QUINTET
PRIVATE BANK

PILLAR III DISCLOSURE:
REPORT 2022

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GLOSSARY

ALCO	Asset-Liability Committee
ALM	Asset and Liability Management
AMC	Authorized Management Committee
AML	Anti-Money Laundering
AT1	Additional Tier 1
AuM	Assets under Management
BRCC	Board Risk Compliance Committee
BRM	Business Risk Management
BRNC	Board Remuneration & Nomination Committee
BSCo	Brown Shipley
CCR	Counterparty Credit Risk
C&E	Climate-related and Environmental
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Finance Officer
CRO	Chief Risk Officer
CIO	Chief Investment Officer
CIU	Collective Investment Undertaking
COO	Chief Operating Officer
CQS	Credit Quality Step
CRD IV	Capital Requirements Directive Package IV
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSR	Corporate Social Responsibility
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Valuation Adjustment
EaD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECap	Economic Capital
ECB	European Central Bank
ExCo	Executive Committee
FVOCI	Fair Value through Other Comprehensive Income
FX	Foreign Exchange
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GMRA	Global Master Repurchase Agreement
GRC	Group Risk Committee (AMC level)
GORC	Group Operational Risk Control
HQLA	High-Quality Liquid Assets
HVaR	Historical Value at Risk
IC(L)AAP	Internal Capital (and Liquidity) Adequacy Assessment Process
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LCR	Liquidity Coverage Ratio
LoD	Line of Defence
LR	Leverage Ratio
MRT	Material Risk Taker
NACE	Nomenclature of Economic Activities
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OTC	Over the Counter
P&L	Profit & Loss
PVR	Pledge Value Rate
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RCSA	Risk Control Self-Assessment
RWA	Risk Weighted Assets
SFT	Securities Financing Transaction
STA	Standardised Approach
VaR	Value at Risk
YtD	Year to Date

2. Declaration of the Management Body

Quintet's Management attests that the disclosures provided in accordance with Part Eight of the CRR (i.e. the present Pillar III Disclosure report) have been prepared in accordance with the internal control processes it agrees on.

The present Pillar 3 Disclosure Report was subject to a strong internal review and approval process. It was validated by the Chief Risk Officer for approval by the Authorised Management and by the Board Risk and Compliance Committee. The respective approvals were granted in June 2023.

Quintet's Management also declares that the risk management arrangements of Quintet Group are adequate with regard to the Group's risk profile and strategy.

3. Introduction

3.1 Regulatory background

This Pillar III Disclosure Report provides disclosures for Quintet Private Bank (Europe) S.A., hereinafter referred to as the 'Bank', the 'Group' or 'Quintet'. Quintet is a banking group headquartered in Luxembourg that provides private banking services through its network of European private banks. As a significant European banking institution incorporated in Luxembourg, Quintet is under direct prudential supervision by the European Central Bank (ECB).

This document follows the requirements put forward by the amended versions of Regulation (EU) 575/2013 known as the Capital Requirements Regulation (CRR), more specifically Part Eight of this Regulation and related EBA implementing technical standards (ITS), such as ITS 2020/04 "*on public disclosure by Institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013*" and ITS 2021/07 "*on disclosure of information on exposure to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013*". Quintet is currently not in the scope of ITS 2022/01 "*on prudential disclosures on ESG risks in accordance with Article 449a CRR*".

Appendix 1 – CRR Mapping includes a table that maps each CRR article to the relevant section(s) and/or appendices within the present report.

The present report also includes Covid-19 related disclosures as per CSSF Circular 20/749.

3.2 Structure of the report

The remainder of the report is organised as follows:

Section 4
presents the structure of the Bank and more precisely its entities in the accounting and prudential scopes of consolidation as of 31/12/2022, its global decision-making structure;

Section 5
describes the corporate governance structure;

Section 6
describes the risk management approach and roles played by the departments involved in the risk management of the Bank at each of the levels of control;

Section 7
focuses on own funds, capital adequacy and solvency;

Section 8
focuses on the countercyclical capital buffer;

Section 9
focuses on the leverage ratio;

Section 10
focuses on credit risk, dilution and credit quality, with related credit risk management and mitigation;

Sections 11
focuses on asset encumbrance;

Sections 12
focuses on counterparty credit risk;

Section 13
focuses on market risk (incl. interest rate risk on the banking book) and related risk management;

Section 14
focuses on operational risk;

Section 15
presents the liquidity risk and the liquidity risk management;

Section 16
discloses the exposure to, and management of, sustainability, climate and environmental risks;

Section 17
outlines other material risks;

Section 18
presents the remuneration policy of the Bank;

Section 19
is dedicated to appendices and provides additional information related to the above-mentioned sections.

All figures published in this report refer to Group consolidated figures, unless otherwise stated. When 'Quintet Europe' is mentioned in this report, it refers to the Luxembourg Headquarter and its EU-based subsidiaries and branches, and excluding the subsidiary Brown Shipley (BSCo) in the United Kingdom.

The quantitative tables in the following pages may sometimes show minor differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of this document. Similarly, the value zero '0.0' in the following tables indicates the presence of a number after the decimal, while ' - ' represents the value nil.

The figures shown in the quantitative tables are presented in EUR million unless another measure is specified.

Throughout this report, references are made to the annual financial statements, which are available on Quintet's website (www.quintet.com) and filed with the Luxembourg Business Register.

3.3 Results and events in 2022

In 2022, Quintet Group benefited from improved, but still volatile, market conditions, particularly towards the end of the year, helping to deliver a net profit which contributes to the build-up of the Group's own capital base. The key prudential capital and liquidity ratios stood at the following levels as per 31 December 2022.

Figure 1 - High-level risk profile

Common Equity Tier 1 ratio (CET 1)	Risk weighted assets (RWA)	Leverage Ratio	Liquidity coverage ratio (LCR)
18.43% 2021: 17.98%	**2.9 bn** 2021: 3.1 bn	**4.54%** 2021: 4.79%	**153%** 2021: 138%

Net stable funding ratio (NSFR)	Own funds requirement for Operational risk
153% 2021: 137%	**61.6 million** 2021: 56.7 million

For additional information, please refer to the Annual report on Investor Relations I Quintet.

Strategy

In the fourth quarter of last year, the Group finalised its strategy refresh – a series of measures to be implemented over the course of this year and 2024 – and the new five-year business plan, subsequently approved by the Board of Directors at the beginning of 2023.

As part of the strategy refresh, the Group's organisational design and processes are being reviewed, with an aim of creating further consistency in the client service model. In addition, management layers are being reviewed and reduced, which will lead to quicker decision-making and enhanced client experience.

Also, it was decided to bring together all Anti-Money Laundering (AML) activities linked to client onboarding, account opening, periodic client file review, and transaction monitoring, sanctions review and negative news screening. This new "team," Client Lifecyle Management, is a fundamental part of the Bank's first line of defence against financial crime – helping to protect clients, employees, the shareholder and the stakeholders served, including society as a whole.

In Quintet's investment value chain, the decision was taken to reduce complexity by merging two functions – the Chief Investment Office and Global Products & Solutions – into one, renamed 'Investment & Client Solutions' (ICS).

Senior Management changes

In July 2022, the new Group Chief Executive, Chris Allen, immediately set about the task of reviewing the organisational structure whilst at the same time reflecting on the market positioning of Quintet – including in particular how to best serve clients in all the countries in which the Group operates.

The Ordinary General Meeting of 20 April 2022 approved the renewal of the mandates: R. Tapner, G. Nasra, M. Mazzucchelli whose mandate was due to expire and unanimously approved the renewal of their terms of office until the General Meeting of 2024.

The General Meeting also approved unanimously the appointment of T. Franzen as director of the bank until the General Meeting of 2024. T. Franzen had been co-opted by the Board of Directors following the resignation of J. Stott as director as per 2 August 2021. T. Franzen subsequently resigned on 15 December 2022. A. Bashenko resigned on 31 December 2022. W. Dee resigned on 31 May 2022 and was replaced by B. Gradussen as employee director representing the Dutch branch.

As of January 2022, Calum Brewster – previously Managing Director, Head of Private Banking & Client Solutions – was promoted to CEO of Brown Shipley, Quintet's UK subsidiary.

In June 2022, Odile Mohan, an experienced professional with an international track record in HR transformation, was appointed Group Head of HR.

Few months later, in November 2022, Simon Spilsbury – most recently Regional Chief Compliance Officer, Continental Europe, at HSBC in Paris – was appointed Group Chief Compliance Officer & member of the Authorized Management Committee.

Wind-down of Quintet Switzerland

In December 2021, the group signed strategic partnerships with two reputable local financial institutions in Switzerland to allow a smooth transition for its Swiss clients by the end of March 2022. Quintet Switzerland, which no longer holds a banking licence and which is not subject to regulatory supervisions, has been in operational wind-down since the second quarter of 2022 until full liquidation, which is expected to be validated and completed in the coming months. Following this decision, Quintet Switzerland's contribution, which represents a separate geographical area of operations in Switzerland, is presented as discontinued operations in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued operations"*. Consequently, in the balance sheet disclosure, as of 31 December 2022, all assets related to Quintet Switzerland are reclassified and disclosed separately in a single line item as *"Non-current assets and disposal groups classified as held for sale"*. Likewise, all liabilities are reclassified and disclosed separately in a single line item as *"Liabilities directly associated with assets held for sale"*.

Russia-Ukraine war

Quintet is closely monitoring the situation in Ukraine and Russia, including its impact on credit risk, financial markets, and the impact of sanctions on the Group's clients and operations. The Group has analysed its potential exposure and considers these events as not materially impacting its risk profile. The Group's direct exposure is insignificant.

Events after the statement of financial position date of 31 December 2022

Following the failure of Silicon Valley Bank (SVB) in March 2023, it can be confirmed that Quintet has no exposure – either direct or indirect – to SVB or other US regional banks. Furthermore, Quintet has no material exposure to Credit Suisse Group.

Any second-round effect on financial markets and the behaviour of clients and counterparties is closely monitored as part of the day-to-day risk management arrangements. None have been noted as at end of June 2023 (date of issuance of this report).

4. Structure of Quintet Group

Since July 2012, Quintet Group has been more than 99.9% owned by Precision Capital LLC, a Qatari-based company governed by Qatar law representing the interests of a group of Qatari private investors. In December 2021, Precision Capital was transferred from Luxembourg to Qatar via a transfer of legal personality. Quintet – as the sole participation of Precision Capital – is directly supervised by the European Central Bank and the Commission de Surveillance du Secteur Financier. Precision Capital – as a strong and committed shareholder – continues to fully support the long-term strategy of Quintet.

Back in December 2020, the Bank merged its European-Union based banking subsidiaries into the Luxemburg parent company. This legal merger resulted in the legal transformation of Puilaetco Private Bankers S.A. in Belgium, InsingerGilissen Bankiers N.V. (excluding its four subsidiaries) in the Netherlands and Merck Finck Privatbankiers AG in Germany from subsidiaries into branches. On 1 January 2022, Banque Puilaetco (Luxembourg) S.A. was absorbed into Quintet Luxembourg.

Table 1 - List of Branches, Subsidiaries & Affiliates

	2022.12			
DENOMINATION	CAPITAL HELD	STATUTORY PRUDENTIAL SUPERVISION	PRUDENTIAL SCOPE OF CONSOLIDATION	DESCRIPTION
Quintet Private Bank (Europe) S.A.	**100.00%**	**Yes**	**Yes**	**Private banking, Luxembourg**
Branches				
Quintet Danmark	100.00%			Private banking, Danmark
Merck Finck	100.00%			Private banking, Germany
Puilaetco	100.00%			Private banking, Belgium
InsingerGilissen	100.00%			Private banking, The Netherlands
Fully Consolidated Subsidiaries				
Brown, Shipley & Co. Limited	100.00%	Yes	Yes	Private banking, United-Kingdom
Kredietrust Luxembourg S.A.	100.00%	Yes	Yes	Financial services, Luxembourg
Quintet Private (Switzerland) Ltd.	100.00%	Yes	Yes	In liquidation, Switzerland
InsingerGilissen Asset Management N.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Insingergilissen Philanthropy Trusts Estates B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
GIM Vastgoed Management B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Non-Consolidated Subsidiaries				
Forest & Biomass Holding S.A.	26.63%	No	No	SICAV-SIF, Luxembourg

The accounting scope of consolidation includes all entities with the exception of Forest & Biomass Holding S.A., which falls below the consolidation materiality threshold.

The prudential scope of consolidation is identical to the accounting scope of consolidation.

The mapping of financial statements categories with regulatory risk categories is shown in Appendix 2.

5. Governance

The governance of the Group is based on the principles of integrated and consolidated oversight and a management structure with a global scope. Corporate bodies and officers are, subject to applicable local laws, regulations and best practice standards, bound to ensure transparency and collaboration across the Group, in particular through the appropriate flow of information and cooperation within and across all businesses and organisational structures. In addition, it is an important principle that conflicts of interest shall, to the extent possible, be avoided, disclosed and aligned.

The governance structure of the Group aims primarily at:

- Protecting the interest of the Group's shareholders and all stakeholders including clients;
- Enhancing the efficiency of corporate governance and compliance control;
- Preventing fraud;
- Creating an efficient mechanism for the Group's employees to report and discuss potential issues;
- Preventing illegal behaviour.

The Bank and its subsidiaries ensure the governance arrangements, processes and mechanisms are consistent and well-integrated on a consolidated and sub-consolidated basis. Competent functions within the organisation and its subsidiaries should interact and exchange data and information as appropriate. The subsidiary boards should adopt and implement at an individual level the group-wide governance policies established at the consolidated level in a manner that complies with all specific requirements under EU and national law.

The Bank should ensure adherence to the group-wide governance policies by all entities within the scope of the prudential consolidation. When implementing governance policies, the organisation should ensure robust governance arrangements are in place for each subsidiary and consider specific arrangements, processes and mechanisms where business activities are organised not in separate legal entities but within a matrix of business lines that encompass multiple legal entities.

To sustain the ambitions of Quintet in terms of commercial positioning and financial targets while leveraging the benefits of being a group, a strong and integrated governance framework has been approved by the Group Board of Directors and rolled out throughout the Group taking into account the proportionality principle as well as local laws and regulations.

This group governance framework is based on the following key principles:

- Strong governance culture, with principles all employees should strive for;
- Clear allocation of responsibilities within the Group;
- Definition of decision delegation right per key domain;
- Effective matrix management between Group and subsidiaries and branches.

5.1 Board & Authorised Management Committees: structure and key governance principles

The appointment rules are further described in section 18 of the present document. The appointment of the members of the management bodies is subject to regulatory approval when the approval is ongoing and not yet granted.

5.2 Group Board

The Group Board sets the overall Group strategy and ensures that effective control mechanisms are put in place. This Board is composed of a minimum of eight directors, including at least one shareholder representative, six independent directors. Since the 2020 merger, the Board has also included four employee representatives.

The Group Board is supported by three sub-committees: Risk & Compliance, Audit, Remuneration & Nomination, each of them being composed of a sub-set of the Group Board of Directors. Each committee is chaired by a non-executive director and assisted by the occasional/permanent presence of managers and external advisors when relevant.

The Board Remuneration & Nomination Committee approves all decisions related to the individual nomination, dismissal/retirement and remuneration of AMC members, the management team members of the subsidiaries and group-wide Material Risk Takers. This Committee also approves the nomination of Group Board members and Subsidiary Board members. Decisions regarding the nomination of a director, or the termination of his/her mandate, lie with the Shareholder Assembly of the respective entity. The Board Remuneration & Nomination Committee also determines the Board Remuneration Policy, which is submitted to the Board and ultimately the Shareholder meeting for approval.

The Group Board of Directors meets at least on a quarterly basis and whenever required. The different sub-committees meet with the same frequency. In 2022, the Board met four times for ordinary meetings, and had seven additional ad-hoc meetings.

5.3 Subsidiary Board of Directors

Subsidiaries have their own governance framework and related documentation. These shall comply with all applicable local laws and regulations and, to the extent possible from a regulatory and legal point of view, be consistent with the same principles and rules as stated in the present Governance Charter. The Subsidiary Board of Directors will have a minimum of two representatives of the Group among its members. Nominations to the Subsidiary Board of Directors need to be pre-approved by the Group Board

Remuneration & Nomination Committee (BRNC). The local Chair will ensure, together with the representatives of the Group, the information flow to and alignment with the Group Board. Committee Chairs are asked to do the same with their Group counterparts.

5.4 Authorised Management Committee and Subsidiary Management Team

The Authorised Management Committee (AMC) operates under delegated authority of the Group Board to implement the Group strategy and objectives set by the Group Board by ensuring a robust set of guiding principles, policies and risk framework are developed and implemented.

The AMC defines an internal Code of Conduct applicable to all persons working within the Quintet Group.

The AMC is currently composed of seven members, each with a focused individual mandate translating into clear (P&L) accountability and separation between business and support/control roles.

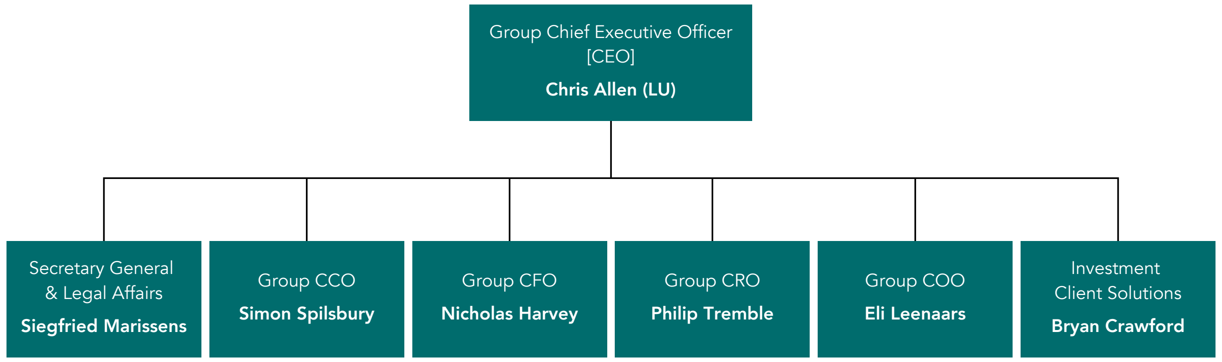
The Group CEO ensures communication with the shareholders, coordinates and steers discussion at AMC level and ensures that all actions undertaken individually by AMC members are aligned with the overall strategic and budgetary targets. He promotes risk-conscious behaviour and individual accountability for global strategic achievements.

To further enhance the effectiveness on transversal topics that are either technical and/or require a specific emphasis, the AMC delegates certain decision-making powers to specialised Committees, in which at least two Authorized Managers need to be present in order to be validly composed, among others:

- Group Credit Committee;
- Group New Products Approval Committee;
- Group Regulatory Steering Committee;
- Group Information Security & Risk Committee;
- Group Asset & Liability Committee;
- Group Reputational Risk Committee;
- Group Data Protection Committee.

The AMC is kept informed on a regular basis about the workings of these Committees. The composition, scope of responsibility and authority and functioning of these Committees is laid down in the Terms of Reference of each Committee.

Figure 2 - Authorised Management Committee Structure (as at 31 December 2022)



The AMC is in charge of the effective, sound and prudent day-to-day business (and inherent risk) management. The management shall be exercised in compliance with the strategies and guiding principles laid down by the Board of Directors and existing regulations. The decisions of the AMC in these areas shall be duly documented.

The AMC shall, in particular, have the following authorities and responsibilities, e.g:

- Implement through internal written policies and procedures all strategies and guiding principles laid down by the Group Board of Directors in relation to central administration and internal governance;
- Verify the implementation of and compliance with internal policies and procedures;
- Verify the soundness of the central administration and internal governance arrangements on a regular basis;
- Define an internal code of conduct applicable to all persons working in the organisation and in the Group;
- Confirm on an annual basis compliance with CSSF circular 12/552, as amended, and, to the extent applicable, the EBA guidelines of Internal Governance;
- Inform, in a comprehensive manner and in writing, on a regular basis and at least once a year, the Board of Directors of the implementation, adequacy, effectiveness and compliance with the internal governance arrangements, including the state of compliance and internal control as well as the ICLAAP report on the situation and the management of the risks and the internal and regulatory own funds and liquidity.

Each subsidiary has an Authorised Management Committee[1], the composition of which must be in line with the local regulatory requirements.

Following the cross-border merger in 2020, Country Management Committees (CMC) have been set up in each booking branch. The CMC is composed of the Country Manager, the Deputy Country Manager acting as branch coordinator for all COO functions, representatives of the front and representatives of the front support.

[1] The precise terminology may be adjusted to the local requirements

6. Risk management approach

6.1 Risk Governance

6.1.1 Three lines of defence

At a functional level, risk management is organised according to three levels of control, or 'lines of defence'.

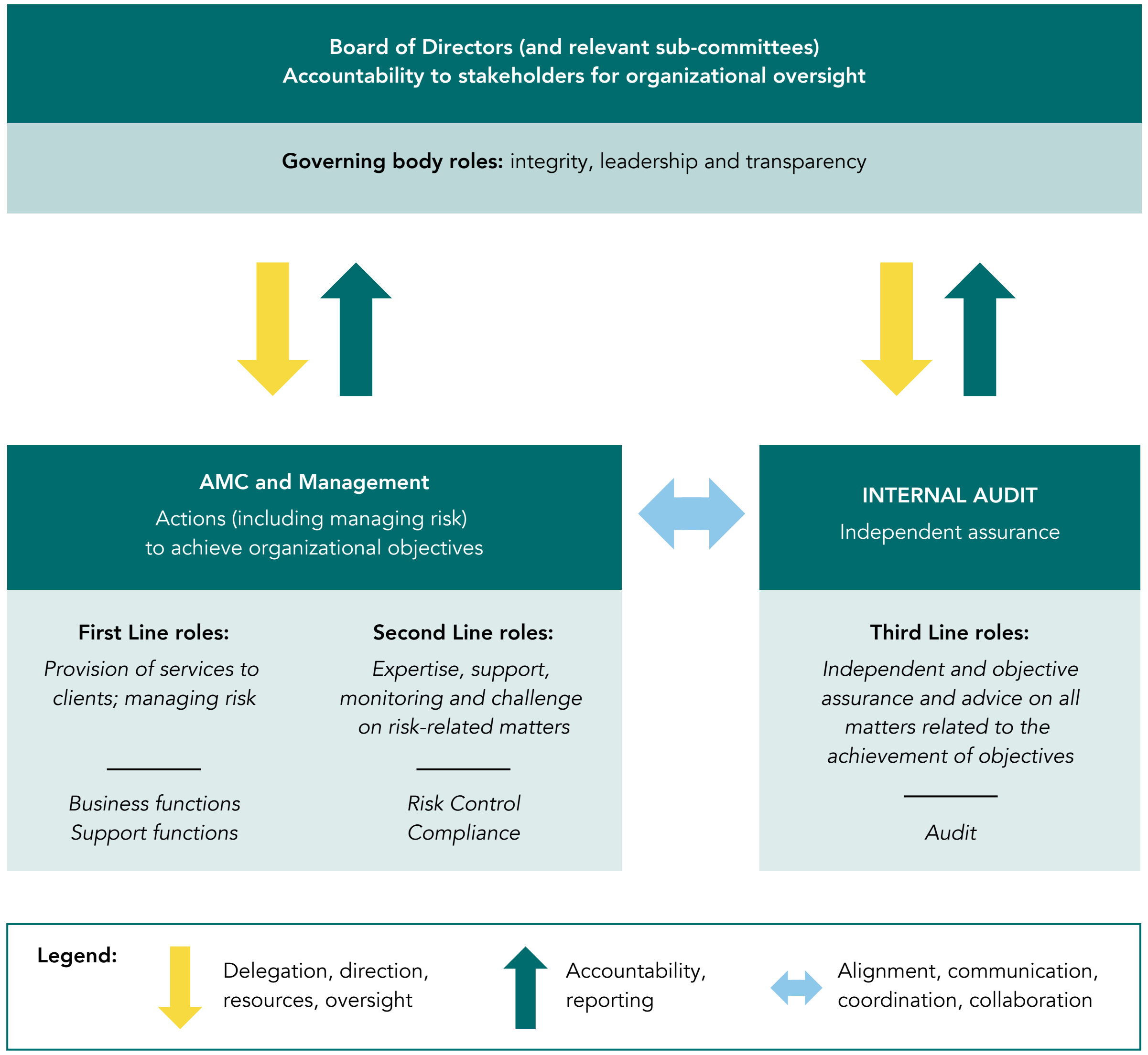
First line of defence represents the risk owning functions. The operational business lines (Country Heads, client-facing teams, 1st line of defence support functions and Business Risk Management) have the primary accountability for the day-to-day management, control and reporting of risk exposures in accordance with the risk appetite, strategies and policies set by the Group Board of Directors (and the Subsidiary Board) and implemented by the respective management bodies at Group/subsidiary level and ultimately the Country Head. In respect of the branches' business, the AMC and the Country Heads monitor the overall risk profile on a regular basis (with the support of the second line) and ensure that adequate financial resources are maintained.

Second line of defence represents the risk monitoring functions (i.e., Group Risk and Group Compliance). The aim of the second line of defence is to ensure independent risk oversight from the business lines, monitoring and reporting to governing bodies on the effectiveness of the risk management structure and the management of the various risk exposures. The second line functions perform oversight through risk-based testing, review and provide supporting expertise by facilitating the implementation of effective risk management by leveraging on the risk and compliance framework of Quintet Group and the local teams of risk and compliance working at branch or subsidiary level.

Third line of defence represents the risk assurance function (i.e., Internal Audit). This line of defence provides independent assurance on the quality of risk identification, measurement, management and control processes and is performed by Group Internal Audit.

The following illustration shows the relationships and interplay between the BoD, AMC and the three lines of defence.

Figure 3 - Risk Governance



6.1.2 Risk and Compliance function

At Quintet, the second line of defence consists of the Group Risk function and the Group Compliance function.

Quintet has a permanent and independent risk control function under the authority of the Group Chief Risk Officer (CRO) – whose mission is to ensure that arrangements are in place that allow all business units of the Group to identify, measure, monitor, manage and duly report all the risks to which the institution is or may be exposed to and that these risks are managed within the Bank's risk appetite. The Group CRO is an independent member of the Authorized Management and has end-to-end responsibility for the adequate performance of its function. Notably, the CRO ensures that the management body receives an independent, comprehensive, objective and relevant overview of the risks to which the institution is or may be exposed to. He/she is further able to challenge the decisions of the Authorized Management, in particular for decisions that affect the Group's exposure to risk. The Group CRO reports directly to the Group CEO.

The Group Risk function is organised around five departments, which all have a direct reporting line to the CRO:

- Group Financial Risk & Reporting is primarily responsible for the identification, assessment, monitoring, reporting and escalation of market risk and liquidity risk as well as country and counterparty risks. It also includes risk modelling activities and administers the Group's model governance framework;
- Group Credit Risk Control is in charge of defining and reviewing the credit risk appetite of the Bank as well as sanctioning and monitoring credit risk for the Group;
- Group Operational Risk Control is responsible for the identification, assessment, monitoring, reporting and escalation of operational risk, as well as overseeing, challenging, supporting and advising the business and first line of defence to prevent operational risk losses;
- Group Chief Information Security Office (CISO) is in charge of developing and maintaining the Information Risk Control Framework, to implement related IT risk policies, to monitor controls' implementation and to ensure adequate reporting over its activities to dedicated instances;
- Group Transversal Risk Management is in charge of developing, implementing, and maintaining transversal risk management frameworks & reporting throughout the Group (e.g. the Group Risk Appetite, ICLAAP, recovery and resolution planning, etc.).

Risk control activities performed in the UK are equivalent to the activities detailed above for each of the Risk Control departments, but focused on providing an effective 2LoD in respect of the business activities undertaken in the UK and to meet UK regulatory requirements. The UK CRO has a direct reporting line to the UK CEO and an indirect reporting line to both the Group CRO and the Chair of the UK Board Risk, Compliance and Legal Committee (BRCLC). The UK functional teams have a direct reporting line to the UK CRO and indirect line to the Group functional heads.

The other 2nd LoD function, Group Compliance, is under the authority of the Group Chief Compliance Officer (CCO), who is also an independent member of the Authorized Management and directly reports to the CEO. The Compliance function focusses on conduct regulation and oversees specific risk areas, namely AML risk, investor protection risk, cross-border risk, conduct risk, internal fraud risk, and bribery & corruption risk.

Both the CRO and the CCO have a direct access to the Board and its members.

6.1.3 Risk and Compliance Committees

At Quintet, there are several committees in place to cover risk and compliance related topics. Below, some of these committees are described exemplary.

Board Risk and Compliance Committee

The Group or subsidiary Board, while keeping responsibility for the structure and oversight of Risk Control, has delegated detailed oversight of risk and control matters to the Group Board Risk and Compliance Committee (BRCC), and in the subsidiary the Board Risk, Compliance and Legal Committee (BRCLC).

Its main objectives are to review and recommend for approval by the BoD, the risk appetite statement including the limits and triggers proposed by the AMC, as well as to ensure that the risk appetite statement is being properly translated into risk policies, limits and frameworks across all entities and activities. Generally, it is responsible for the review of the risk policies, risk methods/models and risk frameworks, and for the escalation of any material issues to the BoD for approval. It further provides oversight and advice to the BoD in relation to current and potential future risk exposures and the risk strategy proposed by the AMC, and ensures that human and material resources are sufficient to address the risk exposures.

AMC Monthly Risk Meeting

At the level of AMC, a dedicated risk meeting is conducted once per month which serves as a forum to approach risk-management topics at the level of the Authorized Management. Through meeting, the AMC is informed in a streamlined manner of key risk matters (financial risks and non-financial risks) across the Group so the AMC can make an informed decision on the appropriate treatment of risk issues including escalation to the BRCC. At the subsidiary level, the Enterprise Risk Committee (ERC) is the responsible oversight forum.

Other committees in which risk and compliance related topics are discussed include the Group Credit Committee (GCC) and the Asset and Liability Committee (ALCO). Beyond this, there are further committees in place in which risk and compliance related topics are tabled, as applicable.

6.2 Risk identification

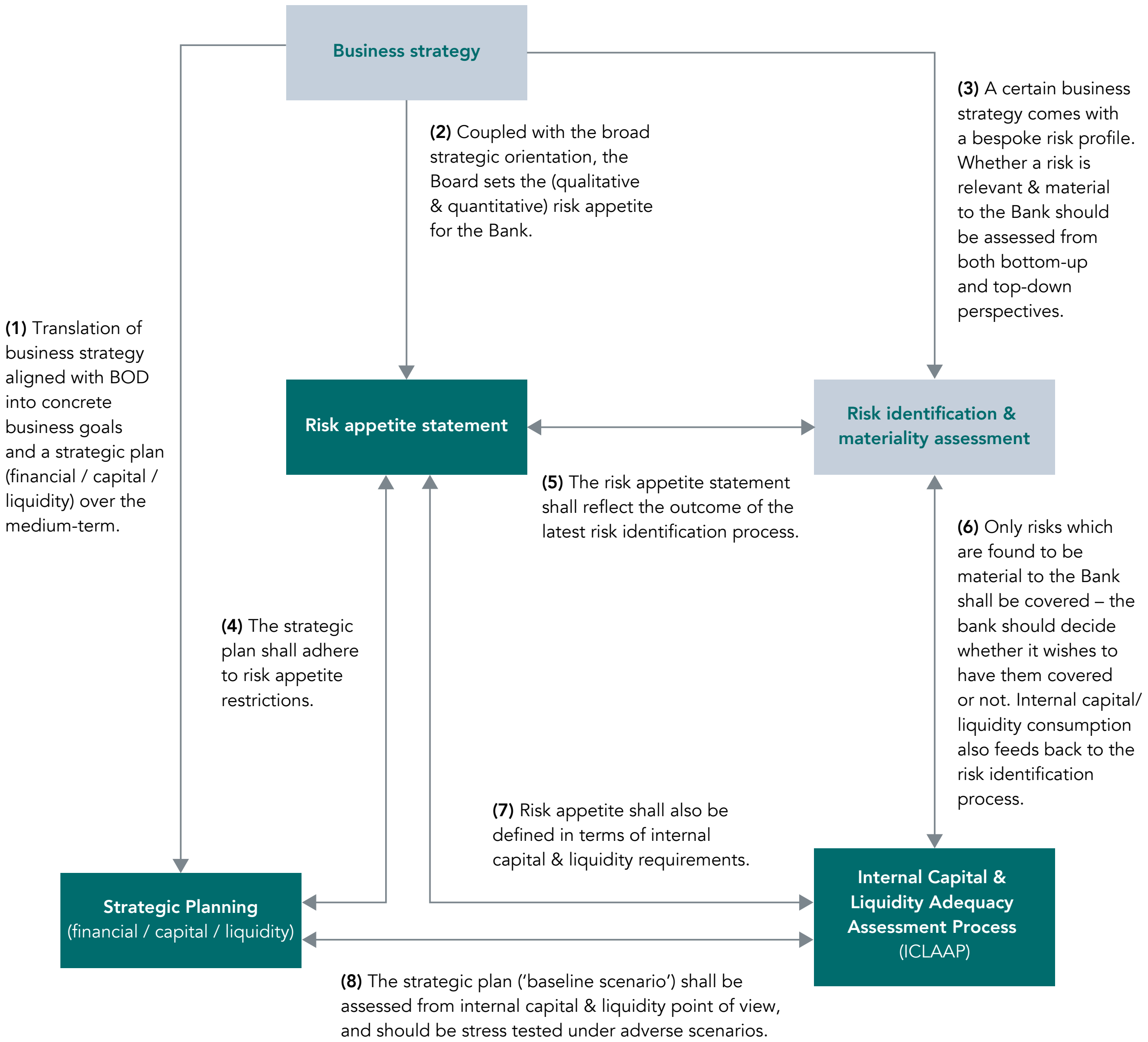
The risk identification and materiality assessment process is performed on an annual basis and departs from Quintet's internal risk taxonomy. This process is conducted to verify whether the risk taxonomies are still relevant for the Bank and to determine which risk types are material and require an allocation of internal capital and/or liquidity as part of the ICLAAP. The process is divided into a so-called "bottom-up assessment" and subsequent top-down challenge by senior management with the possibility to perform adjustments.

