QUINTET Private Bank (Europe) S.A.
43, boulevard Royal
L-2955 Luxembourg

R.C.S. Luxembourg: B 006.395

Financial statements, Management report and Report of the independent auditor as at 31 December 2020

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the financial statements of the Bank. Similarly, the value zero '0' in the following tables indicates the presence of a number after the decimal, while '-' represents the value nil.

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Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/en_lu

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Quintet Private Bank (Europe) S.A.
43 boulevard Royal
L-2955 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quintet Private Bank (Europe) S.A. (the "Bank"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income (comprising the statement of profit and loss and the statement of other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Impairment on loans and advances to customers

Description

At 31 December 2020, loans and advances to customers amount to EUR 2,767 million (gross amount) against which an impairment allowance of EUR 20 million is recorded (see Note 14 to the financial statements). Impairments are calculated in accordance with IFRS 9 “Financial instruments”, based on an expected credit losses (ECL) calculation model.

The assessment of expected credit losses on loans and advances to customers requires the use of judgment and estimates notably to:

- determine the loan classification criteria under stage 1, stage 2 or stage 3;
- estimate the amount of expected credit losses depending on the different stages;
- prepare macro-economic projections which are embedded in the expected credit losses measurement.

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 37 “Risk management” to the financial statements.

We considered the assessment of impairment on loans and advances to customers to be a key audit matter for the following reasons:

- the significance of loans and advances to customers in the Bank’s balance sheet;
- the use of various parameters and assumptions in the models to determine the probability of default and the loss given default;
- the importance of judgment in determining the criteria of significant increase in credit risk and the way macro-economic forecasts are taken into account;
- the use of judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances to customers;
- the assessment of individual impairment on defaulted loans (stage 3);

Refer to the Notes 12, 14 and 21 to the financial statements.

How the matter was addressed in our audit

We obtained an understanding of the Bank’s internal control and tested the design and operating effectiveness of the manual and automated key controls relating to the assessment of credit risk and the measurement of expected credit losses. This included testing of:

- entity level controls over the ECL modelling process, including model review and governance;

  controls relating to the process of monitoring exposures within the Bank as well as the periodic review of these exposures by the relevant credit committee;
- controls over allocation of loans and advances into stages, including movements between stages, and the identification of defaulted loans and advances;
- controls over data accuracy and completeness.

We also performed the following substantive audit procedures:

- we verified that the data used as a basis to calculate the ECL are complete and accurate; we also tested, on a sample basis, extraction of data used in the models including rating of loans and movements between various ratings;
- we tested a sample of loans and advances to customers (including an extended sample of loans included into the Credit Watchlist) to form our own assessment as to whether they are classified in the appropriate bucket (staging methodology);
- with the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL model. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models, as well as challenging the forward looking macro-economic scenarios;
- we performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Bank's portfolio, risk profile, credit risk management practices and the macroeconomic environment;
- we performed substantive audit procedures on a sample of defaulted loans and advances to customer, consisting of key items. We examined in a critical manner the assumptions used by the Bank to determine expected cash flows and estimated recovery from any underlying collateral.

2. Goodwill impairment

Description

As at 31 December 2020, the gross amount of goodwill (arising as a result of the Quintet Europe merger) amounts to EUR 297 million, against which a cumulative impairment of EUR 23 million is recorded (see Notes 1 and 25 to the financial statements).

As described in Notes 2d and 12 to the financial statements, the Bank changed its valuation technique from a Dividend Discounts Model ("DDM") until 2019 to a Goodwill/Assets under Management ("AuM") multiple method in 2020. The recoverable value of the Goodwill is measured by taking into consideration a Goodwill/AuM multiple and the Assets under Management of the Bank (including its EU-Branches).

The value of goodwill in the Bank's financial statements are subject to an impairment test which is performed at least annually.

We considered the goodwill impairment to be a key audit matter as the Bank makes subjective judgments with respect to the estimation of the Goodwill/AuM multiple used in the goodwill impairment test. The Goodwill/AuM multiple is determined by taking into consideration multiples that have been used in assessing the price of companies that have similar characteristics to the private banking operations of the Bank and for which information is readily available and observable in the market.
How the matter was addressed in our audit

We performed the following main procedures:

- we identified and validated the definition of the new Cash Generating Unit ("CGU"), Private Banking Europe, that is subject to impairment testing based on our understanding of the Bank's activities;

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- we obtained the goodwill valuation methodology and the detailed assumptions used by the Bank to perform the goodwill impairment test as at 31 December 2020 and assessed their reasonableness taking into consideration common industry practices;
- with the assistance of our valuation specialists we assessed the reasonableness of the multiple used by the Bank by performing the following:
  - (i) reviewing multiples for a selected comparable peer group; and
  - (ii) reviewing the determination of the final multiple.
- we tested the balances of assets under management for each entity included in the Cash Generating Unit as at 31 December 2020; and
- we verified the arithmetical accuracy of the calculation performed by the Bank.

3. Impairment on investments in private banking subsidiaries

Description

As at 31 December 2020, the gross book value of investments in subsidiaries carrying out private banking activities amount to EUR 242 million against which an impairment of EUR 20 million is recorded (see Notes 12 and 39 to the financial statements). The basis of impairment of investment in subsidiaries is presented in the accounting policies in Note 2c to the financial statements.

We considered this to be a key audit matter because the determination of recoverable values of the Bank's investments in subsidiaries carrying out private banking activities relies on management's estimation of the 'Net Asset Value ("NAV") and the multiple of Assets under Management ("AuM") (NAV + AuM multiple) for each subsidiary.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained and reviewed the assessment prepared by the Management of the carrying value of investments in subsidiaries, and the calculation of impairment allowances for the investments in subsidiaries where management believes that such impairment is required;
- with the assistance of our valuation specialists, we assessed the assumptions and methodology used by the Management to determine the recoverable amount of the investment in subsidiaries, including review of multiples for a selected comparable peer group and review of the derivation of the final multiple used in calculating the value of Assets under Management.
- we compared the carrying values of the Bank's investment in subsidiaries for which audited financial statements were available with their respective share of net asset values as at 31 December 2020;
- we tested the balances of the assets under management appearing at the level of the subsidiaries as at 31 December 2020; and
- we discussed with Management the subsidiaries' performance and their outlook.

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4. <u>Provisions for litigations</u>

Description

As at 31 December 2020, the Bank's provisions for litigations amounts to EUR 24 million (see Note 27 to the financial statements). A provision for litigation is recognized if (i) the Bank has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

The recognition and measurement of provisions for litigations require significant judgment made by the Bank. Due to the significance of these matters and the difficulty in assessing and measuring the quantum from any resulting obligations, we considered this to be a key audit matter.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained the details of all pending litigations, including supporting documents, discussed the cases with internal legal counsel;
- we analyzed the responses to our confirmation requests obtained from external legal counsels of the Bank as 31 December 2020;
- for each case we considered whether an obligation exists, we reviewed the assumptions made by the Bank in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur;
- we reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- we considered the sufficiency of disclosures related to provisions and contingent liabilities in the Bank's financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of “réviseur d'entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 26 March 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 15 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

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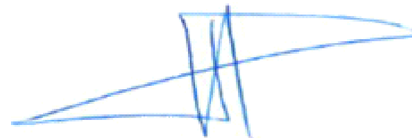

Jean-Michel Pacaud

Luxembourg, 7 April 2021

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STATEMENT OF PROFIT AND LOSS

In EUR thousand	Notes	31/12/2020	31/12/2019
Net interest income	4, 34	66,428	48,166
Dividend income	5, 34	45,199	8,964
Net gains/losses on financial instruments measured at fair value through profit or loss	6	28,414	11,213
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	6,459	8,327
Net fee and commission income	8, 34	204,734	40,475
Other net income / (expenses)	9, 34	-27,388	131,865
GROSS INCOME		**323,845**	**249,011**
Operating expenses	10, 34	-401,149	-163,541
Staff expenses	11, 29	-238,701	-93,875
General administrative expenses	38	-117,082	-61,515
Other	25, 26, 27	-45,366	-8,151
Impairment	12, 20, 21, 34	-21,959	-25,176
PROFIT / (LOSS) BEFORE TAX		**-99,263**	**60,293**
Income tax (expenses) / income	13	950	-
PROFIT / (LOSS) AFTER TAX	**31**	**-98,312**	**60,293**

The notes refer to the ‘Notes to the financial statements’, which form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	31/12/2020	31/12/2019
PROFIT / (LOSS) AFTER TAX	**-98,312**	**60,293**
OTHER COMPREHENSIVE INCOME	**-36,208**	**5,965**
Items that may be reclassified subsequently to profit or loss	**1,455**	**7,357**
Debt instruments at fair value through other comprehensive income	1,649	7,357
Quintet Europe merger as at 01/01/2020 (Note 1)	*419*	-
Revaluation at fair value (including on hedged items)	*5,042*	*17,927*
Net realised gains / losses on sales	*-3,404*	*-8,231*
Income tax (expenses)	*-408*	*-2,339*
Exchange differences on translation of foreign operations	-193	-
Quintet Europe merger as at 01/01/2020 (Note 1)	*-191*	-
Items that will not be reclassified to profit or loss	**-37,663**	**-1,392**
Remeasurements of defined benefit pension plans	-37,637	-951
Quintet Europe merger as at 01/01/2020 (Note 1)	-30,296	-
Remeasurements (gross)	*-7,349*	*-951*
Income tax (expense)/income on remeasurements	9	-
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	-27	-441
Quintet Europe merger as at 01/01/2020 (Note 1)	10	-
Revaluation at fair value	*-49*	*-583*
Income tax (expenses) / income	*13*	*142*
TOTAL COMPREHENSIVE INCOME	**-134,520**	**66,258**

The notes refer to the ‘Notes to the financial statements’, which form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2020	31/12/2019
Cash and balances with central banks and other demand deposits	17, 34, 36	2,506	964
Financial assets	14, 16, 17, 18, 19, 34, 36	8,850	6,435
Held-for-trading	14, 16, 22	258	261
Non-trading mandatorily at fair value through profit or loss	14, 16	43	42
At fair value through other comprehensive income	14, 15, 16	2,792	3,021
At amortized cost	14, 15, 16	5,752	3,108
Hedging derivatives	14, 16, 22	5	3
Tax assets	24, 36	20	14
Current tax assets		1	0
Deferred tax assets		20	14
Fair value changes of the hedged items in portfolio hedge of interest rate risk		13	-
Investment in subsidiaries and associates	39	271	1,103
Property and equipment	26	71	24
Intangible assets	25	378	108
Other assets	23, 36	121	53
Non-current assets held-for-sale	1	-	7
TOTAL ASSETS		**12,229**	**8,706**

EQUITY AND LIABILITIES (In EUR million)		31/12/2020	31/12/2019
Financial liabilities	14, 16, 17, 34	10,757	7,239
Held-for-trading	22	269	240
At amortized cost		10,352	6,887
Hedging derivatives	22	137	111
Provisions	27, 29	72	11
Other liabilities	28	191	171
Tax liabilities		1	-
TOTAL LIABILITIES		**11,022**	**7,421**
TOTAL EQUITY	30	**1,208**	**1,285**
Out of which Common Equity Tier 1 instruments issued		*820*	*770*
TOTAL EQUITY AND LIABILITIES		**12,229**	**8,706**

The notes refer to the ‘Notes to the financial statements’, which form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

In EUR million	Issued and paid-up share capital	Share premium	Equity instruments issued other than capital	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Currency translatiuon differences	Reserves	Profit/ Loss	**Total equity**
2020									
Balance as at 01/01/2020	**233.1**	**537.4**	**-**	**12.2**	**-9.4**	**-**	**451.5**	**60.3**	**1,285.1**
Quintet Europe merger (Note 1)	-	-	-	-	-	-	-116.5	-	**-116.5**
Balance as at 01/01/2020 after merger	**233.1**	**537.4**	**-**	**12.2**	**-9.4**	**-**	**335.0**	**60.3**	**1,168.6**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	60.3	-60.3	**-**
Dividends and profit-sharing	-	-	-	-	-	-	-	-	**-**
Result on equities at fair value through other comprehensive income option (with no recycling in the profit or loss of the period)	-	-	-	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	1.6	-37.6	-0.2	-	-98.3	**-134.5**
Capital increase (Note 30)	9.1	40.9	-	-	-	-	-	-	**50.0**
Issuance of other equity instruments (Note 30)	-	-	123.6	-	-	-	-	-	**123.6**
Other	-	-	-	-	-	-	0.0	-	**0.0**
Balance as at 31/12/2020	**242.2**	**578.3**	**123.6**	**13.8**	**-47.0**	**-0.2**	**395.3**	**-98.3**	**1,207.6**

In EUR million	Issued and paid-up share capital	Share premium	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Reserves	Profit/ Loss	**Total equity**
2019							
Balance as at 01/01/2019	**221.2**	**487.2**	**5.3**	**-8.4**	**474.5**	**-23.0**	**1,156.9**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-23.0	23.0	-
Dividends and profit-sharing	-	-	-	-	-	-	-
Result on equities at fair value through other comprehensive income option (with no recycling in the profit or loss of the period)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	6.9	-1.0	-	60.3	66.3
Capital increase (Note 30)	11.9	50.1	-	-	-	-	62.0
Balance as at 31/12/2019	**233.1**	**537.4**	**12.2**	**-9.4**	**451.5**	**60.3**	**1,285.1**

The notes refer to the ‘Notes to the financial statements’, which form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In EUR million	Notes	31/12/2020	31/12/2019
Profit /(loss) before tax		-99.3	60.3
Adjustments for:			
Impairment of securities, amortisation and depreciation of property and equipment, intangible assets and investment properties	*10, 12*	*49.7*	*19.7*
Profit/loss on the disposal of investments	*9*	*37.9*	*-129.9*
Change in impairment for losses on loans and advances	*12*	*1.9*	*13.1*
Change in other provisions	*10*	*15.8*	*0.6*
Unrealised foreign currency gains and losses		*-24.6*	*-6.1*
Cash flows from / (used in) operating activities, before tax and changes in operating assets and liabilities		**-18.6**	**-42.4**
Changes in operating assets [(1)]		1,367.3	-1,256.9
Changes in operating liabilities [(2)]		693.9	-373.5
Income taxes		-4.8	-1.0
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		**2,037.8**	**-1,673.8**
Purchase of subsidiaries or business units		-48.7	-62.3
Proceeds from sale of subsidiaries or business units	1, 9	-37.9	4.5
Purchase of intangible assets	25	-9.0	-0.5
Purchase of investment property	26	-	-
Proceeds from sale of investment property	9, 26	-	14.3
Purchase of property and equipment	26	-6.5	-2.5
Proceeds from sale of property and equipment	9, 26	0.1	27.4
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**-102.1**	**-19.1**
Share capital increase	30	50.0	62.0
Issue of other equity instruments	30	123.6	-
Purchase/sale of treasury shares		-	-
Issue/repayment of non-subordinated debt	14	491.4	221.7
Issue/repayment of subordinated debts	14	-0.2	-1.2
Dividends paid and profit-sharing		-	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**664.8**	**282.5**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [(3)]		**2,600.5**	**-1,410.5**
CASH AND CASH EQUIVALENTS AS AT 01/01 BEFORE QUINTET EUROPE MERGER		**291.8**	**1,702.2**
Net increase/decrease in cash and cash equivalents following the merged entities		1,240.3	-
Net increase/decrease in cash and cash equivalents		1,360.2	-1,410.5
CASH AND CASH EQUIVALENTS AS AT 31/12		**2,892.3**	**291.8**
ADDITIONAL INFORMATION			
Interest paid during the year		-77.4	-105.8
Interest received during the year		128.8	129.3
Dividends received (including equity method)	5	45.2	9.0
COMPONENTS OF CASH AND CASH EQUIVALENTS		**2,892.3**	**291.8**
Cash and balances with central banks (including mandatory reserve with the central bank)		2,228.9	826.0
Loans and advances to banks repayable on demand		1,126.9	1,269.2
Deposits from banks repayable on demand		-463.4	-1,803.5
Of which: not available [(4)]		44.5	41.0

(1) Including Loans and advances to banks and customers, securities, derivatives and other assets.

(2) Including deposits from banks and customers, bonds issued, derivatives and other liabilities.

(3) Cash includes cash and deposits payable on demand; cash equivalents are short-term investments that are very liquid, easily convertible into a known cash amount and subject to a negligible risk of a change in value.

(4) Cash and cash equivalents not available mainly comprise of the mandatory reserve held with the Luxembourg Central Bank and the ‘margin’ accounts held with clearing houses (futures markets, etc.).

The notes refer to the ‘Notes to the financial statements’, which form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

Quintet Private Bank (Europe) S.A. (hereafter 'Quintet' or the 'Bank') is specialised in private banking. In support of and complementary to this activity, Quintet has also developed several niche activities specific to its various markets.

On 16 January 2020, KBL European Private Bankers S.A. was renamed "Quintet Private Bank (Europe) S.A.". KBL Luxembourg, the group's private bank in the Grand Duchy, was rebranded as "Quintet Luxembourg".

The business purpose of Quintet is to carry out all banking and credit activities. In addition, Quintet is allowed to carry out all commercial, industrial or other transactions, including real estate transactions, in order to achieve its main business purpose, either directly or through participation, or in any other manner, these provisions to be understood in the widest manner possible. Quintet may carry out any activity which contributes in any way to the achievement of its business purpose. The Bank's main activities are described in Note 3a.

Quintet is a public limited liability company (*société anonyme*) incorporated in Luxembourg and having its registered office at: 43, boulevard Royal, L-2955 Luxembourg.

Since July 2012, Quintet Group is more than 99.9% owned by Precision Capital S.A., a Luxembourg-based company governed by Luxembourg law representing the interests of a group of Qatari private investors. The registered office of Precision Capital S.A. is located at 15, boulevard Roosevelt, L-2450 Luxembourg.

The Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as a consolidated management report, which are available at its head office.

The Bank's consolidated financial statements are consolidated in the Precision Capital's consolidated financial statements. Precision Capital's consolidated financial statements and management report are available at its head office. Precision Capital's consolidated financial statements are consolidated in the Pioneer Holding S.A.'s consolidated financial statements. The registered office of Pioneer Holding S.A. is located at 15, boulevard Roosevelt, L-2450 Luxembourg.

As of 31 December 2020, Quintet's non-consolidated financial statements include:

- Quintet España, the Spanish branch opened on 7 April 2010,
- Quintet Danmark, the Danish branch based in Copenhagen, opened for business on 1 July 2020 (legally opened in May 2020), representing a major step forward in the Group's long-term plan to establish and grow a robust Northern European franchise, through organic initiatives and potential acquisitions,
- Merck Finck, the German branch,
- InsingerGilissen, the Dutch branch,
- Puilaetco, the Belgian branch.

Quintet Europe merger with effect as at 01/01/2020

In 2019, the Bank had announced its intention to create a European Union business unit ("Quintet Europe") that would house the Bank's EU-based subsidiaries and branches on 15 December 2020. 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.

The financial position and results of operations of the merged subsidiaries have been incorporated in these financial statements with a retroactive effect of 1 January 2020. The impact of the Quintet Europe merger has been separately disclosed in these financial statements and described in Note 2c (paragraph e – Merger accounting policy).

As at 31 December 2020, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg, KTL and Puilaetco Luxembourg), Belgium, Germany, the Netherlands, Denmark and Spain. Quintet Private Bank now operates from three hubs: Europe, the UK and Switzerland.

Bank Am Bellevue

On 20 August 2019, Quintet announced the signing of an agreement to acquire the Zurich-based Bank am Bellevue, the wealth management business of the Bellevue Group, a diversified financial services company listed on the SIX Swiss Exchange.

The transaction has been approved by the relevant regulatory authorities and the acquisition was successfully completed on 1 May 2020.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet for its head office at Luxembourg. In the 2020 Bank's accounts, the realized loss on sale of EUR 37.9 million (Note 9) is mostly offset by the dividend received from KBL Immo for EUR 36.6 million (Note 5) before the sale.

Non-current assets held-for-sale (HFS) not qualifying as discontinued operations

In accordance with IFRS 5, a property, located in South of France, owned by the Bank following a foreclosure is disclosed separately in a single line item as 'Non-current assets held-for-sale' as at 31 December 2019. This property has been sold in April 2020 with a profit of EUR 5 million (refer to Note 9).

COVID-19

The development of the COVID-19 virus into a pandemic over the course of the first quarter of 2020 has created an unprecedented environment both operationally and in financial markets. In this context, Quintet has taken all necessary steps to ensure the health and safety of staff and clients, and to minimise the impact on the orderly running of its business, largely by rapidly transitioning to remote working. After nearly one year of this ongoing macroeconomic and public health disruption, the effects on Quintet's business are relatively minor considering no noted losses on loans to clients with all margin calls having been suitably resolved, and no loss of revenue in aggregate considering that the negative impact on net fee and commission income driven by reduced valuations of assets under management has been compensated by higher commission income earned on transactional activity given market turbulence. Direct expenses resulting from the impact of the pandemic on the Bank's operations and measures required to enable the changes to the organization of processes and ways of working have been limited. The Bank looks forward for the gradual reversal of lockdown measures and ensuing economic recovery as vaccination gains ground across the world, and remains confident about its control of material risks.

BREXIT

The United Kingdom organised on 23 June 2016 a referendum at which a majority of British people voted to leave the European Union (Brexit). The ensuing withdrawal agreement entered into force on 31 January 2020 with a transition period ending on 31 December 2020, and European Union law ceased to apply to the United Kingdom since 1 January 2021. In anticipation of the loss of so-called passporting rights, whereby UK licensed banks will no longer be authorised to serve EU resident clients under certain conditions, the Quintet Group and its UK entity Brown Shipley proceeded to the transfer certain clients to its Luxembourg and Netherlands entities, and terminate the relationship with others. The total AuM affected has not been material (less than 0.5% of the total AuM of the Group) and other changes required by Brexit have been minor (selected contractual adjustments).

Note 2a – Statement of compliance

These financial statements were approved by the Board of Directors of Quintet on 31 March 2021.

Quintet's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Given its activity, Quintet is not impacted *de facto* by IFRS 4 on insurance contracts.

The financial statements provide comparative information in respect of the previous financial year.

In preparing the financial statements under IFRS, the Board of Directors is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Note 2b – Changes in accounting policies since the previous annual publication that may impact Quintet

Standards effective for Quintet Private Bank (Europe) S.A from 1 January 2020:

- Amendments to IFRS 3 Business Combinations – Definition of a Business (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7:Interest Rate Benchmark Reform (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards in relation to IFRS 2, IFRS 3, IAS 1, IAS 8, IAS 37, IAS 38, IFRIC 19, IFRIC 22 (issued on 1 March 2019 and effective for annual periods beginning on or after 1 January 2020).
- Amendments to IAS 1 and IAS 8 – Definition of Material (issued on 1 March 2019 and effective for annual periods beginning on or after 1 January 2020).
- Amendment to IFRS 16 Leases Covid 19 - Related Rent Concessions (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020)

New standards and interpretations issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which Quintet Private Bank (Europe) S.A has not early adopted:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020 and effective for annua periods beginning on or after 1 January 2021)
- Amendments to IFRS 4 Insurance Contracts – Deferral of IFRS 9 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2021)

New standards and interpretations issued for the annual periods beginning on or after 1 January 2021 or later, and whose adoption by the EU remains open or has been postponed:

- IFRS 17 Insurance Contracts (issued on 1 May 2017) including Amendments (issued on 25 June 2020) and effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (issued on 23 January 2020) and effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 1 September 2014 with effective period not yet determined).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (issued on 14 May 2020) and effective for annual periods beginning on or after 1 Januarry 2022.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (issued on 14 May 2020) and effective for annual periods beginning on or after 1 Januarry 2022.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May 2020) and effective for annual periods beginning on or after 1 Januarry 2022.
- Annual Improvements to IFRSs 2018-2020 Cycle (issued on 14 May 2020) and effective for annual periods beginning on or after 1 Januarry 2022.

None of the above standards are expected to have any material impact on the financial statements when adopted.

Note 2c – Significant accounting policies

a. Foreign currency translation

Quintet Private Bank (Europe) S.A.'s financial statements are presented in EUR, which is also its functional currency.

Quintet Private Bank (Europe) S.A. maintains a multi-currency accounting system under which any transaction is registered in its original foreign currency.

In preparing the financial statements, assets and liabilities in foreign currencies are translated into EUR. Monetary items denominated in foreign currencies are converted at the closing rate prevailing at the reporting date; differences arising from such conversion are recorded in the statement of profit and loss. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated at the historical exchange rate prevailing at the date of the transaction. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rate at the date when the fair value is determined and translation differences are reported together with changes in fair value.

Income and expense items denominated in foreign currencies are recognised in the statement of profit and loss using exchange rates that approximate the rates at the dates of the transactions (e.g. average monthly exchange rates).

b. Financial assets and liabilities

b.1. General principles of recognition and derecognition of financial instruments

A financial instrument is recognised in the statement of financial position when and only when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised when and only when the contractual rights to receive cash flows from the asset have expired or have been transfered and Quintet Private Bank (Europe) S.A. has transferred substantially all the risks and rewards of ownership.

A financial liability is derecognised when and only when the contractual liability is settled, cancelled or expires.

Transactions whose contractual terms require delivery of the asset within a time frame established by regulation or convention in the marketplace concerned ("regular way purchases and sales of financial assets") are recognised at trade date, which is the date that Quintet Private Bank (Europe) S.A. commits to purchase or sell the asset.

Any variation in the fair value of the asset to be received during the period from the transaction date to the payment date is recognised in the same way as for the asset acquired. The change in fair value is recognised in the statement of profit and loss for assets classified as financial assets at fair value through profit or loss and in equity for those classified as fair valued through other comprehensive income. For assets measured at amortized cost, there is no fair value recognized.

Pursuant to the provisions of IFRS 9 on derecognition, the Bank keeps securities lent in its securities portfolio, but securities borrowed are not recorded on the statement of financial position. Similarly, the securities transferred through repurchase agreements are kept in the securities portfolio but those under reverse repurchase agreements are not recorded on the statement of financial position.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described hereafter. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of

the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

b.2. Categories of financial assets and financial liabilities

In accordance with IFRS 9, the Bank classified its financial assets in the following categories (Note 14):

- Fair value through profit or loss (FVPL),
- Fair value through other comprehensive income (FVOCI),
- Amortized cost.

The classification requirements for debt and equity instruments are described below:

b.2.1. Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instrument depend on:

- The Bank's business model for managing the asset,
- The cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instrument into one of the following three measurement categories.

- *Financial assets at fair value through profit or loss (FVPL)*

Financial assets at fair value through profit or loss
include held-for-trading assets, any assets that do not meet the criteria for amortized cost or FVOCI and other financial assets initially designated at fair value through profit or loss. The gain or loss are presented in the period in which it arises within the statement of profit and loss.

Held-for-trading assets are those acquired principally for the purpose of selling them in the near term and those which are part of a portfolio with indications of recent short-term profit-taking. A gain or loss on a financial instrument measured at fair value through profit or loss that is not part of hedging relationship is recognised in profit or loss and presented in the statement of profit and loss in the period in which it arises. All derivative assets are considered as being held-for-trading unless designated as effective hedging instruments. Other assets initially designated at fair value through profit or loss are valued in the same way as held-for-trading assets, even if there is no intention of short-term profit taking. The designation at FVPL for financial assets may be used when application of this option reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- *Financial assets at Fair value through Other comprehensive Income (*FVOCI)

The Bank applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets,
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in statement of profit and loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

- *Financial assets at amortized cost*

Financial assets are classified at amortized cost if both of the following characteristics are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

These instruments are mainly composed of debt securities and loans and advances. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 37. Interest income from these financial assets is included in interest and similar income using the effective interest rate method. Some financial assets measured at amortized cost are hedged under

a fair value hedge strategy and in this case the fair value adjustment is recognised on the carrying amount of the financial asset.

Business model assessment
The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are classified as part of other business models and measured at FVPL.

Factors considered by the Bank in determining the business model for a group of assets include experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risk are assessed and managed and how managers are compensated. The Bank business model for all loans and advances is held to collect the contractual cash flows. The ALM portfolio is held under either business model to Hold to collect or collect and sell.

The solely payments of principal and interest (SPPI) test
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI' test). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to be solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

b.2.2. Equity instruments

The Bank subsequently measures all equity instruments at fair value. Where the Bank's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the equity instrument. Dividends from such equity instruments continue to be recognised in profit or loss as other income/expense when the Bank's right to receive payments is established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Such classification is determined on an instrument by instrument basis (Note 14).

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Equity instruments at FVOCI are not subject to an impairment assessment.

Gains or losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in the statement of profit and loss when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

b.2.3. Financial liabilities

- *Financial liabilities at fair value through profit or loss* encompass *held-for-trading liabilities* and *financial liabilities initially designated at fair value through profit or loss*.

Held-for-trading liabilities are liabilities held mainly with the intention of repurchasing them in the near term. All derivative liabilities are considered as being held-for-trading unless designated as effective hedging instruments.

