

# Annual Report 2019

KAS Trust & Depositary Services B.V.

Amsterdam

KAS Trust is a 100% subsidiary of KAS BANK and independently acts as depositary for investment funds. KAS Trust has over 20 years of experience in acting as a supervisor of investment funds providing depositary 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 depositary 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 depositary.

The depositary 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 the cause of 2019 KAS Trust's Assets under depositary remains approximately EUR 32 billion (31 December 2018: EUR 32 billion), still servicing approx. 220 investment funds (2018:220).

As a depositary 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 2019 KAS Trust has maintained its strong position as a depositary for investment funds in The Netherlands.

As independent and neutral party KAS Trust does not partake in activities relating to asset management and consultancy.

### **Financial developments**

The operating income decreased from EUR 4,377,712 in 2018 to EUR 3,149,197 in 2019. The net result of 2019 amounts EUR 1,427,693 (2018 EUR 2,243,304). The non-risk weighted solvability of KAS Trust decreased in 2019 from 88.4% to 75.8%.

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 2018 of EUR 2,243,304 an amount of EUR 18,304 was added to the General Reserves and EUR 2,225.000 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 main risk of KAS Trust in the performance of our duties as depositary is operational risk. Operational risk is the risk that losses will occur due to weaknesses or failures in internal processes and/or systems, human frailties or outside events. KAS Trust has an operational risk policy and has published an ISAE (International Standard on Assurance Engagements) 3402 Type 2 report. The liability that KAS Trust can be held liable for the loss of financial instruments of our clients results in one of the other main potential risk factors. KAS Trust carries out due diligence on all custodians on a periodic 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 can 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.

## **Risk policies**

Risk policies are determined by KAS Trust's Risk Committee. The Risk Committee monitors the Companies 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 because 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 organizational 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 3402 Type 2 report, dated 23 March 2020. This report was compiled to indicate the extent to which internal control measures have been effective in achieving process objectives in 2019. The report was audited by an external independent auditor, PricewaterhouseCoopers Accountants N.V.

### **Business Continuity Management (BCM)**

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 and are fully dedicated to KAS Trust and its depositary services. In 2019 the KAS Trust team reduced to 9 FTE (2018: 10). For 2020 a further increase 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.

On 15 May 2019 the shareholder of KAS Trust decided to reduce the Management Board of KAS Trust from 3 to 2 persons. As a result of this decision Rob Kok resigned as Board Member as per 15 May 2019. Rob Kok remained involved with KAS Trust as Manager Compliance & Risk.

### **Outlook**

In February 2019 a takeover bid was announced on KAS BANK N.V. and consequently also on KAS Trust & Depositary Services B.V. by the French securities service provider CACEIS S.A., part of the Credit Agricole group. CACEIS completed the transaction in Q3-2019 as result KAS BANK becoming officially part of CACEIS S.A. on September 27, 2019 realizing more power and scale, combined with the sense of partnership and intimacy of a local player. As a result of the takeover it's anticipated that the services of KAS Trust & Depositary Services will be provided out of the CACEIS S.A. Netherlands branch. In order to realize this KAS Trust and KAS BANK have merged per February 18, 2020. As per this date all activities of KAS Trust are fully integrated in the activities of KAS BANK.

The Corona virus highly impacts the day to day live in The Netherlands. The business continuity plans of KAS BANK have been activated and clients are continuously serviced.

### **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, 29 May 2020

Managing Board

M.R. Stoffels

S.A.J. van Katwijk

Christophe Pierron, Chief Operations Officer

## Statement of comprehensive income

IN EUROS	Note	2019	2018
<i>Operating Income</i>			
Commission income	1	5,049,105	7,690,580
Commission expense	1	1,900,117	3,313,169
<b>Net commission result</b>		<b>3,148,988</b>	<b>4,377,411</b>
<i>Operating Expenses</i>			
Net trading income	2	209	301
<b>Total operating income</b>		<b>3,149,197</b>	<b>4,377,712</b>
<i>Operating Expenses</i>			
Personnel expenses	3	1,047,122	1,137,329
General and administrative expenses	4	198,484	249,311
<b>Total operating expenses</b>		<b>1,245,606</b>	<b>1,386,640</b>
Operating result before tax		1,903,591	2,991,072
Tax expense	5	475,898	747,768
<b>Net result for the period</b>		<b>1,427,693</b>	<b>2,243,304</b>
<i>Total comprehensive income</i>			
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,427,693</b>	<b>2,243,304</b>

The notes on pages 13 to 20 are an integral part of these financial statements.

