U.S. Department of Justice

Tax Division

Washington, D.C. 20530

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2014200715

Dated: November 10, 2015

Thomas J. Delaney, Esquire
Jonathan A. Sambur, Esquire
Mayer Brown LLP
1999 K Street, N.W.
Washington, D.C. 20006

Re: KBL (Switzerland) Ltd.
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Messrs. Delaney and Sambur:

KBL (Switzerland) Ltd. (hereinafter "KBL") submitted a Letter of Intent on December 31, 2013, to participate in Category 2 of the Department of Justice's Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, as announced on August 29, 2013 (hereafter "Swiss Bank Program"). This Non-Prosecution Agreement ("Agreement") is entered into based on the representations of KBL in its Letter of Intent and information provided by KBL pursuant to the terms of the Swiss Bank Program. The Swiss Bank Program is incorporated by reference herein in its entirety in this Agreement.[1] Any violation by KBL of the Swiss Bank Program will constitute a breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute KBL for any tax-related offenses under Titles 18 or 26, United States Code, or for any monetary transaction offenses under Title 31, United States Code, Sections 5314 and 5322, in connection with undeclared U.S. Related Accounts held by KBL during the Applicable Period (the "conduct"). KBL admits, accepts, and acknowledges responsibility for the conduct set forth in the Statement of Facts attached hereto as Exhibit A and agrees not to make any public statement contradicting the Statement of Facts. This Agreement does not provide any protection against prosecution for any offenses except as set forth above, and applies only to KBL and does not apply to any other entities or to any individuals. KBL expressly understands that the protections

[1] Capitalized terms shall have the meaning ascribed to them in the Swiss Bank Program.

provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement. KBL enters into this Agreement pursuant to the authority granted by its Board of Directors in the form of a Board Resolution (a copy of which is attached hereto as Exhibit B).

In recognition of the conduct described in this Agreement and in accordance with the terms of the Swiss Bank Program, KBL agrees to pay the sum of eighteen million seven-hundred-ninety-two thousand dollars ($18,792,000) as a penalty to the Department of Justice ("the Department"). This shall be paid directly to the United States within seven (7) days of the execution of this Agreement pursuant to payment instructions provided to KBL. This payment is in lieu of restitution, forfeiture, or criminal fine against KBL for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from KBL with respect to the conduct described in this Agreement, unless the Tax Division determines KBL has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. KBL acknowledges that this penalty payment is a final payment and no portion of the payment will be refunded or returned under any circumstance, including a determination by the Tax Division that KBL has violated any provision of this Agreement. KBL agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the penalty amount or the calculation thereof, or file any other action or motion, or make any request or claim whatsoever, seeking to collaterally attack the payment or calculation of the penalty. KBL agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. KBL further agrees that no portion of the penalty that KBL has agreed to pay to the Department under the terms of this Agreement will serve as a basis for KBL to claim, assert, or apply for, either directly or indirectly, any tax deduction, any tax credit, or any other offset against any U.S. federal, state, or local tax or taxable income.

The Department enters into this Agreement based, in part, on the following Swiss Bank Program factors:

(a) KBL's timely, voluntary, and thorough disclosure of its conduct, including:

- how its cross-border business for U.S. Related Accounts was structured, operated, and supervised (including internal reporting and other communications with and among management);
- the name and function of the individuals who structured, operated, or supervised the cross-border business for U.S. Related Accounts during the Applicable Period;
- how KBL attracted and serviced account holders; and
- an in-person presentation and documentation, properly translated, supporting the disclosure of the above information and other information that was requested by the Tax Division;

(b) KBL's cooperation with the Tax Division, including conducting an internal investigation and making presentations to the Tax Division on the status and findings of the internal investigation;

(c) KBL's production of information about its U.S. Related Accounts, including:

- the total number of U.S. Related Accounts and the maximum dollar value, in the aggregate, of the U.S. Related Accounts that (i) existed on August 1, 2008; (ii) were opened between August 1, 2008, and February 28, 2009; and (iii) were opened after February 28, 2009;

- the total number of accounts that were closed during the Applicable Period; and

- upon execution of the Agreement, as to each account that was closed during the Applicable Period, (i) the maximum value, in dollars, of each account, during the Applicable Period; (ii) the number of U.S. persons or entities affiliated or potentially affiliated with each account, and further noting the nature of the relationship to the account of each such U.S. person or entity or potential U.S. person or entity (e.g., a financial interest, beneficial interest, ownership, or signature authority, whether directly or indirectly, or other authority); (iii) whether it was held in the name of an individual or an entity; (iv) whether it held U.S. securities at any time during the Applicable Period; (v) the name and function of any relationship manager, client advisor, asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other individual or entity functioning in a similar capacity known by KBL to be affiliated with said account at any time during the Applicable Period; and (vi) information concerning the transfer of funds into and out of the account during the Applicable Period, including (a) whether funds were deposited or withdrawn in cash; (b) whether funds were transferred through an intermediary (including but not limited to an asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other third party functioning in a similar capacity) and the name and function of any such intermediary; (c) identification of any financial institution and domicile of any financial institution that transferred funds into or received funds from the account; and (d) identification of any country to or from which funds were transferred; and

