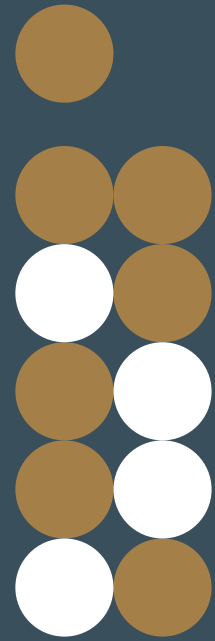
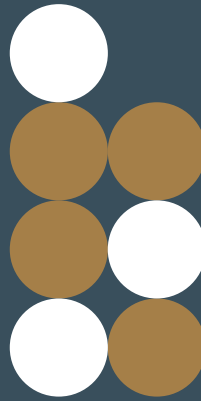
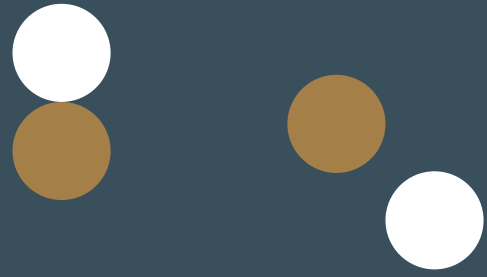


2018 ANNUAL REPORT

5 pillars for the future



5 pillars for the future



1

CLIENT
RECOMMENDATION

Invest in better service and performance to become a recommended company by our clients

2

TECHNOLOGICAL
RELEVANCE

Ensure that we are a technologically relevant company for our clients

3

PRODUCTIVITY,
COSTS AND
PROFITABILITY

Improve productivity, tightly manage costs and drive sustained profitability

4

RESPONSIBILITY

As a fully compliant company, ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities

5

COLLABORATION

Work better together as people and markets to the benefit, fun and competence of us all, driving our sustainable company forward

**Better. Stronger.
Together.**

EUROPEAN NETWORK

BROWN SHIPLEY

Founders Court, Lothbury
London EC2R 7HE
United Kingdom
www.brownshipley.com



46 av. Herrmann Debroux
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Belgium
www.pldw.be

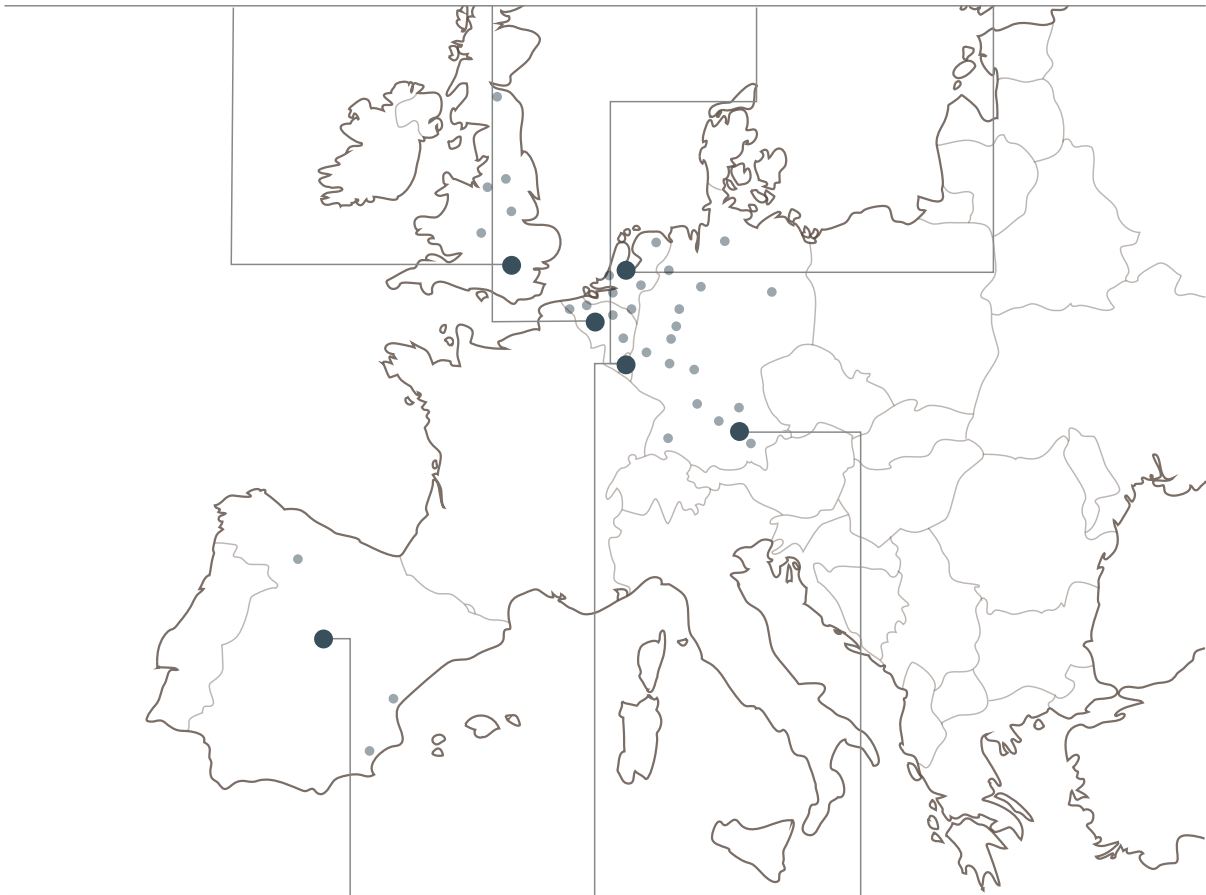


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Pacellistrasse 16
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**EUROPEAN
PRIVATE BANKERS**

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WELCOME FROM THE GROUP CEO

Thank you for your interest in KBL European Private Bankers, a Luxembourg-headquartered network of domestic private banks – each with a rich local heritage and a commitment to proximity, agility and *personalized* service that sets us apart. Our award-winning network includes:

- Brown Shipley (UK)
- InsingerGilissen (Netherlands)
- KBL España (Spain)
- KBL Luxembourg (Luxembourg)
- Merck Finck (Germany)
- Puilaetco Dewaay Private Bankers (Belgium)
- Banque Puilaetco Dewaay (Luxembourg)

Our ambition, everywhere we do business, is not to be the biggest bank but to be a *better* bank, which earns the trust and recommendation of its clients by always putting their needs first.

What does that mean in practice? It starts by sitting *beside* our clients, rather than in front of them; by listening hard and engaging in a serious exchange of ideas, so that the tailor-made solutions we propose reflect the unique history and long-term goals of each individual we have the opportunity to serve.

Those clients include high net worth individuals, entrepreneurs, families and business owners, as well as institutions and professionals such as family offices, foundations and external asset managers.

We meet the evolving needs of private clients through a customized wealth management offering that includes investment management, financial planning and lending. Institutional and professional clients, in turn, benefit from access to tailored investment vehicles, a world-class dealing room, treasury services, independent asset management and a network of sub-custodian banks.

Whatever your needs and wherever you are based, the KBL *epb* group can offer *you* the best of both worlds: deep local insight and – thanks to our ability to share such knowledge across our 50-city network – broader, pan-European perspective.

With the full support of our shareholder – Precision Capital, a Luxembourg-based bank holding company

supervised by the European Central Bank – we continue to invest in service and performance to ensure that we can meet our clients' ambitions. That includes adopting new technology that supports our hybrid relationship model and extending lifelong learning opportunities for all our people.

At KBL *epb*, we also take very seriously our obligations as a responsible corporate citizen, which promotes diversity and contributes to the well-being of the community, and as a responsible investor that integrates environmental, social and governance factors in our investment processes.

Today, we have put in place a responsible investment policy that forms the baseline for *all* our investment activities, in every market, including those of Rivertree Investment Funds, our group's in-house fund range.

It's all part of being a *better* private bank – for our clients, our people and every stakeholder in our business.

If we can provide further information about how we can put our insight and experience to work for you, please do not hesitate to contact any of our offices across Europe – or to reach out to me directly. I would be delighted to hear from you!

Sincerely,



Peter Vandekerckhove
Group Chief Executive Officer
& Executive Board Member
Peter.Vandekerckhove@kbl-bank.com



Better. Stronger. Together.

1 Client recommendation



Invest in better service and performance to become a recommended company by our clients



DIRECTORS & MANAGEMENT

BOARD OF DIRECTORS



JAN MAARTEN DE JONG
Chairman



ANTOINE MARCOLIN
Director



GEORGE NASRA
Vice Chairman



MARCO MAZZUCCHELLI
Director



ALFRED BOUCKAERT
Director



ANNE REULAND
Director



ANNE RUTH HERKES
Director



PETER VANDEKERCKHOVE
Director



MAURICE LAM
Director



ALBERT WILDGEN
Director

GROUP
EXECUTIVE COMMITTEE



PETER VANDEKERCKHOVE
Group CEO



SIEGFRIED MARISSENS
Secretary General



NICHOLAS HARVEY
Deputy CEO



ANTHONY SWINGS
Group Chief Risk Officer



CARLO FRIOB
CEO, KBL Luxembourg



ERIC MANSUY
Group COO

AFFILIATE LEADERSHIP



OLIVIER DE JAMBLINNE DE MEUX
Banque Puilaetco Dewaay Luxembourg



ALAN MATHEWSON
Brown Shipley



AMAURY DE LAET
Puilaetco Dewaay Private Bankers



MATTHIAS SCHELLENBERG
Merck Finck



RAFAEL GRAU
KBL España



PETER SIERADZKI
InsingerGilissen

GROUP MANAGEMENT

PHILIPPE AUQUIER

Group Head of Asset Liability Management & Treasury

CAROLINE BAKER

Group Head of Human Resources

OLIVIER HUBERT

Group Head of Tax

CHRISTOPHE MATERS

Head of Commercial & Digital Development

FRANÇOIS MONMIGNAUT

Group Head of MIS & Procurement

NICHOLAS NESSON

Group Head of Corporate Communications

DOMINIQUE ROSSIGNOL

Head of Group Strategy, Transformation and M&A

VINCENT SALZINGER

Group Chief Compliance Officer

MARK SELLES

Group CFO

THIERRY THOUVENOT

Group Head of Internal Audit

STEFAN VAN GEYT

Group CIO

**LUXEMBOURG
MANAGEMENT**

VALÉRIE AUBERT

Head of Compliance, Luxembourg

ERIC COLUSSI

Head of Lending, Luxembourg

GUILLAUME DE GROOT-HERZOG

Head of Real Estate & Logistics, Luxembourg

JEAN-NICOLAS DURAND

Head of Legal, Luxembourg

RAFIK FISCHER

Group Head of Global Institutional & Professional Services

PIERRE-JEAN FROGNET

Head of Operations, Luxembourg

BÉNÉDICTE MASSET

Head of Global Markets

BERNARD SIMONET

Head of Human Resources, Luxembourg

PHILIPPE VAN DOOREN

Head of Process Management

QUENTIN VERCAUTEREN DRUBBEL

Head of Wealth Management, Luxembourg

.....
Independent auditors responsible for external audit: Ernst & Young S.A.

