



Crypto-asset custody policy of KBC Bank N.V.

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Information document for clients

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This Custody Policy supplements the Custody Agreement of Crypto-Assets of KBC Bank N.V. in the Bolero General Terms and Conditions. In the event of a conflict with the Custody Agreement of Crypto-Assets, this Custody Policy shall prevail. By agreeing to this Custody Policy, customers consent to the custody service taking immediate effect.

INFORMATION DOCUMENT ON THE CRYPTO-ASSET CUSTODY POLICY OF KBC BANK N.V.

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European Central Bank (ECB)

Regulatory authorities of KBC Bank for supervision of conduct of business rules under the EU and Belgian law applicable to crypto-asset services

National Bank of Belgium (NBB), de Berlaimontlaan 14, 1000 Brussels and the Financial Services and Markets Authority (FSMA), Congresstraat 12-14, 1000 Brussels.

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1. Introduction

1.1. Context

This information document describes the way KBC Bank N.V. will organize and provide the crypto-asset custody and administration service on behalf of clients.

KBC offers clients the possibility to buy, hold, and sell crypto-assets through the Bolero platform. The custody of crypto-assets acquired through KBC is done by KBC Bank. Bolero acts as the intermediary (distributor) of crypto-assets services (see section 2 below), but the custody and administration of crypto-assets and execution of orders on crypto-assets is done by a different department (KBC Securities Services). Both departments are part of KBC Bank N.V.

KBC offers a crypto-asset custody service, where crypto-assets are held in omnibus DLT accounts. KBC retains sole access to the private keys, ensuring secure storage and controlled access. While client assets are pooled on omnibus DLT accounts, individual positions are recorded in a detailed internal register, that is reconciled periodically with blockchain balances.

Through the custody policy, KBC Bank N.V. ensures that client assets are protected, segregated at the recordkeeping level and managed in line with regulatory expectations and industry best practices.

As a custodian under the EU Regulation on Markets in Crypto-Assets (2023/1114, hereinafter “**MiCAR**”), KBC is committed to comply with these regulations and provide secure and reliable custody services for crypto-assets. Our custody policy aims to ensure the safety of client assets through advanced security measures, regular audits, and compliance with anti-money laundering (AML) regulations.

1.2. Definitions

“**client**” means any natural or legal person to whom a crypto-asset service provider provides crypto-asset services;

“**corporate actions**” means events initiated by a crypto-assets’ protocol or governing entity that affect the assets or its holders (e.g. hard forks, airdrops or protocol upgrades).

“**crypto-asset(s)**” means a digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology. The property law status of crypto-assets may vary. Some crypto-assets operate with a model that allows to precisely designate the object of ownership, e.g. Bitcoin (hereinafter referred to as “Bitcoin-type crypto-assets”). Other crypto-assets operate with a model based on accounts, which does not allow to precisely designate the object of ownership, e.g. Ether (hereinafter referred to as “Ether-type crypto-assets”).

“**crypto-asset service provider (CASP)**” means a legal person or other undertaking whose occupation or business is the provision of one or more crypto-asset services to clients on a professional basis, and that is allowed to provide crypto-asset services in accordance with the Markets in Crypto-Assets Regulation (EU 2023/1114).

“**cryptographic seed**” means a randomly generated string of data used as the initial input to derive one or more cryptographic keys through a deterministic algorithm. The cryptographic seed is used to generate and recover private keys that control access to crypto-assets.

“**distributed ledger technology (DLT)**” means a technology that enables the operation and use of distributed ledgers;

“**distributed ledger**” means an information repository that keeps records of transactions and that is shared across, and synchronised between, a set of DLT network nodes using a consensus mechanism.

“DLT account” means an account address on a Distributed ledger technology (DLT) network used to hold crypto-assets. In the context of this Policy it refers to an omnibus account controlled by KBC used to safekeep crypto-assets on behalf of clients.

“fork” in the context of crypto-assets is a change in the consensus rules of a blockchain network that may or may not result in a chain split.