Financial liabilities initially designated at fair value through profit or loss are those liabilities accounted for under the 'fair value option'. This

category is currently only used for unit-linked financial liabilities of insurance subsidiaries.

Financial liabilities measured at amortised cost comprise financial instruments (other than liabilities held for trading or those designated at fair value).

These financial liabilities are recognised at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.

Other financial liabilities are all other financial instruments not at fair value through profit or loss.

Hedging derivatives are the derivatives designated in hedging relationships for which hedge accounting is applied.

b.3. Evaluation of financial instruments

Financial assets and liabilities are initially recognised at fair value and are then measured in accordance with the principles governing the IFRS 9 category in which they are placed.

Assets measured at amortized cost using the effective interest rate (hereinafter "EIR") method, that is the rate that precisely discounts the future cash inflows or outflows to obtain the carrying amount. Instruments without a fixed maturity are measured at cost.

The *financial assets at fair value through Other Comprehensive Income* are measured at fair value with changes in fair value recognised in equity ('Revaluation reserve') until the sale or impairment of these instruments. In the latter cases, the cumulative result of the revaluation is transferred from equity to the statement of profit and loss of the period, except for equity instruments under FVOCI option.

For equity instruments with election of fair value option, there is no reclassification of gains and losses upon disposal. Any impairment losses and reversal of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments continue to be recognised in profit of loss as other income when the Bank's right to receive payment is established.

The *financial assets and liabilities at fair value through profit or loss* are measured at fair value with changes in fair value recognised in the statement of profit and loss.

b.4. Impairment of financial assets

Overview of Expected Credit Losses (**hereinafter **"ECL") principles

IFRS9 requires a forward-looking ECL approach. To that purpose, the Bank records allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 37.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 37.

Based on the above process, the Bank classifies its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instrument has been reclassified from Stage 2.

- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved, and the financial instrument has been reclassified from Stage 3.

- Stage 3: Financial instruments considered credit-impaired (as outlined in Note 39). The Bank records an allowance for the LTECLs.

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted effective interest rate (EIR). ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The calculation methodology of ECL is outlined in Note 37.

When estimating the ECLs, the Bank considers three scenarios as disclosed in Note 37. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of some revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 27. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities is explained below.

The calculation methodology is summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (hereinafter ‘EAD’) and multiplied by the expected loss given default (hereinafter ‘LGD’) and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The methodology is similar to the one explained above, including the use of multiple scenarios, but probability of defaults (hereinafter ‘PDs’) and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For financial instruments considered credit-impaired (as defined in Note 37), the Bank recognises the lifetime expected credit losses for these loans. The impairment is decided upon by the Group Credit Committee.

- Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios.

The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

- Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon derecognition of the assets.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs (refer to Note 37 for further information).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 37.

b.5. Hedge accounting

The Bank has elected to continue to apply the hedge accounting requirements as defined per IAS 39 under the EU carve out. Amongst other the EU carve out enables a group of derivatives (or portions thereof) to be viewed in combination, and jointly designated as the hedging instrument in in the Bank's macro fair value hedging model and removes some of the limitations in macro fair value hedge accounting model.

The Bank applies macro fair value hedging to a part of its fixed rate mortgages. The Bank determines hedged items by identifying portfolios of homogenous loans based on their contractual interest rates and maturity. Loans within the identified portfolios are allocated to repricing time buckets based on the contractual repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets. Hedge effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range.

Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimise the ineffectiveness from early repayments and accommodate new exposures, the Bank voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the original hedged life. The Bank has elected to commence amortisation at the date of de-designation.

The Bank applies micro-hedge accounting when all the following conditions are met: the hedging relationship must be designated at inception and formally documented, the hedge is expected to be highly effective, and it must be possible to reliably measure the effectiveness of the hedge, forecast transactions (for cash flow hedges) must be highly probable and the hedge is measured on an ongoing basis and is determined actually to have been highly effective throughout the periods covered by the financial statements for which the hedge was designated.

Fair value hedge accounting is used by the Bank to cover the exposure of a financial instrument (mainly participating interests in

foreign currency, financial assets at fair value through other comprehensive income and certain financial liabilities) to changes in fair value attributable to changes in interest rates or exchange rates. In this case those derivatives designated as hedging instruments (mainly interest rate swaps and cross-currency interest rate swaps) are measured at fair value with changes in fair value recognised in the statement of profit and loss. Furthermore, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged element and is also recognised in the statement of profit and loss. If the hedged item is a financial asset at fair value through other comprehensive income, applying hedge accounting leads to splitting the change in the instrument fair value between the portion addressed by the hedge relationship, recognised in the statement of profit and loss, and the portion that relates to unhedged risks, recognised in the revaluation reserve in equity.

Hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold. In this case, and for debt instruments, the cumulative change to the carrying amount of the hedged instrument (relating to hedged risks) is transferred to the statement of profit and loss *prorata temporis* until the instrument expires.

Cash flow hedge accounting is used by the Bank to recognise hedges of the exposure to variability in cash flows of highly probable forecast transactions. In this case:

- highly probable forecast transactions are anticipated sales of financial instruments recognised within assets (hedges may relate both to debt and equity instruments);
- hedging instruments are forward sales;
- main hedged risk is interest rate risk.

Currently, there are no hedging operations designated as cash flow hedge.

Hedging instruments are measured at fair value with changes in fair value recognized as follows: the portion of the gain or loss that is determined to be an effective hedge is recognised in other comprehensive income; the ineffective portion is recognised in the statement of profit and loss. Hedge accounting is to be discontinued if the hedge accounting criteria are no longer met. In this case, the hedging instruments is to be treated as held-for-trading instruments and measured accordingly. A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%. It is also necessary to assess, retrospectively, whether the hedge was highly effective over the previous one month period. The hedge accounting documentation includes the method and results of the hedge effectiveness assessments.

Foreign currency financing of a net investment in a foreign entity is accounted for as a hedge of that net investment. Translation differences (taking account of deferred taxes) on the financing are recorded in equity, along with translation differences on the net investment.
However, the Bank currently does not hold any net investment in a foreign entity to which this approach is applied.

c. Repurchase agreements and reverse repurchase agreements

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are reported in financial assets at amortised cost due from banks. The advances are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy of the category to which they relate. The proceeds from the sale of the investments are reported financial liabilities at amortised cost due to banks. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in the interest caption.

d. Intangible assets

Intangible assets acquired are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

The purchase of a portfolio of customers generally includes the transfer of the client assets under management to the Bank and the recruitment of all or part of the account officers in charge of client relationships.
This type of intangible assets is amortized on a straight-line basis over its estimated useful life, typically 15 years.

When the recognition criteria are met and when the amounts are not immaterial, software is recognised as an intangible asset. Internal and

external expenses incurred during the development phase of internally generated strategic software are recognised in assets and amortized using the straight-line method over the estimated useful life. The average annual rate is 25%. However, the useful life of the core banking system has been estimated at 10 years (average annual rate: 10%).

Research expenses for these projects and all expenses that relate to non-strategic projects are recognised directly in the statement of profit and loss.

d.1 Goodwill, badwill and other intangible assets

Goodwill arising in a business combination is defined as any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired and contingent liabilities recorded at the date of acquisition.

Goodwill arising in a business combination is not amortized but is tested for impairment at least on an annual basis.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGUs"), which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets and that are expected to benefit from the synergies of the combination and considering the business level at which goodwill is monitored for internal management purposes. In identifying whether cash inflows from an asset (or a group of assets) are largely independent of the cash inflows from other assets (or groups of assets) various factors are considered, including how management monitors the entity's operations or makes decisions about continuing or disposing of the entity's assets and operations.

An impairment loss is recognised if the carrying amount of the goodwill exceeds its recoverable amount.
The recoverable amount may be estimated using various methods such as percentage of assets under management, a Dividend Discount Model or a price/earnings ratio multiple. The recoverable amount may be estimated using various methods such as a Dividend Discount Model, percentage of assets under management or a price/earnings ratio multiple. Impairment losses on goodwill cannot be reversed.

Badwill (negative goodwill) is the excess of Quintet's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate at the date of acquisition over the acquisition cost. Where negative goodwill exists after re-examination and re-estimation of the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate, it is immediately recognised as a profit in the statement of profit and loss.

The purchase of a portfolio of customers generally includes the transfer of the client assets under management to the Bank and the recruitment of all or part of the account officers in charge of client relationships.
This type of intangible assets is amortized on a straight-line basis over its estimated useful life, typically 15 years.

When the recognition criteria are met and when the amounts are not immaterial, software is recognised as an intangible asset.
Internal and external expenses incurred during the development phase of internally generated strategic software are recognised in assets and amortized using the straight-line method over the estimated useful life. The average annual rate is 25%. However, the useful life of the core banking system developed with Lombard Odier and used by several entities of the group has been estimated at 10 years (average annual rate: 10%).

Research expenses for these projects and all expenses that relate to non-strategic projects are recognised directly in the statement of profit and loss.

e. Merger accounting policy

The legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. Hence, the values recognized in the consolidated financial statements become the cost of the net assets for the parent.

The acquired assets and assumed liabilities are recognized in the solo accounts at the carrying amounts in the merged financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognized when the subsidiary was originally acquired, less their subsequent related amortization, depreciation, impairment losses, as applicable.

The difference between (i) the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger including the associated goodwill, and (ii) the carrying amount of the investment in the merged subsidiary before the legal merger, is recognized directly in equity.

f. Property, equipment and right-of-use assets

Property and equipment are initially recognised at cost.

Property and equipment, of which the use is limited in time, are depreciated using the straight-line method over their estimated useful lives.

Overview of average depreciation rates

Type of investment	*Depreciation rate*
Land	Non depreciable
Buildings	2%-3%
Technical installations	5%-10%
Furniture	25%
IT hardware	25%
Vehicles	25%
Works of art	Non depreciable

An impairment loss must be recognised if the carrying value exceeds the recoverable value (which is the greater of the asset's value in use and its fair value less costs of disposal).
When property or equipment is sold, the realised gains or losses are recognised in the statement of profit and loss. If property or equipment is destroyed, the carrying amount to be written off is immediately recognised in the statement of profit and loss.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note "g leased assets (as lessee)" below. Right-of-use assets are depreciated on a straight-line basis over the lease term.

g. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is recognised only when it is probable that future economic benefits associated with the investment property will flow to Quintet and if its cost can be measured reliably.

Investment properties are measured at cost less any accumulated depreciation and impairment (when the market value is below the cost value). They are depreciated using the straight-line method over their estimated useful life (average rate: 2% - 3%).

h. Leased assets (as lessee)

In line with IFRS 16, the Bank is required to decide whether a contract is (or contains) a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Bank assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank,
- the Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- the Bank has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Bank recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).
The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Bank also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options enforceable against the lessor reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments in substance.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Bank has elected to account for short-term leases, which are leases with initial term not longer than 12 months, and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term (Notes 4 and 10).

i. Pensions

In addition to the general and legally prescribed retirement plans, the Bank maintains a certain number of complementary systems in the form of both defined contribution and defined benefit pension plans. Defined benefit plans are those under which the Bank has a legal or constructive obligation to pay further contributions if the pension fund does not hold sufficient assets to pay all employee benefits for the current and past periods. Defined contribution plans are those under which the Bank has no further legal or constructive liability beyond the amount it pays into the fund.

In the case of defined benefit pension plans, the pension cost in the statement of profit and loss and liability on the statement of financial position are calculated in accordance with IAS 19 (as revised in 2011), based on the Projected Unit Credit Method, which sees each period of service as giving rise to an additional unit of benefit entitlement. The calculations are made each year by independent actuaries.

The components of the defined benefit cost are recognized according to the following principles:

(i) Service cost and net interest on the net defined benefit liability / asset are recognized in the statement of profit and loss,

(ii) Remeasurements of the net defined benefit liability / asset are recognized in other comprehensive income. Remeasurements include:
   - actuarial gains and losses stemming from the remeasurement of the defined benefit obligation,
   - the return of plan assets after deducting the portion included in net interest as determined in (i), and
   - any change in the effect of the asset ceiling – also excluding any amount included in net interest as determined in (i).

   Remeasurements recognized in other comprehensive income are not reclassified to the statement of profit and loss in subsequent periods.

In the case of defined contribution plans, the contributions payable are expensed when the employees render the corresponding service, which generally coincides with the year in which the contributions are actually paid.

j. Tax assets and tax liabilities

These statement of financial position headings include both current and deferred tax assets and liabilities.

Current tax is the amount expected to be paid or recovered, using the tax rate which has been enacted or substantively enacted at the statement of financial position date.

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of an asset or liability and its tax base. They are valued using the tax rates in effect for the periods when the assets are realised or the liabilities settled, on the basis of the tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits and for all deductible temporary differences between the carrying value of the assets and liabilities and their tax base, to the extent that it is probable that future taxable profit will be available against which these losses, tax credits and deductible temporary differences can be utilised.

Where required by IAS 12, tax assets and liabilities are offset.

k. Provisions

A provision is recognised when and only when the following three conditions are met:
- Quintet has a present obligation (at the reporting date) as a result of a past event,
- it is more likely than not that an outflow of resources embodying economic benefits will be required to settle this obligation, and
- the amount of the obligation can be estimated reliably.

l. Financial guarantees

Financial guarantees contracts are initially recognised at fair value and subsequently measured at the higher of (i) the amount initially recognized less, when appropriate, cumulative amortisation and (ii) the Bank's best estimate of the expenditure required to settle the present obligation at the reporting date.

The premium received is recognised in the statement of profit and loss in Net fees and commission income on a straight-line basis over the life of the guarantee.

m. Equity

Equity is the residual interest in the assets of Quintet after all its liabilities have been deducted.

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.

The acquisition cost of Quintet treasury shares that have been or are being purchased is deducted from equity. Gains and losses realised on sale or cancellation of treasury shares are recognised directly in equity.
The revaluation reserve for financial assets measured at fair value through other comprehensive income is included in equity until any impairment or sale. In such a case, the gains and losses are transferred to the statement of profit and loss of the period.

The "defined benefit remeasurement reserve" relating to the recognition of certain pension costs is also included in equity. This reserve will however never be subsequently recycled into the statement of profit and loss.

As regards to cash flow hedges and hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity.

n. Write offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

o. Non-current assets held-for-sale

The Bank classifies assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets once classified as held-for-sale are not depreciated or amortized. The net gain or loss arising from remeasurement and impairments on non-current assets held-for-sale is shown in a single line item of the statement of profit and loss as 'Assets HFS – not qualifying as discontinued operations'.

The gains/ loss on disposal are presented in Other net income/ (expenses).

p. Investment in subsidiaries and associates

Subsidiaries and associates are measured at cost following IAS 27 and IAS 28. Impairment tests are performed once a year.

q. The effective interest rate method

Interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re- estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

r. Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank.

s. Revenue

Quintet recognises revenue relating to ordinary activities if and only if the following conditions are met:

- it is probable that the economic benefits associated with the transaction will flow to Quintet, and
- the amount of revenue can be measured reliably.

The specific conditions below must also be met before recognising the related revenue:

Net interest income

Interest is recognised *prorata temporis* using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

All interests paid and received on financial instruments, including held-for-trading derivatives, are recorded under the heading "Net interest income".

Dividends

Dividends are recognised when the right of the shareholder to receive the payment is established. They are presented under the heading "Dividend income" in the statement of profit and loss irrespective of the IFRS category of the related assets.

Rendering of services

Revenue from services (fee and commission income) is recognised by reference to the stage of completion at the statement of financial position date, i.e. :

- Asset based fees (execution only, advisory only and all-in management fees) are recognized over time.
- Transaction based fees (clearing and settlements, other cash & banking services) are recognized in point in time.

According to this method, the revenue is recognised in the periods when the services are provided.

Note 2d – Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements. The Management has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- **Estimation of claims and litigations** (see Notes 2c and 27).
- **Fair value of financial instruments not quoted in an active market** (see Note 14).
- **Impairment assessment of goodwill and participations** (see Notes 2c and 12).
- **Measurement of the expected credit loss (ECL) allowance** The explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 37.

Going concern

The Bank's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Note 3a – Operating segments by business segment

Revenue and costs attributed to a segment reflect direct and indirect income from clients as well as allocated costs linked to this segment business as implemented in accounting management in 2020.

Quintet Private Bank distinguishes between the following primary segments:

- The **'PRIVATE BANKING'** segment includes the wealth management activities provided to Quintet Europe private clients. Intermediation and portfolio management services for Insinger Gilissen and Quintet Luxembourg institutional clients are also part of that segment (while included in the 'Global Institutional Services' segment in the '2019 – Original' column of the table below).

- The **'GLOBAL INSTITUTIONAL SERVICES'** segment includes services provided to institutional clients. This segment includes custodian bank, fund domiciliation and administration activities, paying agent activities, central securities depository Clearstream / Euroclear activities.

- The **'OWN ACCOUNT & GROUP ITEMS'** segment includes support activity provided by Quintet Group to the network of subsidiaries, acting in its capacity as parent company, all other elements not directly linked to the previous two segments, and extraordinary elements not directly linked to other business segments. 'Own Account' includes activities such as bullions, bond and structured products own account, ALM free capital portfolio revenues, etc. (not directly private client-related). 2020 was impacted by revenue from the sale of Real-Estate assets.

Statement of profit and loss **In EUR million**	**PRIVATE BANKING**			**GLOBAL INSTITUTIONAL SERVICES**			**OWN ACCOUNT & GROUP ITEMS**			**Quintet**	
	2020	**2019 Restated**	**2019 Original**	**2020**	**2019 Restated**	**2019 Original**	**2020**	**2019 Restated**	**2019 Original**	**2020**	**2019**
Net interest income	47.7	15.2	12.0	12.4	15.5	17.3	6.3	17.5	18.9	66.4	48.2
Dividend income	0.0	-	0.3	0.0	-	0.4	45.2	9.0	8.3	45.2	9.0
Net gains/losses on financial instruments measured at fair value through profit or loss	17.8	0.2	0.4	4.5	3.9	4.4	6.1	7.1	6.4	28.4	11.2
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	1.7	-	-	1.8	-	-	3.0	8.3	8.3	6.5	8.3
Net fee and commission income	187.4	25.2	20.3	16.9	13.0	22.3	0.4	2.3	-2.2	204.7	40.5
Other net income (expenses)	5.4	-	-	0.3	-0.5	-0.1	-33.1	132.3	132.0	-27.4	131.9
GROSS INCOME	**260.7**	**40.6**	**33.1**	**35.3**	**32.0**	**44.3**	**27.9**	**176.5**	**171.7**	**323.9**	**249.0**
Operating expenses	-289.7	-44.8	-38.8	-31.9	-25.3	-31.3	-79.5	-93.4	-93.5	-401.1	-163.5
Impairment	-1.1	-13.5	-13.5	0.1	0.2	0.2	-20.9	-11.9	-11.9	-22.0	-25.2
PROFIT/LOSS BEFORE TAX	**-30.0**	**-17.8**	**-19.1**	**3.4**	**6.9**	**13.2**	**-72.7**	**71.2**	**66.3**	**-99.3**	**60.3**
Income tax (expense) / income	0.6	-	-	0.3	-	-	-	-	-	1.0	-
PROFIT/LOSS AFTER TAX	**-29.4**	**-17.8**	**-19.1**	**3.8**	**6.9**	**13.2**	**-72.7**	**71.2**	**66.3**	**-98.3**	**60.3**

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the annual accounts.

Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Note 3b – Operating segments by geographic sector

The Bank carries out most of its activities in Western Europe.

Note 4 – Net interest income

In EUR thousand	**31/12/2020**	**31/12/2019**
Breakdown by portfolio		
Interest income	**555,709**	**1,727,617**
Financial assets at fair value through other comprehensive income	44,992	52,552
Financial assets at amortized cost	57,385	41,767
Interest income on liabilities at amortized cost	13,662	13,025
Other	225	31
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*116,264*	*107,376*
Financial assets held-for-trading	426,952	1,598,297
Net interest on hedging derivatives	12,490	21,943
Non-trading financial assets mandatorily at fair value through profit or loss	2	1
Interest expense	**-489,280**	**-1,679,451**
Financial liabilities at amortized cost	-15,927	-44,387
Interest expense on assets at amortized cost	-10,644	-9,531
Other	-	-
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-26,571*	*-53,919*
Financial liabilities held-for-trading	-411,839	-1,573,641
Net interest on hedging derivatives	-50,284	-51,825
Interest expense for leasing arrangements	-586	-66
Net interest income	**66,428**	**48,166**

Note 5 – Dividend income

In EUR thousand	**31/12/2020**	**31/12/2019**
Participating interests (Note 1)	44,931	7,899
Equity instruments at fair value through other comprehensive income	1	-
Non-trading financial assets mandatorily at fair value through profit or loss	267	1,065
Dividend income	**45,199**	**8,964**

Note 6 – Net gains/losses on financial instruments measured at fair value through profit or loss

In EUR thousand	**31/12/2020**	**31/12/2019**
Held-for-trading	21,388	9,545
Non-trading financial instruments mandatorily at fair value through profit or loss	703	2,242
Other financial instruments designated at fair value	-	-
Exchange differences	6,842	-
Fair value adjustments in hedge accounting	-520	-573
Micro-hedging	-636	-573
Fair value of hedged items	*27,942*	*-31,887*
Fair value of hedging items	*-28,578*	*31,313*
Macro-hedging	*117*	-
Fair value of hedged items	*8,905*	-
Fair value of hedging items	*-8,789*	-
Net gains/losses on financial instruments measured at fair value through profit or loss	**28,414**	**11,213**

Note 7 – Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss

In EUR thousand	31/12/2020	31/12/2019
At fair value through other comprehensive income	**3,404**	**8,231**
Debt securities	3,404	8,231
At amortized cost	**3,118**	**96**
Debt securities	3,118	96
Loans and advances	-	0
Financial liabilities	-62	-
Debt securities	-62	-
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**6,459**	**8,327**

Note 8 – Net fee and commission income

In EUR thousand	31/12/2020	31/12/2019
Fee and commission income	**237,025**	**66,990**
Asset management	185,224	48,127
Securities transactions	43,920	15,508
Other	7,881	3,355
Fee and commission expense	**-32,292**	**-26,515**
Asset management	-18,843	-21,838
Securities transactions	-9,464	-3,783
Other	-3,984	-894
Net fee and commission income	**204,734**	**40,475**

Note 9 – Other net income (expenses)

In EUR thousand		31/12/2020	31/12/2019
Other net income (expenses)		**-27,388**	**131,865**
Of which	Disposal of KBL Immo (Note 1)	-37,853	-
	Sale of real estate	-	35,200
	Group Transfer pricing	2,461	-
	Sale of property owned by Quintet following a foreclosure in 2019	4,592	-
	Net proceeds from precious metals transactions	1,963	954
	Net wealth tax	-350	-520
	Contribution in kind of headquarters office to KBL Immo	-	92,232
	EFA partners & EFA shares rebalancing	-	2,466
	Rental compensation related to the sale of real estate in Monaco	-	319

Note 10 – Operating expenses

Operating expenses include staff costs, amortisation and depreciation of investment properties, amortisation and depreciation of property and equipment and intangible assets, changes in provisions and general administrative expenses.

General administrative expenses include in particular repair and maintenance expenses, advertising expenses, rent, professional duties, IT costs and various (non-income) taxes.

In EUR thousand	31/12/2020	31/12/2019
Staff expenses	-238,701	-93,875
General administrative expenses	-117,082	-61,515
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-29,611	-7,594
of which depreciation of right-of-use assets	*-10,048*	*-1,663*
Net provision allowances	-15,754	-557
Operating expenses	**-401,149**	**-163,541**

Note 11 – Staff

	31/12/2020	31/12/2019
Total average number of persons employed (in full-time equivalents - FTE)	**1,409**	**565**
Breakdown by business segment [1]		
Private Banking	1,115	222
Global Institutional Services	155	130
Own Account and Group items	138	213

[1] The breakdown of commercial, administrative and support staff has been made on the same basis than for drawing up Note 3a on operating segments by business segment.

Note 12 – Impairment

In EUR thousand	31/12/2020	31/12/2019
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	**45**	**85**
At fair value through other comprehensive income	**526**	**-134**
Stage 1	526	-134
At amortized cost	**-1,972**	**-13,128**
Stage 1	-963	275
Stage 2	47	-1
Stage 3	-1,057	-13,401
Investments in subsidiaries	**-20,558**	**-12,000**
Impairment	**-21,959**	**-25,176**

More detailed information on impairment is provided in Note 37.

Impairment on investments in subsidiaries

In EUR thousand	31/12/2020	31/12/2019
Total	**20,558**	**12,000**
Impairment	20,558	12,000
Equity instruments	20,558	12,000
On participating interests	**20,558**	**12,000**
Goodwill	-	-
CGU - Private Banking	-	-

See also Note 20 – Impairment of financial assets at fair value through other comprehensive income

The values of participating interests, goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter.

The goodwill reported in the accounts of the parent's company results from the merger with several former subsidiaries which occurred in 2020 (cf. merger accounting policy described in note 2c).

Cash generating units (CGU)

For the purpose of impairment testing, goodwill acquired in a business combination shall be allocated to each of the acquirer's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination.

Cash generating units are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets and shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

If an entity reorganises its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected. This reallocation shall be performed using a relative value approach similar to that used when an entity disposes of an operation within a cash-generating unit, unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganised units (IAS36.87).

As at 31 December 2019, investments in each subsidiaries were considered as independent CGUs and all classified as equity instruments. Their recoverable values were primarily measured based on a Dividend Discount Model (DDM) valuation method l (the related fair value estimates correspond to 'level 3' fair values under the fair value hierarchy described in IFRS 13).

Beyond the legal transformation of certain subsidiaries into branches, the Bank's reorganisation done in 2020 involved significant changes in the operational and managerial organization as far as in the way the performance is monitored. This implied to reassess and redefined new perimeter of CGU considered for the impairment test of the respective goodwill. Private banking activities operated by the Bank, which includes the contribution of the merged entities, constitutes now a single cash generating unit.

As at 31 December 2020 both participating interests and goodwill's recoverable values were primarily measured using multiples of valuation of comparable companies (the related fair value estimates correspond to 'level 2' fair values under the fair value hierarchy described in IFRS 13) which, in practice, represents an estimation of fair value less costs of disposal.

Multiples of valuation of comparable companies methodology

This methodology is a way to estimate the fair value less cost to sell and shall be calculated in accordance with IFRS13 'Fair value measurement' that classifies into three levels the inputs to valuation techniques used to measure fair value:
Level 1: quoted price in active market for identical asset or liabilities,
Level 2: inputs other than quoted prices included with level 1 that observable for the assets and liabilities, either directly or indirectly,
Level 3: unobservable inputs.

Due to the specificities of the goodwill, Level 1 is not applicable.

In 2019 the Company calculated the fair value less cost to sell based on a DDM (Level 3), which reflects the ability of the asset to generate cash flows in the future, while taking into account current market conditions. DDM model requires underlying market assumptions such as terminal growth rates and discount rates.

In 2020 it has been assessed that using multiples of valuation of comparable companies (Level 2) gives a better estimation of the fair value less cost to sell by reducing the complexity of the impairment test and the number of non-observable parameters to be used in a DDM.

For the impairment test on the goodwill these multiples shall be applied to the clients' Assets under Management. For the participating interests these multiples shall be applied to the clients' Assets under Management and adding to that result the percentage of ownership multiplied by the participating interest's Net Asset Value. The retrospective application of this methodology in 2019 would not have revealed any impairment to be recognized.

Note 13 – Income tax (expenses) / income

In EUR thousand	31/12/2020	31/12/2019
Total	**950**	**-**
Breakdown by type	**950**	**-**
Current tax	-3,016	-
Deferred tax	3,966	-
of which: losses carried forward	-	-
Breakdown by major components:		
Result before tax	-99,263	63,085
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**24,756**	**-15,733**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	-20	-
Tax-free income	9,729	2,558
Other non-deductible expenses	-3,043	-531
Adjustments related to prior years	-220	-
Unused tax losses and unused tax credits	-4,573	-
Other [1]	-25,679	13,707
Income tax adjustments	**-23,806**	**15,733**
Total	**950**	**-**

[1] *Represents the taxable base multiplied by the applicable tax rate after taking into consideration fiscal adjustments.*

Details of tax assets are given in Note 24.

In 2002, under Article 164 bis of the Luxembourg Income Tax Law (LIR), the Bank obtained approval for the fiscal consolidation of its subsidiaries: Kredietrust Luxembourg S.A. and KBL Immo S.A.

Further to the approval of the Luxembourg tax authorities dated of 6 June 2017, Banque Puilaetco Dewaay Luxembourg S.A. has also joined the fiscal consolidation group of Quintet as from the year 2017.