(d) KBL's retention of a qualified independent examiner who has verified the information KBL disclosed pursuant to II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, KBL shall: (a) commit no U.S. federal offenses; and (b) truthfully and completely disclose, and continue to disclose during the term of this Agreement, consistent with applicable law and regulations, all material information described in Part II.D.1 of the Swiss Bank Program that is not protected by a valid claim of privilege or work product with respect to the activities of KBL, those of its parent company and its affiliates, and its officers, directors, employees, agents, consultants, and others, which information can be used for any purpose, except as otherwise limited in this Agreement.

Notwithstanding the term of this Agreement, KBL shall also, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Internal Revenue Service, and any other federal law enforcement agency designated by the Department regarding all matters related to the conduct described in this Agreement; (b) provide all necessary information and assist the

United States with the drafting of treaty requests seeking account information of U.S. Related Accounts, whether open or closed, and collect and maintain all records that are potentially responsive to such treaty requests in order to facilitate a prompt response; (c) assist the Department or any designated federal law enforcement agency in any investigation, prosecution, or civil proceeding arising out of or related to the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, federal grand jury proceeding, or any federal trial or other federal court proceeding; (d) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, employee, agent, or consultant of KBL at any meeting or interview or before a federal grand jury or at any federal trial or other federal court proceeding regarding matters arising out of or related to the conduct covered by this Agreement; (e) provide testimony of a competent witness as needed to enable the Department and any designated federal law enforcement agency to use the information and evidence obtained pursuant to KBL's participation in the Swiss Bank Program; (f) provide the Department, upon request, consistent with applicable law and regulations, all information, documents, records, or other tangible evidence not protected by a valid claim of privilege or work product regarding matters arising out of or related to the conduct covered by this Agreement about which the Department or any designated federal law enforcement agency inquires, including the translation of significant documents at the expense of KBL; and (g) provide to any state law enforcement agency such assistance as may reasonably be requested in order to establish the basis for admission into evidence of documents already in the possession of such state law enforcement agency in connection with any state civil or criminal tax proceedings brought by such state law enforcement agency against an individual arising out of or related to the conduct described in this Agreement.

KBL further agrees to undertake the following:

1. KBL agrees, to the extent it has not provided complete transaction information pursuant to Part II.D.2.b.vi of the Swiss Bank Program, and set forth in subparagraph (c) on pages 2-3 of this Agreement, because the Tax Division has agreed to specific dollar threshold limitations for the initial production, KBL will promptly provide the entirety of the transaction information upon request of the Tax Division.

2. KBL agrees to close as soon as practicable, and in no event later than two years from the date of this Agreement, any and all accounts of recalcitrant account holders, as defined in Section 1471(d)(6) of the Internal Revenue Code; has implemented, or will implement, procedures to prevent its employees from assisting recalcitrant account holders to engage in acts of further concealment in connection with closing any account or transferring any funds; and will not open any U.S. Related Accounts except on conditions that ensure that the account will be declared to the United States and will be subject to disclosure by KBL.

3. KBL agrees to use best efforts to close as soon as practicable, and in no event later than the four-year term of this Agreement, any and all U.S. Related Accounts classified as "dormant" in accordance with applicable laws, regulations and guidelines, and will provide periodic reporting upon request of the Tax Division if unable to close any dormant accounts within that time period. KBL will only

provide banking or securities services in connection with any such "dormant" account to the extent that such services are required pursuant to applicable laws, regulations and guidelines. If at any point contact with the account holder(s) (or other person(s) with authority over the account) is re-established, KBL will promptly proceed to follow the procedures described above in paragraph 2.

4. KBL agrees to retain all records relating to its U.S. cross-border business, including records relating to all U.S. Related Accounts closed during the Applicable Period, for a period of ten (10) years from the termination date of the this Agreement.

With respect to any information, testimony, documents, records or other tangible evidence provided to the Tax Division pursuant to this Agreement, the Tax Division provides notice that it may, subject to applicable law and regulations, disclose such information or materials to other domestic governmental authorities for purposes of law enforcement or regulatory action as the Tax Division, in its sole discretion, shall deem appropriate.

KBL's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. KBL, however, shall cooperate fully with the Department in any and all matters relating to the conduct described in this Agreement, until the date on which all civil or criminal examinations, investigations, or proceedings, including all appeals, are concluded, whether those examinations, investigations, or proceedings are concluded within the four-year term of this Agreement.