2018 IN REVIEW

JANUARY

KBL *epb* announces three Executive Committee appointments: Nicholas Harvey named Deputy CEO, focusing on strategy and M&A; Secretary General Siegfried Marissens assumes responsibility for Compliance and Regulatory Affairs; Anthony Swings promoted to Group Chief Risk Officer.

InsingerGilissen welcomes a new team of private bankers from Oyens & Van Eeghen.

Brown Shipley appoints Andrew Butler-Cassar as Head of London Office, a newly created role leading client-facing domestic teams.

KBL *epb* unveils its 2018 global investment outlook at a series of press and client events throughout its network.

FEBRUARY

Puilaetco Dewaay Private Bankers emphasizes the importance of sustainability by launching a campaign focusing on this theme and its unique partnership with Triodos, one of the world's leading sustainable banks.

As part of its long-term partnership with the Philharmonie de Luxembourg, KBL *epb* invites clients and prospects to a concert by world-famous trumpeter Wynton Marsalis.

MARCH

Brown Shipley signs the HM Treasury Charter, which includes a commitment to increase the number of women in senior management positions to 25% by December 2020.

KBL *epb* celebrates International Women Day and organizes a clothing drive in favor of Dress for Success, a charity that aims to help women escape poverty.

KBL *epb* staff participate in the Relay For Life, organized by the Luxembourg Cancer Foundation.

Merck Finck sponsors the exhibition "Paul Klee. Konstruktion des Geheimnisses" at the Pinakothek der Moderne in Munich and hosts an exclusive preview for 250 guests.

APRIL

Puilaetco Dewaay Private Bankers is named one of Belgium's top three asset managers by Extel Surveys.

Brown Shipley's Alan Mathewson joins as the bank's new CEO.

KBL *epb* staff take part in World Autism Awareness Day for the sixth consecutive year.

MAY

KBL *epb* announces its positive 2017 financial results.

KBL *epb* takes part in the International Day for Cultural Diversity.

JUNE

InsingerGilissen closes the acquisition of the Dutch private banking activities of Lombard Odier.

Puilaetco Dewaay Private Bankers sponsors Trends Summer University, an exclusive meeting of Belgian blue-chip corporate decision-makers.

KBL *epb* unveils its midyear global investment outlook at a series of press and client events throughout its network.

JULY/AUGUST

Merck Finck Head of Risk Management Olivier Kuetgens is appointed to the bank's Management Board, joining CEO Matthias Schellenberg and Deputy CEO Michael Krume.

Puilaetco Dewaay Private Bankers successfully migrates its activities to a new IT platform, further demonstrating its commitment to "Innovation through tradition."

A team of Brown Shipley and InsingerGilissen staff completes a four-day bicycle ride from London to Amsterdam to raise funds for charity.

SEPTEMBER

InsingerGilissen lists its sustainable index fund offering on Euronext Amsterdam and signs the UN Principles for Responsible Investment.

Puilaetco Dewaay celebrates its 150th anniversary by hosting more than 3,000 clients at the Africa Museum in Brussels.

KBL *epb* sponsors the Legends Tour tennis tournament in Luxembourg and supports charity run Lëtz Go Gold to finance childhood cancer research.

OCTOBER

KBL *epb* announces three senior promotions: Group Head of IT & Operations Eric Mansuy promoted to Group COO, Chief Transformation Officer Mark Selles promoted to Group CFO, and Group CIO Stefan Van Geyt promoted to Group Head of Products & Services.

Puilaetco Dewaay Private Bankers hosts "Femmes & Finances" to support female investor education.

Brown Shipley appoints Toby Vaughan as Chief Investment Officer.

Merck Finck serves as the main sponsor of "Hafenkunst kino," an art film project in Düsseldorf.

KBL *epb* is recognized, for the fourth consecutive year, as one of the best private banking groups in Europe at the Private Banker International Global Wealth Awards.

KBL Luxembourg is named the country's best private bank for the third consecutive year at the PWM/The Banker Global Private Banking Awards.

NOVEMBER

InsingerGilissen is named the best private bank in the Netherlands at the IEX Awards.

Merck Finck earns a "summa cum laude" rating from the Elite Report in cooperation with *Handelsblatt*.

Puilaetco Dewaay serves as the main sponsor of Independent Brussels, the country's largest art fair.

DECEMBER

Merck Finck hires 20 private bankers to strengthen its activities in southwest Germany.

Brown Shipley's model portfolio service is shortlisted for a Professional Adviser award.

In partnership with the Centre Pompidou-Metz, KBL *epb* invites over 200 clients and prospects to an exclusive visit of the exhibition "Paint the Night."

KEY CONSOLIDATED FIGURES

(Consolidated figures as of December 31)	2015	2016	2017	2018
RESULTS (in € million)				
Operating income	547.9	465.9	487.9	444.8
Operating expenses	-449.4	-451.1	-446.1	-433.6
Impairments	0.2	0.2	1.0	-1.7
Share in results of associated companies	0.6	1.1	0.1	-0.1
Gains/(losses) on non-current assets held-for-sale, not qualifying as discontinued operations	-	-	-	-2.5⁽⁴⁾
Pre-tax profit (from continuing operations)	99.3	16.1	42.9	7.0
Income taxes	-17.9	-10.1	-4.2	-6.2
Discontinued operations, net of tax	-	-	-3.6 ⁽²⁾	-
Net consolidated profit, Group share	81.3	6.0	35.2	0.8
FINANCIAL RATIOS (in %)				
Common equity tier one ratio	13.8%	16.0% ⁽¹⁾	17.2%	17.2%
Tier one ratio	13.8%	16.0% ⁽¹⁾	17.2%	17.2%
Solvency ratio	14.0%	16.0% ⁽¹⁾	17.2%	17.2%
Regulatory capital/balance sheet total	4.8%	5.9%	5.3%	4.6%
Loan-to-deposit ratio	26.2%	27.2%	29.3%	24.7%
ROAE	8.7%	0.6%	3.2%	0.1%
ROAA	0.7%	0.1%	0.3%	0.0%
ROA	0.7%	0.1%	0.3%	0.0%
Cost/income ratio	82.0%	96.8%	91.4%	97.5%

(Consolidated figures as of December 31)	2015	2016	2017	2018
BALANCE SHEET TOTAL (in € billion)	11.1	11.0	11.5	13.0
ASSETS				
Loans and advances to credit institutions (incl. on demand)	2.6	1.5	0.7	1.0
Loans and advances to others than credit institutions	2.7	2.1	2.5	2.6
Equity and debt instruments	4.6	5.4	4.3	4.4
LIABILITIES				
Deposits from credit institutions	0.9	1.1	0.6	0.7
Deposits from others than credit institutions	8.5	8.1	8.6	10.5
of which, subordinated debt	0.2	0.0	0.0	0.0
Total equity	0.9	1.1	1.1	1.1
PRIVATE BANKING ASSETS UNDER MANAGEMENT (in € billion)				
Volume impact	+6.0%	+1.1%	+0.7%	-0.9%⁽³⁾
Price impact	+3.4%	+2.4%	+4.3%	-6.8%⁽³⁾
ASSETS UNDER CUSTODY (in € billion)				
	47.3	26.2	27.5	26.5
INSTITUTIONAL ASSETS UNDER MANAGEMENT (in € billion)				
	5.1	5.1	8.6	6.6

⁽¹⁾ Simulated ratio including Bank Insinger de Beaufort (see note 44 of the 2016 Consolidated Accounts).

⁽²⁾ IFRS 5 "Non current Assets Held for Sale and Discontinued Operations" application on former KBL Monaco, KBL Richelieu, S.C.I. KBL Immo I and S.C.I. KBL Immo III (see note 1 and 2d of the 2017 Financial Statements).

⁽³⁾ Volume/price impact excluding divestment of KBL Richelieu/KBL Monaco.

⁽⁴⁾ Please refer to note 1 of the 2018 Financial Statements.

The complete financial statements of KBL *epb* and KBL Group are available on the internet site of KBL *epb*.

The Pillar III disclosures report will be published in first half of 2019 on the internet site of KBL *epb*.

www.kbl.lu

Better. Stronger. Together.

2 Technological relevance



Ensure that we are a technologically relevant company for our clients



CONSOLIDATED MANAGEMENT REPORT

GENERAL COMMENTS ON THE RESULTS AND THE BALANCE SHEET

At the end of the financial year 2018, KBL group's consolidated balance sheet totalled €13 billion. This increase on 2017 (€11.5 billion) is mainly due to positive developments in client deposits at the parent company.

The preliminary agreement on the sale of its former subsidiaries KBL Richelieu in France and KBL Monaco Private Bankers to Société Générale de Banque au Liban signed at the end of 2017 was closed in early July 2018. This did not materially affect the balance sheet.

KBL Group adopted IFRS 9 with a date of transition of 1 January 2018. The adoption of IFRS 9 has led to a reduction in equity of €13 million. This impact is primarily attributable to a net reduction of other comprehensive income of €17 million as result of changes in valuation methods for reclassified securities. The residual impact is attributable to the allocation for expected credit losses and the reallocation of changes in fair value of equities that increase the group's retained earnings by €4 million.

Despite the impact of IFRS 9 on equity, the group's solvency is solid and remains well above the 12.0% regulatory threshold imposed by the European Central Bank at 17.2%.

2018 was still a year of transformation with continued investments in the IT platform and further staff downsizing. Influenced negatively by low interest rates environment, the unfavourable economic climate and exceptional elements, 2018 closed with a net profit of €0.8 million compared to €35.2 million in 2017.

The net interest margin fell by 8% to €75 million against €81 million in 2017. This was due to the impact of the tightening of financial conditions.

Market volatility and geopolitical uncertainty also weighed on net commissions, which were down 10% (€296 million at the end of 2018 against €330 million at the end of 2017). This fall was particularly marked in client securities and the asset management businesses.

For 2018, we should also note the sale of Monegasque properties, which generated a capital gain of €39 million. In 2017, the Group made a profit of €47 million on a property transaction.

Operating expenses are under control and down almost 3% (€434 million in 2018 compared to €446 million in 2017). In 2018 and 2017, the parent company put in place a plan to downsize the workforce to its target model and its new platform, which negatively affected staff costs, especially marked in 2018. This impact was offset in particular by the synergy created by the merging at the end of 2017 of the two affiliates in the Netherlands, which are now known as "InsingerGilissen."

For detailed figures and further details on the IFRS 9 transition, please refer to the Financial Statements.

5 PILLARS FOR THE FUTURE

At KBL *epb*, our ambition is not to be the biggest bank but to be a *better* bank. The 5 pillars of our long-term growth strategy reflect that aspiration and inform everything we do:

- 1) **Client recommendation:** Invest in better service and performance to become a recommended company by our clients
- 2) **Technological relevance:** Ensure that we are a technologically relevant company for our clients
- 3) **Productivity, costs & profitability:** Improve productivity, tightly manage costs and drive sustained profitability
- 4) **Responsibility:** As a fully compliant company, ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities
- 5) **Collaboration:** Work better together as people and markets to the benefit, fun and competence of us all, driving our sustainable company forward

MISSION

Our mission is clear: to preserve and grow each client's wealth across generations.