6.3 Risk appetite

The risk appetite defines the amount and types of risk that Quintet is able and willing to accept in the pursuit of its business objectives and strategies. The Risk Appetite Statement (RAS) translates the Group's strategy into concise qualitative and quantitative statements and targets for risk appetite indicators (also referred to as key risk indicators, KRIs), thus enabling Quintet to achieve its strategic goals while remaining within the acceptable levels of risk. The RAS is the outcome of an iterative and evolving process, capturing internal and external environment changes faced by the Bank.

At Quintet, risk management is seen as a transversal process that spans all areas of the Bank. The figure below illustrates the embedment of the risk appetite into the overall organisation, including the linkages between strategic planning, risk appetite and the ICLAAP:

Figure 4 - Interplay Risk Appetite - Strategic Planning - ICLAAP



6.3.1 Risk appetite framework

The Risk Appetite Framework (RAF) contains the governance arrangements and core principles in place for the definition and management of the Bank's risk appetite. The Board is the ultimate owner of the risk appetite and the corresponding RAF and RAS. It oversees and monitors that the institution's strategic objectives, organisational structure and risk strategy, including its risk appetite, are implemented consistently. The BRCC, on behalf of the Board, ensures that the identification and assessment of risks is conducted on a dynamic and frequent basis.

More specifically, the Board is responsible for:

- Approving the firm's business strategy and overseeing its execution by management, within the risk appetite boundaries;
- Ensuring that the risk appetite is clearly articulated for all the firm's key risks, and that effective KRIs are employed, which are appropriately calibrated, commensurate with the level of risk acceptable to the Board;
- Ensuring that the risk appetite is communicated effectively within the business and that sufficient resources are made available to manage, monitor and, if necessary, remediate, the respective risk exposures.

The Bank's AMC receives a mandate from the Board to run the Bank within the limits of the risk appetite. The Board assigns to the CRO as a member of the AMC, the overall responsibility for the development and formalisation of the risk appetite in line with the needs of the institution and regulatory expectations. The AMC is responsible for challenging the risk strategy and RAS and endorses it to the Board. The separate RAS that is in place for the subsidiary to meet local regulatory requirements is aligned to the Group RAS.

The risk appetite is reviewed at least on an annual basis and the management body will evaluate whether the Group's RAS, including the KRI selection and thresholds, remains appropriate. In addition, ad-hoc reviews of the RAS can be triggered by internal and external events, e.g. a significant change in the business model and/or strategy, regulatory request or new/updated regulations, or a significant evolution of the market or economic environment.

6.3.2 Risk appetite statement and thresholds

KRI thresholds are set to translate the Board's risk appetite (i.e., appetite to seek/tolerate/avoid certain risks) into measurable & manageable metrics, thus ensuring that all activities of the Bank adhere to the defined risk appetite. The threshold framework therefore sets the boundaries within which the Bank performs its strategic business planning.

The following threshold levels are applied:

- **Triggers** are defined to direct attention towards the indicator approaching its limit. Their breach initiates an analysis of the situation by KRI owners and a discussion at the level of AMC, which could result in a decision to develop and launch a dedicated action plan;
- **Limits** are setting the boundary of the Bank's risk appetite. As such, their breach requires escalation to AMC and BRCC as well as the development and implementation of an action plan to remediate the breach;
- **Invocation trigger points (ITPs)** are generally applied to the subset of recovery plan indicators and are set at the level of the regulatory limit, plus a buffer deemed appropriate. In addition to the means of escalation mentioned above, the breach of an ITP requires communication to the regulator.

6.3.3 Risk appetite reporting and escalation

The RAS dashboard summarizes the evolution of KRIs including potential threshold breaches and related commentaries. It is reported on a quarterly basis to the AMC and BRCC. The BRCC reports to the Board on a quarterly basis on the basis of the RAS dashboard, including an accompanying memo summarizing the BRCC's comments.

Furthermore, a monthly RAS report is distributed, containing the subset of bank-wide KRIs (i.e. KRIs relating to capital, liquidity, profitability and asset quality).

An escalation process for KRI threshold breaches is defined in the RAF, prescribing the timeframe within which the concerned roles are required to become active. The respective roles and responsibilities are defined in the RAS at the KRI level.

7. Own funds, capital adequacy & group solvency

Quintet aims at maintaining a solid capital position in terms of both prudential and internal capital adequacy, with capital primarily formed of Common Equity Tier 1 (CET1) instruments and to a lesser extent Additional Tier 1 (AT1) instruments. The strategy in terms of capital buffers is expressed through the Risk Appetite limits and the early warning system built upon them, to detect any potential capital depletion at an early stage. Quintet has a single private shareholder, Precision Capital, with a demonstrated long-term commitment to the Group.

7.1 Regulatory capital adequacy

The Bank monitors its solvency using rules and ratios issued by the Basel Committee on Banking Supervision and the European Union Capital Requirements Regulation. Prudential ratios are computed as the quotients between the appropriate measure of own funds and the risk-weighted assets equivalent of Minimum Capital Requirements.

The below table provides a quarterly view of key prudential metrics covering the Bank's available capital (including buffer requirements and ratios), its risk weighted assets (RWA), leverage ratio (LR), liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

Table 2 - Key metrics

	Key metrics template (Template EU KM1 – EBA/ITS/2020/04)	a	b	c	d	e
		2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	537.6	515.5	523.5	542.6	564.8
2	Tier 1 capital	661.1	639.1	647.0	666.1	688.4
3	Total capital	661.2	639.2	647.1	666.2	688.4
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2,916.1	3,290.0	3,397.7	3,309.3	3,140.8
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	18.43%	15.67%	15.41%	16.39%	17.98%
6	Tier 1 ratio (%)	22.67%	19.43%	19.04%	20.13%	21.92%
7	Total capital ratio (%)	22.67%	19.43%	19.05%	20.13%	21.92%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.75%	2.75%	2.75%	2.84%	2.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.55%	1.55%	1.55%	1.60%	1.13%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.06%	2.06%	2.06%	2.13%	1.50%
EU 7d	Total SREP own funds requirements (%)	10.75%	10.75%	10.75%	10.84%	10.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.34%	0.10%	0.07%	0.07%	0.08%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.84%	2.60%	2.57%	2.57%	2.58%
EU 11a	Overall capital requirements (%)	13.59%	13.35%	13.32%	13.41%	12.58%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.92%	8.68%	8.30%	9.29%	11.92%

(continued) Table 2 - Key metrics

	Key metrics template (Template EU KM1 – EBA/ITS/2020/04)	a	b	c	d	e
		2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
	Leverage ratio					
13	Total exposure measure	14,565.3	15,518.6	15,781.4	16,426.3	14,366.8
14	Leverage ratio (%)	4.54%	4.12%	4.10%	4.06%	4.79%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio (figures based on 12-month rolling averages, as given in Template EU LIQ1 in this report					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	6,290.5	6,290.7	6,335.4	6,408.6	6,342.4
EU 16a	Cash outflows - Total weighted value	5,602.9	5,674.6	5,626.5	5,605.9	5,513.9
EU 16b	Cash inflows - Total weighted value	1,198.4	1,202.5	1,155.0	1,095.2	1,062.7
16	Total net cash outflows (adjusted value)	4,404.5	4,472.1	4,471.6	4,510.6	4,451.2
17	Liquidity coverage ratio (%)	142.96%	140.69%	141.71%	142.18%	142.56%
	Net Stable Funding Ratio					
18	Total available stable funding	7,604.8	7,721.8	7,434.8	7,290.4	7,221.1
19	Total required stable funding	4,971.9	5,541.6	5,685.9	5,491.4	5,272.8
20	NSFR ratio (%)	152.96%	139.34%	130.76%	132.76%	136.95%

At the end of 2022, the total capital ratio stood at 22.67% (21.92% in 2021) and the Common Equity Tier 1 ratio (CET1) at 18.43% (17.98% in 2021). So, the Bank's solvency remained solid and well above the applicable regulatory thresholds. The minimum requirement for the total capital ratio stood at 13.59% and that for the CET1 ratio stood at 8.89% as at 31 December 2022.

The above regulatory minimum requirements include the so-called Pillar 2 Requirement (P2R), set by the ECB as part of the Supervisory Review and Evaluation Process (SREP) on an annual basis. The applicable P2R for Quintet was 2.75% as at 31 December 2022, and is 3.25% as from 1 January 2023.

7.1.1 Own funds instruments

With regards to ordinary shares, as at 31 December 2022, the share capital of the Bank consisted of 27,339,716 ordinary shares without par value (31 December 2021: 27,339,716). No participation certificate or non-voting right share were issued.

In the context of preference shares, as at 31 December 2022, 4,336 preference shares were outstanding (31 December 2021: 4,336). These shares are entitled to receive an initial dividend of EUR 0.248 per share. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any remaining profits, once this first dividend has been paid, are shared out between all shareholders.

The regulatory capital follows the Basel III rules as defined in Regulation (EU) 575/2013. The negative evolution of the CET1 (EUR 537.6 million as at 31 December 2022 versus EUR 564.8 million as at 31 December 2021) is the result of the following effects:

- The reduction in the OCI revaluation reserve (EUR -37.6 million, gross of deferred tax);
- The defined benefit pension plans due to the increase of the applied discount rate (EUR 12.0 million);
- The yearly AT1 coupon paid to investors (EUR -9.4 million);
- The foreign exchange reserve (EUR 4.4 million).

Table 3 - Own funds

(In EUR million)	31/12/2022	31/12/2021
Regulatory capital	**661.2**	**688.4**
Common Equity Tier 1 capital	**537.6**	**564.8**
Capital, share premium, reserves and retained earnings	1,041.6	1,156.7
Profit or loss eligible	-	-110.2
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-23.2	-35.2
Defined benefit pension fund assets	-0.2	-
Fair value changes of instruments measured at fair value through other comprehensive income	-15.2	13.0
Intangible assets and goodwill	-432.3	-433.0
Deferred tax assets	-29.9	-22.6
Asset Value Adjustment	-1.4	-2.6
Additional deductions of CET1	-1.7	-1.2
Additional Tier 1 capital	**123.5**	**123.5**
Paid up capital instruments	123.5	123.5
Tier 2 Capital	**0.1**	**0.1**
Preference shares	0.1	0.1

More information concerning the disclosure of own funds and the prudent valuation adjustments is presented in Appendices 3, 4, 5 and 6.

More information concerning the reconciliation between the accounting own funds and the prudential own funds is shown in Appendix 7.

7.1.2 Capital requirements

Complementary to the internal own funds adequacy, the Bank complies with supervisory capital requirements brought by the entry into force of the "CRD-IV" package resulting from the 2010-11 recommendations of the Basel III Committee, including the following regulations:

- "Capital Requirements Regulation" (CRR Regulation (EU) No 575/2013 of the European Parliament and of the Council);
- "Capital Requirements Regulation" (CRR Regulation (EU) No 2019/876 of the European Parliament and of the Council), amending Regulation (EU) No 575/2013;
- "Capital Requirements Directive" (CRD Regulation (EU) No 36/2013 of the European Parliament and of the Council) which set up the capital buffers;
- "Liquidity Coverage Requirement" (Delegated Act EU No 2015/61);

- CSSF Regulation No 18-03 regarding the implementation of some national discretions included in the CRR Regulation (EU) No 575/2013;
- Regulatory technical standards as defined by the European Banking Authority.

These requirements are related to Credit Risk, Credit Valuation Adjustment (CVA), Market Risk (broken down into Settlement Risk, Position Risk and Foreign Exchange Risk) and Operational Risk.

The overall RWA at year-end 2022 was EUR 2.9 billion (EUR 3.1 billion at year-end 2021).

Table 4 - Overview of total risk exposure amounts

Overview of total risk exposure amounts (Template EU OV1 – EBA/ITS/2020/04)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		2022-12-31	2022-09-30	2022-12-31
1	Credit risk (excluding CCR)	2,010.8	2,257.3	160.9
2	Of which the standardised approach	2,010.8	2,257.3	160.9
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	58.7	102.5	4.7
7	Of which the standardised approach	34.7	67.1	2.8
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	0.5	0.3	0.0
EU 8b	Of which credit valuation adjustment - CVA	10.7	19.1	0.9
9	Of which other CCR	12.7	15.9	1.0
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	76.1	220.9	6.1
21	Of which the standardised approach	76.1	220.9	6.1
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	770.6	709.2	61.6
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	770.6	709.2	61.6
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	2,916.1	3,290.0	233.3

(continued) Table 4 - Overview of total risk exposure amounts

In 2022, Quintet reviewed its market risk strategies that resulted in a fall in RWA consumption of EUR 140.8 million in the interest rate market risk. This was accompanied with a slight decrease of RWA in credit risk, which is a combined effect of the sales in ALM portfolio (EUR -141 million) and the lending activity (EUR +47 million).

7.2 Internal Capital Adequacy

The internal capital adequacy is determined under an economic internal perspective and a normative internal perspective. The economic internal perspective assumes a time horizon of one year (in contrast to the forward-looking normative perspective which considers a time horizon of three years), and a static balance sheet.

Under the economic internal perspective, Quintet identifies and quantifies material risks that may cause economic losses and deplete internal capital. Internal capital, also referred to as available financial resources (AFR), is the risk-bearing component under the economic perspective and should be of sound quality and determined in a prudent and conservative manner. For the economic capital requirements, the Bank leverages internal models and stress-testing modules. Where quantitative models are used, recourse to Monte Carlo simulation is made to estimate the loss distributions associated with the risk category; economic capital is then quantified as the value-at-risk (VaR) corresponding to a confidence level of 99.9%. This is equivalent to calibrating the capital demand to absorb losses that Quintet would face once every 1,000 years.

The normative internal perspective is a multi-year assessment of Quintet's ability to fulfil all of its capital- and liquidity-related regulatory minimum requirements on an ongoing basis, under baseline and adverse scenarios.

The ICLAAP is subject to an annual review and accompanied by a series of targeted workshops with Quintet's senior management, ensuring the review, challenge and endorsement of the key assumptions and methodological choices pertaining to the ICLAAP.

The ICLAAP is integrated with management reporting via the monthly and quarterly risk appetite reporting, including key ratios as per the normative internal perspective (including CET1 ratio, TCR, LCR, NSFR) and economic internal perspective (including ICAAP ratio, ILER).

8. Countercyclical buffer

Credit institutions are required to hold, in addition to other own funds requirements, a countercyclical capital buffer to ensure they accumulate, during periods of economic growth, a sufficient capital base to absorb losses in stressed periods.

The countercyclical capital buffer should be built up when aggregate growth in credit is judged to be associated with a build-up of system wide risk and drawn down during stressed period.

Quintet's group countercyclical capital buffer rate stands at 0.34% as of 31 December 2022 (2021: 0.08%). The increase of the countercyclical buffer rate is mainly related to the 1.0% buffer driven by UK regulatory requirements put in place in December 2022.

Table 5 - Amount of institution-specific countercyclical capital buffer

	Amount of institution-specific countercyclical capital buffer (Template EU CCyB2 – EBA/ITS/2020/04)	a
1	Total risk exposure amount	2,916.1
2	Institution specific countercyclical capital buffer rate	0.34%
3	Institution specific countercyclical capital buffer requirement	9.9

The table below provides the disclosure of the geographical distribution of Quintet Group's exposure relevant for the calculation of the countercyclical capital buffer.

Table 6 - Geographical distribution of exposures for countercyclical capital buffer calculation

(continue) Table 6 - Geographical distribution of exposures for countercyclical capital buffer calculation

		a	b	c	d	e	f	g	h	i	j	k	l	m
Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Template EU CCyB1 – EBA/ITS/2020/04)		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own fund requirements						
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)
010	Breakdown by country:													
	AD	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	AE	70.6	-	-	-	-	70.6	1.7	-	-	1.7	21.4	1.1%	-
	AT	6.1	-	-	-	-	6.1	0.1	-	-	0.1	1.1	0.1%	-
	AU	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	BE	154.3	-	-	-	-	154.3	8.5	-	-	8.5	106.1	5.5%	-
	BH	1.0	-	-	-	-	1.0	0.1	-	-	0.1	1.0	0.1%	-
	BL	4.7	-	-	-	-	4.7	0.1	-	-	0.1	1.7	0.1%	-
	BM	44.8	-	-	-	-	44.8	3.0	-	-	3.0	37.7	2.0%	-
	BS	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	CA	19.7	-	4.0	-	-	23.7	0.6	0.1	-	0.6	7.9	0.4%	-
	CD	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	CH	74.0	-	-	-	-	74.0	2.9	-	-	2.9	36.6	1.9%	-
	CN	2.7	-	-	-	-	2.7	0.1	-	-	0.1	1.3	0.1%	-
	CW	0.9	-	-	-	-	0.9	0.0	-	-	0.0	0.3	0.0%	-
	CY	32.0	-	-	-	-	32.0	2.2	-	-	2.2	28.0	1.5%	-
	CZ	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	1.5%
	DE	87.9	-	7.2	-	-	95.0	5.6	0.5	-	6.1	75.8	4.0%	-
	DK	36.0	-	-	-	-	36.0	2.7	-	-	2.7	34.0	1.8%	2.0%
	EC	0.4	-	-	-	-	0.4	0.0	-	-	0.0	0.1	0.0%	-
	EE	2.7	-	-	-	-	2.7	0.2	-	-	0.2	2.7	0.1%	1.0%
	EG	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	ES	61.0	-	-	-	-	61.0	3.2	-	-	3.2	39.7	2.1%	-
	FI	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.0%	-
	FR	503.3	-	-	-	-	503.3	19.8	-	-	19.8	247.1	12.9%	-
	GB	862.6	-	10.1	-	-	872.6	32.4	0.2	-	32.7	408.3	21.3%	1.0%
	GD	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.0%	-
	GG	8.7	-	2.5	-	-	11.2	0.5	0.2	-	0.7	8.3	0.4%	-
	GR	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.1	0.0%	-
	HK	2.0	-	-	-	-	2.0	0.0	-	-	0.0	0.6	0.0%	1.0%
	HR	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	HU	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	IE	0.5	-	-	-	-	0.5	0.0	-	-	0.0	0.5	0.0%	-
	IL	4.8	-	-	-	-	4.8	0.3	-	-	0.3	4.0	0.2%	-
	IM	9.3	-	-	-	-	9.3	0.3	-	-	0.3	3.4	0.2%	-
	IT	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.3	0.0%	-
	JP	6.0	-	-	-	-	6.0	0.2	-	-	0.2	3.0	0.2%	-
	JE	48.4	-	1.9	-	-	50.3	1.6	0.2	-	1.8	22.3	1.2%	-
	KR	21.0	-	-	-	-	21.0	1.2	-	-	1.2	15.1	0.8%	-
	KY	27.3	-	-	-	-	27.3	1.1	-	-	1.1	13.4	0.7%	-
	LB	5.0	-	-	-	-	5.0	0.1	-	-	0.1	1.8	0.1%	-
	LI	32.1	-	-	-	-	32.1	2.6	-	-	2.6	32.1	1.7%	-
	LR	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	LU	513.6	-	7.1	-	-	520.7	27.0	0.1	-	27.1	339.1	17.7%	0.5%
	MC	59.7	-	-	-	-	59.7	2.4	-	-	2.4	30.1	1.6%	-
	MG	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.3	0.0%	-
	MT	28.7	-	-	-	-	28.7	1.3	-	-	1.3	16.3	0.9%	-
	MU	15.8	-	-	-	-	15.8	0.6	-	-	0.6	7.9	0.4%	-
	MX	4.6	-	-	-	-	4.6	0.2	-	-	0.2	2.3	0.1%	-
	MY	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.2	0.0%	-
	NL	663.4	-	12.0	-	-	675.4	22.9	0.1	-	23.0	287.9	15.0%	-
	NO	0.5	-	-	-	-	0.5	0.0	-	-	0.0	0.2	0.0%	2.0%
	NZ	4.5	-	-	-	-	4.5	0.1	-	-	0.1	1.6	0.1%	-
	PA	1.0	-	-	-	-	1.0	0.1	-	-	0.1	1.0	0.1%	-
	PF	2.0	-	-	-	-	2.0	0.1	-	-	0.1	1.4	0.1%	-
	PH	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	PL	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.0%	-
	PT	1.4	-	-	-	-	1.4	0.0	-	-	0.0	0.5	0.0%	-
	QA	8.4	-	-	-	-	8.4	0.1	-	-	0.1	1.7	0.1%	-
	RU	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.1	0.0%	-
	SE	6.0	-	-	-	-	6.0	0.2	-	-	0.2	2.6	0.1%	1.0%
	SG	10.3	-	-	-	-	10.3	0.2	-	-	0.2	2.9	0.2%	-
	SK	12.5	-	-	-	-	12.5	0.1	-	-	0.1	1.3	0.1%	1.0%
	TH	2.4	-	-	-	-	2.4	0.1	-	-	0.1	1.2	0.1%	-
	TR	1.2	-	-	-	-	1.2	0.0	-	-	0.0	0.4	0.0%	-
	TW	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	US	100.1	-	0.1	-	-	100.2	3.6	0.0	-	3.6	44.9	2.3%	-
	VG	26.2	-	-	-	-	26.2	1.1	-	-	1.1	13.2	0.7%	-
	VN	0.6	-	-	-	-	0.6	0.0	-	-	0.0	0.6	0.0%	-
	ZA	3.5	-	-	-	-	3.5	0.2	-	-	0.2	2.1	0.1%	-
	ZM	0.0		-			0.0	0.0	-	-	0.0	0.0	0.0%	-
020	Total	3,597.5	-	44.9	-	-	3,642.3	151.9	1.3	-	153.2	1,915.4	100.0%	

9. Leverage ratio

The Basel III leverage ratio is defined as the capital measure divided by the exposure measure, with this ratio expressed as a percentage and having to exceed a minimum of 3%. While the capital measure for the leverage ratio is the Tier 1 capital, the total exposure measure corresponds to the sum of the following exposures: on-balance sheet exposures; derivative exposures; Securities Financing Transaction (SFT) exposures; and off-balance sheet (OBS) items.

Quintet's consolidated Leverage Ratio stands at 4.54% as of 31 December 2022 (4.79% in 2021). This figure stands comfortably above the 3% regulatory minimum Leverage Ratio.

The evolution of this ratio (-25 bps) compared to last year can be explained by:

- Decrease of Tier 1 capital (-19 bps): mainly related to the drop in the OCI revaluation reserve, yearly AT1 coupon paid to investors, foreign exchange reserve and positively impacted by the remeasurement of the defined benefit pension plan due to the increase of the discount rate;
- Increase of the total leverage exposure (-6 bps): mainly related to the increase of the on-balance sheet exposure (-9 bps), increase of the derivatives (-7 bps) balanced by a decrease of off-balance sheet (+8 bps). The variation of on-balance sheet exposure is mainly linked to an increase in deposits and decrease of debt issue, which led to excess liquidity replaced at Central Banks. The off-balance sheet variation is mainly due to securities given in the process of TLTRO (targeted longer term refinancing operation with the Central Bank of Luxembourg) which ended in 2022.

The leverage ratio forms part of the Group Risk Appetite and is governed by a strong escalation procedure in case of trigger or limit breaches.

9.1 Reconciliation of accounting assets and leverage ratio exposures (EU LR1)

The following table presents the reconciliation between the total assets as reported in the financial statements and the total exposure amount taken into account in the leverage ratio.

Table 7 - Summary reconciliation of accounting assets and leverage ratio exposures

	LRSum: Summary reconciliation of accounting assets and leverage ratio exposures. (Template EU LR1 – EBA/ITS/2020/04)	a Applicable amount
1	Total assets as per published financial statements	14,440.8
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	- 113.6
9	Adjustment for securities financing transactions (SFTs)	0.0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	513.2
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	- 275.2
13	Total exposure measure	14,565.3

9.2 Leverage ratio common disclosure (EU LR2)

The below template discloses the different components of the leverage exposures.

Table 8 - Leverage ratio common disclosure

	LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)	CRR leverage ratio exposures	
		a	b
		2022-12-31	2022-09-30
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	13,557.0	14,159.5
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 465.6	- 466.3
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	13,091.4	13,693.2
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	350.1	377.5
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	98.2	142.1
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-

(continue) Table 8 - Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2022-12-31	2022-09-30
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	448.3	519.5
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	512.4	571.9
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	0.0	1.0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	512.4	572.9
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	3,451.6	3,965.8
20	(Adjustments for conversion to credit equivalent amounts)	- 2,938.4	- 3,232.8
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	513.2	733.0
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
	Capital and total exposure measure		
23	Tier 1 capital	661.1	639.1
24	Total exposure measure	14,565.3	15,518.6
	Leverage ratio		
25	Leverage ratio (%)	4.54%	4.12%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.54%	4.26%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.54%	4.12%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%

(continue) Table 8 - Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2022-12-31	2022-09-30
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	512.4	571.9
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	14,052.9	14,946.8
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	14,052.9	14,946.8
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.70%	4.28%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.70%	4.28%

9.3 Split-up of on balance sheet exposures (EU LR3)

Table 9 - Split-up of on balance sheet exposure

LRSpl: Split-up of on balance sheet exposures (excl. derivatives, SFTs and exempted exposures) (Template EU LR3 – EBA/ITS/2020/04)		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	13,557.0
EU-2	Trading book exposures	44.9
EU-3	Banking book exposures, of which:	13,512.1
EU-4	Covered bonds	35.6
EU-5	Exposures treated as sovereigns	6,419.9
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	233.6
EU-7	Institutions	421.8
EU-8	Secured by mortgages of immovable properties	2,022.3
EU-9	Retail exposures	578.3
EU-10	Corporates	2,691.7
EU-11	Exposures in default	53.8
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,055.0

10. Credit risk

Credit and asset quality risk at Quintet derives from the lending offering to clients (Lombard and real estate loans, auxiliary services to the core wealth management offering) as well as its exposures to the interbank market and ALM portfolio (high quality bond portfolio). The risk is managed through cautious counterparty and issuer selection process, high level of collateralisation, conservative haircuts, and a thorough credit risk monitoring process. The overall risk appetite for credit risk is defined through prudential and internal capital allocation as well as a suite of credit quality metrics on portfolio level.

10.1 Credit risk, dilution risk and credit quality

10.1.1 Standardized approach to credit risk

Quintet Private Bank (Europe) S.A. applies the Standardised Approach (SA) for weighting exposures to credit risk. This method uses a combination of exposures' segregation by type of debtor/transaction (i.e., exposure classes) and a differentiation by creditworthiness in order to weight exposure values used to compute the required corresponding own funds.

As stated under the CRR, the bank allocates its banking book credit risk and counterparty credit risk into 17 exposure classes: central governments or central banks; regional governments or local authorities; public-sector entities; multilateral development banks; international organisations; institutions; corporates; retail; secured by mortgages on immovable properties; exposures in default; items associated with particularly high risk; covered bonds; claims on institutions and corporates with a short-term credit assessment; collective investment undertakings (CIU); equity exposures; other items; securitisation.

The prudential risk weights assigned to exposures within most classes depend on the credit assessment, published by an External Credit Assessment Institution (ECAI), related to the obligor Quintet Private Bank (Europe) S.A. is exposed to. ECAIs providing the Bank's credit assessments are the three following leading rating agencies: Moody's, Standard & Poor's Ratings and AM Best. These assessments are used following the principle of the "second best", which corresponds to selecting the second higher risk weight where the two lowest risk weights are different. This is relevant for determining the risk weight applicable to exposures belonging to the following credit risk classes: central governments or central banks, regional governments or local authorities, public-sector entities, multilateral development banks, international organisations, institutions, corporates, covered bonds, claims on institutions and corporates with a short-term credit assessment, and finally securitisations.

For debt securities, if an issue rating is available, it is applied. If an issue rating is not available, but the issuer rating is, the latter is applied. In the context of debt securities received as collateral, issue ratings are the only ones used, with issuer ratings being disregarded. If an issue rating for debt security received as collateral is not available, then it is treated as an unrated debt security received as collateral.

When by nature or by the rules, no external credit assessment can be used for weighting credit risk, the regulatory rules determine the risk weight to apply, e.g., under the standardized approach, exposures in default that are not secured by a mortgage on an immovable property receive a risk weight depending on their level of impairment.

Unless otherwise specified, the figures reported in the tables take into account the relevant netting agreements and correspond to:

- On-balance sheet items accounting value net of specific credit risk adjustments;
- The prudential exposure value of derivative contracts following the full standardised approach of counterparty credit risk;
- Pre-conversion factor value of off-balance sheet items, corresponding to the full commitment the Bank has agreed to undertake, after potential specific credit risk adjustments.

The table below present the segmentation of the exposures by maturity.

Table 10 - Standardised approach for on- and off-balances' exposures by exposure class and by risk weight (net of provision, credit risk mitigation techniques and after credit conversion factor application)

Standardised approach (Template EU CR5 – EBA/ITS/2020/04)		Risk weight															Total	Of which unrated
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	6,126.5	-	-	-	44.4	-	13.9	-	-	-	-	-	-	-	-	6,184.7	-
2	Regional government or local authorities	191.5	-	-	-	19.4	-	-	-	-	-	-	-	-	-	-	210.9	-
3	Public sector entities	73.3	-	-	-	82.6	-	-	-	-	-	-	-	-	-	-	155.9	-
4	Multilateral development banks	106.1	-	-	-	4.8	-	19.6	-	-	-	-	-	-	-	-	130.5	-
5	International organisations	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.0	-
6	Institutions	-	31.3	-	-	339.6	-	49.8	-	-	11.5	-	-	-	-	-	432.2	154.3
7	Corporates	-	68.8	-	-	140.9	41.5	84.7	81.7	-	512.3	-	-	-	-	-	930.0	458.4
8	Retail exposures	-	-	-	-	-	-	-	-	50.6	-	-	-	-	-	-	50.6	50.6
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	1,455.7	211.5	-	-	157.3	-	-	-	-	-	1,824.5	1,824.5
10	Exposures in default	-	-	-	-	-	-	-	-	-	45.4	3.1	-	-	-	-	48.5	48.5
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	24.6	-	-	-	-	24.6	24.6
12	Covered bonds	-	-	-	35.6	-	-	-	-	-	-	-	-	-	-	-	35.6	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	201.4	-	92.2	-	-	11.7	-	-	-	-	-	305.3	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	0.0	0.0
15	Equity exposures	-	-	-	-	-	-	-	-	-	29.7	-	-	-	-	-	29.7	29.7
16	Other items	51.6	-	-	-	-	-	-	-	-	174.8	-	-	-	-	-	226.5	226.5
17	TOTAL	6,559.0	100.1	-	35.6	833.0	1,497.2	471.7	81.7	50.6	942.8	27.7	-	-	0.0	-	10,599.4	2,817.0

Maturity of Exposures

As at the end of 2022, the Bank continued to show a relatively short-term profile of its exposures with more than 70% maturing prior to 5 years.