“execution of orders in crypto-assets on behalf of clients” means the conclusion of agreements, on behalf of clients, to purchase or sell one or more crypto-assets or the subscription on behalf of clients for one or more crypto-assets, and includes the conclusion of contracts to sell crypto-assets at the moment of their offer to the public or admission to trading.

“gas fees” means the transaction fees required to perform operations on certain distributed ledgers. They compensate network participants for the computational resources used to process and validate transactions. **“KBC”, “KBC Bank”, or “the bank”** refers to KBC Bank N.V.

“omnibus DLT account” means a DLT account used by a custodian to hold crypto-assets on behalf of multiple clients in a pooled manner. All client assets are held collectively in a single account or address on the DLT.

“private key” means a cryptographic key used to authorize transactions and access crypto-assets stored on a DLT network.

“providing custody and administration of crypto-assets on behalf of clients” means the safekeeping or controlling, on behalf of clients, of crypto-assets or of the means of access to such crypto-assets, where applicable in the form of private cryptographic keys.

“public key” means the cryptographic key derived from a private key, used to generate a DLT account address and receive crypto-assets. This key is visible on the DLT network, but does not grant access to the crypto-assets;

“staking” means the process of actively participating in transaction validation on a proof-of-stake (PoS) blockchain by locking up crypto-assets to support the network and validate transactions.

“transfer” means a transfer, on behalf of a natural or legal person, of crypto-assets from one distributed ledger address or account to another.

2. Services & registration

KBC Bank will provide to clients (holders of crypto-assets) the following services:

- custody and administration of crypto-assets on behalf of clients;
- execution of orders for crypto-assets on behalf of clients.

The services provided are limited to buying, holding, and selling crypto-assets. KBC will not offer the possibility to transfer any crypto-assets towards the Bolero account, staking of

crypto-assets, or using crypto-assets as a means of payment. Client holders of crypto-assets bought through this service are not allowed either to transfer to, or receive from, other KBC client holders crypto-assets. Exceptionally, within the KBC environment, i.e. between KBC client holders of crypto-assets, transfers can be executed in case of:

- inheritance;
- dividing joint accounts.

Outgoing transfers (i.e. executing transfers to crypto-asset accounts held with other regulated crypto-asset services providers, DLT accounts, or otherwise any other crypto-asset account outside the KBC environment or

not held with KBC) are solely allowed based upon the requirement to return to the clients the crypto-assets held on their behalf, or the means of access. The circumstances under which this exceptional transfer (return) can be performed are laid down in Section 10 below.

3. Custody of crypto-assets

KBC Bank acts as a custodian of crypto-assets that it holds for the client in one or more DLT accounts, which also contain crypto-assets of other clients. The client can view his individual position via the Bolero platform.

KBC Bank only holds crypto-assets that can be traded on the Bolero platform. The list of available crypto-assets is shown on the Bolero platform. From time to time, it may be necessary to remove a crypto-asset from the list. KBC can add other or additional crypto-currencies to the list, at any time.

When a crypto-asset is removed from the list, KBC Bank will inform the client accordingly. Once the removal is announced, the client will no longer be able to purchase this crypto-asset, and all outstanding purchase orders will be canceled.

In the event that a crypto-asset held by a client is no longer supported by KBC Bank or any of its designated counterparties, the client retains the right to exercise the return obligation as outlined in Section 10 of this policy. This provision allows clients to transfer such unsupported crypto-assets to an external counterparty.

Clients are encouraged to initiate the transfer process promptly to ensure continued access and control over their assets. KBC Bank will provide reasonable assistance during this transition, subject to applicable regulatory and operational constraints.

KBC Bank will take the necessary steps to notify the client in advance of a delisting, although this may not always be possible in cases such as:

- A sudden change in laws or regulations that affects the legal status of a crypto-asset, or makes it impossible for KBC to continue supporting the crypto-asset;
- A crypto-asset changes the way it functions;
- The third-party service providers KBC works with to provide the crypto-asset services stop supporting the crypto-asset.