Continually adapting to our clients' evolving expectations in an ever-changing world, our long-term approach reflects the asymmetric risk appetite of our clients. Our mission informs every action we take across our 50-city network.

We carry out this mission by providing clients with proximity, agility and personalized service – maintaining close, constant contact, responding quickly to specific needs, and offering tailor-made solutions addressing their unique priorities and long-term goals.

Every day, we put our shared expertise to work for each of our clients, providing customized “one-stop-shop” solutions for individuals, entrepreneurs, families, institutions, family offices and external asset managers.

“

AT KBL *epb*, OUR AMBITION IS NOT TO BE THE BIGGEST BANK BUT TO BE A BETTER BANK

”

VISION

We strive to be recognized as a trusted partner and leading private bank everywhere we operate.

With the full support of our shareholder, Precision Capital (which is supervised by the European Central Bank), our group draws upon a cross-border knowledge base that reflects our commitment to partnering with our clients, as well as our strategy to achieve sustained growth through organic, semi-organic and external initiatives.

As we seek to achieve this ambitious, client-centric goal, five key factors drive us forward: our people, passion, pride, performance and profitability.

VALUES

Our values are integrity, commitment and excellence, serving as the foundation for how we act and do business, encompassing our core attitudes, beliefs and obligations.

They set standards that shape our actions and inform our vision, guiding us towards our long-term goals.

- **Integrity:** A requirement that all our actions meet or exceed relevant legal and ethical standards and regulations – including by embracing the dual imperatives of transparency and confidentiality
- **Commitment:** An essential quality in our people, who must ensure that each promise we make becomes reality – supported by individual accountability and a broader spirit of interdependence
- **Excellence:** An attitude among all our staff, with an unwavering aspiration to exceed the expectations of our clients and colleagues, founded upon a commitment to making the pursuit of excellence a way of life

TRAINING & DEVELOPMENT

Training and development are central to further enhancing our client services and improving overall client experience.

That's why we invest in the skills and development of our people and recruit experienced professional staff.

While semi-organic and external initiatives are most visible to the outside world, KBL *epb* firmly believes that staff training and development is no less critical. Indeed, all our people – from the mailroom to the boardroom – are contributing to our ability to better serve each individual client.

In that regard, the group continues to make significant investments in training and development under the auspices of KBL *epb* Group University, an umbrella organization and a long-term, group-wide programme aimed at supporting employee development through

a combination of classroom instruction, e-learning and one-to-one mentorship.

Across the group's footprint, and especially in Luxembourg, KBL *epb* continues to promote internal mobility, creating opportunities for relevant staff to transfer their knowledge and skills within the organization.

Likewise, we strongly encourage cross-border cooperation, organizing events that bring together staff from multiple markets. Such meetings facilitate the sharing of local experience and insight – and the creation of shared strategies to better serve all our clients, no matter where they are based.

SOCIAL COMMITMENT

With nearly 2,000 employees across 50 European cities, our group has a unique opportunity to make a difference in local communities.

Today, we continue to reinforce our commitment to corporate social responsibility, supporting various worthy causes throughout Europe.

At KBL *epb* we believe in doing well for our clients and doing good in our communities. By contributing resources, time and capital to laudable causes and important ideas, we serve as an agent of positive social change.

Our current CSR commitments reflect the distinctly multi-local identity of our group and include support of organizations such as:

- Autism Foundation in Luxembourg
- Birmingham Children's Hospital Charity in the UK
- En avant les enfants in Belgium

We further support various staff-nominated causes across the communities we serve. In Belgium and Germany, we support multiple organizations that work with terminally ill, sick, handicapped and deprived children. KBL *epb* also provides ongoing funding for a broad range of non-profit cultural organizations such as the Luxembourg Philharmonic and the Grand Theater of Luxembourg.

In addition to direct financial support, our group strongly encourages staff to participate in initiatives that benefit local communities. Such staff-supported initiatives include:

- Relay For Life, about 50 employees took part in this 24-hour relay in Luxembourg to raise funds for cancer research
- In August 2018, a team of Brown Shipley and InsingerGilissen colleagues completed a bicycle ride from London to Amsterdam over four consecutive days. The 360 mile bike ride raised £20,000 for multiple charities

GROUP EMPLOYEES

As of December 31, 2018, the KBL *epb* network included 1,898 individual staff, compared with 2,124 at the end of 2017. Of the group's 1,898 employees, some 66% work in subsidiaries outside Luxembourg.



OUR CORE BUSINESS: PRIVATE BANKING

At KBL *epb*, our core business is private banking – backed by the group’s centuries of collective experience, deep local market knowledge and cross-border capabilities.

Our holistic and personalized approach is founded upon our commitment to minimizing risk while maximizing opportunity. Preserving and growing each client’s wealth across generations is at the heart of all of our actions as we aspire to be recognized as a trusted partner and leading private bank everywhere we operate.

Whether by investing in equities, derivatives, fixed-income or structured products, and in-house or third-party funds, we take into account the risk-return potential and tax implications of every investment, in line with each client’s specific objectives.

Our experts build long-term client relationships based on mutual understanding and trust. Across our footprint, we seek to grow our core HNWI client base, offering services and products tailored to their individual needs, while continuing to serve affluent clients through a highly efficient delivery model.

Regular communication and constant contact with our clients are prioritized, especially during times of increased volatility – we provide regular, transparent

reporting of the performance of each portfolio.

Already firmly established as European leaders, we continue to invest in supporting the professional development of our 400 experienced private bankers serving at 50 offices across Europe. We also selectively recruit highly skilled and motivated relationship managers to ensure the highest level of personalized service.

Moving forward, we will continue to identify further opportunities to grow our private banking operations. In doing so, we will maintain our commitment to client-centricity and, at the same time, favor innovation and diversity.



CLIENT-CENTRIC APPROACH

Our services – in areas such as Wealth Planning & Structuring and Lending – are direct answers to the needs of the individuals, entrepreneurs and families we serve. Those services are designed to help our clients successfully navigate an evolving and often challenging regulatory environment.

Whether we are managing today’s wealth or structuring tomorrow’s inheritance, our clients benefit from a suite of open, independent solutions, tailored to their specific needs – backed by our client-centric approach, founded upon offering proximity, agility and personalized service.

GLOBAL MARKETS, TREASURY, FX AND BULLION

Global Markets is, as a key Group Competence Center, tasked with providing integrated one-stop-shop solutions to meet the financial market needs of KBL *epb* clients across all segments: from affluent, HNWI and UHNWI private clients to external asset managers, family offices and institutions.

In line with this, Global Markets offers trading, sales and execution for a full range of products listed and traded over the counter.

In 2018, the Global Markets business line saw a strategic repositioning with regard to our institutional clients, external asset managers and family offices.

With our expertise, in particular on emerging markets, we completed over 24,000 fixed-income transactions on behalf of private and institutional clients in 2018, while also consolidating our position as a buy-side client with keenly monitored market pricing.

Our fund-execution business remains a key inflection point with our private and institutional clients. We offer our clients a universe of more than 35,000 funds, managed by 500 transfer agents. In 2018, we handled more than 120,000 trades for a volume of over than €11

billion. In addition, we manage high volumes in ETF through our care-order service. We executed almost 100,000 equity and derivative orders for a volume of more than €7.5 billion.

As our asset allocation teams constantly adjust their fund recommendations, Global Markets seeks to deliver efficient and accurate execution through enhanced technology and connectivity.

The Treasury team offers our clients deposit rates on the money markets in a wide range of currencies. It provides advice for business managers, in particular with regard to managing rate risks. It also assists clients in finding, switching and hedging opportunities.

On the currency front, Global Markets' clients mainly trade in the G7 currencies. We nevertheless offer a full range of spot, forward and swap solutions on all currencies, deliverable and non-deliverable, for both private and institutional clients.

Global Markets has longstanding expertise in precious metals. We actively trade gold, silver, platinum and palladium, both physically (bars and coins) and in forward contracts. We also offer secure custody services.

GLOBAL INSTITUTIONAL & PROFESSIONAL SERVICES

Services to professional and institutional clients have been a pillar of our business for many years. While the institutional and professional segment in Luxembourg is of course especially substantial, our reach extends far beyond the fund industry and the borders of the Grand Duchy. Overall, the institutional and professional services segment is vitally important to our medium and long-term success.

At the beginning of the year, KBL Luxembourg upgraded its organizational structure in order to strengthen its institutional and professional business model. The new business line, Global

Institutional & Professional Services (GIPS), unites all the marketing and support functions focused on providing full, high-quality custodian and execution services to a sophisticated client base seeking customized solutions.

This new business line includes all activities and services for non-private clients and consists of several desks and entities which operate together in a highly competitive environment, dominated by dominated by the international anglo-saxon players and marked by ever more stringent regulatory constraints, such as increased supervision of the sub-custodian networks for custodian banks and enhanced monitoring of the activities delegated to management companies. Throughout the year, GIPS, thanks to its client-focused organizational structure, worked hard to provide a comprehensive offering of impeccable and tailor-made services to meet the needs of small and medium-sized management companies, private banks, insurance and life insurance companies, as well as external asset managers and family offices,

whether they are based in Luxembourg or elsewhere in the world.

Within GIPS, our Business Development team is the first point of contact for our future institutional and professional clients, with its three desks of multilingual, highly experience specialists who have in-depth knowledge of the client's needs, whether a fund promoter, an insurer, external asset manager or a family offices. A team of 12 Client Relationship Managers is responsible for day-to-day relationship management and operational support for existing institutional and professional clients, effectively assisted by a back-office known for its experience and competence. Their ability to meet client needs completes the wealth management value chain by positioning KBL Luxembourg as a true "one-stop shop." Today, Client Relationship Managers serve the needs of more than 350 institutional and professional clients representing more than 5,000 structures and portfolios. It has more than €25 billion in assets under custody.

The Client Support & Monitoring team, responsible in particular for monitoring investment restrictions on the UCI for which KBL Luxembourg is the custodian bank and for supervising the creation and execution of operational workflows, also responds to any operational questions from the client in close collaboration with the operational production lines.

Our offering is not limited to the fund industry. It also includes all the private banking support services and provides external asset managers and family offices with cutting-edge tools such as customized reporting available on specially developed It platform. In addition, we provide small and medium-sized banks with access to the financial markets, financial intermediation and Global Custody services, with recognized excellence in third-party funds and precious metals.

To succeed in a rapidly changing legal environment to which fund promoters must adapt constantly, our Legal



GLOBAL INSTITUTIONAL & PROFESSIONAL SERVICES UNITES UNDER THE SAME ROOF ALL MARKETING AND SUPPORT FUNCTIONS



Support team provides high-quality assistance in setting up investment structures and updating legal documentation (full and simplified prospectus, KIID, articles of association, etc.) throughout the entire life cycle of the fund. The team provides the client with its extensive experience and knowledge of the fund industry and helps with the legal analysis of any new product. As a full member of GIPS, the Legal Support team has a comprehensive understanding of the legal

needs and constraints facing external asset managers, family offices and banks. It is therefore able to offer assistance that often goes beyond the purely legal framework.