Table 11 - Maturity of exposures

Maturity of exposures (Template EU CR1-A – EBA/ITS/2020/04)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,634.3	599.4	1,756.4	1,708.4	-	5,698.5
2	Debt securities	-	782.8	851.3	347.7	-	1,981.8
3	Total	1,634.3	1,382.2	2,607.7	2,056.1	-	7,680.3

10.1.2 Performing and non-performing exposures and related provisions

In 2022, EUR 85.9 million of exposures were considered as non-performing, representing less than 1% of the total exposures.

The counterparties making up the highest level of non-performing exposures are the non-financial corporation with EUR 57.1 million (67%) and the household with EUR 27.3 million (32%, of which EUR 22.8 million on-balance-sheet exposures and EUR 4.4 million off-balance-sheet exposures).

Table 12 - Performing and non-performing exposures and related provisions

Performing and non-performing exposures and related provisions. (Template EU CR1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	5,648.6	5,641.7	6.9	-	-	-	- 0.8	- 0.8	- 0.1	-	-	-	-	-	-
010	Loans and advances	5,645.7	5,612.7	33.0	80.3	-	80.3	- 1.0	- 0.9	- 0.1	- 26.5	-	- 26.5	-	5,281.5	53.5
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0.7	0.7	-	-	-	-	- 0.0	- 0.0	-	-	-	-	-	-	-
040	*Credit institutions*	554.4	554.4	0.1	-	-	-	- 0.0	- 0.0	- 0.0	-	-	-	-	503.2	-
050	*Other financial corporations*	1,307.5	1,288.7	18.8	0.3	-	0.3	- 0.4	- 0.4	- 0.0	- 0.2	-	- 0.2	-	1,074.3	-
060	*Non-financial corporations*	1,155.0	1,152.8	2.2	57.1	-	57.1	- 0.1	- 0.1	- 0.0	- 16.6	-	- 16.6	-	1,147.0	40.5
070	*Of which SMEs*	359.0	356.8	2.2	0.0	-	0.0	- 0.0	- 0.0	-	- 0.0	-	- 0.0	-	354.1	-
080	*Households*	2,628.1	2,616.2	11.9	22.8	-	22.8	- 0.5	- 0.3	- 0.1	- 9.7	-	- 9.7	-	2,556.9	13.0
090	Debt securities	1,937.8	1,937.8	-	-	-	-	- 0.9	- 0.9	-	-	-	-	-	39.8	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	1,266.2	1,266.2	-	-	-	-	- 0.6	- 0.6	-	-	-	-	-	12.1	-
120	*Credit institutions*	376.0	376.0	-	-	-	-	- 0.2	- 0.2	-	-	-	-	-	22.6	-
130	*Other financial corporations*	121.0	121.0	-	-	-	-	- 0.1	- 0.1	-	-	-	-	-	-	-
140	*Non-financial corporations*	174.6	174.6	-	-	-	-	- 0.1	- 0.1	-	-	-	-	-	5.0	-
150	Off-balance-sheet exposures	3,412.4	3,412.4	-	5.6	-	5.6	0.0	0.0	-	1.2	-	1.2		3,303.8	0.9
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	0.7	0.7	-	-	-	-	-	-	-	-	-	-		0.7	-
180	*Credit institutions*	0.3	0.3	-	1.2	-	1.2	0.0	0.0	-	1.2	-	1.2		0.1	-
190	*Other financial corporations*	939.1	939.1	-	-	-	-	0.0	0.0	-	-	-	-		893.0	-
200	*Non-financial corporations*	288.3	288.3	-	-	-	-	0.0	0.0	-	-	-	-		273.2	-
210	*Households*	2,184.1	2,184.1	-	4.4	-	4.4	0.0	0.0	-	-	-	-		2,136.8	0.9
220	*Total*	16,644.6	16,604.7	39.8	85.9	-	85.9	- 2.7	- 2.6	- 0.2	- 25.3	-	- 25.3	-	8,625.0	54.3

10.1.3 Changes in the stock of non-performing loans and advances

The following table refers to Article 442 (f) of Regulation No 575/2013. This template is related to the change in the stock of non-performing loans and advances during the year. The amount of EUR -35.2 million can be explained either by reimbursements or regularisations (i.e., taking possession of additional and/or different collaterals, risk transfer).[2]

[2] As the ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing is below 5%, the templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 have not to be displayed.

Table 13 - Changes in the stock of non-performing loans and advances

Changes in the stock of non-performing loans and advances. (Template EU CR2 – EBA/ITS/2020/04)		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	92.1
020	Inflows to non-performing portfolios	23.5
030	Outflows from non-performing portfolios	- 35.3
040	Outflows due to write-offs	- 0.1
050	Outflow due to other situations	- 35.2
060	Final stock of non-performing loans and advances	80.3

10.1.4 Credit quality of forborne exposures

According to the EBA definition: *"Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting their financial commitments ("financial difficulties")"*. The template below refers to article 442 (c) of Regulation No 575/2013 and displays the credit quality of forborne exposures in 2022. In this context, 97% of the forborne exposures are non-performing. Non-performing forborne exposures relates to non-financial corporations (61%) and households (39%).

Table 14 - Credit quality of forborne exposures

Credit quality of forborne exposures (Template EU CQ1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures due to credit risk and provisions	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	0.9	31.2	31.2	31.2	- 0.0	- 17.7	14.2	13.3
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	19.1	19.1	19.1	-	- 9.1	10.0	10.0
070	*Households*	0.9	12.0	12.0	12.0	- 0.0	- 8.7	4.2	3.3
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	Total	0.9	31.2	31.2	31.2	- 0.0	- 17.7	14.2	13.3

10.1.5 Credit quality of performing and non-performing exposures by past due days

The below table presents the non-performing exposures by past due days as at end of the year 2022. 48% of the exposures have a number of past due days lower than 1 year; 10% have a number of past due days between 1 and 2 years and 42% have a number of past due days greater than 2 years.

Table 15 - Credit quality of performing and non-performing exposure by past due days

Credit quality of performing and non-performing exposures by past due days (Template EU CQ3 - EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due =< 30 days	Past due > 30 days =< 90 days		Unlikely to pay that are not past due or are past due =< 90 days	Past due > 90 days=< 180 days	Past due > 180 days=< 1 year	Past due > 1 year =< 2 years	Past due > 2 years =< 5 years	Past due > 5 years =< 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**5,648.6**	**5,648.6**	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**5,645.7**	**5,616.4**	**29.3**	**80.3**	**24.4**	**3.8**	**7.3**	**8.6**	**32.6**	**0.6**	**3.0**	**80.3**
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	0.7	0.7	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	554.4	554.4	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	1,307.5	1,290.1	17.5	0.3	-	0.1	0.0	0.0	0.0	0.2	-	0.3
060	Non-financial corporations	1,155.0	1,155.0	0.0	57.1	21.3	3.5	7.3	7.2	17.8	0.0	-	57.1
070	Of which SMEs	359.0	359.0	-	0.0	-	-	0.0	-	-	-	-	0.0
080	Households	2,628.1	2,616.2	11.9	22.8	3.1	0.1	0.0	1.4	14.8	0.4	3.0	22.8
090	**Debt securities**	**1,937.8**	**1,937.8**	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,266.2	1,266.2	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	376.0	376.0	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	121.0	121.0	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	174.6	174.6	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**3,412.4**			**5.6**								**5.6**
160	Central banks	-			-								-
170	General governments	0.7			-								-
180	Credit institutions	0.3			1.2								1.2
190	Other financial corporations	939.1			-								-
200	Non-financial corporations	288.3			-								-
210	Households	2,184.1			4.4								4.4
220	**Total**	**16,644.6**	**13,202.8**	**29.3**	**85.9**	**24.4**	**3.8**	**7.3**	**8.6**	**32.6**	**0.6**	**3.0**	**85.9**

10.1.6 Quality of non-performing exposures by geography

At year-end 2022, the geographical structure of Quintet Private Bank (Europe) S.A. as well as its business model naturally implies a relatively high concentration of exposure in Europe globally.

Table 16 - Quality of non-performing exposure by geography

Quality of non-performing exposures by geography (Template EU CQ4 – EBA/ITS/2020/04)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	**On-balance-sheet exposures**	**7,663.8**	**80.3**	**80.3**	**7,663.8**	**- 28.4**		-
020	The Netherlands	1,159.4	4.6	4.6	1,159.4	- 1.3		-
030	United Kingdom	1,087.9	3.1	3.1	1,087.9	- 0.3		-
040	France	957.6	65.5	65.5	957.6	- 23.9		-
050	Belgium	919.0	0.9	0.9	919.0	- 0.9		-
060	Spain	632.0	0.0	0.0	632.0	- 0.2		-
070	Other countries	2,908.0	6.2	6.2	2,908.0	- 1.7		-
080	**Off-balance-sheet exposures**	**3,418.0**	**5.6**	**5.6**			**1.2**	
090	The Netherlands	2,154.9	-	-			-	
100	United Kingdom	236.9	-	-			0.0	
110	France	21.0	-	-			0.0	
120	Belgium	123.8	-	-			0.0	
130	Spain	7.1	-	-			-	
140	Other countries	874.4	5.6	5.6			1.2	
150	**Total**	**11,081.9**	**85.9**	**85.9**	**7,663.8**	**- 28.4**	**1.2**	**-**

Row 140 - *"Other countries"* mainly refers to exposures located in Germany (EUR 636.8 million of on- and off-balance-sheet exposures) and Luxembourg (EUR 593.0 million for on- and off-balance-sheet exposures).

10.1.7 Credit quality of loans and advances to non-financial corporations by industry

As at end of 2022, real estate activities, construction, professional, scientific and technical activities represented 87% of the credit of loans and advances to non-financial corporations. Of these activities, 5% are classified as non-performing (+2% in comparison to 2021).

Table 17 - Credit quality of loans and advances to non-financial corporations by industry

Credit quality of loans and advances to non-financial corporations by industry (Template EU CQ5 – EBA/ITS/2020/04)		a	b	c	d	e	f
		Gross carrying/nominal amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	1.0	-	-	1.0	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	6.6	0.0	0.0	6.6	- 0.0	-
040	Electricity, gas, steam and air conditioning supply	0.0	-	-	0.0	- 0.0	-
050	Water supply	-	-	-	-	-	-
060	Construction	92.4	5.6	5.6	92.4	- 2.2	-
070	Wholesale and retail trade	48.3	-	-	48.3	- 0.0	-
080	Transport and storage	0.3	-	-	0.3	-	-
090	Accommodation and food service activities	40.7	-	-	40.7	-	-
100	Information and communication	9.9	-	-	9.9	- 0.0	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	782.2	49.2	49.2	782.2	- 12.1	-
130	Professional, scientific and technical activities	174.9	2.3	2.3	174.9	- 2.3	-
140	Administrative and support service activities	26.1	-	-	26.1	- 0.0	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	2.3	-	-	2.3	-	-
170	Human health services and social work activities	4.6	-	-	4.6	- 0.0	-
180	Arts, entertainment and recreation	7.9	-	-	7.9	- 0.0	-
190	Other services	14.9	0.0	0.0	14.9	-	-
200	Total	1,212.1	57.1	57.1	1,212.1	- 16.7	-

In 2022, within non-financial corporation counterparties, the real estate activity sector shows the greatest amount of exposures considered as non-performing (EUR 49.2 million, representing 86% of the total non-performing exposures), followed by the construction sector (EUR 5.6 million, representing 10% of the total non-performing exposures).

10.1.8 Additional disclosure related to the credit quality of assets

The Bank has aligned its definition of default and credit impairment with the relevant regulatory requirements, notably Article 178 of the CRR. In particular, a default with regard to an obligor shall be considered to have occurred when:

- There is an exposure for which the obligor is considered unlikely to pay its credit obligations at any level of the Group without realizing its security, or;
- There is a material exposure where the obligor is past due more than 90 days on any material credit obligation to the Group (the notion of unlikeliness to pay, as per article 178.3 of CRR).

In all entities of the Group, the need for impairment on non-performing exposures is justified on a case-by-case analysis, ratified in management discussion (local credit committees and Group credit committee) and through the consolidation process.

Impairment levels always take into account the expected future cash flows, including those from realisation of collateral, if any, less estimated foreclosure costs (reference to market valuation, discounted cash flow approach or percentage of residual exposure). The Credit Risk department recommends impairment adjustments to the Group Credit Committee on the basis of proposals from lending entities of the Group and after discussion with the Accounting Department. For the first three quarters of the financial year, the Group Credit Committee decides the adjustments to perform. In the last quarter, impairments are decided by the Authorised Management Committee, relying on the opinion of the Group Credit Committee.

Various elements can justify classification under the default exposure category and booking of specific impairments. Most of the indicators leading to recognition of impairments are derived from the permanent monitoring of the portfolio by the first line of defence. Potential triggers for classification under this category may also arise from formal review of credit files (including by the second line of defence), request for waiver or modifications of covenants, renegotiation of terms and conditions, late payments of interest and/or principal, decrease of the value of the pledged portfolio (for Lombard loans), *"downgrades"* or *"credit watches"* of external credit ratings, the price evolution of quoted assets, external information (press articles, published financial results).

Impairments are also monitored in the risk appetite indicator reported to the BRCC, reflecting the non-performing exposure (NPE) ratio as well as part of the risk reporting. The NPE ratio tracks gross NPEs as a percentage of gross loans. Gross NPE exposure is tracked in the context of the EBA thresholds for elevated level of NPEs, which is currently set at a ratio of 5%.

10.2 Credit risk management

10.2.1 Business strategy and credit risk profile

As a private bank, the Bank's lending philosophy is to grant loans to maintain and/or develop a wealth management relationship with its clients, existing and new. The Bank provides loans secured with liquid and diversified collateral as well as other security, primarily high-quality real estate as its core lending offer. The Bank also provides mortgage loans, acknowledging that any loan granted by the Bank must be based on an existing private banking relationship or a real potential to develop, within a reasonable time period, a private banking relationship with a new client.

In addition to these private banking activities, proprietary credit risks within the Group also originate from:

- Uncommitted lines covering counterparty exposures with banks (e.g., foreign exchange transactions, money markets, swaps, reverse repurchase agreements, securities lending, derivatives);
- Bond positions in ALM portfolio in the form of liquid floating/fixed rate notes and synthetic asset swaps;
- Uncommitted lines granted to clients of Asset Servicing & Financial Intermediaries (mainly Undertakings for Collective Investment) to cover temporary overdrafts or exposures on FX-operations;
- Credit risk linked to the sub-custodian network.

It has to be noted that the Bank does not use any credit derivatives.

10.2.2 Structure and organisation of credit risk management and control function

The objectives of the credit risk management process can be described as follows:

- Identify credit risk in due time, enabling the Bank to act adequately upon risks;
- Translate the Quintet Group Risk Appetite Statement into a set of workable metrics, ensuring that credit risk stays within the limits set;
- Monitor the quality of the credit risk within the Group;
- Deliver input for strategic decisions regarding credit risk through useful and timely information to senior management.

The first line of defence of the credit risk management process is composed of the business entities: Wealth Management (*"commercial network"*), the Lending Function, the ALM & Treasury Function, the Global Markets Function, and the Asset Servicing & Financial Intermediaries Function. Each business unit relies on specific procedures and processes in order to assess the risks prior to and after accepting individual credit risk exposures.

The second line of defence tasks are performed by the credit risk control function and comprise the following:

- The development of credit risk policies and frameworks;
- The development of credit risk measurements and reporting to AMC, BRCC and any relevant risk committees;
- The monitoring of credit risk arising from the bank's portfolio (at the Group level);
- Issuance of opinion on credit risk issues;
- Delivery of credit risk related training.

10.2.3 Credit risk reporting and measurement

The Board of Directors has expressed its risk appetite for credit risk through a set of limits and triggers applying to credit risk indicators: credit risk value-at-risk (VaR), asset quality monitoring and several concentration measures of some relevant type of exposures in relation to the total credit book and to the Group Credit Policy. They are monitored quarterly and reported to both AMC and BRCC.

In addition, Credit Risk produces regular and ad hoc reporting of the consolidated loan portfolio, including a detailed view of outstanding exposures by Group entity, type of credit, maturity, sector concentration, profitability, type of collateral, and quality (watch list), among others. Frequency is dependent on the governance forum to which these reports are submitted (as an example, the Watchlist is produced monthly).

Bond investment portfolios are managed by the ALM Function. All proposals within the Group are subject to concentration limits defined by issuer type (Sovereign, Corporate and Bank), as well as country limits.

Risk Control department may advise against any investment based on its own credit risk assessment (based on international rating agencies' comments and analysis of the published financial statements).

Various types of standard or specific reports are drawn up in order to monitor any deterioration in the quality of the portfolio. A watchlist with issuers requiring a closer follow-up is also established and presented to the Group Credit Committee and the BRCC on a quarterly basis.

Finally, a set of risk appetite indicators completes this monitoring.

Credit Risk carries out analysis and issues opinions about credit files that are approved under delegated authorities and/or presented to the Local Country Credit Committees or the Group Credit Committee.

10.2.4 Credit risk policies

Quintet's Group Credit Policy provides the framework within which lending to customers and related credit risk is managed in the Quintet Group. It encompasses the following:

- Definition and identification of credit exposures;
- Evaluation, measurement and quantification of risks;
- Criteria and procedures for approval;
- Maximum prudential exposure: amount and maturity;
- Monitoring, reviewing and controlling credits;
- Procedures for taking and preserving security;
- Procedures relating to the management of watchlist exposures, including problem loan credits.

Policies and procedures cover all bilateral relations between the Group and its clients with a lending activity, given that this lending activity remains within the framework set by the Group's Risk Appetite Statement.

The Group Credit Policy is occasionally updated in view of market evolutions, regulations, internal changes, innovations and local specificities of entities of the Group, in addition to a full annual review, approved by the BRCC and Board.

It applies to every entity of the Group as a Group minimum standard to be complied with – should an entity require a deviation from the policy, such deviation is approved by the Group Credit Committee.

The Group Credit Policy is informed by the Business/Lending Strategy and ensures an appropriate balance between strategic growth objectives and prudential risk-taking. Following discussions with the front-line, the policy and risk measures are drafted, with the input of key stakeholders (Group Head of Lending, Group Chief Credit Risk Officer, the Board Risk and Compliance Committee). The outcome of these discussions is formalised into the Group Credit Policy, which is then endorsed by the Group Credit Committee to the BRCC for consideration and final approval by the Board. Once approved, and where deepening of the principles outlined in the Policy is required, appropriate Credit Risk Procedures are drafted and implemented.

10.3 Credit risk mitigations

10.3.1 Standardized approach - Credit risk exposure and CRM effect

The following template shows the credit risk exposure before credit conversion factor (CCF) and credit risk mitigation (CRM). The exposure is broken down by exposure class with a split of on and off-balance sheet items. The RWA density expresses the ratio between the RWEAs of the respective exposure class by the amount of the respective exposures after taking into account CRM and CCF.

Table 18 - Standardised approach - Credit risk exposure and CRM effects

Standardised approach – Credit risk exposure and CRM effects (Template EU CR4 – EBA/ITS/2020/04)		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Exposure classes		a	b	c	d	e	f
1	Central governments or central banks	6,151.2	0.2	6,184.6	0.1	15.8	0.26%
2	Regional government or local authorities	205.8	0.5	210.9	-	3.9	1.84%
3	Public sector entities	184.0	69.0	154.5	1.4	16.5	10.60%
4	Multilateral development banks	102.5	-	130.5	-	10.8	8.24%
5	International organisations	10.0	-	10.0	-	-	0.00%
6	Institutions	421.8	38.8	393.4	38.8	104.9	24.28%
7	Corporates	2,691.7	1,446.1	867.1	62.9	655.5	70.49%
8	Retail	578.3	1,846.4	40.8	9.8	37.7	74.50%
9	Secured by mortgages on immovable property	2,022.3	42.5	1,809.8	14.7	772.5	42.34%
10	Exposures in default	53.8	4.4	47.6	0.9	50.1	103.24%
11	Exposures associated with particularly high risk	28.0	2.6	24.6	0.0	36.8	150.00%
12	Covered bonds	35.6	-	35.6	-	3.6	10.00%
13	Institutions and corporates with a short-term credit assessment	305.3	-	305.3	-	98.1	32.13%
14	Collective investment undertakings	0.0	-	0.0	-	0.0	1250.00%
15	Equity	29.7	-	29.7	-	29.7	100.00%
16	Other items	226.5	-	226.5	-	174.8	77.21%
17	TOTAL	13,046.5	3,450.5	10,470.9	128.5	2,010.8	18.97%

10.3.2 Use of credit risk mitigation techniques

Figures relating to the Bank's use of credit risk mitigation techniques in 2022 are presented hereunder. These figures correspond to two different regulatory approaches to credit risk mitigation, the substitution method and the financial comprehensive method. The first technique applied at Quintet Group is the substitution method for guaranteed exposures, occurring when exposures towards counterparties receive a guarantee from a third party. Under this technique, the risk weight actually applied to the exposure is the one assigned to the guarantor as if it was the original bearer of the debt. The second technique used to mitigate credit risk is the financial collateral comprehensive method (FCCM). Under this method, the exposure value towards counterparties is diminished by the prudentially corrected amount of the financial collateral (e.g., securities) received under each transaction. Within the framework of Article 453 (f) and (g) of the Regulation EU No 575/2013 (CRR), the template below provides an overview of the credit exposure covered by eligible credit risk mitigation after regulatory haircuts. It includes all collateral and financial guarantees used as credit risk mitigation. The table also includes the carrying amounts of the defaulted exposures.

Table 19 - CRM techniques overview: disclosure of the use of credit risk mitigation techniques

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques. (Template EU CR3 – EBA/ITS/2020/04)		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	6,011.4	5,334.9	5,305.6	29.3	-
2	Debt securities	1,897.2	39.8	-	39.8	
3	**Total**	7,908.5	5,374.7	5,305.6	69.1	-
4	*Of which non-performing exposures*	0.4	53.5	53.0	0.5	-
EU-5	*Of which defaulted*	0.4	53.5			

<u>Eligible credit risk mitigation techniques</u>

The table below shows the credit risk mitigation techniques used at Quintet Group. As at 31/12/2022, Quintet Group globally achieved a reduction of EUR 2,879.9 million of its credit risk exposure, corresponding to the amount of prudentially eligible financial securities pledged by debtors after the application of prudential volatility haircuts. Furthermore, EUR 1,503.6 million and EUR 348.7 million were fully secured (maximum 100% loan-to-market value) - respectively - by mortgages on residential and commercial immovable properties. The *"other eligible collateral"* only relates to the pledge of life insurance policies for EUR 124.0 million. The eligible third-party guarantees amount to EUR 66.4 million.

Table 20 - CRM Techniques used

CRM Techniques used / Exposure classes	Value of eligible financial collateral used after haircut	Eligible residential mortgage (up to 100% LTMV)	Eligible commercial mortgage (up to 100% LTMV)	Other eligible collateral (e.g. life insurance policies)	Exposures covered by eligible (third party) Guarantees (i.e. substitution CRM)	TOTAL
Central governments or central banks	-			-	-	-
Regional governments or local authorities	-			-	-	-
Public sector entities	24.7			-	5.1	29.8
Multilateral development banks	-			-	-	-
International organisations	-			-	-	-
Institutions	0.0			-	28.3	28.4
Corporates	2,053.4			104.3	33.0	2,190.7
Retail	582.8			16.4	-	599.3
Secured by mortgages on immovable property	212.5	1,503.6	348.7	-	-	2,064.8
Exposures in default	3.0			3.2	-	6.2
Items associated with particularly high risk	3.4			-	-	3.4
Covered bonds	-			-	-	-
Claims on institutions and corporates with a short-term credit assessment	0.0			-	-	0.0
Collective investments undertakings	-			-	-	-
Equity exposures	-			-	-	-
Other exposures	-			-	-	-
Total standardised approach	2,879.9	1,503.6	348.7	124.0	66.4	4,922.6

Within the framework of Article 444 (d), the eligible third-party guarantees are disclosed by counterparty types and gain of Credit Quality Step (CQS)[3] in the table here after.

3.

Credit Quality Step #1	From AAA to AA-
Credit Quality Step #2	From A+ to A-
Credit Quality Step #3	From BBB+ to BBB-
Credit Quality Step #4	From BB+ to BB-
Credit Quality Step #5	From B+ to B-
Credit Quality Step #6	Below B-
No Credit Quality Step	Non applicable

Table 21 - Eligible Third-Party Guarantees

Eligible Third Party Guarantees			Guarantor type		
			Central government	Regional Government	Multilateral development bank
Original exposure			CQS #1	CQS #1	CQS #1
Institutions	CQS #1	28.3	28.3		-
Public Sector Entities	CQS #1	5.1		5.1	
Corporates	CQS #1	33.0	5.0		27.9
Total		66.4	33.4	5.1	27.9

The Bank, as at end of 2022, has no collateral obtained by foreclosure. No disclosure of template EU CQ7: Collateral obtained by taking possession and execution processes.

10.3.3 Netting agreements and netting policies

All OTC transactions with market counterparties must be covered by an appropriate Master Agreement:

- (Reverse) Repurchase operations must be covered by a Global Master Repurchase Agreement (GMRA);
- Other OTC Derivatives must be covered by an ISDA Master Agreement (ISDA), completed with a Credit Support Annex (CSA) which enables the exchange of collateral.

Legally, these framework agreements allow, in case of default of the counterparty (*"event of default"* or *"termination event"* depending on the agreement's terminology), to consider all the operations with that counterparty, to close them all and apply one netted *"close-out"* amount due to the Bank by the counterparty and vice versa. Hence, in assessing the credit risk, they allow the calculation of an aggregated exposure amount per counterparty (or group of counterparties). Those operations are in general subject to daily exposure calculations (aggregated exposure amount per counterparty involved in an agreement) and daily margin-calls mitigating the inherent credit risk.

In this context, the Bank's policy is to enter into framework agreements (Master Netting Agreements) in order to mitigate the default risk which encompasses the following risks:

- Counterparty risk (pre-settlement/settlement risk);
- Debtor risk (borrower/issuer risk);
- Guarantor risk.

Therefore, with few exceptions, most interbank loans are secured.

10.3.4 Collateral with private customers

<u>10.3.4.1 Lombard loans</u>

The security types accepted as collateral and their pledge value rates (PVR) are provided within the Group Credit Policy validated by the BRCC. For the main security types, PVR - expressed as a percentage of their market value - are set according to the following criteria:

- Cash assets denominated in an approved currency benefit from the highest pledge value;
- For equities listed on the main market of an approved stock exchange, the PVR depends on the stock exchange itself;
- For bonds issued by an entity of an approved country and denominated in an approved currency, the PVR are determined in reference to the rating of the bond, whether it is senior or subordinated, and the remaining term to maturity of the instrument;
- PVR for Funds are determined according to the fund investment strategy/category.

Securities that are not given a PVR per default may also be accepted and valued as collateral on a case-by-case basis, with Group Credit Risk determining the applicable PVR.

As a matter of principle, the pledge value of the portfolio (sum of all securities' pledge values) has to cover the amount of the loan. The Standard Pledge Value (SPV) of the collateral portfolio is calculated by using the applicable PVR, security by security. Additional haircuts may then be applied to the SPV, which may be justified by:

- Illiquidity (unreasonable time frame to liquidate the position in the market);
- Currency mismatch (between the currency of the loan and the currency of the pledged securities;
- Concentration.

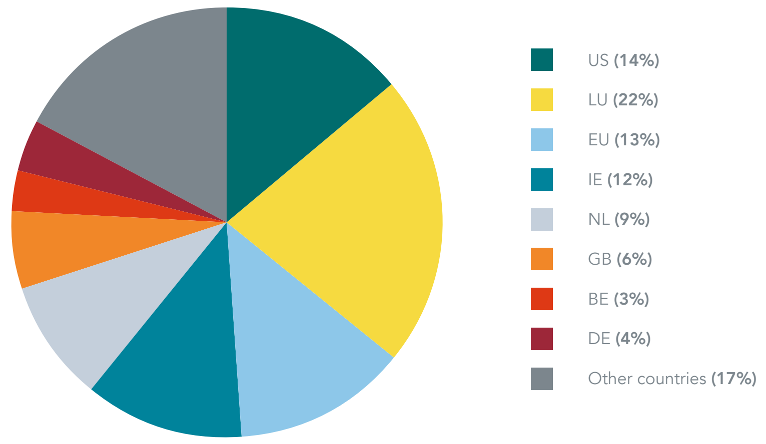
The proportion of a single security in the total pledged collateral is limited by the credit policy to a percentage of the adjusted pledged value. The Credit Committee may impose additional haircuts in case of concentration risk. Exceptions to this limit exist under strict conditions:

- For equities, a maximum PVR is set according to market factors such as the trading volume, the maximum daily loss, the stock exchange where the security is listed, the value of the collateral vs the total market value of the security;
- Bonds respecting minimum rating and maximum maturity criteria, and some other asset types (funds, gold, managed portfolios) are exempt from these concentration risk restrictions.

No additional country/sovereign concentrations limits apply to the collateral accepted, the above- mentioned rules being considered as conservative enough. In the case of collateral portfolios managed by the bank under a discretionary mandate, the PVR may be applied - according to its investment risk profile - against the total portfolio value on a holistic basis.

For illustrative purposes, the following graph presents the breakdown of the collateral per country as at 31/12/2022. It highlights a high level of diversification, with the largest country exposures being on less risky countries.

Figure 5 - Country risk of Lombard by pledge value as of 31st December 2022

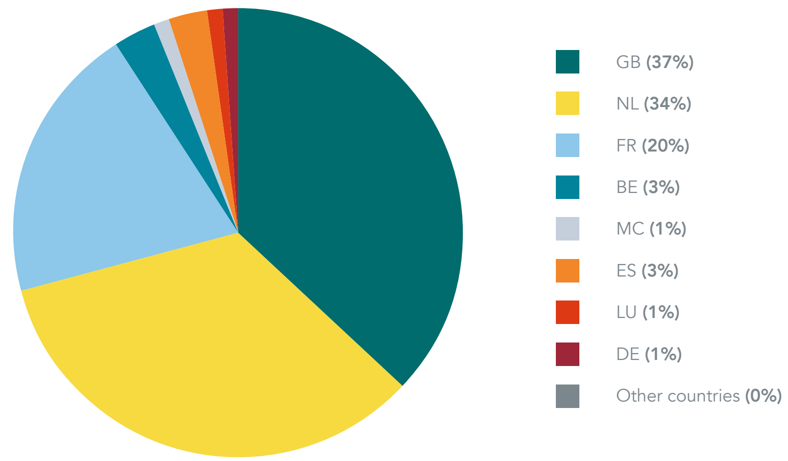


10.3.4.2 Mortgage loans

A first ranking mortgage on residential property located in the European markets in which Quintet operates is accepted as collateral. Commercial property may also be accepted on an exceptional basis.

As a matter of principle, the pledge value of the property collateral has to cover the amount of the mortgage loan, with the pledge value calculation based on a significant haircut to the market value of the property, typically between 60% to 80% loan-to-value, or 50% for commercial and/or high-value property. The market value of the property in question is determined by an external professional appraiser, qualified and recognised in the location in question. For mortgage loans associated with a property purchase, loan-to-values are applied against the lower of purchase price and market value. The Group Credit Policy also describes the requirements for updated appraisals by an approved independent valuer throughout the life of the loan, every three years in minimum for properties securing mortgage lending. Similarly, the mortgage collateral location is diversified between main European markets, as presented in the following graph:

Figure 6 - Location of Mortgage Collateral by pledge value as of 31st December 2022



10.3.5 Collateral with professional counterparties

Criteria for securities used as collateral in (reverse) repurchase transactions are validated by the AMC upon request from the Global Markets function and opinion from the Risk Control function. In this context, the criteria used refer to the type of securities/issuers (e.g. sovereign, bank & corporate bonds, commercial papers and certificates of deposit), eligible countries, currencies and maximum residual maturities. Specific rules also apply to the concentration risk by counterparty (limit depending on their systemic/non-systemic nature and based on Quintet's own funds) and by security accepted as collateral (based on their rating), as well as correlation risk limits between debtors and the financial collaterals given as protection (depending on their systemic/non systemic nature).