## Statement of financial position

IN EUROS	Note	31.12.2019	31.12.2018
<i>Assets</i>			
7 Subsidiaries	6	-	36,001
Other assets	7	315,635	534,719
Cash and cash equivalents	9	12,186,339	11,044,818
<b>Total assets</b>		<b>12,501,974</b>	<b>11,615,538</b>
<i>Equity and liabilities</i>			
Other liabilities	8	3,031,404	1,347,660
<b>Total liabilities</b>		<b>3,031,404</b>	<b>1,347,660</b>
Issued capital	10	25,000	25,000
Share premium	11	4,925,945	4,925,945
Other reserves (including net result for the period)	12	4,519,625	5,316,933
<b>Total equity</b>		<b>9,470,570</b>	<b>10,267,878</b>
<b>Total equity and liabilities</b>		<b>12,501,974</b>	<b>11,615,538</b>

## Statement of changes in equity

IN EUROS				
	Issued Capital	Share Premium	Other Reserves (Incl. Net Result for the Period)	Total Equity
<b>Balance as at 1 January 2018</b>	<b>25,000</b>	<b>4,925,945</b>	<b>5,573,629</b>	<b>10,524,574</b>
Net result for the period	-	-	2,243,304	2,243,304
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,243,304</b>	<b>2,243,304</b>
Dividends	-	-	-2,500,000	-2,500,000
<b>Balance as at 31 December 2018</b>	<b>25,000</b>	<b>4,925,945</b>	<b>5,316,933</b>	<b>10,267,878</b>
<b>Balance at 1 January 2019</b>	<b>25,000</b>	<b>4,925,945</b>	<b>5,316,933</b>	<b>10,267,878</b>
Net result for the period	-	-	1,427,693	1,427,693
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,427,693</b>	<b>1,427,693</b>
Dividends	-	-	-2,225,001	-2,225,001
<b>Balance as at 31 December 2019</b>	<b>25,000</b>	<b>4,925,945</b>	<b>4,519,625</b>	<b>9,470,570</b>

## Statement of cash flows

IN EUROS	Note	2019	2018
<i>Cash flows from operating activities</i>			
Net result for the period		1,427,693	2,243,304
<b>Adjustments for non-cash items included in net result</b>			
Tax expense	5	475,898	747,768
<b>Changes in operating assets and liabilities</b>			
Receivables	7	219,084	8,987
Accounts payable (excluding corporate tax)	8	1,207,846	-1,121,117
Net cash inflow from operating activities		3,330,521	1,878,942
<i>Cash flows from financing activities</i>			
Dividend paid to KAS BANK NV	12	-2,225,001	-2,500,000
Financing subsidiaries	6	36,001	279,000
Total net cash flow from financing activities		-2,189,000	-2,221,000
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,141,521</b>	<b>-342,058</b>
Cash and cash equivalents at the beginning of the financial year	9	11,044,818	11,386,876
<b>Cash and cash equivalents at end of year</b>		<b>12,186,339</b>	<b>11,044,818</b>



## Significant Accounting Policies

### Company information

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

- To act as depository 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: De Entrée 500, 1101 EE Amsterdam, The Netherlands

Date of Incorporation: 9 June 1966

The annual financial statements were prepared by the Managing Board on 29 May 2020.

### 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, although KAS Trust & Depository Services B.V. merged with KAS BANK at 18 February 2020. As per date of merger the operational activities of KAS Trust are fully incorporated in KAS BANK N.V. and continued as a separate department supervised by a Managing Director reporting to the CFRO of KAS BANK N.V. The financial positions and the rights and obligations of KAS Trust are also fully incorporated into the financial position of KAS BANK N.V.

### Statement of compliance

The separate financial statements of 2019 of KAS Trust are prepared in compliance 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 on a public market, it is a fully owned subsidiary of KAS BANK (Amsterdam), and KAS BANK prepares consolidated financial statements that are available for public use and comply with IFRS. These consolidated financial statements are available on Caceis/KAS BANK's website under Investor Relations, Annual reports (<https://www.caceis.kasbank.com/en/about-us/investor-relations/annual-reports-and-interim-reports/>). The ultimate beneficial owner (UBO) of KAS Trust is Credit Agricole as per 31 December 2019.