CENTRAL UCI ADMINISTRATION

LUXEMBOURG, EUROPE'S UNRIVALLED LEADER

On 30 November 2018, the total net assets of collective investment undertakings and specialized investment funds amounted to €4,192 billion compared to €4,136 billion at the end of November 2017, an increase of 1.35%. The increase in the financial centre's net assets was €56 billion.

The number of UCI structures fell by 71 in 2018. However, the number of sub-funds grew by 239 (+2.20%). Like last year, Specialized Investment Funds (SIF) attracted fewer new fund promoters to Luxembourg (-3.08%) while their net assets rose by 10.27% compared to November 2017.

To this can be added the Reserved Alternative Investment Funds (RAIF). Launched on 23 July 2016, this type of alternative investment vehicle has enriched the Luxembourg landscape. Since launch, every investment fund promoter has had the choice between an investment vehicle regulated by the CSSF (SIF, SICAR, Part II funds) or the RAIF, which is regulated and supervised indirectly.

At the end of 2016, six months after its launch, there were 28 RAIF, a number which had risen to 294 at the end of 2017. Since then the number has exploded to reach 575 at the end of November 2018. This success is explained by the fact that the promoter of the vehicle does not need a double level of regulation, i.e. regulation of the vehicle (AIF) and of the manager (AIFM) and that it wants to launch its business quickly. It has the characteristics of specialized investment funds, without having to be regulated by the Commission de Surveillance du Secteur Financier, which sets it apart from the SICAR and the SIF. It is, however, subject to the AIFMD regulation by the supervision of its authorised AIFM. This new vehicle is dedicated to well-informed institutional and professional investors, investing a minimum of €125,000.

Luxembourg remains Europe's unrivalled leader and world's second-largest investment fund domicile (after

the United States) with a total of 3,936 structures and 14,952 sub-funds.

The top three countries of origin of fund promoters remain the same as the previous year (market share in % of total net assets): the United States (19.9%), the United Kingdom (18.1%) and Germany (14.4%), followed closely by Switzerland (13.7%).

Thanks to the promotional support of its professional association (ALFI) and the governmental agency for the development of the financial centre (LFF), Luxembourg has successfully positioned itself as the leader for the cross-border distribution of investment funds, with more than 62% of UCITS distributed internationally domiciled in Luxembourg.

Moreover, a growing number of Asian and Latin American countries recognize UCITS as a stable, high-quality, well-regulated investment product with significant levels of investor protection. As a result, the world's most-renowned fund promoters and managers have chosen Luxembourg as a base to domicile or manage their UCITS, with a clearly defined global distribution strategy.

Capitalizing upon the introduction of the AIFMD, alternative funds continue to grow by offering investment strategies in the broader sense, including non-listed companies, real estate, hedge funds, microfinance, alternative energy and socially responsible investments, etc.

EVOLUTION OF ASSETS ADMINISTERED BY KTL

As at 31 December 2018, the net assets of 71 UCI structures totalling 223 sub-funds were worth €8.77 billion, slightly up on the end of 2017.

During the same period, a significant number of new relationships were established with promoters worldwide. In addition, KTL stepped up its business relations with more than 50 existing client promoters.

EUROPEAN FUND ADMINISTRATION

Since 1998, KTL has subcontracted its fund accounting, registration and transfer functions to a specialist company called European Fund Administration (EFA), of which KBL epb is the principal shareholder.

At the end of 2018, EFA was managing more than 2,800 sub-funds containing total net assets of €122 billion for 188 clients from 23 countries.

For more than 20 years, EFA has been the leader in fund administration. Its mission is to provide a wide range of tailor-made services to a demanding clientele. These services include calculating the NAV, accounting and valuation of portfolios, acting as transfer agent and registrar and also providing tax and reporting solutions for UCITS, UCI and alternative investment funds. In 2007, EFA launched EFA Private Equity, a business line dedicated to real estate and venture capital/private equity type funds.

In June 2018, EFA strengthened this department (now known as Private Asset Services) with the arrival at its head of an expert with 18 years' experience acquired in various major banks in Luxembourg. In addition, this entity is expanding and concentrating its skills under one roof by focusing on leading-edge services for alternative investment fund equity classes, such as private equity funds, real estate funds and debt funds. This dedicated business line is specialized in all types of private assets, funds and other structures, regulated or non-regulated, in Luxembourg and in any other jurisdiction. EFA Private Asset Services offers middle- and back-office outsourcing solutions for a large range of complex structures. EFA aims to become the benchmark for services offered in the growth sector of private assets by creating real added value that will necessarily require investing in people and technology.



LUXEMBOURG REMAINS
EUROPE'S UNRIVALLED
LEADER AND WORLD'S
SECOND-LARGEST
INVESTMENT FUND
DOMICILE



KTL: ASSET MANAGEMENT ACTIVITIES

Established in Luxembourg in 1987, Kredietrust Luxembourg (KTL) is the 100%-owned asset management subsidiary of KBL *epb*. Based on a diversified model, KTL is particularly active in three areas:

- Management of investment funds under the commercial brand "Rivertree"
- Investment fund services
- Investment research, analysis and recommendations.

Asset management

As noted above, Rivertree Investment Funds is the commercial brand that englobes the fund range actively promoted by KBL *epb* at its different affiliates. The fund range consists of sub-funds covering equity, mixed and rate strategies among others through Lux UCITS Rivertree Bond, Rivertree Equity, Rivertree Fd and Rivertree Money Market. In addition, there is a limited fund range of multi-management funds offered under the name "Essential Portfolio Selection".

Investment fund services

Third-party management company

- Assistance with fund governance
- Provision of customised solutions
- Domiciliation services
- Fund creation
- Fund registration and productions of KIIDs

Transfer agent

- Register for account opening, managing KYC documentation, AML procedures, transaction monitoring
- Booking of subscriptions and redemptions, confirmation of execution, estimation of the balance of subscriptions and redemptions recorded
- Booking of corporate actions on funds, management of entry and exit fees
- Transfer of ownership between registrars
- Settlement of amounts confirmed and amounts received

Administrative agent

- NAV calculation and verification
- Production and verification of fiscal data

INVESTMENT RESEARCH, ANALYSIS, STRATEGY AND RECOMMENDATIONS

The following teams, overseen by the Group Chief Investment Officer, are focused on carrying out specific missions to support KBL *epb* investment research activities (members of the teams are split over the different affiliates):

- Group Investment Research (GIR), the coordinating entity for investment research activities throughout the group, including defining the group investment universe
- Group Asset Allocation Committee (GAAC), which oversees the tactical asset allocation process for managed portfolios within the group
- Group Equity Research Team (GERT), which analyzes and issues a list of preferred European small and mid caps; European and US large-cap stock selection has been outsourced to expert external providers
- Group Macroeconomic Team (GMAT), the internal provider of input and insight to the GAAC on macroeconomic trends
- Group Corporate Team (GCOR), which provides bottom-up fixed-income analysis, with a focus on credit
- Group Thematic Ideas Team (GTI), the key internal provider of broad, top-down equity research, such as thematic ideas, regional equity market analysis and overall styles
- Group Fund Selection Team (GFST), clients which focuses on identifying the optimal external funds within their category in order to meet clients' investment needs
- Group Forex and Commodities Team (GFOX), a provider of research and insight on currencies and commodities
- Group Investment Advisory Team (GIAT), a "pivot" in the conviction chain that ensures that ideas and insight are cascaded and incorporated by Group Investment Research

In addition to these services, KTL provides portfolio management for institutional clients.

2018 IN REVIEW: AFFILIATES

INSINGERGILISSEN

Following the merger of Insinger de Beaufort and Theodoor Gilissen, 2018 was the first full calendar year of operations for Amsterdam-headquartered InsingerGilissen. We were able to execute our strategy as planned, generate financial results in line with expectations – and were delighted to be named “Best Private Bank in the Netherlands” at the IEX Gouden Stier Awards.

Based on ongoing client feedback monitoring, average private client satisfaction in 2018 stood at 8 out of 10 and personal service at 8.7. As for our custody banking (EAM) clients, overall satisfaction was rated 8.3 and personal service 8.8.

In January, a team from Oyens & Van Eeghen joined our bank. In June, the acquisition of the Dutch private banking activities of Lombard Odier was successfully closed. Throughout the year, a range of experienced private bankers chose to join us, leading to further growth in assets under management.

Across 2018, we facilitated a number of initiatives to drive staff engagement and foster a corporate culture supportive of our business goals and strategy.

As a leading private and custodian bank, InsingerGilissen effectively and independently guides clients in making important financial decisions during every phase of their life.

By delivering refreshing financial solutions and great service, the bank actively supports clients in shaping their own future, creating new beginnings at each important step they take in their life. In this endeavor, InsingerGilissen helps raise industry standards, step by step and over and over again.



PUILAETCO DEWAAY PRIVATE BANKERS

In 2018, Puilaetco Dewaay Private Bankers celebrated the 150th anniversary of its founding.

A trusted partner for four generations, our private bank offers high-performance, personalized and responsible wealth management solutions.

Headquartered in Brussels with offices in seven other cities in Belgium, Puilaetco Dewaay believes in innovation through tradition: Building upon a commitment to excellence and high-added-value services that began in 1868, we embrace the spirit of change required by a constantly evolving environment, including by investing in digital solutions.

In this and everything we do, our goal is to preserve and grow the wealth of our clients – today, tomorrow and for generations to come. Puilaetco Dewaay has the vision to become a recognized industry leader, close to its clients thanks to passionate professionals supported by state-of-the-art technology.

Our more than 200 staff provide long-term, holistic wealth management services and open-architecture investment solutions for our HNWI clients, who benefit from a wide range of personalized services, including wealth planning; investment management; credit; fine art collection management; and sustainable investing, through a partnership with Triodos Bank.

A client-focused organization with over €10 billion in assets under management, Puilaetco Dewaay continues to strengthen existing relationships, attract new clients and look to the future with confidence.



BROWN SHIPLEY

Brown Shipley is a UK-authorized private bank with a strong heritage dating back to 1810, focused on providing clients with a fully integrated wealth management service offering, incorporating wealth planning, investment management and lending.

In April 2018, Alan Mathewson took over as CEO, following Ian Sackfield's decision to step down from a position he had held for nearly a decade.

Throughout 2018, we continued to grow assets under management via the development of new and existing client relationships. We maintained a strong focus on enhancing client service, including leveraging technological developments to complement the high level of personal service we deliver. This has seen new IT software implemented to manage our wealth planning offering, the launch of a new corporate website, and strong progress made in our preparations to migrate onto the KBL *epb* group-wide IT platform, which is targeted to take place this year.

Elsewhere, in support of our corporate social responsibility priorities, colleagues from Brown Shipley and InsingerGilissen, our Dutch sister bank, completed a four-day bicycle ride from London to Amsterdam. The 360-mile bike ride raised £20,000 for charitable causes.