The Dealing Room is the first line of defence regarding the quality of the securities bought and sold back in a reverse repurchase transaction (under GMRA contract). In addition, the respect of the rules is monitored weekly by Group Risk Control, which has the responsibility to update the list of eligible collaterals based on risk evolution and market practices. Throughout the Group, the collateral management is performed by the Collateral Management Department which is part of the Operations Function. The Collateral Management Department consists of several sections, of which the most important are:

- Margin call: dedicated staff members are responsible for the daily monitoring of the margins (the amount of additional collateral that should be posted or received) and for contacting external counterparties from which collateral should be received as well as answering the counterparties' collateral requests. This entity is responsible for correct and complete upload of outstanding exposures to the collateral management application;
- Collateral Quality Control: dedicated staff members are responsible for the control of collateral adequacy in ISDA-CSA and GMRA margin call process. On a day-to-day basis, monitoring is performed ex ante with regards to the quality of the collateral to be received, referring to the criteria agreed in the executed agreements and to the criteria approved by the AMC. Only cash in EUR as collateral is currently accepted.

11. Asset Encumbrance

An asset is considered encumbered if it is pledged or subject to any form of arrangement to secure, collateralise or credit-enhance any on- or off-balance sheet transaction from which it cannot be freely withdrawn (for instance, to be pledged for funding purposes). Assets pledged that are subject to any restrictions in withdrawal – e.g., requiring prior approval before withdrawal or replacement by other assets, are considered encumbered.

Throughout 2022, Quintet Group operated transactions that required the pledge of assets to be considered as encumbered. These transactions generating encumbered assets were mainly:

- Repurchase agreements;
- OTC derivative transactions;
- Securities given as collateral (in particular with ECB's targeted longer-term refinancing operations or posted to ensure the settlement of transactions).

Compared to last year, the source of encumbrance remains the same.

As specified by the EBA in the Orientation GL/2014/03 and then later in the RTS (EBA/RTS/2017/03), the information below is based on median values of at least quarterly data on a rolling basis over the previous 12 months. The Bank's own assets encumbrance figures arising from such financial transactions are summarised as follows:

Table 22 - Encumbered and unencumbered assets

Encumbered and unencumbered assets (Template EU AE1 – EBA/ITS/2020/04)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**449.2**	**301.1**			**14,715.9**	**6,604.1**		
030	Equity instruments	-	-	-	-	54.3	-	-	-
040	Debt securities	320.5	301.1	308.8	289.5	1,922.3	1,505.9	1,881.2	1,464.9
050	of which: covered bonds	18.8	18.8	17.9	17.9	80.4	38.5	78.0	36.2
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	270.4	270.4	260.7	260.7	1,166.5	1,116.8	1,132.0	1,082.9
080	of which: issued by financial corporations	42.7	28.2	41.0	26.5	562.8	224.1	556.5	218.0
090	of which: issued by non-financial corporations	7.4	2.5	7.1	2.2	197.9	170.1	197.9	170.1
120	Other assets	124.0	-			12,643.4	5,191.6		

The following table presents collateralised instruments received, split into encumbered (re-used as collateral given) or available for encumbrance.

Table 23 - Collateral received and own debt securities issued

	Collateral received and own debt securities issued (Template EU AE2 – EBA/ITS/2020/04)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the reporting institution	-	-	530.7	145.0
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	530.7	145.0
170	of which: covered bonds	-	-	4.1	4.1
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	68.0	19.7
200	of which: issued by financial corporations	-	-	368.3	4.1
210	of which: issued by non-financial corporations	-	-	128.6	116.9
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged			-	-
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	449.2	301.1		

This year, the bank did not use any of the collateral it received. Compared to last year there is no significant change as last year the bank used very little of the collateral it received as a pledge in a repurchase agreement.

Table 24 - Source of encumbrance

	Sources of encumbrance (Template EU AE3 – EBA/ITS/2020/04)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	220.4	381.2

In 2022, the main sources of encumbrance were both the participation in a TLTRO (targeted longer term refinancing operation with the Central Bank of Luxembourg) and repurchase agreement activity. However, a significant drop is to be noted during the year, mainly linked to the decline in repurchase agreement activity and the repayment of the TLTRO during the last quarter of 2022.

12. Counterparty credit risk

12.1 Counterparty credit risk exposures

According to Article 439 (f) of Regulation (EU) No 575/2013 (CRR), the following table shows the methods used for computing the regulatory requirements for counterparty credit risk (CCR) exposure, including the main parameters for each method.

As at year-end 2022, the Counterparty Credit Risk prudential exposure (excluding QCCP) amounts to EUR 100.8 million. This total CCR exposure is the basis for derivative and Securities Financial Transactions (SFT's) RWA calculation, which reached a total value of EUR 47.4 million. Compared to last year, this is a EUR 22.3 million decrease.

Table 25 - Analysis of CCR exposure by approach

	Analysis of CCR exposure by approach (Template EU CCR1 – EBA/ITS/2020/04)	a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	8.2	45.6		1.4	75.3	75.3	75.3	34.7
2	IMM (for derivatives and SFTs)			-		-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					507.9	25.4	25.4	12.7
5	VaR for SFTs					-	-	-	-
6	Total					583.2	100.8	100.8	47.4

At year-end 2022, the derivatives exposure to Qualified Central Counterparty (QCCP) amounted to EUR 26.1 million, initial margin excluded.

Table 26 - Exposures to Qualified Central Counterparty

	Exposures to CCPs (Template EU CCR8 – EBA/ITS/2020/04)	a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		0.5
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	26.1	0.5
3	(i) OTC derivatives	26.1	0.5
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	75.5	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-

(continue) Table 26 - Exposures to Qualified Central Counterparty

Exposures to CCPs (Template EU CCR8 – EBA/ITS/2020/04)		a	b
		Exposure value	RWEA
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

According to Article 444 (e) of Regulation (EU) No 575/2013 (CRR), the following table shows the counterparty credit risk exposures under the standardised approach broken down by risk weights and regulatory exposure classes.

As of 31st December 2022, more than 80% of exposures have a weight of 50% or less. In this context, 33% comes from the Institutions exposure class and 45% of the exposures comes from the Corporates exposure class.

Table 27 - CCR exposures by regulatory exposure class and risk weights

Standardised approach – CCR exposures by regulatory exposure class and risk weights (Template EU CCR3 – EBA/ITS/2020/04)		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	0.1	-	-	-	-	-	-	0.1
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	0.1	-	-	41.2	-	-	-	-	-	-	41.3
7	Corporates	-	26.0	-	-	0.7	12.7	-	-	17.9	-	-	57.3
8	Retail	-	-	-	-	-	-	-	2.7	-	-	-	2.7
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	25.4	-	-	-	-	-	25.4
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	26.1	-	-	42.1	38.1	-	2.7	17.9	-	-	126.8

According to Article 439 (e) of Regulation (EU) No 575/2013 (CRR), the Bank has also to display the breakdown of collateral posted or received used in derivative transactions or SFTs.

Table 28 - Composition of collateral for CCR exposures

Composition of collateral for CCR exposures (Template EU CCR5 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	211.2	55.8	-	25.6	-	-	-	-
2	Cash – other currencies	20.8	-	75.5	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	81.5	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	186.7	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	182.9	-	-
9	Total	232.0	55.8	75.5	25.6	-	451.2	-	-

The Bank, as at end of 2022, has no credit derivatives exposures. In consequence of this, no disclosure of template EU CCR6 is performed.

12.2 Credit counterparty risk governance and policies

The counterparty credit risk relating to professional market activities is managed through the interbank limit system that aims at managing Quintet's Dealing Room credit risk exposures. The following exposures are part of this sub-section:

- Treasury exposure (money-market loans, commercial papers, certificates of deposit, treasury portfolios, interest rate swaps, floating-rate notes, cross-currency interest rate swap, repurchase agreements, securities lending transactions, etc.);
- Foreign exchange (FX) exposure (outright, FX swaps, etc.);
- Structured products exposure (equity swaps, OTC options, etc.).

Additionally, the interbank limit system covers long and medium-term exposures on banking counterparties under the form of credit lines granted and securities (bonds and shares) held. The management of the credit risk related to banking counterparties is carried out on a consolidated basis, including all of the Group's entities exposures and their related counterparties/groups of counterparties. The interbank limit system defines ceilings that represent the maximum exposure the Bank deems acceptable to undertake upon banking counterparties and groups of banking counterparties given their size and credit quality. Ultimately, the system ensures compliance with the large exposure limit, where the largest theoretical limits must always be lower than the regulatory Large Exposure limit (the standard case is 25% of Quintet's eligible own funds). The calculation of the Bank's internal eligible own funds, for the purpose of the interbank limit system, incorporates a buffer of min. 10%.

Maximum limits are the maximum amount of risk Quintet is ready to take on a counterparty. Such limits are based on the quality of the counterparty as well as on the Bank's own funds. Exposures are monitored against their respective counterparty and product specific limits which also include a maturity dimension. In addition to individual counterparty limits, the aggregated exposures per country also have to stay below limits decided at the Board Risk and Compliance Committee level taking into considerations factors such as explicit/implicit rating, GDP.

OTC derivative transactions are concluded under standard ISDA/CSA agreements with daily margining requirements and no independent amount. CSA schedules do not specify the automated delivery of additional collateral upon rating downgrade. The same applies to market repo and reverse repo transactions which are concluded under GMRA agreements.

The management and supervision of collateral received for secured transactions is handled by Collateral Management, which is part of the Operations Function. The respect of the eligibility of the collateral received, as well as of the concentration and correlation limits, is monitored on a weekly basis by Group Risk Control.

12.3 Wrong-way risk

Quintet adopts a conservative policy towards wrong-way risk, i.e., the risk that occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Regarding specific wrong-way risk, the Bank never enters contracts with underlying instruments linked to the counterparty (i.e., derivative contracts based on the counterparty's own securities, reverse repo transactions with counterparty's securities used as collateral).

Regarding systemic wrong-way risk (i.e., the risk of exposure increasing due to market factors), it is mitigated on the one hand by the use of cash margin call in euro for derivatives (all covered by CSA contracts) and, on the other hand, by the use of correlation limits between counterparty and collateral per country for secured cash or securities lending and borrowing transactions.

13. Market risk

Market risk in the banking book affects the asset side (loan book and ALM portfolio) and liability side (predominantly cash and short-term client deposits) and materialises in interest rate risk, credit spread risk, and equity risk. Interest rate risk is managed through a conservative hedging of all client loans (fix to float) and internal limits on the residual risk exposure / capital consumption arising from the maturity transformation of assets vs. liabilities. Credit spread risk (mainly present in the ALM portfolio) and equity risk (mainly present in the own book equities) are equally managed via internal limits on the residual risk exposure and capital consumption. Quintet is exposed to trading risk through its limited trading operations (treasury, forex, and structured products) and managed through a granular limit framework.

13.1 Standardized approach to market risk

Market risk is treated under the Basel III standardised approach. Below the Bank's regulatory capital requirements are broken down by products. As at end of 2022, the interest rate risk was EUR 59.0 million composed of EUR 42.2 million of general interest rate risk and EUR 16.8 million of specific interest rate risk.

In 2022, Quintet reviewed its market risk strategies that resulted in a fall in RWA consumption by EUR 140.8 million in the interest rate market risk.

Table 29 - Market risk under the standardised approach

	Market risk under the standardised approach (Template EU MR1 – EBA/ITS/2020/04)	a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	59.0
2	Equity risk (general and specific)	-
3	Foreign exchange risk	17.0
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	Total	76.1

According to Article 439 (h) of the Regulation (EU) No 575/2013 (CRR), the table below indicates the exposure value and RWA of transactions subject to capital requirements for credit valuation adjustment (CVA). The standardised approach is used to calculate this capital charge. The exposure value for these transaction amounts to EUR 71.8 million in 2022 compared to EUR 128.3 million in 2021. This decrease is mainly due to lower foreign exchange derivatives volumes with financial counterparties (excluding QCCP).

Table 30 - Transactions subject to own funds requirements for CVA risk

	Transactions subject to own funds requirements for CVA risk (Template EU CCR2 – EBA/ITS/2020/04)	a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	71.8	10.7
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**71.8**	**10.7**

13.2 Market risk management

13.2.1 Business strategy and market risk profile

While exposure to market risk arises both from trading and non-trading activities (Banking book), market risk RWA detailed above only applies to trading activities. The management of Banking book market exposure is the responsibility of the Group ALM and the Group ALCO.

13.2.1.1 Trading book strategy

Quintet Group trading activities are mainly operated by the Treasury department of the Head Office (Luxembourg), through the reinvestment of the substantial amount of excess liquidity collected with private banking clients. This activity induces the main part of the market risk the Bank is exposed to (please refer to "Treasury" sub-section below).

The Quintet Dealing Room also acts as an intermediary to support the core business activities (i.e. client flows in terms of debt instruments, equity instruments, structured products, and forex), but this pure intermediation activity carries little trading risk (please refer to "FX" sub-section below).

In addition to those activities, some limited positions are authorised in structured products where Quintet offers a secondary market to its clients (please refer to "Structured products" sub-section below).

Asset-liability management activities (for the assets not classified in the trading book) are detailed in paragraph 13.2.1.2. They do not generate market risk RWA.

13.2.1.1.1 Treasury

Quintet Group trading activities aims at managing Group operational liquidity, optimizing short-term liquidity replacement and managing short-term interest rate risks (currency swaps and interest rate swaps but also short-term placements). The strategy is mainly to grow activities as a support of both wealth management and asset management services. Treasury is also centralising (within regulatory constraints) and redistributing the (excess) liquidity across the Group. Positions taken for trading purposes rely on a conservative philosophy and are carried out on an accessory basis. They are subject to strict rules in terms of limits and products.

Treasury activity, oriented towards client service, is based on deposits and conventional linear derivatives (mostly currency swaps and interest rate swaps) and collateralized operations (mostly reverse repurchasing agreements). Treasury activity is driven by the interest rates (IR) volatility, diversification and market opportunities.

13.2.1.1.2 Foreign exchange

Foreign exchange and bullion trading activities are oriented towards client service and are mainly based on spot and forward transactions. The operations of the Group are mainly denominated in EUR, USD and GBP. The Group has very limited risk appetite for currency risk which is translated into small forex limits. The Group's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. Small residual forex positions are tolerated and monitored daily against nominal overnight and intraday limits.

13.2.1.1.3 Structured products

Regarding Structured Product activity, the Bank acts as private bank by offering a specialized service to customers. Before being marketed, all of these products must obtain the prior approval of the 'SPODAC' (Committee of Authorization and Supervision of new products), whose primary role is to assess the various risks (market, credit, operational, legal, compliance, etc.) underlying the marketing of these structures. The Bank is allowed to keep limited amounts of positions on its own book as a benchmark or to offer a secondary market to client.

13.2.1.2 Non-trading book (ALM) strategy

At Quintet, ALM risks are defined as the market risks induced by all non-trading activities, either on- or off- balance sheet. ALM risks are driven by fixed and equities exposures as detailed below.

13.2.1.2.1 Bond portfolio

The ALM strategy – conducted by the Group ALM Function – aims at managing the structural liquidity of the Group, managing the interest rate risk at Group level, providing a positive and stable contribution to the P&L of the Bank. In this context, stable contribution means that decisions aimed at avoiding as much as possible ALM investments causing any significant unwanted volatility in the P&L of the Bank, by adopting adequate strategies (incl. hedging, portfolio profiling techniques).

ALM investments also contribute to the Bank's strategic objective to diversify its asset composition by deploying a portion of its resources into various markets, sectors and instruments with distinctive risk return characteristics, which are not usually available in loans and advances and short-term money markets. In the fixed-income instruments, issuers with various types and levels of risks are used within the overall limits as decided by ALCO. In particular, in accordance with the *"Group Investment Policy and ALM Framework"*, investing in non-investment grade bonds/notes is not authorised. In addition, unrated securities are approved only on an exceptional basis by ALCO (they must contain some risk mitigating clauses). The overall policy is also to match maturities of assets with (economic) maturities of funding where possible and to hold sizeable liquid assets. Consequently, ECB eligible and Basel III eligible assets are vastly predominant (above 60% after haircut).

As a result of this strategy, the investment bond portfolio reached a total value of EUR 2.0 billion (including swap values) as at end of 2022, with an overall duration of 1.47 years. 34% is hedged either with floating-rate notes or swaps. These bonds are the reinvestment of the Bank's free capital and available stable deposits from customers of the various Group entities. Around 73% of the straight (non-swapped) bonds are maturing over the next three years. Cyclical strategies implemented (called Ladder approach) also aim at smoothing the impact of interest rate movements.

Although credit risk is outside of the scope of this ALM section, it is worth noting that the Weighted Average Rating Factor of the investment bond portfolio is stable, in A rating territory.

13.2.1.2.2 Equities portfolio

Equities are no longer core to the bank's own portfolio asset allocation. Residual equity holding follow the following objectives:

- Strategic participations in partner companies, stock exchanges, service providers, for commercial or operational purposes;
- Seed Money for Quintet's investment funds, supporting the launch of new products;
- Legacy positions in private equity funds, being progressively exited.

In this context, the equity portfolio remained at a very low level in 2022, with a market value of EUR 54 million as at 31/12/2022 (vs EUR 60 million as at 31/12/2021). It includes:

- EUR 30 million of strategic participations in the form of listed but illiquid or non-listed stocks;
- Private Equity positions for a book value of EUR 24million.

Most of equities in the portfolio have been recognised as *"not SPPI"* according to IFRS9, thus measured at FVPL. This applies to all investment in funds, and the majority of private equity positions.

The cumulative realised gains or losses arising from sales and liquidations represent for 2022 a realised gain of EUR +2.9 million.

13.2.2 Structure and organization of market risk management and control functions

13.2.2.1 Trading activities

Dealing Room

The Dealing Room is devoted to the permanent monitoring of trading positions and to proposals of strategies with the aim of optimising the risk/return ratio of the Bank. Trading limits are prudently monitored. Each limit breach leads to an investigation carried out by the related risk owner in order to identify the root causes and define necessary corresponding corrective measures.

Limit breaches, as well as 'early warnings', are also reported immediately to the Risk Control Function and to the relevant corporate governance committee members (Board of Directors, Board Risk and Compliance Committee, AMC) depending on their severity.

Global Markets Back Office and Market Middle Office (within Operations Function), independent from the Dealing Room, are in charge of computing and reporting the P&L and ensuring that all products are correctly reflected in the Front Office system and in the accounting system of the Bank.

Group Risk Control

The second independent level of control is performed by the Market & Liquidity Risk department which is part of the Risk Control Function. It performs, on a daily basis, independent controls on the Dealing Room activities in accordance with the limit framework, summarized above.

13.2.2.2 Assets & Liabilities Management (ALM)

Group ALM

Group ALM is in charge of:

- Presenting/recommending ALM strategies and actions to the Group ALCO in terms of risk, balance sheet gaps, solvency and liquidity;
- Providing the necessary support to Group entities so that they can operate within their own individual interest rate risk constraints;
- The day-to-day implementation of Group ALCO decisions including the management of investments in the ALM books throughout the Group, via functional responsibility vis-à-vis local ALM actors taking part in local ALCO/ALM meetings;
- The reporting to the Group ALCO of actions which have been undertaken (e.g., investments and divestments in portfolios);
- The necessary alert to Group ALCO and ALCO members if urgent action is required outside of monthly Group ALCO meetings.

Group Treasury

In this context, Group Treasury is in charge of advising on all ALM subjects including (but not limited to) the execution of all transactions decided by Group ALCO or Group ALM.

Investment & Client Solutions (ICS)

The ICS function of the Group is in charge of advising on relevant ALM subjects including (but not limited to) the global market trends and their possible impacts on the Group's balance-sheet.

Group Risk Control

Quintet Group Risk Control is in charge of:

- Transforming the overall principles included in the Risk Appetite Statement into detailed risk limits (to be approved by the Group ALCO);

- Controlling the correct implementation of the Group ALCO's decisions by the ALM department;
- Monitoring the correct use of available limits and reporting on a monthly basis to the Group ALCO;
- Defining and implementing the models of risk measurement and stress tests;
- Gathering all needed information regarding risk exposures in Group members and reporting accordingly to the Group ALCO;
- Ensuring conformity with regulatory constraints;
- Advising on all ALM subjects including (but not limited to) the implementation of the risk policy;
- Reporting on this matter to the CRO, who is an AMC member.

13.2.3 Market risk reporting and measurement

The Market & Liquidity Risk department reports the Group's exposures with the following frequencies:

- Daily: to the Dealing Room;
- Weekly: to the AMC;
- Monthly: to the Group ALCO;
- Quarterly: to the BRCC.

In this context, tailored measurement methodologies are defined for different risk types.

<u>13.2.3.1 Market risk in the trading book</u>

Limits are set on specific risk drivers, which are based on:

- Notional amounts for activities exposed to currency risk (Forex);
- Notional amounts and Historical Value at Risk (HVaR and stressed HVaR) for activities exposed to price variation risk (e.g. structured products);
- Sensitivities (10 bpv), HVaR and stressed HVaR for activities exposed to interest rate risk (Treasury activity classified in the trading book).

Compliance with the above limits is reported to the management according to a detailed escalation process.

<u>13.2.3.2 Market risk in the banking book</u>

Value-at-Risk is a common indicator to assess equity, credit spread and interest rate risks. Therefore, the market risk in the banking book is globally assessed by mean of Value-at-Risk approach based on a broad market scenario, with correlated shocks, which is notably used for the calculation of the Economic Capital (in the context of the Internal Capital Adequacy Assessment Process - ICAAP).

13.2.4 Market risk policies

Markets risks are monitored according to the Financial Risk policy. This policy sets out a framework of principles, guidelines and objectives that guide decisions and affect the day-to-day work within the Market & Liquidity Risk Department, which is part of second line of defence.

The Financial Risk policy describes the generic and high-level processes set up by Market & Liquidity Risk to monitor, report and escalate, in case of breach, the indicators defined during the assessment phase. These indicators are either Key Risk Indicators (KRI) feeding the RAS, Management Risk Indicators (MRI) - more granular indicators for the top management - and Additional Risk Metrics (ARM) providing trends on additional quantitative measures without thresholds. A formal production timeframe, monitoring, and escalation process are defined in this policy depending on the type of indicators.

13.3 Interest rate risk

Interest Rate Risk in the Banking Book (IRRBB) measures the sensitivity of the bank's economic value to changing interest rate market conditions. In line with the regulatory requirements, this risk is measured both in terms of Economic Value (EVE) (i.e., reflecting the fair value of the assets and liabilities) and in terms of Net Interest Income (NII) (i.e., reflecting the impact on future net cash flows).

The responsibility for IRRBB management lays with the Group ALCO which ensures the Bank's exposure to interest rate risk remains within the risk appetite limits. Besides structural balance sheet hedging between liabilities and assets, the Group ALCO is responsible for the deployment of relevant hedging strategies including the micro hedging of ALM portfolio investments and the macro hedging of fixed rate customer loans. Hedging strategies to mitigate any underlying risk are undertaken in accordance with the treasury policy working within the Bank's overall risk management framework. Rules applicable under International Accounting Standards for hedging transactions follow strict criteria regarding hedge effectiveness and documentation requirements.

The Bank uses different risk measures to assess its exposure to IRRBB and has implemented a whole set of KRIs and MRIs that are computed on a monthly basis in accordance with the Bank's Financial Risk policy. These measures are based on a full revaluation of cash flows, partially or fully conditional on interest rate scenario.

The Bank runs these measurements based on different interest rate scenarios including:

- Various parallel shift shocks;
- Monte-Carlo VaR scenarios;
- The six supervisory shock scenarios;
- Tailor-made ongoing management scenarios.

All of those risk appetite indicators are reported to the Group ALCO (monthly) and a selection of them to the Group BRC (quarterly). The regular reporting with risk appetite indicators process allows the Bank to mitigate the risk.

13.3.1 Impact on EVE and NII

The following table provides (a) the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU as well as (b) the changes in the net interest income calculated under the two supervisory shock scenarios referred to in the same article. Both metrics are provided for the current (2022-12-31) and previous (2021-12-31) disclosure periods.

Table 31 - Impact on Economic Value of Equity and Net Interest Income under supervisory shock scenarios

	Supervisory shock scenarios	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-46.74	-55.96	29.42	25.47
2	Parallel down	19.94	14.92	-44.78	-14.27
3	Steepener	-4.73	-5.47		
4	Flattener	-6.49	-14.95		
5	Short rates up	-18.43	-27.48		
6	Short rates down	9.16	9.78		

The worst scenario in terms of changes in EVE remains the 'Parallel up' scenario. The yearly decrease was mostly driven by efforts to reduce the available financial resources (AFR) volatility and to increase the buffer on the ICAAP ratio, with some sales performed in the ALM portfolio and increased hedging of ALM positions.

Changes to the NII remain exposed to a downshift scenario, which is mostly due to the overall rates' increase that occurred during the year and to the decreased ALM portfolio size (in order to reduce the economic capital consumption).

13.3.2 Key modelling and parametric assumptions

The calculations above rely on the following behavioural assumptions as to non-maturity products:

1. Non-maturity deposits (NMD): The current model considers the repricing behaviour of the Bank regarding NMDs in euros, i.e., the existence of a soft floor at 0% and the historical passthrough applied depending on the rate environment. The resulting model is non-linear (i.e., the duration of the benchmark is scenario dependent) and currently ranges from 0.9 to 0.7 years;
2. Prepayment options: Quintet does not consider loan prepayments risk as a material risk and therefore does not currently apply conditional prepayment rate in its IRRBB calculations. The effective maturity is set equal to the product contractual maturity. However, loan prepayments as well as callable bonds are identified, measured and its evolution is monitored and reported to give management a view on the related prepayment risk and its materiality.

As at the end of 2022, the volume of modelled non-maturity deposits amounted to EUR 691 million, equivalent to EUR 9.1 million of 200 bpv.

14. Operational risk

14.1 Standardized approach to operational risk

Capital requirements for operational risk are calculated under the regulatory standardised approach as the 3-year average of a percentage of the gross income that depends on the business lines that have generated this gross income.

As at end of 2022, the risk-weighted exposure amount for the operational risk amounts to EUR 770.6 million.

Table 32 - Operational risk own funds and risk-weighted exposure amounts

	Operational risk own funds requirements and risk-weighted exposure amounts (Template EU OR1 – EBA/ITS/2020/04)	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	441.8	461.3	504.8	61.6	770.6
3	Subject to TSA:	441.8	461.3	504.8		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

14.2 Operational risk management

14.2.1 Business strategy and operational risk profile

At Quintet, operational risk comprises the following risk types:

- **Execution, delivery and process management risk,** defined as the risk of loss from failed transaction processing or process management, from relations with trade counterparties and vendors;
- **Work force management risk,** covering e.g. risks relating to inadequacies in human capital and the management of human resources, policies and processes, resulting in the inability to attract, manage, motivate, develop and retain competent resources, with a concomitant negative impact on the achievement of strategic group objectives;
- **Business continuity management risk,** constituting the risk of loss arising from loss or damage to physical assets from natural disaster or other events. It also includes the risk that performance and availability of ICT systems and data are adversely impacted;

- **Outsourcing risk**, including risk stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to third parties or from the equipment or staff provided by these parties. This also includes service provider concentration risk and the risk of non-compliance of an arrangement with the applicable regulations;
- **External fraud risk,** meaning the risk of loss due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party;
- **Legal risk,** defined as risk from failure to manage disputes raised against the bank (litigation) and risk from inadequate documentation.

In order to reduce the impact of the non-financial risks, Quintet has set high standards and principles to identify, assess, mitigate, monitor and report non-financial risks by using the "Enterprise Risk Management Framework for Non-financial Risks" ("ERMF for NFR"). In addition to the operational risks mentioned above, this framework covers the wider set of non-financial risks, including the following:

- ICT & cyber risks;
- Compliance risks;
- Data protection;
- Regulatory & governance;
- Reputational;
- Corporate & employer tax compliance.

The ERMF for NFR provides a set of standards, tools and processes that apply to the management of all non-financial risk types. The 6 key pillars of the ERMF for NFR are the following:

- **Risk strategy and appetite:** The Board sets the Risk Appetite, ensuring that it is aligned to the business strategy and objectives. The Group Risk function continuously ensures that the Risk Appetite is aligned with the strategic direction of the bank, operating model and external factors;
- **Risk governance:** Setting of the governance structure for non-financial risk taxonomies by defining the roles and responsibilities of stakeholders from all three lines of defence;
- **Risk assessment & measurement:** Development and implementation of risk assessment processes (such as Risk and Control Self Assessments RCSAs) and tooling to measure risks (such as Risk Grid and Matrix);
- **Risk standards and reports:** Covering the various standards, governance and reporting requirements to ensure risks are managed and monitored appropriately and consistently across the Group;
- **Risk culture:** Setting the requirements of the Group to ensure risk awareness and trainings across the three lines of defence to continuously enhance a firm-wide risk culture;
- **Risk quality assurance:** Periodic independent self-review over the ERM framework to ensure adherence and continuous risk management.

Quintet's Risk Appetite for non-financial risks is linked to the Board's strategic objectives with qualitative and quantitative metrics set by risk category, amount of risk that the Bank is willing to accept to achieve its business objectives. In case that the assessed risk is outside the Bank's risk appetite, remediation actions must be undertaken in order to return in the appetite.

14.2.2 Structure and organization of operational risk management and control function

As per CSSF Circular 12/552 and the Basel Committee on Banking Supervision revisions to the Principles for the Sound Management of Operational Risk of March 2021, the operational risk second line of defence is independent of the Business Units through its own reporting line and has direct access to the Board of Directors via the Chief Risk Officer.

While all staff at Quintet Group are responsible for the identification and control of Operational Risk, there are additional roles at Quintet Group that are specifically dedicated to the Operational Risk management as permanent control:

Business Risk Management (BRM)

Business Risk Management is a first line of defence function designed to facilitate, encourage and challenge the implementation of an effective control environment in the first line of defence. This includes ensuring assessment of emerging risks and changes to the regulatory environment.

As part of this mandate, the BRM supports proactive operational risk management by partnering with the first line risk-taking functions on:

- Operational risk events identification, recording, assessment and reporting;
- Risk Controls Self-Assessment and scenarios analysis completion update;
- Following-up action plans behind schedule.

Group Operational Risk Control (GORC)

GORC is responsible as a second line of defence function for overseeing, challenging and advising the activities' owners of the first line of defence on a group-wide basis to prevent operational risk losses. GORC helps the Bank to identify, assess and manage non-financial risks and ensures alignment with the Bank's Risk Appetite.

14.2.3 Operational risk identification, measurement and mitigation

Operational risk events

Operational risk events management is defined in a procedure applied at Group level. The Group incidents collection tool (Loss Event Report) captures the Group NFR taxonomy. There are two objectives for risk events collection:

- Identify the Bank's weaknesses and set up preventive actions plans;
- Treat clients properly and minimise impacts on them;
- Compute own fund requirements for operational risk.

2nd LoD challenges all major risk events and performs analytical reviews on risk events occurrences (statistics).

Risk and Control Self-Assessment (RCSA)

The RCSA process ensures a prospective and adequate identification, assessment, monitoring and reporting of the non-financial risks applicable to the Group along with the assessment, testing and monitoring of the associated key controls in place. It aims to quantify the level of residual risk identified once all controls are in place.

The RCSA process is intentionally prescribed as a self-assessment, to derive the risk identification and assessment from the source that is closest to the business i.e. – the business/function owners. The RCSA results are used as an input for scenario analysis (see below) and they are also used by the Group management for making risk-based strategic and business decisions.