KBL Immo S.A. is not part anymore of the fiscal consolidation of Quintet as from 1 January 2020 due to the sale of all the shareholding to a third-party in the course of the year 2020. The deferred tax assets not recognised in the statement of financial position of the Bank as of 31 December 2020 amount to EUR 137.9 million (31 December 2019: EUR 115.9 million).

Note 14 – Classification of financial instruments: breakdown by portfolio and by product

- Financial instruments are classified into several categories ("portfolios"). Details of these various categories and the valuation rules linked to them are given in Note 2c, point b dealing with financial assets and liabilities.
- The statement of financial position analyses below have been conducted at the dirty price.

CARRYING AMOUNTS
In EUR million

31/12/2020

ASSETS	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	**-**	**-**	**-**	**960**	**-**	**960**
Loans and advances to others than credit institutions	**-**	**-**	**-**	**3,564**	**-**	**3,564**
Consumer credits	-	-	-	100	-	**100**
Mortgage loans	-	-	-	1,491	-	**1,491**
Term loans	-	-	-	1,156	-	**1,156**
Current accounts	-	-	-	621	-	**621**
Other	-	-	-	195	-	**195**
Equity instruments	**0**	**42**	**16**	**-**	**-**	**58**
Debt instruments issued by	**53**	**1**	**2,776**	**1,227**	-	**4,057**
- government bodies	-	-	1,865	1,018	-	**2,883**
- credit institutions	48	-	387	122	-	**557**
- corporates	5	1	524	87	-	**618**
Financial derivatives	**204**	**-**	**-**	**-**	**5**	**209**
Total	**258**	**43**	**2,792**	**5,752**	**5**	**8,850**
Of which reverse repos	-	-	-	734	-	**734**

CARRYING AMOUNTS
In EUR million

31/12/2019

ASSETS	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	**-**	**-**	**-**	**1,314**	**-**	**1,314**
Loans and advances to others than credit institutions	**-**	**-**	**-**	**1,039**	**-**	**1,039**
Consumer credits	-	-	-	22	-	**22**
Mortgage loans	-	-	-	365	-	**365**
Term loans	-	-	-	346	-	**346**
Current accounts	-	-	-	190	-	**190**
Other	-	-	-	116	-	**116**
Equity instruments	**0**	**41**	**16**	**-**	**-**	**57**
Debt instruments issued by	**67**	**2**	**3,005**	**756**	-	**3,829**
- government bodies	-	0	2,121	522	-	**2,643**
- credit institutions	54	-	393	146	-	**593**
- corporates	13	2	490	88	-	**593**
Financial derivatives	**193**	**-**	**-**	**-**	**3**	**196**
Total	**261**	**42**	**3,021**	**3,108**	**3**	**6,435**
Of which reverse repos	-	-	-	1,096	-	**1,096**

CARRYING AMOUNTS
In EUR million

31/12/2020

LIABILITIES	Held-for-trading (HFT) liabilities	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	**-**	**-**	**859**	**859**
Deposits from others than credit institutions	**-**	**-**	**8,693**	**8,693**
Current accounts/demand deposits	-	-	8,180	8,180
Time deposits	-	-	505	505
Other deposits	-	-	8	8
Debt securities issued	**-**	**-**	**733**	**733**
Not subordinated	-	-	733	733
Certificates of deposits	-	-	-	-
Convertible debt securities	-	-	-	-
Non-convertible debt securities	-	-	733	733
Other	-	-	-	-
Subordinated	-	-	-	-
Lease liabilities	**-**	**-**	**67**	**67**
Financial derivatives	**268**	**137**	**-**	**405**
Short sales	**0**	**-**	**-**	**0**
Equity instruments	-	-	-	**-**
Debt instruments	0	-	-	**0**
Total	**269**	**137**	**10,352**	**10,757**
Of which repos	-	-	1	**1**

CARRYING AMOUNTS
In EUR million

31/12/2019

LIABILITIES	Held-for-trading (HFT) liabilities	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	**-**	**-**	**2,718**	**2,718**
Deposits from others than credit institutions	**-**	**-**	**3,928**	**3,928**
Current accounts/demand deposits	-	-	3,314	3,314
Time deposits	-	-	614	614
Other deposits	-	-	-	**-**
Debt securities issued	**-**	**-**	**241**	**241**
Not subordinated	-	-	241	241
Certificates of deposits	-	-	190	190
Convertible debt securities	-	-	-	-
Non-convertible debt securities	-	-	51	51
Other	-	-	-	-
Subordinated	-	-	0	0
Financial derivatives	**226**	**111**	**-**	**337**
Short sales	**15**	**-**	**-**	**15**
Equity instruments	-	-	-	**-**
Debt instruments	15	-	-	**15**
Total	**240**	**111**	**6,887**	**7,239**
Of which repos	-	-	-	**-**

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarises the carrying amounts and fair values of the financial assets and liabilities not measured at fair value. Loans and advances to credit institutions have a short-term maturity (mainly less than 3 months) and loans and advances to other than credit institutions mainly carry a variable interest rate justifying that carrying amounts and fair value of financial assets are considered to be equal.

In EUR million	Carrying amount		Fair value	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
ASSETS				
Loans and advances to credit institutions	**960**	**1,314**	**960**	**1,314**
Loans and advances to others than credit institutions	**3,564**	**1,039**	**3,564**	**1,039**
Consumer credits	100	22	100	22
Mortgage loans	1,491	365	1,491	365
Term loans	1,156	346	1,156	346
Current accounts	621	190	621	190
Other	195	116	195	116
Debt instruments	**1,227**	**756**	**1,244**	**765**
LIABILITIES				
Deposits from credit institutions	**859**	**2,718**	**859**	**2,718**
Deposits from others than credit institutions	**8,693**	**3,928**	**8,693**	**3,928**
Current accounts/demand deposits	8,180	3,314	8,180	3,314
Time deposits	505	614	505	614
Other deposits	8	-	8	-
Debt securities issued	**733**	**241**	**732**	**242**
Not subordinated	733	241	732	241
Certificates of Deposits	-	190	-	191
Convertible debt securities	-	-		-
Non-convertible debt securities	733	51	732	51
Other	-	-		-
Subordinated	-	0	-	0

FAIR VALUE HIERARCHY

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) price in active and executable market for identical assets or liabilities;
- Level 2: quoted price on market for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

31/12/2020
In EUR million

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**257**	**1**	**258**
Equity instruments	-	0	0	**0**
Debt instruments	0	53	0	**53**
Derivatives	0	204	-	**204**
Designated at fair value through profit or loss				
Non-trading mandatorily at fair value through profit or loss	**-**	**0**	**43**	**43**
Equity instruments	**-**	0	42	**42**
Debt instruments	-	-	1	**1**
At fair value through other comprehensive income	**1,567**	**1,210**	**16**	**2,792**
Equity instruments	-	-	16	**16**
Debt instruments	1,567	1,210	-	**2,776**
Hedging derivatives	-	**5**	-	**5**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**1**	**268**	**-**	**269**
Debt instruments	-	0	-	**0**
Derivatives	1	268	-	**268**
Hedging derivatives	**-**	**137**	**-**	**137**

31/12/2019
In EUR million

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**14**	**239**	**8**	**261**
Equity instruments	-	0	0	**0**
Debt instruments	0	60	7	**67**
Derivatives	14	179	-	**193**
Designated at fair value through profit or loss	**-**	**-**	**-**	**-**
Non-trading mandatorily at fair value through profit or loss	**-**	**0**	**42**	**42**
Equity instruments	**-**	0	41	**41**
Debt instruments	-	-	2	**2**
At fair value through other comprehensive income	**1,772**	**1,232**	**16**	**3,021**
Equity instruments	-	-	16	**16**
Debt instruments	1,772	1,232	-	**3,005**
Hedging derivatives	-	**3**	-	**3**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**15**	**218**	**7**	**240**
Debt instruments	-	8	7	**15**
Derivatives	15	211	-	**226**
Hedging derivatives	**-**	**111**	**-**	**111**

Transfers between the level 1 and level 2 categories

31/12/2020

In EUR million

ASSETS	**From Level 1 to Level 2**	**From Level 2 to Level 1**
Held-for-trading	**-**	**0**
Equity instruments	-	-
Debt instruments	-	-
At fair value through other comprehensive income	**149**	**91**
Equity instruments	**-**	**-**
Debt instruments	**149**	**91**
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

31/12/2019

In EUR million

ASSETS	**From Level 1 to Level 2**	**From Level 2 to Level 1**
Held-for-trading	**-**	**0**
Equity instruments	-	-
Debt instruments	-	0
At fair value through other comprehensive income	**166**	**100**
Equity instruments	**-**	**-**
Debt instruments	**166**	**100**
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

All transfers between categories (i.e. those between level 1 and level 2 detailed in the above tables and those into or out of level 3 detailed in the tables dedicated to the Level 3 fair value measurements here below) are the result of the internal Fair Value Hierarchy process run by the Bank.

All transfers disclosed are deemed to have occurred at the end of the reporting period. Transfers are thus measured at the closing fair values of the related items.

Level 3 financial instruments measured at fair value

In EUR million	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2020	**1**	**42**	**16**	**59**
Quintet Europe merger (Note 1)	-	2	0	2
Balance as at 01/01/2020 after merger	**1**	**44**	**16**	**61**
Changes in fair value for the year	0	1	0	1
- recognised in the statement of profit and loss	0	1	-	1
- recognised in the other comprehensive income	-	-	0	0
Purchases / Capital increases	0	-	-	0
Sales / Capital decreases	0	-1	-	-1
Transfers into / out of level 3	0	-	-	0
Transfer of IFRS category	-	-	-	-
Balance as at 31/12/2020	**1**	**43**	**16**	**60**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	1	0	1

In EUR million	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2019	**12**	**36**	**17**	**65**
Changes in fair value for the year	-	2	-1	2
- recognised in the statement of profit and loss	-	2	-	2
- recognised in the other comprehensive income	-	-	-1	-1
Purchases / Capital increases	0	5	-	5
Sales / Capital decreases	-3	-1	-	-4
Transfers into / out of level 3	-9	-	-	-9
Transfer of IFRS category	-	-	-	-
Balance as at 31/12/2019	**1**	**42**	**16**	**59**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	2	-1	2

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through P&L except equity investments for which the Bank has elected to present fair value changes in other comprehensive income) are further commented here below. A sensitivity analysis shows that a variation of 1% of the fair valuation would lead to an adjustment of +/- EUR 0.4 million, out of which EUR 0.2 million in the other comprehensive income and EUR 0.2 million in the P&L.

Private Equity holdings include three main positions whose global fair value recognized in the statement of financial position at year-end amounts to EUR 22.8 million.

The first one (EUR 15.2 million) consists in shares in a company whose investment objective is to build a balanced portfolio of properties in order to derive benefits from changes in the demand for and supply of wood products and biomass. The company currently owns forests and a farm in Eastern Europe. Its net asset value (NAV) is measured on a yearly basis and published in audited financial statements. The valuation of the underlying assets of the fund (i.e. the biological and tangible assets) is performed by two independent appraisers appointed by the Board of Directors of the company (in accordance with the Private Placement Memorandum). Methodologies used by the appraisers to fair value the underlying assets range from 'market comparison' approaches (where fair value is derived from most recent valuations / transactions observed on similar assets in the same area, adjusted for the main differences identified between the proxy asset and the target asset to be fair valued) to pure 'income approaches' (DCF method). The DCF computation is based on the latest business plan prepared by the company

managers and on assumptions, which include, among others, the discounting rate used, inflation rates, exit yield, sales growth targets, crop productivity levels and costs.

DCF Model is based on several assumptions among which (i) expectations that the biomass market will gradually reach maturity over the coming years and (ii) the liberalization of the gas market to take place in the area where the entity operates, and which should lead to significant increase of gas prices. Agriculture crop yields are also expected to record a gradual increase in productivity levels, following expected improvement of the soil quality through intensive sub-soiling and plowing activities. Energy crop yields have been estimated based on technical studies. Discount rates used by the appraiser to compute the DCF valuation are based on a weighted average cost of capital set at 8.3% for the forests and 8.3% for the farm activities. For the key assumptions of timber price, biomass price, food and energy crops productivity and discounting rates that have significant impact on fair value of forest properties and farm activities, sensitivity analyses were performed.

Those analyses led to company NAV per share estimates, which ranged from EUR 37.62 to EUR 45.32.

The business model being not fully mature, the break-even point is not yet reached by the company. Therefore, Quintet Group management decided to adjust the value of this investment to EUR 35.79 per share, which is, consistently with the valuation method applied in 2019, the low value of the DCF valuation performed by the external evaluator adjusted to take into accounts the financial impacts of 2020 events.

The Bank irrevocably elected to apply the fair value in OCI option for this investment.

The second investment (EUR 2.6 million) is a structure with a fixed maturity in 2026. Investment policy is to develop a portfolio of retail parks. Once these assets being fully operational, they are sold to long-term investors and proceeds are returned to shareholders. The majority of the parks currently held by the company are operational and generate revenues. Some are still under development.

This private equity holding is now fully invested and starting its divestment mode: up to now, seven retail parks have already been sold with substantial capital gains. Latest information received from the company indicates that business performance is very strong in terms of value creation. After reviewing those business developments, the Group management decided to adjust the fair valuation of its interest in the company to reflect the latest official external valuation (March 2020, as per the NAV of 31/12/2019) adjusted by the subsequent share capital distribution and by an estimate of valuation creation during the course of 2020. This led to a fair value estimate per share of EUR 3.94 at year-end.

Regarding the third investment (EUR 4.9 million), the Bank invested in 2019 into a structure investing in European Leverage Loans with a fixed maturity in 2024. As at year-end, unaudited NAV per share has a valuation of EUR 985.09.

Other participating interests mainly include two holdings for a global fair value of EUR 32.8 million.

The first one (EUR 22.9 million) relates to an interest in a company offering securities settlement services. Until 2017, in absence of external observable inputs, the valuation was derived from the net asset value, based on the latest financial information received from the company or market. Since 2018, there has been an increased level of information available following significant transactions made by other shareholders. Moreover, the company sent information about its valuation to its shareholders. IFRS13 'Fair value measurement' states that the use of relevant observable inputs should be maximized, and the use of unobservable inputs minimized. Consequently, a new valuation method has been developed based on transactions that occurred since 2018. A market multiple is now applied to the latest amount of the net asset value available. This multiple has been updated during December 2020, in order to reflect transactions that occurred in 2020 and communicated by the company itself. This led to a fair valuation of EUR 1,592.82 by share at year-end.

The other position is a participating interest in a stock exchange Group (EUR 9.9 million). For this holding, the Bank retained the valuation performed by an independent valuer appointed by the company.

Valuation estimates were computed using three different approaches: a discounted cash flow approach (DCF), a market multiple, and, for a part of its activity, transaction multiples. Average fair value stemming from the different models was then estimated to be EUR 2,622 per share; this figure has been used to fair value the position in the Bank's financial statements as of 31 December 2020.

Note 15 – Financial assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(in EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2020			
Equity instruments	**16**	**-**	**16**
Debt securities	**2,776**	**1,227**	**4,003**
Stage 1	**2,776**	**1,227**	**4,003**
Gross amount	2,777	1,227	**4,004**
Expected Credit Losses	-1	0	**-1**
Loans and advances	-	**4,525**	**4,525**
Stage 1	**-**	**4,443**	**4,443**
Gross amount	-	4,446	**4,446**
Expected Credit Losses	-	-2	**-2**
Stage 2	**-**	**8**	**8**
Gross amount	-	8	**8**
Expected Credit Losses	-	0	**0**
Stage 3	**-**	**73**	**73**
Gross amount	-	91	**91**
Expected Credit Losses	-	-18	**-18**
Total	**2,792**	**5,752**	**8,544**

(in EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2019			
Equity instruments	**16**	**-**	**16**
Debt securities	**3,005**	**756**	**3,760**
Stage 1	**3,005**	**756**	**3,760**
Gross amount	3,006	756	**3,762**
Expected Credit Losses	-2	0	**-2**
Loans and advances	-	**2,353**	**2,353**
Stage 1	**-**	**2,282**	**2,282**
Gross amount	-	2,283	2,283
Expected Credit Losses	-	-1	-1
Stage 2	**-**	**41**	**41**
Gross amount	-	41	41
Expected Credit Losses	-	0	0
Stage 3	**-**	**29**	**29**
Gross amount	-	45	45
Expected Credit Losses	-	-16	-16
Total	**3,021**	**3,108**	**6,129**

Note 16 – Financial assets and liabilities: breakdown by portfolio and residual maturity

In EUR million

ASSETS	Held-for-trading assets	Non-trading at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
31/12/2020						
Less than or equal to 1 year	204	**-**	575	2,952	0	**3,732**
More than 1 but less than or equal to 5 years	45	-	1,421	1,552	2	**3,021**
More than 5 years	8	43	796	1,247	2	**2,096**
Total	**258**	**43**	**2,792**	**5,752**	**5**	**8,850**
31/12/2019						
Less than or equal to 1 year	197	**0**	1,198	1,932	0	**3,328**
More than 1 but less than or equal to 5 years	41	-	1,130	738	1	**1,910**
More than 5 years	23	42	692	438	2	**1,197**
Total	**261**	**42**	**3,021**	**3,108**	**3**	**6,435**

In EUR million

LIABILITIES	Held-for-trading (HFT) liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2020				
Less than or equal to 1 year	244	3	10,224	**10,471**
More than 1 but less than or equal to 5 years	11	74	67	**152**
More than 5 years	13	60	61	**134**
Total	**269**	**137**	**10,352**	**10,757**
31/12/2019				
Less than or equal to 1 year	202	7	6,853	**7,061**
More than 1 but less than or equal to 5 years	12	64	35	**111**
More than 5 years	26	40	-	**66**
Total	**240**	**111**	**6,887**	**7,239**

in 2020, this caption also included the lease liabilities for the lease agreements to be accounted for in accordance with IFRS16 which amounts to EUR 67 million discounted for future cash flow. (presented in other liabilities as at 31.12.2019, refer to note 28).

As at 31.12.2020, the maturity analysis of lease liabilities undiscounted future cash flow for is:

In EUR million

31/12/2020	Less than or equal to 1 year	More than 1 but less than or equal to 5 years	More than 5 years
Lease liabilities	**13**	**45**	**11**

Note 17 – Offsetting of financial assets and liabilities

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when the Bank:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Bank currently has no legally enforceable right which satisfies the above conditions. It follows that all amounts presented on the face of the statement of financial position are gross amounts.

The Bank however frequently enters into Master Netting Agreements ("MNA") with its counterparties to manage the credit risks associated primarily with (i) repurchase and reverse repurchase transactions, (ii) securities borrowing / lending and (iii) over-the-counter derivatives.
These arrangements may also be supplemented by collateral agreements.

Offsetting rights provided for by such MNA are generally conditional upon the occurrence of some specific future events (typically the events of default, insolvency or bankruptcy of the counterparty). They are thus not current, which prevents the Bank from setting the related assets and liabilities off on the statement of financial position.
Similarly, the rights of set off relating to the cash and other financial instrument collateral are also conditional upon the default of the counterparty.

The financial impact of the MNA potential offsetting opportunities are disclosed in the following tables. Only Global Master Repurchase Agreements (GMRA) for repurchase agreements and International Swaps and Derivatives Association Master Agreement (ISDA) for over-the-counter derivatives have been considered.

The effect of Master Netting Agreements relating to securities lending and borrowing has not been reported because, as underlined in the Bank's significant accounting policies (Note 2c), those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 18 and 19 give additional information on those activities and on the related financial collateral received / pledged.

ASSETS (in EUR million)		**Impact of Master Netting Agreements**		
31/12/2020	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
Cash and balances with central banks and other demand deposits	2,506	-	-	2,506
Financial assets				
Hedging and trading derivatives	209	-96	-17	95
Held-for-trading assets (excluding derivatives)	53	-	-	53
Designated at fair value through profit or loss	-	-	-	-
Non-trading mandatorily at fair value through profit or loss	43	-	-	43
At fair value through other comprehensive income	2,792	-	-	2,792
At amortized cost	5,752	-	-733	5,018
Total	**11,356**	**-96**	**-751**	**10,509**

LIABILITIES (in EUR million)	Impact of Master Netting Agreements			
31/12/2020	Gross amounts of financial liabilities presented on the statement of financial position	Netting potential / financial assets	Financial collateral pledged (securities and cash)	Net amount
Financial liabilities				
Hedging and trading derivatives	405	-96	-97	212
Held-for-trading liabilities (excluding derivatives)	0	-	-	0
Liabilities measured at amortized cost	10,352	-	-	10,352
Total	**10,757**	**-96**	**-97**	**10,564**

ASSETS (in EUR million)	Impact of Master Netting Agreements			
31/12/2019	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
Cash and balances with central banks and other demand deposits	964	-	-	964
Financial assets				
Hedging and trading derivatives	196	-148	-39	10
Held-for-trading assets (excluding derivatives)	67	-	-	67
Designated at fair value through profit or loss	-	-	-	-
Non-trading mandatorily at fair value through profit or loss	42	-	-	42
At fair value through other comprehensive income	3,021	-	-	3,021
At amortized cost	3,108	-	-1,096	2,012
Total	**7,399**	**-148**	**-1,134**	**6,116**

LIABILITIES (in EUR million)	Impact of Master Netting Agreements			
31/12/2019	Gross amounts of financial liabilities presented on the statement of financial position	Netting potential / financial assets	Financial collateral pledged (securities and cash)	Net amount
Financial liabilities				
Hedging and trading derivatives	337	-148	-160	29
Held-for-trading liabilities (excluding derivatives)	15	-	-	15
Liabilities measured at amortized cost	6,887	-	-	6,887
Total	**7,239**	**-148**	**-160**	**6,931**

Note 18 – Securities lending and securities given in guarantee

The Bank regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS 9. The securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.

This mainly concerns the following operations:
- repurchase agreements ('repo'),
- securities given as collateral (in particular for securities borrowing or to guarantee credit lines received).

These transactions can be broken down as follows:

In EUR million **31/12/2020**	**Repo (**)** **Debt instruments**	**Other (*)** **Debt instruments**
Held-for-trading financial assets	-	-
At fair value through other comprehensive income	-	-
At amortized cost	-	119
Designated at fair value through profit or loss	-	-
Total financial assets not derecognised	**-**	**119**
Other (*)	-	-
Total	**-**	**119**

In EUR million **31/12/2019**	**Repo (**)** **Debt instruments**	**Other (*)** **Debt instruments**
Held-for-trading financial assets	-	1
At fair value through other comprehensive income	-	1,077
At amortized cost	-	425
Designated at fair value through profit or loss	-	-
Total financial assets not derecognised	**-**	**1,503**
Other (*)	-	-
Total	**-**	**1,503**

(*) The item 'Other' relates to securities borrowed or received as collateral for other operations.

(**) The carrying amount of debts associated with repo operations is available in Note 14.

Note 19 – Securities received in guarantee

The Bank mainly receives securities as collateral in relation to its reverse repurchase agreement operations and securities lending operations.
These securities are generally transferred under full ownership and the Bank is able to re-use them in other operations.

The fair value of these guarantees can be broken down as follows:

In EUR million	**31/12/2020**	**31/12/2019**
Reverse repurchase agreements	842	1,179
Collateral received for securities lending	-	-
Total	**842**	**1,179**
Of which, transferred to:		
Collateralised deposits other than repurchase agreements	-	494

Note 20 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
In EUR million	Stage 1	Stage 2	Stage 3	**TOTAL**
Balance as at 01/01/2020	**2**	-	-	**2**
Quintet Europe merger (Note 1)	**0**	-	-	**0**
Balance as at 01/01/2020 after merger	**2**	-	-	**2**
New assets originated or purchased	0	-	-	**0**
Assets derecognized or repaid	-1	-	-	**-1**
Change in credit risk	0	-	-	**0**
Amounts written off	0	-	-	**0**
Other	0	-	-	**0**
Balance as at 31/12/2020	**1**	-	-	**1**

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
In EUR million	Stage 1	Stage 2	Stage 3	**TOTAL**
Balance as at 01/01/2019	**1**	-	-	**1**
New assets originated or purchased	1	-	-	**1**
Assets derecognized or repaid	-1	-	-	**-1**
Change in credit risk	0	-	-	**0**
Amounts written off	-	-	-	**-**
Other	0	-	-	**0**
Balance as at 31/12/2019	**2**	-	-	**2**

See Note 12 - Impairment

Note 21 – Impairment of financial assets at amortized cost

Changes in the ECL amount (in EUR million)	Financial assets at amortized cost			
	Stage 1	Stage 2	Stage 3	**TOTAL**
Balance as at 01/01/2020	**1**	**0**	**16**	**17**
Quintet Europe merger (Note 1)	0	0	2	**3**
Balance as at 01/01/2020 after merger	**2**	**0**	**18**	**20**
New assets originated or purchased	4	0	0	**4**
Assets derecognized or repaid	-3	0	0	**-4**
Change in credit risk	0	0	1	**1**
Amounts written off	0	0	-1	**-1**
Other	0	0	0	**0**
Balance as at 31/12/2020	**3**	**0**	**18**	**20**

Changes in the ECL amount (in EUR million)	Financial assets at amortized cost			
	Stage 1	Stage 2	Stage 3	**TOTAL**
Balance as at 01/01/2019	**2**	**0**	**6**	**7**
New assets originated or purchased	3	-	-	**3**
Assets derecognized or repaid	-3	0	0	**-3**
Change in credit risk	0	0	13	**13**
Amounts written off	-	-	-3	**-3**
Other	0	0	0	**0**
Balance as at 31/12/2019	**1**	**0**	**16**	**17**

In EUR million	31/12/2020	31/12/2019
Total	**20**	**17**
Breakdown by counterparty	**20**	**17**
Debt securities with credit institutions	0	0
Debt securities other than with credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances other than with credit institutions	20	17

Note 22 – Derivatives

For a better visibility and comparability of financial reporting, avoiding artificial inflating of the financial statement, the Bank's decided to derecognize the whole activity of listed derivatives on behalf of customer in 2020 (no derecognition in 2019). The amount derecognized on the asset and liability sides in 2020 is EUR 28 million (impact would have been EUR 14 million if derecognised in 2019), while regarding the income statement the impact is nil for both years (mirror accounting clients and market side).

Hedge Accounting note - LIBOR Transition: Global Interest Rate Benchmark Reform : A comprehensive reference rates reform is currently taking place following the concerns raised in recent years about the integrity and reliability of major financial market benchmarks. Amendments to IFRS 9, IAS 39 and IFRS 7 have been issued to address uncertainties related to this reform.

In order to assess the relevant risks associated with the global benchmark reforms mandated by the Financial Stability Board ("FSB"), Quintet group launched a project in order to manage the IBORs discontinuation. At 31 December 2020, no impacts were registered as:

- No financial assets/ liabilities and recognition had to be derecognized and replaced by 'new' financial assets/liabilities which could have led to unexpected income statement volatility for amortized cost and FVOCI debt assets due to derecognition gains / losses;
- No amendments have been made to contracts (e.g. changing covenants / credit spread / maturity etc) that go beyond what is strictly necessary for IBOR reform;
- No existing IBOR-based hedge relationships failed IAS39 hedge accounting efficiency requirements.

The notional value of the foreign exchange contracts represents the nominal to be delivered.

Held-for-trading

(in EUR million)	2020 Fair value Assets	2020 Fair value Liabilities	2020 Notional value	2019 Fair value Assets	2019 Fair value Liabilities	2019 Notional value
Total	**204**	**268**	**37,138**	**193**	**226**	**73,786**
Interest rate	**59**	**78**	**27,707**	**69**	**76**	**61,022**
OTC options	0	0	5	0	0	7
OTC other	59	78	27,702	69	76	60,983
Organized market options	-	-	-	-	-	-
Organized market other	-	-	-	-	-	32
Equity	**2**	**2**	**23**	**15**	**15**	**1,393**
OTC options	1	1	14	1	1	19
OTC other	-	0	-	-	-	-
Organized market options	0	1	9	14	15	1,287
Organized market other	-	-	-	-	-	86
Foreign exchange and gold	**144**	**189**	**9,407**	**109**	**135**	**11,372**
OTC options	1	1	85	0	0	61
OTC other	143	187	9,322	109	135	11,178
Organized market options	-	-	-	0	0	2
Organized market other	-	-	-	-	-	130
Commodity	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**

Hedging

(in EUR million)	2020 Fair value Assets	2020 Fair value Liabilities	2020 Notional value	2019 Fair value Assets	2019 Fair value Liabilities	2019 Notional value
Total Fair value hedges	**5**	**137**	**3,002**	**3**	**111**	**1,751**
Interest rate	**0**	**110**	**2,528**	**1**	**72**	**1,311**
OTC options	0	-	1	0	-	1
OTC other	0	110	2,527	1	72	1,310
Organized market options	-	-	-	-	-	-
Organized market other	-	-	-	-	-	-
Equity	**0**	**0**	**15**	**-**	**-**	**-**
OTC options	**-**	**-**	**-**	**-**	**-**	**-**
OTC other	**0**	**0**	**15**	**-**	**-**	**-**
Organized market options	**-**	**-**	**-**	**-**	**-**	**-**
Organized market other	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange and gold	**4**	**27**	**459**	**2**	**39**	**439**
OTC options	-	-	-	-	-	-
OTC other	4	27	459	2	39	439
Organized market options	-	-	-	-	-	-
Organized market other	-	-	-	-	-	-

Note 23 – Other assets

The heading 'Other assets' covers various short-term receivables such as coupons that clients bring to Quintet to be cashed, the value of which has already been paid, commissions and fees and precious metals assets.