It is understood that if the Tax Division determines, in its sole discretion, that: (a) KBL committed any U.S. federal offenses during the term of this Agreement; (b) KBL or any of its representatives have given materially false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts or disclosed to the Tax Division pursuant to Part II.D.1 of the Swiss Bank Program; or (d) KBL has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) KBL shall thereafter be subject to prosecution and any applicable penalty, including restitution, forfeiture, or criminal fine, for any federal offense of which the Department has knowledge, including perjury and obstruction of justice; (ii) all statements made by KBL's representatives to the Tax Division or other designated law enforcement agents, including but not limited to the appended Statement of Facts, any testimony given by KBL's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, and any documents provided to the Department, the Internal Revenue Service, or designated law enforcement authority by KBL shall be admissible in evidence in any criminal proceeding brought against KBL and relied upon as evidence to support any penalty on KBL; and (iii) KBL shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or documents or any leads therefrom should be suppressed.

Determination of whether KBL has breached this Agreement and whether to pursue prosecution of KBL shall be in the Tax Division's sole discretion. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, KBL, will be imputed to KBL for the purpose of determining whether KBL has

materially violated any provision of this Agreement shall be in the sole discretion of the Tax Division.

In the event that the Tax Division determines that KBL has breached this Agreement, the Tax Division agrees to provide KBL with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, KBL may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that KBL has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of KBL.

In addition, any prosecution for any offense referred to on page 1 of this Agreement that is not time-barred by the applicable statute of limitations on the date of the announcement of the Swiss Bank Program (August 29, 2013) may be commenced against KBL, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, KBL waives any defenses premised upon the expiration of the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay and agrees that such waiver is knowing, voluntary, and in express reliance upon the advice of KBL's counsel.

It is understood that the terms of this Agreement, do not bind any other federal, state, or local prosecuting authorities other than the Department. If requested by KBL, the Tax Division will, however, bring the cooperation of KBL to the attention of such other prosecuting offices or regulatory agencies.

It is further understood that this Agreement and the Statement of Facts attached hereto may be disclosed to the public by the Department and KBL consistent with Part V.B of the Swiss Bank Program.

This Agreement supersedes all prior understandings, promises and/or conditions between the Department and KBL. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

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AGREED AND ACCEPTED:
UNITED STATES DEPARTMENT OF JUSTICE, TAX DIVISION

CAROLINE D. CIRAOLO — DATE 11/19/2015
Acting Assistant Attorney General

THOMAS J. SAWYER — DATE 19 November 2015
Senior Counsel for International Tax Matters

PAUL G. GALINDO — DATE 11/19/2015
Trial Attorney

AGREED AND CONSENTED TO:
KBL (Switzerland) Ltd.

By: IRÈNE BRACHMOND — DATE 11/18/2015
Chief Information & Operations Officer

By: MICHELLE CATTIER — DATE 11/18/15
Head of Wealth Management

APPROVED:

THOMAS J. DELANEY, Esquire — DATE 11/18/2015
Mayer Brown LLP

JONATHAN A. SAMBUR, Esquire — DATE 11/18/15
Mayer Brown LLP

EXHIBIT A TO KBL (SWITZERLAND) LTD. NON-PROSECUTION AGREEMENT

STATEMENT OF FACTS

Background

1. KBL (Switzerland) Ltd. ("KBL Switzerland" or "Bank"), a corporation organized under the laws of Switzerland, is a wholly-owned subsidiary of KBL European Private Bankers S.A., Luxembourg ("KBL Luxembourg"). The sole shareholder of KBL Luxembourg is Precision Capital S.A. ("Precision Capital"). Precision Capital acquired KBL Luxembourg in July 2012. Prior to then, Precision Capital held no interest in KBL Luxembourg and had nothing to do with the management of KBL Switzerland or its operations in Switzerland.

2. KBL Luxembourg was founded in 1949 in Luxembourg to provide retail banking services, including private-banking and wealth-management services. KBL Luxembourg expanded its presence into Switzerland initially into Geneva in 1970 through the establishment of Kredietbank (Suisse) S.A., which is now KBL Switzerland. KBL Switzerland opened branches in Zurich (2002), Lugano (2002), and Lausanne (2003, closed in 2014). The head office of KBL Switzerland is in Geneva.

3. KBL Switzerland operates a private-banking business in Switzerland, and largely serves Europe-based clientele. At the end of 2013, KBL Switzerland had approximately $3.2 billion in assets under management and 108 employees, 21 of which were relationship managers responsible for maintaining the accounts and relationships of KBL Switzerland's private-banking clients.

U.S. Income Tax & Reporting Obligations

4. U.S. citizen and resident aliens have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. Since tax year 1976, U.S. citizens and resident aliens have had an obligation to report to the Internal Revenue Service ("IRS") on Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether that individual had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.

5. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than $10,000 at any time during a particular year have been required to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114 (the "FBAR," formerly known as Form TD F 90-22.1). During the Applicable Period, an FBAR for a particular year must be filed on or before June 30 of the following year.