Risk Scenarios

Risk scenarios are a summary of the extreme potential risks exposure for the Group covering all non-financial risks. The scenarios include an assessment of key drivers for exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The risk scenario assessments are a key input to the calculation of economic capital requirements in the ICLAAP. The assessment considers analysis of internal and external loss experience, RCSA and other relevant information.

The business analyses potential extreme scenarios by considering circumstance factors that could lead to an extreme event, potential financial impacts, controls that seek to limit the likelihood of such event occurring and mitigating actions that would be taken if the event was to occur.

Management then determines whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required.

Enterprise Risk Inventory

The Group monitors their current non-financial risk issues via the Enterprise Risk Inventory (ERI) tool. ERI is a central point for reporting all residual non-financial risk issues in the Group. It gathers residual risks from various sources, including self-identified risks by 1st LoD, derived from incidents, as well as 2nd LoD findings or observations. Each risk issue identified and reported in the ERI tool is assessed against a Quintet Risk Assessment Grid. The grid applies to all non-financial risk types in the Group and ensures consistent assessment and reporting across all locations. The ERI is a key tool for assessing the NFR risk profile of the Bank.

14.2.4 Operational risk mitigation

Day to day operational risk management generates remediation actions to mitigate risks. BRM and 2nd LoD assist the business in the creation of risk items in the ERI linking action plans to solve the risk issues.

BRM and GORC track all these actions and report completions to BRCC, including information on:

- Risk taxonomies and risk issues opened;
- Description of the actions to mitigate the risk issues;
- Deadline for completion;
- Responsibility for the completion.

On a regular basis, BRM follows-up with 1st LoD to check on the status of each action which completion delivers a stronger control environment across the Group.

As part of its risk management approach, Quintet also uses insurance to mitigate the impact of some operational risks.

In order to ensure the effectiveness of the non-financial risk framework, there is regular reporting to the Management through the respective KRIs of the Risk Appetite Statement.

15. Liquidity risk

Quintet's funding is primarily based on client deposits linked to the core service offering: wealth management & investment advice for Private Banking clients, as well as custody/depositary banking services for institutional clients (investment funds, insurances etc.). These deposits have proven a stable source of funding, also in times of stress due to their operational need for the execution of transactions, trades etc. With this stable source of client funding, the use of and dependency on external funding on the market is limited, but remains an effective liquidity contingency measure. Quintet aims at maintaining a high-quality buffer of liquid assets, and performs regular stress testing on the outflow behaviour of its deposit base (from both internal and prudential standpoint). The strategy is expressed through the triggers and limits set in the Risk Appetite) and the early warning system built upon it to detect any potential liquidity/funding problems from an early stage.

15.1 Liquidity Coverage Ratio (LCR)

The following section is provided as per Annex 2 of EBA Guidelines 'on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of regulation (EU) No 575/2013'.

Table 33 - Template EU LIQ1 - Qualitative information on LCR as at 31/12/2022

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 December 2022	30 September 2022	30 June 2022	31 March 2022	31 December 2022	30 September 2022	30 June 2022	31 March 2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					6,290	6,291	6,335	6,409
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	4,382	4,173	3,994	3,892	535	506	476	460
3	*Stable deposits*	978	990	1,000	1,005	49	50	50	50
4	*Less stable deposits*	3,127	2,969	2,810	2,723	486	456	426	410
5	Unsecured wholesale funding	6,970	7,092	7,040	6,867	4,784	4,885	4,859	4,736
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	433	455	464	463	108	114	116	116
7	*Non-operational deposits (all counterparties)*	6,457	6,532	6,449	6,273	4,595	4,666	4,617	4,488
8	Unsecured debt	80	105	126	132	80	105	126	132
9	Secured wholesale funding					19	20	26	34
10	Additional requirements	613	588	574	565	205	202	204	209

(continue) Table 33 - Template EU LIQ1 - Qualitative information on LCR as at 31/12/2022

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
11	*Outflows related to derivative exposures and other collateral requirements*	102	111	123	137	98	109	121	135
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	511	476	451	428	107	94	83	73
14	Other contractual funding obligations	10	10	10	116	2	2	2	108
15	Other contingent funding obligations	2,897	2,962	3,019	3,044	58	59	59	59
16	TOTAL CASH OUTFLOWS					5,603	5,675	5,627	5,606
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	580	596	560	502	471	470	419	357
18	Inflows from fully performing exposures	764	764	766	774	716	720	720	714
19	Other cash inflows	11	12	16	25	11	12	16	25
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	1,356	1,373	1,341	1,301	1,198	1,203	1,155	1,095
EU-20a	*Fully exempt inflows*	0	0	0	0	0	0	0	0
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Inflows subject to 75% cap*	1,356	1,373	1,341	1,301	1,198	1,203	1,155	1,095
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					6,290	6,291	6,335	6,409
22	TOTAL NET CASH OUTFLOWS					4,404	4,472	4,472	4,511
23	LIQUIDITY COVERAGE RATIO					143%	141%	142%	142%

The above LCR computation provides 12-month rolling averages based on periods ranging from 04/21 to 12/2022. Figures shown for December 2022 reflect the positive impact of the increase of deposits collected from retail and non-financial customers. The 31/12/2022 LCR ratio of Quintet Group stood at 153%, and 153% for Quintet Europe as well, levels that have been maintained significantly above the prudential limit.

15.1.1 High-level description of the composition of the institution`s liquidity buffer

The Group liquidity buffer consists in significant withdrawable central bank reserves, diversified portfolios of HQLA assets to comply with Pillar 1 internal targets, as well as very liquid ECB eligible assets that can be quickly mobilised through the repo market. The HQLA portfolio consists largely in the investments of the Group's ALM portfolio while securities received from open reverse repos transactions are usually of a lesser liquidity level.

15.1.2 Concentration of funding and liquidity sources

Liquidity risk is induced by the natural activity of the Bank: collection of deposits (funding) and reinvestment of these deposits in assets such as loans and bonds portfolios.

The Group's Core Business (Private Banking and Asset Servicing & Financial Intermediaries) is a natural cash provider and leaves most entities in the Group with a comfortable liquidity cushion. Consequently, the overall funding gap, which is nonetheless constantly monitored, is structurally and globally largely positive.

The Group's principal funding sources come from the residual cash share of Private Banking client assets deposited and or managed by the Bank. As such, the Group benefits from a large and widely diversified deposit base, both in terms of client concentration and geographical breakdown (the principal contributors being the Netherlands, Belgium and Germany).

A certain level of concentration exists, however, in the funding raised from institutional clients (funds in custody) at the Luxembourg Head Office. This is, however, mitigated by the fact that a significant part of these deposits are operational deposits linked to the investment activities of the funds which have proven to remain very stable, in normal times as well as during the financial crisis.

15.1.3 Derivative exposures and potential collateral calls

The Luxembourg Head Office acts as a hub for most 'OTC' derivative activities within the Group. All Quintet Luxembourg derivative transactions are contracted through ISDA CSA contracts with daily margin calls.

A dedicated liquidity buffer is allocated to this activity in order to cover the risk of increasing and unexpected collateral calls. It is calibrated to cover a period of 30 days and is revalued monthly, on the basis of the historical look-back approach. This liquidity buffer amounted to EUR 91.8 million as of 31 December 2022.

15.1.4 Currency mismatch

In the LCR as of 31 December 2022, EUR/USD/GBP were the Group's material currencies. Whereas the HQLA liquidity buffer mainly consists of EUR securities, the Group benefits from large USD deposits that are essentially replaced short term in the interbank market (through FX swaps) and, for the part considered as stable, in highly liquid USD securities.

Any shortfall in USD could therefore be swiftly covered by maturing short-term money-market transactions and/or repo operations on USD investment positions. Eventually, additional access to USD would also be available through the master swap agreement tender of the ECB to which the Bank has access.

15.2 Net Stable Funding Ratio (NSFR)

Table 34 - Template EU LIQ2 - Net Stable Funding Ratio as at 31/12/2022

ASF

				a	b	c	d	e
C 81.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	Available stable funding (ASF) Items						
	See instructions	1	Capital items and instruments	1,127	0	0	0	1,127
21a,24d, 25a		2	Own funds	1,127	0	0	0	1,127
21b,24d,25a		3	Other capital instruments		0	0	0	0
		4	Retail deposits		4,632	86	31	4,324
21c,22		5	Stable deposits		929	2	0	884
21c,23		6	Less stable deposits		3,703	84	31	3,439
		7	Wholesale funding:		7,325	268	52	2,129
21c,24b,25a		8	Operational deposits		421	0	0	211
21c,24acd,25a		9	Other wholesale funding		6,904	268	52	1,918
45		10	Interdependent liabilities		0	0	0	0
		11	Other liabilities:	294	267	25	12	25
19,20,25c		12	*NSFR derivative liabilities*	294				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		267	25	12	25
		14	Total available stable funding (ASF)					7,605

RSF

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					168
		EU 15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		0	0	0	0
40d		16	Deposits held at other financial institutions for operational purposes		0	0	0	0
		17	Performing loans and securities:		1,570	365	4,472	4,071
38,40c,43c		18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		82	0	0	0

(continue) Table 34 - Template EU LIQ2 - Net Stable Funding Ratio as at 31/12/2022

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,049	6	365	452
36c,40e,41b, 42b,43a		20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		169	178	2,515	2,496
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		10	12	128	304
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		100	119	1,352	795
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		88	114	1,266	714
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		170	63	239	328
45		25	Interdependent assets		0	0	0	0
		26	Other assets:	No mapping to reporting	546	0	506	646
42d		27	*Physical traded commodities*				0	0
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		69	0	0	58
34,35,43b		29	*NSFR derivative assets*		35			35
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		294			15
36d,43c		31	*All other assets not included in the above categories*		147	0	506	537
46,47		32	Off-balance sheet items		396	7	3,009	87
		33	Total RSF					4,972

NSFR

9	Art451a(3a), Art428b	34	Net Stable Funding Ratio (%)					152.96%

Kindly note that previous quarters are disclosed in Appendix 11.

Similarly to LCR, figures shown for December 2022 highlight the increase of deposits collected from retail and non-financial customers entailing a ratio steady growth over the year. The 31/12/2022 NSFR ratio of Quintet Group stood at 153%, and 147% for Quintet Europe, significantly above the prudential limit.

15.3 Liquidity risk management

The following section is provided as per Annex 1 of the EBA Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01).

15.3.1 Business strategy and liquidity risk profile

The Bank distinguishes between:

1. Operational (short-term) liquidity risk, i.e., the risk that the Bank does not have a liquidity buffer able to absorb the net effects of day-to-day transactions and changes in liquidity in the short term;
2. Structural (long-term) liquidity risk, i.e., the risk that the Bank's structural, long-term assets cannot be funded adequately;
3. Contingent liquidity risk, i.e., the risk that the Bank is unable to attract additional funds, replace maturing liabilities or generate sufficient liquidity by mobilising its liquid assets in stressed market conditions (while operational & structural liquidity risks are incurred in the normal course of business).

The Bank's policy in terms of operational liquidity is to manage liquidity surpluses centrally at the level of Head Office (within the limits of local regulatory constraints) and to limit maturities' transformations at local level. Short term/operational liquidity in the domestic currency of non-euro subsidiary is managed daily by the local Treasurer on its local market within group approved counterparty limits. Liquidity excesses in other currencies are up streamed to Quintet Europe according to the local needs and regulatory constraints.

In terms of structural liquidity management, stable deposits are firstly used to support Core Business growth (e.g., loan book), then are reinvested in ALM portfolios having strict liquidity constraints (ECB and Basel III eligibility). Non-stable deposits are invested with the Central Bank or through short term Money Market transactions (mostly secured).

Since the bank is established in different geographical locations, the funding sources are diversified in terms of customer base. Through its branches and subsidiary, the bank collects mainly retail and non-financial corporates funding while the headquarter has also access to the wholesale market thanks to the developed FIM and Assets Servicing business lines, and the issuance of ECP and EMTN as well. Finally, the bank's reliance on long term funding remains rather limited given its highly liquid balance sheet and the proven stickiness of its long-lasting relationship clientele.

A liquidity crisis is managed through the Contingency Funding Plan and the conduct of liquidity stress tests as detailed in the following paragraphs.

15.3.2 Structure and organization of liquidity risk management and control function

In the Liquidity risk management process:

- Group ALM & Treasury is in charge of the first line of defence through the responsibility of operational and structural liquidity management (by respectively Group Treasury and Group ALM);
- Group Risk Control is in charge of the second line of defence. In this role, it identifies, measures, monitors, mitigates and reports liquidity risks inherent to the consolidated and solo balance sheets of the Bank.

The following bodies also play an important role in the liquidity management process:

- The BRCC is informed of the evolution of liquidity risk, through the measure of risk appetite indicators compared to their limits, in addition to complementary recurrent or one-off analyses of liquidity matters;
- Group ALCO is responsible for the (strategic) management of (financial) risks including liquidity risks. It is responsible for establishing the ALM / liquidity policy in accordance with the Risk Appetite Statement. It makes all strategic ALM / liquidity decisions, except those that are formally delegated to Group ALM & Treasury;
- BSCo local ALCO is responsible for the implementation of BSCo ALM / liquidity policies and for ensuring risk remains within the BSCo risk appetite.

15.3.3 Liquidity centralization and interaction between Group entities

As mentioned above, the Group strategy is to upstream all the Group's liquidity excesses to the Head Office (Luxembourg) where they are centrally managed. With this strategy, the Group acts as a lender of last resort for all entities, reallocating liquidity where it is needed.

Following the 2020 merger, the liquidity position of Quintet Europe has been reinforced and intragroup liquidity constraints existing between Quintet Luxembourg and its branched former subsidiaries have been waived. This new corporate structure also has a positive impact on the Group's capacity to raise funding as liquidity from each local market to the benefit of the whole Group can - now - be generated.

It should be noted that such restrictions still exist between Quintet Europe and Brown Shipley. For the UK entity, large exposure limitations still apply and restrict the size of liquidity excess that can be up-streamed to the Group.

15.3.4 Liquidity risk reporting and measurement

Liquidity risk is monitored through the following indicators:

- 5-day operating liquidity gaps are computed daily and escalated to the Central Bank of Luxembourg;
- Weekly evolution of total deposits;
- Daily collateral inventory (stock of securities, from Quintet portfolios or from the reverse repo/securities lending activity that are available for mobilisation in the event of liquidity needs);
- Daily indicators of the Contingency Funding Plan;
- Daily assessment of the Liquidity Coverage Ratio for Quintet Europe (according to the EU Delegated Act) which moreover constitutes a risk appetite indicator.

As the liquidity excesses of the Group entities are centralised and managed at the Head Office in Luxembourg, Group Risk Control focuses its monitoring of the operational liquidity of Quintet Europe. On the contrary, structural Liquidity Risk in the subsidiary needs more attention and is monthly reported through standardised risk indicators in the ad-hoc local and Group Committees. These risk indicators include:

- Loan-to-Deposit ratio;
- Net deposits outflows;
- Net Stable Funding Ratio;
- Asset Encumbrance ratio.

These metrics are further complemented by internal stress testing measures that assess the robustness of the liquidity position of the Bank in case of different stress scenarios. The outcome of these stress tests is summarised in an Internal Liquidity Excess Ratio, which compares (i) the post stress internal liquidity excess (i.e. the surplus of the liquidity buffer vs. the net funding gap under stress conditions), with (ii) the amount of the gross client (private and institutional) potential deposit outflows under stress conditions.

15.3.5 Liquidity policies

Liquidity policies are managed along with the financial risk policy which provides the framework for measuring, monitoring and mitigating the liquidity risk within the group. The financial risk framework has been validated by the BRC and is reviewed on a yearly basis.

15.3.6 Contingency Funding Plan (CFP)

The procedure defines qualitative (reputational issue, among others) and quantitative indicators (based on both market and Quintet-specific metrics: evolution of cash curves, client deposits, among others), alerting to a potential liquidity crisis. These metrics are monitored daily. In the case of a breach, the procedure foresees an escalation process: from Risk Control (for analysis) to the Heads of Group ALM & Treasury and Global Markets or, in case of major crisis, to the ALCO Committee. The CFP is tested on a yearly basis.

15.3.7 Liquidity stress tests

Stress tests analyse the capacity of the Bank to resist a potential liquidity crisis. The impact of a combination of a market and of a specific stress scenario on the liquidity buffer is assessed. The results reflect among others the need for additional funding or the free available buffer for a further extension of the loan book or investments in less liquid assets.

15.3.8 Liquidity risk mitigating measures

The stock of available collateral in Luxembourg Head Office represents the principal counterbalancing capacity of the Group that can be swiftly repo-ed or sold to cover unexpected liquidity outflows that would materialise in a crisis situation. The size, quality, and availability of this stock is monitored on an ongoing basis.

Next to the availability of the collateral stock, the ongoing monitoring of the contingency funding plan (CFP) indicators ensures that external or internal factors that may affect the liquidity position of the Group are swiftly spotted, analysed and reported to the management body. The CFP provides guidelines for the handling of minor and major liquidity crisis events, defines clear responsibilities and escalation processes and includes a list of recovery options that can be directly activated to restore the liquidity situation of the Group.

15.3.9 Management statement on the adequacy of liquidity risk management arrangements

The financial risk framework of the Group, covering liquidity risk among others, is built around the following key elements:

- A set of risk appetite indicators with limits and triggers which provides Management with a view of the evolution of the liquidity risk profile of the Group;
- A Contingency Funding Plan (including the monitoring of a set of internal and external early warning risk indicators and the escalation process to deal with liquidity crisis events), used as a risk-detection tool that enables Management to promptly react to any liquidity event which could potentially affect the liquidity position of the Group;
- Internal stress test scenarios carried out at the Head Office level that provide information on the robustness of the Bank under severe global market and firm-specific scenarios.

Given its strong operational liquidity, its large, diversified and historically stable funding sources and the highly liquid profile of the Group's investments, Management considers that its financial risk framework provides an adequate response to liquidity risks the Group is exposed to. This risk framework includes risk measures and early warning system that are proportionate to the Group's risk profile and strategy.

15.3.10 Management statement on the overall liquidity risk profile of the Group

The Management considers that the operational liquidity position of the Group is strong, which is evidenced by large Central Bank deposits (EUR 5.2 billion as of 31 December 2022) and ALM investment portfolio (EUR 2.0 billion as of 31 December 2022).

Management stresses that the new corporate structure has materially improved the liquidity risk profile of the group, releasing constraints on intragroup liquidity flows and allowing the free allocation of liquidity excesses throughout the Group.

16. Sustainability, climate and environment risks

This section mostly elaborates on the *"environmental"* component within the broader concept of ESG, providing a more detailed view of the current state of play of climate-related and environmental (C&E) risk management within Quintet, structured around the dimensions identified by the European Central Bank (ECB) in its "Guide to climate-related and environmental risks" (referred to as the "ECB Guide"). The *"social"* and *"governance"* components of ESG are covered in Quintet's Corporate Social Responsibility (CSR) report[4].

Climate & environmental risks are classified according to two broad categories:

- Physical risks: refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorised as "acute" when it arises from extreme events, such as droughts, floods, and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity;
- Transition risks: refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

For Quintet, this is relevant through the investment solutions/advice given to clients, as well as the requirements imposed on real estate collateral. Given that C&E risks are rather new in the banking world and the regulatory focus, Quintet's risk management framework and practices in the field are being further developed, notably through improved quantification and stress testing capabilities, coupled with a stronger embedding in various risk & compliance processes.

16.1 Business model

16.1.1 Potential impact of physical and transition risk on the business model

To assess the Group's exposure and resilience against C&E risk factors, current and future business conditions - in which the institution operates and will be likely to operate in the short, medium and long-term - were considered. The next sections focus on those trends that are deemed more relevant for the business model of the Group.

[4] Sustainability matters | Quintet

16.1.1.1 Transition risk

16.1.1.1.1 Societal and demographic trends

Behavioural changes mostly coming from younger generations are driving the increasing interest of clients for sustainable products. This is further exacerbated by the wealth transfer, currently underway, between baby boomers and millennials, with younger shareholders being more eager to pursue ESG objectives. As a consequence, over the last decade, the amount of assets being invested in socially responsible investment products has increased. Given these trends, the profitability of the Group would be impacted if it failed to meet the younger generations' needs.

Adapting proactively to the current and prospective environment, Quintet's sustainable investment framework[5] underpins the longer-term strategy of the Group. This framework is data-driven and built on three pillars. If a company meets all requirements across these pillars, its investment instruments are considered as sustainable according to Quintet's proprietary framework. The sustainability strategy is further being implemented through engagement and voting in accordance with the active ownership policy[6], as detailed in the latest CSR report[7].

Reputational risk driven by C&E risk drivers is expected to increase in the long term. Clients, investors and regulators are looking deeper into what is labelled as *"sustainable"*, *"ESG"* or *"green"* in the financial industry. Greater scrutiny of these labels means that a rise in allegations of greenwashing or around other ESG-related shortcomings will become more likely.

16.1.1.1.2 Sectorial exposures and policies

Quintet offers real estate lending as a complementary service to the investment advisory and private banking business. Several policy initiatives, which could impact real estate prices at the national, regional or local level are acknowledged and monitored, such as the Domestic Minimum Energy Efficiency Standard (*"MEES"*) regulation in the UK. In France, the 2015 Energy Transition Law will also have significant impacts, from 2028. The above-mentioned policies, together with several other policies, drive transition risk and could increase the Group's credit risk, especially in the medium to long term, potentially impacting profitability by limiting the realisations of collateral assets with low energy efficiency performance.

[5] As detailed in the "Sustainable Investment Framework", which can be found here Regulatory Affairs | Quintet Luxembourg

[6] The Active Ownership Policy on Regulatory Affairs | Quintet Luxembourg

[7] The CSR report is published on Sustainability matters | Quintet

16.1.1.2 Physical risk

16.1.1.2.1 Central European focus

The Group is exposed to high-net worth individuals spread across different European countries, with the most relevant exposures towards clients in Luxembourg, the Netherlands, the United Kingdom, Denmark, Germany and France. A deterioration in economic indicators (i.e., GDP, inflation, unemployment) of the countries where the Group operates could impact Quintet. Publicly available datasets suggest that physical risk vulnerabilities of European countries would slightly increase from 2050 onwards only. Under different trajectories (RCP 4.5 and RCP 8.5), and considering different socio-economic projections, those countries are consistently classified as *"Low"* and *"Very Low"* risk. As the strategy entails a continued focus on the above-mentioned territories, the macro-economic perspective provides comfort that the strategy is well positioned vis-à-vis C&E risk factors.

16.1.1.2.2 Sectorial exposure

In line with the exposure towards real estate, physical risk may reduce the demand for real estate assets in certain geographical areas that could be more subject to physical hazards. Related impacts are described in section 16.3.3.3.4.

16.1.2 Potential impact of the business model on the climate

Quintet's direct impact on the climate stems from its carbon footprint, as disclosed within the CSR Report[8]. Moreover, being a private bank, Quintet has a relatively lower impact on the climate compared to other institutions operating in commercial or retail banking. The most tangible impact could materialize through the financing to the real estate sectors in the form of mortgages to wealthy clients or loans to real estate companies, in case money flows towards energy-inefficient real assets. Indirectly, the institution could impact the climate through the assets under management, depending on the portion of client investments in sustainable/climate-friendly products (and vice versa). These can be steered through the Bank's investment proposition to clients. Stewardship duties, in the form of voting and engagement, could also steer investee companies towards more (or less) climate-friendly practices.

The "Principal Adverse Sustainability Impacts" statements, published on Quintet website, provide further information on the impact of Quintet's investment decisions on sustainability factors.

16.2 Governance

Quintet's Board of Directors has the ultimate responsibility for setting and overseeing Quintet's sustainability strategy. The AMC is entrusted with the implementation of that strategy and the identification and management of sustainability, climate, and environmental risks. These efforts are steered by the so-called Group Sustainability Steering Committee, which meets on a monthly basis (more details are provided in the CSR report[9]).

[8] The CSR report is published on Sustainability matters | Quintet

[9] The CSR report is published on Sustainability matters | Quintet

On a quarterly basis, key risk indicators related to C&E risk (as part of the Group Risk Appetite) are reported to the AMC and BRCC, and an update on the development and enhancement of the C&E risk management is provided.

C&E risk management is embedded in all three lines of defence of the organisation. The relevant 1st LoD functions are the following:

- The Sustainable Investing function, part of ICS, responsible for ensuring compliance of client discretionary and advisory investments with Group objectives from a C&E perspective;
- Group ALM & Treasury responsible for ensuring compliance of own account investments with Group objectives from a C&E perspective;
- Group Lending function responsible for ensuring compliance of the lending activities with Group objectives from a C&E perspective.

The 2nd LoD sets standards for control, compliance and risk management. The Group Risk Control function is in charge of developing, enhancing and applying a risk management framework, covering the identification, assessment, monitoring/reporting and mitigation of C&E risks. The Group Compliance function, supported by Business Risk Management in the 1st LoD, is in charge of controlling the compliance of Quintet's service offering with MiFID/SFDR requirements, among others. The 3rd LoD is made up of the internal audit function which reviews the C&E risk management framework based on its risk assessment and multi-year audit plan.

16.3 Materiality assessment and risk management

16.3.1 Risk identification and materiality assessment approach

The risk identification and materiality assessment process for C&E risks was conducted during the annual review and update of Quintet's ICLAAP during Q4 2022/Q1 2023, following a three-steps process:

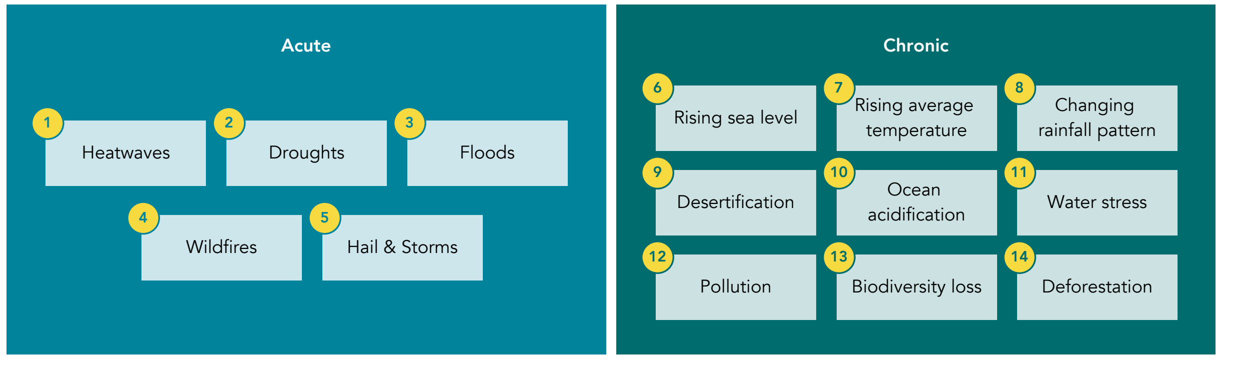
1. Identification of so-called "transmission channels": leveraging on the guidance provided by the ECB Guide on C&E and by publicly available sources (e.g. EBA, Climate Financial Risk Forum – CFRF, UNEP FI, NGFS, etc.), relevant transmission channels have been identified. Each transmission channel materializes through risk drivers such as industry/sector, geographical location, tenor and concentration;
2. Blended quantitative and qualitative materiality assessment: given the intrinsic diverse nature of C&E risks, a tailored approach has been developed to assess the potential impact of each of those transmission channels. The appropriate methodologies were selected based on relevant risk drivers and the availability of meaningful data/estimates. Quantitative assessment was always the preferred option;
3. A potential top-down review/challenge of the bottom-up assessment, by the AMC or BRCC, with the outcome of the C&E risks' materiality assessment discussed as part of the management embedment sessions held for the ICLAAP during Q1 2023.

The materiality assessment for C&E risks has been performed across all (financial and non-financial) risk types included within Quintet's risk taxonomy, and differentiated by physical/transition risk as well as by the observation horizon: "short term" corresponds to "less than 1 year", "medium term" corresponds to "from 1 to 3 years", and "long term" corresponds to "up to 10 years" (or even more, in a few cases).

Methodologically, the materiality assessment leverages upon an in-house mapping of Nomenclature of Economic Activities ("NACE") codes to transition and physical risk drivers. The most common transition risk drivers have been considered: policy, technological and behavioural changes. Each NACE class has been given a transition risk flag and a transition risk sensitivity. Such assessment has been as much as possible based on reputable sources, limiting recourse to expert judgement.

Several physical risk drivers have been considered, beyond the climate-related ones. As for transition risk factors, each NACE class has been given a physical risk sensitivity. Common physical risk drivers (e.g. floods, storms) as well as those more often overlooked (i.e. biodiversity loss) have been considered as illustrated by Figure 7.

Figure 7 - Transition & Physical risk drivers



16.3.2 Materiality assessment outcome

Figure 8 gives the overall results of the materiality assessment, with the following risk types found to be material:

- Compliance and other non-financial risks (incl. reputational risks) over all time horizons (due to increased public and regulatory scrutiny);
- Credit risk over the medium - and long-term (due to physical risk to real estate, and transition policies requiring higher energy efficiency standards);
- Operational risk (in the context of work-force management) due to new hires/generations are increasingly interested in corporates' values around C&E/ESG;
- Market, profitability and investment performance risk over the long term (due to expected lower returns and valuations of non-sustainable investments).

Figure 8 - C&E risks materiality matrix

Risk types impacted by C&E risk drivers	Transition Risk			Physical Risk		
	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Capital Risk						
Liquidity Risk						
Investment performance Risk			✓			✓
Profitability Risk			✓			
Credit Risk & Asset Quality Risk		✓	✓		✓	✓
Market Risk			✓			✓
Model Risk						
Operational Risk			✓		✓	✓
Compliance Risk	✓	✓	✓			
Other non-financial risks (a.o. reputational, regulatory)	✓	✓	✓			

16.3.3 Deep dive per material risk type

16.3.3.1 Liquidity risk

Liquidity risk driven by C&E risks is not considered material in the short, medium and long term.

Liquidity risk can be impacted in different ways by C&E risk drivers. From an asset-side perspective, C&E-induced liquidity risk might arise following a sudden re-pricing of securities considered as HQLA for the Group, impairing the LCR. Largely based on the NACE mapping outlined in the section Risk identification and materiality assessment approach, Quintet has estimated the amount of HQLA which is vulnerable (to different extents) to C&E risks and applied a simplified Climate VaR-like approach to define the potential decrease in value of HQLA assets and related economic impact.

On the liability side, liquidity risk might arise in case of sudden cash outflows from client portfolios, resulting - for instance - from a need for cash in the aftermath of an acute climate event, thus impacting the stock of available stable funding and the NSFR. To assess the materiality of this transmission channel, the Group has applied a simplified reverse stress testing on its available stable funding resources. Indeed, it has estimated the outflows that would need to occur to have a material financial impact to the Bank and compared them to an internal outflow estimate.

16.3.3.2 Investment performance and profitability risk

Investment performance and profitability risks driven by both transition and physical risk factors are deemed material in the long term.

A large part of the profitability of the Bank depends on the ability of the Group to maintain/increase the amount of assets under management ("AuM"). Built on the NACE mapping outlined in section 16.3.1, Quintet has estimated the amount of AuM that is vulnerable (to different extents) to C&E risks and employed scenario analysis leveraging on available literature to define a progressive depreciation of such vulnerable assets. The economic impact of the assets' depreciation has been estimated by considering Quintet's fee structure, estimating the *"missed fees"* based on the type of mandate for each asset (e.g. discretionary portfolio management, advisory). A sudden depreciation has also been taken into account, based on a simplified Climate Credit VaR methodology - based on available academic research - applied to C&E-vulnerable assets.

16.3.3.3 Credit risk

Serving as an enabler to the strategy and a driver to private banking activities through tailored Lombard and structured lending solutions, the lending function includes broad-level sustainability and environmental considerations within the criteria governing the credit granting and collateral valuation processes (e.g., via Energy Performance Certificates for real estate). Valuations performed as part of the credit process adhere to the Royal Institution of Chartered Surveyors standards which also cover C&E considerations. The decision on credit granting remains the prerogative of the approving committee (Local Credit Committee or Group Credit Committee), accounting for ESG criteria, if deemed relevant.

From a materiality assessment point of view, counterparty defaults due to transition and physical factors will likely lead to material impacts in the long-term, mostly due to the exposures to the real estate sector and real estate collaterals.