Note 24 – Tax assets and tax liabilities

In EUR million	31/12/2020	31/12/2019
Current tax assets	**1**	**0**
Deferred tax assets	**20**	**14**
Losses carried forward	18	18
Provisions	0	-
Financial instruments at fair value through other comprehensive income	-5	-4
Other	6	-
Tax assets	**20**	**14**

Details of tax assets are given in Note 13.

(in EUR million)	31/12/2020	31/12/2019
Current tax liabilities	**1**	**-**
Deferred tax liabilities	**0**	**-**
Impairment for losses on loans and advances	0	-
Other	0	-
Tax liabilities	**1**	**-**

Changes in deferred tax assets and liabilities are not equal to the deferred tax charge recognised in the statement of profit and loss. This is mainly due to the deferred tax linked to the recognition in the revaluation reserve of fair value changes of the instruments FVOCI.

Note 25 – Intangible assets

CHANGES

In EUR million	Goodwill	Purchased portfolio of customers	Software developed in-house	Software purchased	Other intangible assets	Total
Balance as at 01/01/2020	**-**	**84**	**23**	**1**	**0**	**108**
Quintet Europe merger (Note 1)	274	-24	-	17	-	**268**
Balance as at 01/01/2020 after merger	**274**	**61**	**23**	**18**	**-**	**375**
Acquisitions	-	-	8	9	**-**	**17**
Disposals	-	-	-	-	**-**	**-**
Depreciation	-	-6	-4	-5	**0**	**-15**
Impairment	-	-	-	-	**-**	**-**
Other	-	-0	0	0	**0**	**0**
Balance as at 31/12/2020	**274**	**55**	**26**	**22**	**0**	**378**
Of which: cumulative amortisation and impairment	-23	-44	-12	-38	-3	-119
Balance as at 01/01/2019	**-**	**84**	**20**	**0**	**-**	**104**
Acquisitions	-	-	6	**0**	**-**	**6**
Disposals	-	-	-	**-**	**-**	**-**
Depreciation	-	-	-3	**0**	**-**	**-3**
Impairment	-	-	-	**-**	**-**	**-**
Balance as at 31/12/2019	**-**	**84**	**23**	**1**	**-**	**108**
Of which: cumulative amortisation and impairment	-	-	-7	-3	-	-10

Note 26 – Property, equipment, right-of-use assets and investment properties

In EUR million	31/12/2020	31/12/2019
Property and equipment	**71**	**24**
of which right-of-use leased assets	49	12
Investment properties	-	-

CHANGES (in EUR million)	Land and buildings		IT equipment		Other equipment		Total property and equipment	
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
Balance as at 01/01/2020	**0**	**11**	**2**	**1**	**9**	**-**	**11**	**12**
Quintet Europe merger (Note 1)	**2**	**23**	**3**	**-**	**6**	**3**	**11**	**26**
Balance as at 01/01/2020 after merger	**2**	**34**	**6**	**1**	**15**	**3**	**23**	**38**
Acquisitions	0	24	4	-	2	**1**	**7**	**25**
Disposals	-	0	-	-	0	**0**	**0**	**-1**
Depreciation	0	-8	-3	-1	-2	**-1**	**-5**	**-10**
Impairment	-	-	-	-	-	**-**	**-**	**-**
Other	-	-4	0	-	-2	**-**	**-2**	**-4**
Balance as at 31/12/2020	**3**	**46**	**6**	**1**	**13**	**2**	**22**	**49**
Of which: cumulative amortisation and impairment	0	-12	-34	-1	-27	-2	-62	-15

CHANGES (in EUR million)	Land and buildings		IT equipment		Other equipment		Total property and equipment		Investment properties
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased	
Balance as at 31/12/2018	**45**	**-**	**3**	**-**	**9**	**-**	**57**	**-**	**11**
Application of IFRS16	-	-	-	2	-	-	**-**	**2**	-
Balance as at 01/01/2019	**45**	**-**	**3**	**2**	**9**	**-**	**57**	**2**	**11**
Acquisitions	1	12	1	-	1	**-**	**3**	**12**	-
Disposals	-45	-	-	-	0	**-**	**-45**	**-**	-11
Depreciation	-1	-1	-1	-1	0	**-**	**-3**	**-2**	0
Impairment	-	-	-	-	-	**-**	**-**		-
Other	-	-	-	-	0	**-**	**0**	**-**	-
Balance as at 31/12/2019	**0**	**11**	**2**	**1**	**9**	**-**	**11**	**12**	**-**
Of which: cumulative amortisation and impairment	0	-1	-5	-1	-2	-	-7	-2	-

In 2019, the Bank transferred as a contribution in kind the buildings it occupies in Luxembourg to its subsidiary KBL Immo S.A. and concluded a leaseback contract. This operation has to be accounted in accordance to the sale and leaseback transactions of IFRS 16.

The Bank has neither commitment nor option to repurchase the buildings. Lease term is 7 years (was changed at the time of the sale, 5 years was the term in the lease concluded in 2019) without enforceable option to extend the period.

In accordance with IFRS16, the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Bank. Accordingly, the Bank recognised only the amount of the disposal gain that relates to the rights transferred to the new owner-lessor.

The net amount of the buildings transferred as a contribution in kind was EUR 52m (gross amount EUR 105m and cumulated depreciation for EUR 53m), of which EUR 42m previously classified within 'Land and buidings' and EUR 11m previously classified within 'Investment properties'. Disposal gain, excluding tax and various fees, amounts to EUR 92m. Initial right-of-use asset amounts to EUR 8m and lease debt to EUR 33m.

Note 27 – Provisions

Changes (in EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantees and credit commitments	Pending legal disputes	Other provisions	Total
Balance as at 01/01/2020	**5**	**3**	**1**	**1**	**1**	**11**
Quintet Europe merger (Note 1)	28	1	-	8	1	**38**
Balance as at 01/01/2020 after merger	**33**	**4**	**1**	**10**	**2**	**50**
Changes affecting the statement of profit and loss						
Allowances	3	4	-	17	1	**24**
Reversals	0	-	-	-1	0	**-1**
New assets originated or purchased	-	-	1	-	-	**1**
Assets derecognized or repaid	-	-	-1	-	-	**-1**
Change in credit risk	-	-	0	-	-	**0**
Other changes	2	-1	1	-1	-1	**1**
Balance as at 31/12/2020	**38**	**8**	**1**	**24**	**2**	**72**
Of which, Stage 1	-	-	*0*	-	-	*0*
Stage 3	-	-	*1*	-	-	*1*

Changes (in EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantees and credit commitments	Pending legal disputes	Other provisions	Total
Balance as at 01/01/2019	**5**	**3**	**2**	**2**	**0**	**12**
Changes affecting the statement of profit and loss						
Allowances	0	0	-	1	1	**2**
Reversals	-	-1	-	0	0	**-1**
New assets originated or purchased	-	-	1	-	-	**1**
Assets derecognized or repaid	-	-	-1	-	-	**-1**
Change in credit risk	-	-	0	-	-	**0**
Other changes	0	0	0	-1	0	**-1**
Balance as at 31/12/2019	**5**	**3**	**1**	**1**	**1**	**11**
Of which, Stage 1			*0*			*0*
Stage 3			*1*			*1*

- The net liabilities related to staff pension funds (see Note 29) and restructuration plans are also included in this item.
- Specific impairment for credit commitments: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Bank acts as sub-participant.
- Provisions for pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.
- Other provisions: other provisions than the above-mentioned provisions.

For most of the provisions recorded, no reasonable estimate can be made of when they will be used.

The main litigation relates to a case in which the Bank is in dispute with a client having previously used the Bank as a custodian. The Bank was unsuccessful in a recent appeal and is therefore liable for the client's losses, which will be determined at a damages hearing. The Bank has a number of other clients who have issued similar complaints but have not issued litigation proceedings.

Note 28 – Other liabilities

The heading 'Other liabilities' in particular covers mainly accrued expenses and various items payable in the short term such as coupons and redeemable securities as paying agent.

In 2019, this caption also included the lease liabilities for the lease agreements to be accounted for in accordance with IFRS16 which amounted to EUR 34.3 million (EUR 1.8 million as at 1/1/2019, date of the first-time application of the standard), discounted for future cash flow.

In 2019, maturity analysis of lease liabilities undiscounted future cash flow was:

In EUR million

31/12/2019	Less than or equal to 1 year	More than 1 but less than or equal to 5 years	More than 5 years
Lease liabilities	**8**	**26**	**2**

During 2020, the debt lease has been reclassified in the other financial liabilities, see note 16.

Note 29 – Long term employees benefits

Retirement benefit obligations

Quintet and its branches sponsor a number of defined benefit plans for their employees. Most of them are closed to new participants. Quintet also operates defined contribution plans.

Luxembourg

The Bank operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries are only pre-retired or ex-employees.

Investment earnings applied to employee contributions are subject to a minimum guaranteed return. The plans are funded via insurance arrangement with a third party to which the company pays regular premiums.

Belgium

Belgium law provides that for all types of defined contribution plans a minimum return on contributions paid by both the employer and the employees has to be borne by the employer. Consequently, for all existing plan there is a legal obligation for the Bank to pay additional contributions if the fund does not hold sufficient assets to meet the legal minimum requirement with respect to contributions already paid in the past. For that reason, these plans are measured according to the IAS19R actuarial method applicable for defined benefit plans.

Germany

Quintet sponsors defined benefit plans in Germany which provide retirement, death and disability benefits. Some of these plans are closed to new entrants. Those plans with active membership mostly provide fixed amount pension promises.

Netherland

The Bank also has various retirement plans in Netherlands. Most of these plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts or insurance vehicles..

Amounts reported in 2020 as 'business combination' relate to the impact of the merger and branchisation of the three former subsidiaries in Germany, Belgium and Netherland.

DEFINED BENEFIT PLANS **In EUR million**	**31/12/2020**	**31/12/2019**
Defined benefit plan obligations		
Value of obligations as at 01/01	**11**	**13**
Current service cost	2	0
Interest cost	1	0
Past service cost and gains / losses arising from settlements	-	-
Actuarial (gains)/losses	13	1
stemming from changes in demographic assumptions	-1	-
stemming from changes in financial assumptions	11	1
experience adjustments	3	0
Benefits paid	-5	-3
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	1	0
Business combinations	118	-
Other	0	-
Value of obligations as at 31/12	**140**	**11**
Fair value of plan assets		
Fair value of assets as at 01/01	**7**	**9**
Actual return on plan assets	6	0
Interest income	1	0
Return on plan assets (excluding interest income)	5	0
Employer contributions	5	0
Plan participant contributions	1	0
Benefits paid	-5	-3
Out of which: amounts paid in respect of settlements	-	-
Business combinations	91	-
Other	0	-
Fair value of assets as at 31/12	**104**	**7**
Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**0**	**0**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	1	0
Other	**-2**	**-**
Effect of the asset ceiling as at 31/12	**-1**	**0**
Funded status		
Plan assets in excess of defined benefit obligations	-37	-5
Unrecognised assets	-1	0
Unfunded accrued / prepaid pension cost	**-37**	**-5**

In EUR million	31/12/2020	31/12/2019
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-5**	**-4**
Net periodic pension cost recognized in the statement of profit and loss (excl. tax impact arising from settlements)	-3	0
Remeasurements recognized in OCI (excl. change in tax provision)	-7	-1
Employer contributions	5	0
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Business combinations	**-28**	-
Unfunded accrued / prepaid pension cost as at 31/12	**-37**	**-5**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-9**	**-8**
Remeasurement recognized in OCI	-7	-1
Transfers	**-30**	**-**
Recognized reserve as at 31/12	**-47**	**-9**
AMOUNTS RECOGNIZED IN COMPREHENSIVE INCOME		
Amounts recognised in the statement of profit and loss		
Current service cost	-2	0
Net interest on the defined benefit liability/asset	0	0
Past service cost	-	-
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-3**	**0**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	-13	-1
Actual return on plan assets (excluding amounts included in interest income)	5	0
Change in the effect of the asset ceiling	1	0
Change in the tax provision	0	0
Total other comprehensive income	**-7**	**-1**
Actual return on plan assets	**+4.72%**	**+0.17%**
Breakdown of plan assets	**100%**	**100%**
Fixed income		
Quoted market price in an active market	37%	90%
Unquoted	-	-
Equities		
Quoted market price in an active market	18%	1%
Unquoted	-	-
Alternatives		
Quoted market price in an active market	-	-
Unquoted	-	-
Cash	2%	8%
Real estate	11%	-
Other	31%	1%

Plan assets do not include any investment in transferable securities issued by the Bank (2019: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1,1 million (2019: nil).

In EUR million	31/12/2020	31/12/2019
Significant actuarial assumptions used:		
Defined benefit obligation The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	0.15% to 0.60%	0.30% to 0.77%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	19	1
Scenario DR +1%	-15	-1
Expected rate of salary increase (including inflation)	1.50% to 3.00%	1,50% to 3.00%
Scenario SR -1%	0	-
Scenario SR +1%	0	-
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	14	9
Expected contributions for next year	**7**	**0**

Defined contribution plans **In EUR million**	**31/12/2020**	**31/12/2019**
Amount recorded in the statement of profit and loss	-10	-5

Other long-term benefits

Some senior staff members participated to new a Long-Term Incentive Plan (LTIP) implemented in 2020 for selected senior management members.

Liability recognized as end of 2020 amounts to EUR 1 million (2019: nil).

Note 30 – Equity

As of 31 December 2020, the subscribed and paid-up capital is EUR 242.2 million (31 December 2019: EUR 233.1 million), represented by 26,045,433 ordinary shares without par value (31 December 2019: 25,069,878) and by 4,336 non-voting preference shares without par value (31 December 2019: 4,336). The share premium as at 31 December 2020 is EUR 578.3 million (31 December 2019: EUR 537.4 million).

On 26 March 2020, the Board of Directors approved the increase of the subscribed capital and share premium by EUR 50,000,000 by subscription of 975,555 new ordinary shares by Precision Capital S.A..

On 21 October 2020, Quintet has successfully placed EUR 125 million in additional tier-1 (AT1) notes, which are listed on the Luxembourg Stock Exchange (Euro MTF). The placement of these AT1 notes, which qualify as additional tier-1 capital, will complement the significant equity capital commitments already made and foreseen in future by Precision Capital, Quintet’s shareholder. Quintet’s AT1 notes, which are denominated in euros and will be paid semi-annually, are perpetual instruments with a first call date in 2026.

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank’s articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for years 2019 and 2020.

Article 35 of the Bank's articles of incorporation specifies that the net liquidation profit, after the charges payment, will be used to firstly refund the non-voting preference shareholders. The remaining balance will be allocated on equal basis to ordinary shareholders.

In accordance with the Luxembourg law on limited companies, at least 5% of the profit of the year has to be allocated to the legal reserve. This allocation ceases to be mandatory as soon as the legal reserve amounts to 10% of the capital.

As at 31 December 2020 and before the proposed allocation of the 2020 result (Note 31), the legal reserve is EUR 23,3 million (31 December 2019: EUR 22.1 million) representing 9.6% of the paid-up capital.
The free reserves amount to EUR 312.3 million (31 December 2019: EUR 428.7 million), the AGDL reserve amounts to EUR 0.6 million (31 December 2019: EUR 0.7 million), and the reserve for the reduction of net wealth tax is nil (31 December 2019: nil). The retained earnings amount to EUR 59.1 million (31 December 2019: nil).

In number of shares	31/12/2020	31/12/2019
Total number of shares issued	**26,049,769**	**25,074,214**
Ordinary shares	26,045,433	25,069,878
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	26,049,769	25,074,214
Of which: shares representing equity under IFRS	26,049,769	25,074,214

CHANGES

	Ordinary shares	Preference shares	Total
Balance as at 01/01/2020	**25,069,878**	**4,336**	**25,074,214**
Movement	975,555	-	975,555
Balance as at 31/12/2020	**26,045,433**	**4,336**	**26,049,769**

Note 31 – Result allocation proposal

At its meeting on 31 March 2021, the Board of Directors proposes to allocate the 2020 net loss of EUR -98,312,227 to the retained earnings.

On 23 April 2021, this allocation will be submitted for the approval of the Annual General Meeting.

Note 32 – Loans commitments, financial guarantees and other commitments

In EUR million	31/12/2020	31/12/2019
Off-balance sheet items	**471**	**265**
Confirmed irrevocable credits, unused	384	175
Financial guarantees given	86	90
Total	**471**	**265**

Note 33 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amount to EUR 45.5 billion as at 31 December 2020 (2019: EUR 8.0 billion).

Total 'Assets under Custody' (investment funds and institutional) related to asset servicing clients as at 31 December 2020 amount EUR 17.2 billion (2019: EUR 17.4 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Bank does not offer advice on how the assets should be invested) amount to EUR 9.1 billion as at 31 December 2020 (2019 : EUR 2.0 billion).

Note 34 – Related party transactions

'Related parties' refers to the parent company of Quintet, its subsidiaries and key management personnel. Transactions with related parties are carried out under conditions equivalent to those applicable to transactions subject to conditions of normal competition.

In EUR million	31/12/2020	31/12/2019
Cash, cash balances with central banks and other demand deposits	**8**	**21**
of which financial assets with Quintet Group	8	21
Financial assets	**145**	**219**
of which financial assets with Pioneer Holding [(1)]	*11*	*76*
with Precision Capital	-	-
with Quintet Group	*133*	*144*
Held-for-trading	2	29
At amortized cost	143	191
Investment in subsidiaries and associates	**270**	**1,103**
Financial liabilities	**584**	**3,161**
of which financial liabilities with Pioneer Holding [(1)]	*373*	*899*
with Precision Capital	*12*	*13*
with Quintet Group	*199*	*2,249*
Held-for-trading	0	7
At amortized cost	584	3,154
Hedging derivatives	-	-
Statement of profit and loss	**16**	**-16**
of which statement of profit and loss with Pioneer Holding [(1)]	*0*	*-12*
with Precision Capital	*0*	*0*
with Quintet Group	*16*	*-4*
Net interest income	0	-13
Dividends	8	8
Net fee and commission income	26	-5
Other net income (expenses)	2	0
Operating expenses	-1	6
Impairment of financial assets not measured at fair value through profit or loss	0	0
Impairment of investments in subsidiaries	-21	-12
Nominal amount of loan commitments, financial guarantees and other commitments given	184	145
of which off-balance sheet items with Quintet Group	*184*	*145*

(1) Pioneer Holding amounts include transactions with the ultimate beneficial owner as a private client.

WITH KEY MANAGEMENT PERSONNEL In EUR million	31/12/2020		31/12/2019	
	Amount	Number of persons	Amount	Number of persons
Amount of remuneration to key management personnel of Quintet on the basis of their activity, including the amounts paid to former key management personnel	22	22	9	26
Credit commitments given (undrawn amount outstanding)	0	1	-	-
Loans outstanding	6	2	-	-
Expenses for defined contribution plans	1	12	1	13

Note 35 – Solvency

The table below gives the solvency ratios calculated in the framework of the EU Parliament & Council, Capital Requirement Regulation (CRR 2013/575).

In EUR million	31/12/2020	31/12/2019
Regulatory capital	**834**	**1,159**
Tier 1 capital	**834**	**1,159**
Common equity Tier 1 capital	**711**	**1,159**
Capital and reserves	1,215	1,221
Intangible assets and goodwill	-349	-108
Profit or loss eligible	-98	60
Remeasurement of defined benefit plans	-47	-9
Fair value changes of instruments measured at fair value through other comprehensive income	14	12
Deferred tax assets	-20	-14
Asset value adjustment	-4	-4
Additional deductions of CET 1	-0	-
Additional Tier 1 capital	**124**	**-**
Paid up capital instruments	124	-
Tier 2 capital	**0**	**0**
Preference shares	0	0
Subordinated liabilities	0	0
Risk weighted assets	**2,933**	**2,893**
Credit risk	2,235	2,453
Market risk	176	225
Credit value adjustment	19	13
Operational risk	503	203
Solvency ratios		
Common equity Tier 1 ratio	**24,24%**	**40,07%**
Basic solvency ratio (Tier 1 ratio)	**28,45%**	**40.07%**
Solvency ratio (CAD ratio)	**28,45%**	**40.07%**

Note 36 – Maximum credit risk exposure and collateral received to mitigate the risk

Maximum credit risk exposure **In EUR million**	**31/12/2020**	**31/12/2019**
Assets	**11,777**	**8,570**
Balances with central banks and other demand deposits	2,503	960
Financial assets	8,850	6,435
Held-for-trading	258	261
Designated at fair value through profit or loss	-	-
Non-trading mandatorily at fair value through profit or loss	43	42
At fair value through other comprehensive income	2,792	3,021
At amortized cost	5,752	3,108
Hedging derivatives	5	3
Investment in subsidiaries and associates	271	1,103
Tax assets	20	14
Other assets	134	53
Non-current assets held-for-sale	-	7
Off-balance sheet items	**471**	**265**
Confirmed irrevocable credits, unused	384	175
Financial guarantees	86	90
Maximum credit risk exposure	**12,248**	**8,836**

For the instruments measured at fair value, the amounts disclosed above represent the current credit risk exposure and not the maximum credit risk that could apply as a consequence of future changes in the estimates made.

Collateral and guarantee received to mitigate the maximum exposure to credit risk **In EUR million**	**31/12/2020**	**31/12/2019**
Mortgage loans collateralized by immovable property	**1,255**	**325**
Residential	1,011	249
Commercial	244	75
Other collateralized loans	**3,303**	**1,560**
Cash	779	81
Rest (including securities received in reverse repo operations)	2,524	1,479
Financial guarantees received	**993**	**705**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	**5,550**	**2,589**

The amount and type of collateral required depend on the type of business considered and the Bank's assessment of the debtor's credit risk. The main types of collateral received are as follows:
- cash,
- securities (in particular for reverse repo operations and securities lending),
- other personal and/or collateral guarantees (mortgages).

These guarantees are monitored on a regular basis to ensure their market value remains adequate as regards the assets they are intended to cover. If a guarantee is noted to be insufficient, margin calls are made in accordance with the agreements signed with the various counterparties concerned.

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital and Pioneer Capital. The exposures on related parties are disclosed in Note 34.

Note 37 – Risk management

This note aims to disclose the '*nature and risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks*', as required by IFRS 7. The information is presented by risk type as proposed by the standards.

1. Credit risk

1.1. QUALITATIVE INFORMATION

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

- lending to private clients (mainly Lombard loans and Mortgage loans). Risk in this activity is largely mitigated by a strong collateral policy, implying limited unsecured exposures,
- positions in ALM portfolios,
- uncommitted lines covering the trading activity and counterparty exposures with banks (forex, money markets, swaps, reverse repo, securities lending, derivatives, etc.),
- the granting of uncommitted lines to clients of the Global Institutional Services (GIS) Function in Luxembourg (mainly UCI), to cover temporary overdrafts,
- the acceptance of securities used as collateral in repo transactions.

1.1.2. Credit allocation decision-making process / governance

In Luxembourg, all lending/investment decisions, as all decisions to grant uncommitted lines, are the responsibility of the Executive Committee or one of the other competent bodies designated under the delegation of authority based on specific criteria. This delegation of powers always requires the involvement of at least two people from different entities, to ensure that there is no risk of conflict of interest.

Each new credit proposal submitted to the Luxembourg Credit Committee or Group Credit Committee is accompanied by an opinion issued by Group Credit Risk Control, based on an analysis of the financial situation and creditworthiness of the borrower and of the structure of collateral.

Internal processes ensure the identification of related counterparties, in order to monitor concentration risk on debtors/group of debtors. Group structures are moreover permanently updated by the Group Credit Risk Control.

1.1.3. Credit policy

The credit policy defines the framework within which loan activities to customers are managed in the Quintet Group. It is reviewed/updated on an annual basis. The last version was validated by the Board Risk Committee[1] ("BRC") in January 2020.

1.1.4. Measurement/monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the Board Risk Committee. Therefore, specific indicators are monthly reported to the Group Risk Committee (GRC) and quarterly to the BRC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries.
Group Credit Risk Control has its own system for country and concentration limits, approved by the Executive Committee and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Bank and to its risk appetite. During 2020, the control has been transferred to Financial Risk & Reporting team.

At a regulatory level, Quintet Group uses the standardised Basel III methodology to calculate credit risk.

[1] The Board Risk Committee or BRC is a sub-committee of the Board of Directors dedicated to risk issues

1.1.4.1. Loans

In terms of the day-to-day monitoring of lending transactions, the loan administration systems automatically monitor the loans and guarantees schedule, which allows any overdraft or collateral shortfall to be detected and the appropriate corrective actions to be taken swiftly.

On a quarterly basis, a global reporting of all lending exposures is performed, detailing the portfolio by loan type, customer type, countries, maturities and performing status. It also presents information on the effective loan-to-values for the collateralized exposures.

The files for which a specific monitoring is requested are included in the Watch list that is discussed monthly in the Country Credit Committees and Group Credit Committee.

1.1.4.2. Investment portfolios

Investment proposals are submitted by the Group ALM Function. All proposals have to respect the concentration limits, defined by issuer type (Sovereigns, Corporates and Banks), as well as the concerned country limits. The Group Financial Risk & Reporting department checks the availability under those limits before any investment and may advise against any investment based on its own credit risk assessment, supported by comments provided by the international rating agencies and analysis of the published financial statements.

Group Risk Control automatically monitors debtors' ratings, as reported by rating agencies, and informs the entities concerned accordingly. Various types of standard or specific reports are also drawn up in order to monitor any deterioration in the quality of the portfolio.

Any overdraft of issuer concentration limits, due to rating downgrades, is communicated monthly to the GRC and quarterly to the BRC.

1.1.4.3. Interbank transactions

The set-up and monitoring of interbank limits, which are mainly concentrated in the Luxembourg Dealing Room, is a major activity of Group Risk Control. It covers:

- The maintenance of maximum limits, in line with principles validated by the BRC.

  This system defines interbank limits which are commensurate with the size of the Bank and its risk appetite. It fully integrates the Large Exposures regulation. Loans outstanding are allocated to lines according to a standard "marked-to-market + add on" approach.

  Their update is triggered by changes in one of the influencing factors (ratings, tier 1 capital...).

- The set-up of operational limits (that can only be smaller than maximum limits) that are necessary to adequately allocate interbank sub-limits across the different products (Money Market, Repo, Securities Lending…) is processed in accordance with the different desks.

  The monitoring of exposures and their compliance with operational limits is monitored on a daily basis by the Group Risk Control department.

1.1.4.4. Collateral monitoring

The management and supervision of collateral received for secured transactions, in addition to contract management, is handled by a dedicated entity of the Function 'Operations'. Specific guidelines, validated by the Executive Committee, set rules on concentration by counterparties and by securities accepted as collateral, as well as risk correlation limits (correlation between the counterparty and the collateral). The respect of these rules is monitored on a daily basis by the Group Risk Control department.

1.1.4.5. Country limits

The framework for the definition and monitoring of country limits covers all types of country risks (in particular that of contagion) and not only the risk of transferability.

Lines are allocated to the Bank for credit activities, bonds investments and trading room activities as and when required. As for counterparty risk, Group Risk Control is responsible for independent monitoring, on a daily basis, of the respect of the country limits.

1.1.4.6. Concentration monitoring

As mentioned here above, issuer concentration limits are defined per individual or group of counterparts. These limits are assigned to sovereigns, banks and corporates, using a methodology derived from the country limit framework and consider additional financial criteria. Issuer concentration limits are divided into sub-limits which preserve diversification both in terms of maturity and products.

The issuer concentration limits are updated by Group Financial Risk & Reporting team and monitored.by Group Risk Control. Exception reports are escalated to the GRC.

1.1.5 Measurement of Credit Risk

The Bank's independent Credit Risk Department operates its internal Credit quality monitoring process. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Expected Credit Losses are computed using methodologies based on materiality and maturities. ECL calculations incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

1.1.5.1. IFRS 9 stages

The IFRS9 approach is based on the definition of three stages, each associated with the expected risk of default of the instrument and defining a level of impairment provisioning to be booked.

- Stage 1: At the origination of non-impaired instruments, an impairment provision equal to the expect credit loss over the coming 12-month is booked. The instrument is considered as *performing*.
- Stage 2: After a significant increase of the instrument credit risk, the booked impairment provision is increased from the 12-month expected credit loss to the remaining lifetime expected credit loss of the instrument. The instrument is considered as *underperforming*.
- Stage 3: The instrument has incurred losses and is now considered as *non-performing*. The booked impairment provision remains equal to its remaining lifetime expected credit loss.

