

Moving forward  
True to our values

Annual Report 2016





# Table of contents

At a glance	4	Consolidated and Company Financial Statements	121
Performance highlights	8	Consolidated statement of profit or loss	122
Message from the CEO	12	Consolidated statement of comprehensive income	123
Vision, mission, values	16	Consolidated statement of financial position	124
Business	18	Consolidated statement of changes in equity	125
Strategy	30	Consolidated statement of cash flows	126
People	34	Notes to the consolidated financial statements	128
CSR	42	Intertrust N.V. Balance Sheet	180
Shares	46	Intertrust N.V. Income statement	181
Financial review	54	Intertrust N.V. Statement of changes in equity	182
The Netherlands	58	Notes to the Intertrust N.V. financial statements	183
Luxembourg	60	Independent auditor's report	186
Cayman Islands	62		
Elian	64		
Guernsey	66		
Rest of the World	68		
Compliance and Risk Management	74		
Statements of the Management Board	79		
Report from the Supervisory Board	80		
Remuneration	88		
Corporate governance	98		
Office locations	114		
Glossary	117		

# At a glance

Intertrust is a global leader in the trust, corporate and fund services sector. We offer a comprehensive range of specialised administrative services that ensure the sound financial administration of companies and enable clients to comply with their applicable legal, tax and regulatory regimes, as well as financial reporting requirements.

Intertrust operates in 30 countries across Europe, the Americas, Asia and the Middle East, and services a diversified base of clients based in over 100 countries. Intertrust is listed on Euronext's Amsterdam market under the ticker symbol INTER, having had an Initial Public Offering on 15 October 2015.

## Vision, mission, values

Our **vision** is to be recognised as the global leader in the trust, corporate and fund services industry. We achieve this by being the most professional firm in our markets, maintaining the highest standards, and working together as 'One Intertrust, One Team'.

To realise our ambitions, our **mission** is to:

- Invest in people and technological capabilities.
- Build long-lasting partnerships with our clients and their advisors.
- Grow organically, by expanding our global network and broadening our service offering.
- Acquire new companies and successfully integrate them.
- Foster a culture of exchanging, connecting and sharing knowledge and best practices.

Intertrust stands for premium quality. We never put our name to anything unless it lives up to our core **values**:

- We are dedicated to helping others succeed.
- We build our company on talent.
- We seek long-term commitments with our clients.
- We always act with integrity.
- We deliver to the highest standards.



## Facts & figures 2016

2,400+

Professionals

385.8

EUR million  
Adjusted revenue

~52,000

Client entities

41

Offices

153.8

EUR million  
Adjusted EBITA

44%

Clients include  
of the Top 50 of  
the Fortune Global 500

30

Countries

39.9%

Adjusted EBITA margin

70%

Clients include  
of the Top 50 of the  
Private Equity International 300

## Intertrust worldwide



### Americas

Bahamas  
Brazil  
British Virgin Islands  
Canada  
Cayman islands  
Curaçao  
United States



### Europe

Belgium  
Cyprus  
Denmark  
Finland  
Germany  
Guernsey  
Ireland  
Jersey  
Luxembourg  
Norway  
Portugal  
Spain  
Sweden  
Switzerland  
The Netherlands  
Turkey  
United Kingdom



### Asia & Middle East

Bahrain  
China  
Dubai  
Hong Kong  
Japan  
Singapore

## What we do

We provide integrated services to companies in four distinct segments: Corporate services, Funds, Capital markets and Private Wealth.

### Corporate services

We support our clients in setting up, maintaining and managing their companies, so that they can focus on their core activities. Clients include multinationals, private equity, alternative investment funds and financial institutions. Our services include:

- Formation and implementation
- Domiciliation and management
- Legal administration
- Accounting and reporting
- Corporate secretarial services
- Performance & Reward Management (PRM)

### Funds

Our international network of experts provides a full range of services covering the setup and administration of funds, with a strong focus on real estate funds and private equity funds. Our services include:

- Fiduciary services
- Legal administration
- Accounting and reporting
- Depositary services
- AIFMD Management Company services
- Risk and compliance services

### Capital markets

We provide leading management and administration services to capital markets transactions across the world. Our international team of structured finance specialists enables clients to tackle ever-shifting regulatory requirements and to improve transparency. Our services include:

- SPV and trustee services
- Cash bond administration and investor reporting
- Conduit and commercial paper services
- Treasury management services

### Private Wealth

We provide specialist fiduciary and administration services to manage and preserve private wealth in support of entrepreneurial, personal, family, commercial and charitable interests. We cater specifically to clients who require assistance with enterprise ownership, portfolio management, estate planning, and succession planning or asset protection.

## Our global footprint

Intertrust is one of the few global service providers in its field, with over 2,400 professionals working from 41 offices across 30 countries, including the world's most important financial centres. We meet our clients' goals by offering local expertise and by leveraging our global strengths.

We are among the leading trust, corporate and fund services providers in the Netherlands, Luxembourg, the Cayman Islands, Jersey and Guernsey, and have longstanding relationships and strong market positions in the other 25 countries where we have a presence.

## Our markets

Intertrust's diversified base of clients is based in over 100 countries and includes corporate clients, funds, financial institutions and private wealth clients, and comprises more than 44% of the Top 50 of the Fortune Global 500.

Our clients value our quality of service, reputation, global network, personal approach, reliability and responsiveness.

### Growth drivers and trends

Expansion in the trust, corporate and fund services industry is being driven by the internationalisation of corporate and investment activities, and key industry trends. These include:

- Increasing globalisation and economic growth.
- Increasing and more complex compliance requirements and regulation.
- Outsourcing of non-core legal and financial administrative tasks.
- Increasingly complex and specialised service requirements.
- Consolidation of a fragmented industry in which smaller players are less competitive.
- Client preference to work with a single trust, corporate and fund services provider with a full service proposition and a global reach.

### Our strengths

We benefit from:

- Global leadership in the trust, corporate and fund services industry with a comprehensive, unrivalled service offering in 30 countries, and a strong focus on compliance and integrity.
- Resilient business model with recurring revenues and a diversified client portfolio with growth potential.
- Experienced management team with a clear strategy and culture of excellence.
- Strong track record of synergetic acquisitions.
- Global network of 42,000 business partners.
- Revenue growth, attractive margins and strong cash conversion.
- Resilience of the global industry with secular growth drivers.

## Our strategy

Our growth strategy is based on five success factors designed to strengthen our leading market position and tap new opportunities to serve our clients:

- **Invest in human capital:** we continually look to increase our attractiveness as an employer.
- **Grow organically:** we strengthen our leadership positions by expanding our global network and service offering with innovative market solutions.
- **Lead market consolidation:** we drive industry consolidation globally to further enhance growth.
- **Continuously improve operational excellence:** we aim to safeguard our quality, while increasing margins and maintaining an attractive cash conversion profile.
- **Maintain industry-leading risk management practices:** we invest in compliance and risk management functions to support sustainable growth.

# Performance highlights

The following section includes a discussion and analysis of the financial condition and performance of the Group for the years 2016 and 2015. The information is presented via multiple performance measures management applies in reviewing the activities of its operating companies. A reconciliation of these performance measures to reported profit/(loss) or net income is provided in the [Financial Review](#) chapter.

## Financial highlights

- In FY 2016, revenue grew 11.9% to EUR 385.8 million. Underlying<sup>1</sup> revenue grew by 3.0%, with growth in Luxembourg and the Netherlands of 7.4% and 4.3% respectively, while Cayman's revenue decline of 10.6% on a constant currency basis had a significant impact.
- EBITA for the year was EUR 135.9 million (35.2% margin). EBITA margin of 35.2% included EUR 17.9 million in one-off costs mainly related to the Eliaan acquisition. Underlying EBITA margin was down slightly by 16bps to 40.3% year-on-year due to the decrease in Cayman margin which could not be fully compensated by the increase in Luxembourg margin.
- Cash from operating activities was EUR 152.4 million. The cash conversion ratio, excluding strategic capital expenditures<sup>2</sup>, was 94.5%.
- Net Income was EUR 52.0 million or EUR 113.2 million on an adjusted basis. The adjustments included EUR 17.9 million in one-off costs mainly related to the Eliaan acquisition, amortisation (EUR 33.8 million), and forex (EUR 9.6 million).
- Earnings per share was EUR 0.58 and the adjusted earnings per share was EUR 1.27. If Eliaan's full-year contribution were included, the adjusted net income per share would have been EUR 1.44.
- An interim dividend amounting of EUR 0.24 was paid out in November 2016. The final dividend will be EUR 0.25 and will be paid on 12 June 2017, subject to shareholder approval, resulting in a total FY 2016 dividend of EUR 0.49.

<sup>1</sup> Underlying is Intertrust stand-alone (excluding Eliaan) at constant currency and, for full year, including Jan-Jun 2015 CorpNordic figures

<sup>2</sup> Cash conversion ratio excluding strategic capital expenditures is defined as operating free cash flow divided by Adjusted EBITDA and is expressed as a percentage. Operating free cash flow is defined as Adjusted EBITDA less capital expenditure, excluding strategic capital expenditures. We define strategic capital expenditures as capital expenditures relating to the Business Application Roadmap, or relating to investments in our IT infrastructure in connection with the Business Application Roadmap.

	Notes	As reported			Adjusted		
		FY 2016	FY 2015	% Change	FY 2016	FY 2015	% Change
Revenue (€m)	1	385.8	344.6	11.9%	385.8	344.9	11.9%
EBITA (€m)	2	135.9	137.4	-1.1%	153.8	140.4	9.5%
EBITA Margin		35.2%	39.9%	-464bps	39.9%	40.7%	-85bps
Net Income (€m)	3	52.0	2.6		113.2	101.4	
Earnings per share (€)	4	0.58	0.12		1.27	1.19	6.9%
Cash from operating activities (€m)		152.4	127.5	19.5%			

1 Adjusted Revenue is Revenue adjusted for one-off revenue in 2015 which consisted mainly of revenues related to the release of one-off provision(s).

2 Adjusted EBITA is defined as EBITA before specific items and before one-off revenue / expenses. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding on financial performance. Specific items include (i) transaction and monitoring costs of €5.3 million in 2015 and €4.2 million in 2016; (ii) integration costs of €3.1 million in 2015 and €8.5 million in 2016; (iii) (income) / expenses related to disposal of assets of (€3.7 million) in 2015 and €0.5 million in 2016 (iv) share-based payment upon IPO and integration of €4.4 million in 2015 and €4.5 in 2016. Specific items are not of an operational nature and do not represent core operating results. One-off revenue consists mainly of revenues related to the release of one-off provision. The one-off expenses are related to redundancies, legal costs and settlement fees.

3 Adjusted net income is defined as Adjusted EBITA less net interest costs and less tax costs.

4 Adjusted earnings per share is defined as Adjusted net income divided by the average number of shares outstanding at 31 December 2016. Average for FY2016: 88,942,943

Intertrust Standalone	FY 2016	FY 2015	% Change	% Change (Constant Currency)	% Change (Underlying) <sup>1</sup>
Adjusted Revenue (€m)	357.3	344.9	3.6%	4.8%	3.0%
Adjusted EBITA (€m)	144.0	140.4	2.6%	3.6%	2.6%
Adjusted EBITA margin	40.3%	40.7%	-40bps	-48bps	-16bps
FTEs	1,753	1,714	2.3%		
Number of entities (000's)	37.9	40.1	-5.4%		
ARPE	9.4	8.6	9.5%	10.7%	8.9%
Adj. Revenue/FTE	203.8	201.2	1.3%	2.4%	
Adj. EBITA/FTE	82.2	81.9	0.3%	1.2%	

1 Underlying is Intertrust stand-alone (excluding Elian) at constant currency and, for full year, including Jan-Jun 2015 CorpNordic figures

## Operational highlights

- On 23 September 2016 the Eliax acquisition was completed for EUR 562 million (including transaction fees), financed through EUR 107 million in cash, total debt facilities at closing of EUR 296.3 million, EUR 122 million of new equity issued in June 2016, and a consideration of EUR 36.5 million re-invested by Eliax management and key employees as a deferred consideration in shares.
- Eliax further reinforced Intertrust's position as the global leader in the trust, corporate and fund services sector by strengthening its Capital Markets and Private Equity & Real Estate Fund Administration Services, expanding its geographic presence to jurisdictions such as Jersey, and adding scale in other key locations like Ireland, the United Kingdom and Cayman Islands.
- Key management positions were taken up by members of the Eliax management team. Paul Willing, formerly CEO of Eliax, was appointed to the Intertrust Executive Committee as Head of the Atlantic Region. Colin MacKay, former Head of Eliax's Fund Services business, joined the Executive Committee as Managing Director Intertrust Cayman Islands.
- Members of the senior management of Eliax who were also selling shareholders in the transaction, have reinvested approximately GBP 26 million at signing (equalling 1.8 million shares) of their transaction proceeds in Intertrust shares, which will vest in October 2017.
- In January 2016, Intertrust opened a sales office in Chicago to gain a foothold in the region with US Mid-Western multinationals.
- AIFMD ManCo services were launched early in 2016 and several clients were on-boarded.
- Entity growth over 2016 on a stand-alone basis was negative, with 2,158 net outflow or -5.4% of total entities, largely due to the re-entry of a competitor in Cayman. Excluding the Cayman losses, entities remained flat.
- Average Revenue Per Entity (ARPE) for Intertrust stand-alone grew by 9.5% as a result of additional regulation as well as more value-added services. Underlying<sup>3</sup> ARPE increased by 8.9%.

<sup>3</sup> Underlying is Intertrust stand-alone (excluding Eliax) at constant currency and, for full year, including Jan-Jun 2015 CorpNordic figures



## Market developments

- In April 2016, the Panama Papers, a set of leaked documents from a Panamanian trust provider, caused concerns about potential reputational damage throughout the sector. In response to media inquiries made at the time, Intertrust disclosed that it did not have any commercial relationship with this trust provider and had a small number of clients who had some connection with the provider. In response to the Panama Papers media reports, Intertrust conducted additional compliance portfolio reviews and revisited IT security arrangements, neither of which resulted in changes to existing policies. Intertrust has put high compliance standards and strong client acceptance procedures at the core of its strategy. Intertrust sees the main effect of the Panama Papers on the trust, corporate and fund services industry as increasing the demand from prospective clients for strict compliance and careful client acceptance procedures. Intertrust's position within the sector has potentially been strengthened by this development.
- On 23 June 2016, the UK voted to leave the EU (Brexit). Intertrust views this development as potentially increasing the fragmentation of the European tax landscape. Intertrust does not anticipate a negative effect on its business over the medium term as a result of Brexit, although the uncertainty has resulted in the postponement of investment decisions and fund launches during the second half of 2016.
- Regulatory changes in the first half of 2016 included the adoption of the EU Anti-Tax Avoidance Package (ATAP) by the EU member states. The ATAP is the legislative package derived from the OECD Base Erosion Profit Shifting (BEPS) Recommendations originally introduced in 2014. The version of the ATAP legislation ultimately adopted by the European Council in July 2016 was substantially less extensive than the version originally proposed in January 2016. The legislation leaves setting of tax rates to the discretion of the individual member states and encompasses certain additional reporting elements for multinational corporations. Intertrust does not expect this legislation to negatively affect its business, and the new reporting requirements could be a source of additional revenue over the medium term.
- Management estimates that the market continued to grow in line with 2015 rates of approximately 5%, with increasing ARPE being the primary component driving growth. This growth in ARPE is the result of an increase in regulation and more complexity, leading to more reporting requirements at the level of clients. Management believes that entity creation may have been negatively impacted by global political uncertainty, which contributed to a decrease in deal-making worldwide.
- Demand by regulators for transparency increased following the Panama Papers, contributing to pressure on smaller trust, corporate and fund services providers in some jurisdictions.

## Basis of reporting and segmentation

*The figures in this Annual Report are shown in a manner consistent with Intertrust's historical reporting for comparability. Due to integration of Elia, as of Q1 2017 Intertrust will no longer break out Elia results but will use the following segmentation:*

- The Netherlands
- Luxembourg
- Jersey
- Cayman Islands
- Rest of the World (ROW)
  - whereby Guernsey will become a part of ROW.

# Message from the CEO

Intertrust has reported a sound performance in 2016. During our first full year as a listed company we delivered record revenues, and increased profitability organically and through our acquisition of Elian Group.

Against a backdrop of economic uncertainty and ongoing changes in the regulatory environment, we have been a strong and effective partner for our clients and intermediaries. In alignment with our strategy, we expanded our global network and deepened the services we offer to tap new opportunities. We took important steps to ensure our clients continue to benefit from consistently high standards of service and integrity across our jurisdictions, and greater ease in doing business.

As a leading trust, corporate and fund services provider, we are determined to remain at the forefront of our maturing industry. In 2016, we saw a strong appetite among investors in continental Europe, the United Kingdom and the United States to support our objectives. This enabled us to broaden our shareholder base and tap the capital markets to fund global expansion and investments in operational excellence.

Most significantly, our acquisition of Elian Group in September was a step-change for our organisation. In line with our strategy, it boosted our capital markets and fund services capabilities and gave us a vital presence in Jersey. We are excited about the cross-selling opportunities, particularly for Jersey, the Netherlands, Luxembourg and Germany.

The rebranding of Elian to Intertrust was completed before year-end and an aligned management structure was put in place, with two former Elian senior executives becoming part of the post-merger Executive Committee. By early 2017, all our offices had been co-located. As part of this acquisition we have welcomed more than 600 former Elian people to our organisation, bringing our total employee base to more than 2,400.



As a major employer in our industry, we recognise people as our number one success factor and have prioritised necessary investments in training and development to ensure we continue to attract, develop and retain exceptional people, and deliver high standards of quality and professionalism across our network. To this end we continue to promote international mobility across the group and have made additional investments in our Global Intertrust Academy.

The completion in the first half of 2016 of our Business Application Roadmap, a company-wide standard software platform, further strengthened our operational excellence. We also drove improvements to the way we align our services towards clients and business partners via the introduction of service-line leadership in our capital markets, funds and private wealth segments. The service-line leadership is responsible for the overall go-to-market strategy with as primary goal ensuring we deliver the same high-quality service to our clients across all jurisdictions.

Ethics and compliance in our industry became a global media discussion topic in April, following the revelations of the so-called 'Panama Papers'. The incident underlined the importance of doing business with market operators that are transparent, well-regulated and financially strong. The event triggered a flight to quality and, as a publicly listed group at the forefront of our industry, we are well positioned to benefit from this.

At Intertrust, our success is rooted in our industry-leading compliance and risk management standards, which have formed the basis of our reputation since our incorporation. We aspire to set the industry standard in terms of compliance and risk management, and regularly turn away business that does not meet these exacting standards. In 2016, we further enhanced our approach globally by merging our Compliance and Risk Management functions, and separating our Audit function to improve our overall governance of managing the risks in our business.

This approach is consistent with our company values, which are the basis of our day-to-day actions and decisions. As we grow in scale and reach, we are mindful to foster a culture in which best practice, collaboration and information sharing are at our core. We are immensely proud to be at the forefront of our industry with regards to business ethics and compliance, which are issues of enormous importance to our stakeholders.

Adjusted revenue reached EUR 385.8 million in the year (2015: EUR 344.6 million), an increase of 11.9%, and reaching an adjusted EBITA of EUR 153.8 million (2015: EUR 140.4 million), an increase of 9.5%. The adjusted EBITA margin decreased by 85bps to 39.9%, reflecting the consolidation of Elia.

For Intertrust on a stand-alone basis, in the Netherlands and Luxembourg, we delivered year-on-year adjusted revenue growth of 4.3% and 7.4% respectively largely driven by ARPE growth, while revenues declined in Cayman Islands due to the re-entry of a competitor (-10.6% y-o-y on a constant currency basis), but increased in Guernsey (+11.9% y-o-y on a constant currency basis) and Rest of the World (+12.7% y-o-y on a constant currency basis).

I look back on the year with pride at what we have achieved together. Our growth is rooted in the needs of the globalised market and today we are better positioned than ever to meet those needs, by helping clients navigate an increasingly complex regulatory environment, outsource their non-core activities, and manage the impact of the major political and economic developments that occur with increasing frequency in our sphere.

In the period ahead we will maintain an ongoing dialogue with regulators to ensure we stay at the forefront of our industry. We will focus on completing our integration with Elia, while finding new opportunities to serve our clients. I would like to thank all our people for their hard work in the year just ended, and our many stakeholders for their continued support in making us a leading trust, corporate and fund services provider.

**David de Buck, CEO**



# Vision, mission, values

---

Our vision is to be recognised as the global leader in the trust, corporate and fund services industry. We achieve this by being the most professional firm in our markets, maintaining the highest standards, and working together as 'One Intertrust, One Team'.

## To realise our ambitions, our mission is to:

- Invest in people and technological capabilities.
- Build long-lasting partnerships with our clients and their advisors.
- Grow organically, by expanding our global network and broadening our service offering.
- Acquire new companies and successfully integrate them.
- Foster a culture of exchanging, connecting and sharing knowledge and best practices.



Intertrust stands for premium quality. We never put our name to anything unless it lives up to our core values. We are convinced that a strong corporate culture that is aligned to our strategy has been a key contributor to our success. The essence of our culture is captured by our corporate values, which we aim to live up to every day:

## Partnership

We are dedicated to helping others  
succeed

[Find out more →](#)

26

## People

We build our company on talent

[Find out more →](#)

38

## Commitment

We seek long-term commitments with our  
clients

[Find out more →](#)

50

## Integrity

We always act with integrity

[Find out more →](#)

70

## Quality

We deliver to the highest standards

[Find out more →](#)

94

# Business

Intertrust is a global leader in the trust, corporate and fund services sector, providing a broad range of high-end legal and financial administrative services to corporations, funds, financial institutions and private individuals from every corner of the world.

We facilitate investment and acquisitions through the incorporation, maintenance and liquidation of corporate, investment, finance and fund entities. By offering a comprehensive range of specialised administrative services, we help to ensure a sound financial administration of entities and enable our clients to comply with applicable tax and regulatory regimes.

Intertrust operates in 30 countries across Europe, the Americas, Asia and the Middle East through a network of 41 offices and over 2,400 FTEs. The quality and expertise of our local employees is key to our ability to provide clients with premium value-added services and to build long-term relationships.

We are among the leading trust, corporate and fund services providers in the Netherlands, Luxembourg, the Cayman Islands, Jersey and Guernsey, and have a strong market presence in 25 other countries.

We have a diversified base of clients based in over 100 countries for which we administer approximately 52,000 client entities.

Intertrust's clients include:

- 70% of the Top 10 of the Fortune Global 500
- 44% of the Top 50 of the Fortune Global 500
- 70% of the Top 50 of the Private Equity International 300

Intertrust was incorporated in 1952 and subsequently became part of two large financial institutions, namely ABN AMRO and Fortis, until its buy-out in 2010. On 15 October 2015, shares in Intertrust N.V. began trading on Euronext's Amsterdam market (ticker symbol: INTER), after an Initial Public Offering.

Over the years, we have grown organically and consistently demonstrated our ability to identify, execute and integrate acquisitions in the fragmented trust, corporate and fund services industry. This was evidenced in our acquisitions of Close Brothers Cayman (2011), Walkers Management Services (2012), ATC (2013), CRS (2014), CorpNordic (2015), and Elian (2016).

## Regional market overview

Intertrust is subject to regulatory oversight in 14 of the 30 jurisdictions in which it is active, including by the Dutch Central Bank (De Nederlandsche Bank).

The business is organised and managed on a geographic basis, the largest jurisdictional operations being:

**The Netherlands**<sup>1</sup>: accounting for EUR 116.9 million, or 30% of group adjusted revenues in 2016

**Luxembourg**<sup>1</sup>: accounting for EUR 80.9 million, or 21% of group adjusted revenues in 2016

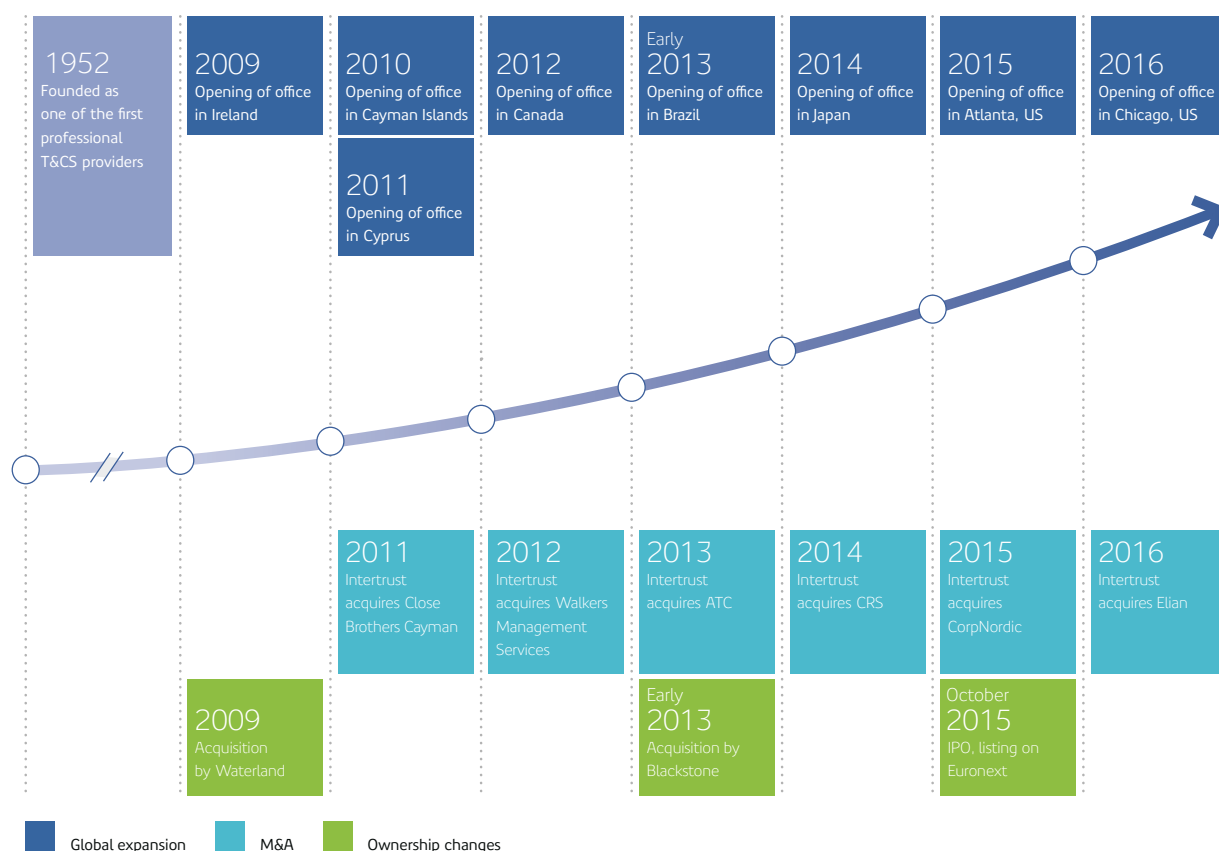
**Cayman Islands**<sup>1</sup>: accounting for EUR 52.7 million, or 14% of group adjusted revenues in 2016

**Guernsey**<sup>1</sup>: accounting for EUR 27.7 million, or 7% of group adjusted revenues in 2016

**Rest of the World (ROW)**<sup>1</sup>: accounting for EUR 79.1 million, or 21% of group adjusted revenues in 2016

**Elia**<sup>2</sup>: accounting for EUR 28.5 million, or 7% of group adjusted revenues in 2016 (*contribution since 23 September 2016 closing of acquisition*)

A long history of continued growth, through organic global expansion and M&A



<sup>1</sup> Intertrust stand-alone

<sup>2</sup> Due to integration of Elia, as of Q1 2017 Intertrust will no longer break out Elia results

## Our industry

The trust, corporate and fund services industry provides a wide range of value-added services to assist clients in setting up, structuring, managing and unwinding their corporate, investment, finance and fund entities. It is also a market that has demonstrated notable resilience during economic downturns and healthy growth during the upturns.

The industry is largely focused on countries in which the legislative, regulatory and judiciary landscape is highly developed and reliable. The most important trust, corporate and fund services jurisdictions include the Netherlands, Luxembourg, Cayman Islands, Jersey and Guernsey.

## Competitive landscape

The trust, corporate and fund services market comprises mainly multi-regional and regional providers on the one hand, and medium-sized and smaller local providers on the other. Regional players may offer a broad range of services, but are often focused on specific jurisdictions in one or more regions. Local providers meanwhile, tend to have a narrow service offering and can only provide limited geographical coverage.

TMF and Citco are among the only other global players in the market. In addition, some major banks, fund administrators, legal and accounting firms also operate in specific segments of our markets.

Within this competitive landscape, Intertrust is one of the few global, dedicated full-service providers. As such, it is able to apply economies of scale, and a wider service offering of high-value trust, corporate and fund services.

More recently, Intertrust's listed status has underscored its transparency, added to its attractiveness as an employer and made it the 'go-to' company for financial institutions, funds, corporations and high net worth individuals.

## Clients and services

The trust, corporate and fund services market covers the following types of services: corporate, funds, capital markets and private wealth. Across these segments, clients generally need support for the formation and implementation of entities, the domiciliation and management of entities, legal administration, and accounting and (regulatory) reporting.

Generally speaking, client entities are formed to facilitate cross-border investments and acquisitions, with a mix of business, legal and tax considerations. These include risk management or asset protection factors; the attractiveness of a location for investment funds; and the legal, political, financial and regulatory stability that a location offers.

Jurisdictions may also be selected if they offer clients good access to capital markets, an experienced workforce and a strong network of local advisors, among other features. The characteristics that legal entities offer in terms of cost, maintenance and liquidation play a part too, while the attractiveness of local tax legislation and the number of relevant international (tax) treaties are also important.

Trust, corporate and fund services providers cover the entire life cycle of a client entity: from incorporation, to ongoing maintenance and compliance, through to liquidation. The average life of a client entity is approximately seven to ten years, which normally leads to predictable and recurring revenues for service providers.

Clients attribute high value to the quality of local service, reputation, personal relationships, expertise, and the reliability and responsiveness of trust, corporate and fund services providers. Clients increasingly prefer to work with a global service provider that offers an integrated, consistent and comprehensive set of trust, corporate and fund services across a range of jurisdictions.

Due to the potential impact and cost of failing to comply with local rules and regulations, trust, corporate and fund services can offer clients savings by ensuring compliance.

## Growth drivers and trends

The expansion of the trust, corporate and fund services industry is being driven by the internationalisation of corporate and investment activities and key industry trends. These drivers and trends are increasing the number of client entities in the market, and the level of services required by each client.

- **Increasing globalisation and economic growth**

Industry expansion is being driven by the internationalisation of corporate and investment activities. As corporations invest across numerous jurisdictions, they typically require trust, corporate and fund services to implement tax efficient entities and assist them in their compliance with local and international requirements.

- **Increasing and more complex compliance requirements and regulation**

Increasing regulatory complexity contributes to growth in the industry and the implementation of new regulation is increasing reporting requirements. In addition, measures to prevent tax evasion, fraud and terrorist financing have resulted in greater complexity and an increased demand for transparency. These additional compliance requirements, such as Foreign Account Tax Compliance Act (FATCA), generally benefit Intertrust, leading to increased revenues from entities. A recent example of this is the Common Reporting Standard (CRS), an information standard for the Automatic Exchange of Information (AEOI), which requires all clients to be screened for Ultimate beneficial owner (UBO) from participating countries, and creates more demand for compliance services from trust, corporate and fund services providers.

Intertrust favours a stringent regulatory environment because compliance and integrity are part of our DNA as a company, in addition to the opportunities it gives us to serve our clients. Management does not expect proposed regulations that have been designed to reduce tax advantages for certain client entities, such as some of the OECD's recommendations against

Base Erosion and Profit Shifting (BEPS), to materially impact the overall rationale for setting up client entities.

- **Outsourcing of non-core legal and financial administrative tasks**

Increased reporting and transparency requirements have also resulted in more corporations looking to outsource non-core legal and financial administrative work, rather than hire additional specialised staff. The trend to outsource is also apparent in the fund management sector. For example, the AIFMD directive requiring non-EU fund managers to have separate compliance staff in the EU led to Intertrust's launching of specialist AIFMD ManCo services.

## Key industry trends

In addition to these drivers, the following trends affect the competitive landscape in the industry:

**Consolidation:** the trust, corporate and fund services industry is a fragmented industry in which smaller players find it more difficult to operate. This is due to growing regulatory complexity, the need to increase scale in existing jurisdictions, acquire complementary services, and expand the geographic footprint. Large players are able to expand through acquisitions, broaden their service portfolio and geographic reach, and capture market share.

**Client preferences:** working with a single trust, corporate and fund services provider with a full service proposition and global reach is a growing client preference.

## Business model

Intertrust operates a resilient business model with recurring revenues and a diversified client portfolio that provides strong potential for further growth and improved margins.

Approximately 85% of its revenues are generated by non-discretionary services that clients, irrespective of their financial or operational performance, generally require, such as taking

minutes of board meetings, accounting, filing annual reports, regulatory reporting, and holding shareholder meetings, as well as transactional or activity-based work.

Intertrust's global sales strategy aims to drive organic growth through active coverage of the existing network of global and local business partners, cross-selling and providing additional services to existing clients. The company also has a track record of increasing the average revenue generated per client entity (ARPE) and realises margin improvements via the optimisation of its cost base and operating leverage.

Intertrust believes that it has the infrastructure in place to further grow its business globally in the years ahead.

## Services

We offer a comprehensive and integrated set of trust, corporate and fund services. Our offering covers corporate services, fund services, private wealth services and capital markets services. Other than limited local tax compliance services that we have historically provided to private clients in Guernsey, we do not provide tax or legal advisory services.

In 2016, we implemented a number of initiatives to better align our services for the benefit of clients and business partners, most notably, the introduction of service-line leadership within our capital markets, funds and private wealth segments. These allow us to deliver consistent standards of high-quality services in every jurisdiction where we operate.

### Corporate services

Intertrust's corporate services assist clients with the setting up, structuring, managing and unwinding of legal entities for corporate, investment and finance objectives, wherever they are in the world. They benefit from Intertrust's global footprint, and its personalised and hands-on approach.

Corporate services clients are largely multinationals, alternative investment firms – such as private equity – and financial institutions. The services in this segment are as follows:

- **Formation and implementation services**

We set up entities for clients and arrange for local registrations.

- **Domiciliation and management services**

We provide registered office addresses and physical office space to our clients in various jurisdictions. They may appoint us as director, proxy-holder or company secretary for a corporate entity. We may also conduct the day-to-day management of these entities in compliance with applicable laws and regulations.

- **Legal administration services**

We offer secretarial services and maintain statutory records, organise shareholder and board meetings, prepare legal documentation, and unwind and dissolve corporate entities.

- **Accounting and reporting services**

We deliver accounting, bookkeeping, financial reporting, consolidation, assistance with financial audits, internal controls, and VAT registration and administration. We also offer payroll services and real estate investment services, bank account management and pension fund administration, and services related to employee benefit trusts, the administration of trusts and foundations, and process agent services.

- **Treasury management services**

We provide front-office services that include cash management, cash pooling, interest rate management and liquidity forecast and requirements assessment. Middle-office services include risk management and performance reporting. Back-office services include processing confirmations, payments, cash reconciliations, administration of cash pools and execution of loan agreements.

### Fund services

Intertrust's fund services cover the incorporation, administration, investor reporting and regulatory reporting for funds, with a strong focus on real estate funds and private equity funds. Our 2016 acquisition of Elan provided us with a large team of fund professionals to offer full fund administration for private equity and real estate funds globally. We have an integrated platform globally to provide the full suite of fund related services in the key jurisdictions where we add value to our clients. The services in this segment are as follows:



### • Fiduciary services

We support our clients' operational, regulatory and governance requirements and assist them with director and trustee requirements. We provide clients with fund directorships, registered offices and authorised representatives for their funds, and trustee services for unit trust structures.

### • Legal administration services

We incorporate and administer the day-to-day management of funds. We provide corporate administration services, registrar and transfer agency services, and trust or nominee structures for voting shares in fund structures.

### • Accounting and reporting services

We offer full private equity and real estate fund administration, including net asset value (NAV) calculations, fund accounting, performance fee calculations, audit assistance, investor reporting, fund banking and payment services, and regulatory reporting.

### • Depositary services

We act as a depositary for non-financial assets as defined by AIFMD. Our depositary services include cash flow monitoring, asset verification, asset safekeeping and oversight services.

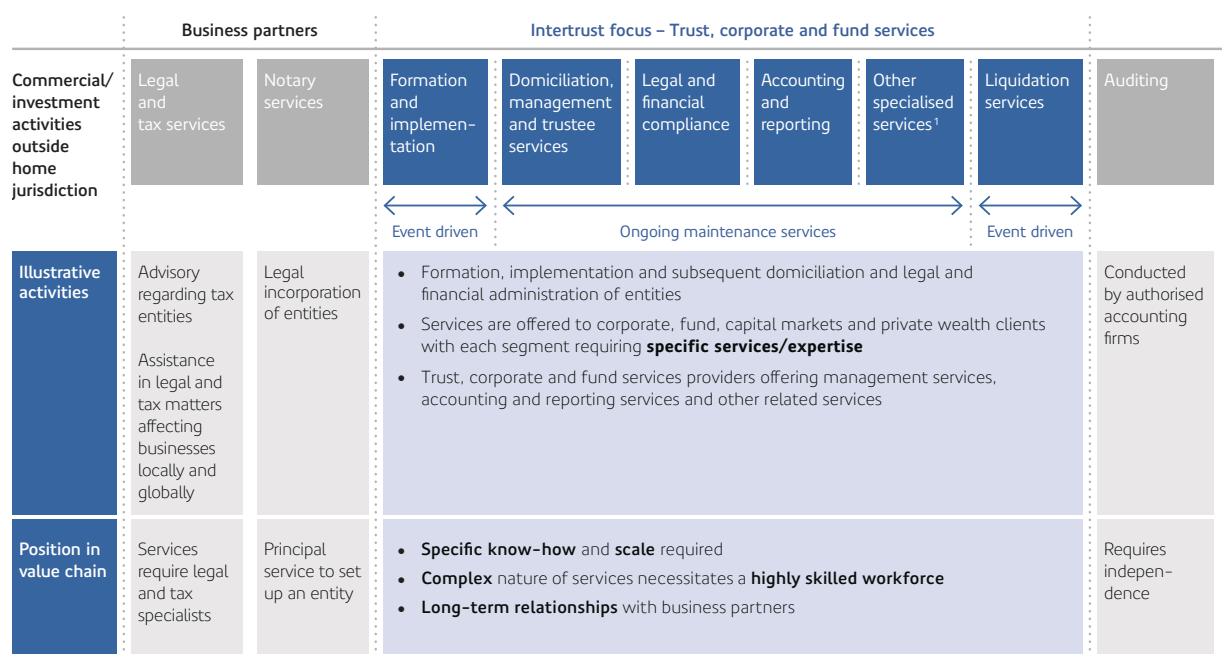
### • Risk and compliance services

We provide risk and regulatory compliance solutions to EU and non-EU Alternative Investment Funds, hedge funds, private equity funds and real estate funds.

### • AIFMD ManCo services

We provide a range of risk and regulatory compliance solutions to EU and non-EU Alternative Investment Funds, including hedge funds, private equity funds and real estate funds, providing significant cost, quality and governance benefits. We have a license from the Central Bank of Ireland to act as Alternative Investment Fund Manager to EU and non-EU funds that qualify as Alternative Investment Funds under the AIFMD.

What we do – comprehensive range of services across the life cycle of entities...



<sup>1</sup> Includes compliance services, escrow, performance and reward management (PRM) services, treasury management services, SPV services, investor reporting, fund administration, depositary services

## Capital markets services

Intertrust's capital markets services comprise a variety of ancillary services to Special Purpose Vehicles (SPVs) for capital markets transactions. Clients of this segment are mostly financial institutions. These transactions include securitisations (such as residential mortgage-backed securities, commercial mortgage-backed securities, collateralised loan obligations and other asset-backed security transactions), bond issuances, commercial paper conduits and asset lease transactions. Our 2016 acquisition of Elian (which acquired Structured Finance Management (SFM) Europe in 2015) brought us a strong presence in some key capital markets jurisdictions. The combination of specialised sales professionals with enhanced back-office capabilities further strengthened our leadership in the capital markets administration industry. The services in this segment are as follows:

- **SPV and trustee services**

We provide domiciliation, management, directorship, legal administration and accounting and reporting services for SPVs and trusts.

- **Portfolio administration services**

We deliver administrative services for the underlying assets held by SPVs. These include asset cover testing, which entails the evaluation of the underlying assets against a set of predetermined criteria.

- **Calculation and payment agency services**

We prepare and monitor cash flow waterfalls, make principal and interest ledger calculations, monitor credit default swap calculations, monitor trigger events and calculate and execute payments to third parties.

- **Investor reporting services**

We offer reporting services to investors in SPVs for portfolio stratifications, cash flow generation, prepayments, waterfalls and arrears, among others.

## Private Wealth services

Intertrust's private wealth services provide fund and trust formation services to private wealth clients, such as international entrepreneurial families and high net worth

individuals. In addition, we provide services to assist our private wealth clients in the management of their assets and in their estate planning. Our acquisition of Elian in 2016 broadened our spectrum of private wealth solutions in the Channel Islands. The integrated organisation enables Intertrust to service our global base of (ultra) high net worth individuals and families with a full suite of private wealth solutions in relevant jurisdictions.

