

Registre de Commerce et des Sociétés

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Déposé le 03/03/2016

EXPERTAExperta Corporate and Trust Services S. A., LuxembourgManagement report – 2016 financial year

On 31 December 2016 the Company closed its fourteenth financial year. The Company registered a loss of EUR (1,367,409). The downward trend in fee income continued in 2016 but is explained by various factors, including the on going in-depth clean-up of our client portfolio involving a large number of dissolutions of both foreign and Luxembourg vehicles which no longer correspond to our new commercial strategy as well as the low level of new business development in 2015 and 2016. The so-called “Panama Papers” revelations in which the Company was pinpointed had to a certain extent also a negative impact on the business.

In June and July 2016, the Management Board has been changed with the appointment of a new CEO and a new CFO in replacement of departures. These changes in the management also entailed a complete reorganisation of the different departments in order to enhance the efficiency and quality of our services.

Even if our Company's mission is still to continue the development of the unregulated business by structuring the acquisition, management and transfer of any type of assets, as well as the structuring of PE/RE type investments for private clients, international corporate and institutional clients, the new commercial strategy adopted in June 2016 was to concentrate our efforts on the development of the regulated activity related to the alternative investment vehicles.

Furthermore, given the constantly evolving economic and regulatory environment, the Company will continue to expand and adapt its range of services in order to be more responsive to client needs. In 2016, we further strengthened our wealth and investment structuring expertise and hired highly qualified staff in key departments such as Investment Fund Services, Corporate Services and the Business Unit for Alternative Investment Vehicles (formerly Business Unit 3 – Northern Europe).

In 2016, one of our challenges was to collaborate even more with our shareholder, other banking partners, clients and partners (in particular tax experts) on the challenges posed by the Common Reporting Standard (CRS). This cooperation was consistent with the reorganisation of our client portfolio, guided by the interests of clients, the Company and the shareholder.

During the second part of 2016, the Management Board has taken appropriate actions to improve the debt collection process and to control internal costs and operational risks (e.g. creation of the *Comité de Contrôle Interne*).

Experta Luxembourg does not have any branches, does not hold any treasury shares and does not have a research and development activity.

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More than ever, both the Board of Directors and the Management Board wish to thank all Experta Luxembourg staff for the efforts made in 2016 in a continuously changing environment. 2016 was a challenging year for Experta Luxembourg and its teams, with a lot of external as well as internal changes.

No material events have occurred since the balance sheet date that could require adjustments or changes to the annual accounts as presented.

CSSF Circular 12/552, as amended by Circular 13/563 on the central administration, internal governance and risk management and supplemented by the “Prudential authorisation procedure for holders of key functions” issued by the CSSF on 18 February 2014, applies in particular to all Luxembourg credit institutions and investment firms. These regulations implement the directives of the European Banking Authority and the Basle Committee in order to strengthen the governance of European financial institutions after the 2008 financial crisis. The governance structure required by Circular 12/552 is based on the “three lines of defence” model: (1) Management controls and internal controls; (2) Compliance and risk management; (3) Internal audit. Experta Luxembourg’s Management Board has adopted a number of procedures and policies with regard to the implementation of this circular, including in particular an internal governance charter.



Stanislas Bunetel
Managing Director
Chief Executive Officer
Experta Luxembourg
Société anonyme



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Independent auditor's report

Following our appointment by the General Annual Meeting of the Shareholders, we have audited the accompanying accounts of Experta Corporate and Trust Services S.A., Luxembourg which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the accounts and for such internal control as the Board of Managers determines is necessary to enable the preparation and presentation of accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the accounts.