### 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, meaning that in cases where the services are not yet invoiced the income attributable to the period is allocated based on an accrual entry.

## **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 statement of comprehensive income 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 recognized on trade date, i.e. when KAS Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognized 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 derecognized 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.

### ***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 statement of profit or loss.

### ***Measurement at cost***

Cash and balances with central banks are measured at cost.

### ***Expected credit losses***

Expected credit losses are calculated at the level of KAS BANK and not allocated to KAS Trust

## **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 statement of comprehensive income. 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.

## **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 of the collective deferred contribution plan 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 company tax expense is settled via the current account with KAS BANK.

### **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**

As from 1 January 2019 IFRS 16: Leases is effective. KAS Trust does not have any assets that will require another accounting treatment due to the introduction of IFRS 16. The impact of the introduction of IFRS 16 is therefore nil.

### **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. Other assets relates mainly to trade debtors and are therefore not measured at fair value.

### **Fair values, including valuation methods and assumptions**

At 31 December 2019, 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 and expenses

IN EUROS	2019	2018
Commission income	5,049,105	7,690,580
Commission expense	1,900,117	3,313,169
<b>Total</b>	<b>3,148,988</b>	<b>4,377,411</b>

The commission income relates to the fee for acting as depositary 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. Net trading income

IN EUROS	2019	2018
Foreign exchange transactions results	209	301
<b>Total</b>	<b>209</b>	<b>301</b>

## 3. Personnel expenses

IN EUROS	2019	2018
Salaries	710,902	792,958
Social securities costs	91,379	107,856
Temporary staff	-	19,552
Pension charges	169,920	169,920
Other	74,921	47,043
<b>Total</b>	<b>1,047,122</b>	<b>1,137,329</b>

The staff of KAS Trust is employed with KAS BANK. All salary related expenses of the KAS Trust staff are fully charged from KAS BANK to KAS Trust. During 2019, the average number of employees at fulltime equivalent basis was ten (2018: eleven).

## 4. General and administrative expenses

IN EUROS	2019	2018
Advice	7,073	1,594
Audit fee	40,000	43,641
Information technology	141,547	188,239
Traveling and accommodation expenses	-	6,196
Other	9,864	9,641
<b>Total</b>	<b>198,484</b>	<b>249,311</b>

## 5. Tax expense

IN EUROS	2019	%	2018	%
Result before tax	1,903,591		2,991,072	
Tax expense at statutory tax rate	475,898	25%	747,768	25%
<b>Total</b>	<b>475,898</b>		<b>747,768</b>	

## 6. Subsidiaries

	Balance as at 1 January 2019	Sold subsidiaries	Liquidated subsidiaries	Balance as at 31 December 2019
<b>IN EUROS</b>				
KAS Trust Blue Sky Eagle Fund Bewaarder B.V.	18,000	-	-18,000	-
KAS Trust Bewaarder Index Umbrella Fund B.V.	1	-	-1	-
KAS Trust Bewaarder OVMK Fondsen B.V.	18,000	-18,000	-	-
<b>Total</b>	<b>36,001</b>	<b>-18,000</b>	<b>-18,001</b>	<b>-</b>

During 2019 KAS Trust liquidated or sold its subsidiaries. At the end of 2019 KAS Trust does not held any subsidiaries. The liquidation or sale of the subsidiaries did not have impact on the results of KAS Trust during 2019.

## 7. Other assets

IN EUROS	2019	2018
Receivables	315,635	534,719
<b>Total</b>	<b>315,635</b>	<b>534,719</b>

No provisions relating to receivables 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

Accounts payable (< 1 year)	3,031,404	1,347,660
<b>Total</b>	<b>3,031,404</b>	<b>1,347,660</b>

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 2018

## 11. Share premium

IN EUROS	2019	2018
Balance as at 1 January	4,925,945	4,925,945
<b>Balance as at 31 December</b>	<b>4,925,945</b>	<b>4,925,945</b>

## 12. Other reserves (including net result for the period)

IN EUROS	2019	2018
Balance as at 1 January	5,316,933	5,573,629
Result for the period	1,427,693	2,243,304
Dividend	-2,225,001	-2,500,000
<b>Balance as at 31 December</b>	<b>4,519,625</b>	<b>5,316,933</b>

The end balance of EUR 4.519.625 (2018: EUR 5.316.933) is comprised fully of retained earnings. The dividend of 2018 of EUR 2.225.001 is EUR 44.500 per share.