In addition to the above reasons, there may be various other reasons for a delisting, such as:

- The available liquidity for the crypto-asset violates our requirements (for instance, risks arising from concentration of crypto-assets in DLT addresses ("Whale holdings", or the liquidity becomes sufficiently low that it may create a risk of market
- manipulation, e.g. number of trades, counterparties and exchanges, or depth of bid/ask quotes) or otherwise poses a risk to KBC Bank, its clients, or other parties KBC Bank works with to provide its crypto-asset services;
- The crypto-asset has a very low value, making it susceptible to price manipulation;
- The crypto-asset has security vulnerabilities or is subject to fraud or other misuse.
- KBC Bank reserves the right to charge a custody fee to clients in the future, according to (included in) the fee schedule. Should this be the case, clients will be duly informed in advance and the most recent rate can be obtained from the Bolero Orderdesk and is also published on the [Bolero website](#).

4. Identification of crypto-assets

KBC Bank only offers custody services for crypto-assets that can be traded on the Bolero platform. These crypto-assets are standardized, fungible and not individually identifiable or nominal. As such, there is no operational or regulatory requirement to uniquely identify each unit of the crypto-assets in custody.

KBC Bank-Bolero undertakes to hold crypto-assets held on behalf of its customers separately in a DLT account and to keep them operationally and legally separate from its own estate, so that its creditors cannot claim the crypto-assets held in custody, including in the event of insolvency.

The consequences of an insolvency of KBC Bank depend on the type of crypto-asset. With regard to Bitcoin-type crypto-assets, the customer, as the owner, may bring an action for recovery in accordance with Article XX.194(2) of the Code of Economic Law. With regard to Ether-type crypto-assets, the Customer, as an ordinary or chirographic creditor, only has a personal right to recover the value of the crypto-assets in the bankruptcy estate of KBC Bank.

To ensure accurate tracking and safeguarding of client holdings, KBC Bank maintains a centralized register of client positions, which records each client's entitlement to assets held on-chain. This register is reconciled on business days, i.e. except weekends and public, bank holidays with blockchain balances. This model ensures proper client asset segregation at the recordkeeping level while maintaining the operational efficiency of pooled on-chain storage.

5. Register of positions and rules thereof

Client crypto-assets will be held in one or more omnibus DLT account(s), at least one for each crypto-asset. The accounting of the client positions is done in KBC's internal ledger, acting as a backend for Bolero. Clients will thus not have or own a separate DLT account / key pair.

The DLT account is operated on an omnibus basis (pooling the crypto-assets of clients), but KBC Bank maintains accurate and up-to-date internal ledgers to ensure the individual entitlements of each client are clearly identifiable at all times. The books and accounts of KBC allow the bank to distinguish at any time and immediately between crypto-assets belonging to one client and those of other clients. KBC maintains these books and accounts accurately. KBC reconciles the total number of crypto-assets held in custody in the name of clients at least once on business days, i.e. except weekends and public, bank holidays.

Once an order is passed and accepted by the third-party liquidity provider, the register of position of each individual client and for each crypto-asset will be updated immediately and accordingly; due to the structure of omnibus accounts, clients do not have the right to one particular crypto-asset, but to the units corresponding to the netted buy and sell orders passed through KBC Bank and accepted by the third-party liquidity providers. As such, the reconciliation of the crypto-assets held in custody and safekeeping on behalf of clients will be done after the settlement of transactions with the third-party liquidity provider.

6. Description on the segregation and safekeeping of clients' crypto-assets and funds

KBC Bank cannot be held liable for any damage the client may suffer as a result of defects related to the crypto-assets themselves, or as a result of irregularities that occurred before the crypto-assets were deposited. Clients bear all the consequences arising from depositing or negotiating defective crypto-assets or crypto-assets that have ceased to be negotiable or that have been stopped in Belgium or another country, even if they are no longer credited to their custody account.

If, despite a stop order, KBC renders payment or grants an advance against such crypto-assets, clients must on request repay KBC all amounts they receive, plus any other losses they are liable for. KBC may without notice at any time debit current or savings accounts held by clients with the bank by all aforesaid amounts.