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



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Opinion

In our opinion, the accounts give a true and fair view of the financial position of Experta Corporate and Trust Services S.A. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

ERNST & YOUNG
Société anonyme,
Cabinet de révision agréé



Jean-Michel Pacaud

Luxembourg, March 7, 2017



Experta Corporate and Trust Services S.A., Luxembourg

BALANCE SHEET

AND

PROFIT AND LOSS ACCOUNT

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Experta Corporate and Trust Services S.A., Luxembourg

BALANCE SHEET

As at 31 December 2016

(Expressed in EUR)

ASSETS	Notes	Dec. 31, 2016	Dec. 31, 2015
Fixed assets		196,185	138,534
<u>Intangible fixed assets</u>			
• Concessions, patents, licences, trademarks and similar rights and assets	3	77,181	36,962
<u>Tangible fixed assets</u>	4		
• Other fixtures and fittings, tools and equipment		10,183	13,817
<u>Financial fixed assets</u>	5		
• Participating interests		108,821	87,755
Current assets		4,491,937	6,266,135
<u>Debtors</u>			
Trade receivables			
• becoming due and payable within one year	6	559,574	791,897
Other receivables			
• becoming due and payable within one year		35,556	3,849
Cash at bank and cash in hand			
• with affiliated undertakings		3,896,807	5,470,389
Prepayments and accrued income		15,288	14,247
Total assets		4,703,410	6,418,916

The accompanying notes form an integral part of these annual accounts.



Experta Corporate and Trust Services S.A., Luxembourg

BALANCE SHEET (continued)

As at 31 December 2016

(Expressed in EUR)

LIABILITIES	Notes	Dec. 31, 2016	Dec. 31, 2015
Capital and reserves			
Subscribed capital	7	2,500,000	2,500,000
Reserves			
• Legal reserve	8, 10	250,000	250,000
• Others reserves	9, 10	506,938	493,588
Profit brought forward	10	47,549	43,917
Profit for the financial year		(1,367,409)	316,982
		1,937,978	3,604,487
Provisions	11		
Provisions for pensions and similar obligations		392,000	---
Other provisions		8,000	---
		400,000	---
Non-subordinated debts			
Trade creditors			
• Becoming due and payable within one year	12	158,329	330,252
Amounts owed to affiliated undertakings			
• Becoming due and payable within one year	16	390,320	220,871
Tax debts	13	1,295,336	1,746,929
Other creditors	14		
• Becoming due and payable within one year		469,980	405,698
		2,313,965	2,703,750
Accruals and deferred income	15	52,367	110,779
Total liabilities		4,703,410	6,418,916

The accompanying notes form an integral part of these annual accounts.

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Experta Corporate and Trust Services S.A, Luxembourg

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

(Expressed in EUR)

CHARGES	Notes	2016	2015
Other external charges	17	1,901,018	2,006,843
Staff costs			
• Salaries and wages	20, 21	3,671,608	4,157,400
• Social security on salaries and wages		392,930	435,556
• Supplementary pensions costs		683,051	280,405
Value adjustments			
• on tangible and intangible fixed assets	3, 4	28,294	17,883
• on current assets	6	279,043	144,951
Other operating charges	18	197,535	182,838
Value adjustments and fair value adjustments on financial fixed assets	5	1,729	2,938
Interest and other financial charges			
• concerning affiliated undertakings		6,144	4,899
• other interest expenses		319	394
Extraordinary charges		3,503	4,924
Income taxes	23	---	121,833
Other taxes not included in the previous caption	23	82,633	75,472
Profit for the financial year		---	316,982
Total charges		7,247,807	7,753,318

The accompanying notes form an integral part of these annual accounts.



Experta Corporate and Trust Services S.A, Luxembourg

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

(Expressed in EUR)

INCOME	Notes	2016	2015
Net turnover	19	5,508,837	7,005,057
Other operating income		28,296	24,049
Reversal of value adjustments			
• on current assets	6	189,073	383,981
Income from financial fixed assets			
• other income from participating interests		2,795	47,329
Other interest and other financial income			
• derived from affiliated undertakings		137,339	142,323
• other interest and financial income		8,016	954
Extraordinary income	22	6,042	149,625
Loss for the financial year		1,367,409	---
Total income		7,247,807	7,753,318

EXPERTA LUXEMBOURG
société anonyme

Stanislas BUNETEL
Chief Executive Officer



The accompanying notes form an integral part of these annual accounts.