1.1.5.2. Credit risk grading

The bank follows two approaches for the assessment of credit ris:

- For professional counterparties and debt issuers, the assessment relies on the counterparty external rating and other market information. The worst available rating from S&P and Moody's is considered in that assessment, which yields the following mapping onto the TtC PD scale.

Counterparty type	Group' credit risk grades	Assigned PD (%)
Corporate		
	AAA	0.01
	AA	0.02
	A	0.05
	BBB	0.16
	BB	0.81
	B	3.02
	CCC	8.83
	D	100.00

Financial Institutions		
	AAA	0.01
	AA	0.02
	A	0.06
	BBB	0.26
	BB	0.66
	B	2.84
	CCC	16.45
	D	100.00
Sovereigns		
	AAA	0.01
	AA	0.03
	A	0.07
	BBB	0.18
	BB	0.48
	B	2.39
	CCC	11.27
	D	100.00

- For private banking counterparties, the assessment is based on the continuous monitoring of the loanbook by the Credit Risk Control function and the concept of watchlist.

Note for Intragroup IFRS9 approach:

The same Financial Institution approach is used for intragroup IFRS9 exposures valuation. All Group entites are considered as BBB external rating for computation purposes.

1.1.5.3 Significant Increase in Credit Risk

For the IFRS9 assessment, two main directions are followed.

- For professional counterparties, the assessment relies on the term structure of the cumulative probability of default constructed from transition matrices updated with forward-looking estimates of market conditions.
- For the private banking counterparties, the assessment is based on the continuous monitoring of the loan book by the Credit Risk Control function and the concept of watchlist.

The following indicators are considered:

Qualitative & quantitative indicators	Debt securities		Loans		
	Corporate	Government	Corporate	Government	Household
Relative change in PD	P	P	N	N	N
Changes in external credit rating	S	S	N	N	N
Practical expedient – 30 days past due rebuttable presumption	N	N	B	B	B
Number of days past due – other than 30 days	P	P	B	B	B
Modification or forbearance	N	N	S	S	S
Watch list	S	S	P	P	P
Practical expedient – low credit risk exemption	P	P	P	P	P

P: is used as a primary indicator
S: is used as a secondary indicator
B: is used but only as a backstop
N: is not used

1.1.6. Definition of default and credit impaired assets

Whilst the Bank has aligned its definition of default and credit impairment with the relevant regulatory requirements, some internal default definitions have been adapted to the specificities of the following counterparty types, notably:

- Market securities

After 10 days past due the expected payment (interest and/or capital), GCRC, based on market and other information available on the bond and the issuer, recommends the classification as defaulted (with 30 days past due as backstop).

- Interbank exposures

After 10 days past due the expected payment (interest and/or capital), GCRC, based on market and other information available on the bond and the issuer, recommends the classification as defaulted (with 30 days past due as backstop).

- Private banking exposures

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).

For retail credit facilities, all exposures of an obligor in default may be treated individually; that is, contagion does not necessarily apply to all the obligor's exposures.

1.1.7. Collateral monitoring

The management and supervision of collateral received for secured transactions, in addition to contract management, is handled by a dedicated entity of the Function 'Operations'. Specific guidelines, validated by the Executive Committee, set rules on concentration by counterparties and by securities accepted as collateral, as well as risk correlation limits (correlation between the counterparty and the collateral). The respect of these rules is monitored on a weekly basis by the Financial Risk department.

1.1.8. Country limits

The framework for the definition and monitoring of country limits covers all types of country risks (in particular that of contagion) and not only the risk of transferability.

Lines are allocated to the Bank and its subsidiaries for credit activities, bonds investments and trading room activities (for Luxembourg) as and when required. As for counterparty risk, the respect of the set country limits is monitored on a daily basis.

1.1.9. Concentration monitoring

As mentioned here above, issuer concentration limits are defined per individual or group of counterparts. These limits are assigned to sovereigns, banks and corporates, using a methodology derived from the country limit framework and consider additional financial criteria. Issuer concentration limits are divided into sub-limits which preserve diversification both in terms of maturity and products.

The issuer concentration limits are updated and monitored by Group Credit Risk Control. Exception reports are escalated to the Group Risk Committee.

1.2 EXPECTED CREDIT LOSS MEASUREMENT: EXPLANATION OF INPUTS, ASSUMPTIONS AND ESTIMATION TECHNIQUES

1.2.1.Measurement of ECL

For the calculation of ECL amounts and rates, three approaches are followed:

- For the most material exposures (investment portfolio and loan portfolio), the ECL is calculated by decomposing the cashflow structure of the exposure and postulating a number of defaults along its lifeline; that is, the PD, EaD, and LGD are assessed for each of the postulated default scenarios along the lifeline of the exposure.
- For exposures with undefined maturities, ECL are estimated by postulating a maturity horizon of 12 months, on the basis of the exposure at the reporting date.
- For revolving exposures, a loss rate approach is followed.

These approaches are extended to off-balance sheet exposures, to cover the whole spectrum of exposures in the application range of IFRS 9.

1.2.2. Forward Looking information incorporated in the ECL models

Both the assessment of credit risk (for non-low risk exposures) and the estimation of the expected credit losses (ECL) rely on the term structure of the cumulative default probability that can be constructed from a migration matrix, computed on the basis of three scenarios representing favourable, baseline and unfavourable market conditions, i.e. forward-looking assumptions.

The relative weights given to these scenarios, decided upon by the MacroEconomomic Scenario Committee (MESCo), is in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed. On that basis, the credit risk will be assessed and the ECL calculated. The weights will be refreshed on a quarterly basis.

Here below are the 12-month probabilities o default, per sector and rating ,per scenario.

	Banks & Financials			Corporates			Sovereigns		
	Positive	Baseline	Negative	Positive	Baseline	Negative	Positive	Baseline	Negative
AAA	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%
AA	0.02%	0.02%	0.08%	0.02%	0.03%	0.06%	0.03%	0.03%	0.07%
A	0.06%	0.06%	0.23%	0.05%	0.07%	0.15%	0.07%	0.09%	0.19%
BBB	0.26%	0.26%	0.99%	0.16%	0.20%	0.45%	0.18%	0.23%	0.51%
BB	0.66%	0.68%	2.40%	0.82%	1.01%	2.27%	0.48%	0.60%	1.34%
B	2.84%	3.27%	9.40%	3.02%	3.75%	8.41%	2.40%	2.97%	6.66%
CCC-C	16.45%	20.55%	43.61%	8.83%	10.94%	24.55%	11.27%	13.98%	31.36%

1.2.3. Forward-looking information

On a quarterly basis, the MESCo statutes on the position of the Bank regarding the outlook on credit default and recoveries, in order to embed that information in the estimation of IFRS 9 expected credit losses (ECL). Three main model inputs are decided upon:

- weights for the calculation of the point-in-time probability of default on professional counterparties, to blend the PD levels described in the above table;
- the trajectory of returns on financial assets securing loans and the weights to be assigned to the three considered scenarios;
- the trajectory of returns on property values, per market segment, and the weights to be assigned to the three considered scenarios.

1.2.4. Covid-19

When uncertainty sparked in the aftermath of the Covid-19 pandemic outbreak at the end of 2020Q1, the Bank aligned its treatment of forward-looking information with the recommendations by regulatory bodies (e.g., ECB, PRA) to consider medium-term default metrics in the estimation of provisions to dampen pro-cyclicality effects in the light of the level of uncertainty prevailing at the time of reporting, whilst worsening its stance on the macroeconomic outlook. It has now reverted to its regular practice for uncertainty has returned to acceptable levels.

1.2.5. Evolution of key risk metrics over 2020

Table 1: Scenario weights for the valuation of properties.

Scenario	2019Q4	2020Q2	2020Q4	Drivers
Belgium				Considering market expectations of continued price contractions on the Belgian market, the Bank has materially increased the weight on its negative scenario which materializes a 1-yr shock of -14.7%.
Negative	10%	50%	50%	
Baseline	80%	40%	40%	
Positive	10%	10%	10%	
Avg. 1-yr price change	1.4%	-6.5%	-6.5%	
France				Albeit of less magnitude than at the peak of the crisis, the Bank still expects price contractions to materialize on the French market and in Paris, materialized by a 1-yr shock of -13.5% on the negative scenario.
Negative	10%	50%	50%	
Baseline	70%	40%	40%	
Positive	20%	10%	10%	
Avg. 1-yr price change	0.1%	-6.3%	-6.3%	
Great Britain				The Covid-19 shock has prompted the Bank to adjust the magnitude of the shock of its negative scenario which was already factoring in some Brexit effect. Whilst the pandemic-related uncertainty has materially relaxed, that associated with Brexit remains prompting a continuation of the mid-year view.
Negative	30%	30%	30%	
Baseline	60%	60%	60%	
Positive	10%	10%	10%	
Avg. 1-yr price change	-3.1%	-3.2%	-3.2%	
Luxembourg				Real estate markets have experienced a slow down but no major shock is expected. This has prompted the bank to reduce the growth rate on its baseline and positive scenarios and reducing the positive scenario weight in the course of the year.
Negative	15%	15%	15%	
Baseline	55%	75%	75%	
Positive	30%	10%	10%	
Avg. 1-yr price change	1,4%	-0.8%	-0.8%	
FR/MC Riviera				The Bank has considered that price contractions were plausible in the aftermath of the pandemic shock and has kept its view unchanged throughout the year end. The magnitude of the 1-yr negative shock for the Riviera is -12.0%.
Negative	20%	30%	30%	
Baseline	60%	60%	60%	
Positive	20%	10%	10%	
Avg. 1-yr price change	-0.4%	-2.8%	-2.8%	
Netherlands				Materializing the limited contraction of the NL property market, the Bank has increased the shock on its negative scenario over the course of the year and kept the scenario weights constant over the year end. The magnitude of the negative scenario shock is -14.7%.
Negative	10%	30%	30%	
Baseline	60%	60%	60%	
Positive	30%	10%	10%	
Avg. 1-yr price change	2.5%	-3.2%	-3.2%	

Table 2: Scenario weights for the calculation of probabilities of default on debt securities. Rating score scale: (A^+, A, A^-) = (70, 120, 180).

PD scenario	2019Q4	2020Q2	2020Q4	Drivers
Banks				The Bank considers that liquidity, capital relief and loan guarantee scheme support measures by central banks, regulators and states, in conjunction with the good capitalization of banks, is an efficient mitigant for investment grade institutions in the short and medium terms. Consequent to the update of the model historical PD parameters, the scenario weights have been adjusted in 2020Q4 to maintain its stance in terms of default expectations.
Negative	10%	15%	25%	
Baseline	35%	35%	30%	
Positive	55%	50%	45%	
Avg. ptf. 1-yr PD [bps]	13.4	10.0	10.3	
Avg. ptf. rating score	120	92	92	
Corporates				The Bank expects corporate issuers to experience a more severed hit than other sectors following the contraction of the economy caused by lockdown measures and the less direct access to support measures. As such, it has severely increased the weight of the negative scenario, resulting in a 250% increase of the PD on A-rated corporate issuers. The decrease in risk of the portfolio over the course of the year has nevertheless outweighted that impact.
Negative	10%	75%	40%	
Baseline	35%	20%	40%	
Positive	55%	5%	20%	
Avg. ptf. 1-yr PD [bps]	5.1	12.1	9.8	
Avg. ptf. rating score	114	109	89	
Sovereigns				Driven by debt issuance programs by sovereign states combined with asset purchase programs by central banks, the investment-grade sovereign debt market remains liquid and fairly immune to defaults and is expected to remain so. The Bank therefore chose to mildly increase the weight of the negative scenario to reflect the long-term stability of states while pricing in some of the shorter term volatility as at 2020Q2 and keep that stance as at 2020Q4.
Negative	10%	15%	20%	
Baseline	40%	40%	40%	
Positive	50%	45%	40%	
Avg. ptf. 1-yr PD [bps]	13.8	13.2	10.2	
Avg. ptf. rating score	176	150	144	

Table 3: Average ECL rates on stage 1 and stage 2 exposures, split per portfolio and scenario.

		Average ECL rate on portfolio [bps]	
	Scenario	**Debt securities**	**Loans, advances & commitments**
2019Q4	Negative	10,45	5,89
	Baseline	4,07	2,63
	Positive	3,44	2,49
	Weighted	*4,39*	*2,91*
2020Q2	Negative	9,75	7,65
	Baseline	3,85	3,77
	Positive	3,24	3,67
	Weighted	*4,96*	*4,33*
2020Q4	Negative	6.96	6.30
	Baseline	2.91	3.28
	Positive	2.40	3.18
	Weighted	*3.68*	*3.98*

1.3. QUANTITATIVE INFORMATION

1.3.1. Breakdown of credit risk exposures

The distribution of the credit risk exposures by products is as follows:

Information on performing and non-performing exposures

31/12/2020 In EUR million	**Total Amounts**	**Performing**	**Non-performing**	***Total impairement and provisions***	***of which: N-P impairment***
Debt securities	**1,227.3**	**1,227.3**	**-**	***-0.5***	***-***
Central banks	-	-	-	-	-
General governments	1,018.1	1,018.1	-	*-0.4*	-
Credit institutions	121.9	121.9	-	*-0.0*	-
Other financial corporations	34.0	34.0	-	*-0.0*	-
Non-financial corporations	53.3	53.3	-	*-0.0*	-
Loans and advances	**4,544.6**	**4,453.9**	**90.7**	***-19.9***	***-17.9***
Central banks	-	-	-	-	-
General governments	0.8	0.8	-	*-0.0*	-
Credit institutions	960.5	960.5	-	*-0.1*	-
Other financial corporations	839.5	835.6	3.9	*-1.7*	*-0.2*
Non-financial corporations	1,062.7	1,022.8	39.9	*-8.5*	*-8.4*
Households	1,681.1	1,634.1	46.9	-9.7	-9.2
Total Debt instruments at Amortised Cost	**8,275.1**	**8,184.4**	**90.7**	***-20.8***	***-17.9***
Debt securities	**2,777.1**	**2,777.1**	**-**	***-1.0***	***-***
General governments	1,866.1	1,866.1	-	*-0.7*	-
Credit institutions	386.7	386.7	-	*-0.2*	-
Other financial corporations	208.8	208.8	-	*-0.1*	-
Non-financial corporations	315.5	315.5	-	*-0.1*	-
Loans and advances	**-**	**-**	**-**	***-***	***-***
Total Debt instruments at Fair Value Through OCI	**2,777.1**	**2,777.1**	**-**	***-1.0***	***-***
Debt securities	**1.3**	**-**	**-**	**-**	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1.3	-	-	-	-
Loans and advances	**-**	**-**	**-**	**-**	-
Total Debt instruments at strict locom or FVTPL or through Equity not subject to impairment	**1.3**	**1.3**	**-**	**-**	-
Total Debt Instrument other than held for Trading or trading	**11,053.5**	**10,962.8**	**90.7**	***-21.8***	***-17.9***
Loan commitments given	3,524.8	3,524.3	0.5	*0.0*	-
Financial guarantees given	86.3	85.1	1.1	*1.1*	*1.1*
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	3,611.1	3,609.5	1.6	*1.1*	*1.1*

31/12/2019 In EUR million	Total Amounts	Performing	Non-performing	*Total impairement and provisions*	*of which: N-P impairment*
Debt securities	**756.0**	**756.0**	**-**	***-0.2***	**-**
Central banks	-	-	-	-	-
General governments	522.2	522.2	-	*-0.1*	-
Credit institutions	145.8	145.8	-	*-0.0*	-
Other financial corporations	34.3	34.3	-	*-0.0*	-
Non-financial corporations	53.6	53.6	-	*-0.0*	-
Loans and advances	**3,329.5**	**3,285.0**	**44.5**	***-17.2***	***-15.8***
Central banks	822.2	822.2	-	*-0.1*	-
General governments	0.9	0.9	-	*-0.0*	-
Credit institutions	1,451.9	1,451.9	-	*-0.6*	-
Other financial corporations	543.4	539.2	4.2	*-1.9*	*-1.3*
Non-financial corporations	302.5	275.2	27.3	*-9.0*	*-9.0*
Households	208.7	195.6	13.0	*-5.6*	*-5.5*
Total Debt instruments at Amortised Cost	**4,085.5**	**4,041.0**	**44.5**	***-17.4***	***-15.8***
Debt securities	**3,006.1**	**3,006.1**	**-**	***-1.5***	**-**
General governments	2,122.0	2,122.0	-	*-1.1*	-
Credit institutions	393.6	393.6	-	*-0.3*	-
Other financial corporations	140.8	140.8	-	*-0.0*	-
Non-financial corporations	349.6	349.6	-	*-0.1*	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
Total Debt instruments at Fair Value Through OCI	**3,006.1**	**3,006.1**	**-**	***-1.5***	**-**
Debt securities	**1.6**	**1.6**	**-**	**-**	**-**
Central banks	-	-	-	-	-
General governments	0.0	0.0	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1.6	1.6	-	-	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
Total Debt instruments at strict locom or FVTPL or through Equity not subject to impairment	**1.6**	**1.6**	**-**	**-**	-
Total Debt Instrument other than held for Trading or trading	**7,093.2**	**7,048.7**	**44.5**	***-18.9***	***-15.8***
Loan commitments given	598.9	598.9	0.0	*0.1*	-
Financial guarantees given	89.8	87.8	2.0	*1.4*	*1.4*
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	**688.8**	**686.7**	**2.0**	***1.5***	*1.4*

1.3.2. Specific loan impairment

The valuation of potential losses and the adjustment of specific impairments are carried out quarterly by Group Credit Risk Control. The Group Credit Committee decides on any adjustment for the first three quarters of the year, while it is the responsibility of the Executive Committee for the fourth quarter.

Below are listed the IFRS9 impairments:

Debt Securities

31/12/2020 in EUR million	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

31/12/2020 in EUR million	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
Loans and advances	**9.8**	**-**	**-**	**-**	**0.3**	**-**	**-**	**-**	**70.4**
Central banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
General governments	**-**	**-**	**-**	**-**	-	-	-	-	
Credit institutions	**-**	**-**	**-**	**-**	-	-	-	-	
Other financial corporations	**0**	**-**	**-**	**-**	0.0	-	-	-	3.7
Non-financial corporations	**8.2**	**-**	**-**	**-**	-	-	-	-	31.4
Households	**1.6**	**-**	**-**	**-**	0.2	-	-	-	35.2
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	5.3	-	-	-	0.1	-	-	-	22.1
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	4.5	-	-	-	0.2	-	-	-	48.3
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	8.2	-	-	-	-	-	-	-	45.2
of which: other collateralized loans	0.9	-	-	-	-	-	-	-	12.5

of which: credit for consumption	-	-	-	-	-	-	-	-	0.0
of which: lending for house purchase	-	-	-	-	-	-	-	-	13.9
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2020 in EUR million	**Opening Balance**	**Increase due to origination and acquisition**	**Decrease due to derecognition**	**Changes due to change in credit risk (net)**	**Decrease in allowance account due to write-offs**	**Other adjustments**	**Closing balance**
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**-2.8**	**-4.7**	**4.3**	**-0.0**	-	-0.3	**-3.6**
Debt securities	**-1.7**	**-0.6**	**1.0**	**0.0**	**-**	-0.2	**-1.5**
General governments	-1.2	-0.6	0.7	0.0	-	-0.0	-1.1
Credit institutions	-0.3	-0.0	0.2	0.1	-	-0.1	-0.2
Other financial corporations	-0.1	-0.0	0.0	-0.0	-	-0.0	-0.1
Non-financial corporations	-0.1	-0.0	0.1	-0.1	-	-0.0	-0.2
Loans and advances	**-1.1**	**-4.1**	**3.3**	**-0.1**	**-**	-0.1	**-2.1**
General governments	-0.0	-0.0	0.0	-	-	-	-0.0
Credit institutions	-0.0	-0.0	0.0	0.0	-	-	-0.0
Other financial corporations	-0.4	-1.3	1.5	0.1	-	0.0	-0.1
Non-financial corporations	-0.6	-2.4	1.5	-0.0	-	-0.1	-1.5
Households	-0.1	-0.1	0.1	-0.1	-	-0.0	-0.1
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**-0.0**	**-**	**0.1**	**-0.0**	-	-0.0	**-0.0**
Debt securities	**-**	**-**	**0.0**	**-**	-	-0.0	**-**
Credit institutions	-	-	0.0	-	-	-0.0	-
Loans and advances	**-0.0**	**-**	**0.0**	**-0.0**	**-**	0.0	**-0.0**
Other financial corporations	-0.0	-	0.0	-0.0	-	0.0	-0.0
Non-financial corporations	-	-	0.0	-	-	-0.0	-
Households	-0.0	-	0.0	-0.0	-	0.0	-0.0
Allowances for credit-impaired debt instruments (Stage 3)	-15.8	-	0.1	-1.1	**1.0**	-2.0	**-17.9**
Loans and advances	-15.8	-	0.1	-1.1	1.0	-2.0	-17.9
Other financial corporations	-1.3	-	0.0	0.1	1.0	0.0	-0.2
Non-financial corporations	-9.0	-	0.0	0.6	-	-0.0	-8.4
Households	-5.5	-	0.1	-1.8	-	-2.0	-9.2
Total allowance for debt instruments	**-18.7**	**-4.7**	**4.4**	**-1.1**	**1.0**	-2.3	**-21.4**
Commitments and financial guarantees given (Stage 1)	0.1	0.3	-0.4	0.0	**-**	0.0	0.0
Commitments and financial guarantees given (Stage 3)	1.4	0.0	-0.3	-	-	0.0	1.1
Total provisions on commitments and financial guarantees given	**1.5**	**0.3**	**-0.6**	**0.0**	-	0.0	**1.1**

Debt Securities

31/12/2019 in EUR million	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

Loans and advances

31/12/2019 in EUR million	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
Loans and advances	***0***	***0***	***0***	***0***	***1.7***	**0**	**0**	**0**	**11.1**
Central banks	**-**	**-**	**-**	**-**	32.7	**-**	**-**	**-**	**26.2**
General governments	**-**	**-**	**-**	**-**	-	-	-	-	-
Credit institutions	**-**	**-**	**-**	**-**	-	-	-	-	-
Other financial corporations	**-**	**-**	**-**	**-**	-	-	-	-	-
Non-financial corporations	**-**	**-**	**-**	**-**	20.6	-	-	-	2.8
Households	**-**	**-**	**-**	**-**	9.4	-	-	-	18.3
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	-	-	-	-	0.0	-	-	-	0.7
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	20.8	-	-	-	32.7	-	-	-	25.5
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	-	-	-	-	30.1	-	-	-	11.2
of which: other collateralized loans	0.8	-	-	-	2.5	-	-	-	14.2
of which: credit for consumption	20.0	-	-	-	-	-	-	-	0.0
of which: lending for house purchase	-	-	-	-	1.5	-	-	-	0.2
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2019 in EUR million	Opening Balance	Increase due to origination and acquisition	Decrease due to derecognition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**-3.0**	**-4.0**	**3.8**	**0.3**	-	**-0.0**	**-2.8**
Debt securities	**-1.6**	**-1.1**	**0.8**	**0.3**	**-**	**-0.0**	**-1.7**
General governments	-1.1	-0.8	0.5	0.2	-	**-0.0**	**-1.2**
Credit institutions	-0.2	-0.2	0.1	0.1	-	**-0.0**	**-0.3**
Other financial corporations	-0.1	-0.0	0.1	0.0	-	**0.0**	**-0.1**
Non-financial corporations	-0.1	-0.1	0.1	0.0	-	**-0.0**	**-0.1**
Loans and advances	**-1.3**	**-2.8**	**3.0**	**0.1**	**-**	**-0.0**	**-1.1**
General governments	-0.0	-0.0	0.0	-	-	-	**-0.0**
Credit institutions	-0.4	-1.0	1.0	0.0	-	**0.0**	**-0.4**
Other financial corporations	-0.8	-1.6	1.8	0.0	-	**-0.0**	**-0.6**
Non-financial corporations	-0.1	-0.1	0.1	0.0	-	**-0.0**	**-0.1**
Households	-0.0	-0.1	0.1	0.0	-	**0.0**	**-0.1**
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	**-0.0**	**-**	**0.0**	**-0.0**	-	**-0.0**	**-0.0**
Loans and advances	-0.0	-	0.0	-0.0	-	-0.0	-0.0
Credit institutions	-	-	-	-	-	**-**	**-**
Other financial corporations	-0.0	-	0.0	-0.0	-	**-0.0**	**-0.0**
Non-financial corporations	-	-	-	-	-	**-**	**-**
Households	-0.0	-	0.0	-0.0	-	**-0.0**	**-0.0**
Allowances for credit-impaired debt instruments (Stage 3)	**-5.7**	**-**	**0.1**	**-13.5**	**3.4**	**-0.0**	**-15.8**
Loans and advances	-5.7	-	0.1	-13.5	3.4	-0.0	-15.8
Other financial corporations	-4.5	-	0.0	-0.1	3.3	**-0.0**	**-1.3**
Non-financial corporations	-0.0	-	-	-9.0	-	**-**	**-9.0**
Households	-1.2	-	0.0	-4.3	0.0	**0.0**	**-5.5**
Total allowance for debt instruments	**-8.7**	**-4.0**	**3.9**	**-13.2**	**3.4**	**-0.0**	**-18.7**
Commitments and financial guarantees given (Stage 1)	0.3	0.3	-0.5	-0.0	-	**0.0**	**0.1**
Commitments and financial guarantees given (Stage 3)	1.5	0.5	-0.4	-0.2	-	**0.0**	**1.4**
Total provisions on commitments and financial guarantees given	**1.8**	**0.8**	**-0.9**	**-0.2**	**-**	**0.0**	**1.5**

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2020	2019
L&R from customers	10bps	145bps
Financial assets FVOCI	<0%	<0%

(*) The loan/loss ratio is defined as the net variation of specific and general impairments on average loan portfolio over the year.