BROWN SHIPLEY

MERCK FINCK

Munich-headquartered Merck Finck offers a wide range of solutions for its HNWI clients. With 16 offices and some 300 employees across Germany, we have built strong relationships founded upon mutual trust and nearly 150 years of experience.

2018 was a year of digital development and progress – with both visible achievements and plenty of behind-the-scenes activity, including the development of a new web presence to enhance client communication and overall user experience. As well, a new CRM was implemented, while new portfolio management and electronic account opening systems were developed to improve administrative efficiency and enhance client focus.

2018 was also marked by the arrival of many new colleagues at our branches and headquarters, including in departments such as Investment Management and Project Management.

The quality of our advisory services was again recognized with awards and top rankings from leading media and organizations such as Handelsblatt Elite Report and Fuchsbriefe. The latter ranked Merck Finck as the number-one German private bank over the long term from 2008-2018.

MERCK FINCK
PRIVATBANKIERS

KBL LUXEMBOURG

KBL Luxembourg, a member of the KBL epb group, is a leading private bank in the Grand Duchy staffed by 300 professionals, including 50 private bankers.

For 70 years, we have served as a trusted wealth management partner, with unparalleled cross-border expertise, that strives to meet the evolving needs of our clients each day and for generations to come.

KBL Luxembourg provides a wide range of holistic services, including wealth planning and structuring, credit, asset management, global market access, and institutional and professional services.

“

FOR 70 YEARS, WE
HAVE SERVED AS A
TRUSTED WEALTH
MANAGEMENT
PARTNER

”

While clients can always count on a deep, one-to-one relationship with their private banker, a range of services are also available via eKBL, the bank's online platform. In addition to providing 24/7 access to one's portfolio – including detailed and easily customizable information – clients can communicate directly with their relationship manager through a secure messaging system.

In 2018, for the third consecutive year, KBL Luxembourg was named the country's best private bank by the Financial Times Group – reflecting our timeless commitment to proximity, performance and personalized service.



KBL ESPAÑA

Established in 2011 as a branch of KBL *epb*, KBL España is headquartered in Madrid with offices in Murcia, Las Palmas, León and Valencia. We offer clients the flexibility of developing private banking relationships managed from Spain with the ability to domicile assets in the KBL *epb* market of their choice.

In 2018, our seventh full year of operation and despite an increasingly competitive environment, we achieved significant expansion in terms of the number of new clients – a record by volume during the year – as well as growth in assets under management and revenues. Having started as a greenfield operation in the very large Spanish market, we consider that there continue to be important opportunities for future growth.

The majority of our clients are high net worth individuals for whom we aim to provide customized asset management services with the objective of analyzing each client's full profile in order to offer a complete wealth management solution that takes into account more than purely financial factors.

Working closely with our colleagues in Luxembourg and across Europe, we continue to identify further opportunities for cross-border collaboration, enhancing our ability to provide clients with deep insight into the Spanish market combined with broader international perspective.



BANQUE PUILAETCO DEWAAY LUXEMBOURG

In 2018, Banque Puilaetco Dewaay Luxembourg celebrated the 30th anniversary of its founding in the Grand Duchy.

Last year, markets were particularly volatile, creating industry-wide challenges in client portfolio management and reflecting broader economic and political instability as the world continued to experience profound, sustained change.

In this environment, Banque Puilaetco Dewaay Luxembourg continued to focus on its core business: managing the wealth of its private clients. As part of this, a new private banker was hired in April and a new Head of Estate Planning & Wealth Structuring arrived in August.

In line with regulatory developments, the bank appointed a Head of Risk in October and decided to return to the market for loans, some of which will be insured by the bank itself with a view to the prudent management of its balance sheet. Loans that the bank will not take on its own books will continue to be reviewed and potentially assumed by its shareholder, KBL *epb*.

In May, Banque Puilaetco Dewaay Luxembourg relocated to modern new offices in Strassen – just a few minutes from the city center – that will enable staff to work together even more efficiently.



Better. Stronger. Together.

3 Productivity, costs and profitability



Improve productivity, tightly manage costs and drive sustained profitability





4 Responsibility

As a fully compliant company, ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities



NON-FINANCIAL & DIVERSITY INFORMATION

In line with European Commission Directive 2014/95/EU on the disclosure of non-financial and diversity information, KBL *epb* is pleased to provide its annual report of environmental, social and governance-related initiatives and impacts, complementing the information provided in the group's 2018 consolidated and non-consolidated reporting.

Whenever possible, the information and data contained in this report encompasses the activities of the group as a whole.

Given that the group's headquarters are in Luxembourg, where 34% of its staff is based, particular emphasis is placed on KBL *epb*'s environmental, social and governance-related initiatives and impacts in the Grand Duchy.

SUSTAINABILITY & RESPONSIBILITY

In a period marked by rapid social change and deepening environmental concerns, *sustainability* – in every sense of the word – has never been more important for companies everywhere, no matter where they are based or their sector of activity.

Given the low level of public trust in financial services organizations in particular – especially in the wake of the global financial crisis – such firms have a unique opportunity to demonstrate to their stakeholders (including but not limited to clients, employees and the community at large) that they act *responsibly*.

At KBL *epb*, we are committed to doing well for our clients, doing right by our people and doing good in the communities in which we operate. That commitment is shared across our group, and brought to life by our 2,000 staff based in some 50 European cities. As a fully compliant company, we ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities – the fifth pillar of our long-term strategy.

Founded in Luxembourg 70 years ago and with centuries of collective heritage, we know that our group must continue to change with the

times to bring that commitment to life. We are therefore pleased to report, for the second time, our environmental, social and governance-related initiatives and impacts – recognizing that such reporting can and must grow richer over time.

ENVIRONMENTAL IMPACT

In every market in which we operate, the KBL *epb* group is making a sustained effort to reduce its carbon footprint, including by minimizing electricity usage, maximizing the recycling of paper and other waste, privileging public transportation and seeking local solutions insofar as possible.

In Luxembourg, the Real Estate & Logistics department develops, executes and follows up on such environmental impact initiatives, acting under the supervision of the Group COO.

Carbon footprint: In September 2016, the group entered into a partnership with Egencia, a business travel solutions provider. Consequently, we are now able to track, trace and seek to reduce our carbon footprint at group level and at each affiliate.

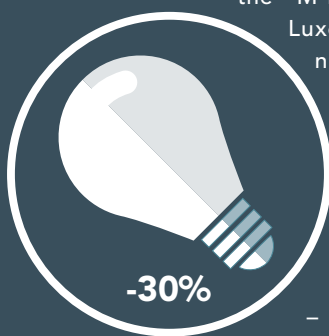


At the same time, our policy is to favor and actively promote business-related travel by public

FLIGHT CARBON FOOTPRINT BY CO₂ EMISSIONS, IN KG, BY KBL *epb* GROUP ENTITY (2018)

	2018
KBL <i>epb</i> Luxembourg	116,171
Merck Finck	85,702
Brown Shipley	61,492
InsingerGilissen	20,494
Puilaetco Dewaay	13,483

transportation (including train, bus and, on some occasions, ride-sharing), including by subsidizing the cost of daily commuting for employees who opt for such public transportation through, for example, the "M-Pass" programme for KBL *epb* Luxembourg employees based in neighboring countries such as Belgium and France.



Electricity consumption:

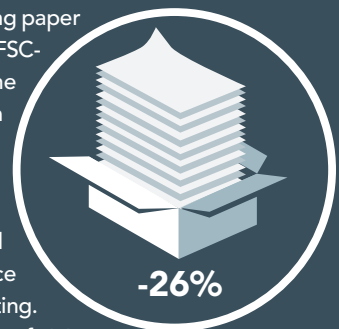
Over the past several years, reflecting increasing awareness of the environmental impact of electricity consumption, KBL *epb* – in Luxembourg and across the group’s operations – has put in place measures to reduce such consumption. In Luxembourg, for example, electricity consumption has been reduced by nearly 30% since 2013.

At Merck Finck, the team in Rottweil has relocated to new offices that offer a much more favorable ecological balance. In Frankfurt, the team is preparing to move into new offices, which will have a direct positive impact on the reduction of the bank’s overall energy consumption and Co2 emissions.

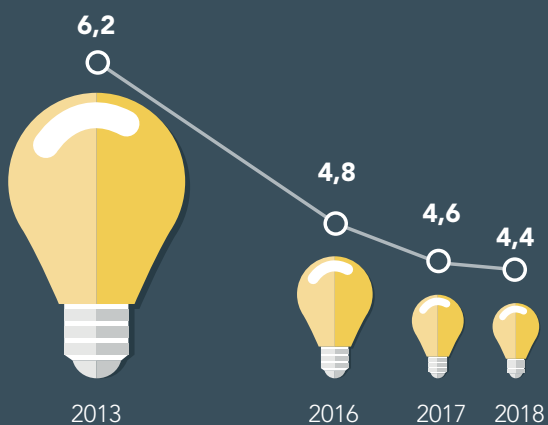
The new location will be compliant with current environmental standards and meet the flexible spatial needs of a growing team. These measures have already helped materially reduce electricity consumption.

Thanks to other measures – such as the installation of LED light bulbs and movement-sensor detectors, and the optimization of cooling and air-circulation systems – the group’s real estate/facilities management departments have broadly succeeded in optimizing electricity consumption.

Paper usage: In line with best practices, printers at every group entity are preconfigured to print in black and white and recto-verso, reducing paper and ink usage. All entities also use FSC-certified paper, ensuring that the wood within the product is from FSC-certified material, recycled material or controlled wood. The group also developed and put in place a long-term internal awareness campaign to reduce unnecessary and/or excessive printing. Consequently, the consumption of A4 paper in Luxembourg has declined steadily.



ELECTRICITY CONSUMPTION, IN KWH, BY KBL *epb* LUXEMBOURG (MILLIONS)



FSC A4 PAPER CONSUMPTION AT KBL *epb* LUXEMBOURG

	2017	H1 2018	H2 2018
KBL <i>epb</i>	4,300,000	2,160,000	1,589,000

In Luxembourg, we replaced our 185 existing printers with 50 much higher-performance machines with a view to lowering costs by 60-75% and significantly reducing our environmental impact. Moreover, at affiliates and group headquarters, private banking teams have been provided with iPads and tablets to further reduce paper consumption.

Waste treatment: In Luxembourg, KBL *epb* earned SuperDrecksKëscht® fir Betriber status a decade ago, reflecting the organization's sustained commitment to the responsible treatment of waste, including the fact that some 50 tons of organic waste is annually converted into a source of industrial heating. This status is conferred by the country's Environmental Administration, the Chamber of Commerce and Chamber of Trades based on the sustainable management of waste in line with environmental standards.



SINCE 2008, KBL *epb* HAS BEEN RECOGNIZED FOR ITS COMMITMENT TO THE RESPONSIBLE TREATMENT OF WASTE

SuperDrecksKëscht® fir Betriber status is certified according to the international norm ISO 14024:2000. The treatment and recycling of waste by companies with such certification integrates the requirements of the norm ISO 14024.