## 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 IN EUROS	Short-term employee benefits	Post- employment benefits	Other long term benefits	Termination benefits	Share-based payments
<b>2019</b>	239,216	43,890			
<b>2018</b>	373,234	52,541	-	-	-

During 2019 and up to date of merger the key management of KAS Trust consisted of the Managing Board of 2 FTE (2018: 3 FTE).

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

Related party transactions IN EUROS	Revenues from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
<b>2019</b>				
Parent	-	3,110,371	-	3,025,434
<b>2018</b>				
Parent	-	4,641,207	-	1,344,116

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 up to date of merger a fiscal unity with KAS BANK and several subsidiaries of KAS BANK for both company tax and VAT.

## 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.

### 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.

IN EUROS	Subsidiaries	Other assets	Cash and cash equivalents
<b>31.12.2019</b>			
Carrying amount	-	315,635	12,186,339
Assets not impaired, not past due	-	315,635	12,186,339
<b>31.12.2018</b>			
Carrying amount	36,001	534,719	11,044,818
Assets not impaired, not past due	36,001	534,719	11,044,818



### 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 2019 two clients were responsible for over 50% of the income.

### 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, supported by both by Legal and the Risk committee of KAS BANK.

### 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.

<b>IN EUROS</b>					
<b>Maturity calendar as at 31 December 2019</b>	<b>Direct</b>	<b>&lt;= 1 year</b>	<b>&gt; 1 year</b>	<b>Non-maturity</b>	<b>Total</b>
<b>Assets</b>					
Subsidiaries	-	-	-	-	-
Other assets	-	315,635	-	-	315,635
Cash and cash equivalents	12,186,339	-	-	-	12,186,339
<b>Liabilities</b>					
Other liabilities	-	3,031,404	-	-	3,031,404
<b>Liquidity surplus / (deficit)</b>	<b>12,186,339</b>	<b>-2,715,769</b>	<b>-</b>	<b>-</b>	<b>9,470,570</b>

<b>IN EUROS</b>					
<b>Maturity calendar as at 31 December 2018</b>	<b>Direct</b>	<b>&lt;= 1 year</b>	<b>&gt; 1 year</b>	<b>Non-maturity</b>	<b>Total</b>
<b>Assets</b>					
Subsidiaries	-	-	-	36,001	36,001
Other assets	-	534,719	-	-	534,719
Cash and cash equivalents	11,044,818	-	-	-	11,044,818
<b>Liabilities</b>					
Other liabilities	-	1,347,660	-	-	1,347,660
<b>Liquidity surplus / (deficit)</b>	<b>11,044,818</b>	<b>-812,941</b>	<b>-</b>	<b>36,001</b>	<b>10,267,878</b>

## 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. For 2019 a clean assurance report was received.

## 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.

IN EUROS	PwC Auditors	PwC network	PwC network
<b>2019</b>			
Audit of the financial statements	17,709	-	17,709
Other audit services	22,291	-	22,291
<b>Total</b>	<b>40,000</b>		<b>40,000</b>
<b>2018</b>			
Audit of the financial statements	19,321	-	19,321
Other audit services	24,320	-	24,320
<b>Total</b>	<b>43,641</b>		<b>43,641</b>

### Subsequent events

On 18 February 2020 KAS Trust & Depositary Services B.V. has merged with KAS BANK. KAS Trust & Depositary Services B.V. was a fully owned subsidiary of KAS BANK. The activities of KAS Trust & Depositary Services will be continued as a separate department of KAS BANK N.V. after the merger. At the date of merger the former management of KAS Trust received discharge by their shareholders represented by the Managing Board of KAS BANK. The responsibilities of the management of KAS Trust have been taken over by the Managing Board of KAS BANK. As a result, the responsibility of the preparation of the annual report 2019 of KAS Trust is taking over by the Managing Board of KAS BANK.

At date of merger all rights and obligations were taken over by KAS BANK. The impact on the shareholders equity of KAS BANK as per date of merger is nil.

### Proposed appropriation of result

KAS Trust has not supplied any dividends relating to financial year 2019 to KAS BANK. At date of merger the shareholders equity of KAS Trust is part of KAS BANK.

Amsterdam, 29 May 2020

Managing Board of KAS BANK B.V.

Sikko van Katwijk, Chairman of the Managing Board

Mark Stoffels, Chief Financial & Risk Officer

Christophe Pierron, Chief Operations Officer

## **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.