1.3.3. Concentration of risks

1.3.3.1. By rating

- **Financial assets designated at fair value through profit or loss**

Book value
In EUR million

Rating **31/12/2020**	**Total Watch list**	**Standard**	**Total**
BBB	1.3	-	1.3
Total	**1.3**	**-**	**1.3**

Book value
In EUR million

Rating **31/12/2019**	**Total Watch list**	**Standard**	**Total**
NR	1.6	-	1.6
Total	**1.6**	**0.0**	**1.6**

- **Financial assets at fair value through other comprehensive income**

Book value
In EUR million

Rating **31/12/2020**	**Total Watch list**	**Standard**	**Total**
AAA		135.7	135.7
AA+		198.2	198.2
AA		526.6	526.6
AA-		671.1	671.1
A+		381.7	381.7
A		178.3	178.3
A-		288.6	288.6
BBB+		163.6	163.6
BBB		84.1	84.1
BBB-		148.2	148.2
Total		2,776.0	2,776.0

Book value
In EUR million

Rating 31/12/2019	Total Watch list	Standard	Total
AAA	-	84.3	84.3
AA+	-	64.2	64.2
AA	-	344.9	344.9
AA-	-	450.6	450.6
A+	-	316.7	316.7
A	-	186.6	186.6
A-	-	409.2	409.2
BBB+	-	568.8	568.8
BBB	-	171.8	171.8
BBB-	5.1	393.1	398.2
BB	9.2	-	9.2
Total	**14.4**	**2,990.2**	**3,004.6**

- **Financial assets at amortised cost (debt securities)**

In EUR million

Rating 31/12/2020	***NPL / Impaired***	***Standard***	***Total***
AAA	-	110.3	110.3
AA+	-	85.1	85.1
AA	-	158.0	158.0
AA-	-	201.7	201.7
A+	-	49.9	49.9
A	-	96.5	96.5
A-	-	39.3	39.3
BBB+	-	262.7	262.7
BBB	-	10.5	10.5
BBB-	-	210.4	210.4
BB-	2.5	-	2.5
Total	2.5	1,224.3	1,226.9

In EUR million

Rating 31/12/2019	***NPL / Impaired***	***Standard***	***Total***
AAA	-	71.6	71.6
AA+	-	79.8	79.8
AA	-	173.7	173.7
AA-	-	183.5	183.5
A+	-	40.7	40.7
A	-	128.0	128.0
A-	-	41.3	41.3
BBB+	-	37.1	37.1
Total	**-**	**755.8**	**755.8**

- **Loans and advances**

Loans and advances positions are not rated

Loans and advances

31/12/2020	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	388.5	1,287.5	1,676.0
Customers	303.7	2,413.3	2,717.0
Sub_total	692.2	3,700.9	4,393.0
Other L&R and intercompanies	38.6	93.1	131.6
Total	**730.7**	**3,793.9**	**4,524.7**

which Banks and Financial Institutions

Book value
In EUR million

Rating **31/12/2020**	**Total Loans**	**Reverse Repo**	**Total**
AAA	3.7	-	3.7
A+	208.0	-	208.0
A	7.2	110.2	117.4
A-	-	622.9	622.9
BBB+	9.5	-	9.5
NR	713.2	1.3	714.5
Total	**941.6**	**734.4**	**1,676.0**

Loans and advances

31/12/2019	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	219.2	1,520.4	1,739.6
Customers	191.1	306.8	497.9
Sub_total	**410.3**	**1,827.2**	**2,237.5**
Other L&R and intercompanies	63.7	51.2	114.9
Total	**474.0**	**1,878.4**	**2,352.4**

Of which Banks and Financial Institutions

Book value
In EUR million

Rating **31/12/2019**	**Total Loans**	**Reverse Repo**	**Total**
AAA	0.8	-	0.8
A+	131.7	173.4	305.1
A	1.6	491.0	492.6
A-	-	431.4	431.4
BBB+	4.9	-	4.9
NR	504.7	-	504.7
Total	**643.7**	**1,095.8**	**1,739.6**

1.3.3.2. Financial Securities by country

Country **in EUR Million**	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
31/12/2020	**On_watchlist**	**Standard**	**Total**	**On_watchlist**	**Standard**	**Total**	**On_watchlist**	**Standard**	**Total**
AUSTRIA	-	5.3	5.3	-	23.0	23.0	-	-	-
BAHAMAS	-	-	-	-	-	-	-	-	-
BELGIUM	-	74.4	74.4	-	54.5	54.5	-	-	-
BERMUDA	-	-	-	-	21.2	21.2	-	-	-
BRITISH VIRGIN ISLANDS	-	-	-	-	-	-	-	-	-
CANADA	-	51.2	51.2	-	55.8	55.8	-	-	-
CAYMAN ISLANDS	-	-	-	-	37.8	37.8	-	-	-
CHILE	-	-	-	-	62.1	62.1	-	-	-
CHINA	-	-	-	-	40.2	40.2	-	-	-
CZECH REPUBLIC	-	36.5	36.5	-	188.0	188.0	-	-	-
DENMARK	-	-	-	-	-	-	-	-	-
FINLAND	-	26.1	26.1	-	42.0	42.0	-	-	-
FRANCE	-	188.1	188.1	-	398.9	398.9	1.3	-	1.3
GERMANY	-	10.2	10.2	-	133.9	133.9	-	-	-
GUERNSEY	-	-	-	-	-	-	-	-	-
IRELAND	-	74.5	74.5	-	23.2	23.2	-	-	-
ISRAEL	-	-	-	-	52.6	52.6	-	-	-
ITALY	-	160.4	160.4	-	122.0	122.0	-	-	-
JAPAN	-	-	-	-	66.6	66.6	-	-	-
JERSEY	-	-	-	-	52.2	52.2	-	-	-
KOREA, REPUBLIC OF	-	6.3	6.3	-	187.9	187.9	-	-	-
KUWAIT	-	-	-	-	37.5	37.5	-	-	-
LATVIA	-	10.2	10.2	-	62.0	62.0	-	-	-
LIECHTENSTEIN	-	-	-	-	-	-	-	-	-
LITHUANIA	-	15.7	15.7	-	35.6	35.6	-	-	-
LUXEMBOURG	-	6.0	6.0	-	29.0	29.0	-	-	-
MALTA	-	-	-	-	-	-	-	-	-
MEXICO	-	10.5	10.5	-	50.7	50.7	-	-	-
MONACO	-	-	-	-	-	-	-	-	-
NETHERLANDS	-	88.8	88.8	-	88.8	88.8	-	-	-
NEW ZEALAND	-	-	-	-	20.3	20.3	-	-	-
NORWAY	-	10.8	10.8	-	-	-	-	-	-
PANAMA	-	-	-	-	-	-	-	-	-
POLAND	-	-	-	-	88.2	88.2	-	-	-
PORTUGAL	-	50.0	50.0	-	-	-	-	-	-
QATAR	-	-	-	-	173.5	173.5	-	-	-
SINGAPORE	-	-	-	-	11.9	11.9	-	-	-
SLOVAKIA	-	23.2	23.2	-	46.0	46.0	-	-	-
SLOVENIA	-	-	-	-	16.7	16.7	-	-	-
SPAIN	-	265.8	265.8	-	204.7	204.7	-	-	-
SUPRANATIONAL	-	29.8	29.8	-	100.8	100.8	-	-	-
SWEDEN	-	15.6	15.6	-	5.1	5.1	-	-	-
SWITZERLAND	-	-	-	-	-	-	-	-	-
UNITED ARAB EMIRATES	-	10.2	10.2	-	123.0	123.0	-	-	-
UNITED KINGDOM	2.5	4.1	6.6	-	51.2	51.2	-	-	-
UNITED STATES OF AMERICA	-	50.7	50.7	-	59.7	59.7	-	-	-
Other below EUR 10 mln	-	-	-	-	9.7	9.7	-	-	-
Total	2.5	1,224.3	1,226.9	-	2,776.0	2,776.0	1.3	-	1.3

Country
in EUR Million

31/12/2019	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
	On_watchlist	**Standard**	**Total**	**On_watchlist**	**Standard**	**Total**	**On_watchlist**	**Standard**	**Total**
AUSTRIA	-	5.3	5.3	-	6.8	6.8	-	-	-
BELGIUM	-	68.2	68.2	-	26.8	26.8	0.0	-	0.0
BERMUDA	-	-	-	-	23.3	23.3	-	-	-
CANADA	-	51.3	51.3	-	25.8	25.8	-	-	-
CAYMAN ISLANDS	-	-	-	-	38.2	38.2	-	-	-
CHINA	-	-	-	-	40.3	40.3	-	-	-
FINLAND	-	38.7	38.7	-	6.3	6.3	-	-	-
FRANCE	-	186.2	186.2	-	191.5	191.5	1.6	-	1.6
GERMANY	-	10.2	10.2	-	7.6	7.6	-	-	-
GUERNSEY	-	-	-	-	-	-	-	-	-
IRELAND	-	97.3	97.3	-	19.4	19.4	-	-	-
ISRAEL	-	-	-	-	40.8	40.8	-	-	-
ITALY	-	-	-	-	376.8	376.8	-	-	-
JAPAN	-	-	-	-	71.5	71.5	-	-	-
JERSEY	-	-	-	-	23.5	23.5	-	-	-
KUWAIT	-	-	-	-	38.6	38.6	-	-	-
LATVIA	-	10.3	10.3	-	5.1	5.1	-	-	-
LITHUANIA	-	10.8	10.8	-	48.5	48.5	-	-	-
LUXEMBOURG	-	31.0	31.0	-	88.2	88.2	-	-	-
MEXICO	-	15.7	15.7	-	48.9	48.9	-	-	-
MONACO	-	-	-	-	-	-	-	-	-
NETHERLANDS	-	20.2	20.2	5.1	86.3	91.4	-	-	-
NEW ZEALAND	-	-	-	-	20.3	20.3	-	-	-
NORWAY	-	11.0	11.0	-	-	-	-	-	-
POLAND	-	-	-	-	93.5	93.5	-	-	-
PORTUGAL	-	-	-	-	147.5	147.5	-	-	-
QATAR	-	-	-	-	166.2	166.2	-	-	-
SINGAPORE	-	-	-	-	12.2	12.2	-	-	-
SLOVAKIA	-	17.4	17.4	-	46.3	46.3	-	-	-
SLOVENIA	-	-	-	-	20.8	20.8	-	-	-
SOUTH KOREA	-	6.3	6.3	-	175.6	175.6	-	-	-
SPAIN	-	31.4	31.4	-	592.0	592.0	-	-	-
SUPRANATIONAL	-	52.6	52.6	-	74.6	74.6	-	-	-
SWEDEN	-	16.2	16.2	-	13.4	13.4	-	-	-
UNITED ARAB EMIRATES	-	10.3	10.3	-	133.7	133.7	-	-	-
UNITED KINGDOM	-	13.3	13.3	-	59.9	59.9	-	-	-
UNITED STATES OF AMERICA	-	30.5	30.5	-	50.3	50.3	-	-	-
AUSTRIA	-	5.3	5.3	-	6.8	6.8	-	-	-
Other below EUR 10m	-	16.4	16.4	9.2	163.0	172.2	-	0.0	0.0
Total	**-**	**755.8**	**755.8**	**14.4**	**2,990.2**	**3,004.6**	**1.6**	**0.0**	**1.6**

1.3.3.3. Loans and advances by Country

Loans and advances
In EUR million

31/12/2020	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	388.5	1,287.5	1,676.0
Customers	303.7	2,413.3	2,717.0
Sub_total	**692.2**	**3,700.9**	**4,393.0**
Other L&R and intercompanies	38.6	93.1	131.6
Total	**730.7**	**3,793.9**	**4,524.7**

Loans and advances
In EUR million

31/12/2019	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	219.2	1,520.4	1,739.6
Customers	191.1	306.8	497.9
Sub_total	**410.3**	**1,827.2**	**2,237.5**
Other L&R and intercompanies	63.7	51.2	114.9
Total	**474.0**	**1,878.4**	**2,352.4**

Book value - In EUR million

Country	L&R Banks and other Financial Institutions			**L&R Banks and other Financial Institutions**	**L&R Customers**
31/12/2020	Other L&R	Reverse Repo		**Total**	**Total**
AUSTRIA	-	-		**9.3**	**9.3**
BAHAMAS	-	-		**10.8**	**10.8**
BELGIUM	9.5	-		**609.0**	**618.5**
BERMUDA	-	-		**24.2**	**24.2**
BRITISH VIRGIN ISLANDS	0.1	-		**19.4**	**19.5**
CANADA	-	-		**0.0**	**0.0**
CAYMAN ISLANDS	0.0	-		**-**	**0.0**
CHINA	-	-		**0.1**	**0.1**
CZECH REPUBLIC	-	-		**0.0**	**0.0**
DENMARK	77.4	-		**28.8**	**106.2**
FINLAND	0.0	-		**0.0**	**0.0**
FRANCE	70.2	110.2		**311.8**	**492.2**
GERMANY	69.9	-		**193.1**	**263.1**
GUERNSEY	16.5	-		**29.0**	**45.5**
IRELAND	0.8	-		**6.6**	**7.5**
ISRAEL	-	-		**2.1**	**2.1**
ITALY	0.0	-		**20.4**	**20.4**
JAPAN	-	-		**0.0**	**0.0**
JERSEY	-	-		**34.0**	**34.0**
LATVIA	-	-		**3.4**	**3.4**
LIECHTENSTEIN	0.0	-		**38.3**	**38.3**
LUXEMBOURG	212.0	-		**60.1**	**272.1**
MALTA	0.0	-		**28.2**	**28.2**
MEXICO	-	-		**0.0**	**0.0**
MONACO	0.2	-		**62.4**	**62.6**
NETHERLANDS	10.3	-		**812.6**	**822.9**
NEW ZEALAND	-	-		**0.0**	**0.0**
NORWAY	-	-		**0.0**	**0.0**
PANAMA	0.0	-		**20.9**	**20.9**
POLAND	-	-		**0.0**	**0.0**
PORTUGAL	-	-		**3.4**	**3.4**
SINGAPORE	-	-		**3.1**	**3.1**

SLOVAKIA	-	-		**0.0**	**0.0**
SLOVENIA	-	-		**0.0**	**0.0**
SPAIN	49.3	624.2		**97.9**	**771.3**
SWEDEN	0.0	-		**0.5**	**0.5**
SWITZERLAND	22.1	-		**41.6**	**63.7**
UNITED ARAB EMIRATES	-	-		**4.3**	**4.3**
UNITED KINGDOM	403.2	-		**197.9**	**601.0**
UNITED STATES OF AMERICA	-	-		**4.8**	**4.8**
Other below EUR 10 mln	0.0	-		**39.2**	**39.2**
Total	**941.6**	**734.4**		**2,717.0**	**4,393.0**

Book value - In EUR million

Country	L&R Banks and other Financial Institutions		**L&R Banks and other Financial Institutions**	**L&R Customers**
31/12/2019	Other L&R	Reverse Repo	**Total**	**Total**
AUSTRIA	-	-	**-**	**3.4**
BELGIUM	22.1	-	**22.1**	**72.9**
CANADA	-	-	**-**	**0.0**
FRANCE	38.7	615.1	**653.8**	**213.5**
GERMANY	0.0	-	**0.0**	**0.4**
GUERNSEY	75.5	-	**75.5**	**-**
IRELAND	16.8	-	**16.8**	**0.0**
ISRAEL	-	-	**-**	**0.0**
ITALY	0.0	-	**0.0**	**1.9**
JAPAN	-	-	**-**	**0.0**
LUXEMBOURG	130.4	-	**130.4**	**46.1**
MEXICO	-	-	**-**	**0.0**
MONACO	77.9	-	**77.9**	**42.5**
NETHERLANDS	4.8	-	**4.8**	**0.9**
POLAND	-	-	**-**	**0.0**
PORTUGAL	-	-	**-**	**1.6**
QATAR	-	-	**-**	**0.0**
SPAIN	34.8	431.4	**466.2**	**78.7**
SWITZERLAND	29.6	-	**29.6**	**12.9**
UNITED ARAB EMIRATES	-	-	**-**	**1.8**
UNITED KINGDOM	213.2	49.4	**262.5**	**10.7**
UNITED STATES OF AMERICA	0.0	-	**0.0**	**1.6**
Other below EUR 10m	0.0	-	**0.0**	**9.2**
Total	**643.7**	**1,095.8**	**1,739.6**	**497.9**

1.3.3.4. Modification of financial assets

- **foreborne exposures management**

Group Credit Risk Control sets and maintains an internal procedure for forborne and non performing exposures (last update November 2020), based on the relevant EBA guidelines (October 2019).

- Recognition of Forborne exposures

The Bank considers the loan as forborne where both of the following conditions are met:

1. the credit quality of the transaction is or threatens to be downgraded;
2. the bank is forced to soften its usual loan and/or pricing requirements (i.e. make concessions) to ensure maintained affordability of the credit.

The credit quality downgrade is based on a list of criterias established based on both Corporate and Private clients' specificities.

- Viable versus non-viable forbearance

The bank considers the following factors when assessing the viability of the forbearance measure:

- the Bank can demonstrate that the borrower can afford the forbearance solution, i.e. full repayment is expected;
- the resolution of outstanding arrears is fully or mostly addressed and a significant reduction in the borrower's balance in the medium to long term is expected.

Also, additional internal controls are implemented for situations where new forbearance measures have to be granted for already forborne exposure, to ensure that they are viable.

- Contagion of forborne exposures

The forborne status is applied at transaction level, even though the credit quality downgrade may be assessed at the obligor/group level. This means a debtor experiencing financial difficulties may have one forborne loan alongside with other not forborne loan facilities.

- Cure from forborne status

As forborne exposure can be performing or non-performing, requirements for reclassifying non-performing forborne exposures into performing forborne exposures comprise the completion of a "cure period" of one year from the date the forbearance measures were extended and a requirement for the debtor's behaviour to demonstrate that concerns regarding full repayment no longer exist.

To be cured, all of the following criteria should be satisfied:

1. the exposure is not considered as impaired or defaulted;
2. there is no past-due amount on the exposure;
3. the borrower has settled, by means of regular payments, an amount equivalent to all those previously past due or a total equal to the amount written off as part of the forbearance measures, or the borrower has otherwise demonstrated its ability to comply with the post-forbearance conditions.

Additionally, where a debtor has other exposure(s) to the bank which are not the subject of a forbearance arrangement the Bank should consider the performance (i.e. presence of arrears) of these exposures in its assessment of the borrower's ability to comply with post-forbearance conditions.

Once forborne exposures are classified as performing, either because they have met the conditions for being reclassified from the non-performing category or because the granting of forbearance measures did not lead to the classification of the exposure as non-performing, they will continue to be identified as forborne until all the following conditions have been met.

1. an analysis of the financial condition of the debtor showed that the transactions no longer met the conditions to be considered as non-performing;
2. a minimum of two years has elapsed since the later of the date of the concession or the date of reclassification from non-performing;
3. the borrower has made regular payments of more than an insignificant aggregate amount of principal or interest during at least half of the probation period;

- Efficiency and effectiveness of forbearance

Efficiency and effectiveness of the forbearance activity of the Bank is monitored on an annual basis in a specific report, by:

- monitoring the quality of the forbearance activities to make sure they are not used to delay an assessment that the exposure is uncollectable
- monitoring the efficiency of forbearance granting process and duration of the decisionmaking process
- monitoring the effectiveness of forbearance measures by monitoring of forbearance cure rate, rate of exposure being reclassified as non-performing, cash collection rate and write-off

- **Impacts on financial assets**

Risk of default of such assets after modification is assessed at reporting date and compared with the risk under the original terms at initial recognition.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group restructuring activities and their respective effect on the Group financial performance:

In EUR million 31/12/2020	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
Loans and advances	**21.7**	**9.3**	**12.3**	**-1.3**
Other financial corporations	8.2	5.0	3.2	-
Non-Financial corporations	4.2	4.2	-	-
Households	9.3	0.2	9.2	-1.3
Total Debt Instruments other than Held for Trading	**21.7**	**9.3**	**12.3**	**-1.3**
Loan commitments given	**-**	**-**	**-**	**-**

In EUR million 31/12/2019	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
Loans and advances	**30.7**	**28.0**	**2.7**	**-1.1**
Other financial corporations	29.2	28.0	1.2	-1.1
Households	1.5	-	1.5	-
Total Debt Instruments other than Held for Trading	**30.7**	**28.0**	**2.7**	**-1.1**
Loan commitments given	**-**	**-**	**-**	**-**

2. Market Risk: Trading Risk

2.1. QUALITATIVE INFORMATION

2.1.1. Origin of trading risk

Quintet Group trading activities are mainly focused on Treasury activities consisting in 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 mission of the trading activity is mainly to grow activities along as a support activity of both Wealth management and Global Institutional Services (GIS). As such, the risk appetite for taking own position is limited and the overall positions are strictly controlled by a whole set of limits.
- As Liquidity Management Competence Centre for the Group, the Global Treasury is also centralising (within regulatory constraints) and redistributing the (excess) liquidity generated by Wealth Management across the Group and GIS activities in Luxembourg. It is handling all the financial transactions which are not processed through the Group Platform. This activity is MIFID compliant and products are mainly non sophisticated products.
- In principle, positions are taken with a view to support the "customer" business of the Group and are monitored by Group Risk Control. 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.

2.1.2. Trading risk policy

The Group is specialized in private banking through a network of “pure play” private banks. In this regard, risk-taking is mainly done to support its activities :

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, the diversification and market opportunities.

FX and precious metal activity is also oriented towards client service and is mainly based on spot and forward transactions. Overall total limit for this activity is broadly limited to EUR 23 million (o/w EUR 20 million at Quintet level) - including Bullions activity.

Structured product activity, the Bank acts as private bank by offering a specialized service to the increasingly demanding 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, etc..) underlying the marketing of these structures.
NB. The Bank is allowed to keep limited amount of positions on its book as a benchmark or to offer a secondary market to client.

Most of the instruments used by the Dealing Room are plain vanilla.

2.1.3. Trading decision making process / governance

Trading activities have been gradually concentrated in Luxembourg, no trading activities are allowed in the subsidiaries (with the exception of BSCo). This organisation enables subsidiaries to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.

Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is approximately EUR 3.3 million since beginning of 2020) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework:
Market Risk Control daily monitors the end of day exposures using a set of primary (overall absolute exposure) and secondary limits (currency limits) on nominal amount to ensure diversification of the risk. Currencies with high volatilities and too narrow FXS markets are not allowed.

The intraday exposure is also monitored on a daily basis and limited to a certain percentage of a dedicated intraday limit. In addition HVAR are also developed for the FX activities and the structured products activities, and are used as a risk indicator.

2.1.4. Measurement and monitoring of trading risk

The system of primary limits in place at Quintet is based on:

- nominal amounts for the Forex and Structured Products activities, 30Days P&L Stop Loss.
- 10 bpv, Historical Value at Risk (HVaR) , 30Days P&L Stop Loss and stressed HVaR limits for activities subject to interest rate risk (Treasury and Bond Desks).

These primary limits are supplemented by a structure of secondary limits allowing a more detailed analysis of the trading risks. Those secondary limits consist in concentration limits by currency and by time bucket as well as in limits by issue and issuer, based on their rating or on their market liquidity.

2.1.5. Concentration Risk

Issuer concentration risk is strictly governed by conservative limits restricting the trading in non-investment grade debts and in illiquid equities, which leads to a well diversified trading portfolio.

The evolution of exposures related to each activity compared with their respective limits (primary and secondary), as well as the economic results and highlights, are reported daily to the Heads of ALM & Treasury, Global Markets and Group Risk Control Function. They are also weekly reported to the Quintet Executive Committee, on a monthly basis to the Group Risk Committee (ExCo level) and on a quarterly basis to the Group Board Risk Committee.

2.2. QUANTITATIVE INFORMATION

As at 31/12/2020, the usage of limits in the Trading activities is as follows (Quintet Group):

In EUR million		Limit	Oustanding 31/12/2019	Maximum observed in 2020	Average observed in 2020	Oustanding 31/12/2020
Treasury	**10 bpv (1)**	**2.5**	2.3	2.5 (2)	1.9	1.9
	HVar	**7.5 (3)**	2.0	7.3	3.5	6.3
	Stressed Hvar	**7.5**	3.2	6.2	4.3	3.4

(1) BPV 10 bps outstanding corresponds to the sum in abs value of the BPV 10 bps in each currency
(2) Below the limit
(3) During the COVID crisis, Hvar has been monitored based on Stress Hvar limit due to extraordinary circumstances

In EUR million	Limit in Nominal Amount	Oustanding 31/12/2019	Maximum observed in 2020	Average observed in 2020	Oustanding 31/12/2020
Forex (bullions included)	**20.0**	1.7	23.4	3.3	1.7
Structured Product	**110.0**	53.9	57.7	41.7	46.2

Limits unchanged vs previous years, confirmed through the framework as it has been discussed and validated in BRC early september 2020.

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

The core activities of a private bank entails little ALM risk compared to a retail bank: most of the client assets under management are securities or funds which are off-balance sheet items inducing no ALM risks. Most short-term client cash deposits offer variable rates linked with money market rates and the same applies to Lombard/mortgage loans to customers. When fixed rates are granted for loans, hedging swaps are contracted.

As a consequence, ALM risks are mainly entailed by security portfolios set up within the frame of the ALM policy being:

- portfolios of high grade bonds, dedicated to the reinvestment of the free capital, and of the most stable part of fixed rate sight deposits and saving accounts;
- portfolios dedicated to the reinvestment of other stable liquidities, looking for the right balance between interest rate risk, credit spread risk and return.

The ALM equity risk is induced by an investment portfolio invested in direct lines of equities or in UCI shares. The portfolio held in Quintet (Luxembourg) is managed along Group ALCO’s guidelines.

Quintet Group is not exposed to any ALM forex risk as no active foreign exchange exposure is taken (assets are funded in their respective currencies).

3.1.2. ALM decision making process/governance

The ultimate responsibility for the ALM activity of Quintet Group is held by the monthly Group ALCO Committee, which is an Executive Committee extended to the representatives of the Group ALM & Treasury Function, of the Group Risk Control Function, of Global Markets, of Finance, in addition to the Chief Investment Officer.
The ALCO validates a.o. strategies in terms of management of the gap between resources and utilisations, in terms of Return on Equity enhancement, management of the structural liquidity and mitigation of the related risks.

Those strategies are proposed by the Group ALM & Treasury Function which has the responsibility for the preparation of the ALCO meetings, a.o. for the topics which are submitted to its decisions. The Function is also in charge of the day-to-day implementation of the ALCO decisions. When they have a Group dimension, it has to ensure their implementation within the limits of the governance constraints in place.

Under this structure, the Group Risk Control Function endorses a role of second level control entity, issuing opinions on the proposals and monitoring the risks related to the ALM activity on a recurring basis.

3.1.3. ALM policy

A document entitled ‘*Investment Policy and ALM framework*’ describes a.o. the ALM objectives, governance and constraints (credit risk, liquidity, …). It is in line with the Risk Appetite Statement expressed by the Board of Directors (see below).

3.1.4. Measurement and monitoring of ALM risks

The Risk Appetite Statement, at least reviewed on a yearly basis, expresses the Board of Directors' risk appetite for ALM interest rate risk, credit spread risk and equity risk, mainly through limits on Value at Risk indicators, sensitivity measures and global outstanding at Quintet Group level.

Regarding the interest rate risk, the following limits apply:

- the regulatory worst impact of interet rate risk on EVE (basis point value) limit for all banking book positions set up at 14.5% of Tier 1 which amounts to EUR 834.4 million.
- The Interest Rate Value at Risk 99% - 1 year, which amounts to EUR 25.1 million for Quintet as at 31 December 2020 (31 December 2019: EUR 33.3 million). The related Risk Appetite limit has been set for Quintet Group to EUR 115 million (exposure of EUR 28.9 million as at 31 December 2020).

Regarding Earnings at Risk, the following limits apply:

(i) an interest earning at risk indicator reflecting the outcome of the worst case scenario (between parallel shifts by 100 bpv, 200 bpv, or scenarios of up, short up, down, short down, steepening, flattening movements) of the interest rate curve, which amounts to EUR -3.1 million (as at end of 2020) at consolidated level, for a Risk Appetite limit of EUR -60 million.

Regarding the equity (price) risk, the Risk Appetite is expressed in terms of maximum Value at Risk and maximum size for listed equities and for alternative equity investments for the whole Group.

The Equity Value at Risk 99% - 1 year amounts to EUR 26.0 million for Quintet as at 31 December 2020 (31 December 2019: EUR 19.4 million). The Risk Appetite limit has been set for Quintet Group at EUR 75 million (for an exposure of EUR 28.0 million as at 31 December 2020).

3.1.5. ALM Hedging policy.

In order to manage interest rate risk exposure and ensure it remains within the limits of the risk appetite, different hedging strategies are deployed:

- fixed rate loans granted to customers in Luxembourg and Belgium are hedged using 'micro hedge' interest rate swaps that replicate the cash flows of the fixed rate credit. These micro hedge transactions are pooled and returned in the market on aggregated basis. The hedging efficiency (both retrospective and prospective) of this market transaction are monitored weekly against dedicated limits (o.w. 80% to 125% efficiency)
- according to ALM investment policy the Bank may choose to secure the margin over floating rate funding with interest rate swaps or cross currency interest rate swaps either through the purchase of an Synthetic Asset Swap or in connection with an existing bond position. For these transaction, the hedging instrument perfectly match the cash flows of the hedged instrument and the efficiency of the hedging relation monitored on a monthly basis
- in addition to the above, hedging relation may be put in place in the context of debt issued by the bank (either through EMTN program). These hedging relation can take the form of cross currency interest rate swaps or equity swaps in the case of structured notes where the optional pay-off of the note is swapped in the market against a floating rate.