Employee meals: A number of initiatives were put in place in 2018 to enhance the quality, healthiness and environmental impact of meals served at staff canteens. In Luxembourg, for example, only organic fruit is now served, local produce is privileged and all organic waste generated by the canteen is recycled as a source of heat.

SOCIAL RESPONSIBILITY

In every market in which we operate, our group recognizes diversity as a source of strength, invests in the life-long professional development of our people, and commits to contributing to the well-being of the local community.

In each of our markets, the local HR department, supported by Group HR, develops, executes and follows up on policies and strategies to measure and promote staff diversity, and also leads staff training and professional development activities. Corporate

social responsibility activities are typically led by HR and Corporate Communications, with oversight by senior management and/or a committee dedicated to CSR actions, which must be in line with the established Group CSR Policy. Such budgets are allocated locally.

Diversity: KBL *epb* is an equal-opportunity employer, which is committed to ensuring that every employee – no matter their gender, their age, their sexual orientation, the color of their skin or their physical abilities – is treated with the respect and fairness that everyone deserves.

At the group's headquarters, and across our pan-European network, we place special emphasis on improving gender parity, over time, at all levels of the organization.

APPROXIMATELY 50% OF LUXEMBOURG-BASED STAFF ARE FEMALE



Approximately 50% of Luxembourg-based staff are female, while an average 42% of staff at each affiliate are women. Meanwhile, staff in Luxembourg are highly multicultural, including 20 different nationalities, led by Belgian (38%), French (36%) and Luxembourgish (14%). On average, affiliates employ staff of 13 different nationalities.

The average age of a KBL *epb* group employee is 45, reflecting the level of experience typically required for staff in this sector of activity; our employees have served at the group, on average, for 11 years.

In 2018, Brown Shipley launched several measures to support workplace diversity, including interviewing both genders for roles that arise by male and female interviewers. In addition, the UK-based bank has signed the Women in Finance Charter and

has pledged to achieve 25% of women in senior management by the end of 2020.

At the same time, the group actively seeks to hire, train and promote younger employees. In Luxembourg, relevant actions include an initiative known as the "Kaleidoscope Programme," a two-year, customized integration programme that allows high-achieving recent graduates to explore key departments of the bank and gain a uniquely comprehensive understanding of the financial services sector. This programme, initiated 30 years ago, has produced generations of executives, with some 80 participants having taken part to date.

COMPOSITION OF KBL *epb* GROUP ENTITIES BY AGE, SENIORITY, GENDER & NATIONALITY

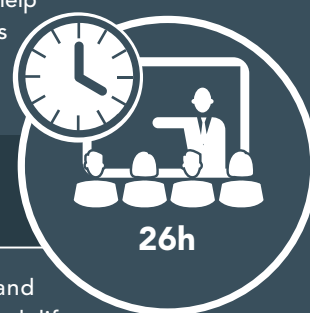
	Age	Seniority	Men	Women	Nat.
KBL <i>epb</i>	45.6	16.3	320	307	20
Merck Finck	48	13.4	154	131	14
Brown Shipley	42	5.7	225	154	19
Puilaetco Dewaay	45.6	11.3	127	94	6
InsingerGilissen	47	13	252	113	20
KBL España	41	3.5	27	13	1

Training, development & well-being: Training is an imperative for all KBL *epb* staff, no matter their age or experience, especially given the rapid pace of change in the private banking sector. At KBL *epb*, we provide our people with ongoing opportunities to grow personally and professionally as part of a leading multi-local private banking group. Training offered under the umbrella of KBL *epb* Group University – ranging from IT to soft skills to language learning – ensures that career growth remains continuous.

In 2018, KBL *epb* Luxembourg provided more than 15,000 training hours to 722 staff members. The bank allocated over €470,000 to the ongoing development of its staff.

Since 2008, KBL *epb* Luxembourg has employed a full-time Social Assistant, who, in cooperation with the HR department, works with staff to help them address personal challenges and supports them in developing solutions.

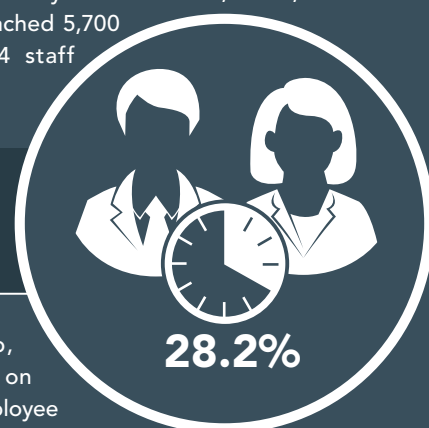
NUMBER OF ANNUAL TRAINING HOURS, PER EMPLOYEE, AT PUILAETCO DEWAAY (2018)



KBL *epb* promotes flexibility and recognizes the importance of work-life balance. In Luxembourg, more than one-quarter of all staff work part-time, and remote access is increasingly proposed as a solution – on a periodic basis, in line with relevant regulations – particularly for working parents.

To that end, the bank launched in 2017 a three-month pilot to evaluate opportunities to expand its remote access programme. In July 2018, further to this pilot, KBL *epb* launched a remote-access policy that permits eligible staff to work from home up to 24 days per year (for a full-time employee) regardless of their country of residence. Between July-December 31, 2018, total remote access reached 5,700 working hours by 264 staff members.

PERCENTAGE OF PART-TIME STAFF AT KBL *epb* IN LUXEMBOURG (2018)



Across the group, investments are made on an ongoing basis in employee well-being, including significant enhancements to the physical office space in Luxembourg, as well as at the head office of Puilaetco Dewaay in Brussels. Whether it's providing baskets of fresh fruit, employee changing rooms and showers, regular staff movie nights, breakfast discussions with senior management or all-staff holiday parties,

the group rewards its people for their hard work, dedication and client-centricity.

Corporate social responsibility: With 2,000 employees based in some 50 cities in Europe, the KBL *epb* group has a unique opportunity to make a difference in local communities and to be a benchmark socially responsible financial institution everywhere we operate. Moreover, at KBL *epb*, we believe we meet the needs of all our stakeholders by acting as a positive and effective influence in local communities. By contributing resources and capital to worthy causes and initiatives, we serve as an agent of positive social change.

In 2018, KBL *epb* donated €30,000 to charitable associations in Luxembourg, including the Fondatioun Kriibskrank Kanner, which accompanies children fighting cancer or a rare and life-threatening disease and their families; the Luxembourg Autism Foundation; Jonk Entrepreneuren, which facilitates youth entrepreneurship; Save the Children; Movember for men's health; and many other causes. KBL *epb* also provides ongoing financial support to a broad range of non-profit cultural organizations, such as the Luxembourg Philharmonic and the Grand Theater of Luxembourg. Whenever possible, KBL *epb* facilitates opportunities for its staff to participate in charitable initiatives.

Outside the Grand Duchy, KBL *epb* affiliates are likewise very active in their local community, including by sponsoring children's welfare initiatives (Puilatco Dewaay), art exhibitions and theater (Merck Finck and InsingerGilissen), and charity races (Brown Shipley).

COMPLIANCE NORMS & POLICIES

As outlined in Appendix 2, Compliance Risk, Compliance is responsible for implementing all measures designed to prevent KBL *epb* from suffering damage or loss, whether financial or otherwise, due to a failure to comply with existing regulations. The operating procedures of this function – in terms of objectives, responsibilities

and powers – are laid down in the Compliance Charter drawn up by the Compliance department and approved by the Executive Committee and the Board of Directors.

The Compliance Charter:

- Defines the position of Compliance in the bank's organizational chart
- Recognizes the right of Compliance to open investigations into any of the bank's activities
- Defines the responsibilities and reporting lines of the Chief Compliance Officer
- Describes the relationships with Risk Management and Internal Audit
- Defines the applicable conditions and circumstances for calling on external experts
- Establishes the right of the Chief Compliance Officer to contact directly and on his own initiative the Chairman of the Board of Directors or, where appropriate, members of the Audit Committee or the Compliance Committee, as well as the CSSF

The core focus of the Compliance function covers:

- The fight against money-laundering and terrorism financing
- Prevention of market abuse and personal transactions
- Integrity of the markets in financial instruments
- Investor protection
- Data protection, including banking secrecy
- Avoidance and management of conflicts of interest
- Prevention of the use of the financial sector by third parties to circumvent their regulatory obligations
- Management of compliance risks linked to cross-border activities
- Professional ethics (codes of conduct, compliance manual, etc.) and the fight against fraud and corruption

The following primary Compliance policies, guidelines and standards – available via the group's Intranet – are applicable across the KBL *epb* group:

- Compliance Charter
- Compliance Policy
- Code of Protection of Whistle Blowers
- Code of Protection of Whistle Blowers – Annex 1
- Conflict of Interest Policy
- Conduct of Business Policy
- Code of Conduct
- Anti-corruption and Bribery Policy
- Anti-corruption and Bribery Policy Q&A
- Cross-border Policy
- Policy Relating to the Exercise of Mandates by Employees

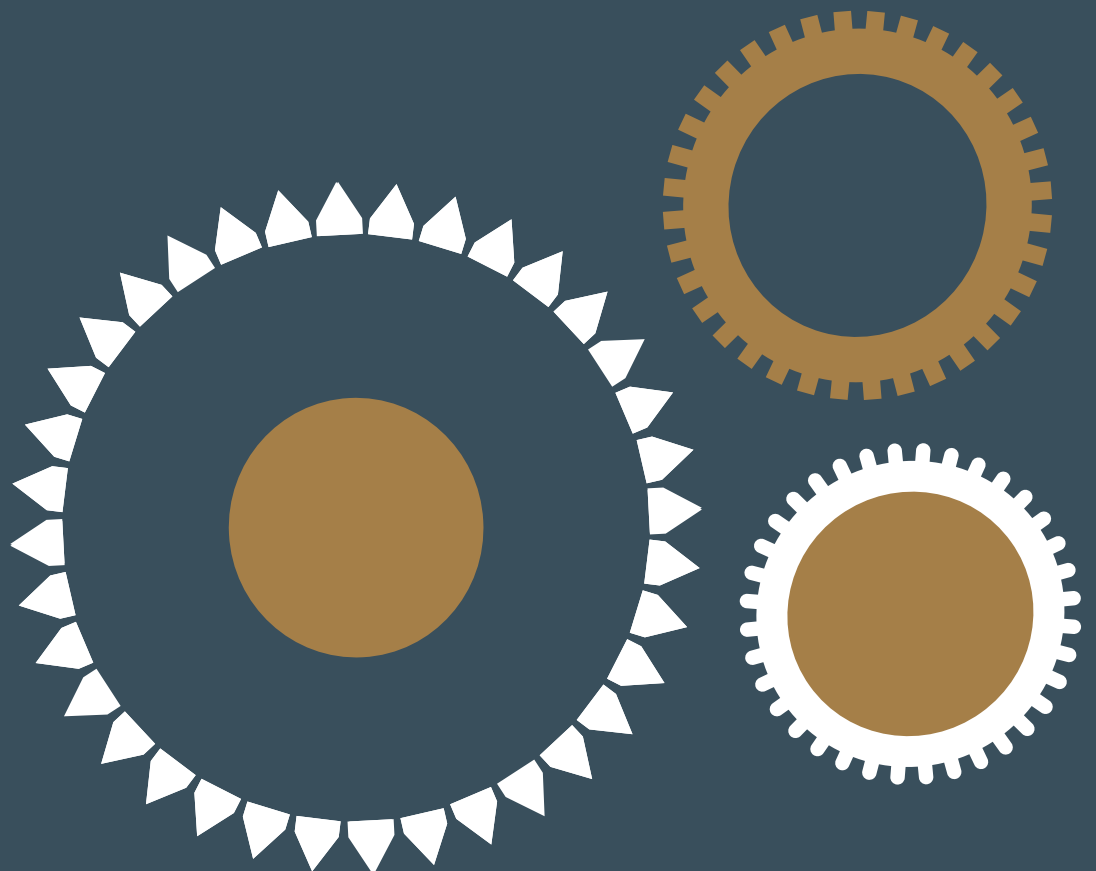
Via various compulsory training sessions, every KBL *epb* employee has been made fully aware of their role in the fight against money-laundering and terrorism financing. In 2018, 600 staff members participated in total of 150 hours of compulsory training dedicated to anti-fraud measures.