6. An "undeclared account" was a financial account owned by an individual subject to U.S. tax and maintained in a foreign country that had not been reported by the individual

account owner to the U.S. government on an income-tax return or other applicable form, and an FBAR as required.

7. Since 1935, Switzerland has maintained criminal laws that ensure the secrecy of client relationships at Swiss banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.

8. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the Internal Revenue Service and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida in which UBS admitted that its cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening and maintaining undeclared assets and income from the IRS. Since UBS, several other Swiss banks have publicly announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients (UBS and the other targeted Swiss banks are collectively referred to as "Category 1 banks"). These cases have been monitored by banks operating in Switzerland, including KBL Switzerland, since at least August of 2008.

9. KBL Switzerland was aware that U.S. taxpayers had a legal duty to report their assets and income to the IRS, and to pay taxes on the basis of all their income, including income earned from accounts that KBL Switzerland maintained on their behalf. KBL Switzerland nevertheless opened, maintained, and profited from undeclared accounts belonging to clients that it knew, or should have known, were U.S. taxpayers—including those who the Bank knew, or should have known, were likely not complying with their U.S. tax obligations.

Overview of KBL Switzerland's Cross-Border Business Concerning U.S. Related Accounts

10. KBL Switzerland has, among its clients, individuals and entities resident in Switzerland along with individuals and entities resident outside of Switzerland, including some clients who were or became citizens or residents of the United States during the Applicable Period.[1]

11. KBL Switzerland maintained, during the Applicable Period, 277 U.S. Related Accounts having a maximum aggregate dollar value in excess of $255 million. Of these accounts,

[1] Capitalized terms not otherwise defined in this Statement of Facts have the meanings set forth in the Program for Non-Prosecution or Non-Target Letters for Swiss Banks, issued on August 29, 2013 (the "Swiss Bank Program").

132 were open before August 1, 2008; 24 of them were opened between August 1, 2008, and February 28, 2009; and 121 were opened after February 28, 2009. These U.S. Related Accounts were generated primarily through the Bank's presence and activities in Switzerland.

12. Except as discussed more fully in paragraphs 34–38, below, private bankers known as relationship managers served as the primary contact for U.S. clients with undeclared accounts at KBL Switzerland, and were responsible for opening and managing client accounts at the Bank. KBL Switzerland employed more than 40 different relationship managers during the Applicable Period, each of whom was responsible for managing at least one U.S. Related Account at the Bank. Relationship managers earned a fixed-base annual salary. On top of that, relationship managers could, in some instances, earn a bonus for introducing new client relationships to the Bank, based on the value of the assets that KBL Switzerland would manage. Except as noted below in paragraph 18, KBL Switzerland did not compensate relationship managers for U.S. Related Accounts in any way that was different from non-U.S. Related Accounts.

13. KBL Switzerland also acted as a custodian to number of U.S. Related Accounts that were maintained by external asset managers for U.S. taxpayers. As of August 1, 2008, KBL Switzerland had relationships with more than 50 external asset managers, ten of whom managed at least one U.S. Related Account. By early 2010, however, KBL Switzerland had grown these relationships to more than 70 external asset managers, 22 of whom managed at least one U.S. Related Account. Altogether, these 22 external asset managers oversaw approximately $100 million in U.S. Related Account value. During the Applicable Period, external asset managers generally received negotiated or flat-fee retrocessions from KBL Switzerland. In some cases, certain external assets managers also received commissions based on foreign-exchange transactions, or for new clients whose assets exceeded a set threshold. Except as noted below in paragraph 18, KBL Switzerland did not compensate external asset managers for U.S. Related Accounts in any way that was different from non-U.S. Related Accounts.

KBL Switzerland's Policies with Respect to U.S. Related Accounts

14. KBL Switzerland never sent representatives to the United States to meet with U.S. taxpayers, had operations in the United States, nor has it ever maintained any separate organizational units, desks, or employees that focused specifically on recruiting and servicing clients who were citizens, residents, or taxpayers of the United States.

15. Due in part to its historical focus on Switzerland and Western Europe, apart from its written policies applicable to all clients, KBL Switzerland did not, except as noted below, have written policies that restricted the opening, maintenance, and closure of accounts specifically for U.S. taxpayers. Consequently, KBL Switzerland did not structure, operate, or supervise its business for U.S. Related Accounts in any way that was different or separate from its non-U.S. Related Accounts. KBL Switzerland's board of directors, executive management, and heads of various business units structured, operated, and supervised the Bank's client-facing business generally.

16. As discussed below in paragraph 23, KBL Switzerland entered into a Qualified Intermediary ("QI") Agreement with the IRS, effective 2001. In connection with its implementation of that agreement, KBL Switzerland modified its information-technology systems to block the accounts of U.S. taxpayers from acquiring U.S. securities if the U.S. taxpayers had not provided the Bank with an IRS Form W-9.

17. In May 2009, KBL Switzerland implemented a policy that, except as noted below in paragraph 26, generally prohibited the opening of new non-U.S. entity accounts for U.S. taxpayer beneficial owners.