3.2. Quantitative information

3.2.1. Interest rate

The sensitivity of the economic value of the statement of financial position to interest rates (impact of a parallel increase by 1% of the interest risk curve) is as follows for Quintet:

In EUR million

100 bpv as at 31/12/2020	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**	**Total 100 bpv**	**Carrying amount**
Financial assets	**-7**	**-5**	**-21**	**-48**	**-120**	**-200**	**8,850**
Held for trading	0	-0	-2	-0	1	**-1**	**258**
Designated at fair value through p/L	-	-0	-	-	-	**-0**	**43**
Non trading assets mandatorily at fair value through P!L	-	-	-	-	-	**-**	**-**
Financial assets at fair value through OCI	-0	-1	-12	-29	-48	**-90**	**2,792**
Financial assets at amortised cost	-6	-3	-8	-19	-79	**-116**	**5,752**
Hedging Derivatives	-0	0	0	0	7	**8**	**5**
Financial liabilities	**-1**	**6**	**20**	**45**	**94**	**164**	**10,757**
Held for trading	-2	0	6	14	49	**68**	**269**
Designated at fair value through p/L	-	-	-	-	-	**-**	**-**
Measured at amortised cost	4	5	6	4	5	**25**	**10,352**
Subordinated liabilities	-	-	-	-	-	**-**	**-**
Hedging Derivatives	-3	1	8	27	40	**72**	**137**
Shareholders' equity	**-**	**-**	**-**	**-**	**8**	**8**	**1,208**
Gap	**-8**	**2**	**-1**	**-3**	**-18**	**-28**	

In EUR million 100 bpv as at 31/12/2019	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	**-2**	**-6**	**-17**	**-32**	**-74**	**-132**	**6.435**
Held for trading	1	-0	-2	-5	-2	**-9**	**261**
Designated at fair value through p/L	-					**-**	**-**
Non trading assets mandatorily at fair value through P!L	0	-0	-	-	-	**-0**	**42**
Financial assets at fair value through OCI	-1	-4	-11	-20	-42	**-78**	**3.021**
Financial assets at amortised cost	-2	-2	-4	-7	-33	**-48**	**3.108**
Hedging Derivatives	-0	-	0	1	3	**4**	**3**
Financial liabilities	**1**	**6**	**15**	**28**	**56**	**106**	**7.239**
Held for trading	-1	1	3	7	15	**24**	**240**
Designated at fair value through p/L	-					**-**	**-**
Measured at amortised cost	5	4	5	3	4	**20**	**6.887**
Subordinated liabilities	0					**0**	**0**
Hedging Derivatives	-3	0	8	18	38	**61**	**111**
Gap	**-2**	**-1**	**-2**	**-4**	**-18**	**-26**	

The sensitivity of the interest margin of Quintet to the interest rates (impact of a parallel increase by 1% of the interest rate risk curve) is as follows:

In EUR million Sensitivity 100 bpv Shift 31/12/2020	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
Financial assets	48.0	7.3	9.2	12.2	13.1	89.8
Financial liabilities	-61.7	-1.2	-0.4	0.0	0.0	-63.3
Net Impact	-13.6	6.1	8.8	12.2	13.1	**26.5**

In EUR million Sensitivity 100 bpv Shift 31/12/2019	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
Financial assets	28.8	7.0	6.8	7.3	8.8	58.7
Financial liabilities	-57.3	-1.7	-1.3	-1.7	-2.1	-64.2
Net Impact	-28.5	5.3	5.5	5.5	6.7	**-5.4**

3.2.2. Equity risk

3.2.2.1. Sensitivity of equity risk

Regarding the equity risk, the impact of a decrease by 25% on both the statement of profit and loss (impairment) and the equity gross FVOCI reserve (excluding Equity instruments at cost) is as follows for Quintet:

In EUR thousand **31/12/2020**	**Current situation** [1]	***Impact of a markets' decrease by 25%***	**Stock after decrease**
Marked-to-Market value	58,347	-14,587	43,760
Gain/Loss	10,891	-14,587	-3,696
Equity impact (gross FVOCI reserve)	-922	-4,002	-4,924
Statement of profit and loss impact (impairment)	11,813	-10,585	1,228

In EUR thousand **31/12/2019**	**Current situation** [1]	***Impact of a markets' decrease by 25%***	**Stock after decrease**
Marked-to-Market value	56.887	-14.222	42.665
Gain/Loss	12.550	-14.222	-1.672
Equity impact (gross FVOCI reserve)	-882	-4.011	-4.893
Statement of profit and loss impact (impairment)	13.432	-10.211	3.221

3.2.2.2. Concentration of equity risk

The decision to increase/decrease the proportion of equity in the ALM portfolio is taken at the ALCO level (within the limits agreed by the BRC) taking into consideration macro and fundamental analysis as well as convictions from the Group Asset Allocation Committee.
Such analysis also influences the relative weights of Europe, USA and Emerging Markets. Within the various regions, an adequate sectorial diversification is looked for. Concentration limits are expressed in absolute amounts and in percentage of daily volume traded.
Next to the strategic investment policy, the Bank also acts as seed investor when new home investment funds are launched.

The equity portolio represents a total exposure of EUR 58.3 million as at 31/12/2020 (EUR 56.9 million as at 31/12/2019). In more details :

In EUR million

REGION / NATURE	**31/12/2020**
Europe (Equity Funds + direct lines)	33.6
Europe (Diversified Funds)	1.8
Europe (Fixed Income Funds)	0.2
TOTAL	35.6
Other Equities	22.8
Total Equities portfolios	58.3

In EUR million

REGION / NATURE	**31/12/2019**
Europe (Equity Funds + direct lines)	56.7
Europe (Diversified Funds)	0.0
Europe (Fixed Income Funds)	0.2
TOTAL	56.9
Other Equities	-
Total Equities portfolios	56.9

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of Liquidity risk

The Bank as a Group has a large and stable funding base due to the natural accumulation of deposits from its two core businesses: Private Banking and Global Institutional Services (GIS), which on the other hand consume relatively few liquidity resources. The overall funding gap is structurally and globally positive and Quintet Group is a net lender recycling structural liquidity positions in the interbank market.

4.1.2. Liquidity decision making process/governance

Like for Assets and Liabilities Management, the Group ALCO Committee has the final responsibility for the Liquidity Management of the Bank. The Group ALM Function proposes strategies for the management of long term liquidity (putting, a.o. a strong emphasis on ECB eligible as well as Basel III eligible bonds), while the short term liquidity management is delegated to the Treasurer within strict limits (see trading risk above).

The Group Risk Control Function acts as a second level control entity, issuing opinions on investment proposals and monitoring liquidity risk on a daily basis (through a set of indicators briefly described in section 4.1.4).

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralise the placement of all liquidity surpluses from branches and subsidiaries at the Head Office level. However, when local regulatory constraints exist (large exposures regime, liquidity constraints), the subsidiaries' liquidity is reinvested in local ALM portfolios under the supervision of both Group ALM and Group Risk Control Functions.

At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions.

4.1.4. Measurement and monitoring of liquidity risk

The Board Risk Committee has expressed its Risk Appetite in terms of liquidity risk, by imposing limits on the Basel III ratios (LCR and NSFR), on deposits outflows and on the Liquidity Excess resulting from internal stress tests. The latter are run on a monthly basis with the aim to assess the ability of Quintet Group to survive a severe liquidity crisis during a 3-month time period without affecting its business model.

As the excess liquidity throughout the Group is centralised at Quintet'sTreasury Department (under regulatory constraints), Quintet's operational liquidity situation is daily monitored by the Market Risk Control department through operational liquidity indicators and reported to the Treasurer. Main operational indicators are:

- a contractual liquidity gap of up to five days, as if the activity was to be continued (no stress test). This report is also sent to the BCL;
- the stock of available liquid assets;
- a daily estimate of the Basel III Liquidity Coverage Ratio is performed. The Bank's ratio stood at 136% as at 31 December 2020 (for a regulatory limit of 100%);
- the value of quantitative indicators, which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis).

As far as structural liquidity indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis. As at 31 December 2020, it stood at 41.0%, confirming the excellent liquidity situation of Quintet as natural deposit collector. Furthermore, the Bank monitors the Basel III NSFR on a monthly basis which stood at 122% as at 31 December 2020.

4.2. QUANTITATIVE INFORMATION

4.2.1. Maturity analysis of liquid stock

The maturity analysis of financial assets held for managing liquidity risk (unencumbered marketable assets) is as follows:

In EUR million **Marketable assets** **31/12/2020**	**Stock of available assets**	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**
Initial stock of available assets		**4,819.6**	**3,498.2**	**2,775.7**	**1,890.4**	**1,020.2**
HQLA eligible	3,924.4	-886.0	-595.4	-740.7	-729.4	-972.9
Marketable securities	895.2	-435.4	-127.1	-144.6	-140.7	-47.3
Total	4,819.6	-1,321.4	-722.5	-885.4	-870.1	-1,020.2
Residual stock of available assets	**4,819.6**	**3,498.2**	**2,775.7**	**1,890.4**	**1,020.2**	**0.0**

In EUR million **Marketable assets** **31/12/2019**	**Stock of available assets**	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**
Initial stock of available assets		**3,034.7**	**3,362.0**	**2,488.9**	**2,051.2**	**945.0**
HQLA eligible	2,501.8	351.9	-816.8	-261.6	-914.7	-860.5
Marketable securities	532.9	-24.5	-56.3	-176.0	-191.6	-84.5
Total	3,034.7	327.3	-873.1	-437.6	-1,106.3	-945.0
Residual stock of available assets	**3,034.7**	**3,362.0**	**2,488.9**	**2,051.2**	**945.0**	**0.0**

4.2.2. Maturity analysis of financial assets and liabilities

The analysis by remaining contractual maturity for financial assets and liabilities is as follows:

In EUR million **31/12/2020**	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**	**Undeter mined**	**Total**
Cash and balances with central banks and other demand deposits	**2,506**	**-**	**-**	**-**	**-**	**-**	**2,506**
Financial assets	**2,508**	**1,224**	**1,437**	**1,584**	**2,038**	**58**	**8,850**
Held-for-trading	119	85	35	10	8	-	**258**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	1	42	**43**
Designated at fair value through profit or loss	-	-	-	-	-	-	**-**
Financial assets at fair value through other comprehensive income	246	329	638	784	779	16	**2,792**
Financial assets at amortised cost	2,142	810	763	790	1,247	-	**5,752**
Hedging derivatives	-	0	2	1	2	-	**5**
Other assets						**874**	**874**
TOTAL ASSETS	**5,014**	**1,224**	**1,437**	**1,584**	**2,038**	**932**	**12,229**

	Less than 3 months	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**	**Undeter mined**	**Total**
Financial liabilities	**10,170**	**354**	**90**	**57**	**87**	**0**	**10,757**
Held-for-trading	172	72	7	5	13	0	**269**
Designated at fair value through profit or loss	-	-	-	-	-	-	**-**
Measured at amortised cost (excluding subordinated liabilities)	9,996	280	55	6	14	-	**10,352**
Subordinated liabilities	-	-	-	-	-	-	**-**
Hedging derivatives	1	2	28	46	60	-	**137**
Other liabilities						**264**	**264**
Shareholders' equity						**1,208**	**1,208**
TOTAL LIABILITIES	**10,170**	**354**	**90**	**57**	**87**	**1,472**	**12,229**
GAP	**-5,156**	**870**	**1,348**	**1,527**	**1,951**	**-540**	

Of which derivatives:

In EUR million
31/12/2020

Cashflows by bucket

	Less than 3 months	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**	**Total**	**Net Present Value EUR million**
Inflows	**7,545**	**10.500**	**13**	**11**	**7**	**18,076**	**204**
Interest rate	8	13	13	11	7	53	59
Equity	0	0	0	0	-	0	2
Currency	7,537	10,486	-	-	-	18,023	144
Outflows	**-7,496**	**-10,448**	**-14**	**-10**	**-5**	**-17,973**	**-268**
Interest rate	-7	-12	-14	-10	-5	-48	-78
Equity	0	0	0	0	0	0	-2
Currency	-7,489	-10,436	0	0	0	-17,925	-189
Gap - Derivatives	**50**	**51**	**-1**	**1**	**2**	**104**	

In EUR million **31/12/2019**	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 year and 3 years**	**Between 3 years and 5 years**	**More than 5 years**	**Undeter mined**	**Total**
Cash and balances with central banks and other demand deposits	**964**	**-**	**-**	**-**	**-**	**-**	**964**
Financial assets	**2,182**	**1,146**	**1,033**	**877**	**1,142**	**58**	**6,435**
Held-for-trading	114	84	26	15	23	-	261
Non-trading financial assets mandatorily at fair value through profit or loss	0	-	-	-	2	41	42
Designated at fair value through profit or loss	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	72	435	764	612	518	676	16
Financial assets at amortised cost	1,633	299	395	343	438	-	3,108
Hedging derivatives	0	-	1	0	2	-	3
Other assets	**-**	**-**	**-**	**-**		**1,307**	**1,307**
TOTAL ASSETS	**3,145**	**1,146**	**1,033**	**877**	**1,140**	**1,364**	**8,706**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter mined	Total
Financial liabilities	**6,822**	**239**	**66**	**45**	**66**	**0**	**7,239**
Held-for-trading	159	43	3	9	26	-	240
Designated at fair value through profit or loss	-	-	-	-	-	-	-
Measured at amortised cost (excluding subordinated liabilities)	6,658	194	35	-	-	0	6,887
Subordinated liabilities	0	-	-	-	-	-	0
Hedging derivatives	4	3	28	36	40	-	111
Other liabilities	**-**	**-**	**-**	**-**	**-**	**182**	**182**
Shareholders' equity	**-**	**-**	**-**	**-**	**-**	**1,285**	**1,285**
TOTAL LIABILITIES	**6,822**	**239**	**66**	**45**	**66**	**1,467**	**8,706**
GAP	**-3,676**	**907**	**967**	**832**	**1,074**	**-103**	

Of which derivatives:

In EUR million
31/12/2019

Cashflows by bucket

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Carrying amount EUR million
Inflows	**9,035**	**3,504**	**22**	**15**	**11**	**12,587**	**193**
Interest rate	382	316	22	15	11	746	69
Equity	0	0	0	-	-	0	15
Currency	8,654	3,188	-	-	-	11,841	109
Outflows	**-8,973**	**-3,555**	**-20**	**-14**	**-8**	**-12,569**	**-226**
Interest rate	-373	-323	-20	-14	-8	-737	-76
Equity	0	0	0	0	0	0	-15
Currency	-8,600	-3,232	0	0	0	-11,833	-135
Gap - Derivatives	**62**	**-51**	**3**	**1**	**3**	**18**	

4.2.3. Concentration risk

The concentration risk the Bank is facing in terms of liquidity is twofold:

- potential concentration in assets in which the excess liquidity is reinvested: this risk is monitored according to the credit risk limit system (as described above);
- potential concentration in funding sources: this risk is monitored through 2 indicators that are quarterly reported to the BRC :

  . relative weight of the top 20 private client deposits for Quintet Group,

  . list of all significant counterparties in terms of funding sources (>1% of total liabilities, according to Basel III definition).

5. Currency risk

The operations of the Bank are for the most part denominated in EUR and USD. The Bank has very limited risk appetite for currency risk which translates into small forex limits of EUR 20 million at consolidated level. The Bank'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. The residual currency position is monitored on a daily limits against the above mentioned currency limits which are declined per entity.

6. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

In respect of its depositary and sub-custodians activities, the Bank may be subject to some operational risks. As at end of 2020, no specific provision existed.

Note 38 – Audit fees

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2020 and 2019 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

in EUR thousand	31/12/2020	31/12/2019
Statutory audit of the financial statementsStandard audit services	1,009	427
Other assurance services	287	83
Tax consulting services	-	-
Other services	12	-
Total	**1,308**	**510**

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2020 and 2019 fiscal years in relation with other services provided to controlled undertakings of Quintet Private Bank (Europe) S.A. were as follows:

in EUR thousand	31/12/2020	31/12/2019
Other assurance services	199	100
Tax consulting services	-	-
Other services	18	-
Total	**216**	**100**

Note 39 – Significant subsidiaries and associate

As at 31 December 2020, the list of the consolidated companies in which the Bank has a significant holding of at least 20% of the capital is as follows:

NAME AND HEAD OFFICE	CAPITAL HELD	EQUITY Excluding result of the year [2]		RESULT [2]	
Brown, Shipley & Co, Ltd – U.K. [3]	100.00%	124,009,907	GBP	1,386,759	GBP
European Fund Administration S.A. – Luxembourg [1]	31.67%	18,310,446	EUR	-3,964,788	EUR
Kredietrust Luxembourg S.A. – Luxembourg [3]	100.00%	7,055,920	EUR	6,450,398	EUR
Banque Puilaetco Dewaay Luxembourg S.A. – Luxembourg	100.00%	14,143,544	EUR	3,849,632	EUR
Quintet Asset Management S.G.I.I.C. S.A. [3]	100.00%	1,808,438	EUR	43,656	EUR
Quintet Investments A.V. S.A. [3]	100.00%	538,608	EUR	336,956	EUR
Quintet Private Bank Switzerland AG	100.00%	62,500,000	CHF	-28,295,347	CHF
InsingerGilissen Asset Management N.V. [3]	100.00%	19,310,774	EUR	5,479,247	EUR
Bewaarbedrijf Ameuro N.V. [3]	100.00%	448,044	EUR	293	EUR
GIM Vastgoed Management B.V. [3]	100.00%	2,493,673	EUR	-2,142	EUR
InsingerGilissen Philantrophy Trusts Estates B.V. [3]	100.00%	3,115,991	EUR	116,651	EUR

[1] : percentage of direct and indirect holdings.
[2] : provisional, social, local GAAP figures.
[3] : Local GAAP = IFRS ; equity excluding reserves on the portfolio evaluated at fair value through other comprehensive income and cash flow hedge effects.

Note 40 – Deposit guarantee scheme

References : Directive 2014/49/EU and Directive 2014/59/EU
These directives are transposed into Luxembourg law by the law of 18 December 2015.

In Luxemburg, the national deposit guarantee scheme (DGS) is represented by the FGDL (Fonds de garantie des dépôts Luxembourg, see the website www.fgdl.lu). The purpose of the FGDL is to protect clients of the member institutions in case that a bank goes bankrupt.

Quintet and its branches are a FGDL member. As a member account holders (natural persons and legal entities) in Quintet and branches are protected by the FGDL up to maximum of EUR 100,000 per person/account (additional guarantees are in place for temporary deposits, see the FGDL website for details).

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

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

Each year, Quintet Luxembourg pays a contribution to the FGDL for its financing.

As for the investor protection, the Luxembourg investor compensation scheme (SIIL: Système d'Indemnisation des Investisseurs Luxembourg) covers investors (natural persons and legal entities) in the scope of the legislation (law of 18 December 2015).

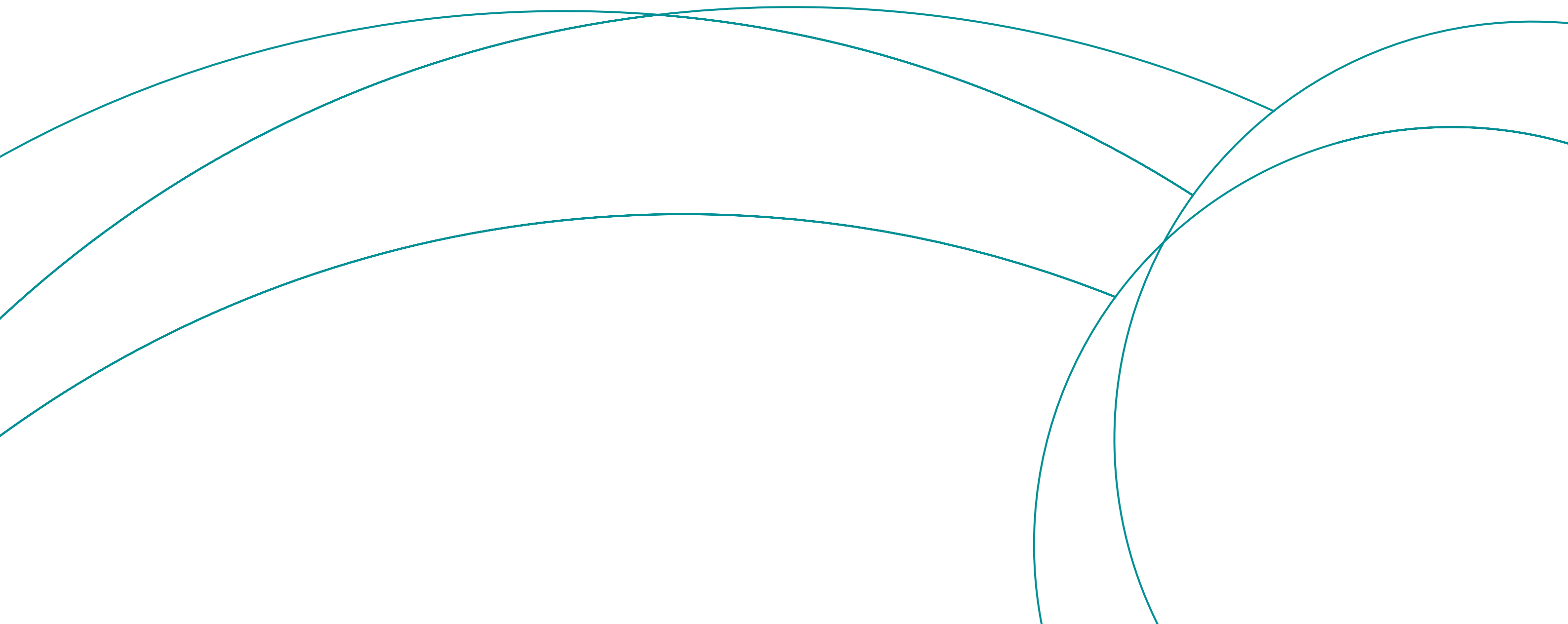
The investment transactions made by the same investor are covered up to an amount equivalent to EUR 20,000. Quintet Luxembourg is also an SIIL member, in this scope, eligible investors in Quintet are covered.

Note 41 – Events after the statement of financial position date

There was, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2020.

2020

ANNUAL REPORT



QUINTET
PRIVATE BANK
www.quintet.com

PUILAETCO
A QUINTET PRIVATE BANK

Herrmann Debrouxlaan 46
B-1160 Brussels
Belgium
www.puilaetco.be

BROWN SHIPLEY
A QUINTET PRIVATE BANK

2 Moorgate
London EC2R 6AG
United Kingdom
www.brownshipley.com

MERCK FINCK
A QUINTET PRIVATE BANK

Pacellistrasse 16
D-80333 Munich
Germany
www.merckfinck.de

INSINGER GILISSEN
A QUINTET PRIVATE BANK

Herengracht 537
1017 BV Amsterdam
The Netherlands
www.insingergilissen.nl

QUINTET LUXEMBOURG
PRIVATE BANK

43, boulevard Royal
L-2955 Luxembourg
Luxembourg
www.quintet.lu

PUILAETCO LUXEMBOURG
A QUINTET PRIVATE BANK

163, rue du Kiem
L-8030 Strassen
Luxembourg
www.puilaetco.lu

QUINTET SWITZERLAND
PRIVATE BANK

Bahnhofstrasse 13
CH-8001 Zurich
Switzerland
www.quintet.com/en-ch

QUINTET DANMARK
PRIVATE BANK

Sankt Annae Plads 13, 3 tv.
DK-1250 Copenhagen K
Denmark
www.quintet.com/dk

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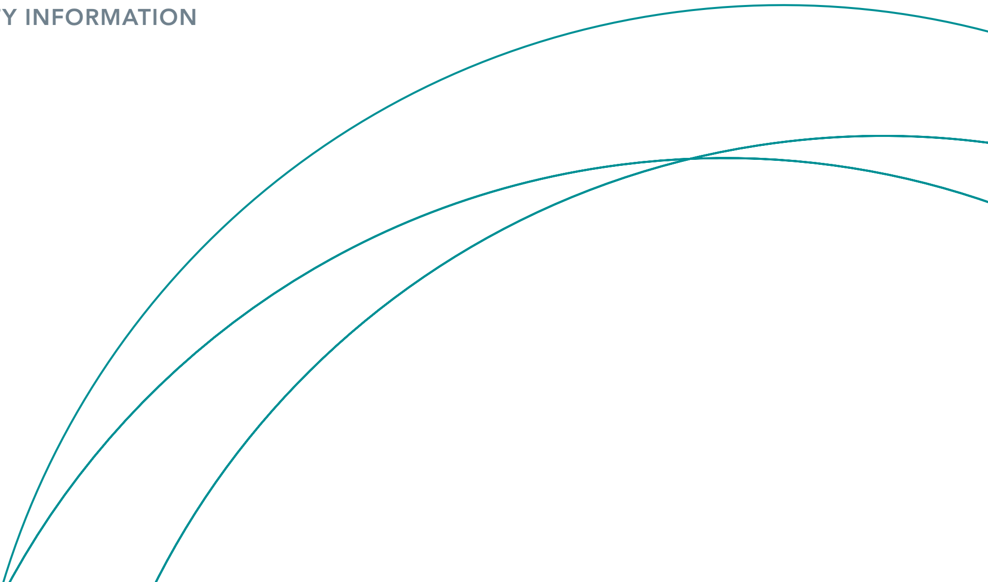


QUINTET PRIVATE BANK | CAPTURE

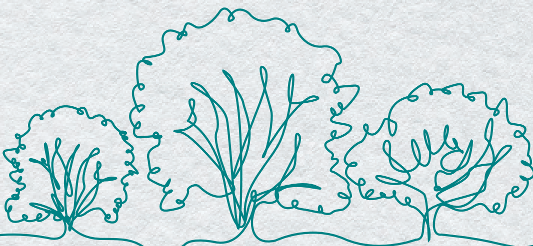
BUILDING A SUSTAINABLE FUTURE *together*

We understand that the greatest threat to our planet is waiting for someone else to save it. That's why at Quintet we're on a mission to do more. We believe in creating a richer life for all of our clients; not only by investing in sustainability, but living sustainably too.

Last year, we successfully delivered on our pledge to eliminate all single-use plastics from all of our premises. Now, we're looking at other ways that we can play our part in driving sustainability.

That's why we have partnered with Capture, the carbon footprint tracking app. In 2021 we commit to living our sustainable values through our own workforce, by monitoring, reducing and removing CO2 emissions from our lifestyle.

World-class investments for you, supporting a sustainable future for all.



MESSAGE FROM THE CHAIRMAN

2020 will be a year remembered for many things. The balance of all our memories is heavily tipped towards the sad, the difficult and a sense of despair. All our lives have changed, and in many cases will have changed permanently. But, despite everything that has been thrown at humankind over this period, we have learned to adapt and change, and in so many respects we have become a more caring and sharing human race.

Businesses have been disrupted, and in too many cases damaged beyond repair. But again, new businesses have emerged or existing businesses have grown beyond recognition. We adapt and change, and with the huge technological progress of the past 20 years, we are able to move swiftly and flexibly.

The financial services industry has also suffered, but to a lesser extent than perhaps feared this time last year. Balance sheets and capital ratios were strong as we entered a deeply uncertain and volatile period, and of course central banks and governments also intervened to inject unimagined liquidity and funding into the most sustainable aspects of the economy. Good businesses attracted support, while others did not. The banking industry has yet to see the full extent of the fallout from those businesses that will not recover, and will need to manage inflationary pressures caused by these huge injections of funding as we move forward.

My abiding thoughts of Quintet during 2020 are of a business continuing with its plan, despite the backdrop of COVID-19. The completion of the Quintet Europe mergers, the hiring of new talent, the rebranding project and many, many more significant milestones were achieved, while at the same time continuing to support clients and prospective clients. We were quick to adapt to the new world, and quick to reprioritize.

To all Quintet colleagues, I send my thanks and gratitude that, in the most significant upheavals for over 100 years, our business today is stronger and better recognized for the quality of service and offering than it was at the start of the pandemic. That is not something I thought we would be able to state in February 2020 when the world was beginning to realize that a pandemic (widely predicted for many decades) was likely to disrupt and damage the very foundations of all social, commercial and scientific achievements.

We will build back better, we will innovate and, above all, we will adapt and change to a new order, a new world, a different future but one in which we will all thrive once again.

RORY TAPNER
Chairman of the Board of Directors

WELCOME FROM THE GROUP CEO

Many thanks for your interest in Quintet.

For Quintet, the year 2020 was, as for most individuals and organizations, a year of pandemic, trauma, challenge, grief and of working in the most unusual, demanding circumstances one could ever imagine. In addition, during 2020 we lost our CEO, Jürg Zeltner, much too early, to a short illness.

But the year 2020 was for Quintet also a year of accomplishment. When we think of what we accomplished, we should never forget the backdrop against which it all happened.

We are transforming the former KBL into Quintet. We are still in the early phase of a multi-year project to transform ourselves into a healthy, growing and profitable private banking franchise. Our results reflect the significant investment being made during 2020 to sustain this transformation.

Among the highlights of 2020, I would mention the creation of a single European banking entity. We made this undertaking the top priority among all the things we wanted to accomplish in 2020. It was done on time and on budget. The transformation to a single EU entity is about a lot more than the legal entity organizational chart. With this transformation comes much increased cohesiveness in the way we work together. We have become a Group, not a group of loosely affiliated companies. And we will derive significant synergies from that.

We met our financial targets. They do reflect the investments we are making in our future. We delivered significant AuM growth, mainly from net new money entrusted to us by our clients. We exceeded our plans in terms of net new loan production, and trading and execution activity was high, especially in Q1 and Q2.

We also finalized our acquisition of Bank am Bellevue in Switzerland. This is the first step towards opening up a booking center in Switzerland from where we service clients in markets with strong growth in wealth: Asia, Latin America and the Middle East. And of course the Swiss market itself.

We opened a branch in Copenhagen and have already seen significant inflows of assets from the Nordic region, supported by our colleagues in Copenhagen and our Nordic team based in Luxembourg.

WE ARE TRANSFORMING OURSELVES INTO A HEALTHY, GROWING AND PROFITABLE PRIVATE BANKING FRANCHISE

And we have continued to strengthen the management bench, also by adding a significant number of new Client Advisors.

We carried out several transactions that strengthened our balance sheet as we enter deeper into the investment phase of our transformation. That includes the successful launch of a public issue of Additional Tier-1 securities. The demand for this offering allowed us to increase the transaction size to €125 million. It has continued to trade well in the secondary market.

Finally, we made significant progress towards our objective of becoming a recognized investment house. We created a single House View, whereby our CIO on behalf of the Group articulates our view as to how our clients should be invested – always in a proper portfolio context and in line with the risk appetite of our clients. Our *Counterpoint* publications speak to our views regularly and *Counterpoint Solutions* offer clients specific ideas about how they can manage their wealth. The improved performance of client portfolios reflects our work in this area.

We have also taken important decisions about our approach towards sustainable investment. As I am writing, we are planning the launch of a range of sustainable discretionary mandate and fund solutions. We believe that, long term, a sustainable investment solution should be the default choice we offer to our clients.

