

# PILLAR III GROUP REPORT HALF-YEAR 2019



EUROPEAN  
PRIVATE BANKERS

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## Half-Year Highlights

Risk Weighted Assets  
EUR 3.8 billion

Total Capital  
Ratio  
16.0%

Tier 1  
Ratio  
16.0%

CET 1  
Ratio  
16.0%

# 1 Half-Year Risk Statement

On 24 May 2019, KBL epb announced the appointment of Jürg Zeltner as Group CEO and member of the Board of Directors, as well as the appointment of Jakob Stott as CEO, Wealth Management, and member of the Executive Committee. Those appointments were approved in August 2019 by the relevant regulatory authorities.

On 20 June 2019, KBL epb announced that its UK affiliate, Brown Shipley, has signed an agreement to acquire NW Brown & Co. Limited, a boutique of wealth manager. The acquisition, which remains subject to regulatory approval, is expected to close by the end of the third quarter of this year. This acquisition does not significantly impact the Bank's risk profile.

# 2 Prudential Requirements

## Own Funds

The consolidated prudential own funds are prepared according to the EU Regulation N°575/2013 (CRR). There is no significant variation as compared to end of year 2018.

Own Funds in EUR million		31/12/2018	30/06/2019
Common Equity Tier 1 (CET1)	- before regulatory adjustments	1,062.5	1,065.9
	- regulatory adjustments	-463.4	-465.5
	- after regulatory adjustments	599.1	600.4
Additional Tier 1 (AT1)	- before regulatory adjustments	-	-
	- regulatory adjustments	-	-
	- after regulatory adjustments	-	-
<b>Tier 1 Capital</b>		<b>599.1</b>	<b>600.4</b>
Tier 2 (T2) Capital	- before regulatory adjustments	0.1	0.1
	- regulatory adjustments	-	-
	- after regulatory adjustments	0.1	0.1
<b>Total Capital</b>		<b>599.2</b>	<b>600.5</b>

## Capital Adequacy

The KBL Group's half-year Overall Capital Ratio and Common Equity Tier 1 ratios stand at 16.0%.

Although the Group remains well above regulatory limits, the ratio decrease reflects the growth of the risk-weighted assets, please refer to the next paragraph.

<i>Half Year Capital Ratios</i>	<i>31/12/2018</i>	<i>30/06/2019</i>
Overall Capital Ratio	17.2%	16.0%
Tier I Ratio	17.2%	16.0%
Common Equity Tier I Ratio	17.2%	16.0%

## Risk Weighted Assets

As introduced above, during the six first months of 2019, the Group has grown its credit and investment portfolios, compared to year end 2018. The Group has also increased its volume of securities financing transactions.

Risk Weighted Assets in EUR million	31/12/2018	30/06/2019
<b>Credit Risk</b>	<b>2,472.5</b>	<b>2,865.9</b>
Central Governments and Central Banks	98.3	116.0
Regional Governments and Local Authorities	12.7	2.0
Public Sector Entities	49.8	63.9
Multilateral Development Banks	-	-
International Organisations	-	-
Institutions	318.0	339.1
Corporate	1,048.0	1,244.2
Retail	117.0	113.9
Secured by Mortgages on Immovable Property	352.8	346.7
Exposures in Default	30.3	91.2
High Risk	59.1	63.9
Covered Bonds	9.0	9.8
Claims on Institutions and Corporate with a Short-Term Rating	137.6	201.1
Claims in the form of CIU	0.2	0.1
Equity	50.0	49.6
Other Items	189.5	224.4
Securitisation	-	-
<b>Credit Valuation Adjustment (CVA)</b>	<b>15.9</b>	<b>12.6</b>
<b>Settlement Risk</b>	<b>0.2</b>	<b>0.0</b>
<b>Market Risk</b>	<b>314.9</b>	<b>203.8</b>
Interest Rate Risk	304.1	189.6
Equity Risk	1.3	1.4
Foreign Exchange Risk	9.4	12.8
<b>Operational Risk</b>	<b>678.9</b>	<b>678.9</b>
<b>Total Risk Weighted Assets</b>	<b>3,482.3</b>	<b>3,761.2</b>

## Leverage Ratio

At half year, KBL Group's indicative Leverage Ratio stands at 4.3%. This figure stands above the 3% minimum Leverage Ratio recommendation of the Basel Committee on Banking Supervision.

In EUR Million

30/06/2019

		Tier 1 600.4
Leverage Ratio	4.3%	Total Exposure 13,820.4

## 3 Final Remark

Although the Group is currently working in a challenging macroeconomic environment, no additional significant information that would not be available in the Bank's latest annual Pillar III Report as at 31 December 2018 was identified in the first half of 2019. This, in relation to the evolution of the Group's risk profile and the necessary information to be disclosed to market participants in order to convey a fair picture of this risk profile.