	2013
Salaries	442,559	293,647
Social securities costs	71,746	43,506
Temporary staff	14,287	10,977
Pension charges relating to defined benefit plans	60,000	43,956
Other	37,468	24,075
Total	626,059	416,161

During 2014, the average number of employees at fulltime equivalent basis was seven (2013: four). None of the employees were working outside the Netherlands in 2014 (2013: none).

5. General and administrative expenses

In euros	2014	2013
Advice	113,405	128,936
Audit fee	31,202	22,000
Information technology	125,174	21,888
Traveling and accommodation expenses	24,411	16,957
Other	42,566	25,039
Total	336,758	214,820

6. Tax expense

Reconciliation with effective tax rate	2014	%	2013	%
Result before tax	1,083,957		204,881	
Tax expense at statutory tax rate	-	20.0	40,000	20.0
Tax expense at statutory tax rate	270,989	25.0	1,220	25.0
Tax expense at effective tax rate	270,989	25.0	41,220	20.1

7. Cash and cash equivalents

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

8. Subsidiaries

In euros	Balance as at 31 December 2013	Movements in share premium	Liquidated subsidiaries	Established subsidiaries	Balance as at 31 December 2014
KAS-Trust Blue Sky Eagle Fund Bewaarder B.V.	112,500	-94,500	-	-	18,000
KAS-Trust Bewaarder CapitalGuards Portfolios B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Finles Collectief Beheer Fonds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Finles Diversifier Fund B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Finles EMS Top-Rente Fonds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Finles Lotus Fonds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Finles Multi Strategy Hedge Fund B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Gestion Actief Beheer Fonds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder IMQubator Multi Manager Fund B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder IMQubator Participaton Fund B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Index Umbrella Fund B.V.	112,500	-	-	-	112,500
KAS Bewaarder Klientenvermogen BND B.V.	112,500	-94,500	-	-	18,000
KAS-Trust Bewaarder Finles Liquid Macro Fund B.V.	112,500	-94,500	-	-	18,000
KAS-Trust Bewaarder Loyalis Sparen & Beleggen B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder OVMK Fondsen B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder PGGM Beleggingsfondsen B.V.	112,500	-	-112,500	-	-
KAS-Trust Juridisch Eigenaar Blue Value Fund B.V.	112,500	-94,500	-	-	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	-	-	-	112,500
KAS-Trust Bewaarder Vermeer Multi Strategy Fund B.V.	112,500	-	-112,500	-	-
KAS-Trust Bewaarder Fund for Fair Future Fund B.V.	112,500	-94,500	-	-	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.	112,500	-94,500	-	-	18,000
KAS-Trust Bewaarder O&E Paraplufonds B.V.	112,500	-	-112,500	-	-
KAS-Trust Bewaarder Capvest Masters Funds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder EV-SCF B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Staalbankiers Multi Asset Fonds B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder QVI Defensive B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Double Dividend Equity Fund B.V.	112,500	-	-	-	112,500
KAS-Trust Bewaarder Aster-X Ottoman Fund B.V.	112,500	-112,490	-	-	10
KAS-Trust Bewaarder Bright LifeCycle Fund B.V.	112,500	-	-	-	112,500
Total	3,497,500	-679,490	-337,500	1	2,470,511

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*).

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. During 2014 three subsidiaries were winded up and one was established. For 8 entities the share premium account was paid back to KAS Trust in 2014. These entities only act as legal owner of an investment fund and therefore no minimum capital requirements are requested. Before the introduction of the AIFMD regime the depositary of investment funds also had to act as the legal owner of the assets of investment funds. In order to comply with this requirement KAS Trust established subsidiaries whose only activity was to act as the legal owner of investments funds. Following the introduction of the AIFMD it is no longer a requirement for the depositary to act as the legal owner. Therefore KAS Trust decided to no longer act as the legal owner, as this could be seen as a conflict with the independent role as depositary. Therefore the number of subsidiaries in 2014 decreased from 31 to 29. From 31 December 2014, from these 29 subsidiaries 7 were in the process of liquidation, and from 3 others commenced this process in January 2015. This process is finalized in Q1 of 2015 and expected is that the number of subsidiaries will further decrease during 2015. As these subsidiaries were inactive the liquidation process has not created any financial impact.

9. Other assets

In euros	2014	2013
Receivables (<1 year)	228,304	109,914
Other (>1 year)	112,500	112,500
Balance as at 31 December	340,804	222,414

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. The receivables consist of EUR 115,796 owed by KAS BANK (2013: EUR 109,436).

10. Other liabilities

In euros	2014	2013
Accounts payable (<1 year)	534,480	233,712
Balance as at 31 December	534,480	233,712

The fair value of liabilities does not materially deviate from its carrying amount, due to the short-term nature. The accounts payable consist of EUR 377,791 owed to KAS BANK (2013: EUR 132,072).

11. 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.

12. Share premium

In euros	2014	2013
Balance as at 1 January	4,925,945	88,445
Additions	-	4,837,500
Balance as at 31 December	4,925,945	4,925,945

In 2013 the loan from KAS BANK of EUR 4,837,500 was converted to the share premium reserve.

13. Other reserves (including profit for the year)

In euros	2014	2013
Balance as at 1 January	163,661	-
Result for the period	812,967	163,661
Balance as at 31 December	976,628	163,661

The end balance of EUR 976,628 is comprised fully of retained earnings.

14. 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 In euros	Short-term employee benefits	Post-employment benefits	Other long term benefits	Termination benefits	Share-based payments
2014	218,205	30,135	-	-	-
2013	168,861	22,437	-	-	-

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 In euros	Revenues from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
2014				
Parent	-	-	115,796	377,791
2013				
Parent	-	-	109,436	132,072

The transactions between KAS Trust and KAS BANK relate to revenues and expenses received or paid by KAS BANK which concern KAS Trust.

In 2013, the loan from KAS BANK of EUR 4,837,500 was converted to the share premium reserve.

15. 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.

16. 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.

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.

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.

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 organisation 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.

17. Audit fee

The following table presents the external auditor's fees recognised in the income statement as 'General and administrative expenses'. These fees only relate to the audit of the annual report.

<i>In euros</i>	2014	2013
Audit fees	20,000	33,202
Total	20,000	33,202

PwC has been appointed as new external auditor of KAS Trust with effect from the audit for the financial year 2014. KPMG Accountants N.V. was KAS Trust's previous external auditor.

Profit appropriation according to the articles of association

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.

Proposed appropriation of result

The Managing Board proposes to appropriate the result of EUR 812,967 for the year to the reserves.

Subsequent events

In the first quarter of 2015 ten subsidiaries were liquidated.



Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2014 as set out on pages 5 to 20 of KAS Trust & Depositary Services B.V., Amsterdam, which comprise the balance sheet as at 31 December 2014, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the managing board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

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

Ref.: eo356487

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, The Netherlands

T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of KAS Trust & Depositary Services B.V. as at 31 December 2014, 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 and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the managing board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the managing board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 4 June 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by: drs. S. Barendregt-Roojers RA