In this segment, we structure, manage and administer trusts, foundations and other vehicles that assist our private wealth clients with asset management, asset preservation, estate planning and succession planning. We also administer personal pensions, wills and testamentary estates, and offer family office services. We assist our clients with their accounting, financial reporting and consolidation obligations.

## Complementary services

As part of our strategy we aim to expand our existing service offering to meet our clients' changing needs. We typically assess the complex administrative components of new and existing rules and regulations to evaluate demand for complementary services.

- **Regulatory and compliance services**

We identify regulatory reporting obligations and review, draft and submit all the relevant reports for several reporting regimes: US FATCA (the Foreign Account Tax Compliance Act), UK FATCA and Common Reporting Standard (CRS). We also offer compliance consulting and compliance outsourcing services. Compliance consulting services include assisting clients with regulatory authorisations and audits, assessing compliance infrastructure, drafting and maintaining compliance policies and procedures and providing training. Our outsourcing services include client due diligence, document management, identification and verification and risk screening.

- **Performance and Reward Management (PRM)**

We provide trustee and plan administration services, assisting clients in delivering and managing their reward and incentive arrangements across both senior management and the wider employee base.

- **Escrow services**

We manage tailor-made escrow agreements to secure a client's financial obligations arising from cross-border acquisitions, international projects, litigation procedures and transnational trading transactions, among other areas.

## Client Relationship Management

Part of building a sustainable business is building long-lasting partnerships with our clients and their advisors. We see this as part of a long-term commitment that is aligned with our corporate values. We achieve this by investing in these relationships and acting as 'One Intertrust, One Team' at all times. This enables us to be more connected, more responsive and better able to deliver dynamic and innovative solutions with the same quality standards globally.

### Our approach

We look to service and engage with our clients to the best of our ability and have various training programmes in place to strengthen our relationships by enhancing the management skills of our client-facing staff. This also allows us to better anticipate clients' requirements, such as those created by regulatory changes, and to respond efficiently with new solutions and services.

The sales strategy is underpinned with training courses on Client Intimacy, Commercial Awareness and Professional Selling Skills, as well as an annual Global Sales Drive.

Our Client Intimacy strategy, launched in 2016, is designed to broaden and deepen our relationship with our clients. This is a combined training strategy and management philosophy to ensure that we have a deep understanding of our clients' business and needs. This allows us to better assess the risks associated with a client, drives senior staff involvement in all client matters and generates opportunities for assisting our clients with a broader array of services. Client-servicing Business Units are allocated to various client groups in order to implement this client intimacy focus.

We also gather client feedback via dedicated surveys among clients and business partners. The surveys have consistently shown that clients value our people, quality and the strength of our network. They also appreciate that our offices collaborate seamlessly across borders and deliver consistent quality.

### Key Client Program

Within Intertrust, our largest clients are included in our global Key Client Programme (KCP). Every Key Client is assigned a Global Relationship Manager (GRM). This is a dedicated person who acts as the first point of contact, and is the pivot of the relationship between the Key Client and Intertrust. Where the client relationship is serviced between multiple offices, the GRM's primary responsibility is to facilitate the efficient flow of information between the Key Client and each of Intertrust's stakeholders.

The strategic rationale of the KCP is to ensure that these clients are supported by senior staff and the highest levels of service, from initial client contact through to all aspects of the client journey, in order to build long term and meaningful client relationships. Alongside the KCP, our offices in the Netherlands, Luxembourg and Cayman Islands have developed a Star Client Program, which caters to our most valuable clients within those jurisdictions, ensuring the highest standards in client service delivery. Similar programs are scheduled to be rolled out in additional jurisdictions in 2017.

By adopting a global philosophy toward Key Client relationship management, the GRM ensures that our Key Clients experience 'One Intertrust, One Team' at all times. This is evidenced through efficient client onboarding and due diligence processes, consistent quality of communication, the highest levels of responsiveness and operational excellence.



# The value of Partnership

All Intertrust teams work seamlessly across our global offices to deliver the same high standards of service, wherever our clients are based. This makes us uniquely positioned to help clients comply with global regulatory requirements such as the Common Reporting Standard (CRS).



## CRS services

Following the roll-out of our CRS service offering for Asia in 2016, we have begun helping clients in jurisdictions such as Hong Kong to identify and prepare to report financial data in compliance with CRS requirements.

## Supporting offices globally

Our Asian teams and clients benefit from the experience and know-how of our Regulatory Compliance Services team in Guernsey, who have developed a truly global solution.

## Working in Partnership

Our client-facing teams in Hong Kong can focus on providing an excellent client service while our Regulatory Compliance Services specialists in the Channel Islands take care of reporting.



We are dedicated to helping others succeed





The value of Partnership (continued)







### Leveraging networks and resources

At Intertrust we look to leverage our network and resources to deliver our dynamic and innovative solutions to clients around the world. In doing so, we bring the best of our skills and capabilities to where they matter most.

### CRS: Expanding requirements

The CRS is based on agreements between participating, or partner, jurisdictions and is similar to FATCA in that it imposes requirements to identify and report financial data. In addition to its existing 50 jurisdictions, the CRS will be applied across a total of 96 jurisdictions over the next two years.

# Strategy

The Intertrust strategy aims to ensure we are recognised as the leading global provider in trust, corporate and fund services, and the most professional company with the highest standards in our industry.

By working together as 'One Intertrust, One Team', we are more connected, responsive and better able to deliver dynamic and innovative solutions to our clients with the same quality standards globally.

Our strategy has reinforced our competitive position in the market, which is based on:

- Global leadership in the trust, corporate and fund services industry with a comprehensive and unrivalled service offering in 30 countries, and a strong focus on compliance and integrity.
- Resilient business model with recurring revenues and a diversified client portfolio with growth potential.
- Experienced management team with a clear strategy and culture of excellence.
- Strong track record of synergetic acquisitions.
- Global network of 42,000 business partners.
- Revenue growth, favourable margins and strong cash conversion.
- The resilience of the global industry with secular growth drivers.

We are well positioned to implement this strategy due to the diversity in our network and service offerings, our wide range of client types, and our ability to be an M&A partner for regional and local providers. The strategy is based on five key elements; invest in human capital; grow organically; lead market consolidation; continuously improve operational excellence; and

maintain industry-leading risk management practices. These are explained in more detail below.

## 1. Invest in human capital

We believe the knowledge, local expertise and business relationships of our employees are key to delivering high-quality services to our clients and generating new sustainable business. We are strongly focused on attracting, developing and engaging the right people in our industry.

As we continue to grow our talent base globally, we are also determined to remain at the forefront of our industry in terms of business ethics and integrity. We look to foster a culture with strong values and where best practices, collaboration and open information sharing are a part of our everyday working environment.

One of the ways in which we seek to retain, attract and incentivise talent is by actively encouraging employees to become shareholders and through the annual awarding of shares in our Long-Term Incentive Plan (LTIP). At the time of our listing in 2015, a total 108 managers and key employees took part in our Executive Ownership Plan (EOP), while the rest of our employees across the globe were awarded shares under the Employee Stock Ownership Plan (ESOP), thereby creating strong links between our people and the company's success. Upon the completion of the Elian acquisition in September

2016, over 600 new employees joined our organisation and also received shares under our ESOP and/or LTIP.

We operate a performance-based remuneration policy that takes into account the performance of individual employees, as well as the local office and group-wide performance. Our appraisal cycle is based on annual KPIs and behavioural targets. Assessments of individual employees are in alignment with our corporate values and are an integral part of our recruitment and selection process, and of our performance reviews.

We also invest substantially in training and development. Our Global Intertrust Academy provides a variety of international training and education programmes covering technical training, leadership development, business development and relationship management skills. The larger offices have their own Academies in place to provide for local training requirements.

Through our international mobility programme, we aim to further develop the skill sets of our people and increase

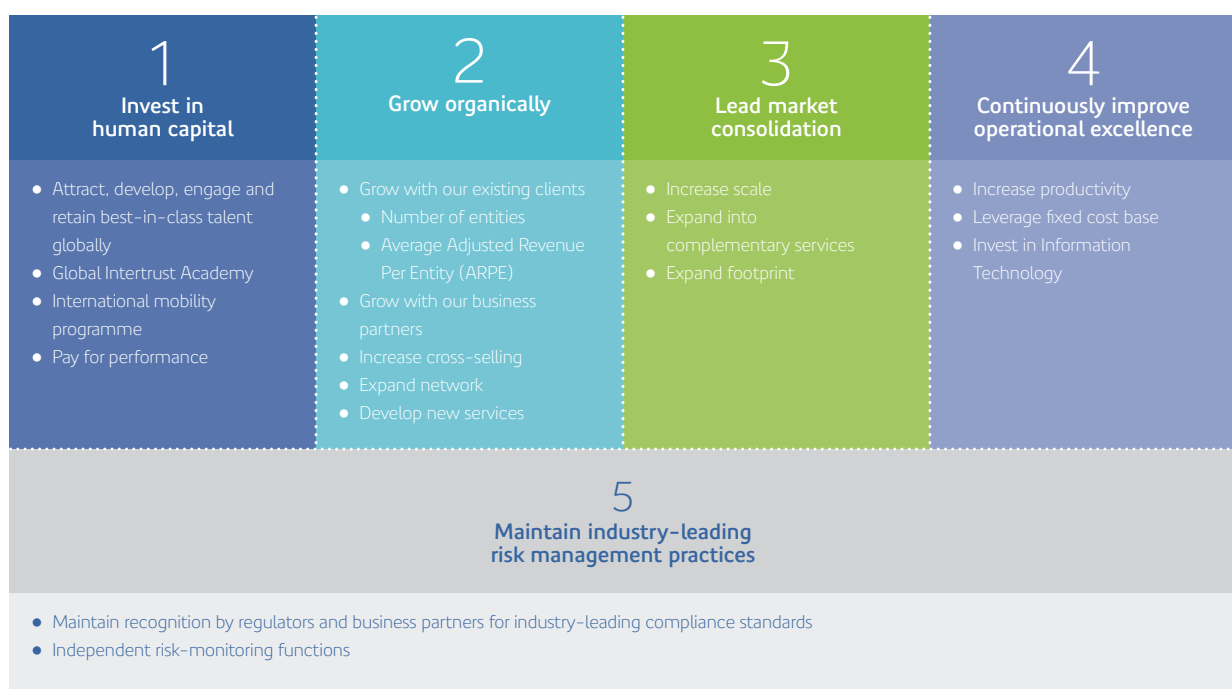
cooperation, knowledge sharing and cross-selling across our global network. Through this programme and the Intertrust Academy, we are growing our global leaders of the future.

With around 75 nationalities represented across our company, Intertrust understands the value of diversity and is keen to benefit from a diverse workforce as much as possible, both in terms of diversity of gender and of nationalities. For more information about our people policies, please refer to the chapter [People](#) (see page 34).

## 2. Grow organically

The key organic growth drivers include the inflow of new clients, higher value-added activities that increase revenues per entity, the geographic expansion of our business, and the broadening of our service offering with innovative market solutions.

Our strategy is built on five key elements



**Inflow of new clients.** Growth of new client entities is driven by new business acquired from:

- Existing clients
- Business partners who refer new opportunities to us
- Own cross-selling efforts between offices
- Direct sales activities

We have a large and diversified client portfolio that offers potential for further growth by deepening our existing client relationships.

We also work to leverage our network of business partners who refer business opportunities to us. These include financial institutions, law firms, auditors and financial advisory firms. We interact with these partners on a regular basis and have become a preferred provider for services they do not offer themselves.

Through cross-selling we are expanding and deepening our client relationships and benefiting from clients' preference to work with a single global service provider. New business is also generated through direct sales efforts at a local, regional and global level. Our global sales strategy is implemented by a dedicated, full-time global sales team that provides client and sales intelligence and develops trainings and tools.

At a local level, these efforts are supported by 75 sales drive ambassadors and sales offices in 8 different locations throughout the world, representing each of the 30 jurisdictions in which we are present. The ambassadors are responsible for coordinating our global sales strategy at a local level. In addition there is a significant group of colleagues globally involved in sales operations.

**Higher revenues per entity:** We achieve higher ARPE by increasing the level of service we provide and by delivering additional value-added services. These include services that enhance clients' local presence and support the conduct of their cross-border business, such as legal administration, additional accounting and reporting, and regulatory services.

Furthermore, we look to diversify our revenues by expanding our service offering with complementary services. These have

included FATCA services, regulatory and compliance services, AIFMD Management Company services, and CRS services.

In 2016, as a result of the acquisition of Elian, we also added Performance & Reward Management services, which enables us to provide trustee and plan administration services and assist clients in delivering and managing their reward and incentive arrangements.

Our 2016 acquisition of Elian also provides us with a large team of fund professionals to provide full fund administration for Private Equity and Real Estate funds globally. As we already service many alternative investment fund clients with other fund related services, we are very well positioned to complete our global offering with high quality fund administration.

### 3. Lead market consolidation

We strive to continuously strengthen our market position, increase our market share, and expand and complement our service offering by pursuing selective and value-enhancing acquisitions.

Over the years, we have demonstrated our ability to successfully identify, execute and integrate strategic acquisitions. These have included Close Brothers Cayman (2011), Walkers Management Services (2012), ATC (2013), CRS (2014), CorpNordic (2015), and Elian (2016). We will continue to take a disciplined and selective approach to acquisition opportunities and apply a strict set of selection criteria when evaluating potential candidates.

Our primary consolidation focus is on increasing the scale of the business in key jurisdictions to be one of the leading trust, corporate and fund services providers. Our secondary focus is on acquiring businesses that provide services that complement ours and help to diversify our sources of revenue. As a result of our acquisition of Elian, we became a leading service provider in Jersey, added Germany, Portugal and Bahrain as new jurisdictions, and increased scale in key locations such as Ireland, the UK and Cayman. The acquisition also added scale to our fund administration and capital markets capabilities and

complementary services such as Performance and Reward Management (PRM).

In the years ahead, we will continue to evaluate potential targets across various regions and we have already shortlisted a number of targets ranging from smaller regional providers to larger multi-jurisdictional targets.

## 4. Continuously improve operational excellence

We look to improve our operational excellence to further increase quality and timeliness of our deliverables, thereby supporting margins and maintaining our attractive cash conversion profile. To this end, we leverage our IT systems to create operational efficiencies that help to support our margin profile.

We continue to strengthen our operational excellence, as we did in 2016 with completion of our Business Application Roadmap, our new company-wide standard software platform. This programme allows us to further standardise our IT software landscape and drive consolidation in our business processes.

It allows fee-earning employees to spend less time on time recording, invoicing and obtaining data from clients, which may slightly improve our billing ratios.

The IT infrastructure is being renewed through utilising a mix of IaaS and SaaS offerings, where allowed by regulators, which reduces the need for datacentre ownership. This makes the infrastructure more agile and scalable at speed, thereby reducing the time required for integrating the infrastructure of future acquisitions.

We also invested in a new HR platform that was deployed in early 2017 to better manage our people and enhance their staff experience around the world.

## 5. Maintain industry-leading risk management practices

We are recognised by our clients and the business partners who refer business to us as striving for industry-leading compliance and risk management standards, and are known to turn away any business that does not meet our exacting standards. We have also nurtured strong relationships with our regulators and continuously engage with regulators to respond and give advice on new legislative and regulatory developments and best practice standards in relation to compliance and integrity.

We have four full independent risk-monitoring functions: Compliance & Risk Management, Legal, Tax and Internal Audit. At year-end our Compliance & Risk Management function had 76 employees (69 FTEs). Compliance & Risk Management is responsible for ensuring compliance with applicable legal and regulatory requirements. Our internal audit function has two FTEs and uses approximately 15 subject matter experts from other support functions as guest auditors.

Our risk management framework is based on the COSO ERM Framework and we intend to maintain our high standards of integrity and operational excellence by continuing to invest in risk management functions that further support the sustainable growth of our business. Our aim is to set an example for our clients in terms of governance, and demonstrate the value that we place on independence and appropriate checks and balances in the way we operate.

Our clients value our services and select us as their preferred trust, corporate and fund services provider in part because of the high standards we consistently apply across our global network. This has made us a reliable partner for clients looking to outsource certain key activities on a global basis and in a responsible manner.

# People

Our vision is to make Intertrust a Great Place to work for Great People. To achieve this, we look to create a workplace and company culture that brings the best out of our people and stimulates an inspiring leadership culture.

We nurture an environment in which our people feel respected and trusted in their work and personal development. Our people embrace our strategic goals, and are focused on client satisfaction and driven by our company values.

## Highlights 2016

Our Human Resources function made steady progress towards its objectives in the year. This included the following highlights:

- We prepared the groundwork for the roll out of our new HR system in early 2017. This system will allow us to optimise HR processes and provide HR and management with more information to make the right decisions on talent, performance and reward.
- We have successfully supported the integration of Elia in our network and have restructured the HR organisation into regions and three centres of expertise (Learning & Development, Reward and HR systems) to create the capacity and expertise to support the business in its future growth.
- Larger offices have further developed or launched induction programs for graduates and traineeships.
- We increased and improved our capabilities to advise and support group and local management in attracting and developing talent.

## Employee base

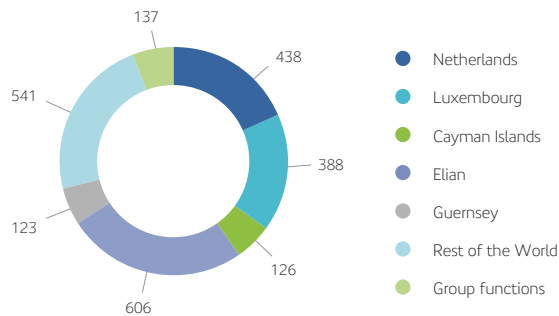
As a truly global company, we employ over 2,400 people (2,359 FTEs) across 41 offices in 30 countries. Female staff account for approximately 58% of the total. Approximately 75 nationalities are represented in our employee base, and the average age is 36.5 years.

In 2016, the total number of FTEs increased by 2.3% (excluding acquisitions). Total FTEs excluding Elia at the end of the year were 1,753 (2015: 1,714). Of the total stand-alone employees, 75.4% were client-focused, while support functions and operations accounted for the remainder. A net increase for Intertrust Group total FTEs was as a result of the acquisition of Elia in September (+606 FTEs), based mainly in Jersey, Cayman Islands and the UK.

For Intertrust stand-alone (excluding Elia), in the year our employees in the Netherlands grew by 5.8% to 438 FTEs (2015: 414 FTEs); in Luxembourg grew by 1.4% to 388 FTEs (2015: 383 FTEs); in Cayman Islands -9.9% to 126 FTEs (2015: 140 FTEs); in Guernsey remained stable at 123 FTEs (2015: 122 FTEs); and in the Rest of the World grew by 3.5% to 541 FTEs (2015: 522 FTEs).



## FTEs



## One Intertrust, One Team

At Intertrust, we always think and act as One Team. Our continuous organic and M&A expansion has been successful by consistently applying our One Team approach. We ensure our values are shared and applied across the globe, so that our international clients receive the same high quality services and the same levels of personal and professional integrity at all our offices.

## Acquisition of Elia

The acquisition of Elia in September provides our employees with tremendous opportunities, including the prospect of further professional development in new areas of expertise, and international mobility.

Throughout the integration process, we have been very careful to preserve the excellent people and client-focused culture that Elia has built over the years. We have also undertaken this process in a seamless and comprehensive way by:

- Setting up various integration teams with representatives from both Elia and Intertrust to enable the sharing of best practices.
- Organising a global integration event with over 150 senior managers to further define our joint culture.
- Organising a joint Global Sales Drive and Service Line offsite to further increase cooperation and exchange knowledge on mutual services and clients.

- Organising multiple local integration events to help break down barriers, such as team building exercises, a welcome programme and the introduction of a buddy system.
- Opening up our international Academy and Mobility programme to all staff to further strengthen our willingness to learn from each other.

## Ethics and integrity

Ethics and integrity are core pillars of Intertrust and our employees highly value and appreciate their importance on a day-to-day basis. In order to maintain and further enhance awareness among our staff, we have updated our global staff handbook and policies to reflect our revised Code of Conduct. We expect to distribute the latest Code of Conduct to all staff in early 2017.

In addition, we tracked the completion of various E-learning modules that help in sharing our philosophy on business ethics and integrity.

## Employee engagement

Our HR strategy is centred on increasing employee engagement. We believe that the ability of our managers to speak with their teams about personal development and learning and to discuss feedback, is vital in creating a highly engaged workforce. To assist them, we run our annual global survey and coordinate initiatives to follow up on these survey outcomes. Due to the timing of the culture survey that took place in late 2016 and the Elia integration process, the next employee engagement survey is scheduled for early 2017.

## Attracting the best talent

New employees joining Intertrust are increasingly referred by existing employees. In addition, online channels and job fairs at universities and business schools are becoming a frequent sourcing channel, representing over 22% of total hires in 2016, next to the more traditional methods.

We have continued to invest in our online channels in 2016 to maximise our brand recognition while maintaining our strict recruitment process, which includes personality assessments and extensive pre-employment screening.

Notwithstanding, it remains challenging to fully fill our recruitment pipeline, especially in locations such as Luxembourg which do not have a large local labour market. We believe global cooperation and coordination on filling these positions is essential to keep finding the best available talent in the future.

## Realising our potential

We have a strong Learning & Development (L&D) strategy in place that will be further developed in 2017 to leverage our enhanced global strengths following the acquisition of Elian. Our L&D strategy is based on both business needs and employee development needs, and training programmes are continuously assessed through feedback. This strategy comprises the following three pillars:

1. The Global Intertrust Academy and the local Intertrust Academies provide continuous training for the personal, leadership and professional development of our people.
2. We invested in the development of local career paths in 2016 to share development opportunities as well as job requirements among staff. We intend to continue work on the creation of a global competency framework to support global career paths within Intertrust.
3. Management and Leadership Development is the third area in our L&D strategy. By identifying, tracking and supporting our talent group we build our pipeline of future leaders.

## Managing performance

We translate our Group objectives into required country, team and individual goals. In doing so, we set clear KPIs and define required behaviours. We conduct regular performance reviews and personal development planning, and all employees have annual target setting and an end-of-year review.

In 2016, we invested additional time in training our managers on the importance of frequently discussing expectations and performance with their teams, rather than only once or twice per year. We are currently reviewing our performance management tools and processes to more effectively build a culture of continuous feedback that looks at individual potential rather than just past performance. This is one of our strategic projects for 2017.

## Global and diverse workforce

Close cooperation between offices and international collaboration are part of our DNA. We encourage collaboration between our sales efforts, client relationships, and in the way our employees work together. We believe that people can build a strong global network if they have the opportunity to experience working in another team, discipline, culture or country. Our active international mobility programme supported this with numerous international exchange assignments in the course of 2016.

## Building diversity

Diversity is key to Intertrust and is embedded in our company values. All staff and managers are encouraged to support diversity at a local level, which we believe makes us a stronger and more sustainable company. Some of our offices have more than 30 different nationalities, while our gender ratio currently stands at 40% female and 60% male for mid and senior level positions (top 400 managers) within the Company.

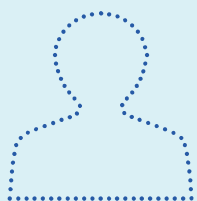


## Employee stock ownership

At Intertrust's Initial Public Offer (IPO) in 2015, all employees became shareholders in the Company through the Employee Stock Ownership Plan (ESOP). At our IPO a number of key employees were also given the opportunity to invest in shares through the Executive Ownership Plan (EOP). All other staff received shares under a different plan to share the concept of long-term value creation as a listed company.

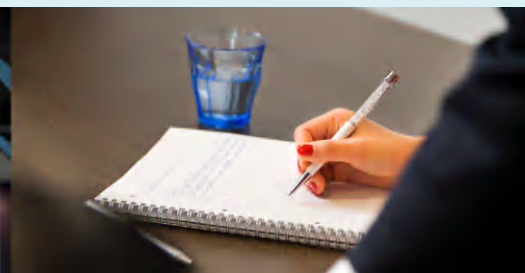
After the acquisition of Elia, all former Elia employees also became shareholders, and were awarded 100 shares each to commemorate the two companies becoming one.

Furthermore, we have a Long-Term Incentive Plan (LTIP) in place which intends to drive long-term performance for key employees. This three-year plan is implemented annually, through which a number of key employees are awarded conditional performance shares pursuant to the LTIP. See also the [Remuneration](#) chapter on page 88 of this Annual Report.



# The value of People

We aim to make Intertrust a great place to work. This means creating a culture that brings out the best in our people and supports their professional and personal development.



## Getting to know our people

According to Sabine van Riel, who joined Intertrust Netherlands in March 2016 as a Company Lawyer in the North America team, "Intertrust is a great place to work for great people!"

## Dynamic working environment

Sabine enjoys the international character of Intertrust and working with motivated and intelligent colleagues. Her favourite thing about her role is that no day is ever the same.

## Professional training and development

Sabine recently also recruited a friend to join Intertrust. Together they have already followed professional courses covering hard and soft topics that enable them to stay up to date with regulatory changes but also improve their management skills.

We build our company on talent





The value of People (continued)







### Representing Intertrust as an ambassador

Sabine and many others also serve as ambassadors for Intertrust Netherlands, representing our company at everything from career fairs and networking events with business partners, to a bowling competition against a local law firm.

### Investing in our employees

Our people strategy is focused on creating an effective leadership culture where employees across the globe feel engaged and committed to working in their environment. We invest extensively in training and development to guarantee that our clients always receive the same quality, integrity and best possible service.

### Diversity of our People

Over 2,400 people in 41 offices in 30 countries work at Intertrust and approximately 75 nationalities are represented across our employee base.

# CSR

We wish to be the global leader in our industry while building a sustainable business. We will achieve this by building a balanced relationship with all Intertrust stakeholders including employees, clients, business partners, investors, the communities we operate in and society at large.

We are highly aware of our role as gatekeeper and a facilitator of legitimate international investment and trade. We therefore make careful choices about the clients we work with and look to foster long-term relationships with them based on trust and transparency. We interact with our business partners on the same basis, to ensure our mutual clients' needs are correctly met.

To achieve these goals, we have nurtured a culture and implemented corresponding systems and procedures across our organisation that are aligned to our values of partnership, people, commitment, integrity and quality, the core of which is integrity.

## Intertrust CSR programme

In 2016 we continued to develop our Corporate Social Responsibility (CSR) programme, our global approach to sustainability that guides our actions. It focuses on the following four areas:

1. Business Ethics & Compliance
2. People & Culture
3. Intertrust Foundation (community)

### 1. Business Ethics & Compliance

We recognise that by assisting reputable companies, financial institutions, funds and private individuals to comply with their legal, financial and regulatory reporting obligations we are creating conditions for the sound, transparent and lawful conduct of international trade and investment. Making choices about who we serve and how we serve them is an important part of this process. We therefore consider compliance and integrity within a stringent regulatory environment to be an integral part of our business identity.

At Intertrust we adhere not only to the letter but also the spirit of laws and treaties, including those which govern our client's dealings. We know our clients and the business they operate in, and do careful and continuous checks to verify their statements to us. We ensure that the entities we manage for our clients meet all local regulations, including any financial, legal and regulatory requirements and obligations to which our clients are bound under the laws and regulations wherever we do business with them.

We have clear strategic goals regarding the types of clients we do and do not wish to serve, which are reflected in company-wide client acceptance policies. We take a view on what type of legal entities and structures are sustainable from a regulatory, compliance and risk management perspective, and proactively revise our policies in line with changing societal norms. Consultations with regulators help us to continually improve our operations specifically and industry standards in general.

Robust internal governance, supported by procedures and systems, form our compliance framework. We apply a variety of means to ensure our employees are guided by high levels of personal and professional integrity, including our Compliance Charter, Code of Conduct, regular training programs, mandatory client file checks, ongoing screening of clients, and transaction monitoring. In addition, local and global acceptance committees are responsible for approving any new business. These measures ensure that our employees are able to implement our high standards of compliance in providing our services. More detail on our [Compliance and Risk Management](#) practices can be found in that chapter on page 74.

## 2. People & Culture

We endeavour to be the employer of choice in our sector and are committed to partnership and integrity in the workplace. We make substantial investments to ensure a sustainable growth path for our company by fostering a healthy company culture, and developing our employees.

### Corporate values

Our corporate values are:

- partnership
- people
- commitment
- integrity
- quality

Corporate values are an integral part of our recruitment and selection process, and of our performance management system. Our values are reflected in internal and external communications and marketing materials and presentations, in employee appraisals, through the Code of Conduct, and through the example of our senior management.

In 2016, we conducted a cultural 'Temperature Check' with 40 members of senior management in the form of extensive interviews, followed by a discussion on desired behaviours and culture with the top 150 in the organisation at the 2016 international leadership and integration event. In light of the Elian integration, a broader culture project has been undertaken, which will continue into 2017. The objective of these activities is to foster an open culture in the organisation and translate our corporate values into desired behaviours.

### Engaging our people

We recognise the need to engage proactively and on an ongoing basis with our people. Our Human Resources strategy rewards desired behaviour as well as increasing employee engagement. Employee engagement is driven locally, with Human Resources playing a supporting role to the business.

## 3. Intertrust Foundation

In 2011, we established the Intertrust Foundation, with the aim of engaging our employees in pro-bono services, direct action and fund-raising in support of youth and educational initiatives.

The Foundation does this in partnership with locally established charities and non-governmental organisations (NGOs). By actively supporting these causes, our employees know they can make a difference for young people across the world, while expanding their personal and cultural horizons.

The Foundation has a Programme Office consisting of five (5) representatives from across Intertrust who evaluate and vote on matching requests for project proposals from employees. Ambassadors from the different jurisdictions coordinate the community outreach and charitable activities in their offices, set goals, and report on achievements.

### Global initiatives

The Foundation runs global initiatives in support of educational programmes, of which the most significant has been its partnership with ChildFund International in Gambia from 2012 to 2014. This resulted in the construction and delivery of an Early Childhood and Development (ECD) Centre in Bullenghat in 2014, which includes classrooms, a kitchen and dining hall and ancillary rooms. The Centre, which currently caters to some 115 children between the ages of 0–6, was made possible through a company donation of EUR 60,000, equivalent to 60 euros for each of our 1,000 employees at the time.

In 2015 on the occasion of the IPO, a donation of EUR 100,000 was made to WarChild, an international organisation which helps children recover from war-related trauma.

In 2017, the Foundation will initiate a new multi-year global project.

### Local initiatives

A large number of fund-raising events and donations were also organised by local employees in 2016, including bake and food sales, raffles, sporting events, climbing Mount Kilimanjaro, running the New York Marathon and office 'dress-down' days. The proceeds of many of these were matched with donations from the Foundation and were part of our wider 'One Intertrust, Give It Your All' initiative.

Other organisations that were supported locally focus on areas such as homelessness, environmental protection, facilities for the blind, disaster relief, medical research, health and wellness, and cultural preservation.

For more detailed information about our employees' charitable activities in local jurisdictions, please refer to the annual report of the Intertrust Foundation.





# Shares

Intertrust listed on Euronext Amsterdam in October 2015 following a successful IPO and its shares are traded under the ticker symbol INTER. In March 2016, Intertrust was included in the AMX<sup>®</sup> mid-cap index of Euronext Amsterdam.

## Significant share-related events during 2016 financial year

### June 2016: Capital raise

On 9 June 2016, Intertrust successfully raised EUR 122 million through an accelerated bookbuild offering of 6.8 million newly issued shares at an offer price of EUR 18.00 per share. The net proceeds of the offering were used to finance part of the acquisition of Elian Group.

### September 2016: Blackstone sell-down

On 6 September 2016, Blackstone, the major shareholder of Intertrust, placed 10 million Intertrust shares at EUR 19.50 per share with institutional shareholders via an accelerated bookbuild. The transaction reduced Blackstone's shareholding from 45.1% to 34.26%.

### September/October 2016: Shares repurchased

Between 26 September and 19 October 2016, Intertrust repurchased c. 175,000 shares to cover an obligation to transfer shares to certain employees as a result of the vesting of grants made pursuant to Intertrust's Employee Stock Ownership Plan (ESOP) at IPO. The shares were repurchased in tranches at a

price that did not exceed a maximum of 110% of the average closing price of the preceding five days and the total amount of EUR 3.66 million was funded from Intertrust's available cash resources.

### Expiry of lock-up periods

For the Management Employees Participation Plan (MEP), which was the default employee shareholder program in which all shares of the 165 employee shareholders were held post IPO, the lock-up was 360 days post settlement of the IPO, i.e. it expired on 14 October 2016. For the Executive Ownership Plan (EOP), which was a plan offered to a portion of the 165 employees whereby they could elect to reinvest a limited portion of their MEP shares, the lock-up is 3 years after settlement of the IPO, i.e. 19 October 2018 (and 5 years for the Management Board). The Long-Term Incentive Plan (LTIP) holding period is also 3 years after the award is granted (5 years for Management Board). Finally, all other employees (except the 165 participating in the MEP) at the time of the IPO were awarded "Celebration Shares" for a nominal amount of shares per person, which vested on 19 October 2016 subject to certain terms and conditions. All former Elian employees were also awarded "Celebration Shares" after closing of the acquisition in September 2016, with a vesting period of 360 days.

## Shareholders

### Shareholders at year end

Following the IPO in October 2015, Blackstone held 48.7% and combined management held 14.1%. This was the case until the capital raise in June 2016, at which time Blackstone's stake diluted to 45.1% (41,517,433 shares). On 7 September 2016, Blackstone sold 10 million shares, and by 31 December 2016, they owned 34.26% or 31,517,433 shares.

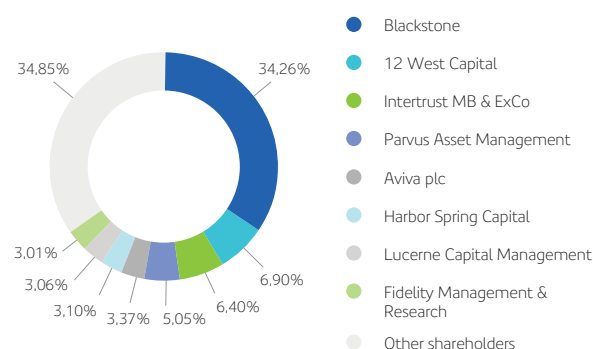
The management shareholders comprise a group of approximately 165 employees, including Management Board (MB), Executive Committee (ExCo) and other senior managers, holding a combined total of 14.1%, split into two parts. 1.82% is held through our EOP, and subject to a lock-up period of 36 months after IPO settlement, expiring 19 October 2018. The other 12.3% was held under our MEP plan and subject to a lock-up period of 360 days, which expired 14 October 2016. As of this date, the management shareholdings communicated by the Company reflect only the holdings of the MB and ExCo, which combined were 6.40% as at 31 December 2016, and can also be found in the registers of the Netherlands Authority for the Financial Markets (AFM). The other senior managers (non-insiders) are not obliged to disclose their holdings and therefore are no longer included in Intertrust disclosures. Details of the EOP can be found in the chapter [Remuneration](#) (see [page 88](#)). No members of the MB and ExCo sold any shares during the 2016 financial year. David de Buck and Ernesto Traulsen purchased shares during Q4 2016.

As part of the acquisition of Elia in 2016, senior management members of Elia who were also selling shareholders in the transaction, reinvested approximately GBP 26 million of their transaction proceeds into approximately 1.8 million Intertrust shares, which will be delivered 1 year and 10 days after the closing of the transaction.

Some of these individuals are now members of the Intertrust ExCo, however their shareholdings will only be reflected in the shareholder base after delivery of their shares. All other Elia employees were either offered participation in a Long-Term Incentive Plan (LTIP) with a 29-month vesting period, or an Employee Stock Ownership Plan (ESOP) with a one-year vesting period.

### Shareholders of 3% or more

As per 31 December 2016 and according to the AFM registers, the remaining shares in Intertrust were held by 12 West Capital Management LP (6.90%), Parvus Asset Management Europe Limited (5.05%), Aviva plc (3.37%), Harbor Spring Capital LLC (3.10%), Lucerne Capital Management LLC (3.06%), FMR LLC (3.01%), and the remainder by a number of institutional, retail and other investors (combined 34.85%).



## Dividend information

### Dividend for 2016 financial year

On 30 November 2016 Intertrust paid an interim dividend over financial year 2016 of EUR 0.24 per share. Shareholders received the interim distribution on 30 November 2016 through intermediaries of Euroclear Nederland that held their securities at close of business on 10 November 2016.

Subject to shareholder approval at the Annual General Meeting on 16 May 2017, the final dividend of EUR 0.25 will be paid on 12 June 2017, resulting in a total full year 2016 dividend of EUR 0.49.

### Dividend Reinvestment Plan

Holders of Intertrust shares could choose to reinvest the (net) cash dividend via a Dividend Reinvestment Plan (DRIP) to buy additional shares in Intertrust. The DRIP was offered by ABN AMRO Corporate Broking. More information about the DRIP is available on the Intertrust website:

<https://www.intertrustgroup.com/investors/press-releases/2016/07-11-2016>

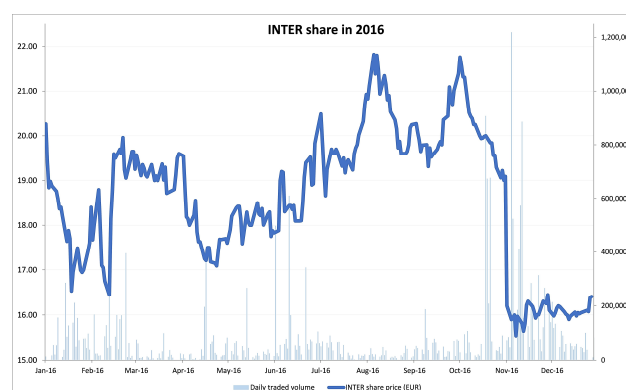
### Dividend policy

For 2017 and future years, Intertrust intends to continue paying a dividend annually, with a targeted dividend payout ratio of 40–50% of Adjusted net income.

## Share price

### Share price performance and volume

The 31 December 2016 closing price for the share was EUR 16.72, which represented an 8.2% increase over the EUR 15.50 per share offer price at the time of listing (15 October 2015) but a 17.5% decrease over the EUR 20.26 closing share price on 31 December 2015. During 2016, the maximum price was EUR 21.88 on 8 August 2016, and the minimum price EUR 15.36 on 11 November 2016. The average daily traded volume during 2016 was 86,638.



## Investor relations

We are committed to providing investors and other stakeholders with up to date and relevant information about our strategy, operations and financial results.

Intertrust also keeps stakeholders informed through ad-hoc corporate press releases on material developments that occur throughout the year. All financial press releases are widely distributed, and made available via the Intertrust website: <https://www.intertrustgroup.com/investors> and to the AFM.

In addition, Intertrust communicates directly with shareholders, analysts and potential investors on a regular basis and based only on publicly available information. Our policy regarding our bilateral contacts with shareholders can be found via the Intertrust website: <https://www.intertrustgroup.com/investors>

## Analyst coverage

As of 31 December 2016, Intertrust is covered by 7 financial analysts, as listed on the Intertrust website: <https://www.intertrustgroup.com/investors/analysts>.

## Financial year and quarterly reporting

Intertrust's financial year runs from 1 January until 31 December. We provide trading updates for the first and third quarters of each year, interim financials for the half year and full audited financial statements for year end.

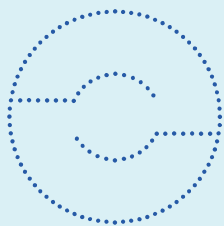
When publishing financial results and trading updates, Intertrust will hold conference calls/webcasts for shareholders, analysts and financial journalists that can be accessed through our website.

## Closed periods

1 January 2017 – 10 February 2017  
 1 April 2017 – 4 May 2017  
 1 July 2017 – 24 August 2017  
 1 October 2017 – 9 November 2017  
 1 January 2018 – 8 February 2018

## Financial calendar 2017

12 January 2017:	Extraordinary General Meeting
10 February 2017:	Publication of Q4 and Full Year 2016 unaudited results
3 April 2017:	Publication of 2016 Annual Report & audited financial statements
18 April 2017:	Record date for Annual General Meeting
4 May 2017:	Publication of Q1 2017 trading update
16 May 2017:	Annual General Meeting 2017
18 May 2017:	Share quotation ex-final dividend 2016
19 May 2017:	Record date final dividend 2016 entitlement
12 June 2017:	Payment date final dividend 2016
24 August 2017:	Publication of 2017 half-year results & reviewed interim financial statements
21 September 2017:	Capital Markets Day
9 November 2017:	Publication of Q3 2017 trading update
8 February 2018:	Publication of Q4 and Full Year 2017 unaudited results
17 May 2018:	Annual General Meeting 2018



# The value of Commitment

At Intertrust we are committed to building a sustainable client base for the future. To deepen our client relationships, we know we must surpass their expectations again and again.



## Small beginnings

Our support for one NYSE-listed multinational retailer began many years ago in the Netherlands. Over time, we expanded our corporate and specialised administrative services to support their international growth.

## Variety of services

Today we service them in 6 countries in multiple areas such as corporate secretarial, governance, legal administration and compliance services.

## Continued growth

Our client's general counsel recently visited our New York office to meet with their global relationship manager. During the meeting, the client also shared that they were planning to open a business in a new jurisdiction and needed support.



We seek long-term commitments with our clients





The value of Commitment (continued)







### Long-term commitment

Following the meeting, her relationship manager confirmed that Intertrust is able to provide the required services to support their expansion plans. Working with one provider across so many jurisdictions means that our client has a better overview of their affairs and a single point of contact globally.

Our in-depth understanding of their business and objectives helps us support clients with their day-to-day operations, keep their business in good standing, and continue to build a successful relationship.