KBC ensures that no crypto-assets of clients will be used for its own account, nor will these omnibus DLT accounts contain any crypto-assets belonging to KBC Bank NV. KBC Group Entities are not allowed to invest in tokens and coins.

KBC Group or its Entities will not hold any crypto-assets for own account and will thus not have any crypto-assets on-balance.

The person or entity having access to the private key of a DLT account has control over the crypto-assets linked to this account. Therefore, KBC Bank takes the necessary measures to secure access to and control over the private key(s). These include, among others, a segregation of duties, 4 eyes principle and governance rules.

KBC Bank uses an HSM (Hardware Security Module) to securely store the public / private key material. Hardware security modules are hardened, tamper-resistant hardware devices that secure cryptographic processes by generating, protecting, and managing keys used for encrypting and decrypting data and creating digital signatures and certificates.

The Bolero platform is a closed platform, only accessible to registered clients through their unique Bolero user-ID and designated login credentials. Prospects are required to open a free Bolero account to obtain a Bolero user-ID.

Clients can consult their Bolero account upon accessing the Bolero platform. Access to the Bolero platform is secured through the use of login methods, as described in the General Terms & Conditions of Bolero.

7. Means of access

Clients can consult their Bolero account and their crypto-assets portfolio upon accessing the Bolero web platform or mobile applications. The crypto-assets will be part of the clients portfolio, visible as a separate security type next to other securities such as stocks, ETF's, bonds,...

Access to the Bolero platform is secured through the use of login methods such as Itsme, KBC/CBC card reader and Bolero Digipass.

8. Statement of position(s)

KBC provides regular reporting on the crypto-assets held in custody. Each client receives a statement of position detailing their holdings and the corresponding valuations.

The reporting schedule and delivery mechanisms are as follows:

- a quarterly overview is made available in the client's secure inbox within the Bolero platform.

Each statement is provided in PDF format and includes, not limited to, following information:

- client account identifier;
- individual crypto-asset positions;
- quantity of each asset;
- valuation of each position at the time of generating the statement;
- total portfolio value;
- timestamp;
- date.

Valuations are based on reference market prices obtained from trusted pricing sources at the close of the relevant reporting period. The statements serve as official records and support the client's ability to verify their holdings and track performance over time.

Of course the client is also able to verify his holdings on the Bolero platform at any given moment or contact the Bolero Orderdesk.

9. Corporate actions on crypto-assets

With respect to the crypto-assets held in custody, KBC will, to the best of its ability, execute corporate actions related to these crypto-assets. KBC cannot be held liable if it fails to inform the client of the existence of these actions.

KBC is not liable for any actions if insufficient publicity was given to an action or if the announcement of the event that led to the action was delayed, except in cases of intent or gross negligence on the part of KBC.

To facilitate the exercise of the rights associated with the Crypto Assets held in custody, KBC Bank-Bolero undertakes to inform the customer of these rights in accordance with the information that is publicly available. However, upon changes in the underlying DLT or other events that are likely to give rise to or change a client's rights (such as protocol updates or Forks), the client will not be entitled to the new Crypto Assets or rights based on, and contingent upon, the size of the client's positions at the time such change or event occurred.

10. Return or transfer of crypto-assets towards the client

10.1. Conditions

This section and the next (10.2.) is complemented by Section 4.2.8 of the KBC Bank Terms & Conditions on crypto-asset services.

Upon request, client holders of crypto-assets have the right to receive the crypto-assets held on their behalf by

KBC Bank, or the means of access to the crypto-assets, as soon as possible. Given the pooling of crypto-assets into omnibus DLT accounts and the technical characteristics of the DLTs on which these crypto-assets are stored and transferred, the means of access (private key) cannot be given to clients, neither in whole or in part. A client holder can either:

- sell the crypto-assets, in accordance with the General Terms and Execution Policy (“divest” or liquidate the positions);
- request a return of the crypto-assets held in custody by KBC Bank, on his / her behalf (“return”).