Better. Stronger. Together.

5 Collaboration



Work better together as people and markets to the benefit, fun and competence of us all, driving our sustainable company forward



NON-CONSOLIDATED MANAGEMENT REPORT

GENERAL COMMENTS ON THE RESULTS AND THE BALANCE SHEET

At the end of the financial year 2018, KBL *epb*'s balance sheet totalled €9.3 billion. This increase of €8.6 billion compared to 2017 is mainly due to positive developments in client deposits.

The preliminary agreement on the sale of its former subsidiaries KBL Richelieu in France and KBL Monaco Private Bankers to Société Générale de Banque au Liban signed at the end of 2017 was closed in early July 2018.

The Bank adopted IFRS 9 with a date of transition of 1 January 2018. The adoption of IFRS 9 has led to a reduction in equity of €140 million. The impact is primarily attributable to the allocation for expected credit losses that reduces the retained earnings of €130 million, of which €128 million on intergroup advances. The residual impact is due to a net reduction of other comprehensive income of €9 million as result of changes in valuation methods for reclassified securities.

Despite the impact of IFRS 9 on equity, the Bank's solvency is solid and remains well above the 11.9% regulatory threshold imposed by the European Central Bank at 34.9%.

2018 was still a year of transformation with continued investments in the IT platform and further staff downsizing. Influenced negatively by low interest rates

environment, the unfavorable economic climate and exceptional elements, 2018 closed with a loss of €23.0 million compared to the profit of €39.3 million in 2017.

The net interest margin fell by 12% to €45 million against €51 million in 2017. This was due to the impact of the tightening of financial conditions.

Market volatility and geopolitical uncertainty also weighed on net commissions, which were down 22% (€43 million at the end of 2018 against €55 million at the end of 2017). This fall was particularly marked in client securities and custody businesses.

In 2018, the bank received lower dividends from its subsidiaries, namely €37 million vs. €65 million in 2017, when it received certain one-off dividends related to real-estate transactions within the group.

Operating expenses rose by 11% (€161 million in 2018 against €146 million in 2017). In 2018 and 2017, the bank put in place a plan to downsize the workforce to its target model and its new platform, which negatively affected staff costs, and especially in 2018.

For detailed figures and further details on the IFRS 9 transition, please refer to the Financial Statements.

For detailed figures, please refer to the Annual Accounts.

APPENDICES

APPENDIX 1 DEPOSIT GUARANTEE

These directives are transposed into Luxembourg law by the law of 18 December 2015.

In Luxembourg, the national deposit guarantee scheme (DGS) is represented by the FGDL ("Fonds de garantie des dépôts Luxembourg," see the website www.fgdl.lu).

The purpose of the FGDL is to protect clients of the member institutions in case a bank goes bankrupt.

KBL *epb* is an FGDL member. As a member, account holders (natural persons and legal entities) in KBL *epb* Luxembourg and in the KBL Spain branch are protected by the FGDL up to a maximum of €100,000 per person/account (additional guarantees are in place for temporary deposits, see the FGDL website for details).

In case of failure, FGDL ensures compensation of depositors within 7 days.

In order to be compliant with the legislation, KBL *epb* has since December 31, 2013, implemented a system which is able to produce a Single Customer View (SCV) file including data about all eligible cash depositors along with the customers references. The KBL *epb* system is tested twice a year. This set of information is requested by the CSSF in order to facilitate the

reimbursement of depositors in case of the bank's failure.

Each year, KBL *epb* Luxembourg pays a contribution to the FGDL for its financing.

In 2018, KBL *epb* Luxembourg paid €391,727 for the FGDL (2017: €425,360) and €2,496,595 for the Luxembourg Resolution Fund (2017: €1,938,444).

Considering the amount paid for the FGDL during the current year, the same amount of €391,727 was transferred back from the unavailable to the available reserves.

As for investor protection, the Luxembourg investor compensation scheme (SIIL: "Système d'indemnisation des investisseurs Luxembourg") covers investors (natural persons and legal entities) in the scope of the legislation (law of 18 December 2015). The investment transactions made by the same investor are covered up to an amount equivalent to €20,000.

KBL *epb* Luxembourg is also an SIIL member, in the scope of which eligible investors in KBL *epb* are covered.

APPENDIX 2 COMPLIANCE RISK

Compliance is responsible for implementing all measures designed to prevent KBL *epb* from suffering damage or loss, whether financial or otherwise, due to a failure to comply with existing regulations.

The tasks of Group Compliance encompass the identification and management of compliance risks, as well as the implementation of an awareness-raising policies. Its monitoring includes corrective measures, internal reporting, and liaising with the Public Prosecutor and the CSSF in the field of anti-money laundering. It actively supports management bodies in the control and management of these risks.

Its core focus is:

- Investor protection (MiFID, customer complaints, avoidance and management of conflicts of interest, etc.).
- Prevention of market abuse, money laundering and terrorism financing
- Professional ethics (codes of conduct, compliance manual, etc.) and fraud prevention
- Staff and Group adherence to regulatory obligations
- Prevention and management of compliance risks linked to cross-border business

Advice, prevention and control in these various areas of intervention form the core work of Compliance, which also monitors compliance risks and their management across the whole KBL *epb* network through cooperation between local and Luxembourg-based teams.

Furthermore, the Board Compliance & Legal Committee (BCLC) is informed of, and regularly monitors, the adequacy of Compliance measures. This Committee is delegated by the Board and meets on a quarterly basis.

2.1. ADVICE AND PREVENTION

Compliance continues to advise and support the bank's various business lines. It regularly supports commercial initiatives and the questions that can arise from them. Compliance is also involved in the bank's client acceptance and revision procedure.

It should be noted that Compliance takes part in the validating of new products and services for their marketing to clients. The goal of this process, which incorporates support materials such as brochures and term sheets, is to ensure that clients understand products and their risks and make informed investment decisions which comply with existing regulations. This process was strengthened by the entry into force of MiFID II.

Compliance is also associated to various regulatory projects. Compliance participates in the group-wide high-level assessment analysis and provides the workstreams with appropriate regulatory roadmaps, as well as a group regulatory dashboard consolidating all applicable requirements. In 2018, Compliance played a major role in anchoring the systems designed for conformity with the MiFID II and PRIIPs regulations.

In addition to its ongoing monitoring and support of subsidiaries, the Group continued to support the roll out of the Compliance Awareness programme across the whole of KBL *epb*.

This programme is mainly based upon a systematic and structured multi-annual approach with training sessions, depending on the person's level of exposure to Compliance risks. The programme is accompanied by regular information for employees and managers on Compliance risks according to what is topical (internal or external).

The Group Compliance Normative Committee meets regularly. It gathers together a number of local Heads of Compliance to examine new group norms and

standards, ensuring best practices. This Committee advises the Group Executive Committee. In 2018, this saw the revision of the current anti-money laundering standard and the strengthening of the policy for managing conflicts of interest.

Compliance continued to strengthen Compliance practices across KBL *epb* through forums, and regular exchanges with Compliance Officers in our European network.

2.2. CONTROL

Compliance continues to maintain its Control function. Its second-level control framework is part of the bank's general internal control framework. In addition to refining and strengthening certain tests, the Compliance Monitoring entity continued to oversee its Compliance Monitoring Programme (CMP). This tool maps Compliance risks and regularly checks that these risks are under control. If necessary, suggestions for improving the plan are put forward. Since 2016, the plan has been drawn up based on the results of a Compliance Risk Assessment exercise. This methodology for evaluating compliance risk targets a more refined and better documented risk analysis to better allocate compliance resources to the biggest risks.

The correct execution of these controls by our subsidiaries is monitored from Luxembourg, with support provided as necessary. Specialized anti-money laundering is now in place in all KBL *epb* entities. This solution improves the review processes for the group's clients, whether new or existing, both by analysing client behaviour (before and after), and by screening the client database and international lists of persons subject to legal action or restrictive measures.

In addition, in 2018, the Group continued installing an external professional tool specialised in the detection of market abuse and insider trading. The same tool will

be used to automate checks to ensure that the Best Execution policy is adhered to when processing client orders.

KBL *epb* is constantly adapting its control procedures and reiterating to staff the ongoing need to protect clients. Group Compliance carries out regular checks in the group's various subsidiaries.

APPENDIX 3 RISK MANAGEMENT

3.1 MISSION & ACHIEVEMENTS

A 2018 key event for the Group was the sale of KBL Richelieu and KBL Monaco Private Bankers to Société Générale de Banque au Liban (SGBL).

Also, on July 1st, 2018, a major milestone of the Utopia project – outsourcing of KBL's IT and (part) of Operations to the Swiss private bank Lombard Odier – was achieved with the migration of Puilaetco Dewaay Belgium onto the Lombard Odier IT platform.

In relation to the sales of KBL Richelieu and KBL Monaco, the Risk Control function acted as an active support for the transaction, being involved among others in the establishment of transitional arrangements and SLA.

In 2018, the fifth iteration of the Bank's Group Recovery Plan was submitted to the regulator. The process improvements cover, among others, the interactions and communications between the Head Office and its entities. The reverse stress-tests have been also reinforced for both capital and liquidity, short and long term assessments.

The Group is continuously interacting with the Single Resolution Board (SRB) about its resolution strategy and the elaboration of its resolution plan (i.e. restructuring in order to safeguard public interests, market financial

stability and continuity of the Group's critical functions). In 2018, quantitative developments hinged on two axes: (i) the development of the data/computational risk control infrastructure and (ii) regulatory-driven topics. These include a.o. the extension of the Risk Control datawarehouse facilities (automation, data coverage and quality), the setting up of a risk scoring tool to assess compliance of client portfolios with client risk profiles, as well as support to the Group's response to the ECB's EU-wide stress test that required the development of ad-hoc computational tools.

In terms of operational risk, the main improvements in 2018 were the review of the Risk and Control Self-Assessment (RCSA) methodology and of the incidents' handling procedure. In parallel, the specifications for the design of a new operational risk tool have been drafted and its roll-out is expected to occur over the first quarter of 2019: it will cover incidents' management, RCSA and monitoring plan functionalities together with advanced reporting features.