### Expanding client relationships

Our employees are key to providing clients with premium value-added services and building long-term relationships.

Through cross-selling, we expand and deepen our client relationships across the network and benefit from clients' preference to work with a single global service provider. Our Key Client Programme helps us to ensure that we provide the best possible service to our clients and anticipate any areas of possible risk.

# Financial review

## Reporting and segmentation

The full year Intertrust Group figures below include Elian as of 23 September 2016 unless stated otherwise. Intertrust has also reported underlying<sup>1</sup> figures for 2016 that exclude Elian. These stand-alone figures are at constant currency and include January–June 2015 CorpNordic figures.

As of Q1 2017, Intertrust will implement two important changes in its reporting segmentation. The first is that Guernsey will become part of Rest of the World (ROW) and will no longer be broken out as it has been in previous years (including 2016). Secondly, due to the integration of Elian, Intertrust will no longer break out Elian results.

The reporting segmentation for 2017 onwards will therefore be as follows:

- The Netherlands
- Luxembourg
- Jersey
- Cayman Islands
- Rest of the World (ROW)

## Revenue and EBITA

In 2016, adjusted revenue<sup>2</sup> grew by 11.9% to EUR 385.8 million from EUR 344.9 million in 2015. The underlying revenue growth (excluding Elian) was 3.0%, with increases in Luxembourg and the Netherlands of 7.4% and 4.3% respectively, while Cayman's revenue decline of 10.6% on a constant currency basis had a significant impact.

Reported EBITA for the year was EUR 135.9 million, relating to a 35.2% margin, due mainly to one-off costs related to the Elian acquisition. Our adjusted EBITA<sup>3</sup> was EUR 153.8 million, a 9.5% increase over EUR 140.4 million in 2015. The underlying<sup>1</sup> EBITA margin was down slightly by 16 bps to 40.3% year-on-year due to the decrease in Cayman margin which could not be fully compensated by the improvements in other jurisdictions.

## Capital expenditure

Total capital expenditure for FY 2016 was EUR 11.3 million, compared to EUR 10.9 million in 2015. The cash conversion ratio, excluding strategic capital expenditures, remained strong at 94.5%.

<sup>1</sup> Underlying is Intertrust stand-alone (excluding Elian) at constant currency and, for full year, including Jan–Jun 2015 CorpNordic figures

<sup>2</sup> Adjusted revenue is revenue adjusted for one-off revenue in 2015 which consisted mainly of revenues related to the release of one-off provision(s)

<sup>3</sup> Adjusted EBITA is defined as EBITA before specific items and before one-off revenue / expenses. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding on financial performance. Specific items include (i) transaction and monitoring costs of EUR 5.3 million in 2015 and EUR 4.2 million in 2016; (ii) integration costs of EUR 3.1 million in 2015 and EUR 8.5 million in 2016; (iii) (income) / expenses related to disposal of assets of (EUR 3.7 million) in 2015 and EUR 0.5 million in 2016 (iv) share-based payment upon IPO and integration of EUR 4.4 million in 2015 and EUR 4.5 in 2016. Specific items are not of an operational nature and do not represent core operating results. One-off revenue consists mainly of revenues related to the release of one-off provision. The one-off expenses are related to redundancies, legal costs and settlement fees

## Business growth

Total ARPE growth for Intertrust stand-alone in 2016 was 9.5%, reaching EUR 9.4 thousand per entity, compared to EUR 8.6 thousand in 2015. Underlying<sup>1</sup> ARPE increased by 8.9%. This growth was driven by a decrease in entities as a result of loss of low-ARPE entities to competitors, end-of-life and an increase in added-value services stemming from increased regulatory complexity and substance requirements.

By year-end 2016, on a stand-alone basis, we had 37,907 entities, which represents a decline of 5.4% compared to the 40,065 entities in the previous year. The net outflow was the result of end-of-life, portfolio optimisation and loss to competition, while the majority of inflows were from existing clients. The adjusted revenue per FTE increased by 1.3% to EUR 203.8 thousand from EUR 201.2 thousand. The proportion of billable to non-billable FTEs for Intertrust stand-alone increased to 75.4% in 2016, up from 75.0% in 2015.

## Net income

Net income for the year was EUR 52.0 million or EUR 113.2 million on an adjusted<sup>4</sup> basis. The main adjustments in 2016 were EliaN-transaction and integration related costs (EUR 17.9 million), amortisation of intangibles (EUR 33.8 million), and forex (EUR 9.6 million).

## Cash flow

Total cash from operating activities was EUR 152.4 million, compared to EUR 127.5 million in 2015, mainly due to the increase of adjusted EBITA and a decrease in EliaN's working capital during Q4 2016.

The EUR 562 million acquisition of EliaN (including transaction fees) was financed through a combination of cash, debt, equity and employee investments. A total EUR 107 million was paid in cash. New debt drawn at closing was equivalent to EUR 296.3 million. New equity issued in June 2016 was EUR 122 million and a consideration of EUR 36.5 million was re-invested by management and key employees as a deferred consideration in shares.

## Net debt

The net debt at 31 December 2016 was EUR 758.5 million and the net debt leverage ratio<sup>5</sup> was 3.72x, compared to net debt as at 31 December 2015 of EUR 465.4 million and a net debt leverage ratio of 3.1x. In September 2016 the Group entered into additional term debt facilities (EUR 147.5 million and GBP 94 million). Additionally we drew an existing revolving credit facility equivalent to EUR 39 million to finance part of the EliaN acquisition.

<sup>4</sup> Adjusted net income is defined as Adjusted EBITA less net interest costs and less tax costs

<sup>5</sup> Net debt leverage ratio is defined as total net debt divided by the adjusted EBITDA of Intertrust, including adjusted EBITDA proforma contribution for acquisitions and full year run-rate synergies related to acquisitions (acquisitions in 2016: EliaN, 2015: CorpNordic)

## Financial targets

We use several operational key performance indicators to track the performance of our business, which include the total number of client entities serviced, ARPE, adjusted Revenue per FTE, and adjusted EBITA per FTE. We believe that these measures provide an important indication of trends in the performance of our business. Management communicated the guidance below for 2017. Our medium term guidance will be updated at our first Capital Markets Day, which will take place on 21 September 2017.

- Underlying revenue growth for 2017 is expected to be between 4–5%
- Underlying EBITA margins in 2017 are expected to expand slightly due to synergies and continued operating leverage, which will compensate for the margin pressure inherent in Elian's lower margin profile. This will result in expected adjusted EBITA margin being roughly stable versus 2016 (39.9%)
- Dividend policy over 2017 continues to be 40–50% of adjusted net income
- Previous guidance on synergies (GBP 10.4 million by end 2018, of which 75% by end 2017), capex (2–2.5% of revenue), effective tax rate (circa 16%), and cash conversion (in line with historical rates) remain unchanged

## Dividend

In line with our dividend policy of 40–50% of adjusted net income, an interim dividend of EUR 0.24 per share (total EUR 22.1 million) was paid in November 2016 and the final dividend of EUR 0.25 (subject to shareholder approval) will be paid on 12 June 2017, resulting in a total full year dividend of EUR 0.49 for 2016.

## Earnings per share

In 2016, earnings per share were EUR 0.58 and the adjusted<sup>6</sup> earnings per share were EUR 1.27. If Elian's full-year contribution were included, the adjusted net income per share would have been EUR 1.44.

---

<sup>6</sup> Adjusted earnings per share is defined as Adjusted net income divided by the average number of shares outstanding at 31 December 2016. Average for FY2016: 88,942,943

## Reconciliation of performance measures to reported results

The tables below present the reconciliation of Intertrust stand-alone to adjusted to reported results.

In EUR millions

	2016					Reported
	Intertrust standalone	Elian	Adjusted	Specific items & one off's <sup>1</sup>	Excluded items <sup>2</sup>	
Revenue	357.3	28.5	385.8	-	-	385.8
<b>EBITA</b>	<b>144.0</b>	<b>9.7</b>	<b>153.8</b>	<b>(17.9)</b>	<b>-</b>	<b>135.9</b>
Amortisation	-	-	-	-	(33.8)	(33.8)
<b>Profit/(loss) from operating activities</b>	<b>144.0</b>	<b>9.7</b>	<b>153.8</b>	<b>(17.9)</b>	<b>(33.8)</b>	<b>102.1</b>
Net Finance costs - excluding net foreign exchange loss	-	-	(21.0)	-	-	(21.0)
Foreign exchange losses	-	-	-	-	(9.6)	(9.6)
Share of profit of equity-accounted investees (net of tax)	-	-	0.0	-	-	0.0
<b>Profit/(loss) before income tax</b>	<b>-</b>	<b>-</b>	<b>132.7</b>	<b>(17.9)</b>	<b>(43.3)</b>	<b>71.5</b>
Income tax	-	-	(19.5)	-	-	(19.5)
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>113.2</b>	<b>(17.9)</b>	<b>(43.3)</b>	<b>52.0</b>

<sup>1</sup> For further information on the breakdown of Specific items & one off's, refer to Notes 5.1, 5.4, 7, 9 and 10 of the Notes to the consolidated financial statements on pages 142 to 150.

<sup>2</sup> For further information on the breakdown of Excluded items, refer to Notes 11 and 12 of the Notes to the consolidated financial statements on page 150.

In EUR millions

	2015			
	Adjusted	Specific items & one off's	Excluded items	Reported
Revenue	344.9	(0.3)	-	344.6
<b>EBITA</b>	<b>140.4</b>	<b>(3.0)</b>	<b>-</b>	<b>137.4</b>
Amortisation	-	-	(30.1)	(30.1)
<b>Profit/(loss) from operating activities</b>	<b>140.4</b>	<b>(3.0)</b>	<b>(30.1)</b>	<b>107.3</b>
Net Finance costs - excluding net foreign exchange loss	(16.7)	-	(82.3)	(99.0)
Foreign exchange losses	-	-	(1.6)	(1.6)
Share of profit of equity-accounted investees (net of tax)	0.0	-	-	0.0
<b>Profit/(loss) before income tax</b>	<b>123.7</b>	<b>(3.0)</b>	<b>(114.0)</b>	<b>6.6</b>
Income tax	(22.3)	-	18.3	(4.0)
<b>Net income</b>	<b>101.4</b>	<b>(3.0)</b>	<b>(95.7)</b>	<b>2.6</b>

The Company estimated the adjusted net income for 2015 to be EUR 101.4 million. Adjusted net income was defined as adjusted EBITA, less proforma post IPO annual interest costs of EUR 16.7 million and with proforma effective tax rate of 18%. Adjusted net income thus reflected the post-IPO capital structure, for purposes of comparability going forward

# The Netherlands

The Netherlands has maintained a longstanding tradition of political and social stability, as well as sophisticated legislation and a highly reputable and consistent fiscal system. In increasingly uncertain times, the Netherlands continues to be a popular jurisdiction in Europe where corporates look to establish their base for international operations, international group structures, and for structuring complex cross-border transactions.

The country has looked to develop a robust international business climate, with excellent infrastructure, an extensive network of tax and bilateral investment treaties, jurisdiction-specific tax advantages, and efficient incorporation procedures for legal entities. All trust, corporate and fund services activities are subject to supervision by the Dutch Central Bank (DNB).

## Market position

In 2016, we believe we maintained our position as the market leader, and estimate a further increase of our market share based on the number of incorporations of Dutch legal entities serviced by trust, corporate and fund services providers. Increasingly strict regulation by DNB, demand for transparency by regulators and increased compliance costs for trust, corporate and fund services providers has contributed to further consolidation in the industry, a trend which is expected to continue.

## Revenue

In the Netherlands, we achieved year-on-year adjusted revenue<sup>1</sup> growth of 4.3% driven by solid growth in corporate services, but offset by the slowdown in specialised services due to timing.

In 2016, the number of entities in our Netherlands operations decreased by 6.5%. Outflows were mostly driven by end-of-life and the administrative clean-up of 170 entities. Inflows were in line with expectations and similar to 2015 driven by new entities from existing clients and new inflows from new clients, predominantly from the USA.

The full-year ARPE grew by 11.5% to EUR 27.9 thousand, driven by transaction monitoring services, substance-related services and mix effect.

<sup>1</sup> All financial figures shown in this chapter are on an Intertrust stand-alone basis



## Performance highlights 2016

Adjusted revenue<sup>1</sup>

116.9

EUR million

Adjusted EBITA<sup>1</sup>

74.8

EUR million

Adjusted EBITA margin<sup>1</sup>

64.0%

+4.3%<sup>2</sup>

+4.2%<sup>2</sup>

-8bps<sup>2</sup>

### EBITA

The Netherlands achieved year-on-year adjusted EBITA<sup>1</sup> growth<sup>2</sup> of 4.2%. In 2016, the adjusted EBITA margin was 64.0%, remaining virtually flat (-8 bps).

### Operational highlights

Business development initiatives in the Netherlands during 2016 included compliance and regulatory services, as a result of an increase in regulations and more complexity leading to more reporting requirements for clients. Our continued focus on risk management included operational and strategic risk analysis and portfolio assessment. Improvement projects were also initiated to achieve operational excellence. Human resources initiatives in the Netherlands resulted in attracting young talent and continued investments in learning and development.

<sup>2</sup> Growth rates are based on full year adjusted 2015 figures

# Luxembourg

Luxembourg offers a highly favourable regulatory environment that is actively promoted by the government and the private sector. In addition to high economic standards and stability, the country is known for its banking and investment fund expertise, well-educated workforce, high quality resources and financial infrastructure, innovative legislative traditions and accommodating policies towards foreign investments.

Luxembourg operates extensive tax treaties, an investment protection treaty network, and actively promotes the fund industry while maintaining the highest standards in compliance. Local trust, corporate and fund services activities are subject to supervision by the Commission de Surveillance du Secteur Financier (CSSF).

## Market position

The Luxembourg market has continued to be an attractive base for funds and corporates in 2016. The market is dominated by three top players who together hold 34% of the market, according to estimates. Intertrust is the second-largest player and steadily gaining market share through consecutively being number one in terms of incorporation of new entities in recent years.

## Revenue

Adjusted revenue<sup>1</sup> growth in 2016 was 7.4%<sup>2</sup>, driven by growth in existing and new business, increasing complexity and demand for additional services, a higher billing ratio, and the successful on-boarding of new billable employees. Client entities increased 3.7% compared to the previous year, with strong inflows from existing clients in line with expectations, while outflows of entities were due to end-of-life and the administrative clean-up of lower value entities. Full year ARPE increased by 3.6% to an average EUR 30.3 thousand, reflecting an increase in economic activity and complexity of structures in addition to growth of operational support activities.

<sup>1</sup> All financial figures shown in this chapter are on an Intertrust stand-alone basis

## Performance highlights 2016

Adjusted revenue<sup>1</sup>

80.9

EUR million

Adjusted EBITA<sup>1</sup>

43.2

EUR million

Adjusted EBITA margin<sup>1</sup>

53.4%

+7.4%<sup>2</sup>

+14.4%<sup>2</sup>

+323 bps<sup>2</sup>

### EBITA

The adjusted EBITA<sup>1</sup> grew by 14.4%<sup>2</sup> in 2016. The margin improved by 323 bps<sup>2</sup> due to the increase in adjusted revenue growth, staff expenses remaining flat and strong cost control measures.

### Operational highlights

Despite the challenging labour market environment, the Luxembourg office implemented a successful hiring strategy in the year, giving us a competitive advantage and resulting in the rapid on-boarding of new highly skilled employees to absorb market growth and ensure continuity in providing quality services.

We also conducted projects to improve fixed fee efficiency, IT systems and data quality, while continuing to revise and improve internal cost controls, risk and compliance procedures as well as business processes, procedures and workflows.

<sup>2</sup> Growth rates are based on full year adjusted 2015 figures

# Cayman Islands

The Cayman Islands is a popular jurisdiction for the establishment of funds and tax-efficient structures. The delivery of trust, corporate and fund services from Cayman is subject to supervision by the Cayman Islands Monetary Authority (CIMA). Our local presence gives us access to a large US client base and was initially built via two important acquisitions; Close Brothers Cayman (2011) and Walkers Management Services (2012). The acquisition of the Elian Group has expanded the client base, strengthened existing service offerings and added new specialisms.

## Market position

Despite increased competition, we believe that we maintained our number two position in the Cayman market in 2016. The competitive landscape began to settle towards the end of the year and inflow and outflow rates have stabilised. The local market remains fragmented with multiple service providers operating in competition with us in specific service areas but very few providers able to offer the breadth and depth of services offered by Intertrust.

## Revenue

Adjusted revenue<sup>1</sup> on a constant currency basis declined by 10.6% in the year. This was mainly due to a fall in our registered office business following the re-entry of a market competitor, as well as the sale of our representative banking activities in late 2015. The number of entities administered by Intertrust fell by 11.9% year on year but the monthly trend began to stabilise towards the end of the year.

<sup>1</sup> All financial figures shown in this chapter are on an Intertrust stand-alone basis

## Performance highlights 2016

Adjusted revenue<sup>1</sup>

52.7

EUR million

Adjusted EBITA<sup>1</sup>

30.5

EUR million

Adjusted EBITA margin<sup>1</sup>

58.0%

-10.6%<sup>2</sup>

-13.5%<sup>2</sup>

-195 bps<sup>2</sup>

### EBITA

On a constant currency basis, adjusted EBITA<sup>1</sup> fell by 13.5%<sup>2</sup> in the year, resulting in a decline in margin of 195bps<sup>2</sup> to 58.0%, largely in line with the reduction in the number of entities administered over the same period.

### Operational highlights

Colin MacKay, former Head of Elian's Fund Services business, was appointed as Intertrust's Cayman Managing Director in September 2016, and also joined Intertrust's Executive Committee. Colin has been based in Cayman since 1999 and has a well-established commercial track record.

In response to the competitive Cayman market, Intertrust is pursuing a strategy of increased client engagement in order to improve the overall client experience and increase cross-sell opportunities. The diversification of mandates from pure registered office to a suite of value-add services is a key element of client retention and revenue growth strategies which are expected to be key differentiators in the local market.

<sup>2</sup> Growth rates are based on full year adjusted 2015 figures, at constant currency

# Elian

The acquisition of Elian in September 2016 and subsequent rebranding to Intertrust has significantly bolstered our position in the global trust, corporate and fund services sector.

Elian was renowned for its services in Capital Markets, having acquired SFM in 2015, and for its Private Equity and Real Estate Fund Administration services, where it has served a blue chip client base similar to ours, comprising alternative investment funds, financial institutions, corporate and private clients. The company has a leadership position in Jersey and a strong presence in the UK and 13 other jurisdictions, 10 of which overlapped with Intertrust.

As a combined company, Intertrust has greatly strengthened our Capital Markets and Private Equity and Real Estate Fund Administration Services. We have also expanded our geographic presence to four new jurisdictions including Jersey, where we are now market leader, and added important scale in other key locations including Ireland, UK, and Cayman Islands.

Operating under the Intertrust brand since December, we now employ over 2,400 professionals in 41 offices across 30 countries. This transaction has added to our attractiveness as an employer by greatly enhancing career opportunities for our people. It was also supported by attractive financial metrics and an excellent cultural fit, with approximately 40 of Elian's management team and key employees re-investing proceeds into Intertrust shares.

## Revenue

Since completion of the acquisition on 23 September 2016, Elian contributed revenue<sup>1</sup> of EUR 28.5 million. Based on management estimates, Elian's full year revenue for 2016 totalled GBP 92.2 million, which was slightly below initial estimates. It is estimated that Elian revenue growth was in high single digit rates for year. Results in Jersey were impacted by uncertainty surrounding Brexit, while there was good growth in the capital markets business overall, specifically in the UK.

## EBITA

Since completion, Elian contributed an adjusted EBITA of EUR 9.7 million. Based on management estimates, Elian's full year EBITA was GBP 30.4 million, slightly below initial estimates.

<sup>1</sup> Elian 2016 contribution since 23 September 2016 closing of the acquisition



# Performance highlights 2016

Contribution since September 23, 2016 closing of acquisition

Adjusted revenue<sup>1</sup>

28.5

EUR million

Adjusted EBITA<sup>1</sup>

9.7

EUR million

Adjusted EBITA margin<sup>1</sup>

34.1 %

## Integration update

The integration of Elia proceeded on track, with the rebranding to Intertrust completed in December and co-location of all offices completed by January 2017.

Key management positions within Intertrust have been taken up by members of the Elia management team, with Paul Willing, formerly CEO, and Colin MacKay, formerly Head of Fund Services, joining the Intertrust Executive Committee as MD Atlantic Region and MD Cayman Islands respectively. The newly-appointed Funds, Capital Markets and Private Wealth service line leaders are also former Elia senior managers who joined the Intertrust management team.

Members of senior management of Elia who were also selling shareholders in the transaction, have reinvested approximately GBP 26 million at signing of their transaction proceeds into Intertrust shares, while other Elia employees were offered participation in either a Long-Term Incentive Plan (LTIP) with a twenty-nine month vesting period, or an Employee Stock Ownership Plan (ESOP) with a one-year vesting period.

*\* As of Q1 2017, Elia performance will not be reported separately anymore but be fully integrated. As a result, as of Q1 2017, Jersey will be reported separately, while Guernsey will become part of Rest of the World.*

# Guernsey

As a long-established market for high net-worth individuals with a well-educated workforce and a strong, well-regulated financial infrastructure combined with a stable government, Guernsey remains a popular and attractive jurisdiction for Anglo-Saxon trusts, foundations, private equity and real estate funds. Its key attraction stems from its tax-neutral environment and its traditionally well-informed private client know-how.

The trust, corporate and fund services industry in Guernsey continues to be fragmented with approximately 150 licensed service providers, only four of which have more than 50 staff, including Intertrust. All trust, corporate and fund services activities are subject to supervision by the Guernsey Financial Services Commission (GFSC). Intertrust gained significant market share in the year, and is now the market leader based on the number of incorporations per service provider, making Intertrust well placed to benefit from opportunities which may arise from Brexit.

## Revenue

Our reported performance<sup>1</sup> in Guernsey was impacted by currency effects, but saw strong growth at constant currency of 11.9% for the year, driven mainly by increases in regulatory and compliance services. During the year there was a net outflow of 885 client entities, due to a combination of end-of-life, and proactive management of our client portfolio. Our full-year 2016 ARPE increased strongly by 35.1% to EUR 11.3 thousand, due to our focus on providing value-added services to complex client structures.

<sup>1</sup> All financial figures shown in this chapter are on an Intertrust stand-alone basis

## Performance highlights 2016

Adjusted revenue<sup>1</sup>

27.7

EUR million

Adjusted EBITA<sup>1</sup>

10.6

EUR million

Adjusted EBITA margin<sup>1</sup>

38.2%

+11.9%<sup>2</sup>

+17.9%<sup>2</sup>

+192 bps<sup>2</sup>

### EBITA

On a constant currency basis, Guernsey achieved year-on-year adjusted EBITA<sup>1</sup> growth of 17.9%<sup>2</sup>, increasing its margin by 192 bps<sup>2</sup> to 38.2%.

### Operational highlights

2016 was a successful year in which the Guernsey office growth was well in excess of our estimate of the organic market growth. This was as a result of both careful cost control and revenue growth attributable to increased activity across the business and in particular in relation to increased reporting work as a result of FATCA obligations. While a number of smaller structures have been closed, there has been a significant increase in the average revenue per entity due to additional services being provided.

*\* As of Q1 2017, Guernsey will become part of our Rest of the World segment, while Jersey will be reported separately.*

<sup>2</sup> Growth rates are based on full year adjusted 2015 figures, at constant currency

# Rest of the World

Our offices in the Rest of the World (ROW) encompass our operational and representative offices in the Americas (Bahamas, Brazil, BVI, Canada, Curaçao and the USA), Europe (Belgium, Cyprus, Denmark, Finland, Ireland, Norway, Spain, Sweden, Switzerland, Turkey and United Kingdom), and Asia & Middle East (China, Dubai, Hong Kong, Japan and Singapore).

## Operational highlights

We completed the integration of CorpNordic in Q1, leading to annualised synergies in excess of EUR 0.9 million. As the leading corporate services provider in the Nordic region by market share we now provide a full suite of services to international companies and investment funds based there. We have seen very good inflow of new business, both locally as well as cross-border, by combining the market leadership of CorpNordic in all Nordic countries with the global network of Intertrust.

In January we opened a new sales office in Chicago, thereby gaining an important foothold among mid-Western multinationals in the US. This follows the opening of our new Atlanta sales office in 2015. We believe the fact that we are closer to our multinational and fund clients across the US, gives us a strong competitive advantage over our global competition. The East and West coast offices have shown strong year-on-year performance.

In 2016, Spain grew strongly, with ample new structures mainly to facilitate mortgage backed securities and investments in real estate. In the UK and Ireland we also saw strong performance, mostly due to the inflow of Alternative Investment Funds and capital markets deals and a further strengthening of our presence by integrating our offices with the local Elian teams. Combined Asia saw good inflow of new clients, mostly in the Alternative Investment Funds segment.

## Performance highlights 2016

Adjusted revenue<sup>1</sup>

79.1

EUR million

Adjusted EBITA<sup>1</sup>

25.3

EUR million

Adjusted EBITA margin<sup>1</sup>

32.0%

+12.7%<sup>2</sup>

+16.0%<sup>2</sup>

+92 bps<sup>2</sup>

### Revenue

In 2016, adjusted revenue<sup>1</sup> grew 12.7%<sup>2</sup> at constant currency excluding acquisitions, while underlying revenue in 2016 (constant currency basis and proforma for CorpNordic) grew by 3.9%. This was driven by double-digit growth in Spain, Ireland, UK and Singapore, but offset in Q4 by a one-off write-down of EUR 1.3 million in Switzerland. There was a strong net inflow of 1,019 client entities, an increase of 8.4%. This was mainly the result of an inflow of lower revenue generating entities in Delaware, while the number of higher value entities remained stable. As a result, full year ARPE increased by 4.0% in the year at constant currency.

### EBITA

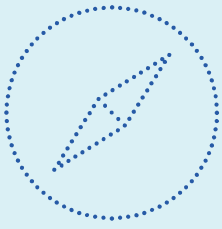
The full year adjusted EBITA<sup>1</sup> increased by 16.0% at constant currency in 2016, while underlying EBITA growth, excluding Elian and at constant currency, was 9.5%<sup>2</sup>. EBITA margin continued to improve.

*\* As of Q1 2017, Guernsey will become part of our Rest of the World segment, while Jersey will be reported separately.*

<sup>1</sup> All financial figures shown in this chapter are on an Intertrust stand-alone basis

<sup>2</sup> Growth rates are based on full year adjusted 2015 figures, at constant currency and excluding acquisitions





# The value of Integrity

Our people are the first line of defence for issues of integrity and compliance. Our company values form the foundation of our actions and dilemmas are openly addressed with uncompromising integrity.



## Global standards

We apply the same high compliance standards around the globe, even in jurisdictions which do not require us to do so. We demand more of our potential clients at the outset – in return we give them peace of mind that only the highest quality clients form our business.

## Vigilance

We also continuously review our existing portfolio looking for changes that require our attention. This approach ensures that both our clients and Intertrust are protected from reputational damage.

## Integrity at the foundation

We know that building the right portfolio of clients is key to the sustainability of our business. We use our strict compliance standards to distinguish ourselves from our competitors.

We always act with integrity





The value of Integrity (continued)





### **The quality of our clients determines the quality of our company**

At Intertrust, we adhere not only to the letter but also the spirit of laws and treaties, including those which govern our client's dealings. We know our clients and the business they operate in, and do careful and continuous checks to verify their statements to us. We ensure that the entities we manage for our clients meet all local regulations, including any financial, legal and regulatory requirements and obligations to which our clients are bound under the laws and regulations wherever we do business with them.

At Intertrust, we have consistently demonstrated our commitment to abide by strict compliance standards and to our business principles.

Our ethical standards, policies and procedures, together with national and international laws and regulations, are the foundation of our compliant trust, corporate and fund services, and are widely considered to constitute best practice in our industry. To ensure they are consistently applied, we have made professional integrity central to our people's education and training.



# Compliance and Risk Management

Compliance and Risk Management have long been at the core of our strategy and business model, and continue to be areas of key importance to Intertrust.

Our aim is to have an industry-leading compliance and risk management approach, to consistently apply best practises, and to fully comply with regulatory standards at every location we operate in. By assessing and managing risks in the way we do, we also seek out and identify some of the most promising opportunities our markets have to offer. Through our thorough knowledge of our clients and their requirements, we are continually finding new and better ways to serve them. The increasingly complex regulatory environments that they and we operate in, are an important source of commercial opportunities for Intertrust.

## Strategic progress

In 2016, we further invested in developing our Compliance and Risk Management team. We combined Risk Management with our Compliance function and made our Internal Audit function fully independent. We also appointed a new Global Head of Compliance & Risk Management, and welcomed several seasoned and talented risk and compliance professionals into our team following the acquisition of Elian in September.

Intertrust Group-wide standards and policies have been rolled out across all Elian locations and offices. In addition to our regular risk and compliance reports to the Executive Committee and the Supervisory Board, we commenced our first group-wide Risk Self-Assessment in the fourth quarter.

## Risk appetite

During the year, we continued to apply our risk appetite and risk tolerance in alignment with our strategy, our Code of Conduct, and our global policies and standards. In countries where we are not under supervision by local authorities, we internally maintain the same best practice standards we apply elsewhere in our Group.

It is vitally important for us to exhaustively know and understand our clients, and make sure that the legal entities we provide and service are fully compliant with regulatory requirements. We also see this knowledge and understanding as being an opportunity to add value and enhance our customers' experience.

Our senior leadership, business teams, and the compliance function work together to apply global policies and standards consistently. Additionally, we have strengthened our focus on information security and on ensuring we remain fully compliant with data privacy regulations in the areas where we operate.

## Assessing our main risks

In pursuing our strategic ambitions, we are prepared to take a certain level of risk to achieve our objectives while remaining in



alignment with our mission. The acquisition of Elia has added an organisation that is fully committed to high quality services, integrity, and strict compliance standards.

Operationally, we continue to mitigate the downside risk of unexpected operational failures. Risk Management was closely involved in the roll out of our additional data security and privacy protection measures, and in the implementation of our Infrastructure 2.0 IT project.

Our management of financial and reporting risk included a continued focus on trade receivables and further contingency provisions. Furthermore, we guide our employees on compliance risks through internal policies, procedures, and controls, and by ensuring that our Code of Conduct is adhered to at all times.

## Risk management and internal controls

We strongly advocate the 'three lines of defence model' that outlines the relationships and responsibilities of the business, compliance and risk management, and internal audit functions.

### 1<sup>st</sup> line of defence: Business

Intertrust's business teams bear primary responsibility for identifying, controlling and monitoring the risks within their processes, maintaining effective internal control frameworks and adherence to global compliance policies and standards.

### 2<sup>nd</sup> line of defence: Global Compliance and Risk Management

Global Compliance and Risk Management is responsible for coordinating, developing and monitoring Intertrust's risk management and compliance standards and procedures. Global Compliance and Risk Management is also responsible for independent risk reports to the Executive Committee, Supervisory Board and Audit and Risk Committee.

The Compliance team also monitors changes that may change the risk profile of the business; the appropriateness of providing

new services to existing clients; and ensuring employees in every office receive compliance training, in addition to the mandatory Group-wide e-learning courses on Anti-Money Laundering, Information Security and other topics.

### 3<sup>rd</sup> line of defence: Internal audit

The independent Internal Audit function conduct audits that provide insights into how and to what extent we control the risks that may jeopardise our strategic and other objectives. These audits provide management with additional assurance on the effectiveness of internal controls and risk management.

Our risk management system is based upon the COSO Enterprise Risk Management (ERM) framework (Committee of Sponsoring Organisations of the Treadway Commission). This is widely accepted as a leading enterprise risk management model for larger companies. The COSO ERM framework takes the company's strategy as a starting point and defines four types of risk: strategic, operational, reporting and compliance. The Elia Risk Management function applies a similar COSO ERM framework and risk assessment tools.

## Developments 2016

### Compliance self-assessment

We rolled out a global self-assessment among all our Managing Directors and local compliance teams in October. The results support our opinion that the business teams are acting successfully as our first line of defence and that local management has sufficiently promoted compliance in an active way. We also established that in most of our offices compliance teams have developed strong and effective working relationships with the business teams.

### Monthly Risk reporting

We continued to report the main risk indicators on a monthly basis, focussing on risk indicators such as staff turnover, performance of IT systems, compliance monitoring and accounts receivables.

### Risk Self-Assessment

A Risk Self-Assessment (RSA) was rolled out to identify key risks in HR, IT, Finance and Compliance & Risk Management. Each of these areas established what mitigating actions and management controls were in place to reduce the likelihood or impact of risk and whether there are any residual risks for focus of attention beyond our risk appetite. We also conducted this assessment in our largest offices, namely, the Netherlands, Luxembourg, Cayman, Guernsey and Jersey. During this exercise we discussed and identified problems, risks and trends in strategic, operational, reporting and compliance areas. In doing so, we took into account input from our internal and external auditors.

The risk appetite and the results of the individual scores by jurisdictions and group functions were discussed and challenged by the Executive Committee and resulted in an agreement on the group wide risks, a risk register with owners, and clear time frames for further remediation.

### Risk self-assessment results

The RSA resulted in more facts, assessments and detailed knowledge and understanding of these risks.

## Welcoming Elia Compliance & Risk Management

The acquisition of Elia will bring some changes to the organisation of our Compliance function. Whereas Intertrust is managed via its jurisdictions, Elia was managed through its service lines. It has been determined that the combined business will be managed through our regions, and will do so while continuing to combine and develop our service lines for Funds, Capital Markets, and Private Wealth.

To support the new service lines, and ensure our standards and policies are monitored and consistently applied, Regional Directors Compliance will cover the regions Atlantic, EU/EMEA and Americas/Asia. These hands-on Directors will advise local teams, monitor file reviews, develop regional training materials (including group-wide e-learning programmes), report to

management in a consistent way, develop and deploy uniform compliance monitoring programs, and monitor the application of Group compliance policies and standards. They will also be closely involved in HR planning and appraisals to ensure compliance staff can act independently.

## Main risks

### People and compliance

The failure to retain high calibre employees and attract new employees with the right knowledge, experience, qualifications, and skill sets could have an adverse effect on the quality of our services to clients, our ability to meet our key goals and objectives, our ability to sufficiently monitor and oversee our activities and those of our clients and make sure all these activities comply with rules and regulations and our ability to deliver successful projects that will provide improvement to our business.

We continue to increase our visibility as an attractive employer and build and sustain the best global team with the highest professionalism and integrity. Our HR strategy remains focused on implementing our succession and resource planning process globally. Our international mobility program and our Intertrust Academy are examples of how we invest and remain the Employer of Choice in the countries we operate in. The Compliance Self-Assessment confirmed that management is convinced of the ability and integrity of our people. We will further focus on the ability of business teams to act with success as a first line of defence.

The Compliance Self-Assessment also confirmed that local management actively promote and support the Compliance function and the importance of adherence to global policies and standards including the Code of Conduct, sanction monitoring, anti-bribery and corruption legislation and anti-money laundering regulations. Intertrust also has a whistleblower policy in place, allowing employees to report activity which concerns them through an alternate channel, side-stepping their reporting line in order to ensure independence.

## Integration

We are aware of the inherent risks of acquiring other companies. These risks include, but are not limited to, retention of staff, alignments of policies and procedures and integration of (IT) processes. We believe we have the experience and track-record of managing these risks well, and are thus confident that we will manage the challenges of integrating newly acquired Elia into Intertrust as well.

During 2016 we introduced a dedicated project and governance structure and program for the integration of Elia resulting in a managed plan, with all risks identified and with all steps delivered in a controlled way – under continuous senior management oversight. The RSA showed that during the integration Intertrust will run on two parallel client data systems which is a risk that will be closely monitored and managed.

## IT

Failures and disruptions in our information technology and other operational systems can have a material adverse effect on our business, its continuity, the results of operations, and our financial condition. Risks arise from legacy infrastructure and platforms and additionally, will continue to emerge from sources such as cyber threats.

We are commencing a transformation process for migration to a new infrastructure. We continue to enhance our Business Continuity Programme, further improve our data protection, and make our whole IT infrastructure more resilient. We also have a strategy to innovate and ensure that the future of our systems continues to meet the expectations of our various stakeholders and deliver to their needs. The RSA confirmed these IT and cyber security risks and highlighted that the company should further invest in IT resources, skilled staff and the stability of our platform. Mitigating actions were given priority. In order to further prioritise; an external IT assessment was commissioned during the end of 2016 with the aim of assessing the maturity of the IT function and identifying further areas of improvement.

## Data

Data is key to our business. Correct treatment and protecting our data is important to prevent loss of commercial and compliance oversight and possibly data leaks. It is important that we have a strategic view on the use of data, and master our data, in order to meet competitive challenges and develop and evolve with current systems trends.

## Competition, public opinion and regulation

We operate in a global and competitive market, where demand for our services is influenced by trends in globalisation, regulatory changes and outsourcing. We operate in many jurisdictions and under several regulatory regimes. Apart from integrity discussions, there are public concerns about the lack of data privacy as a result of leaks and cybercrime. As a result of this, laws and regulation in many of the jurisdictions where we operate can and will change. We are conscious of the fact that these changes can have positive and negative effects on our business and bring uncertainties to our existing and new clients.

We closely monitor the public debate about our industry and the (potential) development of new legislation in all jurisdictions and regions where we operate. We continue to invest in risk and compliance capabilities and have further prioritised necessary investments in training and development to ensure we continue to deliver high standards of quality and professionalism. Our Key Client Programme – amongst other things – anticipates risk areas for important clients.

The RSA and Executive Committee discussions reinforced our conviction that more regulation means commercial opportunities for the company. The Company is convinced and confident that it can deal well, and comply, with additional and changing laws and regulations.

## Financial risks

The Group is exposed to market risk, credit risk and liquidity risk:

- Our interest costs are subject to fluctuations in interest rates. We monitor interest rate evolution regularly. The financial liabilities related to loans and borrowings with variable rates are partially hedged with interest rate swaps paying a fixed rate. Therefore, cash flow volatility resulting from the interest rate fluctuation is limited to the non-hedged part.
- The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The exposures are mainly with respect to the US dollars (USD) and Pound sterling (GBP). The loans and borrowings of the Group are denominated in Euro (EUR), Pound sterling (GBP) and US dollars (USD). The objective is to match the main cash flows generated by the underlying operations of the Group with the debt which provides an economic hedge. In managing foreign exchange risk, we aim to ensure the availability of these foreign currencies and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, especially in emerging markets, will have an impact on profit.
- We carry significant intangible assets on our balance sheet related to goodwill and intangibles for brand name and client relationships resulting from acquisitions. There is a risk of potential impairment if events arise such as significant underperformance relative to historical or projected future operating results, a significant decline in share price or market capitalisation or negative industry or economic trends. Pursuant to current accounting rules, management performs an impairment test on goodwill on an annual basis and for other intangible assets if impairment indicators are present. Sensitivity analysis to changes in assumptions are also performed. As per 31 December 2016 the recoverable amount for each cash generating unit was higher than its carrying amount.
- Credit risk is the risk that a counterpart will not meet its obligations under a financial instrument or client contract, leading to a financial loss. Client credit risk is managed by each of the Group entities subject to the Group's policy,

procedures and control relating to client credit risk management. Outstanding client receivables are monitored and followed up continuously. With respect to credit risk related to banks, the cash and cash equivalents and interest receivable are held mainly with banks which are rated "A- " or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd for long-term ratings.

- Liquidity risk includes the risk to a shortage of funds and the risk to encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool: global cash flow forecasts each 3 months covering the next 6 months periods and 12 months period for the one prepared each December.

In the financial statements, the financial risks are discussed in [Note 28](#).

## Financial reporting

We operate across many countries and have numerous reporting entities and a low level of centralisation. It is critical that all these entities report to the same financial standards and deliver the same high quality of reporting, in line with our accounting and reporting principles. Deviations from the common accounting and reporting processes and related controls could impair the accuracy of the data used for Group reporting and external communication. In the fourth quarter of 2016, Intertrust rolled out a standardised set of key control procedures on financial reporting at its main reporting entities, as part of the implementation of a global internal control framework. In 2017, Intertrust will further develop a comprehensive internal framework on financial reporting and implement this at all reporting entities in the coming two years. Unambiguous accounting policies, a standard chart of accounts for group reporting, standard reporting formats, periodic trainings and active monitoring of critical access and segregation of duties conflicts, form part of our internal control framework.

# Statements of the Management Board

## Management Board responsibility statement under Dutch Corporate Governance Code

In accordance with best practice II.1.5 of the Dutch Corporate Governance Code, the Management Board confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

## Management Board responsibility statement under Financial Markets Supervision Act (Wet op het financieel toezicht)

With reference to section 5:25c paragraph 2 under c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the Management Board confirms that, to the best of its knowledge, the annual financial statements for the year ended 31 December 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 31 March 2017

David de Buck, CEO  
Maarten de Vries, CFO



# Report from the Supervisory Board

As a publically listed company, Intertrust N.V. (Intertrust or the Company) is uniquely positioned to provide the most distinctive, professional and reputable trust, corporate and fund services in the industry.

In 2016, with the support of a larger and more diverse shareholder base, the Company has continued to invest in its operational excellence and in the expansion of its global network, most notably with the acquisition of Elia announced in June. During the year, the five-member Supervisory Board worked in close coordination with the Management Board and the Executive Committee (ExCo) towards the implementation of its strategy and engaged actively with its stakeholders.