Due to security concerns and the obligations KBC Bank has under the EU and Belgian financial crime legislation, returning of crypto-assets entails, and the client agrees that with the following conditions:

1. the return or transfer is made to a DLT address in the name of the client held with a regulated (authorized and supervised) crypto-asset service provider (CASP) within the European Union or European Economic Area;

a. to this end, KBC Bank will require the client to provide the following information (in absence of which the transfer cannot be made and will be rejected by KBC Bank):

i reason for the transfer request;

ii name, country, authorization details, and the name of the supervisory authority, of the CASP that will receive and store the crypto-assets on behalf of the KBC Bank client;

iii DLT account address of the receiving CASP or hosted by the receiving CASP on behalf of the client (provided that a custody and administration service in crypto-assets under Regulation (EU) 2023/1114 on Markets in Crypto-assets is provided);

iv which crypto-asset positions need to be transferred;

v a statement provided by the receiving (custodian) CASP the client that the beneficiary is registered for custody and administration services with the CASP indicated in pt. (iii) above and a statement from the CASP on the beneficiary of the DLT account address;

2. It concerns the return or transfer of the entire position of the crypto-asset(s) held by the client at KBC.

3. The costs related to the return or transfer, including gas fees for the specific distributed ledger technology, are entirely borne by the client;

4. The client will not be able to place purchase orders for crypto-assets via the Bolero platform for a period of 2 years, starting from the moment the request for return or transfer is received by KBC. Outstanding orders for crypto-assets via the Bolero platform will be canceled at the same time.

The return or transfer will be carried out within a reasonable period after receiving the client’s request. No return is due in case of force majeure, as defined in the General Terms and Conditions of Bolero.

10.2. Specific situations with regards to the return or transfer of crypto-assets

This section governs the conditions under which crypto-assets held in custody can be returned or transferred in the event of (1) inheritance, (2) the division of jointly held accounts or (3) when KBC or its designated counterparties cease to support a particular crypto-asset.

1. Inheritance, division of joint accounts, other judicial or public authority requests (third-parties)

Where a return or transfer of crypto-assets arises as a result of inheritance or the division of a jointly held account:

- a. If the recipient of the crypto-assets is not an existing Bolero client, the transfer shall be subject exclusively to condition 1, as described in section 10.1 Conditions. In such cases the crypto-assets shall solely be transferred to a DLT address held with a regulated CASP in the EU or EEA.
- b. If the recipient of the crypto-assets is an existing Bolero client, then all the conditions set out in section 10.1 Conditions shall apply.

2. Discontinuation of support for a crypto-asset

In cases where KBC or (one of) its designated counterparties ceases to support a specific crypto-asset or otherwise the crypto-asset (including buying, holding, selling) becomes unavailable, comes in conflict with the KBC requirements, or poses other risks as indicated in Clause 3 above, the return or transfer of such crypto-asset shall be governed exclusively by condition 1 as described in section 10.1 Conditions. The transfer shall be made solely to a DLT address held with a regulated CASP in the EU or EEA. This paragraph includes situations where KBC would no longer be able to procure or sell the crypto-asset in question.

11. Fees, costs and charges applied for the custody service

KBC does not charge any fees or costs for the custody of crypto-assets. The custody service is provided free of charge. However, in accordance with Clause 3 above, KBC reserves the right to charge a custody fee in the future, about which clients would be informed in advance and rate which will be included in the fee schedule.

Fees may apply to other services related to crypto-assets, such as trading or administrative actions. For a complete and up-to-date overview of all applicable costs, clients are referred to [the tariff scheme](#) available on the public Bolero website.

12. Consequences of Bankruptcy or Insolvency of KBC

The risk of potential loss or shortage of crypto-assets, for example, due to the bankruptcy of the custodian is proportionally borne by all holders,. The use of omnibus accounts or individualized accounts in the name of each client does not affect the ownership rights of the client, although the use of omnibus accounts may increase the risk of administrative errors.

For additional information, please refer to the KBC Bank Terms & Conditions on crypto-asset services.