In more details, the credit risk materiality assessment has been tailored on the different exposure types as displayed in Table 35.

Table 35 - Exposures by counterparty types

Balance sheet item	% (approx.)
Sovereigns	46%
Corporates	24%
Mortgage loans	14%
Interbank loans	12%
Other assets	4%

While not evident from an on-balance sheet perspective, it is worth noting that Lombard loans can hide C&E risks drivers, materializing in the depreciation of financial collaterals received. Financial collaterals were screened against the NACE mapping presented in the section 16.3.1. Given the level of diversification, the types of collaterals received as well as the average ratio between pledge values and market values, the risk is not perceived as material. Finally, as the collateral received is oftentimes based on investment made at Quintet, the Group's sustainable investment proposition could serve as further mitigating factor.

16.3.3.3.1 Sovereign exposures

From a transition risk perspective, sovereign exposures are not considered materially subject to C&E risk factors in the short and medium term given the strong tilt towards highly creditworthy countries (mostly EU Member States, with more than 2/3 of the sovereign exposure being towards Luxembourg Central Bank). The same outcome is considered from a physical risk point of view in the short and medium term: the exposure analysis based on publicly available sources shows that the large majority of exposures are classified as *"Very Low"* risk. Approximately 0.5% of sovereign exposures are towards countries prone to physical risks. Those countries are, however, mostly advanced economies.

In the long term, transition risk has been assessed by means of available academic sources, defining whether the limited exposure to countries whose economies depend heavily on fossil fuels (hence, potentially affected by transition risk) could have longer term C&E risk implications. In this context, the hybrid quantitative-qualitative assessment shows that such countries diversified economic returns, not limited to fossil fuels. Therefore, having diversifying economies and high levels of GDP leads to the classification of those countries as having the *"highest capacity"* to phase out fossil fuel, limiting the transition risk under different climate trajectories.

In this context, the Group has also developed a Sovereign Climate VaR - based on a constant balance sheet assumption - stressing countries' ratings. In this context, two different future emission pathways (namely the 2.6 Representative Concentration Pathways - RCP - and the 8.5 RCP), are considered, combining long-term transition risks, embedded within the same RCPs in the form of economic activity, energy intensity and climate policy with physical risks, via land use change as well as physical damages from extreme weather events. The Climate CreditVaR has been carried out across different future timeframes (i.e., every ten years, from 2030 to 2100), showing no significant impact before 2100.

16.3.3.3.2 Interbank exposures

A quantitative assessment shows that the Group is exposed towards highly creditworthy financial counterparties, not expected to be materially impacted by C&E risk drivers in the short term. Under a transition risk lens, 85% of interbank exposures are towards signatories of the Glasgow Financial Alliance for Net Zero (GFANZ) and have committed to achieve the goal of net zero emissions by 2050. Most of these counterparties have also committed to interim targets (2030 or earlier), setting emission reduction objectives across carbon-intensive sectors. Their creditworthiness coupled with their transition plans allow us to consider transition risk not material in the short, medium and long term, also under a forward-looking perspective. The Group has also considered whether the creditworthiness of the financial counterparties could be impacted due to second-round effects following a reputational hit on the banking industry as a whole (e.g. linked to financing of brown activities). To do so, a well-known investigative report on banks known as *"Banking on Climate Chaos"* was considered, which assessed the amount of fossil fuel financing of the largest banking players in the world, with a focus towards companies expanding operations. The analysis shows that the Group has insignificant exposure towards the most exposed counterparties (i.e., those referred to in the report as the *"dirty dozen"*).

Analogously, impacts on financial institutions due to physical risk factors are rather second-round effects stemming from their respective exposures to non-financial counterparties. However, the geographical diversification of the Group's financial counterparties acts as a natural mitigation factor, thus limiting physical risk, which is deemed not material for interbank exposures in the short, medium and long term.

16.3.3.3.3 Corporate exposures

Exposures to corporates mostly come from loans & advances linked to wealth management activities, with a minor portion stemming from the ALM portfolio. Half of the exposures in the corporate class are classified within the NACE *"T - Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use"* (~11% of overall exposures), followed by NACE *"K- Financial and Insurance Activities"* (~8% of overall exposures). The real estate sector represents a limited, though material, portion of the balance sheet (~2% classified as *"Real estate activities"*). It should be noted that a certain number of counterparties classified as *"Holding companies and Head offices"* are actually wealth structuring vehicles with Real Estate activities. Overall, the actual Group corporate exposure towards the Real Estate sector is close to 3% of the balance sheet. While most of the corporate exposures are considered to have relatively little exposure to C&E risk drivers, the real estate sector requires attention. In this context, several energy efficiency policies are expected to come into play. While in the short term the effects are deemed to be immaterial, they are considered material in the medium and long term, with potential deterioration of creditworthiness across that industry.

From a physical risk point of view, in the areas where Quintet operates, floods are the most important source of physical risk, based on the different vulnerabilities coming from public available sources. While the economy is expected to be resilient to physical hazards in the short term, medium and long term risks pose challenges, leading to deem C&E factors material for the real estate sector.

16.3.3.3.4 Mortgage exposures

The Group holds a relevant exposure to mortgage loans (~14% of the balance sheet), secured by properties located in Western Europe, particularly in the Netherlands, the United Kingdom and France.

Table 36 - Geographical distribution of exposures secured by real estate

Asset location	% of balance sheet (approx.)
Netherlands	4.9%
United Kingdom	4.9%
France	3.2%
Belgium	0.3%
Spain	0.3%
Luxembourg	0.2%
Monaco	0.2%
Germany	0.1%
Others	0.1%
Total	**14.3%**

Credit risk stemming from exposures secured by real estate collaterals could be impacted by transition risk, materializing essentially via the depreciation of real estate assets with poor energy efficiency (or alternatively the increased renovation costs required for such assets) as policies, construction techniques and consumer behaviour evolve towards more energy efficient practices. Physical risk factors, especially in the form of acute physical events, could also play a role by damaging properties and thus lowering their value.

In the short term, physical and transition risk are not considered material, with the rationale being analogous to what has been presented for corporate exposures. From a physical risk perspective, the qualitative analysis has been coupled with a quantitative flood risk RWA stress test. The scenario assumed that the EU is hit by a severe flood damaging all real estate assets, causing shocks to prices of different magnitudes depending on the properties' locations. The methodology and the flood risk levels per location are those from the 2022 ECB Climate Stress Test (2022 ECB CST), with the exception of the United Kingdom, for which publicly available information published by the UK Government is used. This exercise was carried out under simplified and conservative assumptions where potential risk mitigants are not taken into account. The result of the short-term stress test shows non-material impacts for Quintet, reinforcing the initial assessment. In this context, approx. 10% of the real estate collateral is located in *"High risk"* areas. However, mortgage exposures are strongly over-collateralised. The type of clients (e.g. wealthy individuals) with usually diversified income streams and different properties further mitigates C&E risks. In the medium and long-term, a simplified estimation of the impact of the NGFS scenario *"Hot house world"* based on the parameters taken from the 2022 ECB CST leads to non-material estimated impacts.

As the frequency and severity of physical events is foreseen to increase in the future, physical risk in the medium to long term is assumed material. Transition risk is assumed to be material in the medium to long-term, as current policies are especially targeting assets with energy performance label lower than E, imposing constraints and additional costs.

16.3.3.4 Market risk

C&E risks can drive market risk via sudden and/or progressive re-pricing of assets (e.g. following severe policy changes, technological breakthroughs, acute climate events) and are deemed material in the long-term (both physical and transition risks). In this context, the long-term materiality refers to the year 2100, while in a 10 year horizon the risk is not deemed material.

In determining the materiality of C&E risk factors in the context of market risk, both the banking book and the trading book have been considered.

Within the ALM portfolio, the assets vulnerable to C&E drives have been identified largely based on the NACE mapping presented in section 16.3.1. For the fixed-income portion of those assets, an assessment has been performed by means of credit spread sensitivities, leveraging on publicly available studies and assuming different credit spread changes across maturities. Equities at C&E risk have been subject to a simplified Climate VaR instead. For assets within the ALM portfolio, classified as trading book, a further layer of analysis has been considered based on publicly available academic studies. Structured products within the trading book have been also looked into. In particular, the analysis has focused on those products which are not capital protected. Mostly, the underlyings of such structured products are indices and single stocks. While indices could also be subject to C&E, the institution was not aware of methodologies that would have made it possible to translate a value change in the assets underlying due to C&E risks into actual price changes for index derivatives. As an index comprises climate-sensitive assets and also non-climate sensitive assets, with complex non-linearities, it was decided to focus solely (at this stage, at least) on the products built on single issuers. In this context, structured products' values have been stressed based on their deltas (first-order Taylor approximation). FX exposures have been assessed by looking at the maximum exposures that the Group could observe based on the defined internal limits.

C&E risks' materialization into market risk is monitored on a monthly basis by Group Risk Control through three risk indicators (detailed in Section 16.4).

16.3.3.5 Compliance & other non-financial risks (incl. reputational risk)

Reputational risks from C&E drivers can arise quickly if Quintet is not perceived to take due consideration of environmental aspects in its business activities or through investing its own resources as well as those managed on behalf of clients. From a transition risk perspective, reputational risk is considered material in the short, medium and long term by default. Moreover, as the concept of sustainability is not - for the time being - framed by exact thresholds dictated by regulations, there could be regulatory fines even if a company's proprietary approach to sustainability is backed by good faith. Similarly, legal and/or litigation risks can arise from controversies in connection with products and their compliance with international or EU best practices, most likely in the form of second-round effects. The risk is intensified by the MIFID II, which has integrated sustainability factors, risks and preferences into organizational requirements, conflicts of interest and product suitability assessment, leading to increased compliance risk.

Therefore, the institution has designed a hypothetical greenwashing scenario, run as part of the Economic Capital (ECap) non-financial risk model, which applies a Monte Carlo approach to simulate tail events of non-financial risk scenarios. The greenwashing scenario assumes that a range of products as part of the bank universe, marketed as sustainable, are allegedly found by an investigative report to be not completely sustainable, as claimed by Quintet. Consequently, a portion of clients flees the institution and drastically reduces the assets under management invested within the private banking relationship. The decrease in the assets under management translates into lower fees paid by the clients, negatively impacting the profitability (and the bottom line of the Group). Second-round effects linked to legal, litigation, regulatory and compliance risks have also been accounted for.

In this context, exposures to sectors perceived as contributing to climate change could also lead to reputational risk. Indeed, according to available data[10], greenhouse gas (GHG) emissions primarily come from energy, industry, transport, agriculture and changes in land use (e.g. as deforestation and the degradation of forests). The institution does not target direct financing of the above-mentioned sectors, which mostly contribute to climate change.

[10] Emissions by sector - Our World in Data

However, the real estate sector within the Group's lending activities plays an important role. The risk is managed and monitored as presented in 16.3.3.3.

From an indirect perspective, the exposure to sectors perceived as contributing to climate change might arise from investments made as part of the wealth management activities. However, Quintet has defined an exclusion list when active ownership has proven unsuccessful, or is not feasible, and further investment would be incompatible with the Group's principles and the best interests of clients. This list includes counterparties significantly involved in thermal coal extraction or power generation. The exclusion list applies to discretionary portfolio management, advisory portfolio management, asset management and asset-liability management.

For the same reason, flagship funds are subject to the Group's sustainable investment framework to ensure that the investments labelled as sustainable adhere to Quintet's proprietary framework[11]. As an additional risk management tool to mitigate reputational risk, in order to be deemed as suitable for investment, third-party funds are assessed against a range of factors to make sure they meet the Group's standards. The Group's fund sustainable due diligence process is built on a principles-based philosophy maximising its expertise to structurally assess the sustainability of funds. More details are presented in the "*Quintet Fund Sustainability Assessment Summary*"[12].

16.3.3.6 Operational risk

From a transition risk perspective, the Group might encounter the risk of not being able to retain and attract resources in relation to Quintet's C&E public and internal perception. This is considered not material in the short and medium term, as the Group is currently well-positioned on this front. In the long term, this transmission channel is considered material for conservativeness purposes.

Physical risk is a threat to business continuity. In the short term, the risk is not deemed material given the locations in which Quintet and its critical suppliers operate (e.g. Luxembourg, UK, the Netherlands, Belgium, Germany). The materiality of this transmission channel has been assessed based on desk research, estimates from third-party specialist data provider (for flood risk only) as well as on expert panel discussions. The latter exchanges led to the design of a scenario analysis to estimate how C&E risks could have an adverse impact on business continuity. The scenario considers an acute flood event that damages buildings, furniture and fine arts of the Group's premises in Leeds, Nottingham and London. Damage to assets coupled with disrupted operations due to electricity and internet outages lasting several days, with unable-to-work full-time equivalent ("FTE") replaced by interim roles or paid overtime. Even under this extremely severe (and unlikely) scenario, the impact is estimated to be non-material. Several safeguards in place further mitigate the BCM risk. However, the current assessment might rapidly change in the medium to long-term if the world does not live up to emissions and environmental targets. Similarly, *"Execution, delivery and process management"* is not considered materially driven by C&E risk factors.

[11] As detailed in the "Sustainable Investment Framework", which can be found here Regulatory Affairs | Quintet Luxembourg

[12] Regulatory Affairs | Quintet Luxembourg

16.4 Metrics and targets

Quintet has a low appetite for "Sustainability, climate and environmental risks". Quantitatively, Quintet's appetite for C&E risks is framed by two KRIs that monitor the number of non-authorized positions within the DPM in-house funds and the ALM portfolio. The indicators are based on a defined exclusion list comprising controversial weapons and the thermal coal sector, responsible for large quantities of GHG emissions, and thus as a large contributor to climate change (in line with what is presented at par. 16.3.3.5).

In this context, Quintet excludes equities and bonds issued by companies deriving more than 10% of revenues either from thermal coal extraction or thermal coal power generation. Importantly, green bonds are out of scope of the thermal coal exclusion as Quintet believes that investing in green bonds can help companies fund environmental projects that will decrease their reliance on thermal coal in favour of greener technologies. The metrics have limits and triggers for management action and are reported on a quarterly basis to the BRCC, using a dedicated dashboard. Any limit breach is first reported to the AMC on a timely basis and escalated to the BRCC via the periodic reporting channel.

Additional KRIs are currently being discussed as part of the planned update of the C&E risk management framework, going side-by-side with the efforts to increase the data collection capabilities across the Group (for instance, with regards to energy performance certificates – EPCs).

Three management indicators are also part of Quintet's metrics in the context of C&E risks. Indeed, C&E risks' materialization into market risk is monitored via the monthly risk report prepared by Group Risk Control and presented to the Group ALCO. The report includes three risk indicators computed based on the exposures stemming from the investments in the ALM portfolio: weighted average carbon intensity in the portfolio (corporate bonds only), weighted average carbon risk rating (provided by Sustainalytics, corporate bonds only) and green bonds ratio.

Finally, targets and KPIs are set on flagship funds: at least 85% of investments adhere to environmental and social (E&S) characteristics (e.g. single-line bonds or equities meeting the in-house sustainable and ESG investment process). Moreover, when aggregating all the sustainable exposures, a portfolio must carry at least 20% exposure to these sustainable instruments and at most 15% of the portfolio allocated to "other" vehicles, or cash and commodities, which have no E&S goals (only allowed for hedging and diversification purposes). Detailed targets, related methodologies, definitions and criteria on the above-mentioned objectives can be found within the latest CSR report[13], which also includes Scope 1,2 and 3 emissions from Quintet's own operations.

[13] The CSR report is published on Sustainability matters | Quintet

17. Other material risks

Besides the main risk categories described above, the Bank identified its exposure to several other significant risks. These are managed through a set of sound risk management frameworks and procedures dedicated to the specific risk taxonomy:

- Profitability risk (or business and strategic risk) is an inherent risk in any commercial activity, and particularly so for Quintet, operating in a highly competitive private banking market in Europe and recently having completed a strategic re-orientation back to its core European business. Quintet's revenues derive mainly from asset- and transaction-based fees and hence are dependent on the macroeconomic situation and the performance of capital markets & investment decisions (investment performance risk). Hence, putting strategies and measures in place to achieve a sustainable medium- and long-term growth while managing its cost base is a key objective for Quintet.
- Model risk at Quintet arises from the use of quantitative models, notably those for risk management purposes and the determination of internal/economic capital requirements under the ICAAP. A strong model governance framework (incl. a model risk committee) has been introduced in the past year, requiring inter alia regular internal reviews and external validations for the material models.
- Quintet is exposed to compliance risks (notably AML, investor protection, conduct, cross-border) through its core service offering: A) Investment advice/management for private banking clients must comply with MiFID requirements (suitability, appropriateness, best execution etc.). B) Custody/depositary services for institutional clients (notably investment funds) must comply with UCITS/AIFMD requirements (safekeeping and administration of assets). In addition, supervisory expectations on AML & CFT are high and require thorough KYC and KYT processes. Quintet aims at minimizing these risks through a strong control framework involving all three LoD.
- Potential sources of reputational risk for Quintet are its shareholder structure, recent strategic initiatives and re-orientations (e.g., Switzerland expansion and subsequent exit over 2020 and 2021), and an increased media coverage of the banking sector (people moves, investment performance etc.). A strong and experienced corporate communications team is in place to manage this risk, drawing upon a track record of external communications on strategic/leadership changes and M&A activities.
- Regulatory and governance risk: Like any ECB supervised credit institution, Quintet is subject to an ever-evolving regulatory framework and a high supervisory scrutiny (regulatory risk). In addition, the fact that Quintet is operating in 5 markets and has completed a merger of previously subsidiaries into branches only in 2020 renders governance risk a particularly relevant one for Quintet. With a view of minimizing these risks, monitoring processes for different regulatory fields (prudential, conduct etc.) have been embedded in the functions, and a Regulatory Affairs team is overseeing the delivery of regulatory actions and the communication with the supervisory bodies. A strong Internal Audit function complements the management framework for regulatory & governance risk.

18. Remuneration Policy

18.1 Context and Principles

Compensation schemes are designed to take into account competences required, evaluations, skills and performance. These schemes aim at aligning long-term shareholder's interests and long-term group-wide profitability while taking into account the Bank's Risk Framework (including the Solvency ratio). Moreover, they should be compatible with the relevant stakeholders' interests and the Bank's Corporate Social Responsibility Policy.

The Board of Directors and the Authorised Management Committee

The remuneration policy related to the Board of Directors and Authorized Management Committee ("AMC") members is based on the prevailing legislation, the Corporate Governance Memorandum and industry benchmarks. This policy is monitored and regularly reviewed by the Group Board Remuneration & Nomination Committee ("BRNC") with the assistance of external remuneration experts/advisors and specialist members of staff (with all safeguards implemented to prevent any conflicts of interest) in order to ensure its continuous compliance with the law, the aforementioned code, and the prevailing market practices and trends. The Chairman of the BRNC informs the Board of Directors of the Group of the Committee's activities and submits for approval by the BoD any changes to be made to the Group Remuneration Policy and its practical implementation as recommended by the BRNC. The BoD may also make its own proposal to the Remuneration & Nomination Committee in order to examine potential changes to the Group Remuneration Policy and advise it accordingly.

Material Risk Takers

The allocation mechanism and the acquisition rule of the variable remuneration of those defined as Material Risk Takers (risktaking employees, control functions and members of executive bodies) are determined primarily in accordance with the Law of 5 April 1993 (as amended), CSSF Circulars 15/622, 11/505, the regulation issued by the European Banking Authority ("EBA") (including the Regulatory Technical Standard or RTS) or any prevailing local regulation. Where the variable compensation of these employees may exceed EUR 50,000 in gross terms[14] (proportionality principle), this variable remuneration is i) composed of 50% of shares or equivalent instruments (phantom-shares at Quintet), and ii) is partly (minimum 40%) deferred over a minimum of 4 years; the subsequent vesting of remuneration being thereafter subject to performance conditions and ex-post risk adjustments.

18.2 The Group Board Remuneration & Nomination Committee

Mission

The mission of the BRNC is to define, implement and maintain a remuneration policy in accordance with the Law of 5 April 1993 (as amended). The BRNC makes recommendations to the BoD regarding notably the nomination and remuneration of the members of the Group Executive Committee and the local Executive Committees as well as of the Board

[14] Or any lower threshold if applicable according to local regulation.

of Directors of the parent company and the subsidiaries, particularly with regard to the structure and the level of the individual remuneration.

The BRNC is authorized to undertake any activity within its Terms of Reference and provide any additional advice or support within the Group that is required in the scope of its duties. The BRNC shall carry out the duties for the Group, the parent company and each subsidiary of the Group, as appropriate and in order to assure the alignment of the standards across the Group. The BRNC may, however, delegate some duties to Local Remuneration & Nomination Committees.

Composition

Table 37 - Composition of the Group BRNC as at 31/12/2022

Name	Responsibility
George NASRA	Chairman
Anne Ruth HERKES	Member
Marco MAZZUCCHELLI	Member
Rory TAPNER	Member
Frank ERTEL	Member

The Group CEO, the Group Head of Human Resources and the General Secretary of Quintet Private Bank (Europe) are invited as permanent guests to the meetings of the Group BRNC.

Role and responsibilities

The role and responsibilities of the BRNC are defined by the regulations approved by the BoD. The main tasks of the BRNC are the following (non-exhaustive list):

Remuneration Responsibilities:

Recommend for approval by the BoD a Group-wide remuneration policy that is aligned with the Bank's long-term business strategy, its business objectives, its risk appetite and values, whilst recognising the interests of relevant stakeholders;

- Advise the BoD on any material exemption or change to the principles of the Group Remuneration Policy;
- Approve bonus pools (Group-wide) and the allocation to each branch and subsidiary of the Group;
- Recommend for approval by the BoD the remuneration of the Group CEO, the AMC members, the Group ExCo members, the local ExCo members (Group-wide) and other Material Risk Takers;
- Recommend for approval by the Shareholder Assembly the remuneration of the members of the Group BoD and the members of the local Board of Directors;
- Advise the Board on retention/incentive bonuses in exceptional circumstances;
- Monitor the implementation of the remuneration-related matters delegated to the AMC and Local Remuneration & Nomination Committees to ensure that policies and principles are being consistently and effectively applied across the Group, seeking support and input from Control Functions (especially Group Risk) and Group Human Resources;
- Liaise as required with the other Board Specialized Committees and with the Group Risk function and Group Human Resources in relation to risk-adjusted performance measure;
- Ensure that all provisions regarding disclosure of remuneration are fulfilled and approve the contents of the annual Remuneration Policy Statement for Pillar III external disclosure;
- Review major changes in remuneration and/or governance regulations as well as in Labor Law when deemed necessary;
- Approve all occupational pension plans of the Bank and any change in the terms and conditions of any current pension plan, including any winding up in whole or in part.

Nomination Responsibilities:

- Define the specific profile to be met by a candidate, run the recruitment process, make the selection and recommend to the BoD - for approval - the appointment of (i) a member of the Group BoD, (ii) Chairman of a Board Specialized Committee, (iii) a member of a Board of Directors of a Group's subsidiary, (iii) a member of the AMC, Group ExCo or local ExCo, including the Group CEOs, Head of Control Functions;
- Define and review as necessary, subject to approval by the BOD, the criteria which shall be used in selecting new member of the BoD or new member of management (AMC, EXCO, Head of Control Functions);
- Draw up and review as necessary, subject to approval by the Board of Directors, the succession plan for members of the Board of Directors, the AMC members, the Group ExCo and the local ExCo members (Group wide);
- Draw up and review, as necessary, subject to approval by the Board of Directors, the evaluation process of the members of the Board of Directors;
- Draw up and review as necessary the training programme for newly appointed members of the Board of Directors and the training sessions for current members;
- Propose to the BoD for approval dismissal of members of 1) the BoD, 2) the Subsidiary Board of Directors, 2) AMC, 3) Group EXCO, 4) Local EXCO or 5) Head of Control Functions.

Other Responsibilities:

- Review the Terms of References of the BRNC as necessary and recommend any amendments, as appropriate, to the BoD for approval;
- Carry out annual self-assessment on the effectiveness and efficiency of the BoD and AMC.

18.3 Activity in 2022

In the course of 2022, the Group BRNC met nine (9) times and the attendance rate of members was 100%. The Chairman of the BRNC reported to the BoD on the work of the Committee after each meeting and presented his proposals on matters subject to a decision of the Board. Decisions of the BRNC were also taken via circular resolution which were then ratified by the BRNC and the BoD at the following session.

The main topics handled by the BRNC during 2022 were the following:

- Review of fixed remuneration and performance bonuses granted to the members of the AMC, the Group ExCo and local ExCo (Group-wide), to the Material Risk Takers and key performers in 2022;
- Evaluation of the activities and Key Performance Indicators (KPI) of the AMC and ExCo members (Group-wide) throughout 2021 (based on which 2021 bonuses were awarded in 2022);
- Assessment of previous years' unvested bonus before vesting and pay-out to Material Risk Takers;
- 2022 revision of the Material Risk Takers list within the Group; appointment, new role or exit (2022);
- Appointment and suitability assessment of new AMC members or Group ExCo members, Group BoD members and local BoD members within the Group;
- Recruitment of senior management roles (AMC, Group ExCo, Head of Control Functions) and Material Risk Takers group wide in the context of the Quintet new strategic and transformation plan;
- Approval and implementation of several retention plans within the Group;
- Review and approval of the Group Remuneration Policy and the Terms of Reference;
- Review and approval of the Group Diversity, Equality and Inclusion Policy;
- Assessment of the suitability of the members of the Board of Directors.

18.4 Information on the Management Body

The Bank strives to represent in its workforce the diversity of the communities in which it is based and recognises its talented and diverse workforce as a key competitive advantage. As part of its Group Diversity Policy, in the selection of the Management Body members (supervisory function and management function), the Bank seeks a balance in age, nationality, gender, seniority and background. In addition, the Bank seeks a balance in experience and affinity with the nature and the culture of the different businesses of the Bank. In this context, statistics are monitored and presented to the BRNC.

For 2022, those statistics evidenced at the level of the management body Group-wide a proper balance in nationalities, reflecting locations where Quintet Private Bank (Europe) is present. The educational background of the Management Body - while mainly deriving from business administration, economics, and commerce - also showed diversity.

When assessing the relevance of a Management Body member's candidature (recruitment or appointment), the Bank pays specific attention to the need to include and assess candidates from diverse backgrounds as well as to their individual performance, competencies and potential. In addition, and as part of the suitability assessment, the following criteria are assessed: reputation, experience, managerial abilities, governance and independence, as appropriate.

These criteria are assessed according to the recommendations provided jointly by the ESMA and the EBA (EBA/GL/2017/12/ESMA71-99-598) on the assessment of the suitability of members of the management body and key function holders.

Assessing the initial and ongoing suitability of the members of the Management Body is the ultimate responsibility of the Bank and this assessment is carried out according to the Group's Suitability Policy for key function holders and board members.

Group AMC

The Quintet AMC members have significant experience in strategy, business administration, legal, regulatory and finance and all have broad experience in the banking sector, including at the international level. Most AMC members held senior executive or/and director positions before joining the AMC and all members have strong multicultural competencies.

Group BoD

Non-executive members of the Board of Directors bring demonstrated experience at senior level within the financial sector as well as in different fields such as law, consulting, politics, diplomacy or auditing. The balance within the Board of Directors of different experience and backgrounds facilitates independent thinking and constructive challenging in the decision-making process. Individual profiles are available on the Quintet website.

The number of commercial directorships held by the members of the Management Body is as follows (2022 year-end):

Table 38 - Composition of Group AMC as at 31 December 2022

Name	Position	Executive Directorship[15]	Non-Executive Directorship	
			Group mandate	External Mandate
Chris ALLEN	Group CEO	1	0	0
Nicholas HARVEY	Group CFO	1	1	0
Siegfried MARISSENS	Secretary General	1	0	0
Simon SPILSBURY	Chief Compliance Officer	1	0	0
Bryan CRAWFORD	Group Head of ICS	1	0	0
Phil TREMBLE	Group CRO	1	0	0
Eli LEENAARS	Group COO	1	0	2

[15] Directorship as defined in CRD IV regulations (article 91) onwards.

Table 39 - Composition of the Group BoD as at 31 December 2022

Name	Executive Directorship[16]	Non-Executive Directorship	
		Group mandate	External Mandate
George NASRA	1	1	0
Anne-Ruth HERKES	0	1	1
Alla BASHENKO	0	1	3
Marco MAZZUCCHELLI	0	1	1
Antoine MARCOLIN	1	1	0
Yves FRANCIS	0	1	1
Rory TAPNER (Chairman)	0	1	1
Bas GRADUSSEN	0	1	0
Marie-Christine SCHLAG	0	1	0
Frank ERTEL	0	1	0

18.5 Identification of the Material Risk Takers

In accordance with the Law of 5 April 1993 (as amended), the population of Material Risk Takers has been determined based on the Bank's risk management self-assessment. The Material Risk Takers' list was revised in 2022 based on the definition criteria set by the Commission delegated Regulation (EU) No 604/2014. Additionally, in 2022 the Bank assessed its staff members against the AIFMD/UCITS sectorial definition of Material Risk Takers. The Bank updates the list at least on an annual basis. The following staff members (non-exhaustive list) are considered to be Material Risk Takers based on qualitative criteria; therefore, their remuneration is subject to a supplementary set of rules:

- Members of the Boards and of the AMC, Group ExCo and ExCos Group-wide, including CEOs;
- Heads of control functions (i.e. Risk Control, Audit, Compliance) as well as assimilated roles i.e. Heads of Finance and Human Resources;
- Heads of function responsible at Group level for Legal Affairs and Information Technology;
- Business Units Head members (Luxembourg and foreign locations) and General Management based in Luxembourg ("Group Head"/"Head of Luxembourg");
- Some staff members of the credit and trading departments.

Apart from nine (9) individuals, staff members who were presumed to be Material Risk Takers based only on their remuneration level (quantitative criteria) were excluded from the final Material Risk Takers' list given their limited impact on the Bank's risk profile. A thorough risk analysis by the Bank led to the following figures[17] for 2022:

[16] Directorship as defined in CRD IV regulations (article 91) onwards.

[17] As assessed and approved by the Board mid-2022.

Table 40 - Material Risk Takers

Material Risk Taker category	Number of employees
Total number of identified Material Risk Takers* based on qualitative and quantitative criteria (Group-wide):	115[18]
o/w Quintet AMC and Group Exco	17

18.6 The remuneration process

An overall remuneration governance process is in place to cover all remuneration practices within the Group. The approach, principles and objectives of compensation schemes are disclosed to the relevant stakeholders, regulators and to the public, if requested and based upon the governance rules and codes in force.

Compensation of the BoD members

The compensation of the BoD members is ruled by a system of fixed remuneration and attendance fees *('jetons de présence')*. The fixed part of the remuneration as well as attendance fees are both charged as expenses. Finally, the Bank is allowed to grant loans or guarantees to Board members.

Employees of the Bank who hold a mandate in any board of directors of a subsidiary are not compensated for this specific role unless otherwise decided by the Board of Directors.

Compensation of the Members of the AMC

The BoD determines the remuneration of the members of the AMC upon recommendation from the BRNC. In accordance with the Group Remuneration Policy, the total individual remuneration paid to the members of the AMC comprises a fixed and a variable component, if any.

Fixed *compensation*

Decisions related to the fixed compensation of the members of the AMC are taken by the BoD based on a proposal made by the BRNC. This proposal is itself based on analyses related to market practice and compensations observed for similar functions and level of seniority in the industry.

[18] Apart from independent non-executive Board members.

Variable *compensation*

The principles determining the annual variable compensation of the members of the AMC are based on the achievement of objectives that are set by the BoD at the beginning of the year on the basis of the advice provided by the BRNC. Those pre-agreed objectives are balanced between economic and financial objectives (Quantitative Key Performance Indicators) on the one hand and non-economic objectives (Qualitative Key Performance Indicators) on the other hand and in line with the Group's risk appetite statement. Those elements are based on the combination of "Firm-wide impact", "People/Continuous Improvement", "Risk/Control/Governance" and "Commercial" criteria, e.g.:

- Profitability (e.g. adjusted net profit-based measures - assessed at Group and entity levels);
- Risk measures: solvency (e.g. CET 1 ratio, total capital ratio);
- Individual performance-based measures such as: compliance with applicable rules and risk standards, managerial behaviours/skills, ethical behaviour, management of incidents, internal audit results follow-up, planning and organization.