## Intertrust in 2016

In 2016, Intertrust continued to show sound performance across most of its areas of business, as it expanded its global franchise and brought new service offerings to its markets. The Supervisory Board is satisfied that throughout this period, the Company was able to serve its clients with consistently high standards of service and integrity across each of its jurisdictions.

One of the main highlights of the year was the successful acquisition of Elia and subsequent integration, in which the Supervisory Board was closely involved. This move greatly reinforces Intertrust's global leadership position, increases diversification across jurisdictions and clients, and aligns perfectly with Intertrust's strategy.

The Supervisory Board and the Management Board also held lengthy discussions on the so-called 'Panama Papers' and the possible impact thereof on the public opinion surrounding the trust business in general. Integrity being a core pillar of the Intertrust Group, the Supervisory Board is extremely proud Intertrust Group has been able to dissociate itself entirely from any negative sentiment as a result of the publication. At the first Annual General Meeting of the Company, held in May 2016 – shortly after the publication of the 'Panama Papers' – it was not considered a subject of great concern to Intertrust's shareholders. During the year, Intertrust has been in close contact with the regulator in the Netherlands, the Dutch Central Bank, and has been able to provide valuable input on draft legislation, tightening the rules and regulations for trust companies in the Netherlands.

## Composition, diversity and independence of the Supervisory Board

Intertrust has had a two-tier corporate structure under Dutch law since 21 August 2015, when all Supervisory Board members were appointed. The Supervisory Board is a separate corporate body that is fully independent from the Management Board. It is responsible for supervising the policies of the Management Board and the general course of affairs of the Company and its subsidiaries.

The composition of the Supervisory Board is such that members act independently and critically towards each other, the Management Board, and any one particular interest. Each of its members has a background, knowledge and expertise that augments the effectiveness of the Supervisory Board and enables it to fulfil its duties in the best interests of Intertrust.

As of 31 December 2016, the members of the Supervisory Board were as follows in the table below. For individual biographies, please refer to the section [Supervisory Board](#) (see page 101) in the [Corporate Governance](#) chapter of this Annual Report.

During 2016, the composition of the Supervisory Board has remained unchanged, thus maintaining a fair balance in terms of knowledge, skills, expertise, nationality and age. The Supervisory Board also aims for at least 30% of its members to meet the gender criteria as included in its profile, which criteria are currently not met as only one of its members is female. For each vacancy within the Supervisory Board, gender is taken into serious consideration in the search for a suitable candidate. Intertrust believes that diversity, both in terms of gender and background, is critical to its ability to be open to different ways of thinking and acting, eventually enhancing its long-term sustainability.

Currently, two out of five Supervisory Board members, Lionel Assant and Gerry Murphy, are not considered independent within the meaning of the Dutch Corporate Governance Code, because they are affiliated with Blackstone, Intertrust's major shareholder. The right of Blackstone to nominate and propose replacements for its two Supervisory Board members will lapse if the shareholding of Blackstone falls below the threshold percentages mentioned in the Relationship Agreement.

As per the Relationship Agreement, Blackstone's right to nominate and propose replacements for two Supervisory Board members will lapse in accordance with the following thresholds: (i) if the percentage of shares held by Blackstone falls below 25%, they will have the right to appoint one Supervisory Board member; and (ii) if the percentage of shares held by Blackstone falls below 10%, they shall no longer have the right to nominate a Supervisory Board member.

Name	Date of birth	Gender	Nationality	Profession	Year appointed	Year of possible re-appointment	Other SB positions
Hélène Vletter-van Dort	15 October 1964	Female	Dutch	Professor of Financial Law & Governance at Erasmus School of Law, University of Rotterdam	2015	2019	1
Gerry Murphy	6 November 1955	Male	British/Irish	Chairman of The Blackstone Group International Partners LLP	2015	2017	3 (1 chair)
Lionel Assant	22 May 1972	Male	French	Senior Managing Director and European Head of Private Equity for the Blackstone Group	2015	2018	3
Anthony Ruys	20 July 1947	Male	Dutch	Supervisor	2015	2019	2 (3 for 2017)
Bert Groenewegen	11 February 1964	Male	Dutch	Chief Financial Officer of Nederlandse Spoorwegen (NS)	2015	2019	1

### Hélène Vletter-van Dort

Chairperson and independent Supervisory Board member, member of the Audit and Risk Committee and of the Remuneration, Selection and Appointment Committee



### Anthony Ruys

Independent Supervisory Board member, Chairperson of the Remuneration, Selection and Appointment Committee



### Bert Groenewegen

Independent Supervisory Board member, Chairperson of the Audit and Risk Committee



### Lionel Assant

Vice-Chairperson and Supervisory Board member representing major shareholder Blackstone, member of the Audit and Risk Committee



### Gerry Murphy

Supervisory Board member representing major shareholder Blackstone, member of the Remuneration, Selection and Appointment Committee



In addition, a Company Secretary provides ongoing support to the Supervisory Board in its functioning. This person is responsible for ensuring that it complies with applicable legislation, regulations, and codes, and also assists the Chairperson with logistical matters, and maintains the induction, education and training programme for the members.

## Activities and meetings of the Supervisory Board in 2016

The Supervisory Board is satisfied that during the course of its activities, it had access to all necessary and relevant information and Company personnel, and was able to effectively carry out its fiduciary duties.

The Supervisory Board met eight times in person during 2016 and once by conference call. The in-person meetings had an attendance rate of 92.5%. All members dialled in for the meeting held by phone. The members of the Management Board attended all Supervisory Board meetings and some meetings were attended by one or more members of the Executive Committee as well. Two meetings were attended by the external auditor to discuss the 2015 annual report and accounts and the press release on the Q1 results. Most Supervisory Board meetings were preceded by a closed session of the Supervisory Board.

Recurring topics at these Board meetings included:

- CEO and CFO reports
- Monthly results
- Risk Reports
- Legal updates
- M&A targets and developments
- HR related matters and succession planning
- Committee reports (where applicable)

Additional topics that were discussed in more depth in 2016 included:

- Annual results 2015 and related reports and press releases
- Audit opinion and audit report 2015
- Annual Report 2015
- Quarterly results 2016 and related reports and press releases
- Capital structure
- Sales and business development strategy
- Business Continuity Plan (BCP)
- IT

- Audit opinion and audit report
- Annual Report
- Annual general meeting / extraordinary general meeting
- Regulatory issues
- Compliance and risk management
- Anti-takeover measures (presentation by Deutsche Bank)
- Tax matters
- Budget 2017

Intertrust Netherlands and Luxembourg both held 'deep dive' sessions in Amsterdam for Supervisory Board members with their key staff. During these meetings members were given detailed information about Intertrust's business operations in these countries, and the main risks and opportunities in their markets.

In addition to the above, the Board had four dedicated calls to discuss the following specific topics:

- Elian acquisition and integration
- IT strategy and priorities
- Share buy-back program
- ESOP Elian employees
- Intertrust and Elian LTIP second half 2016
- Regulatory changes and changes to policies
- Executive Committee governance model following closing of the Elian acquisition

On 25 May 2016, the Supervisory Board was given an in-depth presentation by Deutsche Bank, in the presence of the CEO and CFO (the latter dialling in) and Head of M&A, in order to review and approve the Elian acquisition, and enter into the sale and purchase agreement. In a subsequent written resolution, the Supervisory Board approved all related documents.

The Supervisory Board further adopted written resolutions to approve the following items, among others:

- Accelerated book build and issuance of new shares to fund the Elia acquisition
- Share buy-back programme
- LTIP for Intertrust and Elia and ESOP for Elia
- Interim dividend distribution
- Management Agreement for new CFO, make a binding nomination to the General Meeting for his appointment and convoke an EGM to appoint him

In addition to various formal meetings, the Chairperson of the Supervisory Board had regular contact with the CEO to address a number of topics relevant for Intertrust.

During the year, the corporate strategy was an ongoing topic during the meetings with the assessment of the acquisition of Elia and extensive discussions and presentations on other targets. A joint Management Board, Supervisory Board and Executive Committee strategy and Elia integration session was held on 6 October 2016.

Additionally, the Supervisory Board has continued to participate in a dedicated Permanent Education programme to remain updated on developments relevant for them to perform their supervisory task. In 2016, four Permanent Education sessions were held for the Supervisory Board. The Permanent Education sessions were attended by members of the Executive Committee and key staff as well.

Topics included:

- Updates on Securities law, Corporate Governance, Compliance and Risk Management
- Market Abuse Regulation and disclosure of price sensitive information
- Data protection and data leaks
- House for Whistleblowers
- Supervision on trust companies
- Corporate investigations
- Legal framework and rules for Audit Committee
- New UBO register
- Financial mind map

The entire Supervisory Board was also involved in the recruitment process of the new CFO, as described in more detail in the Management Board (see page 98) section of the Corporate Governance chapter.

On 8 February 2017, the Supervisory Board met to review and approve the full year 2016 results and press release.



## Activities of the committees of the Supervisory Board

There are two committees that support the Supervisory Board: the Audit and Risk Committee, and the Remuneration, Selection and Appointment Committee. The Committees prepare the relevant items and the Chairperson of the Committee verbally reports on the discussions of each Committee and the recommendations to the Supervisory Board.

The charters of each Committee are published on the Company website: <https://www.intertrustgroup.com/investors>.

### Audit and Risk Committee

The Audit and Risk Committee consists of three members. As at 31 December 2016, these were Bert Groenewegen (Chairperson), Lionel Assant and Hélène Vletter-van Dort. The Audit and Risk Committee's main role is to oversee financial accounting and reporting, internal control and risk management. In this context, the Audit and Risk Committee examines and reports to the Supervisory Board on the following matters:

- Quarterly, semi-annual and annual financial statements and consolidated accounts
- Business information, asset valuations, off-balance sheet commitments and the overall cash position
- Internal management and risk controls
- The Company's financial policy (accounting methods, etc.), finance and tax planning
- The evaluation and adoption of the External Auditors' recommendations
- The relationship between the Company and its External Auditors

The Audit and Risk Committee met six times in 2016. Four meetings were attended by all members of the Committee, and at two meetings one member was unable to attend. Most

meetings were attended by the CFO, the External Auditor and the Group Head Internal Audit.

In addition to the various formal meetings, the Chairperson of the Audit and Risk Committee had several meetings with the CFO, with the Group Head Internal Audit and with the Chief Information Officer on a variety of matters.

The following items and topics were on the agenda of the Audit and Risk Committee meetings:

- The quarterly and half-year results and financial statements and related press releases
- The annual accounts and Annual Report 2015
- The audit plan by the External Auditors and the related audit fees
- Most important findings of the External Auditors
- The External Auditor's opinion
- Risk Analysis by the External Auditor
- The audit plan by Internal Audit for 2017
- Key findings and recommendations of Internal Audit and Internal Audit reports
- Management of interest rate and currency risks and hedges
- Capital structure
- In control assessment
- Preparation of the In Control Statement
- Intertrust Risk Management and Risk Self-Assessment (RSA)
- The risk and control framework and organisation of the finance department
- Key controls and IT controls
- IT security roadmap and privacy
- Roll-out of the Business Application Roadmap
- Review of the tax position
- The Audit Charter
- Business environment and ongoing projects
- New EU auditors independence rules and evaluation of auditor's independence
- AFM report on integrated reporting

The Committee's focus for 2017 is to supervise the implementation of an internal control framework, including key control activities and key control reporting processes.

## Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee consists of three members. As at 31 December 2016, these were Anthony Ruys (Chairperson), Gerry Murphy and Hélène Vletter-van Dort. Its responsibilities include setting remuneration policy and compensation standards, preparing proposals concerning the individual remuneration of the members of the Management Board and the Executive Committee, and monitoring incentive and equity-based compensation plans. Furthermore, the Remuneration, Selection and Appointment Committee is responsible for the selection and appointment procedure of members of the Management Board and the Supervisory Board.

The Committee had three official meetings in 2016, of which one meeting was held by conference call. In addition, two preparatory meetings were held during the year. The in-person meetings were attended by all Committee members and all members dialled in for the meeting held by phone.

The following items and topics were on the agenda of the Remuneration, Selection and Appointment meetings:

- Performance evaluation of the members of the Management Board
- Compensation package of the members of the Management Board
- Target setting members of the Management Board and Executive Committee
- LTIP allocation
- ESOP Elia
- Pay for Performance allocation (STI) senior management (including members of the Management Board and Executive Committee)
- Succession issues and succession planning
- Remuneration chapter Annual Report
- Review Remuneration Policy
- Review of the Committee Charter
- Benchmark exercise executive remuneration

The Remuneration, Selection and Appointment Committee ensures that the remuneration of the members of the Management Board is consistent with the Remuneration Policy, with the discretion to deviate where this is required necessary to ensure the aforementioned principles are met. Refer also to the chapter [Remuneration](#) (see [page 88](#)) for more information on the Remuneration Policy.

In the second half of 2016, the Committee extensively assessed the full Remuneration Policy in more detail during which process PwC was asked to render advice. The Committee concluded that it will advise the Supervisory Board to submit a proposal to the upcoming Annual General Meeting in May 2017 to slightly update the Remuneration Policy for the Management Board.

## Self-assessment

The Supervisory Board performed an assessment in 2016 of its own functioning and that of its two committees, the results of which were discussed in one-on-one meetings between the Chairperson of the Supervisory Board and the individual members. Items assessed and discussed included (i) composition, dynamics and culture, (ii) strategic and operational oversight, (iii) risk management and internal control oversight, (iv) effectiveness of the committees, and (v) priorities for change.

The Supervisory Board concluded that the majority of these items were assessed positively but that there are certainly areas for improvement. The items identified will be reflected in the PE sessions for the Supervisory Board in 2017 and will be included in the agenda topics for the year.

# Remuneration

The Remuneration Policy was adopted by the General Meeting of the Company on 25 September 2015 and became effective as of 19 October 2015. Any subsequent amendments to the Remuneration Policy as applicable to the Management Board (the statutory directors of the Company) are subject to adoption by shareholders at a General Meeting.

This Remuneration report is issued by the Supervisory Board upon recommendation by the Remuneration, Selection and Appointment Committee. The Remuneration, Selection and Appointment Committee reports an overview of the Remuneration Policy, the remuneration structure, the application of the Remuneration Policy and the components of the remuneration of the Management Board. In addition, the Remuneration, Selection and Appointment Committee is informed about the remuneration of the direct reports to the Management Board, including the short-term and long-term incentive arrangements applicable thereto.

## Remuneration principles

The Management Board is responsible for executing the Company's strategic plan. The Remuneration, Selection and Appointment Committee ensures that the performance metrics used in the Company's variable remuneration incentive plans hold the members of the Management Board accountable for the successful delivery of this plan. Therefore, it is the Remuneration, Selection and Appointment Committee's view that variable compensation component should be directly linked to the Company's strategic objectives and key performance indicators, i.e. a combination of financial and non-financial performance measures and individual performance objectives.

The Remuneration Policy is designed based on the following remuneration principles:

1. The Remuneration Policy should enable the Company to attract, motivate and retain qualified employees (including members of the Management Board and other senior management);
2. The Remuneration Policy should provide for a balanced remuneration package that is focused on achieving sustainable financial results, is aligned with the long-term strategy of the Company and shall foster alignment of interests of management with shareholders;
3. Remuneration structure and performance metrics should be generally consistent for the Management Board and senior managers to build a cohesive culture, facilitate international rotation of management, encourage teamwork and establish a common approach to drive Company success;
4. The Remuneration Policy should be simple, clear and transparent.

The Remuneration, Selection and Appointment Committee ensures that the remuneration of the members of the Management Board is consistent with this Remuneration Policy, with the discretion to deviate where this is necessary to ensure the aforementioned principles are met.

## Management Board remuneration policy and 2016 results

The remuneration structure for members of the Management Board is designed to balance short-term operational performance with the long-term objectives of the Company and value creation for its shareholders. The remuneration package consists of:

- Annual Base salary
- Short-term incentive
- Long-term incentive

### Annual base salary

The base salary of the members of the Management Board was set by the Supervisory Board of the Company on 10 February 2016. The base salary represents a fixed cash compensation that is set based on the level of responsibility and performance of each executive.

The base salary of the members of the Management Board is based on a benchmark, as performed by the external advisor PwC, with 16 relevant peers in the AMX index comparable with Intertrust in terms of level of business complexity and scope.

### Variable income

The variable income policy comprises the following instruments, which help to strengthen the Management Board's commitment to the Company's objectives and business strategies.

- Short-term incentive (STI) in cash;
- Long-term incentive (LTI) awards of conditional shares, subject to achieving predetermined performance targets and continued employment; and
- Executive Ownership Plan (EOP) being a long-term investment arrangement to encourage the long-term commitment and retention of senior management.

The Supervisory Board will decide upon each award of variable compensation, taking into account both financial, non-financial

and personal performance for each individual member of the Management Board. The award is subject to financial performance criteria based on the Company's strategic objectives and key performance indicators and his or her specific responsibilities to determine their relative weighting.

For 2016, the Supervisory Board has set specific criteria for the Management Board that reflect the relevant performance indicators of Intertrust Group as a listed company.

The Supervisory Board analyses possible outcomes of the variable income components and the effect on Management Board remuneration. This analysis is conducted annually.

### Short-term incentive (STI)

The STI is an annual cash bonus. The objective of the STI is to ensure that management is focused on realising pre-established short-term objectives that are aligned to the Company strategy and appropriately reflect both quantitative and qualitative criteria. The target and maximum bonus opportunity, and the targets pertaining to these are for the Management Board to set annually at the discretion of the Remuneration, Selection and Appointment Committee, in accordance with the Remuneration Policy.

Management Board	Target STI as % of base salary	Maximum STI as % of base salary
CEO	30%	60%
CFO	30%	60%

The short-term incentive for 2016 has been based on the following criteria:

#### 70% financial targets

- Cash conversion
- Organic growth
- EBITDA growth and cash conversion

#### 30% non-financial targets

- Strategic
- Compliance / Risk
- People

## 2016 Management Board LTIP commitments outstanding and movements during the financial year

		Award date	Outstanding as at 1 Jan 2016	Granted in 2016	Allocated in 2016 subject to lock-up	Vested in 2016	Outstanding as at 31 Dec 2016	Fair value per share at grant date	Vesting date <sup>1</sup>
David de Buck	LTIP shares	1 Apr 2016	0	4,925	0	0	4,925	EUR 17.95	1 Apr 2016
Ernesto Traulsen	LTIP shares	1 Apr 2016	0	4,925	0	0	4,925	EUR 17.95	1 Apr 2016

<sup>1</sup> Following the Vesting date, the LTIP shares granted to members of the Management Board are subject to an additional two-year lock-up period, except for the LTIP shares that can be sold to cover income taxes due.

The cash bonus for 2016 has been approved by the Supervisory Board of the Company on 8 February 2017. The resulting short-term incentive pay-out for 2016 amounted to 23% of base pay for the CEO and to 17% of base pay for the CFO.

### Long-term incentive (LTI)

The LTI intends to drive long-term performance of key employees, support retention and to further strengthen the alignment with shareholders' interest and was implemented in 2016. An LTI award consists of an award of conditional performance shares that become unconditional at the end of a three-year performance period. It is subject to achieving predetermined targets based on Earnings per Share (EPS) growth and to continued employment. The number of conditional performance shares that vest after three years may vary between 0% and 150% of the number of conditionally awarded shares, where the shares will vest for 100% upon attainment of an average annual growth of 9% of the EPS of the Company during the three-year performance period.

	EPS Growth	Vesting
Threshold	< 6.00%	0.00%
At target	9.00%	100.00%
Maximum	≥ 12.00%	150.00%

The vesting percentage is allocated linearly between the threshold, at target and maximum levels, based on the principles set out in the Remuneration Policy and will be a number between 0% and 150% of the number of performance shares awarded, as set out above.

Shares acquired at the end of the performance period by members of the Management Board are required to be held for a further period of two years in accordance with the best-practice provisions of the Dutch Corporate Governance Code, except for the LTIP shares that can be sold to cover income taxes due. LTI awards to members of the Management Board are made at the discretion of the Supervisory Board in accordance with this Remuneration Policy.

Management Board	Target LTI as % of base salary	Maximum LTI as % of base salary
CEO	50%	75%
CFO	50%	75%

The LTIP awards for the members of the Management Board was set by the Supervisory Board of the Company on 10 February 2016.

### 2016 Management Board LTIP costs over the financial year (in EUR '000)

Management Board	LTIP <sup>1</sup>
David de Buck	33
Ernesto Traulsen	0

<sup>1</sup> Long-Term Incentive Plan (LTIP) represents the expense recognised during the year in accordance with IFRS 2, Share-based Payment, related to the LTIP awards.



## 2016 Management Board EOP commitments outstanding and movements during the financial year

		Award date	Outstanding as at 1 Jan 2016	Granted in 2016	Allocated in 2016 subject to lock-up	Vested in 2016	Outstanding as at 31 Dec 2016	Fair value per share at grant date	Vesting date <sup>1</sup>
David de Buck	Matching shares	19 Oct 2015	50,013	0	0	0	50,013	EUR 14.28	19 Oct 2018
Ernesto Traulsen	Matching shares	19 Oct 2015	12,503	0	0	0	12,503	EUR 14.28	19 Oct 2018

<sup>1</sup> Following the Vesting date, the EOP shares granted to members of the Management Board are subject to an additional two-year lock up period, except for the EOP shares that can be sold to cover income taxes due.

## Executive Ownership Plan (EOP)

The EOP consists of a one-off investment arrangement that intends to encourage the long-term commitment and retention of senior management, including the members of the Management Board. On the IPO Settlement Date, EOP participants invested in and acquired Ordinary Shares (the EOP shares) in the Company. The EOP shares are subject to a lock up of 36 months after Settlement Date following the completion of the IPO on 19 October 2015. In consideration of such lock up, participants have been granted a 14% discount on the purchase price per EOP share, reflected in the allocation of an increased number of EOP shares to the participant. Participants are awarded the conditional right to receive, for no consideration, one additional matching EOP share (Matching EOP share) for every three EOP shares acquired on the Settlement Date. The conditional right to the Matching EOP shares will become transferred on the third anniversary of the Settlement Date and will after transfer be subject to an additional two-year lock-up period for the members of the Management Board, except for the EOP shares that can be sold to cover income taxes due.

## 2016 Management Board EOP costs over the financial year (in EUR '000)

Management Board	EOP <sup>1</sup>
David de Buck	238
Ernesto Traulsen	(12)

<sup>1</sup> Executive Ownership Plan (EOP) represents the expense recognised during the year in accordance with IFRS 2, Share-based Payment, related to the EOP awards.

## Pension arrangements

The CEO, David de Buck participated in the Dutch pension plan similar to the employees based in the Netherlands. Up to 1 January 2016, this plan has been a mixed Defined Benefit / Defined Contribution plan. As of 1 January 2016, the various Dutch pension plans have been harmonized into a single new Defined Contribution Plan with the age-based contribution level ranging from 6.9 to 24.5%. This transition did not lead to less pension value, and no gross compensation has been provided to the CEO, David de Buck, under this arrangement. The CFO, Ernesto Traulsen participated in the Swiss pension plan similar to the arrangement applicable to employees based in Switzerland. This plan is a Defined Contribution plan with total contribution level of 21% of which 2/3 is paid by the Company and 1/3 by the participant. Under IFRS, the Swiss pension plan is required to be accounted for as a defined benefit arrangement. Economically, the Swiss pension plan operates as a Defined Contribution plan.

The table on the next page provides details on the amount of contribution that was paid by Intertrust Group to the pension arrangements of the Management Board.

## Other benefits

Members of the Management Board were eligible for a range of other benefits, such as healthcare insurance, lease car and representation allowances (CFO only). As per 31 December 2016, the members of the Management Board have no loans outstanding with Intertrust Group and no guarantees or advanced payments are granted to members of the Management Board. No member of the Management Board is under his contract entitled to be paid a severance payment

## 2016 Management Board Remuneration (in EUR '000)

	Base salary	Other benefits	Short-term incentive <sup>1</sup>	Pension	Total
David de Buck	350	51 <sup>2</sup>	80	14	495
Ernesto Traulsen	353	11 <sup>3</sup>	60	61	485

<sup>1</sup> Short-term Incentive represents accrued bonuses to be paid in the following financial year.

<sup>2</sup> This includes the lease car costs and compensation for a terminated pension and saving scheme.

<sup>3</sup> This includes the lease car costs.

upon termination of their appointment that exceeds one times their gross annual base pay in the preceding financial year.

The 2016 remuneration accrued by the Company for the CEO, David de Buck, and CFO, Ernesto Traulsen, amounted to EUR 495,059 (2015: EUR 520,616) and EUR 484,977 (2015: EUR 472,740) respectively, excluding LTIP and EOP costs.

Comparative 2015 tables relating to the Management Board's LTIP and EOP commitments and movements and their overall Management Board remuneration can be found in [Note 32.2](#) (see page 175) of the Financial Statements.

## Application of the Remuneration Policy in 2017

Effective 16 January 2017, Maarten de Vries has replaced Ernesto Traulsen as Intertrust's new CFO. The remuneration for Maarten de Vries has been approved by the shareholders of the Company on 12 January 2017. Details of his remuneration can be found in the agenda of the Extraordinary General Meeting (EGM) of 12 January 2017. The current CFO, Ernesto Traulsen, will remain with Intertrust up to 31 March 2017 in an advisory role.

Effective 1 April 2017, the CEO, David de Buck, will receive an award of 4,925 performance shares under the LTIP. The new CFO, Maarten de Vries, will receive an award of 14,352 performance shares under the LTIP, effective 1 April 2017.

In 2016, the Remuneration, Selection and Appointment Committee has reviewed the Remuneration Policy for the Management Board. The outcome of this policy review will be brought to the General Meeting in 2017, and further details regarding the proposed changes will be provided in the agenda and explanatory notes of the General Meeting.

## Remuneration – Supervisory Board

The members of the Supervisory Board of the Company were appointed on 21 August 2015. The remuneration of the independent members of the Supervisory Board was approved by the General Meeting of the Company on 21 August 2015.

The remuneration of the independent members of the Supervisory Board consists of fixed annual fees for their role as Supervisory Board members. In addition, the Chairpersons of the Audit and Risk Committee and the Remuneration, Selection and Appointment Committee, respectively, receive a fixed annual fee for these roles.

The various board compositions in 2016 are further explained in the [Report from the Supervisory Board](#) chapter on page 80 of this Annual Report.

### Annual fees per function in the Supervisory Board (in EUR '000 and gross)

Function in Supervisory Board	Fixed annual fee
Chairperson	80
Independent Member	50

### Annual fees per function in committees of the Supervisory Board (in EUR '000 and gross)

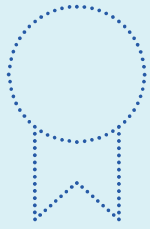
Function in committees of Supervisory Board	Fixed annual fee
<b>Audit and Risk Committee</b>	
Chairperson	15
<b>Remuneration, Selection and Appointment Committee</b>	
Chairperson	10

### 2016 Fees of Supervisory Board members (in EUR '000 and gross)

	2016
Mr. A. Ruys	60
Mr. H.L.L. Groenewegen	65
Mrs. H.M. Vletter-van Dort	80
<b>Total</b>	<b>205</b>

The Company does not grant variable remuneration, shares or options to the members of the Supervisory Board. As per 31 December 2016, the members of the Supervisory Board have no loans outstanding with Intertrust N.V. and no guarantees or advanced payments are granted to members of the Supervisory Board.

Company-related travel and lodging expenses in relation to meetings are paid by Intertrust.



# The value of Quality

As a global quality leader in our sector, we never put our name to anything unless it lives up to our standards. We believe that our consistent quality, responsiveness and ability to collaborate seamlessly across borders sets us apart.



## Client focus

One of our global key clients, an asset manager based in North America, recently briefed our Luxembourg team on an urgent and complex matter.

## Coordinating complexity

The assignment involved assisting with the preparation and filing of financial statements for 16 companies in just one week.

## One Intertrust, One Team

Over 15 Intertrust colleagues from various Business Units worked together to complete the assignment. The team also assisted the client with various transactions including bridge financing, restructuring and the finalisation of audits.



We deliver to the highest standards





The value of Quality (continued)







### The highest standards

Our highly-educated staff maintains their knowledge through permanent education programmes, enabling our global team of professionals to deliver under any applicable accounting principles and local laws.

By working together as 'One Intertrust, One Team', we are connected, responsive and better able to deliver dynamic and innovative solutions to our clients with the same high-quality standards globally. Our ability to deliver even in complex and time-sensitive situations is a primary consideration for global key clients.

Our client was very satisfied with the quality and responsiveness and Intertrust has become their provider of choice.

# Corporate governance

Intertrust acknowledges the importance of good corporate governance and its vital role in safeguarding the interests of its stakeholders. It endorses the principles of the Dutch Corporate Governance Code (the Code) and the majority of best practice provisions.

This chapter contains an overview of its governance structure and describes the extent to which it deviates from the Code, and the reasons for such deviations.

## General

Intertrust is a public limited liability company (*naamloze vennootschap*) incorporated on 8 September 2014 under the laws of the Netherlands. On 15 October 2015, part of the share capital of the Company was offered to the public and these shares were listed on Euronext Amsterdam in an Initial Public Offering (IPO).

Intertrust maintains a two-tier board structure consisting of a Management Board and a Supervisory Board. The Management Board consists of two members and the Supervisory Board of five members. In addition, Intertrust has an Executive Committee consisting of the members of the Management Board and seven additional members.

Each member of the Management Board, Supervisory Board, and Executive Committee has a duty to the Company to properly perform the duties assigned to them and to act in the corporate interest of the Company, which extends to the interests of all its stakeholders, including the shareholders, creditors, employees and clients.

The provisions in the Dutch Civil Code that are referred to as the large company regime (*structuurregime*) do not apply to the Company.

## Management Board

### Duties

The Management Board is responsible for Intertrust's day-to-day management, its strategy, policies, objectives and results, under the supervision of the Supervisory Board. The Rules for the Management Board (Management Board Rules) describe the duties, tasks, composition, procedures and decision-making of the Management Board.

Certain resolutions of the Management Board require the approval of the Supervisory Board. These resolutions are outlined in the Articles of Association and in the Management Board Rules. Both the Articles of Association and the Management Board Rules are available on the Company's website: <https://www.intertrustgroup.com/investors>.



#### **David de Buck**

David is Chief Executive Officer (CEO). He has over 25 years of international experience in the financial services industry, including (global) responsibilities for (structured) commodity finance and trading, project & acquisition finance for the energy and utilities industry. Under his leadership, Fortis gained a global leading position as (project) financier and (tax) investor in renewable energy. Before his appointment as CEO of Fortis Intertrust in 2009, David was CEO of Fortis Lease Group. David holds a BBA from the University of Nijenrode, Breukelen, the Netherlands.

#### **Ernesto Traulsen**

Ernesto was Chief Financial Officer (CFO) until 16 January 2017. He has over 25 years of international finance and operations experience and joined Intertrust in 2007. Between 2003 and 2006, he was CFO, Group Operations Director and Board member of SICPA, a Swiss privately held company. His extensive international career with Eli Lilly (1989-2003) covered positions in finance, as a local and regional CFO, and in business development and customer services. Ernesto holds an MBA from McGill University and a degree in electrical engineering from the University of Texas, Austin, Texas, USA.



#### **Maarten de Vries**

Maarten is CFO, effective from 16 January 2017. He brings more than 25 years of experience in finance and international business, including several executive roles within listed companies. Previously he was the CFO and member of the Executive Board of TNT Express N.V. and before that the CEO of TP Vision, a joint venture between TPV Technology and Royal Philips N.V. Prior to this, he held various roles at Royal Philips N.V. at Group Management Committee level, including Chief Information Officer, Chief Supply Officer and divisional CFO. Maarten holds a Post-Graduate Education for Controllershship from the VU (University) of Amsterdam and a Masters degree in Business Economics from the University of Groningen.





## Appointment, removal and suspension

The General Meeting appoints a member of the Management Board pursuant to and in accordance with a proposal of the Supervisory Board or upon a binding nomination by the Supervisory Board. A resolution of the General Meeting to appoint a member of the Management Board pursuant to and in accordance with a proposal by the Supervisory Board, can be adopted by an absolute majority of the votes cast irrespective of the capital present or represented at the relevant shareholders' meeting. The General Meeting can overrule a binding nomination by the Supervisory Board by a majority vote of at least two-thirds of the votes cast, provided such a majority represents at least one-third of the issued share capital.

If the General Meeting, with an absolute majority of the votes cast overrules the binding nomination, but this majority does not represent at least one-third of the issued share capital, then a new meeting may be convened in which the nomination can be overruled by an absolute majority of the votes cast irrespective of the capital present or represented at the meeting.

The Articles of Association provide that the General Meeting has the authority to suspend and dismiss a member of the Management Board. A resolution of the General Meeting to suspend or dismiss a member of the Management Board requires an absolute majority of the votes cast if the suspension or dismissal is proposed by the Supervisory Board. However, such resolution requires a majority of at least two-thirds of the votes cast, which majority must represent at least one-third of the issued share capital if the suspension or dismissal has not been proposed by the Supervisory Board. If the shareholders support the suspension or dismissal with an absolute majority of the votes cast, but such majority does not represent at least

one-third of the issued capital, a new meeting may be convened at which the resolution may be passed with an absolute majority of the votes cast, irrespective of the part of the capital represented at the meeting.

## Composition

The Company's Articles of Association stipulate that the Management Board must consist of two or more members, the number of which is to be determined by the Supervisory Board. As at 31 December 2016, the Management Board was composed of David de Buck and Ernesto Traulsen. Ernesto Traulsen has stepped down as CFO per 16 January 2017 and has been replaced by Maarten de Vries.

Maarten de Vries was recruited through a search process performed with the help of a London-based consulting firm, based on a profile which included in addition to excellent finance and accounting skills and a strong IT background, the preference for an international female candidate. Since Intertrust has been unable to find a suitable female candidate with the required skill set, the Company is very glad to welcome Maarten de Vries as its new CFO. He was the best male candidate with an impressive CV which includes extensive international and highly relevant experience. Ernesto Traulsen continues until 31 March 2017 as an advisor and to assist with the finalisation of the annual accounts for 2016.

Intertrust is grateful to Ernesto for his outstanding contributions and dedication over the last decade as CFO of Intertrust, and wish him all the best in his future endeavours.

## Remuneration

Information on the remuneration of the members of the Management Board can be found in the [Remuneration](#) chapter on page 88 of this Annual Report.

## Composition Management Board

Name	Date of birth	Gender	Nationality	Position	Member since	Term - until
David de Buck	16 January 1967	Male	Dutch	Chief Executive Officer	8 September 2014	2018
Ernesto Traulsen	21 November 1961	Male	German	Chief Financial Officer	8 September 2014	Ended 16 January 2017
Maarten de Vries	17 January 1962	Male	Dutch	Chief Financial Officer	16 January 2017	4 years - 2021

## Supervisory Board

### Duties

The Supervisory Board is charged with the supervision of the policy of the Management Board of the Company and the general course of affairs in the Company and the business affiliated with it, and for advising the Management Board. In the performance of their duties, the members of the Supervisory Board are guided by the interests of the Company and the business affiliated with it, taking into consideration the interests of the Company's stakeholders as well as aspects of CSR, as described on page 42 of this Annual Report, that are relevant for the Company. The Rules for the Supervisory Board (Supervisory Board Rules) describe the duties, tasks, composition, procedures and decision-making of the Supervisory Board and are available on the Company's website: <https://www.intertrustgroup.com/investors>.

### Appointment, removal and suspension

The General Meeting appoints a member of the Supervisory Board pursuant to and in accordance with a proposal of the Supervisory Board or upon a binding nomination by the Supervisory Board. A resolution of the General Meeting to appoint a member of the Supervisory Board in accordance with a proposal by the Supervisory Board can be adopted by an absolute majority of the votes cast, irrespective of the capital present or represented at the relevant shareholders' meeting.

The General Meeting can overrule a binding nomination by the Supervisory Board by a majority vote of at least two-thirds of the votes cast, provided such majority represents at least one-third of the issued share capital. If the General Meeting, with an absolute majority of the votes cast overrules the binding nomination, but this majority does not represent at least one-third of the issued share capital, then a new meeting may be convened in which the nomination can be overruled by an absolute majority of the votes cast irrespective of the capital present or represented at the meeting.

If the shareholders support overruling the binding nature of the nomination with an absolute majority of the votes cast, but such majority does not represent at least one-third of the issued capital, a new meeting may be convened at which the resolution may be passed with an absolute majority of the votes cast, irrespective of the part of the capital represented at such meeting.

Each member of the Supervisory Board shall be appointed for a maximum period of four years. A member's term of office shall lapse in accordance with the rotation schedule drawn up by the Supervisory Board. The rotation schedule is available on the Company's website: <https://www.intertrustgroup.com/investors>. A member of the Supervisory Board may be re-appointed. Given that three out of five Supervisory Board members are due for re-appointment in the same year (2019), the Supervisory Board will, in due course, draw up a schedule to avoid, as much as possible, a situation in which the majority of its members retire at the same time (best practice provision III.3.6 of the Code). At that time, this revised schedule will be published online on the Company's website: <https://www.intertrustgroup.com/investors>.

The General Meeting has the authority to suspend and dismiss a member of the Supervisory Board. A resolution of the General Meeting to suspend or dismiss a member of the Supervisory Board requires an absolute majority of the votes cast if the suspension or dismissal is proposed by the Supervisory Board. However, such resolution of the General Meeting requires a majority of at least two-thirds of the votes cast, which majority must represent at least one-third of the issued share capital if the suspension or dismissal has not been proposed by the Supervisory Board.

## Composition Supervisory Board

Name	Date of birth	Gender	Nationality	Position	Member since	Maximum term - rotation schedule
Hélène Vletter-van Dort	15 October 1964	Female	Dutch	Chairperson of the Supervisory Board	21 August 2015	4 years - 2019
Gerry Murphy	6 November 1955	Male	British/ Irish	Member of the Supervisory Board	21 August 2015	4 years - 2017
Lionel Assant	22 May 1972	Male	French	Member of the Supervisory Board	21 August 2015	4 years - 2018
Anthony Ruys	20 July 1947	Male	Dutch	Member of the Supervisory Board	21 August 2015	4 years - 2019
Bert Groenewegen	11 February 1964	Male	Dutch	Member of the Supervisory Board	21 August 2015	4 years - 2019

## Composition

The Supervisory Board must consist of a minimum of three members and a maximum of seven members, the number of which is to be determined by the Supervisory Board. The profile of the Supervisory Board is available on the Company's website: <https://www.intertrustgroup.com/investors>. The Company aims to have a balanced and diverse composition, which is reviewed in more detail in this chapter under 'Diversity'. As at 31 December 2016, the Supervisory Board consisted of five members.

In accordance with the Relationship Agreement, two Supervisory Board members are appointed upon nomination of Blackstone. These members are therefore deemed not to be independent within the meaning of best practice provision III.2.2 of the Code. In addition to these two members, the Supervisory Board consists of three independent members and has appointed one of these independent members as Chairperson.

Blackstone's right to nominate and propose replacements for two Supervisory Board members will lapse in accordance with the following thresholds: (i) if the percentage of shares held by Blackstone falls below 25%, Blackstone will have the right to appoint one Supervisory Board member; and (ii) if the percentage of shares held by Blackstone falls below 10%, Blackstone shall no longer have the right to nominate a Supervisory Board member.

On 6 September 2016, Blackstone placed 10 million of its Intertrust shares with institutional investors via an accelerated book build, thereby increasing Intertrust's free float and decreasing Blackstone's shareholding from 48.70% to 34.26%. Based on the established thresholds, Blackstone will continue to have two seats on the Supervisory Board.

The Supervisory Board was installed on 21 August 2015. As at 31 December 2016, it was composed as follows:

**Hélène Vletter-van Dort** is a professor of (European) Financial Law & Governance at the Erasmus School of Law of the University of Rotterdam. She is the author of numerous books and articles on Financial Law and Corporate Governance. Her PhD research focused on the equal treatment of shareholders of listed companies when distributing price sensitive information. Mrs. Vletter-van Dort started her career in 1988 as an M&A lawyer at Clifford Chance in Amsterdam. Between 2004 and 2008 she served as a judge at the Enterprise Chamber of the Court of Appeal of Amsterdam. Mrs. Vletter-van Dort has held non-executive board positions with a variety of financial institutions, including Fortis Bank Netherlands and the Dutch Central Bank. Since 2009 she has been a member of the Dutch Monitoring Committee on Corporate Governance, appointed by the Dutch government. In October 2015, she was appointed to the Supervisory Board of NN Group N.V., where she also serves as chair of the Nomination & Governance Committee.



**Dr. Gerry Murphy** is Chairman of The Blackstone Group International Partners LLP, Blackstone's principal European entity. He is a Non-Executive Director of British American Tobacco plc and Tate & Lyle plc and Chairman of Invest Europe, the Brussels-based industry association representing Europe's private equity, venture capital and infrastructure firms and their investors. Before joining Blackstone in 2008 as a Senior Managing Director in its Corporate Private Equity group, Dr. Murphy served as CEO of Kingfisher plc, Carlton Communications plc, Exel plc and Greencore Group plc. Earlier in his executive career, he held senior operating and corporate positions with Grand Metropolitan plc (now Diageo plc) in Ireland, the UK and the USA. He has served as a Non-Executive Director of Merlin Entertainments plc, Reckitt Benckiser Group plc, Abbey National plc, Novar plc and Hornbach Holding AG. Dr. Murphy was educated in Ireland and received his PhD in food technology from University College Cork and MBS in marketing from University College Dublin.