18. In February 2010, KBL Switzerland revised its policies regarding persons with U.S. tax obligations that included (a) instructing relationship managers to encourage U.S. taxpayer clients to disclose their assets to the United States, (b) closing accounts of non-U.S. entities with U.S. taxpayer beneficial owners, and (c) expressly refusing to compensate relationship managers and external asset managers for opening new accounts with U.S. taxpayers.

19. As discussed more fully in paragraphs 34–38, below, KBL Switzerland implemented a strategy, from 2009 through May 2010, at the direction of its then-CEO that substantially sought to increase KBL Switzerland's assets under management, and the relationships and business that the Bank did with external asset managers. Although the strategy did not specifically aim to do so, its implementation significantly increased the number and value of U.S. Related Accounts that KBL Switzerland had under management.

20. In May 2011, KBL Switzerland implemented a policy of closing undeclared accounts of U.S. taxpayers who did not provide it with an IRS Form W-9. Around this time, KBL Switzerland also began taking steps to comply with FATCA requirements, when those requirements came into effect.

21. At the end of 2012, KBL Switzerland began sending letters to U.S. taxpayer clients who had not yet provided the Bank with an IRS Form W-9, notifying them of the Bank's final decision to close their accounts, and encouraging them to enter into an Offshore Voluntary Disclosure Program ("OVDP") with the IRS.

22. In April 2013, KBL Switzerland began terminating its account relationships with all U.S. taxpayers, regardless of whether they had provided the Bank with an IRS Form W-9 or could otherwise demonstrate compliance with their U.S.-tax obligations.

KBL Switzerland's Qualified Intermediary Agreement, and Its Role in Non-Compliant U.S. Related Accounts

23. Effective 2001, KBL Switzerland entered into a Qualified Intermediary ("QI") Agreement with the IRS. The QI regime provided a comprehensive framework for U.S. information reporting and tax withholding by a non-U.S. financial institution relating to U.S. securities. The QI Agreement was designed to help ensure that, with respect to U.S. securities held in an account at KBL Switzerland, non-U.S. persons would be subject to the proper U.S. tax rates on withholding, and that U.S. persons holding U.S. securities were reported to the IRS and were properly paying U.S. tax. The QI

Agreement took into account that KBL Switzerland, like other Swiss banks, was prohibited by Swiss law from disclosing the identity of account holders.

24. To comply with its responsibilities as a QI, KBL Switzerland required all clients who represented that they were not U.S. taxpayers to execute a declaration of non-U.S. status. KBL Switzerland also required U.S. taxpayer clients who wanted their accounts to hold U.S. securities to expressly instruct it, on standard QI forms that were widely used globally prior to the Applicable Period, (a) to provide an IRS Form W-9 completed by the account holder and report their account to the IRS, or (b) not to disclose their names to the IRS, authorize the bank to sell all U.S. securities (for accounts opened before January 1, 2001), and prohibit the purchase of any U.S. securities.

25. Pursuant to its interpretation of the terms of its QI Agreement, KBL Switzerland's view was that the QI Agreement did not apply to (a) account holders who were not trading in U.S. based securities, or did not receive U.S.-source dividends or interest income, or (b) accounts that were held in the name of a non-U.S. based entity. As a result, from in or about 2001 and continuing into the Applicable Period, KBL Switzerland serviced and profited from certain U.S. taxpayers without disclosing their identity to the IRS.

26. In at least six instances, KBL Switzerland opened and maintained accounts for certain U.S. taxpayers in the names of corporations, foundations, trusts, or other legal entities (also known as "structures") that were organized in non-U.S. jurisdictions, such as Panama, the British Virgin Islands, or Liechtenstein. For many of these accounts, KBL Switzerland accepted from the directors of these structures an IRS Form W-8BEN (or KBL Switzerland's substitute form, "Declaration of Non-U.S. Status") that falsely represented that the legal entities that owned the structured accounts had no U.S. taxpayer beneficial owners.

27. KBL Switzerland knew, or had reason to know, however, that (i) the true beneficial owners of these accounts were U.S. taxpayers who owned the entities, and who were identified as U.S. taxpayers on Swiss Forms "A" at the time of account opening; and (ii) and that certain of these U.S. taxpayers were utilizing the accounts for personal purposes without formal corporate authorization. At least three such accounts that held U.S. securities were not reported to the IRS, in violation of KBL Switzerland's QI Agreement.

KBL Switzerland's Cross-Border Banking Business, and Its Role in the Evasion of U.S. Tax Obligations

28. During the Applicable Period, KBL Switzerland offered a variety of banking services traditional in Switzerland that assisted and enabled certain of its U.S. taxpayer clients to conceal their account assets and income, file false federal tax returns with the IRS, and evade their U.S. tax obligations. KBL Switzerland assisted and enabled these U.S. taxpayers in the evasion of their U.S. tax obligations by, among other things, opening and maintaining undeclared accounts for U.S. taxpayers.