Currently, a proportion of 60% of the annual variable compensation is deferred over a period of 5 years, the vesting of which is delayed proportionally and gradually over this period and subject to the achievement of performance objectives as well as risk adjustments. 50% of the annual variable compensation is awarded in Phantom Shares (or/ and any other equity-like instruments as per regulation).

In addition, AMC members may participate to a Long Term Incentive Plan ("LTIP") which aims at incentivizing the senior management with long-term shareholders' interests. The group of beneficiaries (including AMC members) is approved by the BoD upon recommendation by the BRNC. The LTIP rewards the senior management with a percentage of the value creation between the fair market value of Quintet at a certain point in time and the hurdle value defined at the beginning of the LTIP. In order to ensure an appropriate balance of the plan, the pay-out awarded to the management is capped.

Partners Compensation

The title of Partner was introduced in the Group in 2020 (each Partner is a member of the Group ExCo and therefore each member of AMC is a Partner). All Partners have been selected for their contribution to the performance of the Group as well as for being a role model in terms of corporate culture, teamwork and demonstrating the values of Quintet. All of these are taken into account in the assessment of annual performance, ratings and variable compensation decisions. The BoD determines the remuneration of the Partners upon recommendation from the BRNC. The compensation of the Partners is similar to that of an AMC member (fixed and variable), and they are identified as potential beneficiaries of a long term incentive plan (LTIP).

The proportionality principle does not apply to this population. The variable compensation of the Partners (excluding AMC members) comprises at least 50% phantom shares and is partly (60%) deferred over a minimum of 4 years, the vesting of which is subject to ex-post risk adjustments.

Control Functions Compensation

In order to prevent conflicts of interests, the variable compensation devoted to Control Functions and assimilated roles (i.e. Finance, Human Resources, Compliance, Risk) is not based on the specific financial results of the underlying businesses being controlled.

When profit-based variable compensation is being considered for Control Functions, the level of such compensation is based on the results of the Group, or on the results of an entity, which is at least one organisational level higher than the level of the control function entity.

The remuneration of the senior staff responsible for managing the Control Functions is not solely left to direct superiors; instead, it is directly overseen by the Board Remuneration & Nomination Committee.

Unless the proportionality principle[19] applies, the variable compensation of these employees comprises at least 50% phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

Compensation of other Material Risk Takers

The total compensation follows the same principles as those followed for the AMC members' compensation; however, quantitative and qualitative objectives only reflect their scope of responsibilities.

Unless the proportionality principle applies, the variable compensation of these employees comprises at least 50% phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

18.7 Remuneration, Performance and Risk Assessment

The total amount available for granting variable compensation is determined on the basis of a 'bonus pool', which is determined in accordance with the strategy of the bank and the impact of such pool on both the solvency and the liquidity position of the bank.

The bonus pool for the Group to be allocated to each entity is reviewed and validated by BoD upon recommendation of the BRNC. Once the amount of the global bonus pool has been defined at the level of the BoD, envelopes are allocated to business lines that, in turn, allocate them to departments, sub-departments, etc. until the individual level is reached.

In any case, the BoD (upon recommendation of the BRNC) in consultation with AMC may revise significantly the bonus pool in case the economic situation of the Group or macro-economic conditions justify such revision.

Individual performance is assessed annually based on an appropriate balance between quantitative objectives (based on Group or/and Business entity or/and individual components) on the one hand and qualitative objectives (non-economic) on the other.

[19] Proportionality principle may apply to staff members having less impact on the Banks' risk profile and whose variable remuneration may never exceed EUR 50,000 gross (or any lower threshold if applicable according to local regulation).

The variable compensation related to qualitative objectives is based on the evaluation of a number of pre-agreed criteria including a risk and compliance awareness goal acting as a "circuit breaker"/"modifier". For 2022, these qualitative criteria were, for example: compliance with applicable rules and risk standards, managerial behaviours /skills, ethical behaviour, management of incidents, internal audit results follow-up, planning & organisation, communication & transparency, quality of reporting and proactivity & initiative.

The BRNC has the sole discretion to recommend to the BoD a revision of the performance assessment for specific individuals in case they have not acted in compliance with the Group's qualitative objective (especially on compliance and risk awareness objectives) and core values.

18.8 Level of Remuneration

For the members of the AMC, ExCos Group-wide, the Senior Management of the Bank ("Group ExCo"), the Material Risk Takers (MRT) and the staff as a whole, the variable compensation is capped at a certain level of the fixed remuneration, depending on the nature of the function:

Table 41 - Maximum variable-to-fixed remuneration ratio by function

Function	Maximum variable-to-fixed remuneration ratio
AMC, Group ExCo, Local ExCos, other Material Risk Takers: (excluding Control Functions)	100% each individual with a ratio above 100% must be specifically approved during the shareholders' annual meeting
Control Functions and assimilated roles	100% (50%-75% max recommended for MRT)
All other roles	100% each individual with a ratio above 100% must be specifically approved during the shareholders' annual meeting

18.9 Risk-Adjusted Remuneration, Malus and Clawback Provisions

The profit-based variable compensation paid out to Material Risk Takers is subject to ex-ante and to ex-post risk adjustment measures.

Ex-ante risk adjustments measures are based on two main criteria:

- Quantitative: solvency (CET1 and total capital ratios over the last business/risk cycle.) and liquidity (Liquidity Coverage Ratio);
- Qualitative: risk and compliance awareness goal acting as a "circuit breaker"/"modifier".

Ex-post risk adjustments can be operated either by reducing deferred (but not yet vested) amounts of compensation (malus) or by reclaiming ownership of upfront amounts or deferred amounts already vested (clawback).

A malus will be applied in particular:

- in the case of evidence of serious misbehaviour or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risk and compliance);
- if Quintet Private Bank (Europe) or an underlying entity suffers a significant downturn in its financial performance;
- if Quintet Private Bank (Europe) or an underlying entity suffers a significant failure of risk management;
- in the case of significant changes in the Bank's economic or regulatory capital base.

A clawback will be applied[20] for example in the case of:

- established and proven serious fraud by the staff member; dissemination or use of misleading information by the staff member;
- situations where the individual directly participated in actions that caused substantial losses for the Bank or did not comply with applicable rules in terms of reputability and competences;
- regulatory sanction of the Bank where the deliberate conduct of the staff member contributed directly to the sanction.

The BRNC has the sole discretion to recommend to the BoD a penalty/clawback on specific individual cases.

18.10 Remuneration figures

The remuneration structure of identified Material Risk Takers in 2022 is presented in Appendix 12. In addition, 14 employees were granted in 2022 a total remuneration exceeding EUR 1 million: eight in the "payment" band [1 million to below EUR 1.5 million], four in the "payment" band [1.5 million to below EUR 2 million], one in the "payment" band [2 million to below EUR 2.5 million], and one in the "payment" band [2.5 million to below EUR 3 million]. These categories include all types of fixed remuneration and variable compensation, including exceptional variable compensation granted in the hiring context and individuals are categorized accordingly. The remuneration data is reported in Appendix 12 – Templates on remuneration EU REM1 to EU REM5.

[20] Without prejudice to contract or labour laws.

Notes:

- All amounts are expressed in EUR;
- Fixed and Variable Remuneration are defined as per EBA guidelines and cover full year 2022;
- MRT headcount and FTE are assessed end of 2022.

Quintet did not benefit from the derogation as listed in Article 94(3) of CRD as per Article 450(1)(k) CRR.

19. Appendix

Appendix 1 – CRR Mapping

The table below makes the link between the Bank's table of contents and Part 8 of Regulation (EU) No 575/2013, as amended.

CRR Article	Theme	Quintet Pillar 3 location	Template(s)
431	Disclosure requirements	Pillar 3 published on Quintet's website	-
432	Non-material, proprietary od confidential information	-	-
433	Frequency of disclosure	-	-
433a	Disclosures by large institutions	N/A	N/A
433b	Disclosures by small and non-complex institutions	N/A	N/A
433c	Disclosures by other institutions	Pillar 3 published on Quintet's website	N/A
434	Means of disclosures	Pillar 3 published on Quintet's website	N/A
434a	Uniform disclosure formats	-	-
435	Disclosure of risk management objectives and policies	Section 6, Sub-sections 10.2, 12.2, 13.2, 14.2, 15.3	N/A
436	Disclosure of the scope of application	Appendix 2	LI1, LI2
437	Disclosure of own funds	Appendix 4, Appendix 5, Appendix 8, Appendix 9	CC1, CC2
437a	Disclosure of own funds and eligible liabilities	Appendix 8, Appendix 9	N/A
438	Disclosure of own funds requirements and risk-weighted exposure amounts	Section 7, Appendix 4, Appendix 5	KM1, OV1
439	Disclosure of exposures to counterparty credit risk	Section 12	CCR1, CCR3, CCR5, CCR6, CCR8
440	Disclosure of countercyclical capital buffers	Section 8	CCYB1, CCYB2
441	Disclosure of indicators of global systemic importance	N/A	N/A
442	Disclosure of exposures to credit risk and dilution risk	Section 10	CR1, CR1-A, CR2, CQ1, CQ3, CQ4, CQ5
443	Disclosure of encumbered and unencumbered assets	Section 11	AE1, AE2, AE3
444	Disclosure of the use of the Standardised Approach	Sub-sections 10.1.1, 10.3.2 to 10.3.5	CR5
445	Disclosure of exposure to market risk	Sub-sections 13.1	MR1
446	Disclosure of operational risk management	Section 14	OR1

(continue) Table - Appendix 1

CRR Article	Theme	Quintet Pillar 3 location	Template(s)
447	Disclosure of key metrics	Sub-sections 7.1	KM1
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Sub-sections 13.3	IRRBB1
449	Disclosure of exposures to securitisation positions	N/A	N/A
449a	Disclosure of environmental, social and governance risks (ESG risks)	N/A	N/A
450	Disclosure of remuneration policy	Section 18, Appendix 12	REM1, REM2, REM3, REM4, REM5
451	Disclosure of the leverage ratio	Section 9	LR1, LR2, LR3
451a	Disclosure of liquidity requirements	Section 15, Appendix 11	LIQ1, LIQ2
452	Disclosure of the use of the IRB Approach to credit risk	N/A	N/A
453	Disclosure of the use of credit risk mitigation techniques	Sub-sections 10.3	CR3, CR4
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	N/A	N/A
455	Use of internal market risk models	N/A	N/A

Appendix 2 – Differences between accounting and regulatory scopes

There is no difference between accounting and regulatory scopes of consolidation (see "Structure of Quintet Group"). The following table provides information about the linkage between the carrying values presented in the financial statements and the regulatory exposures of the Bank.

Table 42 - Accounting and regulatory scope of consolidation

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories. (Template EU LI1 – EBA/ITS/2020/04)	a	b	c	d	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset clases according to the balance sheet in the published financial statements						
Cash and balance at central banks	5,232.6	5,232.6	5,232.6	-	-	-
Items in the course of collection from other banks	418.9	418.9	418.9	-	-	-
Financial assets	8,296.5	8,296.5	7,181.6	1,070.0	44.9	-
Held-for-trading	363.7	363.7	-	318.8	44.9	-
o/w derivatives trading	318.8	318.8	-	318.8	-	-
o/w trading portfolio assets	44.9	44.9	-	-	44.9	-
Mandatorily at fair value through profit or loss	37.1	37.1	37.1	-	-	-
At fair value through profit or loss	-	-	-	-	-	-
At fair value through OCI	958.5	958.5	958.5	-	-	-
At amortized cost	6,693.9	6,693.9	6,186.0	507.9	-	-
o/w Debt securities	995.4	995.4	995.4	-	-	-
o/w Loans and advances to banks excluding reverse repurchase agreements	46.5	46.5	46.5	-	-	-
o/w Loans and advances to customers excluding reverse repurchase agreements	5,144.1	5,144.1	5,144.1	-	-	-
o/w Reverse repurchase agreements and other similar secured lending	507.9	507.9	-	507.9	-	-
Investment in consolidated subs	-	-	-	-	-	-
Hedging derivatives	243.2	243.2	-	243.2	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	- 211.1	- 211.1	-	-	-	- 211.1
Tax assets	32.7	32.7	2.5	-	-	30.2
Current tax assets	2.5	2.5	2.5	-	-	-
Deferred tax assets	30.2	30.2	-	-	-	30.2
Investments in associates	0.1	0.1	0.1	-	-	-
Investment properties	-	-	-	-	-	-
Property and Equipment	24.1	24.1	24.1	-	-	-
Leased tangible assets (IFRS16 - right of use asset)	47.8	47.8	47.8	-	-	-
Goodwill and other intangible assets	442.0	442.0	9.6	-	-	432.3
Other assets	152.2	152.2	152.2	-	-	-
Assets held for sale	5.0	5.0	5.0	-	-	-
Total assets	14,440.8	14,440.8	13,074.5	1,070.0	44.9	251.5
Breakdown by asset clases according to the balance sheet in the published financial statements						
Financial liabilities	13,003.4	13,003.4	-	306.8	-	12,696.6
Held-for-trading	290.7	290.7	-	290.7	-	-
o/w derivatives trading	290.7	290.7	-	290.7	-	-
At amortised cost	12,701.0	12,701.0	-	4.4	-	12,696.6
o/w deposits from banks excluding repurchase agreements	434.8	434.8	-	-	-	434.8
o/w customer accounts excluding repurchase agreements	12,139.2	12,139.2	-	-	-	12,139.2
o/w repurchase agreements and other similar secured borrowings	4.4	4.4	-	4.4	-	-
o/w debt securities issued	49.9	49.9	-	-	-	49.9
o/w lease liabilities and other	72.6	72.6	-	-	-	72.6
Hedging derivatives	11.7	11.7	-	11.7	-	-
Tax liabilities	0.5	0.5	-	-	-	0.5
Current tax liabilities	0.5	0.5	-	-	-	0.5
Deferred tax liabilities	-	-	-	-	-	0.0
Provisions	49.7	49.7	-	-	-	49.7
Other liabilities	239.7	239.7	-	-	-	239.7
Liabilities directly associated with assets held for sale	2.5	2.5	-	-	-	2.5
Total equity	1,144.9	1,144.9	-	-	-	1,144.9
Total liabilities	14,440.8	14,440.8	-	306.8	-	14,134.0

The main source of differences between regulatory exposure amounts and carrying values in financial statement is presented hereunder. The main differences refer to the application of the credit conversion factors on off-balance sheet exposures, the application of the credit risk mitigation techniques and the exposure value computed according to the netting contracts (credit support agreement for derivatives and securities financing transactions).

Table 43 - Main source of differences between regulatory exposure amounts and carrying values in financial statements

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (Template EU LI2 – EBA/ITS/2020/04)		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	14,189.3	13,074.5	-	1,070.0	44.9
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	306.8	-	-	306.8	-
3	Total net amount under the scope of prudential consolidation	13,882.5	13,074.5	-	763.1	44.9
4	Off-balance-sheet amounts	3,146.2	128.5	-	-	-
5	*Differences in valuations*	- 0.0		-	-	
6	*Differences due to different netting rules, other than those already included in row 2*	- 664.3	- 28.0	-	- 636.3	
7	*Differences due to consideration of provisions*	-	-	-	-	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	- 2,575.6	- 2,575.6	-	-	
9	*Differences due to credit conversion factors*	-	-	-	-	
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	
11	*Other differences*	-	-	-	-	
12	Exposure amounts considered for regulatory purposes	13,788.8	10,599.4	-	126.8	44.9

Appendix 3 – Prudent Valuation Adjustments (PVA)

As mentioned in EBA/RTS/2014/06, the Bank has to calculate "additional valuation adjustments" (AVA). The purpose of calculating AVAs is to define a prudential valuation of all items which are fair valued on the balance sheet. The Bank uses the simplified approach as the absolute values of all items fair valued on the balance sheet is less than EUR 15 bn.

Table 44 - Prudential valuation adjustments

Prudent valuation adjustments (PVA) (Template EU PV1 – EBA/ITS/2020/04)		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
Category level AVA		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	-	-	-	-	-	-	-	-	-	-
2	Not applicable										
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
5	Early termination	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
8	Not applicable										
9	Not applicable										
10	Future administrative costs	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
11	Not applicable										
12	Total Additional Valuation Adjustments (AVAs)								1.4	-	-

Appendix 4 – Composition of regulatory own funds

European Commission Implementing Regulation (EU) No 1423/2013, Annex I

Table 45 - Composition of regulatory own funds

Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	880.4	a
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	146.1	b
3	Accumulated other comprehensive income (and other reserves)	- 23.3	c
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,003.2	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 1.4	d
8	Intangible assets (net of related tax liability) (negative amount)	- 432.3	e
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	- 29.9	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	- 0.2	g
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	

(continue) Table 45 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	- 1.7	h
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**- 465.6**	
29	**Common Equity Tier 1 (CET1) capital**	**537.6**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	123.5	i
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**123.5**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**123.5**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**661.1**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0.1	a

(continue) Table 45 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**0.1**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**0.1**	
59	**Total capital (TC = T1 + T2)**	**661.2**	
60	**Total Risk exposure amount**	**2,916.1**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	18.43%	
62	Tier 1 capital	22.67%	
63	Total capital	22.67%	
64	Institution CET1 overall capital requirements	8.89%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.34%	
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.55%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**0.0**	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		

(continue) Table 45 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	13.4	j
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Appendix 5 – Reconciliation of regulatory own funds to balance sheet

As there are no differences between accounting and regulatory scopes of consolidation (see chapter "Structure of Quintet"), the Bank only presents the balance sheet figures in the template EU CC2.

Table 46 - Reconciliation of regulatory own funds to balance sheet

	Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Template EU CC2 – EBA/ITS/2020/04)	(a) Balance sheet as in published financial statements	(b) Reference
		As at period end	
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements			
	Total assets	**14,440.8**	
	Cash, cash balances at central banks and other demand deposits	5,651.5	
	Financial assets held for trading	363.7	
	of which AVA computation	*0.2*	d
	Non-trading financial assets mandatorily at fair value through profit or loss	37.1	
	of which AVA computation	*0.0*	d

(continue) Table 46 - Reconciliation of regulatory own funds to balance sheet

	Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Template EU CC2 – EBA/ITS/2020/04)	(a) Balance sheet as in published financial statements	(b) Reference
		As at period end	
	of which unsignificant holdings in FSE	*13.4*	j
	Financial assets designated at fair value through profit or loss	-	
	Financial assets at fair value through other comprehensive income	958.5	
	of which AVA computation	*1.0*	d
	Financial assets at amortised cost	6,693.9	
	*of which additional capital deductions linked to insufficient coverage for non-performing exposures**	*1.7*	h
	Derivatives – Hedge accounting	243.2	
	of which AVA computation	*0.2*	d
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	- 211.1	
	of which AVA computation	*- 0.2*	d
	Investments in subsidiaries, joint ventures and associates	0.1	
	Tangible assets	71.9	
	Intangible assets	442.0	
	of which goodwill	*374.6*	e
	of which other intangible assets including the new prudential treatment of sofware assets	*57.8*	e
	Tax assets	32.7	
	of which deferred tax assets	*29.9*	f
	Other assets	152.2	
	of which defined benefit pension plan assets	*0.2*	g
	Non-current assets and disposal groups classified as held for sale	5.0	

* including Pillar I and Pillar II stock requirements for non-performing exposures originated before 26/04/2019

Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
	Total liabilities	**13,295.9**	
	Financial liabilities held for trading	290.7	
	of which AVA computation	*0.2*	d
	Financial liabilities measured at amortised cost	12,701.0	
	Derivatives – Hedge accounting	11.7	
	of which AVA computation	*0.0*	d
	Provisions	49.7	
	Tax liabilities	0.5	
	Other liabilities	239.7	
	Liabilities included in disposal groups classified as held for sale	2.5	

Shareholders' Equity			
	Total shareholders' equity	**1,144.9**	
	Capital	254.2	a
	Share Premium	626.3	a
	Equity instruments issued other than capital	123.5	i
	Accumulated other comprehensive income	- 23.3	c
	Retained earnings	- 194.3	b
	Other reserves	340.4	b
	Profit or loss attributable to owners of the parent	18.1	

Appendix 6 – Balance sheet reconciliation

Table 47 - Balance sheet reconciliation methodology

CONSOLIDATED BALANCE SHEET, as of December 31st, 2022

Disclosure according to Article 2 in Commission implementing regulation (EU) No 1423/2013
(references in square brackets correspond to lines in the 'own funds disclosure template EU CC1')

		€ mln		ofw. Non-significant investments in Financial sector entities	ofw. Significant investments in Financial sector entities	ofw. Group T2 issues / subordinated debts (after amortization / CRR Art.64)	ofw. Goodwill and other intangible assets deducted from CET1	ofw. Deferred tax assets deducted from CET1
Cash, cash balances at central banks and other demand deposits		5,651.5						
Financial assets		8,296.5		13.4	-	(**)		
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-211.1						
Tax assets		32.7						
Current tax assets	*2.5*							
Deferred tax assets	*30.2*							29.9
Investments in associates		0.1						
Investments properties								
Property & Equipment		24.1						
Leased tangible assets		47.8						
Goodwill & Other intangible assets		442.0					432.3	
Other assets		152.2						
Non-current assets held-for-sale		5.0						
TOTAL ASSETS	**14,440.8**							
Financial liabilities		13,003.4		(*)	-			
Tax liabilities		0.5						
Current tax liabilities								
Deferred tax liabilities	*0.5*							
Provisions		49.7						
Other liabilities		239.7						
Non-current Liabilities held-for-sale		2.5						
TOTAL LIABILITIES		**13,295.9**						
Ordinary shares issued (including share premium)		880.4	[1]					
Equity component of compound financial instruments		123.5	[30]					
Preference shares issued (including share premium)		0.1		-	-	0.1		
Retained earnings		146.1	[2]					
ofw. Reserves excluded from own funds	*[2]*							
Net result of the year		18.1						
Treasury shares								
Non-controlling interests								
Accumulated other comprehensive income		-23.3	[3]					
Currency translation reserve	15.1							
FVOCI revaluation reserve	-15.2							
Defined benefit pension plans reserve	-23.2							
Minority Interest		-						
TOTAL EQUITY		**1,144.9**						
TOTAL EQUITY AND LIABILITIES	**14,440.8**							
			Total	13.4	-	0.1	-432.3	-29.9
(*) Short positions to be net with long positions				[72]	[73]	*ofw. Amounts issued* 0.1	[8]	[10]
(**) Own T2 instruments held						*ofw. Own issues held* -		

Appendix 7 – Reconciliation between accounting and prudential own funds

Table 48 - Reconciliation between accounting and prudential own funds

			2022.12
ACCOUNTING	Issued capital		254.2
	Share premium		626.3
	Equity component of compound financial instruments		123.5
	Revaluation reserves		
		OCI reserve	-15.2
		Foreign currency translation	15.1
		IAS 19R	-23.2
	Reserves (including retained earnings)		
		Retained earnings	-194.3
		Consolidated reserves	-112.4
		Other reserves	452.7
	(Treasury shares)		-
	Income from current year		18.1
	Result of previous year not yet allocated		-
	Minority interests		-
	EQUITY [accounting]		**1,144.9**
	- Not eligible result		-18.1
	- Estimated payout		-
	- Minority interests		-
	- Capital increase - CET1 - pending approval		-
	- Intangible assets and goodwill		-432.3
	- Deferred tax assets		-29.9
	- Additional capital requirement on non-performing exposures		-1.7
	- AGDL reserve		-
	+ Eligible subordinated liabilities		-
	- Defined benefit pension fund assets		-0.2
	- Asset Value Adjustment		-1.4
	- Significant investments in relevant entities (art. 48)		-
	Sum of RETREATMENTS		-483.7
PRUDENTIAL	**ELIGIBLE OWN FUNDS [prudential]**		**661.2**
	TIER 1		661.1
	TIER 2		0.1

Appendix 8 – CET 1 instrument full terms and conditions

Name, registered office, object and duration of the company

ARTICLE 1:

Article 1.- This document constitutes the articles of association (the “Articles”) of QUINTET PRIVATE BANK (EUROPE) S.A. (the “Company”), a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg (“Luxembourg Law”) including the law of 10 August 1915 on commercial companies as amended from time to time (the “1915 Law”) and the financial sector law of 5 April 1993 as amended from time to time (the “FSL”).

ARTICLE 2:

The Company’s registered office (the “Registered Office”) shall be established in the city of Luxembourg. It may be transferred to any other place within the same municipality by the Board of Directors or to any other place in the Grand Duchy of Luxembourg (whether or not in the same municipality) by a resolution of the shareholders of the Company passed in accordance with these Articles and Luxembourg Law.

Should a situation arise or be deemed imminent, whether military, political, economic, social or otherwise, which would prevent normal activity at the Registered Office, the Registered Office may be temporarily transferred abroad until such time as the situation becomes normalised; such temporary measures will not have any effect on the Company’s nationality and the Company will, notwithstanding this temporary transfer of the Registered Office, remain a Luxembourg company. The decision as to the transfer abroad of the Registered Office will be made by the Board of Directors.

The Company may, by decision of the Board of Directors, set-up subsidiaries, branches, or any other establishment in the Grand Duchy of Luxembourg and abroad.

ARTICLE 3:

The object of the Company is to engage in all banking and financial operations of whatever kind, to receive from the public deposits or other repayable funds, to grant credits for its own account and to perform all activities reserved to banks, investment firms and other professionals of the financial sector and any financial, administrative, management or advisory operations in connection directly or indirectly with the activities above described.

The object of the Company is also to engage in any insurance intermediary activities with respect to regulated insurance companies approved in the Grand Duchy of Luxembourg or abroad, and to engage in any financial, administrative, management or advisory operations directly or indirectly linked to those activities.

The Company may also carry out all activities of primary IT systems operator of the financial sector and secondary IT systems and communication networks operator of the financial sector, as well as all the activities of administrative agent of the financial sector.

Within its object, the Company may in particular, without limitation:

- participate in the incorporation, development and/or control of any entity in the Grand Duchy of Luxembourg or abroad;
- act as a partner or shareholder with unlimited or limited liability for the debts and obligations of any Luxembourg or foreign entities.

In addition, the Company shall be permitted to carry out all such commercial, advisory, movable or real estate activities relating directly or indirectly to the Company's object or which may help to develop its fulfilment. The Company may be interested by means of subscription, of contribution, of participation or in any other manner in any company or undertaking having a similar, connected or supplementary activity to its own activity and capable to develop one or several areas of its activity, in the Grand Duchy of Luxembourg or abroad. The Company may amalgamate, merge, consolidate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any such company or undertaking.

The Company may do all or any of the things provided in this article 3 (a) in any part of the world, (b) as principal, agent, contractor, trustee or otherwise, (c) by or through trustees, agents, sub-contractors or otherwise and (d) alone or with another person or persons.

ARTICLE 4:

The Company is formed for an unlimited period of time.

Share capital, contributions, shares and payments

ARTICLE 5:

The subscribed share capital is fixed at EUR 254,205,377.60 (two hundred and fifty-four million two hundred and five thousand three hundred and seventy-seven euro and sixty cents) divided into twenty-seven million three hundred and thirty-nine thousand seven hundred and sixteen (27,339,716) ordinary shares without nominal value and four thousand three hundred thirty-six (4,336) fully paid up preference shares without nominal value and with no voting rights, all of these shares having the respective rights and obligations set forth in these Articles and in Luxembourg Law.

The Company may establish a share premium account (the "Share Premium Account") into which any premium paid on any share is to be transferred. Decisions as to the use of the Share Premium Account are to be taken by the Board of Directors subject to the 1915 Law and these Articles.

Without prejudice to the authorisation given to the Board of Directors under article 6, the subscribed share capital and the authorised share capital may be increased or reduced by a shareholders' resolution adopted at a General Meeting, in accordance with the conditions required for the amendment of the Articles provided in article 29 and in accordance with Luxembourg Law.

Without prejudice to the authorisation given to the Board of Directors under article 6, where the Company's capital is increased by an issue of new shares for cash, those new shares shall be offered for subscription on a pre-emptive basis to the holders of existing shares, in proportion to the number of shares held by them at that time. However should the Company's share capital be divided into different categories or classes of shares, in the event of a capital increase resulting from an issue of new shares in a given class or category, only the shareholders holding shares in this specific class or category shall have a pre-emptive right to subscribe for such new shares to be issued in their class or category.

The General Meeting called upon to resolve, at the conditions prescribed for amendments to the Articles, either upon an increase of capital or upon the authorisation granted to the Board of Directors to increase the capital under article 6, may limit or cancel the pre-emptive subscription rights of the shareholders or authorise the Board of Directors to do so.

ARTICLE 6:

In addition to the issued and subscribed corporate capital of two hundred and fifty-four million two hundred and five thousand three hundred and seventy-seven euro and sixty cents (EUR 254,205,377.60), the Company also has an authorized, but unissued and unsubscribed share capital set at one billion four hundred and thirty-two million nine hundred and ninety-seven thousand eight hundred and seven Euro and thirty-six cents (EUR 1,432,997,807.36,-) (the "Authorised Capital").

The Board of Directors is authorised and empowered within the limits of the Authorised Capital to (i) realize any increase of the share capital or equity of the Company with or without the issuance of new shares it being understood that the Board of Directors is authorised to issue such new shares in one or several issues and (ii) issue bonds, notes, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments, it being understood that (a) if such instruments are issued before or during the period set forth in the paragraph below, the new shares upon the conversion or exercise of such instruments may be issued after the expiry of said period and (b) the Board of Directors is authorised to issue such new shares in one or several issues. Any increase of the share capital or equity of the Company, as well as any issue of bonds, notes preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board of Directors prior to December 20, 2019, under the authorised share capital of the Company in place at the time of such increase or issue but not realised, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new Authorised Capital.

The authorisation conferred to the Board of Directors will expire five (5) years after the date of the General Meeting held on December 20, 2019, and can be renewed in accordance with the 1915 Law, it being understood that the Board of Directors can proceed to an increase of share capital or issue of the abovementioned instruments as of the date of the General Meeting held on December 20, 2019.

The new shares and the instruments to be issued in accordance with the above provisions may be paid up through contributions in cash or in kind, by the incorporation of reserves, share premiums or retained earnings, including in the three latter cases in favour of new shareholders. The new shares to be issued in accordance with the provisions of this article 6 may be issued with or without share premium, it being understood that (i) such shares shall not be issued at a price below the par value and (ii) if the consideration payable to the Company for such newly issued shares exceeds their par value, the excess is to be treated as share premium in respect of such shares in the books of the Company.

The Board of Directors is specially authorised to issue such new shares and where applicable, new instruments, without reserving (i.e. by cancelling or limiting) for the existing shareholders the pre-emptive right to subscribe for such shares and instruments.

The Board of Directors is authorised to determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new shares (referred to in this article 6) and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid instruments (referred to in this article 6) as well as all the other conditions and terms of such instruments including as to their subscription, issue and payment.

The Board of Directors is authorised to do all things necessary to amend this article 6 and article 5 of the present Articles in order to record the change of issued and authorised share capital following any increase pursuant to the present article. The Board of Directors is empowered to take or authorise the actions required for the execution and publication of such amendment in accordance with the 1915 Law. Furthermore, the Board of Directors may delegate to any duly authorised person, the duties of accepting subscriptions, conversions or exchanges and receiving payment for shares, bonds, notes, preferred equity certificates, warrants, options or instruments and to do all things necessary to amend Articles 5 and 6 of the present Articles in order to record the change of issued and authorised share capital following any increase pursuant to the present article.

ARTICLE 7:

The shares, all of which must be fully paid up, are and shall remain in registered form.

In accordance with the 1915 Law, a shareholders' register shall be kept at the Registered Office. Ownership of registered shares shall be established by an entry in such shareholders' register.

The existing preference shares without voting rights may be converted into ordinary shares or into any other class or category of shares.

ARTICLE 8:

The Company shall recognise only one owner per share.

If there are several holders of a share, the Company shall have the right to suspend the exercise of the rights attaching to such share until such time where all holders of that share notify the Company in writing as to which of them is to be regarded as their representative.

The Company may have a sole shareholder. The death or dissolution of a sole shareholder will not result in the dissolution of the Company.