**Lionel Assant** is a Senior Managing Director and European Head of Private Equity for the Blackstone Group, based in London. Since joining the Blackstone Group in 2003, Mr. Assant has been involved in various European investments and investment opportunities. Before joining the Blackstone Group, Mr. Assant worked at Goldman Sachs for seven years in the Mergers & Acquisitions, Asset Management and Private Equity divisions. Mr. Assant graduated from the Ecole Polytechnique with a Master's degree in Economics. He serves as a Director of Tangerine, Armacell and Alliance Automotive Group. Mr. Assant served on the boards of Gerresheimer, Mivisa and United Biscuits. He is also a Trustee of Impetus-PEF, a charitable foundation which provides resources to improve the lives of children and young people living in poverty.

**Anthony Ruys** is the former Chairman of the Executive Board of Heineken N.V. He holds a degree in commercial law from the University of Utrecht and a Master's degree from Harvard Business School. He was appointed an Officer of the Order of Orange-Nassau by the Dutch government in 2005. Mr. Ruys commenced his career at Unilever in 1974. During his tenure at Unilever, he served at various senior positions, including that of Marketing Director and Chairman of various subsidiary

companies in the Netherlands, Colombia and Italy. In 1993, he joined Heineken as a member of its Executive Board, became Vice Chairman in 1996 and Chairman in 2002 and remained in that position until 2005. Mr. Ruys has served as a Non-Executive Chairman of the Board of the Schiphol Group until April 2015, and he has served as a non-executive board member of ABN AMRO N.V., BAT plc (UK), ITC plc (India) and Lottomatica Spa (Italy). Currently, Mr. Ruys holds non-executive positions at Janivo Holding and Stichting Beelden aan Zee. In January 2017, Mr Ruys was appointed as member of the Board of Directors of HunterDouglas Group.

**Bert Groenewegen** is Chief Financial Officer of NS (Dutch Railways) since September 2016. Prior to joining NS, Mr. Groenewegen was Chief Financial Officer of Ziggo N.V. from 2010 to 2015, and before that Chief Executive Officer of PCM Publishers from 2007 to 2009 after having served as its Chief Financial Officer from 2005 to 2007. From 2004 to 2005 he worked for U.S.-based private equity firm General Atlantic. From 1995 to 2004, he was Chief Financial Officer of Exact Software, where he also served as group financial controller and oversaw Exact's Initial Public Offering in June 1999. Before joining Exact, Mr. Groenewegen worked for Arthur Andersen as an auditor from 1989 to 1991 and as financial manager for Sokkia Europe from 1991 to 1993. From 1986 to 1989, he also worked for Exact Software in sales and product development. Since June 2015, Mr. Groenewegen has served as a member of the Supervisory Board of investment fund Todlin NV. He holds a degree in business administration from Tilburg University.

## Remuneration

Information on the remuneration of the members of the Supervisory Board can be found in the [Remuneration](#) chapter on page 88 of this Annual Report.



## Executive Committee

The Executive Committee supports the Management Board in the day-to-day management of operations and of the Company's employees. The members of the Executive Committee, with the exception of the members of the Management Board, are appointed by the Management Board after consultation with the Supervisory Board. The number of members of the Executive Committee is determined by the Management Board. The members of the Executive Committee may be suspended and removed by the Management Board after consultation with the Supervisory Board.

A number of changes in the membership of the Executive Committee took place in the year.

Effective per 1 May 2016, Angelica Thijssen resigned from Intertrust and with that resigned her position as Chief Human Resources Officer and her membership of the Executive Committee. Angelica was succeeded by Johan Dejans as the new Chief Human Resources Officer.

Frank Welman succeeded Johan as the new Managing Director of Intertrust Luxembourg. As a result, Johan remains on the Executive Committee, Frank joined the Executive Committee on 1 April 2016.

On 23 September 2016, the day of the closing of the Elian acquisition, Paul Schreibke resigned his membership of the Executive Committee. At the same time, Paul Willing and Colin MacKay joined as new members of the Executive Committee.

Paul Willing became the new Managing Director Intertrust for the Atlantic Region, which comprises Jersey, Guernsey, UK, Ireland, Bahamas and Bahrain. The same day, Colin MacKay became the new Managing Director of Intertrust Cayman Islands.

Marije van der Lint has been on sabbatical leave since 1 July 2016 to recover from illness.

The total number of Executive Committee members is now nine. As at 31 December 2016, the Executive Committee consisted of the two Management Board members and the following seven additional members:



### Johan Dejans

Johan is Chief Human Resources Officer and was previously Managing Director of Intertrust Luxembourg. He joined ATC (Luxembourg) in 2006. Before that, he worked as a tax lawyer in Belgium before moving to Luxembourg in 1994 to become the Managing Director of BBL Trust, later ING Trust, a position he held for twelve years. He holds degrees in Law and European Law from the University of Leuven and the University of Brussels respectively, and subsequently specialised in EU and International Tax Law at ICHEC, Brussels. Additionally, Johan finished a Harvard Business School Leadership programme.

### Colin MacKay

Colin is the Managing Director of Intertrust Cayman, having joined Intertrust in 2016 following the acquisition of the Elian Group. Colin was previously a Group Director of Elian with global responsibility for Elian's Fund Services division. He joined Elian's predecessor business, the Ogier Group, in 2003 becoming a partner in 2006 and subsequently a director of the trust, corporate and fund administration business in 2007. Prior to joining Ogier, Colin worked at a number of law firms in the UK and Cayman, where he has lived since relocating in 1999. Colin holds a Bachelor of Laws degree with Honours from the University of Glasgow.



### Dick Niezing

Dick is the Managing Director of Intertrust the Netherlands. He re-joined Intertrust in 2012 after having worked for it and its predecessors from 1997 until 2004. He came from a previous position as member of the management team Private and Business Banking at Dutch private bank Van Lanschot Bankiers. Prior to that, he held several management positions at MeesPierson and Fortis. Dick holds a degree in Tax Law from the University of Amsterdam.

### Henk Pieter van Asselt

Henk Pieter is Chief Commercial Officer (CCO) and Head of Asia and Market Offices since 2012. He started his career in 1997 at ABN AMRO Bank, where he held legal, commercial and management positions in the Netherlands, Curaçao and USA. He joined (MeesPierson) Intertrust in 2005 and expanded operations in North America before moving to London to re-start the UK and Ireland offices. He was appointed Global Head of Business Development in 2008 and became member of the Executive Committee as Global Head of Sales one year later. Henk Pieter holds a Master's degree in Civil Law from the University of Amsterdam.







### Madelein Smit

Madelein is Intertrust's Chief Information Officer (CIO) since 2014. She has broad experience in programme management, IT strategies and execution in international environments. After 10 years in professional services with PWC and EY, Madelein held senior IT roles at TMF, Ceva Logistics and Infosys BPO. Madelein is a Chartered Accountant and holds a non-executive directorship with a small technology company in the Netherlands.

### Frank Welman

Frank is the Managing Director of Intertrust Luxembourg. Frank joined Intertrust as Commercial Director/Deputy Managing Director Luxembourg in 2015. Previously, Frank held various management positions within the trust, corporate and fund services industry. From 2005 to 2015, he held senior roles at TMF, including Head of Benelux, Global Head of International Structuring, Managing Director of the Luxembourg office and member of the Executive Committee of TMF Group. Prior to that, Frank was responsible for a number of MeesPierson Trust subsidiaries. Frank holds a Master's degree in Dutch tax law from the University of Leiden, The Netherlands.



### Paul Willing

Paul is the Managing Director Atlantic Region and is responsible for Jersey, Guernsey, UK, Ireland, Bahamas and Bahrain. He joined Intertrust in 2016 with the acquisition of Elian, where he had held the position of CEO since 2009. Prior to becoming CEO of Elian, Paul was responsible for running the private wealth, investment funds and real estate administration businesses of that company. Paul has over 25 years of experience in the financial services industry, with an extensive career at PwC in both Jersey and Geneva. He is a graduate of the University of London and qualified as a chartered accountant with PwC in 1991.

### Composition Executive Committee

Name	Date of birth	Gender	Nationality
David de Buck	16 January 1967	Male	Dutch
Maarten de Vries	17 January 1962	Male	Dutch
Johan Dejang	17 November 1966	Male	Belgian
Colin MacKay	7 June 1969	Male	British
Dick Niezing	4 May 1963	Male	Dutch
Henk Pieter van Asselt	24 May 1970	Male	Dutch
Madelein Smit	22 November 1974	Female	South African
Frank Welman	21 September 1963	Male	Dutch
Paul Willing	17 December 1965	Male	British



## General Meeting

### Frequency, notice and agenda

The annual General Meeting must be held within six months after the end of each financial year. An extraordinary General Meeting may be convened by the Supervisory Board or the Management Board, whenever the Company's interests so require. Shareholders representing alone or in aggregate at least one-tenth of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the shareholders making such request, they may be authorised upon request by a District Court in summary proceedings to convene a General Meeting.

Notice of a General Meeting must be given by at least 42 days prior to the day of the meeting as required by Dutch law. The notice convening any General Meeting must include, among other items, an agenda indicating the place and date of the meeting, the items for discussion and voting, the proceedings for registration including the registration date, as well as any proposals for the agenda. Shareholders holding at least 3% of the issued and outstanding share capital may request that an item be added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Company at least 60 days before the day of the General Meeting.

### Admission to General Meetings

The General Meeting is chaired by the Chairperson of the Supervisory Board. Members of the Management Board and of the Supervisory Board may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairperson of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each shareholder, as well as other persons with voting rights or meeting rights, may attend the General Meeting, address the General Meeting and, in so far as they have such right, to exercise voting rights *pro rata* to its shareholding, either in

person or by proxy. Shareholders may exercise these rights, if they are the holders of shares on the registration date, which is currently the 28th day before the day of the meeting, and they or their proxy have notified Intertrust of their intention to attend the meeting in writing at the address and by the date specified in the notice of the meeting.

### Voting and resolutions

Each shareholder may cast one vote for each share held. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of shares which are held by the Company. Resolutions of the General Meeting are taken by an absolute majority, except where Dutch law or the Articles of Association provide for a qualified majority.

### Powers of the General Meeting

The most important powers of the General Meeting are to:

- Authorise the Management Board to issue shares, to restrict or exclude the pre-emptive rights of shareholders and to repurchase shares.
- Appoint members of the Management Board upon a proposal of the Supervisory Board or upon a nomination of the Supervisory Board.
- Suspend or dismiss members of the Management Board.
- Appoint members of the Supervisory Board upon a proposal of the Supervisory Board or upon a nomination of the Supervisory Board.
- Suspend or dismiss members of the Supervisory Board.
- Adopt the annual accounts of the Company.
- Adopt the remuneration policy for the members of the Management Board.
- Resolve on the reservation or distribution of the profits upon a proposal of the Management Board that has been approved by the Supervisory Board.
- Amend the Articles of Association of the Company upon a proposal of the Management Board that has been approved by the Supervisory Board.

## General Meetings held in 2016

On 12 May 2016, the Company held its first Annual General Meeting at which meeting, inter alia, the following resolutions were adopted:

- Adoption of the Company's Annual Accounts 2015.
- Discharge of the members of the Management Board for their functioning throughout financial year 2015.
- Discharge of the members of the Supervisory Board for their functioning throughout financial year 2015.
- Appointment of KPMG as the External Auditor for the financial statements for 2016.

At the Extraordinary General Meeting of the Company, held on 26 July 2016, the General Meeting approved the acquisition of Elian.

## Share Capital

### Issuance of Shares

The authorised share capital of the Company consists of ordinary shares only. The General Meeting may resolve to issue shares in the share capital of the Company, or grant rights to subscribe for such shares, upon a proposal by the Management Board that has been approved by the Supervisory Board.

The Articles of Association provide that the General Meeting may delegate the authority to issue shares, or grant rights to subscribe for such shares, to the Management Board, pursuant to and in accordance with a proposal thereto of the Management Board, which has been approved by the Supervisory Board. At the designation, the number of shares which may be issued by the Management Board must be determined. No resolution of the General Meeting or the Management Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

On 12 May 2016, the Annual General Meeting extended the authority of the Management Board to resolve to issue shares and grant rights to subscribe for shares, subject to the approval

of the Supervisory Board and for a period of 18 months, until 12 November 2017. The authority of the Management Board is limited to a maximum of 10% of the number of issued shares at the time of issue or grant, plus an additional 10% of the outstanding share capital, at the time of issue or at the time of granting the right to subscribe for shares, if the issue or the granting of the right to subscribe takes place in view of a merger or an acquisition.

This authority was used by the Management Board, with the approval of the Supervisory Board, for the issuance of 6,777,778 new shares in the share capital of the Company, representing 8% of the issued and outstanding share capital immediately before the issuance, through an accelerated book building process which was closed on 9 June 2016 and settled on 13 June 2016, which issuance took place in connection with the funding of the acquisition of Elian. As per 31 December 2016, the current issued share capital amounted to EUR 55,199,635.20.

At the Extraordinary General Meeting of the Company held on 26 July 2016, the General Meeting granted a new authority to the Management Board replacing the authority granted on 12 May 2016, by designating the Management Board as the corporate body authorised, subject to the prior approval of the Supervisory Board, to resolve to issue shares and grant rights to subscribe for shares, up to a maximum of 10% of the outstanding share capital, at the time of issue, or at the time of granting of the right to subscribe for shares, if the issue or the granting of the right to subscribe for shares takes place in view of a merger or an acquisition, which authority is granted until 12 November 2017.

### Pre-emptive rights

Each shareholder has a pre-emptive right to subscribe on a *pro rata* basis for any issue of new shares or upon a grant of rights to subscribe for shares. Exceptions to these pre-emptive rights include the issue of shares and the grant of rights to subscribe for shares (i) to Intertrust's employees; (ii) in return for non-cash consideration; or (iii) to persons exercising a previously granted right to subscribe for shares.

On 12 May 2016, the Annual General Meeting extended the authority of the Management Board as the competent corporate body to limit or exclude the pre-emptive rights in respect of the issue of shares or the granting of rights to subscribe for shares pursuant to the authorisation given above.

At the Extraordinary General Meeting of the Company held on 26 July 2016, the General Meeting granted a new authority to the Management Board replacing the authority granted on 12 May 2016, by designating the Management Board as the corporate body authorised, subject to the prior approval of the Supervisory Board, to resolve to exclude or limit the pre-emptive rights in relation to the issue of shares or the grant of rights to subscribe for shares pursuant to the authorisation given above.

### Acquisition of own shares

The Company may acquire fully paid-up shares in its own capital for consideration, subject to the authorisation by the General Meeting and subject to Dutch law, and after prior approval of the Supervisory Board. The authorisation is not required for shares quoted in the listing of any stock exchange in order to transfer them to employees of the Company or of a group company pursuant to a scheme applicable to such employees. The Company is not entitled to any distributions from shares in its own capital. No vote may be cast at the General Meeting for shares held by the Company or by a subsidiary.

At the Annual General Meeting of the Company of 12 May 2016, the authority granted to the Management Board to repurchase shares in the share capital of the Company up to a maximum of 10% of the issued share capital was extended for a period of 18 months, until 12 November 2017.

Between 26 September and 19 October 2016, Intertrust undertook a share buy-back programme to repurchase 175,000 shares to cover an obligation to transfer shares to certain employees as a result of the vesting of grants made pursuant to Intertrust's Employee Stock Ownership Plan (ESOP). The shares were repurchased at a price that did not exceed a maximum of 110% of the average closing price of the last 5

trading days and were funded from Intertrust's available cash resources.

## Transfer of shares and transfer restrictions

The transfer of shares in the share capital of the Company included in the Statutory Giro System must take place in accordance with the provisions of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*). The Articles of Association of the Company do not restrict the transfer of shares in the share capital of the Company.

The Company is not aware of the existence of any agreement pursuant to which the transfer of shares in the share capital of the Company is restricted other than lock-up arrangements under the Executive Ownership Plan (EOP) and the Long Term Incentive Plan (LTIP) of Intertrust.

## Articles of Association

The General Meeting can only resolve to amend the Articles of Association on proposal of the Management Board, which proposal has been approved by the Supervisory Board.

## External Auditor

The External Auditor is appointed by the General Meeting. At the Annual General Meeting held on 12 May 2016, the General Meeting appointed KPMG Accountants N.V. as the external auditor for the financial year 2016. The External Auditor may be questioned at the Annual General Meeting in relation to its audit opinion on the financial statements. The External Auditor will therefore attend and be entitled to address this meeting.

## Financial reporting

A description of the main characteristics of the risk management and control systems with respect to the financial reporting process of the Company and its group companies and the performance of these systems in the financial year can be found in the chapter Compliance and Risk Management (see

page 74) and Note 28 (see page 167) of the Financial statements.

## Dutch Corporate Governance Code

The Company is subject to the Code. The Code is based on a 'comply or explain' principle. Accordingly, companies are required to disclose in their annual report whether or not they comply with the various principles and best practice provisions that are addressed to the Management Board or, if applicable, the Supervisory Board. As such, Intertrust is required to explain to what extent it deviates from principles and best practice provisions in the Code, and the reasons for such deviations must be explained.

Considering the Company's interests and the interest of its stakeholders, Intertrust deviates from a limited number of principles and best practice provisions, which are described as follows:

### Best practice provision III.2.1 (independence of supervisory board members)

Intertrust does not comply with best practice provision III.2.1, which provides that all supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2. Currently, two out of five Supervisory Board members are not independent, because they are affiliated with Blackstone. Intertrust believes this deviation was justified given the involvement of the non-independent Supervisory Board members in Intertrust prior to the IPO and considering their specific knowledge of and relevant experience in the business conducted by Intertrust. Following the IPO, Intertrust believes this deviation continues to be justified in view of Blackstone's shareholding in the Company. In accordance with the Relationship Agreement, Blackstone's right to nominate and propose replacements for the two non-independent Supervisory Board members will lapse in accordance with the thresholds mentioned in this chapter under 'Composition'.

### Principle III.5 (composition and role of three key committees of the supervisory board)

Intertrust does not comply with principle III.5, which provides that if the supervisory board consists of more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointment committee. For efficiency purposes, the Supervisory Board has combined the functions and responsibilities of the remuneration committee and the selection and appointment committee in one committee, the Remuneration, Selection and Appointment Committee.

### Best practice provision IV.1.1 (binding nominations for the appointment of management board and supervisory board members and the removal of management board and supervisory board members)

Intertrust does not comply with best practice provision IV.1.1., which provides that the general meeting of shareholders of a company may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by a simple majority of the votes cast. It may be provided that this simple majority should represent a certain proportion of the issued share capital, which proportion may not exceed one-third. Pursuant to the Articles of Association, the General Meeting may only overrule the binding nature of such nominations by resolution of the General Meeting adopted with a two-thirds majority of the votes cast, representing at least one-third of the issued share capital. If the shareholders support overruling the binding nature of the nomination with an absolute majority of the votes cast, but such majority does not represent at least one-third of the issued capital, a new meeting may be convened at which the resolution may be passed with an absolute majority of the votes cast, irrespective of the part of the capital represented at such meeting. A similar provision is included in the Articles of Association regarding the removal of members of the management board and supervisory board. These provisions are stricter than best practice provision IV.1.1. Intertrust believes this to be justified in the interest of the continuity of Intertrust and its group companies.

## Corporate Governance Statement

This chapter, including parts of this Annual Report incorporated by reference, also serves as the corporate governance statement referred to in section 2a of the Decree with respect to the contents of the Annual Report (*Besluit tot vaststelling van nadere voorschriften omtrent de inhoud van het bestuursverslag*).

## Legal transparency obligations

This section includes an overview which sets out where the information that is required to be disclosed under article 1 of the Decree on Article 10 of the Takeover Directive can be found.

### Capital Structure

Information on the capital structure of the Company, the shares and the rights attached thereto is provided in the Shares chapter of this Annual Report, and in the section Share Capital (see page 109) in the Corporate Governance chapter of this Annual Report.

### Limitations on transferability of shares

There are no limitations on the transferability of the shares. See also the paragraph "Transfer of shares and transfer restrictions" under the section Share Capital (see page 109) in the Corporate Governance chapter of this Annual Report.

### Major Shareholders

Shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM).

As per 31 December 2016, the following parties had made a notification to the AFM with respect to their shareholding in the Company:

Shareholder	Interest
The Blackstone Group LP	34.26%
12 West Capital Management LP	6.90%
Parvus Asset Management Europe Limited	5.05%
Aviva plc	3.63%
Harbor Spring Capital LLC	3.10%
Lucerne Capital Management LLC	3.06%
FMR LLC	3.01%

More information can be found in the chapter Shares (see page 46) of this Annual Report.

### Special rights of control

The Company has not issued shares to which special rights of control are attached.

### Control mechanisms relating to employee participation plans

Employees are able to exercise the voting rights on the shares that are awarded to them under the EOP; under the LTIP and ESOP the voting rights on the shares can only be exercised after the shares awarded have vested.



### Voting limitations

There are no limitations on the voting rights attached to the shares in the Company.

### Lock-up agreements

This information is included in the paragraph "Transfer of shares and transfer restrictions" under the section Share Capital (see page 109) in the Corporate Governance of this Annual Report.

### Provisions regarding the appointment and dismissal of members of the Management Board and Supervisory Board

This information is included in the subparagraphs "Appointment, removal and suspension" of the sections Management Board (see page 98) and Supervisory Board (see page 101) respectively of the chapter Corporate Governance of this Annual Report.

### Authority of the Management Board to issue and repurchase shares

Information on the authority of the Management Board to issue and repurchase shares is included in the subparagraphs "Issuance of Shares" and "Acquisition of Own Shares" in the section Share Capital (see page 109) included in the Corporate Governance chapter of this Annual Report.

### Change of control

A change of control provision is included in the revolving credit facility of the Company.

### Severance payments

The agreements of the members of the Management Board provide for severance payments in the event of a termination other than for urgent cause.

# Office locations

## Intertrust N.V.

Prins Bernhardplein 200  
P.O. Box 990  
1000 AZ Amsterdam  
The Netherlands  
tel +31 (0)20 521 4777  
fax +31 (0)20 521 4888  
[info@intertrustgroup.com](mailto:info@intertrustgroup.com)

## Americas

### Intertrust Bahamas

Providence House  
East Wing, East Hill Street  
P.O. Box CB12400, Nassau  
Bahamas  
tel +1 242 322 5316  
fax +1 242 322 4455  
[nassau@intertrustgroup.com](mailto:nassau@intertrustgroup.com)

### Intertrust Brazil

Rua Leopoldo Couto Magalhães Junior  
758 11° andar – Itaim Bibi  
São Paulo/SP-04542-000  
Brazil  
tel +55 11 2505-9138  
[saopaulo@intertrustgroup.com](mailto:saopaulo@intertrustgroup.com)

### Intertrust BVI

Ritter House, Wickhams Cay II  
P.O. Box 4041 Road Town  
VG1110 Tortola  
British Virgin Islands  
tel +1 284 852 7900  
fax +1 284 494 9390  
[bvi@intertrustgroup.com](mailto:bvi@intertrustgroup.com)

## Intertrust Canada

330 Bay Street – Suite 1400  
Toronto ON M5H 2S8  
Canada  
tel +1 416 645 9099  
fax +1 416 907 2183  
[toronto@intertrustgroup.com](mailto:toronto@intertrustgroup.com)

## Intertrust Cayman Islands

190 Elgin Avenue  
George Town  
Grand Cayman, KY1-9005  
Cayman Islands  
tel +1 345 943 3100  
fax +1 345 945 4757  
[cayman@intertrustgroup.com](mailto:cayman@intertrustgroup.com)

## Intertrust Curaçao

Zeelandia Office Park  
Kaya W.F.G. (Jombi)  
Mensing 14  
Willemstad, Curaçao  
tel +599 9 433 1000  
fax +599 9 461 4129  
[curacao@intertrustgroup.com](mailto:curacao@intertrustgroup.com)

## Intertrust United States

715 Peachtree Street NE, 1st floor  
Atlanta, GA 30308  
United States of America  
tel +1 404 885 6075  
[atlanta@intertrustgroup.com](mailto:atlanta@intertrustgroup.com)

200 South Wacker Drive, 31st floor  
Chicago, IL 60606  
United States of America  
tel +1 312 674 4672  
[chicago@intertrustgroup.com](mailto:chicago@intertrustgroup.com)

200 Bellevue Parkway – Suite 210  
Wilmington, DE 19809  
United States of America  
tel +1 302 798 5867  
fax +1 302 798 5841  
[delaware@intertrustgroup.com](mailto:delaware@intertrustgroup.com)

1200 Smith Street – Suite 1600  
Houston, TX 77002  
United States of America  
tel +1 713 353 8873  
[houston@intertrustgroup.com](mailto:houston@intertrustgroup.com)

275 Madison Avenue – Suite 1614  
New York, NY 10016  
United States of America  
tel +1 212 949 5530  
fax +1 212 949 1271  
[newyork@intertrustgroup.com](mailto:newyork@intertrustgroup.com)

505 Montgomery Street – Suite 1022  
San Francisco, CA 94111  
United States of America  
tel +1 415 874 3146  
fax +1 415 283 3046  
[sanfrancisco@intertrustgroup.com](mailto:sanfrancisco@intertrustgroup.com)

## Asia & Middle East

### Intertrust Bahrain

13th Floor NBB Tower  
Government Avenue  
P.O. Box 10561 Manama  
Kingdom of Bahrain  
tel +973 1710 3480  
fax +973 1710 3498  
[bahrain@intertrustgroup.com](mailto:bahrain@intertrustgroup.com)

### Intertrust China

Room 1009, 10th Floor  
CBD International Mansion  
16 Yong An Dong Li, Chaoyang District  
Beijing, China 100022  
tel +86 10 6514 8686  
fax +86 10 6512 1378  
[beijing@intertrustgroup.com](mailto:beijing@intertrustgroup.com)

Room 911, Yingkai Plaza  
No. 16 Huaxia Road, Tianhe District  
Guangzhou, China 510623  
tel +86 20 3885 8686  
fax +86 20 3885 0686  
[guangzhou@intertrustgroup.com](mailto:guangzhou@intertrustgroup.com)

Unit 01, 3rd Floor, 100 Bund Square  
No. 100 Zhong Shan Road South,  
Huangpu, Shanghai, China 200010  
tel +86 21 5098 8686  
fax +86 21 5049 1378  
[shanghai@intertrustgroup.com](mailto:shanghai@intertrustgroup.com)

### Intertrust Dubai

Unit 1306, Level 13  
Tower II, Al Fattan Currency House, DIFC  
P.O. Box 506615, Dubai  
United Arab Emirates  
tel +971 4 3780 600  
fax +971 4 3780 606  
[dubai@intertrustgroup.com](mailto:dubai@intertrustgroup.com)

### Intertrust Hong Kong

3806 Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong  
tel +852 2802 7711  
fax +852 2802 7733  
[hongkong@intertrustgroup.com](mailto:hongkong@intertrustgroup.com)

### Intertrust Japan

Holland Hills Mori Tower RoP – Suite 803  
5-11-1 Toranomon Minato-ku  
Tokyo 105-0001  
Japan  
[japan@intertrustgroup.com](mailto:japan@intertrustgroup.com)

### Intertrust Singapore

77 Robinson Road  
13-00 Robinson 77  
Singapore 068896  
tel +65 6500 6400  
fax +65 6438 6221  
[singapore@intertrustgroup.com](mailto:singapore@intertrustgroup.com)

## Europe

### Intertrust Belgium

97 Rue Royale, 4th floor  
1000 Brussels, Belgium  
tel +32 2209 22 00  
fax +32 2209 22 99  
[brussels@intertrustgroup.com](mailto:brussels@intertrustgroup.com)

### Intertrust Cyprus

Spyrou Kyprianou 47  
1st floor, Mesa Geitonia  
4004 Limassol, Cyprus  
tel +357 2525 7120  
fax +357 2525 7121  
[cyprus@intertrustgroup.com](mailto:cyprus@intertrustgroup.com)

### Intertrust Denmark

Harbour House  
Sundkrogsgade 21  
2100 Copenhagen  
Denmark  
tel +45 3318 9000  
fax +45 3318 9001  
[copenhagen@intertrustgroup.com](mailto:copenhagen@intertrustgroup.com)

### Intertrust Finland

Lautatarhankatu 6  
FI-00580 Helsinki  
Finland  
tel +358 9 8560 6303  
[helsinki@intertrustgroup.com](mailto:helsinki@intertrustgroup.com)

### Intertrust Germany

Grüneburgweg 58  
6260322 Frankfurt am Main  
Germany  
tel +49 69 643 508 900  
[frankfurt@intertrustgroup.com](mailto:frankfurt@intertrustgroup.com)

### Intertrust Guernsey

P.O. Box 119  
Martello Court, Admiral Park  
St. Peter Port, Guernsey GY1 3HB  
tel +44 1481 211 000  
fax +44 1481 211 001  
[guernsey@intertrustgroup.com](mailto:guernsey@intertrustgroup.com)

### Intertrust Ireland

2nd Floor, 1-2 Victoria Buildings  
Haddington Road  
Dublin 4 D04 XN32  
Ireland  
tel +353 16686 152  
fax +353 16688 968  
[dublin@intertrustgroup.com](mailto:dublin@intertrustgroup.com)

### Intertrust Jersey

44 Esplanade  
St Helier  
Jersey JE4 9WG  
tel +44 1534 504000  
fax +44 1534 504444  
[jersey@intertrustgroup.com](mailto:jersey@intertrustgroup.com)

### Intertrust Luxembourg

Vertigo Naos Building  
6, Rue Eugène Ruppert  
L-2453 Luxembourg  
Luxembourg  
tel +352 26 44 91  
fax +352 26 44 9900  
[luxembourg@intertrustgroup.com](mailto:luxembourg@intertrustgroup.com)

### Intertrust Netherlands

Prins Bernhardplein 200  
P.O. Box 990  
1000 AZ Amsterdam  
The Netherlands  
tel +31 20 521 4777  
fax +31 20 521 4888  
[amsterdam@intertrustgroup.com](mailto:amsterdam@intertrustgroup.com)

Beurs - World Trade Center  
Beursplein 37, P.O. Box 30055  
3001 DB Rotterdam  
The Netherlands  
tel +31 10 205 4300  
fax +31 10 205 4309  
[rotterdam@intertrustgroup.com](mailto:rotterdam@intertrustgroup.com)

### Intertrust Norway

Bryggegate 6, 5th floor  
P.O. Box 2051 Vika  
0125 Oslo, Norway  
tel +47 23 30 83 20  
fax +47 23 30 83 29  
[oslo@intertrustgroup.com](mailto:oslo@intertrustgroup.com)

### Intertrust Portugal

Campo Grande 137  
1oD - Sala 1  
Lisbon 1700-089  
Portugal  
tel +351 217 740 723  
[lisbon@intertrustgroup.com](mailto:lisbon@intertrustgroup.com)

### Intertrust Spain

Calle Hermosilla 11, 4 planta  
28001 Madrid, Spain  
tel +34 91 781 1671  
fax +34 91 781 8094  
[madrid@intertrustgroup.com](mailto:madrid@intertrustgroup.com)

### Intertrust Sweden

Norra Vallgatan 70  
211 22 Malmö, Sweden  
tel +46 40 973 250  
fax +46 40 973 252  
[malmö@intertrustgroup.com](mailto:malmö@intertrustgroup.com)

Sveavägen 9  
P.O. Box 162 85  
103 25 Stockholm, Sweden  
tel +46 8 402 72 00  
tel +46 8 402 72 01  
[stockholm@intertrustgroup.com](mailto:stockholm@intertrustgroup.com)

### Intertrust Switzerland

Rue Philippe-Plantamour 18-20  
1201 Geneva, Switzerland  
tel +41 22 317 80 00  
fax +41 22 317 80 11  
[geneva@intertrustgroup.com](mailto:geneva@intertrustgroup.com)

Alpenstrasse 15  
6300 Zug, Switzerland  
tel +41 41 726 82 00  
fax +41 41 726 82 50  
[zug@intertrustgroup.com](mailto:zug@intertrustgroup.com)

Limmatquai 72  
P.O. Box 475  
8024 Zürich, Switzerland  
tel +41 44 233 30 20  
fax +41 44 233 30 21  
[zurich@intertrustgroup.com](mailto:zurich@intertrustgroup.com)

### Intertrust Turkey

Çeçen Sokak Akasya Business Tower  
Floor 28, Suite No. 172 34660  
Acıbadem, Üsküdar, Istanbul, Turkey  
tel +90 216 510 5465  
fax +90 216 510 5419  
[turkey@intertrustgroup.com](mailto:turkey@intertrustgroup.com)

### Intertrust United Kingdom

35 Great St. Helen's  
London EC3A 6AP  
United Kingdom  
tel +44 20 7160 5000  
fax +44 20 7160 5099  
[london@intertrustgroup.com](mailto:london@intertrustgroup.com)

# Glossary

## Defined terms

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of the defined terms used in this Annual Report

### Adjusted EBITDA

EBITDA before specific items and before one-off revenue / expenses. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding about financial performance. Specific items include (i) transaction and monitoring costs; (ii) integration costs; (iii) income / expenses related to disposal of assets; and (iv) share-based payment upon IPO. Specific items are not of an operational nature and do not represent core operating results. One-off revenue consists mainly of revenue related to the release of one-off provisions. The one-off expenses are related to redundancies, legal costs and settlement fees

### Adjusted EBITA

Adjusted EBITDA after depreciation and software amortisation

### Adjusted EBITA margin

Adjusted EBITA divided by adjusted revenue, and is expressed as a percentage

### Adjusted earnings per share

Adjusted net income divided by the average number of shares outstanding at 31 December 2016. Average for FY2016: 88,942,943

### Adjusted net income

Adjusted EBITA less net interest costs and less tax costs

### Adjusted revenue

Revenue adjusted for one-off revenue in 2015 which consisted mainly of revenues related to the release of one-off provision(s)

### AEoI

Automatic Exchange of Information

### AMX

Amsterdam Midkap Index

### AFM

The Netherlands Authority for the Financial Markets or *Stichting Autoriteit Financiële Markten*

### AIFMD

The Alternative Investment Fund Managers Directive (2011/61/EU)

### Articles of Association

The articles of association (*statuten*) of the Company

### ATC

ATC Midco S.à r.l. and its subsidiaries

### ATC acquisition

The acquisition by Intertrust Group B.V. of ATC on 9 August 2013

### ARPE

Average Adjusted Revenue Per Entity

### Audit and Risk Committee

The Audit and Risk Committee of the Supervisory Board

### BAR

Business Application Roadmap

### BEPS

The Base Erosion and Profit Shifting Project

### Blackstone

Blackstone Perpetual Topco S.à r.l.



## CAGR

Compounded Annual Growth Rate

## Capital expenditure

Investments in property, plant, equipment and software not related to acquisitions

## Cash conversion ratio including strategic capital expenditures

Adjusted EBITDA less capital expenditure, including strategic capital expenditures, divided by adjusted EBITDA and is expressed as a percentage

## Cash conversion ratio excluding strategic capital expenditures

Adjusted EBITA less capital expenditure, excluding strategic capital expenditures, divided by adjusted EBITDA and is expressed as a percentage

## CIMA

The Cayman Islands Monetary Authority

## Close Brothers Cayman

Close Brothers (Cayman) Limited and Close Bank (Cayman) Limited

## Close Brothers Cayman acquisition

The acquisition of Close Brothers Cayman by Intertrust Holding (Cayman) Limited as completed on 1 June 2011

## Company

Intertrust N.V.

## CorpNordic

CorpNordic Holding A/S and its subsidiaries

## CorpNordic acquisition

The acquisition of CorpNordic by Intertrust (Denmark) A/S as completed on 4 June 2015

## COSO

Committee of Sponsoring Organizations of the Treadway Commission

## COSO-ERM Framework

COSO Enterprise Risk Management-Integrated Framework

## CSSF

The Luxembourg Commission for the Supervision of the Financial Sector or *Commission de Surveillance du Secteur Financier*

## CRS

Corporate Risk Solutions Limited and its subsidiaries

## CRS

Common Reporting Standard

## DNB

The Dutch Central Bank or *De Nederlandsche Bank*

## Dutch Corporate Governance Code or Code

The Dutch Corporate Governance Code 2008

## EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation

## Eliau

Eliau Topco Limited

## Eliau acquisition

The acquisition of Eliau by Intertrust as completed on 23 September 2016

## EOP

Executive Ownership Plan

## ESOP

Employee Stock Ownership Plan

### Euronext Amsterdam

The regulated market operated by Euronext Amsterdam N.V.

### EUR or €

The single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time

### Executive Committee or ExCo

The Executive Committee of Intertrust

### FATCA

The Foreign Account Tax Compliance Act

### FDI

Foreign Direct Investment

### First trading date

15 October 2015, the date on which trading in the Offer Shares on Euronext Amsterdam commenced

### FTEs

Full-Time Equivalents

### GBP or £

The lawful currency of the United Kingdom

### General Meeting

The general meeting (*algemene vergadering*) of the Company

### Group

The Company and its subsidiaries from time to time

### GFSC

The Guernsey Financial Services Commission

### IaaS

Infrastructure as a Service

### IFRS

International Financial Reporting Standards as adopted by the European Union

### Infrastructure 2.0

A project to modernise the IT datacentre infrastructure, by consolidating core data from various on-premise data centres, onto private cloud (Infrastructure-as-a-Service) and public cloud (Microsoft Online), where permitted

### Intertrust acquisition

The acquisition by Intertrust Group B.V. of Intertrust International Topholding B.V. on 2 April 2013

### KPMG

KPMG Accountants N.V.

### LTIP

Long-Term Incentive Plan

### Management Board

The Management Board (*bestuur*) of the Company

### MEP

Management Employees Participation Plan

### Net debt leverage ratio

Net debt leverage ratio is defined as total net debt divided by the adjusted EBITDA of Intertrust, including adjusted EBITDA proforma contribution for acquisitions and full year run-rate synergies related to acquisitions (acquisitions in 2016: Elian, 2015: CorpNordic)

### Net interest

Net finance cost excluding Forex gains and losses

### OECD

Organisation for Economic Co-operation and Development

### Operating free cash flow

Adjusted EBITDA less capital expenditure, excluding strategic capital expenditures. We define strategic capital expenditures as capital expenditures relating to the Business Application Roadmap, or relating to investments in IT infrastructure in connection with the Business Application Roadmap

### Operating cash flow conversion

Operating free cash flow divided by adjusted EBITDA and is expressed as a percentage

### Shares

The ordinary shares in the capital of the Company

### Relationship Agreement

The relationship agreement dated on or about 2 October 2015 between the Company and Blackstone

### Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee of the Supervisory Board

### SaaS

Software as a Service

### SFM

Structured Finance Management (SFM) Europe, acquired by Elian in 2015

### Shareholder

Any holder of Ordinary Shares at any time

### Stand-alone

For 2016 figures, Intertrust excluding Elian. For 2015 figures, includes Jul-Dec 2015 CorpNordic figures

### Supervisory Board

The Supervisory Board (*raad van commissarissen*) of the Company

### Underlying

Intertrust stand-alone (excluding Elian) at constant currency and, for full year, including Jan-Jun 2015 CorpNordic figures

### UBO

Ultimate beneficial owner

### USD or \$

The lawful currency of the United States

# Consolidated and Company Financial Statements

Consolidated statement of profit or loss	122	24. Loans and borrowings	161
Consolidated statement of comprehensive income	123	25. Employee benefits	163
Consolidated statement of financial position	124	26. Deferred income	166
Consolidated statement of changes in equity	125	27. Provisions	166
Consolidated statement of cash flows	126	28. Financial instruments	167
Notes to the consolidated financial statements	128	29. Operating leases	173
1. Reporting entity	128	30. Commitments	174
2. Basis of preparation	128	31. Contingencies	174
3. Significant accounting policies	130	32. Related parties	174
4. Non IFRS Financial measures	141	33. Group entities	178
5. Operating segments	142	34. Non-controlling entities	179
6. Acquisition of subsidiaries	144	35. Subsequent events	179
7. Staff expenses	147	Intertrust N.V. Balance Sheet	180
8. Share-based payment arrangements	147	Intertrust N.V. Income statement	181
9. Other operating expenses	149	Intertrust N.V. Statement of changes in equity	182
10. Other operating income	150	Notes to the Intertrust N.V. financial statements	183
11. Depreciation and amortisation	150	36. Reporting entity	183
12. Finance income and finance costs	150	37. Basis of preparation	183
13. Income tax expense	151	38. Significant accounting policies	183
14. Earnings per share	152	39. Investments in participating interests	183
15. Property, plant and equipment	153	40. Loans to participating interests	184
16. Intangible assets and goodwill	153	41. Shareholders' equity	184
17. Investment in equity-accounted investees	155	42. Fees of the auditors	184
18. Other financial assets and other financial liabilities	155	43. Remuneration	185
19. Deferred tax assets and liabilities	156	44. Off-balance sheet commitments	185
20. Trade receivables	157	45. Subsequent events	185
21. Other receivables and other payables	158	46. Appropriation of Result	185
22. Cash and cash equivalents	158	Independent auditor's report	186
23. Capital and reserves	159		

## Consolidated statement of profit or loss

(EUR 000)	Note	2016	2015
<b>Revenue</b>		<b>385,753</b>	<b>344,590</b>
Staff expenses	7	(170,656)	(144,882)
<i>thereof share-based payment upon IPO</i>		(4,119)	(4,354)
<i>thereof share-based payment upon integration</i>		(358)	-
Rental expenses		(20,116)	(17,246)
Other operating expenses	9	(50,460)	(41,636)
<i>thereof transaction &amp; monitoring costs</i>		(4,153)	(5,303)
<i>thereof integration costs</i>		(8,462)	(3,115)
Other operating income	10	107	3,725
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>144,628</b>	<b>144,551</b>
Depreciation and amortisation	11	(42,515)	(37,262)
<b>Profit/(loss) from operating activities</b>		<b>102,113</b>	<b>107,289</b>
Finance income		172	73
Finance costs		(30,780)	(100,702)
<b>Net Finance costs</b>	12	<b>(30,608)</b>	<b>(100,629)</b>
Share of profit of equity-accounted investees (net of tax)		(29)	(42)
<b>Profit/(loss) before income tax</b>		<b>71,476</b>	<b>6,618</b>
Income tax	13	(19,518)	(3,980)
<b>Profit/(loss) for the year after tax</b>		<b>51,958</b>	<b>2,638</b>
<i>Profit/(loss) for the year after tax attributable to:</i>			
Owners of the Company		51,884	2,669
Non-controlling interests		74	(31)
<b>Profit/(loss) for the year</b>		<b>51,958</b>	<b>2,638</b>
Basic earnings per share (EUR)	14	0.58	0.12
Diluted earnings per share (EUR)	14	0.58	0.12

The Notes on pages 128 to 179 are an integral part of these consolidated financial statements.