29. KBL Switzerland offered clients, including U.S. clients with undisclosed accounts, a service option to "hold mail" at the Bank. For a fee, KBL Switzerland would hold the account statements and other account-related correspondence of certain U.S. clients, including those residing in the United States or having a U.S. mailing address, at its offices in Switzerland, instead of sending the documents to its clients in the United States, thereby causing documents reflecting the existence of undeclared accounts to remain outside the United States.

30. KBL Switzerland also provided on request of its clients, including undeclared U.S. taxpayers, third-party issued Swiss travel cash cards. During the Applicable Period, travel cash cards were used in connection with at least 40 U.S. Related Accounts. KBL Switzerland would fund these travel-cash cards with assets maintained in accounts belonging to U.S. taxpayer clients thereby enabling U.S. taxpayer clients to access the assets of undeclared accounts wherever they chose, including in the United States. In several instances, U.S. taxpayers were able to use such cards to fully deplete the balances of U.S. Related Accounts.

31. In at least six instances, KBL Switzerland permitted U.S. taxpayer clients to access and utilize the value of assets held in undeclared accounts through loans that were secured by their undeclared assets on deposit with the Bank.

32. On a number of occasions, KBL Switzerland opened and maintained accounts for U.S. taxpayers who beneficially owned undeclared accounts, and in certain instances accepted and maintained inaccurate account documentation. In six instances, KBL Switzerland maintained accounts in the names of non-U.S. persons that were, in effect, beneficially owned by U.S. taxpayers who would hold powers of attorney over the accounts, thereby allowing them to access and benefit from undeclared assets. In one of these situations, a U.S. taxpayer, who held a power of attorney over an account held in the name of a non-U.S. person, funded the account at the time of its opening, and gave direct instructions, which KBL Switzerland followed, to make deposits into and issue payments from the account in his favor. For another of these accounts, KBL Switzerland maintained an account in the name of a non-U.S. entity with a non-U.S. beneficial owner, but which was funded with repeated transfers of assets from a U.S. taxpayer's personal UBS account. When the KBL Switzerland account was closed, the Bank made several transfers of funds out of the account to an account in the United States owned by the same U.S. taxpayer. When first questioned about the account during the account-opening process in 2008, the non-U.S. director of the entity account holder, a Swiss lawyer, falsely represented that the KBL Switzerland account was not beneficially owned by a U.S. person. The director and counsel of the entity account holder repeatedly made this representation when KBL Switzerland sought to confirm certain transactions involving the account. Only in 2015, years after the account was closed, did the director and counsel of the entity account holder admit that a U.S. citizen and resident was the true beneficial owner of the account.

33. On at least five occasions, KBL Switzerland relationship managers discussed Swiss bank secrecy laws with U.S. taxpayer clients, including in one instance how such laws protected client anonymity with respect to information about the U.S. taxpayer client's

accounts at KBL Switzerland. In another instance, a KBL Switzerland relationship manager assured a U.S. taxpayer client, who had not provided a Form W-9, that the Bank would not reveal his identity to the United States. In a separate instance, a different KBL Switzerland relationship manager assured a U.S. taxpayer client that, because of Swiss bank secrecy laws, Switzerland would not freely exchange account information with the United States. And in at least one instance, a KBL Switzerland relationship manager advised a U.S. taxpayer client to avoid bringing account information into the United States.

The Role of KBL Switzerland's Policies, and Its Relationships with External Asset Managers, in the Growth of U.S. Related Accounts

34. In August 2008, the Swiss banking community, including KBL Switzerland, was aware that UBS, the largest bank in Switzerland, had been the target of a criminal investigation by the IRS and the United States Department of Justice. Around that time, it was also public knowledge that the Department of Justice had Credit Suisse, the second-largest bank in Switzerland, under investigation for providing accounts to U.S. taxpayers who had not properly declared their Swiss bank account assets to the United States.

35. Despite knowing of these events, KBL Switzerland implemented a strategy from 2009 through May 2010 (the "2009 growth strategy"), at the direction of its then-CEO, that substantially sought to increase KBL Switzerland's assets under management and the business that the Bank did with external asset managers.

36. Although the 2009 growth strategy had the stated purpose of increasing the amount of private-banking assets that KBL Switzerland had under management, its implementation led the Bank to open and maintain significant numbers of U.S. Related Accounts, including some accounts for U.S. taxpayers who had been exited from UBS, Credit Suisse, or other Category 1 Swiss banks, and others who had been exited from non-Category 1 Swiss banks that were closing accounts belonging to U.S. taxpayers.

37. KBL Switzerland's willingness to open accounts—introduced to the Bank mostly through external asset managers who were attempting to transfer their U.S. Related Account business from one Swiss bank, including some Category 1 banks, to another—on behalf of U.S. taxpayers undermined U.S. law enforcement efforts and enabled certain U.S. taxpayers to maintain undeclared accounts in Switzerland, where they could shield their illegal activity from the United States through reliance on Swiss banking privacy and data-protection laws.