ARTICLE 9:

The Company may purchase its own shares, on the conditions provided by the 1915 Law.

<u>Management and supervision</u>

ARTICLE 10:

The Company shall be managed by a board of directors (the "Board of Directors") composed of at least three directors (each a "Director"), who need not be shareholders. The Board of Directors shall be composed of two-thirds (2/3) equity representatives (the "Equity Directors" and each an "Equity Director") and of one-third (1/3) employee representatives (the "Employee Directors" and each an "Employee Director").

The Equity Directors will be appointed by the General Meeting for a term not exceeding four (4) years.

The Employee Director(s) will be allocated between the countries in which the Company employs employees either directly or through branches. The allocation of Employee Director(s) between countries will be made proportionally by reference to the number of employees employed per country by the Company or its branches. Each Employee Director will be appointed/elected in accordance with the national laws and/or regulations applicable in the country of employment of the Employee Director.

In case the number of employees per country changes to such an extent that the allocation between countries of the Employee Director(s) would be impacted, the existing allocation between countries shall be upheld until, and only effectively change as of, the end of the term – for whatever reason – of the concerned acting Employee Director(s).

The Employee Director(s)' status will be governed pursuant to article L.444-4 of the Luxembourg Labour Code.

A Director may be re-elected. In case a Director is elected without mention of the term of his mandate, he is deemed to be elected for 4 years from the date of his election.

A Director may, at any time, be removed with or without cause from his office by the General Meeting. The mandate of a Director shall also cease at the end of the General Meeting of the calendar year following that in which the Director in question reaches the age of seventy-five (75).

The effectiveness of any appointment of a Director shall be subject to the prior approval of the Commission de Surveillance du Secteur Financier (the "CSSF") and other regulatory authorities in accordance with Luxembourg Law.

The Board of Directors shall comply with applicable terms of reference (the "Terms of

Reference") and policy for the assessment of the suitability of the members of the Board of Directors (the "PASM") which may be applicable within the Company from time to time, and the appointment of the members of the Board of Directors shall be subject to applicable Terms of Reference and PASM.

The Board of Directors may also establish internal committees which may include non-board members chosen in particular for their technical skills. The Board of Directors shall ensure that each member of a committee who is not a Director will keep confidential all information received in relation to the Company or any of its related companies (comprised in the widest sense). The Board of Directors shall determine the composition, powers and functioning of any committee it establishes in accordance with the rules set out in the applicable Terms of Reference and the PASM.

The remuneration ("émoluments") of the Directors shall be fixed by the General Meeting and allocated between each Director by the Board of Directors in accordance with the provisions of the Terms of Reference.

ARTICLE 11:

In the event of vacancy of a position on the Board of Directors among the Equity Directors appointed by the General Meeting because of death, retirement or otherwise, the remaining Directors appointed by the General Meeting may meet and elect, by majority vote and in compliance with the composition and other rules set out in article 10, an Equity Director to fill such vacancy until the next General Meeting which will be asked to ratify such election, subject however to obtaining any required CSSF or other regulatory authority approvals.

ARTICLE 12:

The Board of Directors shall appoint from amongst its members a chairman, a deputy chairman and a secretary who need not to be a Director who shall be responsible for taking the minutes of the meetings of the Board of Directors. The Board of Directors may allocate other functions to members of the Board of Directors.

ARTICLE 13:

The Board of Directors shall meet whenever the interests of the Company so require, upon being convened by the chairman, the deputy chairman or two directors (including at least one Equity Director). The convening notices of a meeting shall state the date and time thereof and shall specify the agenda. The meeting shall be held at the Registered Office or at such place as may be specified in the convening notice. It shall be chaired by the chairman or, in his absence, by the deputy chairman or, in the latter's absence, by the longest-serving Equity Director.

ARTICLE 14:

The Board of Directors can only validly deliberate and take decisions if at least half of the Directors are present or represented and at least half of the Equity Directors are present or represented.

The Board of Directors may validly deliberate and take decisions at a meeting of the Board of Directors without complying with all or any of the convening requirements and formalities if all the Directors have waived the relevant convening requirements and formalities either in writing or, at the relevant meeting of the Board of Directors, in person or by an authorised representative.

An Equity Director may appoint, by means of a written proxy given by letter, fax or electronic mail, any other Equity Director (but not any other person) to act as his representative (an "Equity Director's Representative") at a meeting of the Board of Directors to attend, deliberate, vote and perform all his functions on his behalf at that meeting. An Employee Director may appoint, by means of a written proxy given by letter, fax or electronic mail, any other Employee Director (but not any other person) to act as his representative (an "Employee Director's Representative") at a meeting of the Board of Directors to attend, deliberate, vote and perform all his functions on his behalf at that meeting. An Equity Director can act as representative for more than one other Equity Director and an Employee Director can act as representative for more than one other Employee Director at a meeting provided that (without prejudice to any quorum requirements) at least two Directors are physically present at a meeting of the Board of Directors held in person or participate in person in a meeting of the Board of Directors held by video-conference or telephone conference facilities as described below.

Decisions shall be taken by a simple majority of the votes of the Directors present or represented at such meeting. In case of a tie vote, the vote of the chairman of the meeting shall be prevailing.

The use of video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director shall be authorized and these means must have technical features which ensure an effective participation in the meeting allowing all the persons taking part in the meeting to hear one another on a continuous basis and allowing an effective participation of such persons in the meeting. Directors or Equity Directors' Representatives or Employee Directors' Representatives using video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director will be deemed to be present at the meeting and shall be entitled to take part in the voting via the video or telephone link and shall be counted in the quorum. Subject to Luxembourg Law, all business transacted in this way by the Directors shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board of Directors, notwithstanding that fewer than the number of Directors (or their representatives) required to constitute a quorum are physically present in the same place. A meeting held in this way is deemed to be held at the Registered Office.

Resolutions of the Board of Directors may be validly adopted in writing by circular resolutions if they are signed and-approved in writing by all the Directors personally. Such approval may result from one or more separate documents sent by fax or electronic mail. Those resolutions shall have the same effect and the same validity as resolutions voted at a duly convened meeting of the Board of Directors. The date of such resolutions shall be the date of the last signature.

Votes may also be cast by any other means of whatever kind, such as fax or electronic mail.

ARTICLE 15:

Decisions of the Board of Directors shall be recorded in minutes that will be kept at the Registered Office of the Company and signed by the chairman and secretary of the meeting. The successive pages of the minutes shall be numbered consecutively and bound together at the end of each financial year. Copies and extracts shall be signed by the chairman of the Board of Directors, the secretary of the Board of Directors, or by any other persons to whom such signing powers have been delegated by the Board of Directors without prejudice to the provisions hereinafter contained.

ARTICLE 16:

The Board of Directors shall be empowered to act in the name and on behalf of the Company in all circumstances and to do all such acts, including administration acts (actes d'administration) and disposition acts (actes de disposition), as may be necessary or expedient for the realisation of the Company's object.

All powers not expressly reserved by the 1915 Law or the present Articles to the General Meeting fall within the competence of the Board of Directors.

The Board of Directors is authorised to transfer, assign and dispose of the assets of the Company in such manner as the Board of Directors deems appropriate.

Any Director having an interest in a transaction submitted for approval to the Board of Directors conflicting with that of the Company shall advise the Board of Directors thereof and cause a record of his statement to be included in the minutes of the meeting. Such Director may not take part in these deliberations. At the next following General Meeting, before voting on any matter, a special report shall be made on any transactions in which of the Director has an interest conflicting with that of the Company.

ARTICLE 17:

The Board of Directors may confer any powers and special mandates to one or more ad hoc agents who need not to be Directors and may remove any such agent and determine any such agent's powers and responsibilities and remuneration (if any), the duration of the period of representation and any other relevant conditions of his appointment.

The Board of Directors may delegate its powers to conduct the daily management and affairs of the Company and the representation of the Company for such daily management and affairs, as well as the implementation of decisions of the Board of Directors to an executive committee (comité de direction) (the "Executive Committee") and/or one or more managing directors, the appointment of any such members of the Executive Committee or managing directors being subject to the approval of the CSSF and other regulatory authorities, in accordance with Luxembourg Law. The Board of Directors may appoint one or more executive officers, under such terms and with such powers as the Board of Directors shall determine. The appointment and removal, powers, duties and emoluments of the Executive Committee, the managing director(s) and the executive officer(s) will be determined by the Board of Directors.

The Executive Committee may, within the limits of its respective powers and responsibilities, confer special powers of any kind to such agents and may grant such delegated powers as it thinks fit, with a view to the signature of deeds and documents relating to current operations and correspondence pertaining thereto.

Decisions of the Executive Committee as well as copies and extracts of such decisions shall be signed by two members of the Executive Committee or by any other persons to whom such signing powers have been delegated by the Executive Committee without prejudice to the provisions hereinafter contained.

ARTICLE 18:

Toward third parties, in all circumstances, the Company shall be bound by the signature of:

- any two (2) Directors of the Company together, of which at least one signature shall be that of the chairman or the deputy chairman of the Board of Directors;
- any two members of the Executive Committee or any two managing directors, to the extent powers have been delegated to them under article 17;
- any other person to whom such a power has been delegated in accordance with article 17 to the extent such a power has been delegated to him, and whose name has been published in accordance with Luxembourg Law.

ARTICLE 19:

In compliance with Luxembourg Law, the auditing of the annual accounting documents of the Company shall be entrusted to one or more approved independent auditors (réviseur(s) d'entreprises agréé(s)) appointed by the Board of Directors (the "Auditors"), the effectiveness of the appointment and/or replacement of such Auditors being subject to the prior approval by the CSS F and other regulatory authorities in accordance with the FSL. The number of Auditors, the duration of their mandate and their fees shall be determined by the Board of Directors.

The Auditors are re-eligible.

<u>General meeting of shareholders ("General Meeting")</u>

ARTICLE 20:

The annual General Meeting will be held on the last Wednesday of April at 11.00 a.m. of each year at the Registered Office, unless the convening notices indicates another place. If that day is a public holiday, the annual General Meeting will be held on the first business day thereafter, at the same time.

The Board of Directors may convene a General Meeting. It shall be obliged to convene it so that it is held within a period of one month if shareholders representing one-tenth of the capital require this in writing with an indication of the agenda.

One or more of the shareholders who together hold at least ten percent of the subscribed capital may request that one or more additional items be put on the agenda of any General Meeting. Such a request shall be sent to the Registered Office by registered mail, at least five days prior to the meeting.

ARTICLE 21:

The General Meeting shall be convened in accordance with the requirements of Luxembourg Law.

ARTICLE 22:

The shareholders shall be required to announce in advance their intention to participate in the General Meeting; such announcement shall be made in writing, at least five days before the date fixed for the General Meeting and addressed to the Registered Office or the place specified in the notice convening the General Meeting. This period of five days shall include Sundays and public holidays, but not the day of the General Meeting, nor the day of sending of the announcement.

ARTICLE 23:

The General Meeting shall be composed of shareholders who have fulfilled the requirements laid down in article 22 and those who have not been disqualified from voting pursuant to the provisions of article 24.

Any shareholder may arrange to be represented by a proxy-holder who must be himself a shareholder having the right to participate in the General Meeting. Representatives of legal persons do not need to be shareholders and are entitled to represent other shareholders at the General Meeting pursuant to a proxy.

Co-owners of, or persons having a joint interest in, one or more shares must be represented by one person alone, as stated in article 8.

Proxies must be delivered at the Registered Office at least five days before the General Meeting.

ARTICLE 24:

Upon request by a shareholder participating in the General Meeting, the Bureau shall be required to disqualify from voting any shareholders and/or proxy-holders who have not fulfilled the requirements provided in articles 22 and 23. In the absence of any such request, and provided that the Bureau does not disqualify them of its own motion, such persons may validly participate in the deliberations and vote in the General Meeting.

The Bureau of the General Meeting may grant exemptions from the deadline for delivering proxies.

ARTICLE 25:

Before being permitted to participate in the deliberations and to vote at the General Meeting, each participant shall be required to sign an attendance list specifying the names of the shareholders present or represented together with the number of shares held by each of them.

ARTICLE 26:

Any General Meeting of the Company will be presided by a bureau (the "Bureau") which will be composed of (i) a chairman, being the chairman of the Board of Directors who will chair the General Meeting, (ii) a secretary who does not need to be a shareholder and will be freely appointed by the chairman of the General Meeting and (iii) a scrutineer, shareholder or not who shall be appointed by the General Meeting.

In the absence of the chairman of the Board of Directors, the Bureau shall be presided over by the deputy chairman or, in the latter's absence, by the longest-serving Equity Director. If none of them is present at the meeting, the chairman of the General Meeting shall be appointed by the General Meeting.

ARTICLE 27:

Subject to any applicable legal requirements, in particular those governing preference shares with no voting rights, each share shall entitle its holder to one vote.

ARTICLE 28:

If there is only one shareholder that sole shareholder shall assume all powers conferred to the General Meeting and shall take the decision in writing. In the event of a plurality of shareholders, the General Meeting shall represent the entire body of shareholders of the Company. It shall have the broadest powers to order, carry out or ratify acts relating to the operations of the Company.

The General Meetings shall be held and shall deliberate in accordance with the legal provisions relating thereto. Unless otherwise provided by Luxembourg Law or by these Articles, the General Meeting shall validly deliberate regardless of the number of shares present or represented, and decisions at such General Meeting shall be taken by simple majority of the votes cast by the shareholders present or represented, regardless of the proportion of capital represented.

Votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote. Voting shall generally take place by a show of hands, or else by a roll-call vote or by any other procedure approved by the General Meeting. However, a secret ballot shall be required (a) if this is requested by one or more participants and (b) in case of appointments or removals of members of the Board of Directors.

The shareholders are entitled to participate in a General Meeting by videoconference or by telecommunications means allowing their identification and are deemed to be present for the calculation of quorum and majority conditions and voting. These means must have technical features which ensure an effective participation in the meeting where deliberations shall be online without interruption.

The Board of Directors shall have the powers and obligations to adjourn a General Meeting as set out in the 1915 Law.

ARTICLE 29:

The General Meeting may amend the Articles, provided that (a) at least one half of the share capital is present or represented and (b) the agenda indicates the proposed amendments to the Articles.

If the first of the conditions in the above paragraph is not satisfied, a second meeting may be convened in the manner prescribed by the Articles and by the 1915 Law. That convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting. The second meeting shall validly deliberate regardless of the proportion of the share capital present or represented.

At both meetings, resolutions, in order to be adopted, must be adopted by at least two- third of the votes cast. Votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote.

Shareholders may not change the nationality of the Company or oblige any of the shareholders to increase their commitment to the Company otherwise than by unanimous vote of the Shareholders.

ARTICLE 30:

The minutes of the General Meeting shall be signed by the members of the Bureau thereat. The successive pages of the minutes shall be numbered consecutively and bound together at the end of each financial year. Copies and extracts shall be signed by the chairman of the Board of Directors, by two Directors or by any other persons to whom such signing powers have been delegated by the Board of Directors and within the limits of such powers.

Accounts, distribution of profits, reserves

ARTICLE 31:

The Company's financial year starts on the 1st of January and ends on 31st of December of each year.

The Board of Directors shall, at the end of each financial year, prepare the inventory, draw up the annual accounts and close the books.

The Board of Directors shall value all moveable and immoveable assets and liabilities of the Company provided in the accounts and inventories. It may set aside provisions and may determine the sums in respect of depreciation which are deemed to be necessary.

The annual General Meeting shall review the report of the Board of Directors and resolve on the approval of the annual accounts. It shall resolve, by a special vote, on the discharge to be granted to the Directors. Voting shall take place on that point even if it is not an item of the agenda of the annual General Meeting.

ARTICLE 32:

The net profits shall be distributed as follows:

At least five percent (5%) shall be allocated to the statutory reserve; such deduction shall cease to be required once that reserve has reached one tenth of the Company's share capital, but shall become applicable once again as soon as the reserve falls below that level of one tenth of the share capital.

Such sum as is necessary in order to allocate to the preference shares with no voting rights an initial preferential, recoverable dividend of 2.68% of the accounting par value of nine point three euro (EUR 9.3), it being understood that any increase in the accounting par value which does not result from new contributions shall entail the proportional reduction of that percentage.

The remainder shall be shared out between all the shares, without any distinction being made between preference shares with no voting rights and ordinary shares, subject to deduction, in relation to the preference shares with no voting rights, of the initial preferential, recoverable dividend already received by them.

However, the General Meeting may allocate the profits, either wholly or in part, with the exception of the proportion intended for the statutory reserve and subject to the rights of holders of preference shares with no voting rights, to exceptional depreciation items or to one or more special reserves, or may reserve them for carrying forward to the next financial year.

ARTICLE 33:

The payment of dividends shall take place at such times and in such places as may be specified by the Board of Directors.

The Board of Directors may, on the conditions prescribed by Luxembourg Law, proceed to make a payment of interim dividends.

Dissolution and liquidation

ARTICLE 34:

The liquidation of the Company shall be decided by a General Meeting by a resolution adopted in accordance with the conditions required for the amendment of the Articles and in accordance with Luxembourg Law.

In the event of dissolution of the Company, for whatever reason, the General Meeting of shareholders shall, unless otherwise provided by Luxembourg Law, appoint one or more liquidators who may be natural or legal persons and shall determine their powers and their remuneration.

ARTICLE 35:

Unless otherwise provided by Luxembourg Law, the net proceeds of the liquidation, after settlement of charges, shall be used to reimburse, on a preferential basis, the amount of the contributions corresponding to the preference shares with no voting rights. The remaining balance shall be apportioned equally amongst the ordinary shares.

Special provisions

ARTICLE 36:

Any shareholder, Director or liquidator domiciled outside the Grand Duchy of Luxembourg shall be required to specify an address for service within the Grand Duchy for the purposes of his relations with the Company; if he fails to do so, he shall be deemed to have elected domicile at the Registered Office, whither all communications, notifications and summonses shall be validly addressed or served, as well as all notices and/or letters that may be sent to him.

ARTICLE 37:

In case of discrepancies between the English and the French version of these Articles of Association, the English version shall prevail.

Appendix 9 – Main features of regulatory own funds instruments and eligible liabilities instruments

Commission Implementing Regulation (EU) No 1423/2013.

Capital instruments main feature template

1	Issuer	KBL epb S.A.	KBL epb S.A.	Quintet Private Bank (Europe)
2	Unique Identifier	LU0092281103	LU0092281442	XS2244811019
3	Governing law(s) of the instrument	Luxembourg	Luxembourg	Luxembourg
Regulatory Treatment				
4	Transitional CRR rules	CET1	T2	AT1
5	Post-transitional CRR rules	CET1	T2	AT1
6	Eligible at solo/(sub)-consolidated/ solo & (sub-consolidated)	Solo & sub-consolidated	Solo & sub-consolidated	Solo & sub-consolidated
7	Instrument type	Shares of a public limited liability company	Preference shares	Fixed rate resettable callable perpetual debt
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 880 mln	EUR 0.07 mln	EUR 124 mln
9	Nominal amount of instrument	n/a	n/a	n/a
9a	Issue price	n/a	n/a	100%
9b	Redemption price	n/a	n/a	100%
10	Accounting classification	Shareholder's equity	Shareholder's equity	Liability - amortized cost
11	Original date of issuance	from 1949	from 1986	October 2020
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption	n/a	n/a	Optional call within 3 months preceding January 2026
16	Subsequent call dates, if applicable	n/a	n/a	Every 6 months post January 2026
Coupon/dividends				
17	Fixed or floating dividend / coupon	n/a	Initial preference dividend (fixed)	Fixed until January 2026. Re-set afterwards every 5 years
18	Coupon rate and any related index	n/a	EUR 0,25 per share	7.25%. Reset at mid swap rate plus 8.121%
19	Existence of a dividend stopper	Profit Allocation rules contained in the articles of association	Profit Allocation rules contained in the articles of association	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Partially discretionary (fully discretionary beyond the initial preference dividend)	Mandatory, subject to capital threshold
21	Existence of a step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
30	Write-down features	No	No	Yes
31	If write-down, write-down trigger(s)	n/a	n/a	5.125% CET 1 ratio
32	If write-down, full or partial	n/a	n/a	Partial
33	If write-down, permanent or temporary	n/a	n/a	Temporary
34	If temporary write-down, description of write-up mechanism	n/a	n/a	Write-up commensurate with recovery of CET1 ratio above the write-down trigger
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference shares	Senior unsubordinated	Unsecured subordinated
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a

Appendix 10 – Specific COVID-19 disclosure

In accordance with EBA/GL/2020/02, Quintet Group provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis. At the end of 2022, all moratoria on loan repayments in the light of the COVID-19 crisis in accordance with EBA/GL/2020/02 had expired. The measures have not led to an economic loss for any of the exposures.

Table 49 - Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Template 1: Information on loans and advances subject to legislative and non-legislative moratoria		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with for-bearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with for-bearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with for-bearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposure
1	Loans and advances subject to moratorium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*of which: Collateralised by residential immovable property*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	*of which: Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*of which: Small and Medium-sized Enterprises*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	*of which: Collateralised by commercial immovable property*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 50 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		a	b	c	d	e	f	g	h	i
Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	2	3.9							
2	Loans and advances subject to moratorium (granted)	2	3.9	-	3.9	-	-	-	-	-
3	*of which: Households*		3.9	-	3.9	-	-	-	-	-
4	*of which: Collateralised by residential immovable property*		3.9	-	3.9	-	-	-	-	-
5	*of which: Non-financial corporations*		-	-	-	-	-	-	-	-
6	*of which: Small and Medium-sized Enterprises*		-	-	-	-	-	-	-	-
7	*of which: Collateralised by commercial immovable property*		-	-	-	-	-	-	-	-

Table 51 - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis		Gross carrying amount		Maximum amount of the guarantee that can be considered	
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	-	-	-	-
2	of which: Households	-			-
3	*of which: Collateralised by residential immovable property*	-			-
4	*of which: Non-financial corporations*	-	-	-	-
5	*of which: Small and Medium-sized Enterprises*	-			-
6	*of which: Collateralised by commercial immovable property*	-			-

Appendix 11 – The tables EU LIQ2 on NSFR as at 31 March 2022, 30 June 2022 & 30 September 2022

Table 52 - Template EU LIQ2 - Net Stable Funding Ratio as at 31/03/2022

ASF

				a	b	c	d	e
C 81.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	Available stable funding (ASF) Items						
	See instructions	1	Capital items and instruments	1,130	0	0	0	1,130
21a,24d, 25a		2	*Own funds*	1,130	0	0	0	1,130
21b,24d,25a		3	*Other capital instruments*		0	0	0	0
		4	Retail deposits		3,928	155	7	3,732
21c,22		5	*Stable deposits*		1,001	0	0	951
21c,23		6	*Less stable deposits*		2,927	155	7	2,781
		7	Wholesale funding:		8,738	425	298	2,398
21c,24b,25a		8	*Operational deposits*		439	0	0	219
21c,24acd,25a		9	*Other wholesale funding*		8,299	425	298	2,178
45		10	Interdependent liabilities		0	0	0	0
		11	Other liabilities:	182	322	57	2	30
19,20,25c		12	*NSFR derivative liabilities*	182				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		322	57	2	30
		14	Total available stable funding (ASF)					7,290

(continue) Table 52 - Template EU LIQ2 - Net Stable Funding Ratio as at 31/03/2022

RSF

				a	b	c	d	e
C 80.00			(in currency amount)	Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c		Required stable funding (RSF) Items					
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					413
		EU 15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
40d		16	Deposits held at other financial institutions for operational purposes		0	0	0	0
		17	Performing loans and securities:		1,371	372	4,690	4,183
38,40c,43c		18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		29	0	0	0
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,111	76	308	438
36c,40e,41b, 42b,43a		20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		172	179	2,579	2,494
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		9	6	49	176
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		44	44	1,358	813
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		43	37	1,245	713
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		15	72	445	438
45		25	Interdependent assets		0	0	0	0
		26	Other assets:	No mapping to reporting	505	0	660	867
42d		27	*Physical traded commodities*				0	0
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		60	0	0	51

(continue) Table 52 - Template EU LIQ2 - Net Stable Funding Ratio as at 31/03/2022

				a	b	c	d	e
C 80.00			(in currency amount)	Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c		Required stable funding (RSF) Items					
34,35,43b		29	*NSFR derivative assets*		112			112
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		182			9
36d,43c		31	*All other assets not included in the above categories*		150	0	660	694
46,47		32	Off-balance sheet items		203	11	369	29
		33	Total RSF					5,491

NSFR

9	Art451a(3a), Art428b	34	Net Stable Funding Ratio (%)					132.76%

Table 53 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/06/2022

ASF

				a	b	c	d	e
C 81.00			(in currency amount)	Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b		Available stable funding (ASF) Items					
	See instructions	1	Capital items and instruments	1,115	0	0	0	1,115
21a,24d, 25a		2	*Own funds*	1,115	0	0	0	1,115
21b,24d,25a		3	*Other capital instruments*		0	0	0	0
		4	Retail deposits		4,172	90	5	3,891
21c,22		5	*Stable deposits*		1,010	0	0	960
21c,23		6	*Less stable deposits*		3,162	90	5	2,931
		7	Wholesale funding:		8,562	476	231	2,403
21c,24b,25a		8	*Operational deposits*		453	0	0	227
21c,24acd,25a		9	*Other wholesale funding*		8,108	476	231	2,176
45		10	Interdependent liabilities		0	0	0	0
		11	Other liabilities:	395	295	21	15	26
19,20,25c		12	*NSFR derivative liabilities*	395				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		295	21	15	26
		14	Total available stable funding (ASF)					7,435

(continue) Table 53 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/06/2022

RSF

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					392
		EU 15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
40d		16	Deposits held at other financial institutions for operational purposes		0	0	0	0
		17	Performing loans and securities:		2,023	643	4,616	4,350
38,40c,43c		18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		16	0	0	0
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,588	105	339	513
36c,40e,41b, 42b,43a		20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		320	268	2,440	2,559
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		8	5	133	310
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		79	100	1,444	831
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		77	88	1,347	741
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		20	169	393	447
45		25	Interdependent assets		0	0	0	0
		26	Other assets:	No mapping to reporting	776	0	645	913
42d		27	*Physical traded commodities*				0	0
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		59	0	0	50

(continue) Table 53 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/06/2022

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
34,35,43b		29	*NSFR derivative assets*		151			151
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		395			20
36d,43c		31	*All other assets not included in the above categories*		171	0	645	692
46,47		32	Off-balance sheet items		209	8	418	32
		33	Total RSF					5,686

NSFR

9	Art451a(3a), Art428b	34	Net Stable Funding Ratio (%)					130.76%

Table 54 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/09/2022

ASF

				a	b	c	d	e
C 81.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	Available stable funding (ASF) Items						
	See instructions	1	Capital items and instruments	1,111	0	0	0	1,112
21a,24d, 25a		2	*Own funds*	1,111	0	0	0	1,112
21b,24d,25a		3	*Other capital instruments*		0	0	0	0
		4	Retail deposits		4,576	47	26	4,236
21c,22		5	*Stable deposits*		977	0	0	929
21c,23		6	*Less stable deposits*		3,598	47	26	3,307
		7	Wholesale funding:		7,997	262	230	2,346
21c,24b,25a		8	*Operational deposits*		457	0	0	229
21c,24acd,25a		9	*Other wholesale funding*		7,539	262	230	2,118
45		10	Interdependent liabilities		0	0	0	0
		11	Other liabilities:	557	302	29	13	28
19,20,25c		12	*NSFR derivative liabilities*	557				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		302	29	13	28
		14	Total available stable funding (ASF)					7,722

(continue) Table 54 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/09/2022

RSF

				a	b	c	d	e
C 80.00			(in currency amount)	Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c		Required stable funding (RSF) Items					
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					370
		EU 15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
40d		16	Deposits held at other financial institutions for operational purposes		0	0	0	0
		17	Performing loans and securities:		1,857	450	4,489	4,215
38,40c,43c		18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		13	0	0	0
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,248	52	383	506
36c,40e,41b, 42b,43a		20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		425	135	2,407	2,520
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		13	9	129	315
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		97	106	1,447	839
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		89	98	1,358	756
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		75	159	253	350
45		25	Interdependent assets		0	0	0	0
		26	Other assets:	No mapping to reporting	1,003	0	582	923
42d		27	*Physical traded commodities*				0	0
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		70	0	0	59
34,35,43b		29	*NSFR derivative assets*		206			206
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		557			28
36d,43c		31	*All other assets not included in the above categories*		170	0	582	630
46,47		32	Off-balance sheet items		224	3	461	34
		33	Total RSF					5,542

(continue) Table 54 - Template EU LIQ2 - Net Stable Funding Ratio as at 30/09/2022

NSFR

9	Art451a(3a), Art428b	34	Net Stable Funding Ratio (%)					139.34%

Appendix 12 – Templates on remuneration EU REM1 to EU REM5

Table 55 - Template EU REM1 – Remuneration awarded for the financial year (unit: EURO)

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	12.00	25.00	-	65.70
2		Total fixed remuneration	1,972,350.48	20,534,816.02	-	20,306,529.07
3		Of which: cash-based	1,972,350.48	20,534,816.02	-	20,306,529.07
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	-		-	
10		Total variable remuneration	-	10,081,970.20	-	7,254,597.10
11		Of which: cash-based	-	6,285,112.05	-	4,912,788.55
12		Of which: deferred	-	3,007,032.52	-	963,030.60
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	3,796,858.15	-	2,341,808.55
EU-14b		Of which: deferred	-	2,191,032.52	-	943,030.60
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)		1,972,350.48	30,616,786.22	-	27,561,126.18

Table 56 - Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (unit: EURO)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	1.00	-	4.00
2	Guaranteed variable remuneration awards -Total amount	-	1,360,000.00	-	244,029.63
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff		4.00	-	3.00
7	Severance payments awarded during the financial year - Total amount		1,062,253.90	-	1,217,710.80
8	Of which paid during the financial year		1,062,253.90	-	1,217,710.80
9	Of which deferred		-	-	
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		1,062,253.90	-	1,217,710.80
11	Of which highest payment that has been awarded to a single person		348,362.70	-	860,028.86

Table 57 - Template EU REM3 - Deferred remuneration (unit: EURO)

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	21,789,669.26	8,963,947.22	12,825,722.04	-	-	8,963,947.22	-	-
8	Cash-based	10,839,951.89	5,219,344.28	5,620,607.61			5,219,344.28		
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	10,949,717.37	3,744,602.95	7,205,114.43			3,744,602.95		
11	Other instruments								
12	Other forms								
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-							
15	Shares or equivalent ownership interests	-							
16	Share-linked instruments or equivalent non-cash instruments	-							

(continue) Table 57 - Template EU REM3 - Deferred remuneration (unit: EURO)

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
17	Other instruments								
18	Other forms								
19	Other identified staff	11,597,916.59	5,814,210.91	5,783,705.69	-	-	5,814,210.91	-	-
20	Cash-based	5,142,010.30	2,965,129.37	2,176,880.93			2,965,129.37		
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	6,455,906.29	2,849,081.54	3,606,824.76			2,849,081.54		
23	Other instruments								
24	Other forms								
25	Total amount	33,387,585.85	14,778,158.13	18,609,427.73	-	-	14,778,158.13	-	-

Table 58 - Template EU REM4 - Remuneration of 1 million EUR or more per year

		a
	MB Supervisory function	MB Supervisory function
1	1 000 000 to below 1 500 000	8
2	1 500 000 to below 2 000 000	4
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	1
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0

Table 59 - Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (unit: EURO)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										
2	Of which: members of the MB	12.00	25.00	37.00							
3	Of which: other senior management										
4	Of which: other identified staff				6.00	2.00	6.90	11.00	13.80	26.00	
5	Total remuneration of identified staff	1,972,350.48	30,616,786.22	32,589,136.70	2,161,831.85	823,231.97	3,217,177.21	4,322,481.67	4,569,007.80	12,467,395.68	
6	Of which: variable remuneration		10,081,970.20	10,081,970.20	525,644.00	137,147.84	1,130,683.01	1,085,809.13	545,730.95	3,829,582.17	
7	Of which: fixed remuneration	1,972,350.48	20,534,816.02	22,507,166.50	1,636,187.85	686,084.13	2,086,494.19	3,236,672.54	4,023,276.85	8,637,813.52	

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