## Consolidated statement of comprehensive income

(EUR 000)	Note	2016	2015
<b>Profit/(loss) for the year after tax</b>		<b>51,958</b>	<b>2,638</b>
Actuarial gains and losses on defined benefit plans		133	(2,037)
Income tax on actuarial gains and losses on defined benefit plans		-	259
<b>Items that will never be reclassified to profit or loss</b>		<b>133</b>	<b>(1,778)</b>
Foreign currency translation differences - foreign operations		7,520	12,824
Net movement on cash flow hedges		(1,744)	2,826
Income tax on net movement on cash flow hedges		436	(706)
<b>Items that are or may be reclassified to profit or loss</b>		<b>6,212</b>	<b>14,944</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>6,345</b>	<b>13,166</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>58,303</b>	<b>15,804</b>
<i>Total comprehensive income/(loss) for the year attributable to:</i>			
Owners of the Company		58,229	15,832
Non-controlling interests		74	(28)
<b>Total comprehensive income/(loss) for the year</b>		<b>58,303</b>	<b>15,804</b>

The [Notes](#) on pages [128](#) to [179](#) are an integral part of these consolidated financial statements.

## Consolidated statement of financial position

(EUR 000)	Note	31.12.2016	31.12.2015
<b>Assets</b>			
Property, plant and equipment	15	20,167	11,271
Intangible assets	16	1,580,487	1,064,460
Investments in equity-accounted investees	17	707	257
Other non current financial assets	18	3,820	4,142
Deferred tax assets	19	2,480	7,083
<b>Non-current assets</b>		<b>1,607,661</b>	<b>1,087,213</b>
Trade receivables	20	99,160	80,996
Other receivables	21	15,021	16,454
Work in progress		31,984	17,992
Current tax assets		945	688
Other current financial assets	18	1,627	1,204
Prepayments		8,167	5,362
Cash and cash equivalents	22	69,858	80,464
<b>Current assets</b>		<b>226,762</b>	<b>203,160</b>
<b>Total assets</b>		<b>1,834,423</b>	<b>1,290,373</b>
<b>Equity</b>			
Share capital		55,200	51,133
Share premium		630,441	513,423
Reserves		42,345	91
Retained earnings		29,887	(2,457)
<b>Equity attributable to owners of the Company</b>		<b>757,873</b>	<b>562,190</b>
Non-controlling interests		1,930	124
<b>Total equity</b>	<b>23</b>	<b>759,803</b>	<b>562,314</b>
<b>Liabilities</b>			
Loans and borrowings	24	781,221	523,676
Other non current financial liabilities	18	1,763	19
Employee benefits liabilities	25	3,082	2,802
Deferred income		8,677	8,303
Provisions	27	1,147	828
Deferred tax liabilities	19	85,659	72,318
<b>Non-current liabilities</b>		<b>881,549</b>	<b>607,946</b>
Loans and borrowings	24	18,072	129
Trade payables		10,636	6,221
Other payables	21	66,974	54,884
Deferred income	26	71,467	46,711
Provisions	27	2,219	1,047
Current tax liabilities		23,703	11,121
<b>Current liabilities</b>		<b>193,071</b>	<b>120,113</b>
<b>Total liabilities</b>		<b>1,074,620</b>	<b>728,059</b>
<b>Total equity &amp; liabilities</b>		<b>1,834,423</b>	<b>1,290,373</b>

The Notes on pages 128 to 179 are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

		For the period ended 31 December 2016								
		Attributable to owners of the Company							Non-controlling interests	Total equity
(EUR 000)	Note	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve		
Balance at 01 January 2016		51,133	513,423	(2,457)	107	(16)	-	-	562,190	124
Profit/(loss) for the year		-	-	51,884	-	-	-	-	51,884	74
Other comprehensive income/(loss) for the year, net of tax		-	-	133	7,520	(1,308)	-	-	6,345	-
<b>Total comprehensive income/(loss) for the year</b>		-	-	52,017	7,520	(1,308)	-	-	58,229	74
<i>Contributions and distributions</i>										
Issue of ordinary shares	23	4,067	117,018	-	-	-	-	-	121,085	-
Equity-settled share-based payment		-	-	5,988	-	-	-	-	5,988	-
Business combination	6	-	-	-	-	-	-	36,118	36,118	-
Purchase of treasury shares		-	-	-	-	-	(3,657)	-	(3,657)	-
Treasury shares delivered		-	-	(3,581)	-	-	3,581	-	-	-
Dividends	23	-	-	(22,080)	-	-	-	-	(22,080)	-
<b>Total contributions and distributions</b>		4,067	117,018	(19,673)	-	-	(76)	36,118	137,454	-
<i>Changes in ownership interests</i>										
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(177)
Acquisition of subsidiary with non-controlling interest	6	-	-	-	-	-	-	-	-	1,909
<b>Total changes in ownership interest</b>		-	-	-	-	-	-	-	-	1,732
<b>Total transactions with owners of the Company</b>		4,067	117,018	(19,673)	-	-	(76)	36,118	137,454	1,732
<b>Balance at 31 December 2016</b>		55,200	630,441	29,887	7,627	(1,324)	(76)	36,118	757,873	1,930

		For the period ended 31 December 2015								
		Attributable to owners of the Company							Non-controlling interests	Total equity
(EUR 000)	Note	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve		
Balance at 01 January 2015		1,135	10,219	(4,294)	(12,714)	(2,135)	-	-	(7,789)	152
Profit/(loss) for the year		-	-	2,669	-	-	-	-	2,669	(31)
Other comprehensive income/(loss) for the year, net of tax		-	-	(1,778)	12,821	2,120	-	-	13,163	3
<b>Total comprehensive income/(loss) for the year</b>		-	-	892	12,821	2,120	-	-	15,832	(28)
<i>Contributions and distributions</i>										
Issue of ordinary shares	23	18,133	439,488	-	-	-	-	-	457,621	-
Capital reorganisation under common control	23	31,865	63,716	-	-	-	-	-	95,581	-
Equity-settled share based payment		-	-	945	-	-	-	-	945	-
<b>Total contributions and distributions</b>		49,998	503,204	945	-	-	-	-	554,147	-
<b>Total transactions with owners of the Company</b>		49,998	503,204	945	-	-	-	-	554,147	-
<b>Balance at 31 December 2015</b>		51,133	513,423	(2,457)	107	(16)	-	-	562,190	124

The Notes on pages 128 to 179 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

(EUR 000)	Note	2016	2015
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		51,958	2,638
<i>Adjustments for:</i>			
Income tax expense	13	19,518	3,980
Share of loss/(profit) of equity-accounted investees		29	42
Net finance costs	12	30,608	100,629
Depreciation / Impairment of tangible assets	11	4,256	3,390
Amortisation / Impairment of intangible assets	11	38,259	33,872
(Gain)/loss on sale of non-current assets		473	(1,325)
Other non cash items		6,380	(2,856)
		<b>151,481</b>	<b>140,370</b>
<i>Changes in:</i>			
(Increase)/decrease in trade working capital	(*)	4,966	(1,178)
(Increase)/decrease in other working capital	(**)	2,475	(1,656)
Increase/(decrease) in provisions	27	(564)	(151)
Changes in foreign currency		(1,735)	(1,179)
<i>Related to specific items:</i>			
Increase/(decrease) in payables		(275)	(2,851)
Increase/(decrease) in provisions	27	1,700	(632)
		<b>158,048</b>	<b>132,723</b>
Income tax paid		(5,653)	(5,176)
<b>Net cash from/(used in) operating activities</b>		<b>152,395</b>	<b>127,547</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		23	4
Proceeds from sale of Investments		-	1,343
Purchase of intangible assets	16	(4,284)	(9,677)
Purchase of tangible assets	15	(7,086)	(3,398)
Acquisitions, net of cash acquired		(171,541)	(22,277)
(Increase)/decrease in other financial assets		577	(300)
Interest received	12	172	73
<b>Net cash from/(used in) investing activities</b>		<b>(182,139)</b>	<b>(34,232)</b>

The Notes on pages 128 to 179 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows (continued)

(EUR 000)	Note	2016	2015
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	23	120,780	450,706
Proceeds from bank borrowings	24	296,295	528,238
Acquisition of treasury shares		(3,657)	-
Payment of financing costs		(6,822)	(9,031)
Repayment of loans and borrowings banks		(22,190)	(966,735)
Repayment of loans and borrowings following acquisitions		(322,389)	(1,545)
Interest and other finance expenses paid		(17,218)	(52,682)
Dividends paid		(22,080)	-
Dividends paid to non-controlling interest		(177)	-
<b>Net cash from/(used in) financing activities</b>		<b>22,542</b>	<b>(51,049)</b>
<b>Net increase/(decrease) in cash</b>		<b>(7,202)</b>	<b>42,266</b>
Cash attributable to the Company at the beginning of the period	22	66,472	23,234
Effect of exchange rate fluctuations on cash attributable to the Company		(7,537)	972
<b>Cash attributable to the Company at the end of the period</b>		<b>51,733</b>	<b>66,472</b>
Cash held on behalf of clients at the end of the period	22	18,125	13,992
<b>Cash and cash equivalents at the end of the period</b>	<b>22</b>	<b>69,858</b>	<b>80,464</b>

(\*) Trade Working capital is defined by the net (increase)/decrease in Trade receivables, Work in progress, Trade payables and Deferred income

(\*\*) Other Working capital is defined by the net (increase)/decrease in Other receivables, Prepayments and Other payables (excl. liabilities for cash held on behalf of clients)

The Notes on pages 128 to 179 are an integral part of these consolidated financial statements.



# Notes to the consolidated financial statements

## 1. Reporting entity

Intertrust N.V. (the "Company") is a company domiciled in The Netherlands and was incorporated on 8 September 2014. The address of the Company's registered office is Prins Bernhardplein 200, Amsterdam, the Netherlands.

The financial statements of the Company for the period from 1 January 2016 to 31 December 2016 comprise the Company and its subsidiaries (together referred as the "Group" and individually as "Group entities") and the Group's interest in associates.

In 2015, the Company became the parent of the Group by the contribution of the entire issued and outstanding share capital of Intertrust Topholding (Luxembourg) S.à r.l. and the outstanding amounts under the Shareholder loans to the Company's shareholder's equity as a capital contribution. The capital contribution has been accounted for as a capital reorganisation under common control and measured at the IFRS historical carrying values of Intertrust Topholding (Luxembourg) S.à r.l. The consolidated financial statements are therefore presented as if the Company had been the parent company of the Group throughout the periods presented.

The Company began trading its shares on Euronext Amsterdam on 15 October 2015 following an Initial Public Offering (IPO). The Group provides corporate and funds services, private client services and capital markets services. At 31 December 2016, the Group has operations in 30 countries and employs 2,359 FTEs (full time equivalent employees) (31 December 2015: 1,714 FTEs).

## 2. Basis of preparation

### 2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union for use in the EU (EU IFRS) effective as at 31 December 2015 and in accordance with Title 9 Book 2 of the Dutch Civil Code.

These consolidated financial statements were authorised for issue by the Management Board on 31 March 2017. They are subject to approval by the Annual General Meeting of Shareholders.

### 2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value;
- Defined benefit (assets) liabilities are recognised at the fair value of plan assets less the present value of defined benefit obligation, as explained in [Note 3.3](#)

### 2.3. Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand (EUR 000), unless otherwise indicated.

## 2.4. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 16.1: impairment test: key assumptions underlying recoverable amounts of cash generating units.
- Note 19: recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.
- Note 27: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in the following notes:

- Note 28.6 "Fair values of financial instruments"
- Note 3.4 "Equity-settled share-based payment arrangements"

## 2.5. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

In the current year, the Group has applied the following new standards and amendments to standards that are mandatorily effective for an accounting period that begins on or after 1 January 2016:

- Disclosure Initiative (Amendments to IAS 1)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements to IFRSs 2012–2014 Cycle (Amendments to IFRSs)

These changes and all other amendments had no significant impact on the disclosures or amounts recognised in the consolidated financial statements.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

### 3.1. Basis of consolidation

#### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### Non-controlling interests

Non-controlling interests are measured either at their proportionate share of the acquiree's identifiable net assets or at fair value at the acquisition date. The choice of measurement is made on an acquisition-by-acquisition basis.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise only interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.2. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. Revenue is recognised in profit or loss to the prorated part of the services rendered to the client during the reporting date. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Revenue comprises corporate and fund services, private client services and capital markets services. Revenue also includes subleasing rental income to Group clients.

## 3.3. Employee benefits

### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

## 3.4. Equity-settled share-based payment arrangements

The Company operates equity-settled share-based payment arrangements, under which services are received from Management Board members and eligible employees.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment awards made; including the impact of any non-vesting conditions and market conditions.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of awards that will eventually vest, with a corresponding credit to equity.

At each reporting date, the Company revises its estimates of the number of awards that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement for the period.

The employer social security contributions payable in connection with an award made is considered an integral part of the award, and the charge is treated as a cash-settled share-based payment transaction.

## 3.5. Leases

The Group principally enters into operating leases for the rental of equipment and buildings. Payments done under such leases are typically charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be done to the lessor by way of penalty is recognised as an expense in the



period in which termination takes place. Any incentives received from the lessor in relation to operating leases are recognised as a reduction of rental expense over the lease term on a straight line basis.

### 3.6. Finance income and finance costs

Finance income comprises interest income on loans and receivables, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss and gains on the remeasurement to fair value of any pre-existing interest in an acquiree. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on loans and borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit and loss, impairment losses on financial assets (other than trade receivables), gains and losses on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income.

Transaction costs that are directly attributable to the acquisition or issue a financial instrument are capitalised to the associate instrument and amortised to the profit or loss over the contractual term using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or loss position.

### 3.7. Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- financial liabilities designated as hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

#### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date (closing rates). The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

The Group doesn't own nor control any foreign operations in hyperinflationary economies.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

### Hedge of a net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of foreign operation and the Company's functional currency (euro).

To the extent that the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated in the translation reserve. Any remaining differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

## 3.8. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### 3.9. Financial instruments

#### Classification and measurement

The group classifies issued financial instruments, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. Instruments are classified as equity if, and only if:

- The instrument includes no contractual obligation to deliver cash (or another financial asset) to another entity or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable; and
- If the instrument will or may be settled in the Group's own equity instruments, it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

#### Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position if, and only if, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans, trade receivables and other receivables.

## Cash and cash equivalents

Cash and cash equivalents comprise cash balances bank accounts, cash on hand and cash in short-term deposits with maturities of three months or less.

## Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale, or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

When investments in equity instruments do not have a quoted market price in an active market and its fair value cannot be reliably they measured are measured at cost.

Available-for-sale financial assets comprise equity shares.

## Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings and trade and other payables.

## Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and the accounting for the changes therein depend on whether the derivative is designated as a hedging instrument or not.

## Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

### Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

## 3.10. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and all costs directly attributable to bringing the asset to working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing cost, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated to write off the cost of property, plant and equipment less their residual values on a straight-line basis over their expected useful lives as follows:

- Leasehold improvements 5 to 15 years – not exceeding the remaining lease terms
- Equipment & motor vehicles 3 to 10 years
- IT equipment 3 to 5 years

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted prospectively, if appropriate.

## 3.11. Intangible fixed assets and goodwill

### Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see [Note 3.1](#).

After initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

### Intangible assets acquired separately

Intangible assets that are acquired separately by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Group does not have intangible assets with indefinite useful lives.

Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives from the date that they are available for use. The amortisation expense is recognised in the consolidated statement of comprehensive income in the "Depreciation and amortisation" caption. The estimated useful lives are as follows:

- Software 1 to 5 years
- Brand name 20 years
- Customer relationships 14 to 17 years

Amortisation methods, estimated useful lives and residual value, are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis.

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### 3.12. Work in progress

Work in progress represents the net unbilled amount expected to be collected from clients for work performed to date. It is measured at the chargeable rate agreed with the individual clients less progress billed.

### 3.13. Impairment of assets

#### Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

#### Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than work in progress, current and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.14. Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to work in progress, financial assets and current and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible fixed assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

### 3.15. Share capital

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### Repurchase and reissue of ordinary shares (treasury shares)

When share capital are recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

#### Dividends

Dividends are recognised as a liability in the period in which they are declared.

### 3.16. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the impact of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### Legal matters

A provision for legal matters is recognised to cover the costs such as legal proceedings or legal requirements imposed under new legislation.

#### Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

#### Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

### 3.17. New standards and interpretations

#### New standards and interpretations issued but not yet adopted

A number of amendments to existing, as well as the issue of new accounting standards are applicable from or after the beginning of the Group's next annual reporting period. The expected impact of these standards is summarised below:

IFRS 9, published in July 2014, replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on classification and measurement of financial instruments, including an expected credit loss model for calculating impairment on financial assets. In addition, IFRS 9 provides a revised hedging model. All of the Group's hedge relationships are expected to continue under IFRS 9. The Group will implement IFRS 9 per 1 January 2018. Based on preliminary assessments, IFRS 9 will have limited impact on its consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers', published in May 2014, establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing guidance, including IAS 18 'Revenue' and IAS 11 'Construction Contracts' and will be implemented by the Group per 1 January 2018. The Group has made a high level impact assessment. Based on this preliminary assessment, the Group expects that for some annual fixed fee services provided to customers, the recognition of revenue over time may not qualify anymore but instead should be recognised at a point in time. The impact on annual reporting is expected to be limited but will be further investigated in 2017.

IFRS 16 'Leases', published in January 2016, introduces a new definition of a lease and eliminates the current dual accounting model for lessees, bringing most leases on-balance in the financial statements of the lessee. It replaces existing guidance on leases, including IAS 17. The Group expects to implement IFRS 16 per 1 January 2019. The Group has a significant number of operating lease contracts (see [Note 29](#)), mainly for real estate and therefore the following changes are expected upon transition to IFRS 16:

- Assets and liabilities of the Group are expected to increase due to recognition of the right-of-use asset and a lease liability.
- Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) will increase as the lease payments will be presented as depreciation and net finance expense rather than operational cost. Earnings before Interest, Taxes and Amortisation (EBITA) is not expected to materially change.
- Operating cash flow will increase and investing and financing cash flow will decrease as the lease payments will no longer be considered as operational.

A more detailed impact assessment will be made during 2017 and 2018.

The following new or amended standards are not expected to have a significant impact on the consolidated financial statements:

- Disclosure Initiative (amendments to IAS 7)
- Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)
- Classification and measurement of Share-based Payments (amendments to IFRS 2).

## 4. Non IFRS Financial measures

### 4.1. Definitions

- EBITDA is defined as earnings before interests, taxes, depreciation and amortisation.
- Adjusted EBITDA is defined as EBITDA excluding specific items and adjusted for one-off revenue / expenses.
- Adjusted Revenue is defined as Revenue adjusted for one-off revenue.
- Specific items of income or expenses are income and expenses items that, based on their significance in size or nature, should be separately presented to provide further understanding about the financial performance. Specific items include:
  - Transaction and monitoring costs

- Integration costs
- Share-based payment upon IPO
- Income/expenses related to disposal of assets

Specific items are not of an operational nature and do not represent the core operating results.

- One-off revenue consists mainly of revenues related to the release of one-off provisions. The one-off expenses are related to redundancies, legal costs and settlement fees.
- Adjusted EBITA is defined as Adjusted EBITDA after depreciation and software amortisation.
- Adjusted net income is defined as Adjusted EBITA less net interest costs and less tax costs.
- Adjusted net income per share is defined as adjusted net income divided by the weighted-average number of basic shares for the period.

## 5. Operating segments

### 5.1. Basis for segmentation

The Management Board is the Chief Operating Decision Maker of the Group (CODM). The responsibility of the Management Board is to assess performance and to make resource allocation decisions across the Group.

The analysis of the business is organised and managed on a geographical perspective. Operating segments were defined as Netherlands, Luxembourg, Cayman, Guernsey and Rest of the World. All operating segments are regarded as reportable segments due to their size/importance for the overall understanding of the geographical business. Elia's results from the acquisition are presented in a separate segment defined as "Elia".

They are reported in a manner consistent with the internal reporting provided to and used by the Management Board.

The Management Board evaluates the performance of its segments based on Adjusted Revenue and Adjusted EBITA ("segment Adjusted Revenue" and "segment Adjusted EBITA"). Management considers that such information is the most relevant in evaluating the results of the respective segments.

(EUR 000)	Note	2016	2015
<b>EBITDA</b>		<b>144,628</b>	<b>144,551</b>
Specific items – Transaction & Monitoring costs	9	4,153	5,303
Specific items – Integration costs	9	8,462	3,115
Specific items – Share-based payment upon IPO	7	4,119	4,354
Specific items – Share-based payment upon integration	7	358	-
Specific items – Other operating (income)/expenses	9/10	453	(3,698)
One-off revenue		-	264
One-off expenses		339	(6,296)
<b>Adjusted EBITDA</b>		<b>162,512</b>	<b>147,593</b>
Depreciation and software amortisation	11	(8,741)	(7,177)
<b>Adjusted EBITA</b>		<b>153,771</b>	<b>140,415</b>
<b>Adjusted Revenue</b>		<b>385,753</b>	<b>344,854</b>

The individual Adjusted EBITA by operating segment excludes the allocation of Group IT and HQ costs, that is then deducted from the total.

Profit/(loss) before income tax is not used to measure the performance of the individual segment as items like amortisation of intangibles (except for software) and net finance costs are not allocated to individual segments. So the reconciliation to Profit/(loss) before income tax according to IFRS is done on Group level.

Consistent with the aforementioned reasoning, segment assets/liabilities are not reviewed regularly on a segment basis by management and are therefore not included in the IFRS segment reporting.

## 5.2. Information about reportable segments

(EUR 000)	2016		2015	
	Adjusted Revenue	% Adjusted Revenue	Adjusted Revenue	% Adjusted Revenue
Netherlands	116,882	30%	112,060	32%
Luxembourg	80,907	21%	75,313	22%
Cayman Islands	52,669	14%	58,803	17%
Guernsey	27,675	7%	27,914	8%
Elian	28,496	7%	-	0%
Rest of the World	79,124	21%	70,764	21%
<b>Segment Adjusted Revenue</b>	<b>385,753</b>	<b>100%</b>	<b>344,854</b>	<b>100%</b>

(EUR 000)	2016		2015	
	Adjusted EBITA	% Adjusted EBITA	Adjusted EBITA	% Adjusted EBITA
Netherlands	74,795	49%	71,799	51%
Luxembourg	43,187	28%	37,766	27%
Cayman Islands	30,546	20%	35,249	25%
Guernsey	10,560	7%	10,117	7%
Elian	9,726	6%	-	0%
Rest of the World	25,346	16%	21,986	16%
Group IT and HQ costs (*)	(40,389)	-26%	(36,502)	-26%
<b>Segment Adjusted EBITA</b>	<b>153,771</b>	<b>100%</b>	<b>140,415</b>	<b>100%</b>

(\*) Group IT and HQ costs are not allocated by operating segment

## 5.3. Reconciliation of reportable segment revenue

(EUR 000)	2016	2015
Total adjusted revenue reportable segment	385,753	344,854
One-off revenue	-	(264)
<b>Revenue</b>	<b>385,753</b>	<b>344,590</b>

## 5.4. Reconciliation of reportable segment to profit/(loss) before income tax

(EUR 000)	Note	2016	2015
Adjusted EBITA reportable segment		153,771	140,415
Specific items - Share-based payment upon IPO	7	(4,119)	(4,354)
Specific items - Share-based payment upon integration	7	(358)	-
Specific items - Transaction & Monitoring costs	9	(4,153)	(5,303)
Specific items - Integration costs	9	(8,462)	(3,115)
Specific items - Other operating (income)/expenses	9/10	(453)	3,698
One-off revenue		-	(264)
One-off expenses		(339)	6,296
Amortisation of Intangibles (Customer Relationship & Brand Name)	11	(33,774)	(30,085)
Net finance costs	12	(30,608)	(100,629)
Share of profit of equity-accounted investees		(29)	(42)
<b>Profit/(loss) before income tax</b>		<b>71,476</b>	<b>6,618</b>

## 5.5. Entity-wide disclosures

Management does not distinguish between revenue streams resulting from different products or services. Therefore no further split of revenues is presented.

There is no single customer amounting to 10% or more of Group's revenues.

## 6. Acquisition of subsidiaries

### 6.1. Acquisition of Elia Group

On 23 September 2016, the acquisition of Elia Group ("Elia") from Elia's management and funds managed by Electra Partners LLP has been completed. Elia is a Jersey-based regional trust & corporate services provider, specialist in Capital Markets and Private Equity & Real Estate fund administration, with a leadership position in Jersey and a strong presence in the UK and 13 other jurisdictions.

Elia further reinforces Intertrust's position as the global leader in the trust and corporate services sector by strengthening its Capital Markets and Private Equity & Real Estate Fund Administration Services, expanding its geographical presence to jurisdictions such as Jersey, and adding scale in other key locations like Ireland, the United Kingdom, and Cayman Islands. The combination also enhances the career opportunities available to the combined company's employees. Intertrust's listed company underscores its transparency, adds to its attractiveness as an employer and makes it the "go-to" company for financial institutions, fund, corporations and high net worth individuals.

From acquisition to 31 December 2016, Elia contributed revenue of EUR 28,496 thousand and Adjusted EBITA of EUR 9,726 thousand. Based on management estimates, Elia's revenue for 2016 was GBP 92.2 million and adjusted EBITA was GBP 30.4 million.

#### Identifiable asset acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(EUR 000)	Note	Fair Value recognised on acquisition
Property, plant and equipment	15	6,638
Intangible assets	16	192,699
Investments in equity-accounted investees		479
Trade receivables		13,326
Other receivables		1,401
Work in progress		10,010
Other financial assets		857
Current tax assets		337
Deferred tax assets	19	5
Prepayments		3,680
Cash and cash equivalents		26,172
<b>Assets</b>		<b>255,604</b>
Other financial liabilities		322,621
Deferred income		14,015
Provision	27	250
Current tax liabilities		4,858
Deferred tax liabilities	19	18,851
Trade payables		1,617
Other payables		9,713
<b>Liabilities</b>		<b>371,925</b>
<b>Total identifiable net assets at fair value</b>		<b>(116,321)</b>

The trade receivables comprise gross contractual amounts due of EUR 14,433 thousand, of which EUR 1,108 thousand was expected to be uncollectible at the acquisition date. The cash and cash equivalents include cash held on behalf of clients of EUR 92 thousand.



## Consideration transferred and deferred

The total consideration of EUR 227,534 thousand includes:

- (i) EUR 172,427 thousand paid to the sellers;
- (ii) Settlement of forex forward contracts to fix the EUR/GBP rates for Elian acquisition of EUR 18,613 thousand net of tax;
- (iii) EUR 36,494 thousand of deferred consideration to be paid in shares 12 months and 10 business days post-closing of the acquisition.

In addition to consideration, the Group has, at the same date of the acquisition, repaid the existing loans and borrowings of the acquired entity for EUR 322,389 thousand.

The deferred consideration of 1,803,054 shares has been recognised as an equity instrument on the basis it represents a non-derivative bearing no contractual obligation to deliver a variable number of the Group's own equity instruments. The deferred consideration has been recognised at fair value as at acquisition date (EUR 20.24 per share).

## Goodwill

Goodwill arising from the acquisition has been recognised as follows:

(EUR 000)	Note	2016
Consideration transferred		227,534
Non-controlling interests		1,909
Fair value of identifiable net assets		116,321
<b>Goodwill</b>	<b>16</b>	<b>345,763</b>

The goodwill is attributable mainly to revenues from new customers and the workforce. None of the recognised goodwill is expected to be deductible for tax purposes.

## Acquisition-related costs

The Group incurred acquisition-related costs of EUR 4,003 thousand related to external legal fees and due diligence costs. These costs have been recognised in other operating expenses transaction & monitoring costs (Note 9) in the Group's consolidated statement of comprehensive income.

## Impact in cash-flow

(EUR 000)	Note	2016
Consideration transferred		(227,534)
Cash acquired (excluding cash on behalf of clients)		26,080
Deferred consideration shares		36,118
CIT receivable on Fx forward contracts		(6,205)
<b>Acquisition</b>		<b>(171,541)</b>
Repayment of loans		(322,389)
<b>Total impact cash</b>		<b>(493,930)</b>

## 6.2. Acquisition of CorpNordic

On 4 June 2015, the Group obtained control of CorpNordic, the leading corporate services provider in Sweden, Denmark, Norway and Finland, by acquiring 100% of the shares and voting interests in the company (CorpNordic). With this acquisition, the Group becomes the market leader of trust and corporate services in Sweden and Denmark, and expands its network with offices in Norway and Finland. This reinforces the Group's successful acquisition strategy, aimed at extending its expertise and global capabilities in the light of ongoing globalisation and the client's increasingly complex needs.

From acquisition to 31 December 2015, CorpNordic contributed revenue of EUR 5,449 thousand and Adjusted EBITA of EUR 960 thousand. If the acquisition had occurred on 1 January 2015, management estimates that revenue of the Group would have increased by EUR 5,979 thousand and Adjusted EBITA would have increased by EUR 1,309 thousand.

All the amounts in this disclosure relate to the year 2015.

### Identifiable asset acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(EUR 000)	Note	Fair Value recognised on acquisition
Property, plant and equipment	15	150
Intangible assets	16	11,752
Trade receivables		2,753
Other receivables		27
Work in progress		727
Other financial assets		266
Current tax assets		193
Deferred tax assets	19	79
Prepayments		340
Cash and cash equivalents		2,305
<b>Assets</b>		<b>18,592</b>
Other financial liabilities		1,545
Deferred income		777
Provision		442
Current tax liabilities		196
Deferred tax liabilities	19	2,811
Trade payables		280
Other payables		2,707
<b>Liabilities</b>		<b>8,758</b>
<b>Total identifiable net assets at fair value</b>		<b>9,834</b>

The trade receivables comprise gross contractual amounts due of EUR 3,036 thousand, of which EUR 283 thousand was expected to be uncollectible at the acquisition date. The cash and cash equivalents include cash held on behalf of clients of EUR 654 thousand.

### Consideration transferred

The consideration of EUR 23,928 thousand was paid in cash. In addition to consideration transferred, the Group has, at the same date of the acquisition, repaid the existing loans and borrowings of the acquired entity for EUR 1,545 thousand.

### Goodwill

Goodwill arising from the acquisition has been recognised as follows:

(EUR 000)	Note	
Consideration transferred		23,928
Fair value of identifiable net assets		(9,834)
<b>Goodwill</b>	<b>16</b>	<b>14,094</b>

The goodwill is attributable mainly to work force, synergies and cross selling business opportunities expected to be achieved from the integration of the company into the Group's business. None of the recognised goodwill is expected to be deductible for tax purposes.

## Acquisition-related costs

The Group incurred acquisition-related costs of EUR 667 thousand related to external legal fees and due diligence costs. These costs have been recognised in other operating expenses transaction & monitoring costs (Note 9) in the Group's consolidated statement of comprehensive income.

## 7. Staff expenses

(EUR 000)	Note	2016	2015
Salaries and wages		(131,014)	(117,325)
Social security contributions		(13,226)	(10,662)
Pensions and benefits		(7,601)	128
Share-based payment upon IPO	8	(4,119)	(4,354)
Share-based payment upon integration	8	(358)	-
Share-based payment long term incentive plan	8	(1,640)	-
Other personnel expenses		(12,698)	(12,669)
<b>Staff expenses</b>		<b>(170,656)</b>	<b>(144,882)</b>

Pension and benefits includes defined contributions of EUR 6,796 thousand (2015: EUR 5,058 thousand) and defined benefits amounting to EUR 805 thousand (2015: EUR 1,521 thousand). In 2015, it includes an income of EUR 6,706 thousand related to the settlement of pension plan in The Netherlands due to the change from a defined benefits plan to a defined contribution scheme.

Includes specific items for share based payment upon IPO of EUR 4,119 thousand (2015: EUR 4,354 thousand) and upon integration of EUR 358 thousand (2015: nil) related to the awards made under the equity-settled share-based payment arrangements implemented following the listing of the Company's shares on Euronext Amsterdam in 2015 and following Elian acquisition in 2016.

The number of FTEs (full time equivalent employees) at year end amounts to 2,359 (2015: 1,714).

## 8. Share-based payment arrangements

### 8.1. Description of share-based payment arrangements

Following the listing on Euronext Amsterdam in 2015 and Elian acquisition in 2016, the Company has implemented and made awards to members of the Management Board and selected eligible employees under the three equity-settled share-based payment plans:

- Executive Ownership Plan ('EOP')
- Employee Stock Ownership Plan ('ESOP')
- Long term Incentive Plan ('LTIP')

#### a) Executive Ownership Plan

In 2015, the members of the Management Board and selected eligible members of senior management were invited to make a one-off investment in the Company's shares at a share price equal to the introduction price of one Company share on the Euronext Amsterdam at the time of the IPO. In addition, shares representing 14% of the total investment amount were allocated to the eligible participants for no consideration.

The grant date fair value of each of the 216,605 additional EOP shares allocated for no consideration is equal to introduction share price at the date of listing of EUR 15.50. As there are no vesting conditions related to the additional EOP shares, the total grant date fair value was expensed immediately.

For each of the acquired/allocated shares, the participants were awarded the conditional right to receive one Company share for every three EOP shares (the Matching Shares) for no consideration. These Matching Shares will vest on the third anniversary of the IPO settlement date to the extent that the participant still (i) holds all the EOP shares and (ii) is employed by the Company on this date. The grant date fair value of the Matching Shares is therefore expensed over a period of 3 years starting on the IPO settlement date.

Details of the number of Matching Shares outstanding are as follows:

<i>In number of shares</i>	2016	2015
<b>Outstanding at the beginning of the year</b>	<b>515,758</b>	<b>-</b>
Awarded during the year	-	515,758
Forfeited during the year	(20,612)	-
<b>Outstanding at the end of the year</b>	<b>495,146</b>	<b>515,758</b>

The Matching Shares awarded in 2015 do not entitle the participants to receive dividends during the vesting period.

As dividends are expected during the vesting period, the grant date fair value of the Matching Shares of EUR 14.28 is equal to the introductory share price at the date of listing of EUR 15.50 less the discounted value of expected future dividends.

## b) Employee Stock Ownership Plan

On 19 October 2015, the Management Board has made a one-time award of Company's shares ('ESOP Shares') to eligible employees, which exclude any participants in the EOP, to celebrate the completion of the listing on Euronext Amsterdam. These ESOP Shares vested in October 2016.

On 23 September 2016, the Management Board has made a one-time award of the Company's share ('ESOP Shares') to eligible employees from Elia, to celebrate Elia and Intertrust joining forces. These awards entitle each eligible employee to receive 100 shares for free, subject to continued employment for a period of one year from the acquisition date. Participants are not entitled to receive dividends during the vesting period.

Details of the number of ESOP Shares outstanding are as follows:

<i>In number of shares</i>	2016	2015
<b>Outstanding at the beginning of the year</b>	<b>208,780</b>	<b>-</b>
Awarded during the year	53,300	214,370
Forfeited during the year	(37,820)	(5,330)
Vested during the period	(171,860)	(260)
<b>Outstanding at the end of the year</b>	<b>52,400</b>	<b>208,780</b>

As dividends are expected during the vesting period of the new ESOP shares, the grant date fair value of the Celebration Shares of EUR 19.92 (2015: EUR 15.50) is equal to grant date share price less the discounted value of expected future dividends.

## c) Long term Incentive Plan

As referred to in the 2015 remuneration policy, the Long-Term Incentive Plan ("LTIP") was implemented during the first half year of 2016. Conditional performance shares were awarded to members of the Management Board and eligible members of senior management on 1 April 2016.

Performance shares are awarded on an annual basis and vest on the third anniversary of the grant date subject to (i) the participant remaining in continuous employment during the performance period and (ii) meeting the pre-determined performance criteria. For Management Board members, the vested Performance shares will be subject to an additional holding period of 2 years. Participants are not entitled to receive dividends during the vesting period.

For the first performance cycle 2016–2018, an Earnings per Share ("EPS") growth performance target applies. Subject to meeting the service condition, the number of LTIP Shares that vest will be between 0% (EPS growth below the threshold) and 150%. The vesting percentage is allocated linearly between the threshold level and the maximum level.

In addition, following the acquisition of Elian, the Management Board awarded performance shares under the LTIP to eligible Elian employees on 1 November 2016. These awards have the same vesting conditions (including the same vesting date) as the performance shares granted on 1 April 2016.

Details of the number of LTIP Shares awarded and outstanding (at target) are as follows:

<i>In number of shares</i>	2016	2015
Outstanding at the beginning of the year	–	–
Awarded during the year	442,825	–
Forfeited during the year	(21,550)	–
Outstanding at the end of the year	421,275	–

As dividends are expected during the vesting period, the grant date fair value of the performance shares is equal to grant date share price less the discounted value of expected dividends. The weighted-average fair value of the LTIP Shares granted in 2016 is EUR 17.82.

The Management Board EOP and LTIP awards outstanding and movements during the financial year are disclosed in [Note 32](#).

## 8.2. Expenses recognised during the period

The equity-settled share-based payment expenses recognised during the period, per plan and in total are as follows:

(EUR 000)	2016	2015
Executive Ownership Plan	(1,907)	(3,744)
Employee Stock Ownership Plan	(2,339)	(558)
Long Term Incentive Plan	(1,744)	–
<b>Total</b>	<b>(5,990)</b>	<b>(4,302)</b>

In addition, the Group recognised expenses of EUR 127 thousand (2015: EUR 52 thousand) for employer social security contributions payable.

## 9. Other operating expenses

(EUR 000)	2016	2015
Marketing and sales expenses	(2,688)	(2,927)
IT expenses	(9,083)	(7,214)
Travelling	(3,577)	(3,679)
Professional fees	(5,656)	(4,104)
Insurance	(1,652)	(1,601)
Transaction & monitoring costs	(4,153)	(5,303)
Integration costs	(8,462)	(3,115)
Other expenses	(15,189)	(13,693)
<b>Other operating expenses</b>	<b>(50,460)</b>	<b>(41,636)</b>

Items that are significant, either because of their size or nature, and are considered specific in other operating expenses, are provided below:

Transaction and monitoring costs relates to external legal fees and due diligence costs incurred in connection with the acquisition of Elia (2015: acquisition of CorpNordic and other possible transactions that did not materialise). In 2015, it also includes costs incurred in connection with the listing of the Company, excluding expenses directly attributable to the equity transaction and recorded in equity for EUR 14,418 thousand (Note 23.2) and monitoring fees charged by Blackstone (former parent of the Group), prior to the listing in the Euronext Amsterdam, for management advisory services provided to the Group.

Integration costs comprises costs incurred for the integration with Elia and CorpNordic, mainly related to advisory fees and onerous contracts.

## 10. Other operating income

In 2015, other income of EUR 3,725 thousand relates mainly to the indemnity of EUR 2,429 thousand received from former shareholders for the Dutch tax 2011-2013 (Note 13.1) and EUR 1,352 thousand for the result of the sale of Intertrust Bank (Cayman) Limited.

## 11. Depreciation and amortisation

(EUR 000)	Note	2016	2015
Amortisation of intangible assets	16	(38,259)	(33,872)
Depreciation of tangible assets	15	(4,256)	(3,390)
<b>Depreciation and amortisation</b>		<b>(42,515)</b>	<b>(37,262)</b>

Amortisation of intangible assets comprises EUR 4,485 thousand (2015: EUR 3,787 thousand) related to the amortisation of software and EUR 33,774 thousand (2015: EUR 30,085 thousand) related to the amortisation of brand name and customer relationships (Note 16).

## 12. Finance income and finance costs

### Recognised in profit or loss

(EUR 000)	2016	2015
Interest income on loans and receivables	172	73
<b>Finance income</b>	<b>172</b>	<b>73</b>
Interest expense on financial liabilities measured at amortised cost	(20,498)	(97,667)
Other finance expense	(710)	(1,452)
Net foreign exchange loss	(9,572)	(1,583)
<b>Finance costs</b>	<b>(30,780)</b>	<b>(100,702)</b>
<b>Net finance costs recognised in profit or loss</b>	<b>(30,608)</b>	<b>(100,629)</b>

Interest expense on financial liabilities measured at amortised cost includes the interests on debt of EUR 16,511 thousand (2015: EUR 46,959 thousand) and the amortisation of capitalised financing fees EUR 3,987 thousand (2015: EUR 712 thousand). In 2015, it also includes (i) the amortisation and write-off of capitalised financing fees on the pre-IPO debt for EUR 38,432 thousand, (ii) the termination of interest rate swaps of EUR 1,698 thousand on the EUR and USD loans repaid, (iii) the prepayment fees of EUR 2,850 thousand for the cancellation of the second lien facilities in EUR and USD and (iv) the shareholder loan interests, prior to the listing, of EUR 7,016 thousand.