38. As a result of its 2009 growth strategy, KBL Switzerland opened 68 new externally-managed accounts belonging to U.S. taxpayers, representing an aggregate maximum value of approximately $115.2 million.

The Use of Insurance-Policy Accounts and Non-Transparent Exits in the Concealment of U.S. Related Account Assets

39. On the instructions of the U.S. taxpayer clients, KBL Switzerland moved or restructured the assets of U.S. Related Accounts belonging to certain of its U.S. taxpayer clients in ways that concealed the U.S. relatedness of those accounts.

40. In late 2009 and early 2010, KBL Switzerland followed the instructions of two external asset managers concerning four separate U.S. Related Accounts that were directly held by U.S. taxpayer clients of KBL Switzerland to restructure the assets of the accounts into new insurance-policy accounts, which were titled in the name of a Liechtenstein insurance company for the benefit of the same, underlying U.S. taxpayer clients with the same, underlying assets (so-called "insurance wrapper" accounts). Although ultimately not acted upon by either KBL Switzerland or the account's external asset manager, in at least one instance, a former KBL Switzerland employee suggested to the external asset manager (by way of an unaffiliated third-party advisor) that use of such insurance-policy accounts could be an option for U.S. taxpayers who were being forced to exit their Swiss banking relationships. Restructuring the form in which their assets were held at KBL Switzerland allowed these U.S. taxpayers to further hide their identities and undeclared accounts from the IRS and United States law enforcement.

41. After deciding that it would exit its relationships with U.S. taxpayers, KBL Switzerland failed to adopt an account-closing protocol that would have made it possible for U.S. law enforcement authorities to follow the trail of U.S. taxpayer client funds from the Bank. In 2012, KBL Switzerland briefly implemented a flawed account-closing policy that, although intended to prevent U.S. taxpayers from continuing to hide undeclared assets in Switzerland through transfers to other Swiss banks, had the effect of closing U.S. Related Accounts through means that obscured the U.S. relatedness of these accounts. In at least 32 instances, U.S. taxpayer clients were able to utilize the assets of undeclared accounts held at KBL Switzerland through substantial and/or successive withdrawals of cash and, in one instance, through a withdrawal of precious metals. In one of these instances, KBL Switzerland permitted a U.S. taxpayer client to close an account through a single cash withdrawal of nearly $2 million. In another one of these instances, KBL Switzerland allowed a U.S. taxpayer client to close a structured entity account by using assets in the account to purchase gold worth nearly $200,000, which the U.S. taxpayer client subsequently withdrew in closing the account.

Mitigating Factors

42. In April 2010, after a prospective U.S. taxpayer client suggested to a KBL Switzerland relationship manager that one of the two largest banks in Switzerland (a Category 1 bank) was referring its U.S. clientele to KBL Switzerland, one of the relationship manager supervisors took immediate action to contact that bank (copying the compliance department at KBL Switzerland) to state that KBL Switzerland was not interested in referrals of such clients, and that it should immediately cease any such recommendations. KBL Switzerland ultimately did not accept the prospective U.S. taxpayer as a client.

43. In July 2010, KBL Switzerland terminated the Chief Executive Officer who implemented the Bank's 2009 growth strategy of collaborating with external asset managers in order to grow the bank's assets under management. Six months later, in January 2011, after the Bank came to fully appreciate the growth in U.S. Related Accounts that resulted from the 2009 growth strategy, KBL Switzerland terminated its relationships with six external asset managers who had brought only U.S. taxpayers to the Bank, including two external asset managers who collectively managed more than $45 million in U.S. Related Accounts.

KBL Switzerland's Cooperation Throughout the Swiss Bank Program

44. In December 2013, KBL Switzerland voluntarily submitted a letter of intent to participate in the Swiss Bank Program as a Category 2 bank.

45. Prior to and throughout its participation in the Swiss Bank Program, KBL Switzerland committed to providing full cooperation to the U.S. government and has made timely and comprehensive disclosures regarding its U.S. cross-border business. Specifically, KBL Switzerland, with the assistance of U.S. and Swiss counsel, forensic investigators, and in compliance with Swiss bank-secrecy and data-protection laws, has—

a. conducted an internal investigation including, but not limited to: (a) interviews of relationship managers, supervisors, senior managers and officers, and external asset managers; (b) reviews of client account files and correspondence; (c) analysis of relevant management policies; and (d) searches and reviews of electronic mail;

b. described in detail the structure of its cross-border business for U.S. Related Accounts including, but not limited to: (a) the policies and lack of oversight that contributed to the misconduct committed by KBL Switzerland relationship managers and their supervisors; (b) data on desks and employees with elevated concentrations of U.S. Related Accounts; (c) information on key external asset managers that had significant involvement with U.S. Related Accounts, (d) the names and positions of compliance officers and senior managers; and (e) written narratives on its largest and most problematic U.S. Related Accounts; and

c. provided the information concerning U.S. Related Accounts held at KBL Switzerland sufficient to make requests to, and receive assistance from, the Swiss competent authority for U.S. Related Account records.