In terms of Information Risk, one of the main achievements was the set up of an independent second line of defense working in close collaboration with IT Security and also with the Data Protection Officer.

Finally, the Group Data Protection program delivered several material achievements:

- Definition and set up of Group Data Protection governance and framework, record processing activities, awareness and Group DPO function nomination
- Launch of Data Protection due diligences.
- IT cartography of applications hosted at KBL versus security measures and data retention directive
- Change management, training of Subject Matter Experts /IT project manager, generic awareness to all the employees, learning curve on new GDPR procedures

- Data Leakage prevention solution tagging for MS office files
- Control monitoring program based on CARPA certification methodology for assessing the design of key controls within the Group.

3.2 STRUCTURE & ORGANIZATION

Risk Control entities fulfill a second line of defense role, the first line being assumed by the entities at the source of risk. In this context, they ensure that each key risk the Group may be exposed to is properly identified, measured, monitored and reported.

As of December 31st 2018, Group Risk Control in Luxembourg is organized into five departments with a total of 27.6 full time equivalent employees (FTEs).

In 2018, 2 new departments have been composed to effectively respond to the Group risks universe: (i) Group Information and (ii) Data Protection.

The objective of the Group Information Risk Control department is to act as a second line of defense for controlling risk related to digital assets.

The department (2.8 FTEs) is in charge of developing and maintaining the Information Risk Control Framework, to implement related policies, to monitor control implementation and to ensure adequate reporting over its activities to dedicated instances (Group Information Security & Risk Committee / Board Risk Committee).

At the Group level, the department is in charge of coordinating of Group Information Security Risk management directions amongst the local representatives.

A Group Data Protection Officer (1 FTE) has been appointed at the beginning of 2018, who is in charge of:

- Enforcing the provisions of the European regulation on the protection of personal data ("GDPR") within the Group

- Informing, providing independent advice and guidance to the KBL *epb* group entities and functions
- Monitoring compliance with regulation
- acting as the point of contact for data subject right exercises & complaints
- Acting as the point of contact for the lead supervisory authority (breaches, high-risk notification, projects, audit).

Two departments saw their missions confirmed in 2018: Credit risk control and Operational risk control.

The Credit Risk Control department, with 4 FTEs, is in charge of monitoring credit risk for the Group, which arises from the following activities:

- Lombard & mortgage lending to private clients in support of the Bank's core private banking activity
- Committed and uncommitted credit lines granted to investment funds in support of Institutional & Professional Services activity

The department also covers the monitoring of country risks, is involved in defining and complying with criteria for accepting securities taken as collateral, and acts as secretary for the Group credit committee.

The Lending Management department, with 6.6 FTEs, reports to the Head of Credit Risk Control. Lending Management is in charge of:

- the implementation of loans by the parent company (especially the drafting of the loan documentation, as well as the complete setting up of the securities in accordance with the credit decision)
- the risk monitoring of each parent company loan facility during its lifetime
- the secretarial support for the Luxembourg and Group credit committees and act as secretary for the Luxembourg credit committee.

The **Operational Risk Control department**, with 4.8 FTEs, has the following responsibilities:

- provides Group entities with a loss event reporting tool for recording operational incidents in a database: (i) challenge reporting, root cause analysis and mitigating action plan and (ii) Initiate case study analysis
- conducts/reviews Risk Control Self Assessments
- steers the insurances' program for the Group
- acts as member of various committees involving discussions on operational risks (i.e. the new Operational Risk Committee, the New Product & Service Approval Committee, the Group Information Security Committee, the Business Continuity Management Steering Committee).

Finally, a change of structure within the Group Risk department led to merge three sub-structures into one: **the Financial Risk & Reporting department** (8.4 FTEs) covers various attributions:

- It monitors and escalates the market risk (interest rate, price, currency, real estate, and liquidity risks) carried by the entire balance sheet, including both ALM and Trading activities to the different levels of management from Global Markets/ALM Senior Management to the Board Risk Committee. The Group Liquidity Risk, including the reporting and the interpretation and implementation of the EU regulatory requirements, is also under the Financial Risk & Reporting responsibilities. Among others, the department participates to the local "Asset and Liability Management Committees" (ALCOs) of the different subsidiaries, to ensure that local decisions are taken in compliance with Group ALCO Policy.
- The department is also taking over: (i) the portfolios of fixed-income investments, in the

context of the reinvestment of excess liquidity; (ii) the counterparty risk linked to Money Market transactions contracted between Global Markets and a network of banking counterparties; and (iii) the credit risk carried by the network of sub-custodians.

- The department is in charge of risk modelling and quantitative analysis. It designs and implements all risk models (market, credit and operational VaRs, internal stress test, product scoring, ECL, etc.) and provides quantitative support to other Group and local functions. The department is as well responsible for the risk data management, designing and maintaining an efficient risk database and reporting tool.
- The department covers transversal risk matters, such as internal and regulatory risk reporting (i.e. monthly/quarterly risk reports, ICAAP, Recovery Plan etc.) and regulatory watch in addition to the risk-related projects through the Group.

The total resources in KBL Group Risk Management are 59.3 FTEs. In light of the non-materiality of certain risks in the subsidiaries (absence of trading activity; ALM activities tightly framed and controlled by the parent company; limited liquidity risk), the majority of the subsidiaries' resources are dedicated to managing and controlling client, credit and operational risks.

3.3 BREXIT RISK

The KBL *epb* group faces limited risk related to the potential exit of the United Kingdom from the European Union.

At the time of writing – ahead of the March 29, 2019, deadline for the enactment of Article 50 of the Lisbon Treaty – a final Brexit agreement had not been reached, leaving open a significant range of outcomes, including so-called “hard Brexit,” which would likely represent the most adverse scenario for the financial services sector.

Working with legal counsel in the EU and the UK, the KBL *epb* group has already identified potential impacts and required actions under such an adverse scenario, as required by the European Central Bank.

Following that analysis, it is clear that, even under such an adverse scenario – which could lead to the loss of EU passporting rights for UK banks – the potential impact on the KBL *epb* group and, specifically, Brown Shipley, would remain limited.

While the significant majority of Brown Shipley clients are physically based in the UK, a “hard Brexit” would nevertheless have a potential impact on certain Brown Shipley activities on behalf of clients physically based in the EU. (The loss of passporting rights would limit Brown Shipley's ability to extend advisory services in the EU, impacting the ability of Brown Shipley private bankers to manage client relationships in the EU.)

In that regard, the primary potential impact would be on Brown Shipley's International Office, which serves a number of UK non-domiciled clients. However, the KBL *epb* group is well positioned to offer an alternative solution for such clients.

For the KBL *epb* group, *excluding* Brown Shipley, such an adverse scenario would require a number of mitigating legal and/or regulatory actions related to, for example, General Data Protection Regulations, as well as a number of group agreements and contracts on clearing and settlement (in instances when KBL *epb* currently relies upon a London clearing house).

RESULT ALLOCATION PROPOSAL

At its meeting on March 21, 2019, the Board of Directors proposes to allocate the 2018 loss of €22,953,426 in deduction of the retained earnings.

Then, the Board of Directors proposes to allocate the negative retained earnings of €76.8 million to the available reserve of €505.4 million. After approval, the available reserve will amount to €428.5 million.

On April 24, 2019, this allocation will be submitted for the approval of the Annual General Meeting.

COMPOSITION OF THE BOARD OF DIRECTORS

The Ordinary General Meeting of April 25, 2018, approved the renewal of the mandates of the following directors:

- Jan Maarten de Jong
- George Nasra
- Albert Wildgen

and approved the nomination of the following director:

- Peter Vandekerckhove

The Extraordinary General Meeting of May 28, 2018, approved the nomination of the following director:

- Marco Mazzucchelli

The Board of Directors noted the resignation of Nicholas Harvey on August 1, 2018, and the cooptation of Antoine Marcolin as his replacement.

This report is available in English and French.

Only the English version is authentic.

DECLARATION ON THE CONFORMITY OF THE 2018 CONSOLIDATED ACCOUNTS

We, Peter Vandekerckhove, Group Chief Executive Officer, and Mark Selles, Group Chief Financial Officer, confirm, to the best of our knowledge, that the consolidated accounts, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the consolidated assets, liabilities, financial position and consolidated profit or loss of KBL *epb* group, and that the consolidated management report includes a fair review of the development and performance of the business and the position of KBL *epb* group together with a description of the principal risks and uncertainties that the Group faces.

Luxembourg; March 21, 2019



PETER VANDEKERCKHOVE
Group Chief Executive Officer



MARK SELLES
Group Chief Financial Officer

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Forex	(+352) 2621 0333
Bullion	(+352) 2621-0355
Repos & Securities Lending	(+352) 2621-0322
Fiduciary Deposits	(+352) 2621-0344
Sales Trading	
Money Market	(+352) 2621-0144
Fixed Income Services	(+352) 2621-0133
Equity & Listed Products	(+352) 2621-0211
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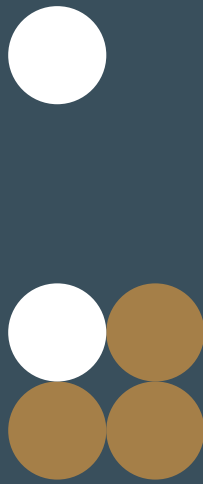
www.brownshipley.com

5 pillars for the future



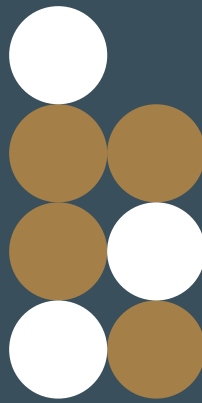
1
CLIENT
RECOMMENDATION

Invest in better service and performance to become a recommended company by our clients



2
TECHNOLOGICAL
RELEVANCE

Ensure that we are a technologically relevant company for our clients



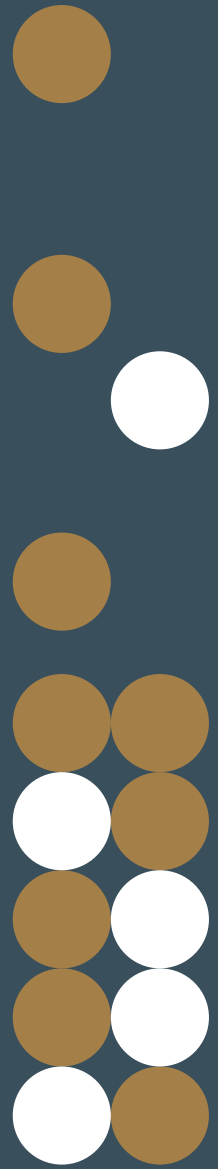
3
PRODUCTIVITY,
COSTS AND
PROFITABILITY

Improve productivity, tightly manage costs and drive sustained profitability



4
RESPONSIBILITY

As a fully compliant company, ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities



5
COLLABORATION

Work better together as people and markets to the benefit, fun and competence of us all, driving our sustainable company forward

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