## 13. Income tax expense

### 13.1. Income tax recognised in profit or loss

(EUR 000)	2016	2015
Current year	(20,331)	(8,916)
Prior years	295	(1,612)
<b>Current tax expense</b>	<b>(20,036)</b>	<b>(10,528)</b>
Origination and reversal of temporary differences	180	6,585
Recognition of previously unrecognised tax losses	417	165
Change in recognised deductible temporary differences	(79)	(202)
<b>Deferred tax expense</b>	<b>518</b>	<b>6,548</b>
<b>Income tax expense for continuing operations</b>	<b>(19,518)</b>	<b>(3,980)</b>

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

In 2015, income tax previous year includes an adjustment in relation to the Dutch tax final assessment for the years 2011 to 2013, which was covered by an indemnity received from former shareholders (Note 10).

### 13.2. Tax recognised in other comprehensive income

(EUR 000)	2016	2015
Cash flow hedges	436	(706)
Defined benefit plan actuarial gains (losses)	-	259
<b>Income tax expense recognised in OCI</b>	<b>436</b>	<b>(447)</b>

### 13.3. Tax recognised in equity

Relates to EUR 306 thousand of recoverable income tax recognised on the costs qualified to be directly attributable to the issue of shares (2015: EUR 3,605 thousand).

### 13.4. Reconciliation of effective tax rate

(EUR 000)	2016	2015
Profit for the year	51,958	2,638
Total income tax expense	(19,518)	(3,980)
<b>Profit before income tax</b>	<b>71,476</b>	<b>6,618</b>
<b>Income tax using the Company's domestic tax rate</b>	<b>25.00%</b>	<b>25.00%</b>
Effect of tax rates in foreign jurisdictions	(17,869)	(1,655)
Non deductible expenses	4,866	2,323
Tax exempt income	(6,325)	(3,786)
Change in recognised deductible temporary differences	305	952
Recognition of previously unrecognised tax losses	(79)	(202)
Current year losses for which no deferred tax has been recognised	417	165
(Under) over provided in previous years	(490)	(165)
Others	295	(1,612)
<b>Effective income tax</b>	<b>(638)</b>	<b>-</b>
	<b>27.3%</b>	<b>60.1%</b>
	<b>(19,518)</b>	<b>(3,980)</b>

## 14. Earnings per share

(EUR 000)	2016	2015
<b>Earnings per share</b>		
Basic earnings per share (euro)	0.58	0.12
Diluted earnings per share (euro)	0.58	0.12

### 14.1. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

<b>Profit attributable to ordinary shareholders (basic)</b> (EUR 000)	<b>2016</b>	<b>2015</b>
Profit for the period, attributable to the owners of the Company	51,884	2,669
<b>Profit/(loss) attributable to ordinary shareholders</b>	<b>51,884</b>	<b>2,669</b>
<b>Weighted-average number of ordinary shares (basic)</b> In number of shares	<b>2016</b>	<b>2015</b>
Issued ordinary shares at 01 January	85,221,614	5,834,671
Issued ordinary shares of the Company	-	45,000
Conversion of existing shares at €1 to €0.60	-	30,000
Issue of shares for shareholder loan contribution	-	9,818,066
Effect of issue of shares IPO in October 2015	-	6,000,000
Effect of issue of additional shares for share-based payment	-	43,321
Effect of issue of shares in October 2015	-	1,002
Effect of issue of ordinary shares in June 2016	3,722,222	-
Effect of treasury shares held	(893)	-
<b>Weighted-average number of ordinary shares at 31 December</b>	<b>88,942,943</b>	<b>21,772,060</b>

### 14.2. Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

<b>Profit attributable to ordinary shareholders (diluted)</b> (EUR 000)	<b>2016</b>	<b>2015</b>
Profit for the period, attributable to Ordinary shareholders (basic)	51,884	2,669
<b>Profit/(loss) attributable to ordinary shareholders (diluted)</b>	<b>51,884</b>	<b>2,669</b>
<b>Weighted-average number of ordinary shares (diluted)</b> In number of shares	<b>2016</b>	<b>2015</b>
Weighted-average number of ordinary shares (basic)	88,942,943	21,772,060
Effect of share-based payment on issue	286,073	39,483
Effect of deferred consideration shares	487,711	-
<b>Weighted-average number of ordinary shares at 31 December</b>	<b>89,716,728</b>	<b>21,811,543</b>

### 14.3. Adjusted net income per share

The Group calculates the Adjusted net income for 2016 to be EUR 113.2 million (2015: EUR 101.4 million). Adjusted net income is defined as Adjusted EBITA, less net interest costs of EUR 21.1 million and less tax costs of EUR 19.5 million.

Based on this Adjusted net income and taking the weighted-average number of basic shares for the year of 88,942,943 (2015: 85,221,614), the adjusted net income per share is EUR 1.27 (2015: EUR 1.19).

## 15. Property, plant and equipment

The movements of the tangible assets are as follows:

(EUR 000)	Leasehold improvements	Equipment & motor vehicles	IT equipment	TOTAL
Cost	5,215	3,830	8,127	17,173
Accumulated depreciation and impairment losses	(1,656)	(1,212)	(3,432)	(6,301)
<b>Balance at 01 January 2015</b>	<b>3,559</b>	<b>2,618</b>	<b>4,695</b>	<b>10,872</b>
Business combinations, incoming entities	-	150	-	150
Additions	711	537	2,150	3,398
Disposals	(5)	(27)	(1)	(34)
Depreciation of the period	(854)	(729)	(1,807)	(3,390)
Effect of movements in exchange rates	137	89	50	275
<b>Movements in 2015</b>	<b>(11)</b>	<b>20</b>	<b>392</b>	<b>399</b>
Cost	6,325	4,835	10,878	22,039
Accumulated depreciation and impairment losses	(2,777)	(2,198)	(5,792)	(10,768)
<b>Balance at 31 December 2015</b>	<b>3,548</b>	<b>2,637</b>	<b>5,085</b>	<b>11,271</b>
Business combinations, incoming entities	5,052	251	1,335	6,638
Additions	2,193	629	4,264	7,086
Disposals	(404)	(51)	(65)	(520)
Depreciation of the period	(1,345)	(784)	(2,127)	(4,256)
Effect of movements in exchange rates	(43)	(8)	-	(52)
<b>Movements in 2016</b>	<b>5,453</b>	<b>37</b>	<b>3,407</b>	<b>8,896</b>
Cost	11,877	5,014	14,188	31,079
Accumulated depreciation and impairment losses	(2,876)	(2,341)	(5,694)	(10,912)
<b>Balance at 31 December 2016</b>	<b>9,001</b>	<b>2,673</b>	<b>8,493</b>	<b>20,167</b>

No interest costs have been capitalised in property, plant and equipment during the period under review.

## 16. Intangible assets and goodwill

The movements of the intangible assets and goodwill are as follow:

(EUR 000)	Goodwill	Brand name	Customer relationships	Software	TOTAL
Cost	594,656	33,545	440,319	16,120	1,084,639
Accumulated depreciation and impairment losses	-	(2,934)	(45,195)	(4,707)	(52,835)
<b>Balance at 01 January 2015</b>	<b>594,656</b>	<b>30,611</b>	<b>395,124</b>	<b>11,413</b>	<b>1,031,804</b>
Business combinations, incoming entities	14,094	-	11,749	3	25,846
Additions	-	-	-	7,541	7,541
Disposals	-	-	-	2	2
Amortisation of the period	-	(1,739)	(28,346)	(3,787)	(33,872)
Effect of movements in exchange rates	18,352	1,235	13,501	50	33,138
<b>Movements in 2015</b>	<b>32,446</b>	<b>(505)</b>	<b>(3,096)</b>	<b>3,809</b>	<b>32,655</b>
Cost	627,102	34,908	467,361	23,967	1,153,339
Accumulated depreciation and impairment losses	-	(4,800)	(75,333)	(8,745)	(88,878)
<b>Balance at 31 December 2015</b>	<b>627,102</b>	<b>30,108</b>	<b>392,028</b>	<b>15,222</b>	<b>1,064,461</b>
Business combinations, incoming entities	345,763	-	192,593	106	538,462
Additions	-	-	-	4,250	4,250
Disposals	-	-	-	25	25
Amortisation of the period	-	(1,712)	(32,062)	(4,485)	(38,259)
Effect of movements in exchange rates	8,463	(282)	3,364	1	11,547
<b>Movements in 2016</b>	<b>354,226</b>	<b>(1,995)</b>	<b>163,896</b>	<b>(103)</b>	<b>516,026</b>
Cost	981,329	34,602	663,961	32,550	1,712,442
Accumulated depreciation and impairment losses	-	(6,488)	(108,037)	(17,430)	(131,955)
<b>Balance at 31 December 2016</b>	<b>981,329</b>	<b>28,114</b>	<b>555,924</b>	<b>15,120</b>	<b>1,580,487</b>

During the year, the Group invested in software for an amount of EUR 4,250 thousand (2015: EUR 7,541 thousand), of which EUR 2,326 thousand is related to strategic capital expenditures. At 31 December 2016 an amount of EUR 859 thousand (2015: EUR 893 thousand) remains payable in balance sheet.

The brand name "Intertrust" is a registered trade name for all countries in which the Company has operational activities or will expand in a near future. The remaining useful life is 16 years.

The customer relationship is the Company's client portfolio acquired and has a remaining useful life of 14 years on average.

### 16.1. Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

(EUR 000)	Balance at 01 January 2016	Business combinations	Movements exchange rates	Balance at 31 December 2016
CGU Netherlands	268,788	-	-	268,788
CGU Luxembourg	128,164	9,047	-	137,211
CGU Cayman	167,108	75,543	10,476	253,127
CGU Jersey	-	182,755	655	183,410
CGU Other and CGU Guernsey	63,042	78,418	(2,647)	138,813
<b>Total</b>	<b>627,102</b>	<b>345,763</b>	<b>8,484</b>	<b>981,349</b>

(EUR 000)	Balance at 01 January 2015	Business combinations	Movements exchange rates	Balance at 31 December 2015
CGU Netherlands	268,788	-	-	268,788
CGU Luxembourg	128,164	-	-	128,164
CGU Cayman	149,861	-	17,247	167,108
<b>Sub-total</b>	<b>546,813</b>	<b>-</b>	<b>17,247</b>	<b>564,060</b>
CGU Other and CGU Guernsey	47,843	14,094	1,105	63,042
<b>Total</b>	<b>594,656</b>	<b>14,094</b>	<b>18,352</b>	<b>627,102</b>

The recoverable amount of goodwill has been determined for the six cash generating units as at 31 December 2016 and 2015. For each of the CGUs, the recoverable amount is higher than its carrying amount.

### Key assumptions used in discounted cash flow projection calculations

The recoverable amount of all CGUs has been determined based on a value-in-use calculation using cash flow projections. The year 1 cash flow projections are based on detailed financial budget, the year 2 on detailed outlook and the years 3 to 5 on estimates, prepared by management for each cash generating unit based on expectation of future outcomes taking into account past experience. The revenue growth rate assumed beyond the initial 5-year period is 2.0% (2015: 2.0%), that has been based on the expected long term inflation rate.

The values assigned to the key assumptions used in the value in use calculations are as follows for the years 3 to 5:

- Market growth: between 4 to 6%
- Annual Margin Evolution: Improvement
- Terminal value growth rate: 2%
- Discount rate: between 9.2% to 11.9%

### Discount rate

Discount rates represent a pre-tax measure that reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. In determining appropriate discount rates for each unit, regard has been given to the industry average weighted average cost of capital. The WACC takes into account both debt and equity and

converted into pre-tax rates based in prevailing tax shields. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is determined by adding a debt risk premium to the risk free bonds rate with a maturity of 20 years. CGU-specific risk is incorporated by applying industry beta factors that are evaluated annually based on publicly available market data.

### Sensitivity to changes in assumptions

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the recoverable amount of the CGUs.

## 17. Investment in equity-accounted investees

The Group's share of profit in its equity-accounted investees for the year 2016 was a loss of EUR 29 thousand (2015: loss of EUR 42 thousand). In 2016 and 2015 the Group did not receive any dividend.

The Group's equity-accounted investees are not publicly listed and consequentially do not have published price quotations.

In 2016, as part of the Elan acquisition, the Group acquired participations in Structured Finance Management Italia SRL and Elan Middle East B.S.C ©.

## 18. Other financial assets and other financial liabilities

### 18.1. Other financial assets

(EUR 000)	31.12.2016	31.12.2015
<b>Loans and receivables</b>		
Loans and receivables	1,075	1,218
Guarantee deposits	3,432	3,140
<b>Total loans and receivables</b>	<b>4,507</b>	<b>4,358</b>
<b>Available for sale investments</b>		
Unquoted equity shares	940	988
<b>Total available for sale investments</b>	<b>940</b>	<b>988</b>
<b>Total other financial assets</b>	<b>5,447</b>	<b>5,346</b>
<b>Total current</b>	<b>1,627</b>	<b>1,204</b>
<b>Total non-current</b>	<b>3,820</b>	<b>4,142</b>

### Loans and receivables

It is mainly related to the receivable of USD 750 thousand (31 December 2016: EUR 712 thousand and 31 December 2015: EUR 1,033 thousand) deferred in 2 instalments for the sale of Intertrust Bank (Cayman) Limited.

### Guarantee deposits

Includes guarantee deposits mainly for rent and utility contracts held in banks or non-financial institutions. These funds are restricted.

### Unquoted equity shares

Valued at cost and includes participations in non consolidated companies and special purpose companies for EUR 622 thousand (2015: EUR 501 thousand) and shelf companies for EUR 318 thousand (2015: EUR 487 thousand).

None of the "Other financial assets" are past due or impaired.

## 18.2. Other financial liabilities

(EUR 000)	31.12.2016	31.12.2015
Financial instruments at fair value through other comprehensive income		
Interest rate swaps – cash flow hedge	1,763	19
<b>Total financial instruments at fair value</b>	<b>1,763</b>	<b>19</b>
<b>Total other financial liabilities</b>	<b>1,763</b>	<b>19</b>
Total current	–	–
Total non-current	1,763	19

### Cash flow hedges

Includes interest rate swap to cover part of the fluctuations on the floating interest on the USD and EUR debt

The hedges were assessed to be effective at 31 December 2016.

## 19. Deferred tax assets and liabilities

### 19.1. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses for EUR 7,570 thousand (2015: EUR 7,574 thousand). Tax losses for an amount of EUR 965 thousand will expire in the next 5 years and EUR 6,605 thousand do not expire. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits.

### 19.2. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(EUR 000)	Balance at 31 December 2016		Balance at 31 December 2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	119	–	119	–
Intangible assets	1	(85,442)	–	(72,113)
Other non-current financial liabilities	441	(32)	4	–
Other items	4	(185)	5	(205)
Tax loss carry-forwards	1,915	–	6,955	–
<b>Total</b>	<b>2,480</b>	<b>(85,659)</b>	<b>7,083</b>	<b>(72,318)</b>



### 19.3. Movements in temporary differences during the period

(EUR 000)	Balance at 01 January 2016	Acquired in business combinations	Recognised in profit or loss	Recognised in OCI	Recognised in Equity	Effect of foreign exchange differences	Balance at 31 December 2016
Net							Net
Property, plant and equipment	119	-	-	-	-	-	119
Intangible assets	(72,113)	(18,818)	5,530	-	-	(40)	(85,441)
Other non-current financial liabilities	4	(32)	-	436	-	-	409
Other items	(200)	5	14	-	-	-	(181)
Tax loss carry-forwards	6,955	-	(5,026)	-	-	(14)	1,915
<b>Total</b>	<b>(65,235)</b>	<b>(18,845)</b>	<b>518</b>	<b>436</b>	<b>-</b>	<b>(54)</b>	<b>(83,179)</b>

(EUR 000)	Balance at 01 January 2015	Acquired in business combinations	Recognised in profit or loss	Recognised in OCI	Recognised in Equity	Effect of foreign exchange differences	Balance at 31 December 2015
Net							Net
Property, plant and equipment	(33)	79	78	-	-	(5)	119
Intangible assets	(74,657)	(2,625)	5,169	-	-	-	(72,113)
Other non-current financial liabilities	711	-	-	(707)	-	-	4
Employee benefits liabilities	1,674	-	(1,943)	259	-	10	-
Other items	(17)	(186)	4	-	-	(1)	(200)
Tax loss carry-forwards	101	-	3,241	-	3,605	8	6,955
<b>Total</b>	<b>(72,221)</b>	<b>(2,732)</b>	<b>6,548</b>	<b>(447)</b>	<b>3,605</b>	<b>12</b>	<b>(65,235)</b>

## 20. Trade receivables

As at 31 December 2016, the ageing analysis of trade receivables net of the allowance for impairment is as follows:

(EUR 000)	31.12.2016	31.12.2015
Neither past due nor impaired	34,330	36,057
Past due 1-90 days	49,209	33,221
Past due 91-180 days	8,102	4,836
Past due 181-360 days	5,004	4,609
Past due more than 361 days	2,515	2,273
<b>Total</b>	<b>99,160</b>	<b>80,996</b>

The movements in the allowance for impairment in respect of trade receivables during the period were as follows:

(EUR 000)	
<b>Balance at 01 January 2015</b>	<b>(4,931)</b>
Business combinations	(283)
Impairment losses recognised in P&L	(3,352)
Amounts written off during the year	2,226
Unused amounts reversed	1,730
Effect of movements in exchange rates	(234)
<b>Balance at 31 December 2015</b>	<b>(4,844)</b>
<b>Balance at 01 January 2016</b>	<b>(4,844)</b>
Business combinations	(1,108)
Impairment losses recognised in P&L	(3,505)
Amounts written off during the year	2,570
Unused amounts reversed	1,070
Effect of movements in exchange rates	(1)
<b>Balance at 31 December 2016</b>	<b>(5,818)</b>

The impairment losses and unused amounts reversed during the period are recognised in "Other operating expenses" under "Other expenses". For credit risk refer to [Note 28.2](#).

## 21. Other receivables and other payables

### 21.1. Other receivables

(EUR 000)	31.12.2016	31.12.2015
Due from customers	5,841	9,252
VAT and other tax receivable	1,691	1,115
Accrued income	6,297	4,828
Others	1,192	1,259
<b>Other receivables</b>	<b>15,021</b>	<b>16,454</b>

Due from customers relates to i) EUR 5,547 thousand of receivables from clients for disbursements and expenses and ii) EUR 294 thousand (2015: EUR 3,445 thousand) of receivables related to intellectual property activities from royalties invoiced to licensees that will be subsequently paid to the licensors. The offsetting liability of EUR 295 thousand (2015: EUR 3,212 thousand) is in "Other payables – due to customers".

None of the "Other receivables" are past due or impaired.

### 21.2. Other payables

(EUR 000)	Note	31.12.2016	31.12.2015
Due to customers		7,427	8,605
Liabilities for cash held on behalf of clients	<u>22</u>	18,125	13,992
VAT and other tax payable		12,237	9,013
Accrued expenses		10,267	6,175
Accrued expenses for short term employee benefits		18,669	16,772
Others		249	327
<b>Other payables</b>		<b>66,974</b>	<b>54,884</b>

Due to customers relates to i) advances from clients for future fees, unapplied cash received from clients and disbursements invoiced in advance and ii) liabilities related to intellectual property activities of EUR 295 thousand (2015: EUR 3,212 thousand) that represent accrued royalties payable to licensors that have already been invoiced to licensees with offsetting asset in "Other receivables – due from customers".

Accrued expenses for short term employee benefits includes mainly bonus accruals, social charges and holiday allowances.

## 22. Cash and cash equivalents

(EUR 000)	31.12.2016	31.12.2015
Bank balances	69,766	80,438
Short term deposits	50	4
Cash on hand	42	22
<b>Total</b>	<b>69,858</b>	<b>80,464</b>
Of which:		
Cash attributable to the Company	51,733	66,472
Cash held on behalf of clients	18,125	13,992
<b>Total</b>	<b>69,858</b>	<b>80,464</b>

Bank balances includes cash in current and call accounts.

Cash held on behalf of clients is driven by funds to pay government fees on their behalf, intellectual property activity and other advances with its corresponding liabilities in "Other payables – liabilities for cash held on behalf of clients".

## 23. Capital and reserves

### 23.1. Share capital

The subscribed capital as at 31 December 2016 amounts to EUR 55,200 thousand and is divided into 91,999,392 shares fully paid-up with a nominal value per share of EUR 0.60. The movements of the year were:

Ordinary shares (EUR 000)	In number of shares		(EUR 000)	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Issued ordinary shares at 01 January	85,221,614	113,548,730	51,133	1,135
<i>Effect of capital reorganisation under common control:</i>				
-Issued ordinary shares at 01 January		45,000		27
-Conversion of existing shares at €1 to €0.60		30,000		18
-Contribution of outstanding shares of Intertrust Topholding (Luxembourg) S.à.r.l.		(113,548,730)		(1,135)
-Issue of shares for capital contribution		5,834,671		3,501
-Issue of shares for shareholder loan contribution		49,090,329		29,454
Effect of issue of shares IPO in October 2015		30,000,000		18,000
Effect of issue of additional shares for share-based payment		216,605		130
Effect of issue of shares in October 2015		5,009		3
Effect of issue of ordinary shares in June 2016	6,777,778		4,067	
<b>On issue at end of period – fully paid</b>	<b>91,999,392</b>	<b>85,221,614</b>	<b>55,200</b>	<b>51,133</b>

On 13 June 2016, Intertrust N.V. issued 6,777,778 ordinary shares for the purchase of Elan Group.

On 19 October 2015, the Company became the parent of the Group by the contribution of the entire issued and outstanding share capital of Intertrust Topholding (Luxembourg) S.à r.l. and the outstanding amounts under the shareholder loans to the Company's shareholder's equity as a capital contribution. This capital contribution has been accounted for as a capital reorganisation under common control and has been measured at the historical Intertrust Topholding (Luxembourg) s.à r.l. carrying values in accordance with IFRS.

### 23.2. Share premium

At 31 December 2016 the share premium amounts to EUR 630,441 thousand. The movements during the year were:

(EUR 000)	In number of shares		(EUR 000)	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Issued ordinary shares at 01 January	85,221,614	113,548,730	513,423	10,219
<i>Effect of capital reorganisation under common control:</i>				
-Issued ordinary shares at 01 January		45,000		-
-Conversion of existing shares at €1 to €0.60		30,000		-
-Contribution of outstanding shares of Intertrust Topholding (Luxembourg) S.à.r.l.		(113,548,730)		(10,219)
-Issue of shares for capital contribution		5,834,671		7,854
-Issue of shares for shareholder loan contribution		49,090,329		66,081
Effect of issue of shares IPO in October 2015		30,000,000		436,186
Effect of issue of additional shares for share-based payment		216,605		3,227
Effect of issue of shares in October 2015		5,009		75
Effect of issue of ordinary shares in June 2016	6,777,778		117,018	
<b>On issue at end of period – fully paid</b>	<b>91,999,392</b>	<b>85,221,614</b>	<b>630,441</b>	<b>513,423</b>

In June 2016, the addition to the share premium from the proceeds of the issue of ordinary shares was EUR 122,000 thousand less the costs directly attributable to the equity transaction for EUR 1,220 thousand net of the related tax impact of EUR 305 thousand.

In October 2015, the share premium from the proceeds of the listing were EUR 447,000 thousand less the costs qualified to be directly attributable to the equity transaction for EUR 14,418 thousand net of the related tax impact of EUR 3,605 thousand.

### 23.3. Retained earnings

The retained earnings include accumulated profits and losses, plus remeasurements of defined benefit liability (asset) and equity-settled share-based payment.

The following dividends were declared and paid by the Company for the year:

(EUR 000)	31.12.2016	31.12.2015
Interim dividend current year EUR 0.24 per qualifying ordinary share	22,080	-
<b>Total dividend declared and paid</b>	<b>22,080</b>	<b>-</b>

For 2016, a total dividend of EUR 0.49 per share (2015: nil) will be proposed at the AGM. If approved, a final dividend of EUR 0.25 per share will be paid on 12 June 2017, as an interim dividend of EUR 0.24 per share was paid on 30 November 2016. The payment will be subject to 15% Dutch withholding tax.

After the reporting date, the following dividends were proposed by the Management Board. The dividends, taking into account the interim dividends declared and paid, have not been recognised as liabilities.

(EUR 000)	31.12.2016	31.12.2015
<b>EUR 0.49 per qualifying ordinary share</b>	<b>45,080</b>	<b>-</b>

### 23.4. Reserves

#### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and foreign currency differences arising on the translation of financial liabilities designated as a hedge of net investment, to the extent that the hedge is effective.

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

#### Treasury share reserve

The treasury share reserve comprises the costs of the Company's shares held by the Group. At 31 December 2016, the Group held 3,705 of the Company's shares (2015: nil).

#### Other reserve

The other reserve includes equity instrument under business combination (deferred consideration in shares).

## 24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk refer to [Note 28](#).

### 24.1. Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR 000)

Facilities	Currency	Year of maturity	Interest rate	Repayment	31.12.2016	31.12.2015
<b>Principal value</b>						
<i>Senior Facilities</i>						
Facility A	EUR	2020	Euribor + 2.50%	a) Bullet	440,000	440,000
Facility A2	GBP	2021	Libor + 2.75%	a) Bullet	109,790	-
Facility A3	EUR	2021	Euribor + 2.75%	a) Bullet	147,500	-
Facility B	USD	2020	Libor + 2.50%	a) Bullet	94,868	91,853
Revolver credit facility	Multicurrency	2020	Euribor/Libor + 2.50%	a) b) Revolving	18,000	-
					<b>810,158</b>	<b>531,853</b>
<b>Financing costs</b>					(10,865)	(8,048)
<b>Total bank debt</b>					<b>799,293</b>	<b>523,805</b>
					<b>Total current</b>	<b>18,072</b>
					<b>Total non-current</b>	<b>781,221</b>
						<b>523,676</b>

(a) If the rates (Euribor or Libor) are below 0%, the rate is deemed to be 0%. The margin can change depending on leverage ratios

(b) Revolver credit facility for EUR 75,000 thousand. An ancillary facility of EUR 2,500 thousand is in place to provide a bank guarantee for a rent lease agreement.

The schedule below shows the movements of the bank facilities during the period:

(EUR 000)

<b>Balance at 01 January 2015</b>	<b>Principal value</b>	<b>948,695</b>
Draw down facilities		528,238
Scheduled repayments		(10,875)
Prepayments		(955,860)
Effect of exchange rate		21,655
<b>Balance at 31 December 2015</b>	<b>Principal value</b>	<b>531,853</b>
<b>Balance at 01 January 2015</b>	<b>Financing costs</b>	<b>(38,539)</b>
Capitalised financing costs		(8,781)
Amortised financing costs		39,144
Accrued Interest and commitment fees		128
<b>Balance at 31 December 2015</b>	<b>Financing cost</b>	<b>(8,048)</b>
<b>Balance at 31 December 2015</b>	<b>Net</b>	<b>523,805</b>
<b>Balance at 01 January 2016</b>	<b>Principal value</b>	<b>531,853</b>
Draw down facilities		296,295
Repayments		(22,190)
Effect of exchange rate		4,200
<b>Balance at 31 December 2016</b>	<b>Principal value</b>	<b>810,158</b>
<b>Balance at 01 January 2016</b>	<b>Financing costs</b>	<b>(8,048)</b>
Capitalised financing costs		(6,747)
Amortised financing costs		3,987
Effect of exchange rate		15
Accrued Interest and commitment fees		(72)
<b>Balance at 31 December 2016</b>	<b>Financing costs</b>	<b>(10,865)</b>
<b>Balance at 31 December 2016</b>	<b>Net</b>	<b>799,293</b>

In 2016, and in order to finance Elian acquisition, the Group entered into two new debt facilities (through an amendment and restatement of the existing credit facilities signed on 1 October 2015) consisting of a facility of GBP 94,000 thousand and another of EUR 147,500 thousand. In addition, the Group did a drawdown under the multicurrency Revolver credit facility of EUR 25,000 thousand, USD 11,500 thousand and GBP 3,500 thousand. At 31 December 2016, EUR 18,000 thousand remains payable under the multicurrency Revolver credit facility.

On 1 October 2015, the Company and Intertrust Group B.V. entered into a syndicated senior facilities agreement on 1 October 2015 between, among others, Intertrust Group B.V. as original borrower, the Company as parent and original guarantor, ABN AMRO Bank N.V., Deutsche Bank AG, London Branch, Morgan Stanley Bank International Limited and UBS Limited as mandated lead arrangers, the financial institutions named therein as original lenders, Deutsche Bank Luxembourg S.A. as facility agent and security agent (the "New Facilities Agreement").

Under the facilities agreement there is a requirement to ensure that the leverage ratio in respect of any relevant period on or after 31 December 2015 shall not exceed 4.75:1 (stepping down to 4.50:1 on 31 December 2017 and stepping further down to 4.25:1 on 31 December 2018). For the year ended 31 December 2016 the covenant was met with a headroom of 22.9%.

The facilities agreement is guaranteed by the Company, Intertrust Group B.V. and certain of subsidiaries; and secured by, among others, first ranking rights of pledge over all outstanding shares in the share capital of such subsidiaries.

### Loans from shareholder

In 2015, as part of the capital reorganisation of the Company, the amounts outstanding under the shareholder loans of EUR 95,535 thousand, including EUR 7,016 thousand of interest expenses, were contributed in exchange for newly issued ordinary shares of the Company.



## 25. Employee benefits

The Group sponsors defined benefit pension plans in the Netherlands until end 2015 and in Switzerland. In most other countries, employees are provided with benefits under defined contribution plans. All pension plans comply with local tax and legal restrictions in their respective country, including funding obligations.

The Swiss pension plan is managed by an independent, legally autonomous entity which has the legal structure of a foundation, according Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP). All benefits in accordance with the regulations are reinsured in their entirety with an insurance company. The foundation provides benefits on a defined contribution basis. All employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The insurance benefits are subject to regulations, with the LPP specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan at rates set out in the foundation rules based on a percentage of salary. The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital. The risk of disability, death and longevity are covered by the insurance company. The insurance company invests the vested pension capital and provides a 100% capital and interest guarantee. Even if actuarial and investment risks are covered by an insurance company, this plan is considered under IAS 19 as a defined benefit plan because the employer remains exposed to termination contract risks.

As of 1 January 2016 the three Dutch pension plans have changed to defined contribution pension plans. This is taken into account as a settlement as of 31 December 2015.

The Group has also agreed to provide certain additional post-employment medical benefits to senior employees in Curacao. These benefits are unfunded and the contributions equal the insurance premiums paid.

The Group expects EUR 497 thousand in contributions to be paid to its defined benefit plans in 2017.

### 25.1. Amounts recognised in the consolidated statement of financial position

(EUR 000)	31.12.2016	31.12.2015
Net defined liability – Pension	2,654	2,375
Net defined liability – Medical	360	427
<b>Total employee benefits plans</b>	<b>3,014</b>	<b>2,802</b>
Other employee benefits	68	-
<b>Total employee benefits liabilities</b>	<b>3,082</b>	<b>2,802</b>

## 25.2. Movement in the net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components:

(EUR 000)	31.12.2016			31.12.2015		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<b>Balance at 01 January</b>	<b>9,373</b>	<b>6,571</b>	<b>2,801</b>	<b>26,194</b>	<b>18,525</b>	<b>7,669</b>
<b>Included in profit or loss</b>						
Current service cost	738	-	738	2,367	-	2,367
Past service cost	-	-	-	(1,163)	-	(1,163)
Settlements	-	-	-	(25,249)	(18,543)	(6,706)
Interest cost (income)	86	52	34	673	526	147
Administration costs	33	-	33	29	(140)	169
	<b>857</b>	<b>52</b>	<b>805</b>	<b>(23,343)</b>	<b>(18,157)</b>	<b>(5,186)</b>
<b>Included in OCI</b>						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	(309)	-	(309)	-	-	-
- financial assumptions	336	-	336	4,938	-	4,938
- experience adjustment	(453)	-	(453)	131	-	131
- Return on plan assets excluding interest income	-	(293)	293	-	3,032	(3,032)
Effect of movements in exchange rates	91	44	47	770	515	255
	<b>(335)</b>	<b>(249)</b>	<b>(86)</b>	<b>5,839</b>	<b>3,547</b>	<b>2,292</b>
<b>Other</b>						
Contributions paid by the plan participants	1,218	1,218	-	2,028	2,028	-
Contributions paid by the employer	-	506	(506)	-	1,973	(1,973)
Benefits paid	(2,307)	(2,307)	-	(1,345)	(1,345)	-
	<b>(1,089)</b>	<b>(583)</b>	<b>(506)</b>	<b>683</b>	<b>2,656</b>	<b>(1,973)</b>
<b>Balance at 31 December</b>	<b>8,806</b>	<b>5,791</b>	<b>3,014</b>	<b>9,373</b>	<b>6,571</b>	<b>2,802</b>

In 2015, the reduction in the pension defined liability is explained by the change of the plans into defined contribution in The Netherlands as of 1 January 2016. This change was accounted for as settlement as of 31 December 2015 in "Staff expenses".

## 25.3. Plan assets

The plan assets comprise:

(EUR 000)	31.12.2016	31.12.2015
Insurance contracts	5,774	6,571
Cash	18	-
	<b>5,791</b>	<b>6,571</b>

None of the plan assets are quoted on an active market.

## 25.4. Actuarial assumptions

The principal assumptions used in determining pension and post-employment medical benefit obligations at the reporting date are:

	31.12.2016		
	Switzerland		Curaçao
Discount rate 31 December	0.60%		4.50%
Future salary increases	1.00%		-
Future pension increases	-		-
Medical cost trend rate	-		3.00%

	31.12.2015		
	The Netherlands	Switzerland	Curaçao
Discount rate 31 December	2.40%	0.80%	4.50%
Future salary increases	1.80%	1.00%	-
Future pension increases	0.45%	-	-
Medical cost trend rate	-	-	3.00%

Longevity is reflected in the defined benefit obligation by using mortality tables of the respective countries in which the plans are located.

	31.12.2016	
	Switzerland	
Expressed in years		
Longevity at age 65 for current pensioners		
- Males		22.3
- Females		25.3
Longevity at age 65 for current members aged 45		
- Males		23.8
- Females		26.8

	31.12.2015	
	The Netherlands	Switzerland
Expressed in years		
Longevity at age 65 for current pensioners		
- Males	19.5	21.5
- Females	21.6	24.9
Longevity at age 65 for current members aged 45		
- Males	21.8	22.4
- Females	23.7	25.9

At 31 December 2016, the weighted-average duration of the defined benefit obligation was as follows:

	31.12.2016	31.12.2015
Expressed in years		
The Netherlands	-	19.2
Switzerland	21.0	20.1

## 25.5. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions consistent, would have affected the defined benefit obligation by the amounts shown below:

(EUR 000)	Increase	Decrease
<b>2016</b>		
Impact of 1% change in the discount rate	(1,553)	1,979
Impact of 1% change in the future salary increases	149	(259)
Impact of 1% change in the future pension increases	737	-
Impact of 1% change in the medical cost trend rate	47	(40)
Impact of 1 year change in the life expectancy	83	(216)
<b>2015</b>		
Impact of 1% change in the discount rate	(1,506)	2,194
Impact of 1% change in the future salary increases	294	(160)
Impact of 1% change in the future pension increases	895	-
Impact of 1% change in the medical cost trend rate	52	(45)
Impact of 1 year change in the life expectancy	209	(96)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefit obligations at period-end.

## 26. Deferred income

Represents fixed fees invoiced to customers mainly in November–December for the next year. It drives higher trade receivables and deferred income at the end of the period, with the deferred income released in the following year. In some cases the fees are invoiced in advance for the complete life of the structures resulting in non-current deferred income.

## 27. Provisions

(EUR 000)	Legal matters	Restructuring	Onerous contracts	Others	TOTAL
<b>Balance at 01 January 2015</b>	<b>81</b>	<b>415</b>	<b>1,418</b>	<b>271</b>	<b>2,185</b>
Business combinations, ingoing entities	330	112	-	-	442
Provisions made during the period	727	342	1,002	13	2,084
Provisions used during the period	(649)	(112)	(1,665)	(138)	(2,563)
Provisions reversed during the period	-	(248)	(56)	-	(304)
Effect of movements in exchange rates	-	-	6	26	31
<b>Balance at 31 December 2015</b>	<b>489</b>	<b>509</b>	<b>705</b>	<b>172</b>	<b>1,875</b>
Current	-	342	705	-	1,047
Non-current	489	167	-	172	828
<b>Balance at 31 December 2015</b>	<b>489</b>	<b>509</b>	<b>705</b>	<b>172</b>	<b>1,875</b>
<b>Balance at 01 January 2016</b>	<b>489</b>	<b>509</b>	<b>705</b>	<b>172</b>	<b>1,875</b>
Business combinations, ingoing entities	-	-	-	250	250
Reclassification	50	-	-	-	50
Provisions made during the period	34	404	2,688	59	3,185
Provisions used during the period	(82)	(627)	(661)	(58)	(1,428)
Provisions reversed during the period	(332)	(12)	(229)	(49)	(622)
Effect of movements in exchange rates	2	(6)	54	6	56
<b>Balance at 31 December 2016</b>	<b>161</b>	<b>268</b>	<b>2,557</b>	<b>380</b>	<b>3,366</b>
Current	86	171	1,759	203	2,219
Non-current	75	97	798	177	1,147
<b>Balance at 31 December 2016</b>	<b>161</b>	<b>268</b>	<b>2,557</b>	<b>380</b>	<b>3,366</b>

### Provision for legal matters

Provisions for legal matters have been recognised to cover costs related to claims filed against the Company. In some cases, this provision is limited due to the professional indemnity insurance.

### Provision for restructuring

Provisions for restructuring have been recognised to cover costs related to i) the restructuring as a result of the integration with Elian and CorpNordic with a balance at 31 December 2016 of EUR 171 thousand (2014: EUR 268 thousand) and other provisions of EUR 97 thousand (2015: EUR 241 thousand).

### Provision for onerous contracts

Provisions for onerous contracts have been recognised for operating leases for premises that are no longer being used by affiliates in different countries following the reorganisation after the acquisition of Elian.

## 28. Financial instruments

### 28.1. Financial risk management

#### Overview

The Group has exposure to the following main risks from its financial instruments: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Further information about the risk management of the Group is included in the [Compliance and Risk Management](#) chapter of this Annual Report.

### 28.2. Credit risk

Credit risk is the risk that a counterpart will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily for trade receivables and cash at banks. Customer credit risk is managed by each of the Group entities subject to the Group's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are monitored and followed up continuously. Provisions are made when there is objective evidence that the Group will not be able to collect the debts (indication that the debtor is experiencing significant financial difficulty or default, probability of bankruptcy, problems to contact the clients, disputes with a customer, etc.). Analysis is done on a case by case basis in line with policies.

The cash and cash equivalents and interest receivable are held mainly with banks which are rated "A-" or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd for long term credit rating.

#### Exposure to credit risk

The gross carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

(EUR 000)	Note	31.12.2016	31.12.2015
Trade receivables	20	99,160	80,996
Other receivables	21	15,021	16,454
Work in progress		31,984	17,992
Other financial assets – loans and receivables	18	4,507	4,358
Cash and cash equivalents	22	69,858	80,464
		220,530	200,263

The "Other financial assets" of EUR 940 thousand (2015: EUR 988 thousand) related to the participations in non-controlling entities and shelf companies have not been included in this analysis.

The assets that are exposed to credit risk are held 18% by The Netherlands (2015: 31%), 26.9% by Cayman (2015: 26%), 5% by Guernsey (2015: 6%), 12.7% by Luxembourg (2015: 11%), 10.9% by Jersey (2015: nil) and the remaining 26.5% (2015: 26%) by other jurisdictions.

Trade receivables are presented net of a provision for trade receivables. The credit risk is measured and analysed on a local level, analysis on recoverability is done on a case by case basis in line with policies. Evidence of historical experience demonstrates that debtors, in all ageing categories, have high recoverability ratios.

The ageing of trade receivables and the provision for trade receivables at reporting date is disclosed below. The movement schedule for the provision for trade receivables is included in [Note 20](#).

(EUR 000)	31.12.2016		31.12.2015	
	Gross receivables	Provision trade receivables	Gross receivables	Provision trade receivables
Neither past due nor impaired	34,361	(32)	36,216	(159)
Past due 1-90 days	49,535	(327)	33,394	(173)
Past due 91-180 days	8,472	(370)	5,214	(378)
Past due 181-360 days	6,002	(999)	5,698	(1,089)
Past due more than 361 days	6,607	(4,092)	5,317	(3,045)
	<b>104,978</b>	<b>(5,818)</b>	<b>85,840</b>	<b>(4,844)</b>

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

### 28.3. Liquidity risk

Liquidity risk includes the risk to a shortage of funds and the risk to encounter difficulty in meeting obligations associated with financial liabilities.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool: global cash flow forecasts each 3 months covering the next 6 months periods and 12 months period for the one prepared each December.

The Group entities prepare their own cash flow forecasts and they are centrally consolidated by Group Finance. Group Finance monitors rolling forecasts of the group's liquidity requirements, as well as the Group's actual cash and receivables position to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowings facilities to ensure that the Group does not breach borrowings limits or covenants.