46. Further, based on KBL Switzerland's efforts, which began in December 2012, some of its former U.S. taxpayer clients have disclosed their accounts to the IRS through OVDP and paid back taxes, penalties, and interest in connection with their initial failure to report their undeclared accounts. Moreover, KBL Switzerland obtained waivers of Swiss bank secrecy from some of its former U.S. taxpayer clients, and provided the names of these persons to the United States government.

Exhibit B to non-prosecution Agreement

Resolution of the Board of Directors of KBL (Switzerland) LTD

At a meeting duly held on November 16, 2015, the Board of Directors (the "Board") of KBL (Switzerland) LTD (the "Bank") resolved as follows:

WHEREAS, the Bank has been engaged in voluntary discussions with the United States Department of Justice (the "DOJ") pursuant to the terms of the "PROGRAM FOR NON-PROSECUTION AGREEMENTS OR NON-TARGET LETTERS FOR SWISS BANKS, (the "Program") " which was the product of an Agreement entered into by the Swiss Federal Department of Finance and the U.S. Department of Justice on 29 August 2013, as a means of providing a path for Swiss Banks that are not currently the target of a criminal investigation authorized by the U.S. Department of Justice (the "DOJ"), Tax Division, to obtain resolution concerning their status in connection with the DOJ's overall investigations into the conduct of the US cross-border business on the part of Swiss banks;

WHEREAS, the prior to entering into the Program, the Bank reviewed its account records and determined that it had opened what are defined by the Program as U.S. Related Accounts during the time period covered by the Program;

WHEREAS, the Bank indicated its desire to enter into the Program on December 31, 2013 and since that time has conducted both electronic and physical reviews of its account records and provided substantial amounts of information and data to the as prescribed by the Program;

WHEREAS, the DOJ has presented the Bank with a draft Non-Prosecution Agreement (the "Agreement") that includes a proposed financial penalty that if accepted and entered into by the Bank, and the Bank abides by the terms of the Agreement, would resolve the Bank's liability under U.S. law;

WHEREAS, in order to resolve such outstanding liability to the U.S. Government, it is proposed that the Bank enter into the Agreement with the DOJ; and

WHEREAS, the Bank's US and Swiss counsel have advised the Board of Directors of the Bank's rights, possible defenses, and the consequences of entering into the Agreement;

This Board hereby **RESOLVES** that:

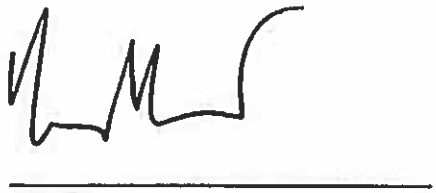
1. The Board of the Bank has reviewed the entire Agreement attached hereto, including the Statement of Facts attached as Exhibit A to the Agreement, consulted with Swiss and US counsel in connection with this matter and voted to enter into the Agreement, including to pay the sum of eighteen million seven-hundred-ninety-two thousand US dollars ($18,792,000) to DOJ in connection with the Agreement

2. Any two of the following persons : Mr. Ruedi Baumgartner, CEO, Ms. Irène Brachmond Chief information & Operations Officer, Ms. Michelle Cattier Head of Wealth Management by collective signature (collectively the "Authorized Signatories"), are hereby authorized on behalf of the Bank to execute the Agreement substantially in such form as reviewed by this Board with such non-material changes as the Authorized Signatories may approve;

3. The Board hereby authorizes, empowers and directs the Authorized Signatories to take, on behalf of the Bank, any and all actions as may be necessary or appropriate, and to approve and execute the forms, terms or provisions of any agreement or other document, as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions; and

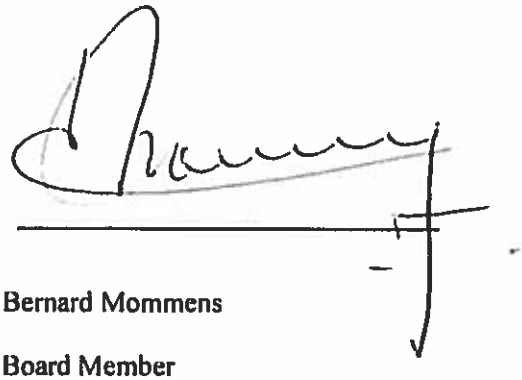
4. All of the actions of the authorized Signatories of the Bank, are hereby severally ratified, confirmed, approved and adopted as actions on behalf of the Bank.

IN WITNESS WHEREOF, the Board of Directors of the Bank has executed this Resolution.



Hugues Delcourt

Chairman



Bernard Mommens

Board Member