The Group entities keep the amounts required for working capital management and the excess cash is transferred to the Group Finance who defines the best use of these funds (cancellation of loans, deposits, etc.).

Access to sourcing of funding is sufficiently available through the revolving credit facility agreement that the Group has with banks ([Note 24](#)).

### Exposure to Liquidity risk

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and net-settled derivative financial liabilities based on contractual undiscounted payments. This analysis includes estimated interest payments and does not consider voluntary prepayments of bank debt that could be possible following the agreements.



(EUR 000)	Carrying amounts	Total	Balance at 31 December 2016			
			Due within 1 year	Due between 1 and 2 years	Due between 2 and 5 years	Due 5 years and more
Loans and borrowings	799,293	(884,091)	(22,131)	(23,312)	(838,648)	-
Trade payables and other payables	77,610	(77,610)	(77,610)	-	-	-
Interest rate swaps used for hedging	1,763	(1,763)	(797)	(635)	(331)	-
	<b>878,666</b>	<b>(963,464)</b>	<b>(100,538)</b>	<b>(23,947)</b>	<b>(838,979)</b>	<b>-</b>

(EUR 000)	Carrying amounts	Total	Balance at 31 December 2015			
			Due within 1 year	Due between 1 and 2 years	Due between 2 and 5 years	Due 5 years and more
Loans and borrowings	523,805	(605,359)	(13,871)	(14,610)	(576,878)	-
Trade payables and other payables	61,105	(61,105)	(61,105)	-	-	-
Interest rate swaps used for hedging	19	(19)	(191)	(48)	220	-
	<b>584,929</b>	<b>(666,482)</b>	<b>(75,167)</b>	<b>(14,658)</b>	<b>(576,658)</b>	<b>-</b>

The flows expected for interest rate swaps will affect profit and loss in the same period as they are expected to occur.

## 28.4. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Currency risk

The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency). The exposures are mainly with respect to the US dollars (USD) and Pound sterling (GBP). The loans and borrowings of the Group are denominated in Euros, Pound sterling and US Dollars. The objective is to match the main cash flows generated by the underlying operations of the Group with the debt which provides an economic hedge.

Until October 2015 the Group's investment in its Cayman subsidiary was partially hedged by two USD denominated bank loans, one loan of USD 138 million of which USD 100 million was designated as part of the hedge and another of USD 200 million which was fully designated as part of this hedge. Due to the repayment of the loans in USD and the new loan in USD taken, the net investment hedge has been redesigned: the new loan of USD 100 million is fully designated as part of this hedge. This mitigates a portion of the foreign currency translation risk arising from the subsidiary's net assets.

At 31 December 2016 the face value of the designated loan is EUR 94,868 thousand. The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. The Group's investments in other subsidiaries are not hedged.

## Exposure to currency risk

The group has mainly currency exposure in USD and GBP, as presented follow:

(EUR 000)	31.12.2016		31.12.2015	
	USD	GBP	USD	GBP
Cash and cash equivalents	12,599	1,399	14,414	608
Trade and other receivables	1,548	11	2,945	157
Loans and borrowings	(94,868)	(109,790)	(91,853)	-
Trade and other payables	(611)	(54)	(3,672)	(464)
<b>Net statement of financial position exposure</b>	<b>(81,332)</b>	<b>(108,434)</b>	<b>(78,166)</b>	<b>301</b>

The following significant exchange rates have been applied:

	Reporting date spot rate 31.12.2016	Average rate 2016
USD	1.0541	1.1069
GBP	0.8562	0.8195
	Reporting date spot rate 31.12.2015	Average rate 2015
USD	1.0887	1.1095
GBP	0.7340	0.7258

## Sensitivity analysis

(EUR 000)	2016			2016		
	Effect in profit or loss			Effect in Equity		
	EUR Strengthening	EUR Weakening		EUR Strengthening	EUR Weakening	
USD (10% movement)	(3,034)	3,034		9,858	(9,858)	
GBP (10% movement)	(1,462)	1,462		7,394	(7,394)	
	2015			2015		
	Effect in profit or loss			Effect in Equity		
	EUR Strengthening	EUR Weakening		EUR Strengthening	EUR Weakening	
USD (10% movement)	(3,403)	3,403		7,106	(7,106)	
GBP (10% movement)	(906)	906		(27)	27	

A 10 per cent strengthening of the USD and the GBP against all other currencies at 31 December 2016 would have affected the value of financial assets and liabilities denominated in foreign currency and affected equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

## Interest rate risk

The risk relates to the Group's long term debt obligations with floating interest rates. To manage this risk the company enters into interest rate swaps.

## Exposure to interest rate risk

At the reporting date the interest rate profile of the interest bearing financial instrument was:

(EUR 000)	31.12.2016 Carrying amount	31.12.2015 Carrying amount
<b>Fixed rate instruments</b>		
Financial assets	416	20,842
	<b>416</b>	<b>20,842</b>
<b>Variable rate instruments</b>		
Financial assets	16,115	18,113
Financial liabilities	(811,260)	(532,670)
	<b>(795,145)</b>	<b>(514,557)</b>
Loans and borrowings hedged	208,460	27,556
	<b>(586,685)</b>	<b>(487,001)</b>

Financial assets mainly include cash in bank accounts with interest bearing rates.

In January 2017, the Group entered into additional interest rate swaps that will cover, together with the existing interest rate swaps, approximately 41 % of floating interest rate on the loans and borrowings.

## Sensitivity analysis for variable rate instruments

An increase of 50 basis points in interest rates on loans and borrowings would have decreased the profit and loss before tax by EUR 1,083 thousand (2015: EUR 2,521 thousand). A decrease of 50 basis points in interest rates on loans and borrowings would have decreased the profit and loss before tax by EUR 165 thousand (2015: EUR 2,521 thousand increase).

The loans and borrowings have a 0% Euribor/Libor floor, whereas the interest rate swaps do not have a 0% floor. As a result of current negative interest rates in Euribor this causes the asymmetric variances. The sensitivity of interest to movements in interest rates is calculated on floating rate exposures on debt, net of interest rate swaps. This analysis assumes that all other variables remain constant.

## 28.5. Capital management

The capital structure of the Group consists of shares and share premium and bank borrowings. The objective of the Group's capital management is to ensure that it maintains healthy debt ratios in order to support its business and face the obligations with banks.

The Group's target is to reach a steady state leverage ratio of between 2.0 and 2.5 times. This leverage ratio might be higher depending on the potential and the size of any acquisitions. The bank borrowings are subject to covenants that are tested bi-annual: Leverage ratio (Note 24).

## 28.6. Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31.12.2016		Carrying amounts					Fair value
(EUR 000)	Note	Loans and receivables	Available-for-sale	Fair value – Hedging instruments	Other liabilities	Total	Level 2
<b>Financial assets not measured at fair value</b>							
Loans and receivables	18	4,507				4,507	
Unquoted equity shares	18		940			940	
Trade receivables		99,160				99,160	
Other receivables	21	15,021				15,021	
Work in progress		31,984				31,984	
Cash and cash equivalents	22	69,858				69,858	
		220,530	940	-	-	221,470	
<b>Financial liabilities measured at fair value</b>							
Interest rate swaps – cash flow hedge	18			1,763		1,763	1,763
		-	-	1,763	-	1,763	
<b>Financial liabilities not measured at fair value</b>							
Trade payables					10,636	10,636	
Other payables	21				66,974	66,974	
Secured loans and borrowings	24				799,293	799,293	784,293
		-	-	-	876,903	876,903	

31.12.2015		Carrying amounts					
(EUR 000)	Note	Loans and receivables	Available-for-sale	Fair value – Hedging instruments	Other liabilities	Total	
<b>Financial assets not measured at fair value</b>							
Loans and receivables	18	4,358				4,358	
Unquoted equity shares	18		988			988	
Trade receivables		80,996				80,996	
Other receivables	21	16,454				16,454	
Work in progress		17,992				17,992	
Cash and cash equivalents	22	80,464				80,464	
		200,264	988	-	-	201,252	
<b>Financial liabilities measured at fair value</b>							
Interest rate swaps used for cash-flow hedge	18			19		19	
		-	-	19	-	19	
<b>Financial liabilities not measured at fair value</b>							
Trade payables					6,221	6,221	
Other payables	21				54,884	54,884	
Secured loans and borrowings	24				523,805	523,805	
		-	-	-	584,910	584,910	

### Level 2

The fair value of the interest rate swaps is based on broker quotes and is calculated as the present value of the estimated future cash flows based on observable yield curves. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

There are only level 2 fair values and no transfers between levels were applicable in 2016 and 2015.

## 29. Operating leases

### 29.1. Leases as lessee

The Group has entered into commercial leases on certain motor vehicles and items of office equipment. These leases have an average life of between three and five years with no renewal option included in the contracts.

The Group has entered into leases for rental agreements in different countries. The leases run for a period between 3 and 24 years. Lease payments are increased with specific amounts and frequency depending on the different agreements.

There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	31.12.2016	Not later than one year	Between one and five years	Later than five years
Leased machinery and equipment	2,837	1,136	1,502	199
Leased real estate	70,366	19,526	48,610	2,230
<b>Total</b>	<b>73,203</b>	<b>20,662</b>	<b>50,112</b>	<b>2,429</b>
	31.12.2015	Not later than one year	Between one and five years	Later than five years
Leased machinery and equipment	2,576	967	1,443	166
Leased real estate	54,939	15,071	34,658	5,210
<b>Total</b>	<b>57,516</b>	<b>16,038</b>	<b>36,101</b>	<b>5,376</b>

During the period an amount of EUR 18,607 thousand (2015: EUR 14,945 thousand) was recognised as an expense in profit or loss in respect of operating leases. Total rental expenses reported in statement of profit/loss includes utilities, maintenance and repairs expenses.

### 29.2. Leases as lessors

Some affiliates have entered into sublease contracts of office space.

Future minimum rental receivables under non-cancellable operating leases as at 31 December are as follows:

	31.12.2016	Not later than one year	Between one and five years	Later than five years
Leased real estate	10,445	3,167	7,278	-
<b>Total</b>	<b>10,445</b>	<b>3,167</b>	<b>7,278</b>	<b>-</b>
	31.12.2015	Not later than one year	Between one and five years	Later than five years
Leased real estate	1,584	1,467	117	-
<b>Total</b>	<b>1,584</b>	<b>1,467</b>	<b>117</b>	<b>-</b>

During the period an amount of EUR 4,015 thousand (2015: EUR 3,377 thousand) were included in revenues.

## 30. Commitments

The Group is committed to incur IT operational expenditure mainly related to managed communication networks and outsourced activities of EUR 17,246 thousand spread in the next five years.

## 31. Contingencies

There are a few possible claims against the Group, the aggregate amount of which cannot be reliably measured. Where necessary legal and/or external advice has been obtained and, in light of such advice, the risk of litigation is provided adequately.

There is a remaining potential tax liability towards the Swiss tax authorities. This relates to a late payment interest charge imposed by the Swiss tax authorities in the amount of CHF 9.1 million in connection with the late payment of Swiss dividend withholding tax on a cash dividend paid in 2010 to its former shareholders. The Group has timely filed a formal tax appeal against the imposition with the Swiss tax authorities, outlining various arguments as to why we believe the contingency is not due. On 1 February 2017 favourable related legislation has been enacted. We expect to receive a formal full release of the late payment interest assessment in the course of 2017 pending administrative proceedings.

The Belgian tax authorities have delivered a notice to the third party liquidator of one of our former subsidiaries for tax and penalties in the amount of approximately EUR 16.4 million (excluding interest) in connection with Belgian dividend withholding tax over the payment of liquidation proceeds of this subsidiary in 2012. The exemption for dividend withholding tax has been challenged by the tax authorities on technical grounds. A formal tax complaint in view of full rescindment had been filed in due course as there are good grounds to challenge the tax assessment. Following formal decision received in February 2017, a partial rescindment for an amount of approx. EUR 6.5 million has been obtained. An amount of approx. EUR 9.8 million (excluding interest) remains under further dispute. We are preparing for filing a court petition as we continue to believe there to be good grounds to counter the position taken by the tax authorities. The further treatment and outcome of the appeal in front of the court is bound to be pending for quite some time whereby it is furthermore believed that it is still more likely than not that a full release can be obtained.

## 32. Related parties

The Group has provided services to some entities related to Blackstone in the normal course of business at arm's length basis.

In 2015, prior to the listing, the Group entered into transactions with parties related to Blackstone Group for services received for advising, monitoring and transaction fees for the amount of EUR 1,499 thousand.

In 2015, as part of the capital reorganisation of the Company, the amounts outstanding under the shareholder loans payable to Blackstone Perpetual Topco S.à r.l. of EUR 95,535 thousand were contributed in exchange for newly issued ordinary shares of the Company. The interest expenses in the current period, prior to the listing, amounted to EUR 7,016 thousand.

### 32.1. Parent and ultimate controlling party

Prior to the listing in the Euronext Amsterdam on 15 October 2015, the Company was ultimately controlled by funds managed by Blackstone Group L.P. which had the majority shareholding in the Group. The remaining shares were owned by parties related to management. Following the IPO, the Company is the new ultimate controlling party.



## 32.2. Transactions with key management personnel

The Group has defined key management personnel as the members of the 2016 Supervisory Board, Management Board and Executive Committee of the Group, responsible for the strategic and operational activities.

### Key management personnel compensation

Key management personnel compensation comprises:

(EUR 000)	2016	2015
Short-term employee benefits	3,144	3,235
Post-employment benefits	206	211
Share-based payment <sup>1</sup>	1,113	1,430
	<b>4,464</b>	<b>4,876</b>

<sup>1</sup> This includes the expenses recognised by the Group related to the EOP and LTIP awards made to key management personnel (Note 8)

### Management Board

For the individual members of the Management Board, the Group recognised the following remuneration expenses:

(EUR 000)	2016 remuneration			Total
	Base salary	Other benefits	Short-term incentive <sup>1</sup>	
David de Buck	350	51 <sup>2</sup>	80	481
Ernesto Traulsen	353	11 <sup>3</sup>	60	424
	<b>703</b>	<b>62</b>	<b>140</b>	<b>905</b>

(EUR 000)	2015 remuneration			Total
	Base salary	Other benefits	Short-term incentive <sup>1</sup>	
David de Buck	350	71 <sup>2</sup>	100	521
Ernesto Traulsen	361	19 <sup>3</sup>	94	474
	<b>711</b>	<b>90</b>	<b>194</b>	<b>995</b>

<sup>1</sup> Short-term remuneration represents accrued bonuses to be paid in the following financial year

<sup>2</sup> This includes the lease car costs and compensation for a terminated saving scheme

<sup>3</sup> This includes the lease car costs

(EUR 000)	2016 deferred remuneration			Total deferred
	Long-term incentive <sup>1</sup>	Pension costs		
David de Buck	271	14		285
Ernesto Traulsen	(12)	61		49
	<b>259</b>	<b>75</b>		<b>334</b>

(EUR 000)	2015 deferred remuneration			Total deferred
	Executive Ownership plan <sup>1</sup>	Pension costs		
David de Buck	375	14		389
Ernesto Traulsen	94	62		156
	<b>469</b>	<b>76</b>		<b>545</b>

<sup>1</sup> Long-term incentive represents the expense recognised during the year in accordance with IFRS 2, Share-based Payment, related to the EOP and LTIP awards

(EUR 000)	Total remuneration (including deferred remuneration)	
	Total 2016	Total 2015
David de Buck	766	910
Ernesto Traulsen	473	630
	<b>1,239</b>	<b>1,539</b>

The Management Board EOP awards outstanding and movements during the financial year were:

	Award date	Outstanding as at 1 Jan 2016	Granted in 2016	Allocated in 2016 subject to lock up	Vested in 2016	Outstanding as at 31 Dec 2016	Fair value per share at grant date (EUR)	Vesting date <sup>1</sup>
<b>David de Buck</b>								
EOP – Matching shares	19 Oct 2015	50,013	–	–	–	50,013	14.28	19 Oct 2018
<b>Ernesto Traulsen</b>								
EOP – Matching shares	19 Oct 2015	12,503	–	–	–	12,503	14.28	19 Oct 2018

	Award date	Outstanding as at 1 Jan 2015	Granted in 2015	Allocated in 2015 subject to lock up	Vested in 2015	Outstanding as at 31 Dec 2015	Fair value per share at grant date (EUR)	Vesting date <sup>1</sup>
<b>David de Buck</b>								
EOP – Additional shares	19 Oct 2015	–	21,006	(21,006)	–	–	15.50	19 Oct 2015
EOP – Matching shares	19 Oct 2015	–	50,013	–	–	50,013	14.28	19 Oct 2018
<b>Ernesto Traulsen</b>								
EOP – Additional shares	19 Oct 2015	–	5,251	(5,251)	–	–	15.50	19 Oct 2015
EOP – Matching shares	19 Oct 2015	–	12,503	–	–	12,503	14.28	19 Oct 2018

<sup>1</sup> Following the vesting date, the EOP shares granted to members of the Management Board are subject to an additional two-year lock up period, except for the EOP shares that can be sold to cover income taxes due

Upon vesting of the share-based payment awards to the members of the Management Board and other eligible employees, the Company may at its discretion make the required number of Ordinary Shares available either by issuing new Ordinary Shares or by purchasing existing Ordinary Shares in the open market.

The LTIP awards for the members of the Management Board was set by the Supervisory Board of the Company on 10 February 2016. The Management Board LTIP awards outstanding and movements during the financial year were:

	Award date	Outstanding as at 1 Jan 2016	Granted in 2016	Allocated in 2016 subject to lock up	Vested in 2016	Outstanding as at 31 Dec 2016	Fair value per share at grant date (EUR)	Vesting date <sup>1</sup>
<b>David de Buck</b>								
LTIP shares	1 Apr 2016	–	4,925	–	–	4,925	17.95	1 Apr 2016
<b>Ernesto Traulsen</b>								
LTIP shares	1 Apr 2016	–	4,925	–	–	4,925	17.95	1 Apr 2016

<sup>1</sup> Following the vesting date, the LTIP shares granted to members of the Management Board are subject to an additional two-year lock up period, except for the LTIP shares that can be sold to cover income taxes due

As of 31 December 2016, the members of the Management Board have no loans outstanding with the Group and no guarantees or advance payments are granted to members of the Management Board.

## Supervisory Board

The individual members of the Supervisory Board received the following remuneration:

(EUR 000)	2016	2015
A. Ruys	60	46
H.L.L. Groenewegen	65	25
H.M. Vletter	80	80
	205	151

The Company does not grant variable remuneration, shares or options to the members of the Supervisory Board. As of 31 December 2016, the members of the Supervisory Board have no loans outstanding with the Group and no guarantees or advance payments are granted to members of the Supervisory Board.

## 33. Group entities

The following companies were the significant subsidiaries of the Group as at 31 December 2016 and have been included in the consolidated financial statements:

Name	Country of incorporation	Type	Ownership interest 31.12.2016
Intertrust N.V.	Netherlands	parent	100%
Intertrust Group B.V.	Netherlands	affiliate	100%
Intertrust Holding (Jersey) Limited	Jersey	affiliate	100%
Elian TopCo Limited	Guernsey	affiliate	100%
Elian MidCo Limited	Guernsey	affiliate	100%
Elian BidCo Limited	Jersey	affiliate	100%
Biplane BidCo (UK) Limited	United Kingdom	affiliate	100%
Intertrust SFM Holdings Limited	Jersey	affiliate	100%
Intertrust Management Limited	United Kingdom	affiliate	100%
SFM Europe Limited	United Kingdom	affiliate	100%
Intertrust European Holdings Limited	Ireland	affiliate	100%
SFM (Portugal) Sociedade Unipessoal LDA	Portugal	affiliate	100%
Structured Finance Management (Spain) S.L.	Spain	affiliate	75%
Intertrust Offshore Limited	Jersey	affiliate	100%
Elian Fiduciary Services Holding Company Limited	Cayman	affiliate	100%
Intertrust Fiduciary Services (Jersey) Limited	Jersey	affiliate	100%
Intertrust Fiduciary Shared Services Limited	Jersey	affiliate	100%
Intertrust Premises (Jersey) Limited	Jersey	affiliate	100%
Intertrust Fiduciary Services (UK) Limited	United Kingdom	affiliate	100%
Intertrust Fiduciary Services (BVI) Limited	Virgin Islands, British	affiliate	100%
Intertrust (Netherlands) B.V.	Netherlands	affiliate	100%
Structured Finance Management (Netherlands) BV	Netherlands	affiliate	100%
Intertrust Group Holding S.A.	Switzerland	affiliate	100%
Intertrust (Sweden) AB	Sweden	affiliate	100%
Intertrust (Norway) A/S	Norway	affiliate	100%
Intertrust (Finland) Oy	Finland	affiliate	100%
Intertrust (Guernsey) Limited	Guernsey	affiliate	100%
Intertrust (Spain) SL	Spain	affiliate	100%
Intertrust Holding (Curacao) N.V.	Netherlands Antilles	affiliate	100%
Intertrust Management NV	Netherlands Antilles	affiliate	100%
Intertrust Resources Management Limited	Hong Kong	affiliate	100%
Intertrust (Singapore) Ltd.	Singapore	affiliate	100%
Intertrust Management Services Pte. Ltd.	Singapore	affiliate	100%
Intertrust (Belgium) NV/SA	Belgium	affiliate	100%
Intertrust (Suisse) S.A.	Switzerland	affiliate	100%
Intertrust (Denmark) A/S	Denmark	affiliate	100%
Intertrust Intellectual Property Group Holding SA	Switzerland	affiliate	100%
Intertrust (Shanghai) Consultants Limited	China	affiliate	100%
Intertrust Danismanlik AS	Turkey	affiliate	100%
Intertrust Management Ireland Limited	Ireland	affiliate	100%
Intertrust Alternative Investment Fund Management (Ireland) Limited	Ireland	affiliate	100%
Intertrust Holdings (UK) Limited	United Kingdom	affiliate	100%
Intertrust (Cyprus) Limited	Cyprus	affiliate	100%
Intertrust Holding (Cayman) Limited	Cayman Islands	affiliate	100%
Intertrust Corporate Services (BVI) Limited	Virgin Islands, British	affiliate	100%
Intertrust (Dubai) Limited	United Arab Emirates	affiliate	100%
Intertrust Corporate Services Delaware Ltd	United States	affiliate	100%
Intertrust (Brazil) Servicos Corporativos Ltda	Brazil	affiliate	100%
Intertrust (Bahamas) Limited	Bahamas	affiliate	100%
Intertrust Germany GmbH	Germany	affiliate	100%
Intertrust Topholding (Luxembourg) S.à r.l.	Luxembourg	affiliate	100%
Intertrust Holding (Luxembourg) S.à r.l.	Luxembourg	affiliate	100%
Intertrust (Luxembourg) S.a r.l.	Luxembourg	affiliate	100%

## 34. Non-controlling entities

Non-controlling interests are related to ATC (Switzerland) S.à r.l. (ownership 51%), ATC Corporate Services (Zug) GmbH (ownership 51%), LBL data services B.V. (ownership 50%) and Structured Finance Management (Spain), S.L. (ownership 75%), which are not material for the Company.

## 35. Subsequent events

On 1 February 2017, the Group has acquired the remaining 25% stake in Intertrust Management Spain, S.L. (formerly known as Structured Finance Management (Spain), S.L.) together with the affiliated professional services activities of Azcona y Asociados de Consultoría Tributaria, Jurídica y Contable, S.L..

## Intertrust N.V. Balance Sheet

*After profit appropriation*

(EUR 000)

	Note	31.12.2016	31.12.2015
<b>Assets</b>			
Investments in participating interests	39	755,888	32,424
Loans to participating interests	40	-	523,862
Deferred tax assets		1,916	2,543
<b>Fixed assets</b>		<b>757,804</b>	<b>558,829</b>
Other receivables		-	136
Prepayments		101	-
Cash and cash equivalents		10	4,418
<b>Current assets</b>		<b>111</b>	<b>4,554</b>
<b>Total assets</b>		<b>757,915</b>	<b>563,383</b>
<b>Shareholders' equity</b>			-
Share capital		55,200	51,133
Share premium		641,499	524,481
Reserves		42,345	91
Retained earnings		18,829	(13,515)
<b>Total shareholders' equity</b>	<b>41</b>	<b>757,873</b>	<b>562,190</b>
<b>Liabilities</b>			
Trade payables		-	380
Other payables		42	813
<b>Current liabilities</b>		<b>42</b>	<b>1,193</b>
<b>Total liabilities</b>		<b>42</b>	<b>1,193</b>
<b>Total shareholder's equity and liabilities</b>		<b>757,915</b>	<b>563,383</b>



## Intertrust N.V. Income statement

(EUR 000)	Note	2016	2015
Other operating expenses		(1,588)	(23)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>(1,588)</b>	<b>(23)</b>
Finance income		5,319	4,267
Finance costs		(4)	-
<b>Net Finance costs</b>		<b>5,315</b>	<b>4,267</b>
Share of profit of equity-accounted investees (net of tax)		49,085	(17,100)
<b>Profit/(loss) before income tax</b>		<b>52,816</b>	<b>(12,856)</b>
Income tax		(932)	(1,061)
<b>Profit/(loss) for the year after tax</b>	<b>41</b>	<b>51,884</b>	<b>(13,917)</b>
Profit/(loss) for the year after tax attributable to: Owners of the Company		51,884	3,183

## Intertrust N.V. Statement of changes in equity

(EUR 000)

	For the period ended 31 December 2016							
	Attributable to owners of the Company							
	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve	Total
Balance at 01 January 2016	51,133	524,481	(13,515)	107	(16)	-	-	562,190
Profit (loss) for the period	-	-	51,884	-	-	-	-	51,884
Other comprehensive income	-	-	133	7,520	(1,308)	-	-	6,345
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>52,017</b>	<b>7,520</b>	<b>(1,308)</b>	<b>-</b>	<b>-</b>	<b>58,229</b>
<b>Transactions with owners of the Company</b>								
Issue of ordinary shares	4,067	117,018	-	-	-	-	-	121,085
Capital reorganisation under common control	-	-	-	-	-	-	-	-
Equity-settled share-based payment	-	-	5,988	-	-	-	-	5,988
Business combination	-	-	-	-	-	-	36,118	36,118
Purchase of treasury shares	-	-	-	-	-	(3,657)	-	(3,657)
Treasury shares delivered	-	-	(3,581)	-	-	3,581	-	-
Dividends	-	-	(22,080)	-	-	-	-	(22,080)
<b>Total contributions and distributions</b>	<b>4,067</b>	<b>117,018</b>	<b>(19,673)</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>36,118</b>	<b>137,454</b>
<b>Balance at 31 December 2016</b>	<b>55,200</b>	<b>641,499</b>	<b>18,829</b>	<b>7,627</b>	<b>(1,324)</b>	<b>(76)</b>	<b>36,118</b>	<b>757,873</b>

(EUR 000)

	For the period ended 31 December 2015							
	Attributable to owners of the Company							
	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve	Total
Balance at 01 January 2015	45	-	-	-	-	-	-	45
Profit (loss) for the period	-	-	(13,917)	-	-	-	-	(13,917)
Other comprehensive income	-	-	(543)	9,438	1,246	-	-	10,141
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(14,460)</b>	<b>9,438</b>	<b>1,246</b>	<b>-</b>	<b>-</b>	<b>(3,776)</b>
<b>Transactions with owners of the Company</b>								
Issue of ordinary shares	18,133	439,488	-	-	-	-	-	457,621
Capital reorganisation under common control	32,955	84,993	-	(9,331)	(1,262)	-	-	107,355
Equity-settled share-based payment	-	-	945	-	-	-	-	945
<b>Total contributions and distributions</b>	<b>51,088</b>	<b>524,481</b>	<b>945</b>	<b>(9,331)</b>	<b>(1,262)</b>	<b>-</b>	<b>-</b>	<b>565,921</b>
<b>Balance at 31 December 2015</b>	<b>51,133</b>	<b>524,481</b>	<b>(13,515)</b>	<b>107</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>562,190</b>

## Notes to the Intertrust N.V. financial statements

### 36. Reporting entity

The Company financial statements of Intertrust N.V. are part of the consolidated financial statements.

### 37. Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the notes to the consolidated financial statements.

### 38. Significant accounting policies

#### 38.1. Result of participating interests

The share of profit of participating interests consists of the share of the Company in the results of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests, themselves, are not realised.

#### 38.2. Financial fixed assets

Participating interests in Group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

### 39. Investments in participating interests

(EUR 000)	31.12.2016	31.12.2015
<b>Balance at 01 January</b>	<b>32,424</b>	<b>-</b>
Capital reorganisation under common control	-	11,820
Investments	686,456	23,261
Share of result of participating interests	49,089	(17,100)
Dividend income	(24,416)	-
Equity-settled share-based payment	5,990	4,302
Actuarial gains/(losses)	133	(543)
Changes in hedging and translation reserves	6,212	10,684
<b>Balance at 31 December</b>	<b>755,888</b>	<b>32,424</b>

In 2016, the Company became the owner of 100% of Intertrust Group B.V., a company based in The Netherlands, following post-IPO restructuring. The dividend declared by Intertrust Group B.V. and paid out of retained earnings was EUR 24,412 thousand.

In 2015, the Company became the parent of the Group by the contribution of the entire issued and outstanding share capital of Intertrust Topholding (Luxembourg) S.à r.l. and the outstanding amounts under the Shareholder loans to the Company's shareholder's equity as a capital contribution.

## 40. Loans to participating interests

In 2016, the loans receivable from its subsidiary Intertrust Topholding (Luxembourg) S.à. r.l has been set-off within post-IPO restructuring.

In 2015, an amount of EUR 95,535 thousand (principal and accrued interest) was contributed to the Company by Blackstone Perpetual Topco (Luxembourg) S.à. r.l. in exchange for newly issued ordinary shares of the Company on 19 October 2015. An additional loan was issued on the same date to Intertrust Topholding (Luxembourg) S.à. r.l. for a principal amount of EUR 424,060 thousand.

## 41. Shareholders' equity

On 13 June 2016, the Company issued 6,777,778 ordinary shares for the purchase of Elian Group.

For movements in Equity, refer to [Note 23](#).

### Reconciliation of Group equity with Company equity

In 2015, the differences in share premium and retained earnings between the consolidated financial statements and the Company financial statements of EUR 11,058 thousand were related to the consolidated retained earnings of the participating interests at contribution date. These retained earnings were booked as part of the share premium in the Company accounts.

For details on the capital reorganisation, refer to [Note 23](#).

### Reconciliation of Group profit/(loss) with Company profit/(loss)

(EUR 000)	31.12.2016	31.12.2015
<b>Profit/(loss) attributable to owners of the Company</b>	<b>51,884</b>	<b>2,669</b>
Share of profit of participating interests, after income tax from 1 January to 19 October (capital reorganisation under common control)	-	(16,586)
<b>Profit/(loss) in Intertrust N.V.</b>	<b>51,884</b>	<b>(13,917)</b>

## 42. Fees of the auditors

The following fees from KPMG Accountants N.V. and its member firms to the Company and its subsidiaries have been booked for the financial period:

(EUR 000)	<i>KPMG Accountants N.V.</i>		<i>Other KPMG member firms and affiliates</i>	
	2016	2015	2016	2015
Audit of the financial statements	(470)	(355)	(822)	(667)
Transactional audit fees	-	(453)	-	-
Other assurance related services (including half year review)	(202)	(71)	(33)	(33)
Tax fees	-	-	(54)	(123)
Other fees	-	-	(39)	(13)
	<b>(672)</b>	<b>(879)</b>	<b>(948)</b>	<b>(836)</b>

## 43. Remuneration

Refer to [Note 32](#) of the consolidated financial statements for the remuneration of the Management Board and the Supervisory Board.

## 44. Off-balance sheet commitments

### Fiscal unity

The Company is head of a fiscal unity for corporate income tax purposes. The Company calculates its taxes on a stand-alone basis. The payables and/or receivables of the corporate income tax are settled with the companies that are part of the fiscal unity. In accordance with the standard conditions of the fiscal unity, each of the companies is liable for the income tax liabilities of the entire fiscal unity.

## 45. Subsequent events

For subsequent events, please refer to [Note 35](#).

## 46. Appropriation of Result

The Management Board proposes to appropriate EUR 45,080 thousand of the profit for a payment of a dividend and to add EUR 6,804 thousand to the retained earnings.

The financial statements are signed by the Management Board and the Supervisory Board:

**Management Board:**

David De Buck  
Maarten de Vries

**Supervisory Board:**

Hélène Vletter-van Dort  
Gerry Murphy  
Lionel Assant  
Anthony Ruys  
Bert Groenewegen

Amsterdam, the Netherlands

31 March 2017

# Independent auditor's report

**To: the General Meeting and the Supervisory Board of Intertrust N.V.**

## Report on the accompanying financial statements 2016

### Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Intertrust N.V. as at 31 December 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Intertrust N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### What we have audited

We have audited the financial statements 2016 of Intertrust N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2016;
2. the following consolidated statements for 2016: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2016;
2. the company Income statements for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

### Basis for our opinion

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

We are independent of Intertrust N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other

relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

## Audit approach

### Summary

Unqualified audit opinion	<b>Materiality</b> <ul style="list-style-type: none"> <li>Overall materiality of EUR 4 million</li> <li>5.5% of profit before tax from continuing operations</li> </ul>
<b>Key audit matters</b> <ul style="list-style-type: none"> <li>Acquisition Accounting</li> <li>Valuation of Goodwill and Intangibles</li> <li>Provisioning of Litigations and claims</li> <li>Revenue recognition</li> </ul>	<b>Audit scope</b> <ul style="list-style-type: none"> <li>Coverage of 87% of revenue</li> </ul>

### Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 4 million (2015: EUR 3 million). The materiality is determined with reference to the 2016 profit before tax from continuing operations (5.5%). We consider profit before tax from continuing operations as the most appropriate benchmark as it reflects the operations of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 200,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Intertrust N.V. is head of a group of entities. The financial information of this group is included in the financial statements of Intertrust N.V.

Our group audit mainly focused on group entities that were considered significant based on revenues, leading to operating entities in the Netherlands, Luxembourg, Guernsey, Cayman Islands and Jersey being in-scope. To increase coverage the audit for consolidation purposes was extended to include Switzerland, Curacao and Hong Kong as well.

We have:

- sent detailed instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the group audit team;
- visited component locations in the Netherlands, Luxembourg and Guernsey where we performed audit file reviews;



- visited the Jersey operating entity and performed an audit file review in order to make use of the work of a non-KPMG auditor of the Jersey operations 2016;
- performed audit procedures ourselves at group entity Intertrust N.V. and the Dutch operating entity;
- performed audit procedures over significant accounts such as external debt, taxes and intangible assets including goodwill ourselves at the group holding entity in the Netherlands;

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements. The audit scope coverage for 2016 is 87% of the consolidated revenues.

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Elia
<b>Description</b> In September 2016, the Company acquired the Elia Group for EUR 227.5 million. The purchase price allocation (PPA) as required by IFRS 3 contains complex accounting and management judgement in significant estimates such as the future cash flow projections and discount rates used. In the PPA, the purchase price of the acquired company's net assets has been allocated to all identified assets and liabilities. The application of purchase price accounting for the acquisition of the Elia Group has been disclosed in note 6 of the financial statements.
<b>Our response</b> We have performed the following audit procedures for the purchase price allocation (PPA) for Elia: <ul style="list-style-type: none"> <li>• Audit of the opening balance for Elia Group upon acquisition performed by local auditors based on the scoping and instructions issued;</li> <li>• Verification of the total consideration identified by the entity based on the signed agreements;</li> <li>• Assessment of the identification and valuation of all assets and liabilities acquired, including challenging the assumptions used by management and the external valuator, engaged by the entity, on underlying assumptions such as future cash flow projections and discount rates by comparing them with market data;</li> </ul>
<b>Our observation</b> Based on our procedures performed we found that the accounting for the acquisition for the Elia Group and related disclosure have met the requirements of IFRS 3.

## Valuation of goodwill and intangible assets

### Description

The company has recognised a significant amount of goodwill and intangibles for client relationships and brand names, predominantly emanating from the acquisitions of the ATC and Intertrust businesses amounting to EUR 1,580.5 million. There exists a potential risk of impairment of intangible assets, including goodwill, to the extent future developments negatively deviate from the assumptions applied during the acquisition of the group entities.

The annual impairment test performed was significant to our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future economic and market conditions. In performing the impairment testing for goodwill, the Company used various assumptions in respect of future economic and market conditions, such as the discount rate, revenue and margin development, expected inflation rates and the terminal value growth.

The amounts recognised, the assumptions and sensitivities used to assess the recoverable amount recognised are disclosed in note 16 of the consolidated financial statements.

### Our response

We performed, amongst others, the following procedures:

- We challenged management's budget and cash flow forecasts, performing sensitivity analyses and a retrospective review of the historical accuracy of management's estimations;
- Involved a KPMG valuation specialists to assist the audit team in the audit procedures performed. The valuation specialist's procedures included evaluating the methodology used by management, assessing the reasonableness of the WACC, performing independent sensitivity analyses over the key assumptions used by management in the impairment test, and comparison with market data;
- Assessed if management's determination of the Cash Generating Unit (CGU) and the related carrying value was appropriate.

### Our observation

Based on our procedures performed we consider management's key assumptions within an acceptable range and determined that the company's disclosures meet the requirements of IAS 36.

## Provisioning for litigations and claims

### Description

Considering the line of business of Intertrust N.V., in combination with the inherent subjectivity in identifying, monitoring and provisioning of claims, there is a potential risk of misstatement in claim provisions and contingency disclosures. The outcome of these matters may have a material effect on the Company's result and financial position. Management's assessment of legal claims is included in note 27 of the consolidated financial statements, and the description of contingencies is included in note 31.

### Our response

We performed, amongst others, the following procedures:

- Our control testing included testing management's controls in relation to risks of breaches in laws and regulations, as well as testing controls over litigation and claims monitoring and provision recognition;
- We challenged management's assessment of litigations and claims, and subsequent assessment of provisions required as at the year-end with a combination of procedures including inquiry with in-house legal counsel (at the group level and at group entities) and substantive evidence including confirmation letters, contracts, case summaries from external legal counsels;

### Our observation

Based on our procedures performed we found that the provision for litigation and claims to be recognised and as disclosed in note 3.15 of the consolidated financial statements in accordance with IAS 37.

Revenue recognition and risk of management override
<b>Description</b> Revenue recognition, in particular existence of revenue and possible fraudulent recognition, was considered a significant inherent risk for the financial statements of Intertrust N.V. 2016 from an audit perspective. It relates to the potential manipulation of cut-off of revenues, management override of controls and potential bias in estimates of the recoverability of work in progress (WIP) and debtors. Management override relevant to internal controls is an action or a series of actions performed by management to bypass established internal controls. Management override may be driven by a desire to reach analyst expectations.
<b>Our response</b> We addressed the risk of fraudulent revenue recognition and management override in our audit through a combination of controls testing and substantive testing: <ul style="list-style-type: none"> <li>• We involved KPMG forensic specialists in our fraud risk assessment and in designing audit procedures to address the risk of fraud;</li> <li>• We tested the key controls in relation to revenue recognition, such as the approval of hours recorded, reconciliation of written hours to contractual hours and review of proposed invoicing;</li> <li>• We tested the design, implementation and operating effectiveness of the general IT controls applicable to the system for financial reporting to the extent that this is considered effective and efficient in our audit approach. User access management controls were not completely implemented in Luxembourg which resulted in additional substantive audit procedures such as manual reconciliations of data;</li> <li>• We performed substantive audit procedures in relation to cut-off of revenue. Amongst others, we verified the timing of revenue recognition with underlying contracts and written hours, whether credit notes issued after balance sheet date related to revenue recognised in 2016, the existence and collectability of WIP and debtor balances by reconciling WIP to written hours and testing the aging of accounts receivable;</li> <li>• We performed journal entry testing of both manual journal entries recorded directly in the consolidation, and manual journal entries recorded by local management, using data analysis tools where possible;</li> </ul>
<b>Our observation</b> Our audit procedures did not reveal indications of management bias or override of controls in the estimates and accounting applied by management in relation to the recognition of revenue, recoverability of WIP and debtors.

## 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:

- the Management Board's Report on pages 4 to 120 including the Report from the Supervisory Board;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code on pages 186 to 191.

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

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

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

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Standard 720. The scope of the procedures performed is 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 management board's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code and other Information pursuant to Part 9 of Book 2 of the Netherlands Civil Code.

## Report on other legal and regulatory requirements

### Engagement

We were engaged by the General Meeting as auditor of Intertrust N.V. on 25 September 2015, as of the audit for year of 2015, and have operated as statutory auditor since then.

## Description of the responsibilities for the financial statements

### Responsibilities of Management Board and Supervisory Board for the financial statements

Management Board 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 Netherlands Civil Code. Furthermore, the Management Board is responsible for such internal control as Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, Management Board should prepare the financial statements using the going concern basis of accounting unless Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management Board 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.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA):

[https://www.nba.nl/Documents/Tools%20Vaktechniek/Standaardpassages/Standaardpassage\\_nieuwe\\_controletekst\\_oob\\_variant\\_%20Engels.docx](https://www.nba.nl/Documents/Tools%20Vaktechniek/Standaardpassages/Standaardpassage_nieuwe_controletekst_oob_variant_%20Engels.docx)

Amstelveen, 31 March 2017

KPMG Accountants N.V.

F.M. van den Wildenberg RA

---

[www.intertrustgroup.com](http://www.intertrustgroup.com)