It is abundantly clear that it is possible to invest with impact without sacrificing returns. It's logical. Companies better prepared for the impact on their business of climate change – building resiliency and managing risk more carefully – are likely to offer an improved risk/reward ratio to their investors. And that is how markets are meant to work. We believe our role as fiduciary is aligned perfectly with our view that a well-managed sustainable portfolio should be the default choice for our clients.

Our purpose remains to be the most trusted fiduciary of family wealth. This is a very straightforward statement of promise. It speaks to who we want to be, but delivering is key. We have developed strong management measures that allow us to feel confident that we behave, towards clients

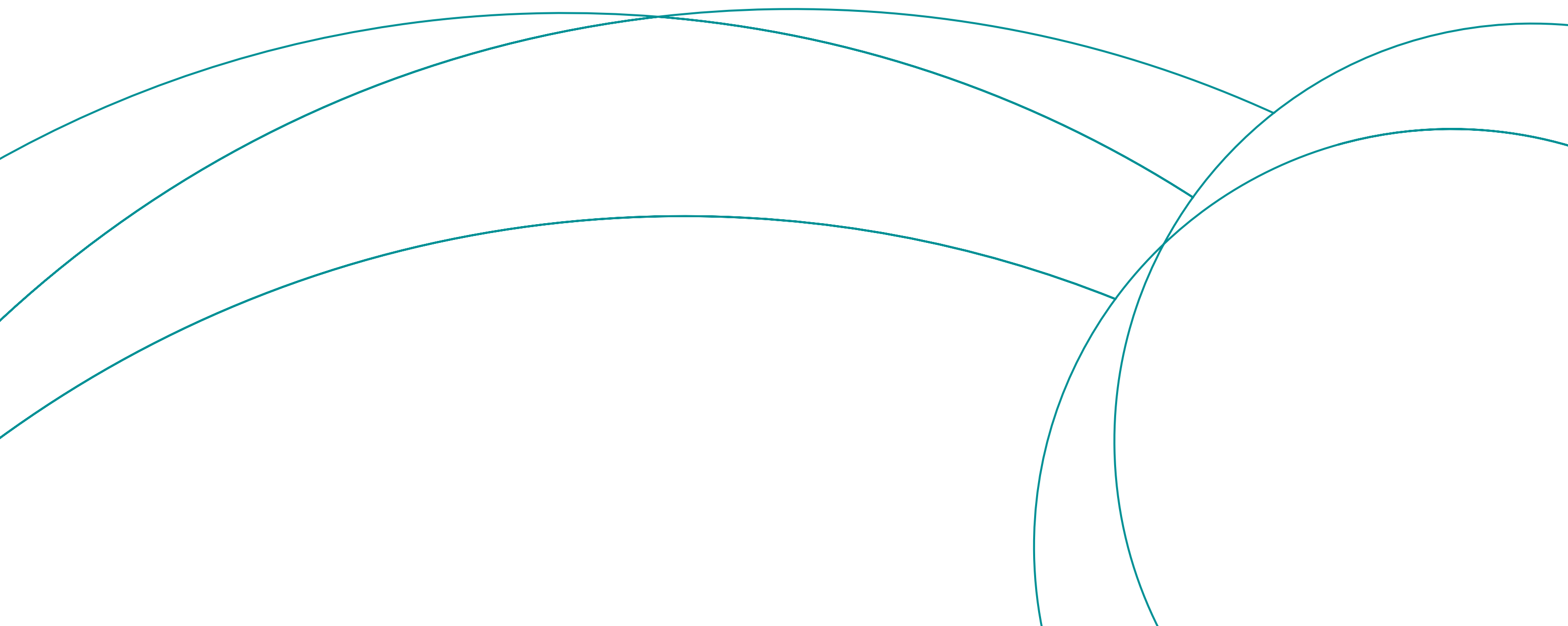
and each other, in a way that demonstrates that, at Quintet, our clients and their interests are what we obsess about.

We have put in place a new internal evaluation framework where our leadership is measured substantially in terms of the partnership behavior that underpins our promise. Equally, we are directing scarce compensation resources to those colleagues who behave according our vision of how a private client business should be managed: collaboratively and always with the best interest of the client foremost in mind.

Our strong belief is that if we continue to service our clients well, solving for their needs, within an efficient operational structure and with strong management of our resources, the outcome will be the bank we all want to create: one that is healthy and vibrant, growing and profitable.

Sincerely,

JAKOB STOTT
Group CEO and member of the Board of Directors



We are the most trusted fiduciary of family wealth and earn trust by an unwavering commitment to doing the right thing

Nothing is more important than our fiduciary responsibility to do what is right for our clients and their families, who entrust us with their wealth. That is why we are in business and what drives us each day.

By listening carefully, thinking ahead and delivering performance, we earn their trust – and a seat at their kitchen table, where life's most important decisions are made.

DIRECTORS & MANAGEMENT

BOARD OF DIRECTORS

RORY TAPNER
Chairman

GEORGE NASRA
Deputy Chairman

[1]ALLA BASHENKO
Director

[2]WILLEMIEN DEE
Employee Representative

[2]FRANK ERTEL
Employee Representative

YVES FRANCIS
Director

ANNE RUTH HERKES
Director

ANTOINE MARCOLIN
Director

MARCO MAZZUCCHELLI
Director

[2]MARIE-CHRISTINE SCHLAG
Employee Representative

JAKOB STOTT
Group CEO

[2]JAN TOMASEK
Employee Representative

[1]As of January 19, 2021 - [2]As of January 1, 2021, subject to regulatory approval

AUTHORIZED MANAGEMENT COMMITTEE

JAKOB STOTT
Group CEO

MARIA LEISTNER
Group Chief Legal Officer

[3]BRYAN CRAWFORD
Group Co-Head of Global Products & Solutions

SIEGFRIED MARISSENS
Secretary General

NICHOLAS HARVEY
Group CFO

[5]THOMAS RODERMANN
CEO, Quintet Europe

[4] ELI LEENAARS
Group COO

[6]PHILIP TREMBLE
Group Chief Risk Officer

AFFILIATE & BRANCH MANAGEMENT

EMMANUEL FIEVET
Quintet Switzerland

LUDIVINE PILATE
Puilaetco

OLIVIER DE JAMBLINNE DE MEUX
Puilaetco Luxembourg

[7]MICHAEL SAVENAY
Quintet Luxembourg

[7]REINHARD KRAFFT
Merck Finck

PETER SIERADZKI
InsingerGilissen

ALAN MATHEWSON
Brown Shipley

HENRIK WYRWIK
Quintet Danmark

[3]As of January 1, 2021, subject to regulatory approval - [4]As of June 1, 2021 - [5]As of December 15, 2020 - [6]As of March 15, 2021 - [7]As of March 1, 2021 , subject to regulatory approval

GROUP EXECUTIVE COMMITTEE

DONNA BURNS
Group Head of Human Resources

GABRIEL CASTELLO
Group Head of Latin America

BRYAN CRAWFORD
Group Co-Head of Global Products & Solutions

AMAURY DE LAET
Head of Belgian Market

EMMANUEL FIEVET
CEO, Qunitet Switzerland

NICHOLAS HARVEY
Group Chief Financial Officer

CLEMENS LANSING
Group Co-Head of Global Products & Solutions

ELI LEENAARS
Group Chief Operating Officer

MARIA LEISTNER
Group Chief Legal Officer

ERIC MANSUY
Chief Information Technology & Operations Officer

SIEGFRIED MARISSENS
Secretary General

ALAN MATHEWSON
CEO, Brown Shipley

STEPHAN MATTI
Group Head of Asset Servicing & FIM

THOMAS RODERMANN
CEO, Quintet Europe

PETER SIERADZKI
CEO, InsingerGilissen

JAKOB STOTT
Group CEO

BILL STREET
Group Chief Investment Officer

ANTHONY SWINGS
Head of the Office of the Group CEO

PHILIP TREMBLE
Group Chief Risk Officer

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

OUR PURPOSE

To be the most trusted fiduciary of family wealth.

We earn your trust by an unwavering commitment
to doing the right thing.

We grow and protect your wealth as we would our own.
Our worth is measured by the impact we deliver.

We add insight and reduce complexity.
We add security and reduce worry.

2020 IN REVIEW

JANUARY

KBL European Private Bankers rebrands as Quintet Private Bank

Quintet unveils "Counterpoint," its analysis of the global economy, financial markets and key asset classes

Quintet sponsors the *Relais pour la Vie* charity race in Luxembourg

Alan Mathewson, CEO, Brown Shipley, is named on the PAM list of the 50 Most Influential Executives in Wealth Management

FEBRUARY

Quintet supports the Foundatioun Kriibskrank Kanner in Luxembourg, which helps children fighting cancer and their families

Brown Shipley hosts an exclusive London event for the launch of "Counterpoint," Quintet's investment outlook. Well-known entrepreneur Jo Malone CBE, Founder & Creative Director, Jo Loves, shares her journey

MARCH

Jürg Zeltner, the firm's Group CEO and a member of the Board of Directors, passes away. Jakob Stott is nominated by the Board of Directors as Zeltner's successor

Coronavirus pandemic begins to disrupt the global economy. Quintet rapidly implements a series of actions to ensure business continuity and uninterrupted client service

Quintet's launches an integrated marketing campaign on the theme "A Richer Life"

APRIL

Brown Shipley supports Critical NHS with a £10,000 donation. The charity focuses on feeding front-line NHS workers during the COVID-19 crisis

Brown Shipley finalizes the integration of NW Brown & Co Limited. This forms part of Brown Shipley's overall growth strategy to add further scale and unlock additional regional opportunities.

MAY

Quintet opens for business in Switzerland following the closing of the acquisition of Bank am Bellevue

Quintet Switzerland unveils leadership team with highly experienced Executive Committee, led by CEO Emmanuel Fievet

Quintet announces 2019 financial results, highlighting investments in the future

Rory Tapner, former CEO of Coutts and member of UBS Group Executive Board, is appointed Chairman of Quintet

Bruno Pfister, former Chairman of Rothschild & Co Bank Zurich and Group CEO of Swiss Life, is appointed Chairman of Quintet Switzerland

JUNE

Quintet unveils midyear investment outlook: "From despair to repair"

Brown Shipley launches first podcast on Wealth Planning

Thomas Rodermann is named Chairman of the Executive Board at Merck Finck Privatbankiers AG in addition to his role as a member of the Authorized Management Committee, Quintet Private Bank

JULY

Quintet introduces Quintet Europe and announces intention to merge majority of European Union subsidiaries to support execution of long-term growth strategy

AUGUST

Brown Shipley relocates to a new purpose-built, eco-friendly office in Nottingham

SEPTEMBER

Merck Finck takes part in the webinar "Future of Sustainability" and the NextGen Digital Day

OCTOBER

Quintet opens for business in Denmark

Quintet sets its sights on Asia by appointing Jing Zhang Brogle as Market Head, Asia International, at Quintet Switzerland

Merck Finck celebrates the 30th anniversary of Merck Finck Stiftungsfonds, Germany's first foundation fund

André Del Piero is named Market Head, Domestic Switzerland, at Quintet Switzerland

Philip Higson unveils Quintet's Family Investment Office leadership team, which operates out of three hubs: Luxembourg, the United Kingdom and Switzerland

NOVEMBER

Quintet is recognized for the best branding in private banking by PWM/The Banker

InsingerGilissen is nominated for the third year in a row as "Best Private Bank in the Netherlands" at the IEX Gouden Stier Awards

Quintet holds a "Richer Life" roundtable debate on reducing global carbon emissions. The session is hosted by James Purcell, Group Head of Sustainable Investment, with a panel including journalists, leaders of NGOs, entrepreneurs and innovators

Merck Finck is awarded the quality standard FNG from the Socially Responsible Investment Forum

DECEMBER

The Quintet Europe business unit is launched, following approval by the relevant regulatory authorities

Quintet signs a strategic agreement with Singular Bank, extending the opportunity for Quintet España clients to be served by Singular Bank. Consequently, Quintet España will wind down its operations and its clients will be offered the opportunity to transfer their accounts to Singular Bank, which in turn intends to hire the majority of Quintet España front-office staff

Following signing of the Women in Finance Charter in January 2018, with a commitment to minimum 25% female representation in senior management, Brown Shipley achieves that target

KEY CONSOLIDATED FIGURES

(Consolidated figures as of December 31)	2017	2018	2019	2020
RESULTS (in € million)				
Operating income	487.9	444.8	443.1	**513.0**
Operating expenses	-446.1	-433.6	-470.5	**-534.0**
Impairments	1.0	-1.7	-13.3	**-1.3**
Share in results of associated companies	0.1	-0.1	-1.5	**-1.2**
Gains/(losses) on non-current assets held-for-sale, not qualifying as discontinued operations	-	-2.5[3]	-	**-**
Pre-tax profit (from continuing operations)	42.9	7.0	-42.2	**-17.9**
Income taxes	-4.2	-6.2	-1.5	**-2.4**
Discontinued operations, net of tax	-3.6[1]	-	-	**-**
Net consolidated profit, group share	35.2	0.8	-43.7	**-20.3**

FINANCIAL RATIOS (in %)	2017	2018	2019	2020
Common equity tier one ratio	17.2%	17.2%	18.0%	**19.6%**
Tier one ratio	17.2%	17.2%	18.0%	**23.6%**
Solvency ratio	17.2%	17.2%	18.0%	**23.6%**
Regulatory capital/balance sheet total	5.3%	4.6%	4.7%	**5.5%**
Loan-to-deposit ratio	29.3%	24.7%	32.8%	**43.4%**
ROAE	3.2%	0.1%	-4.1%	**-1.8%**
ROAA	0.3%	0.0%	-0.3%	**-0.2%**
ROA	0.3%	0.0%	-0.4%	**-0.2%**
Cost/income ratio	91.4%	97.5%	106.2%	**104.1%**

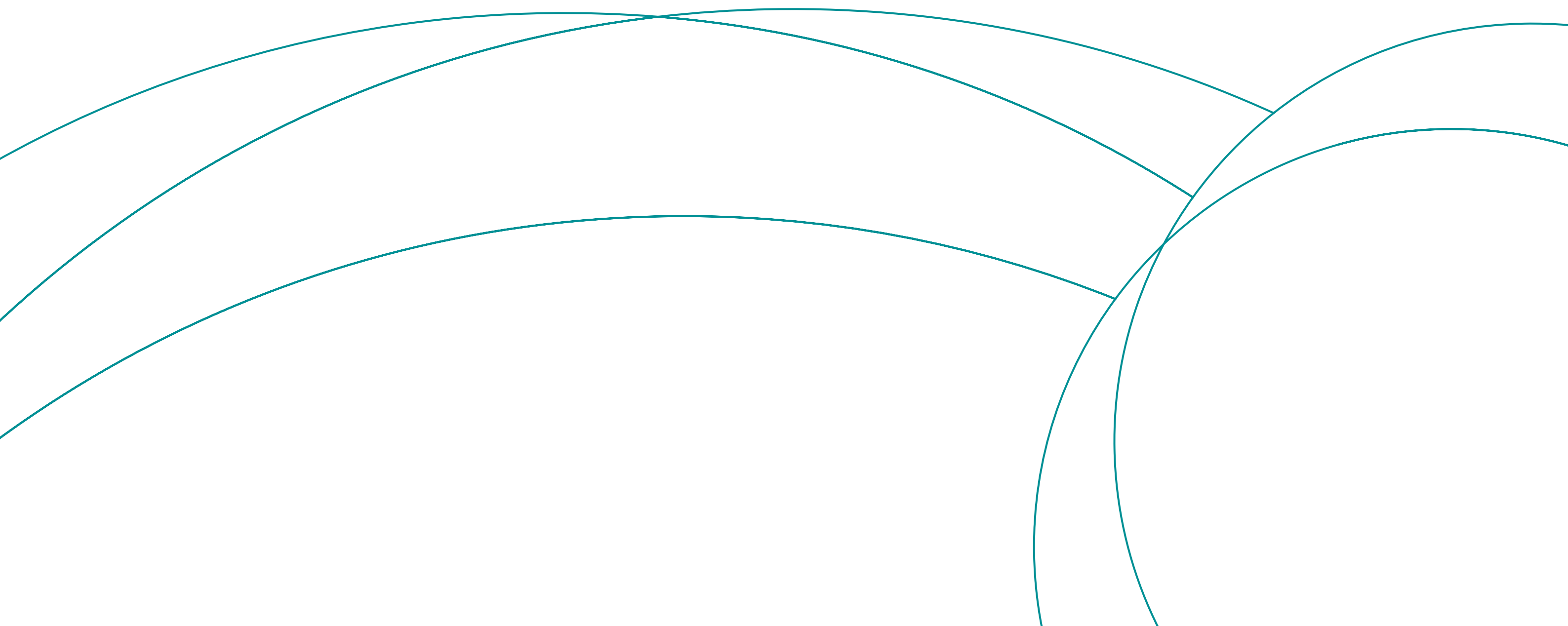
(Consolidated figures as of December 31)	2017	2018	2019	2020
BALANCE SHEET TOTAL (in € billion)	11.5	13.0	12.2	**13.3**
ASSETS				
Loans and advances to credit institutions (incl. on demand)	0.7	1.0	1.5	**1.2**
Loans and advances to others than credit institutions	2.5	2.6	3.2	**4.3**
Equity and debt instruments	4.3	4.4	4.7	**4.2**
LIABILITIES				
Deposits from credit institutions	0.6	0.7	0.6	**0.7**
Deposits from others than credit institutions	8.6	10.5	9.8	**10.5**
of which, subordinated debt	0.0	0.0	0.0	-
Total equity	1.1	1.1	1.1	**1.2**
PRIVATE BANKING ASSETS UNDER MANAGEMENT (in € billion)	47.6	45.0	52.7	**57.7**
Volume impact	+0.7%	-0.9%[2]	+1.9%	**+5.9%**
Price impact	+4.3%	-6.8%[2]	+15.8%	**+2.3%**
ASSETS UNDER CUSTODY (in € billion)	14.9	14.3	17.4	**17.3**
OTHER CLIENT ASSETS (in € billion)	18.9	13.3	11.4	**10.0**

[1] IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" application on former KBL Monaco, KBL Richelieu, S.C.I. KBL Immo I and S.C.I. KBL Immo III (see note 1 and 2d of the 2017 Financial Statements)
[2] Volume/price impact excluding acquisitions and divestments
[3] Please refer to note 1 of the 2018 Financial Statements
The complete financial statements of Quintet Luxembourg and group are available on the website.
The Pillar III disclosures report will be published in summer 2021 on the website of Quintet: www.quintet.com

We grow and protect our clients' wealth as we woud our own. Our worth is measured by the impact we deliver

We do more than manage wealth and make investment calls; we partner with people to help them live the life they want for themselves and their families. We recognize that it is a privilege – and a great responsibility – to protect and grow our clients' assets by investing on their behalf. That is why we safeguard their wealth as we would our own, always putting their well-being first.

MANAGEMENT REPORT



CONSOLIDATED MANAGEMENT REPORT

GENERAL COMMENTS ON THE RESULTS AND THE BALANCE SHEET

Since 2019, Quintet Private Bank has been making very significant investments in the future – including in great people, product development, sales marketing and geographic expansion to support the firm's long-term growth, in line with its ambitious strategy – and the group's 2019 and 2020 financial results reflect that.

At the end of the 2020, Quintet's consolidated balance sheet totaled €13.3 billion. This increase compared to 2019 (€12.2 billion) is primarily due to higher interbank and customer deposits at almost all group entities. This mainly affected the portion of excess liquidity deposited on the asset side at central banks. The structure of the firm's financial position remains healthy and largely comparable to the previous year.

The solvency is solid and, at 23.6% (2019: 18%), remains well above regulatory requirements set by the European Central Bank. While the RWA are stable versus the previous year, the increase is the result of a capital injection of €50 million in the first quarter 2020 and the placement of €125 million in additional tier-1 (AT1) notes in October 2020. The proceeds from the notes are used to support the financing of Quintet's long-term growth while further reinforcing the bank's strong regulatory capital position.

The group has developed a clear growth strategy with the launch of a range of commercial and organizational projects that account for most of the last two years of losses: €20.3 million in 2020 and €43.7 million in 2019. Such investments in the firm's future will support long-term growth in areas such as net new money generation and assets under management, as well as significantly improved bottom-line performance over time.

Despite a very unstable year due to the pandemic, Quintet has succeeded to preserve its net interest margin (€80 million in 2020 versus €82 million in 2019) and to increase its commissions by almost 8% (€317 million in 2020 versus €293 million in 2019).

In August 2020, for the rationalization and streamlining of building management, Quintet Group sold KBL Immo S.A. to Zenith Corp S.A., a real estate company, the buildings it occupies in Luxembourg and concluded a leaseback contract. The transaction generated a capital gain of €62.7 million in the "other income" category.

Operating expenses, marked by ongoing strategic projects, increased by almost 13% to €534 million (€470 million in 2019), primarily due to significant recruitment efforts, particularily of client advisors, as well as temporary support from professional services firms to assist in the tranformation of the Bank.

The group did not perform any buy back of its own shares in 2020.

For detailed figures, please refer to the consolidated financial statements.

https://www.quintet.com/en-GL/Pages/Annual-reports

RESEARCH & DEVELOPMENT

At Quintet Private Bank, we invest in innovation so we can serve our clients better. While that effort is broad-based, our firm focused on two specific research & development priorities in 2020: digital solutions and sustainable investment.

DIGITAL SOLUTIONS

While COVID-19 has dramatically accelerated existing trends, the importance of digitalization to Quintet will remain paramount even when the pandemic is behind us. To that end, we foster a digital culture – which goes far beyond ensuring that systems and solutions are up to date, or equipping our workforce with the appropriate tools. At Quintet, living a digital culture means that we are customer-centric, agile, innovative

and data-driven. We embrace transparency and collaboration, while promoting continuous learning.

In alignment with our group-wide digital roadmap, we focus on promoting existing and upcoming multi-channel services that enhance customer experience – including by freeing time for Quintet client advisors to concentrate on the kitchen-table conversations that matter most. We also leveraging digital data to generate value for our business, including by analyzing customer expectations and behavior, ensuring relevance for our clients.

Based on an open-architecture "Innovation Lab" approach, we continue to develop and introduce a range of digital tools that enhance client experience and improve process efficiency. These activities are led by Quintet's Digital Competence Center; each digital project also includes relevant representatives from the front office and IT, who jointly think, design, develop and implement common solutions to the shared technological challenges faced by our clients and our firm.

In 2020 at our Belgian branch, for example, Puilaetco saw a nearly 15% annual increase in the number of clients accessing their portfolio digitally, through the MyPuilaetco app, and 50% growth in unique customer visits to the app. Overall, nearly 1,400 additional clients now have access to the app, while 94% of new accounts are now opened by client advisors digitally.

To cite another example, in the Netherlands, a digital Innovation Lab was launched in March 2019 – with front-office representatives, in-house digital specialists and app developers – to introduce a mobile payment solution for InsingerGilissen clients. Working in close collaboration, they reviewed a range of potential mobile payment functionalities to feature on the Mijn InsingerGilissen app, then tested the same with select clients. Six months after the project was launched, leveraging a truly agile development cycle, a new mobile payment tool was introduced. Just over a year since introducing mobile payment options, nearly half of all Dutch client payments (from a payment account) are now made online, including from a mobile device.

SUSTAINABLE INVESTMENT

In 2020, Quintet committed to making sustainable investing its default approach and, to that end, initiated a transformation program across the investment and operational value chain. From macro assumptions, to strategic asset allocation, and increasingly through instrument selection, our firm has been working to integrate sustainability in a credible and client-friendly fashion.

Client interest in this area has been supported by strong investment performance. For example, in 2020, the popular MSCI SRI indices outperformed their conventional counterparts – up 4.2% compared to MSCI USA and up 1.0% vs. MSCI Eurozone. Accordingly, Quintet is introducing a flagship sustainable discretionary mandate, based on an open-architecture approach and making full use of the sustainable investing toolkit – from leaders, to improvers, to themes, and a range of dedicated assets. In parallel, we are working on the launch of the world's first multi-asset, climate-neutral investment fund.

Reflecting our belief that sustainable investment solutions should be the default choice we offer to our clients, James Purcell was appointed Group Head of Sustainable Investment in early 2020, with a mandate to drive our group-wide responsible investment strategy, incorporating environmental, social and governance factors in all our investment practices and in line with our commitment as a signatory to the United Nations-supported Principles for Responsible Investment and a member of Climate Action 100+. More recently, a Sustainability Strategist was appointed to develop a Quintet-wide approach to corporate social responsibility. Importantly, that function is embedded in Quintet's Chief Investment Office.

STRATEGIC OUTLOOK

Quintet Private Bank is focused on growth.

While today in the early phase of a multi-year project to transform our firm into a healthy, growing and profitable private banking franchise, our ambition over the coming years is to significantly grow assets under management – including the right mix of domestic and offshore assets – while also increasing group net profit by multiples. As a consequence of continually reinvesting in the future, including as a market consolidator, we intend to likewise significantly increase Quintet's current value.

Underpinned by a clear purpose – to be the most trusted fiduciary of family wealth – and a shared

obsession with client interests and customer experience, our long-term growth strategy is defined by the response to two overarching questions: Where should we compete? And how should we compete?

Quintet will continue to operate in Europe, one of the world's largest wealth management markets, with several million households with over €1 million in net private wealth. We will continue to build upon our strengths and reinforce growth in our domestic markets. In that regard, the December 2020 merger of our firm's European Union-based subsidiaries – and the introduction of the "Quintet Europe" business unit – was a milestone achievement.

The introduction of Quintet Europe will allow us to spend more time focused on the individuals and families we serve, while reducing organizational complexity and increasing operational efficiency. Our clients will benefit from shorter lines of communication, more rapid decision-making and faster service. They will also benefit from a one-bank approach, delivered by a single larger bank rather than several smaller subsidiaries.

At the same time, we will increase our exposure to growth markets, both outside Europe and in new European markets, by expanding our international cross-border business and putting in place teams focused on serving clients in those parts of the world where wealth is being created. That includes, for example, Asia, Latin America and the Middle East. The entry into new markets will necessarily reflect appropriate governance and robust risk management.

In terms of how to compete, Quintet is focused on four areas: our product, brand, intellectual property and the people behind it. In 2020, we strengthened and aligned a comprehensive products and services strategy, launched a new parent brand and a coherent group-wide brand strategy, introduced far more robust intellectual property, provided by our investment specialists, and continue to invest in training, development and talent acquisition.

Quintet continues to pursue these strategic plans – which, despite the pandemic, remain unchanged, on track and endorsed by the Board and Quintet's shareholders. That includes ongoing internal transformation, so we operate with less complexity and far greater efficiency; the further enhancement of our products and services offering; robust commercial development; geographic expansion; and the ongoing recruitment of great people across the bank, especially client advisors.

Quintet's 2020 results reflect the significant investment being made to sustain this transformation. It is important to note that these investments are fully funded by the significant capital that has been injected by Quintet's shareholders, including over €300 million of fresh capital since the firm was acquired by Precision Capital in 2012.

As well, in October 2020, Quintet successfully placed €125 million in additional tier-1 notes, listed on the Luxembourg Stock Exchange (Euro MTF). The positive response to this inaugural issuance underscores the high level of institutional investor confidence in Quintet's fundamentals and strategic growth plans. By diversifying our funding sources, we are even better positioned to realize our ambitious goals.

Meanwhile, Quintet's liquidity and capital positions remain very strong, and well above regulatory thresholds, reflecting the expectation of Quintet's Board and shareholders of best-in-class balance-sheet management.

TRAINING & DEVELOPMENT

Training and development are central to further enhancing our client services and improving overall client experience. That's why we invest in the skills and development of our people and recruit experienced professional staff. Indeed, all our people – from the mailroom to the boardroom – are contributing to our ability to better serve each individual client.

Across the group's footprint, Quintet promotes internal mobility, creating opportunities for relevant staff to transfer their knowledge and skills within the organization.

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

SOCIAL COMMITMENT

With some 2,000 employees across 50 European cities, our group has a unique opportunity to

make a difference in local communities. Today, we continue to reinforce our commitment to corporate social responsibility, supporting various worthy causes throughout Europe.

At Quintet, we believe in doing well for our clients and doing good in our communities. By contributing resources, time and capital to laudable causes and important ideas, we serve as an agent of positive social change. Quintet provides ongoing funding for a broad range of non-profit cultural organizations. In addition to direct financial support, our bank strongly encourages staff to participate in initiatives that benefit local communities.

GROUP EMPLOYEES

As of December 31, 2020, Quintet employed 2,048 staff, compared to 1,976 at the end of 2019. Of those 2,048 staff, approximately 67% work in subsidiaries outside Luxembourg.

ORGANIZATIONAL ACTIVITIES

WEALTH MANAGEMENT

Quintet Private Bank's core activity is wealth management.

As a firm that is obsessed with meeting client needs and delivering excellent customer experience, we strive to be the most trusted fiduciary of family wealth. We recognize that such trust must be earned, each day.

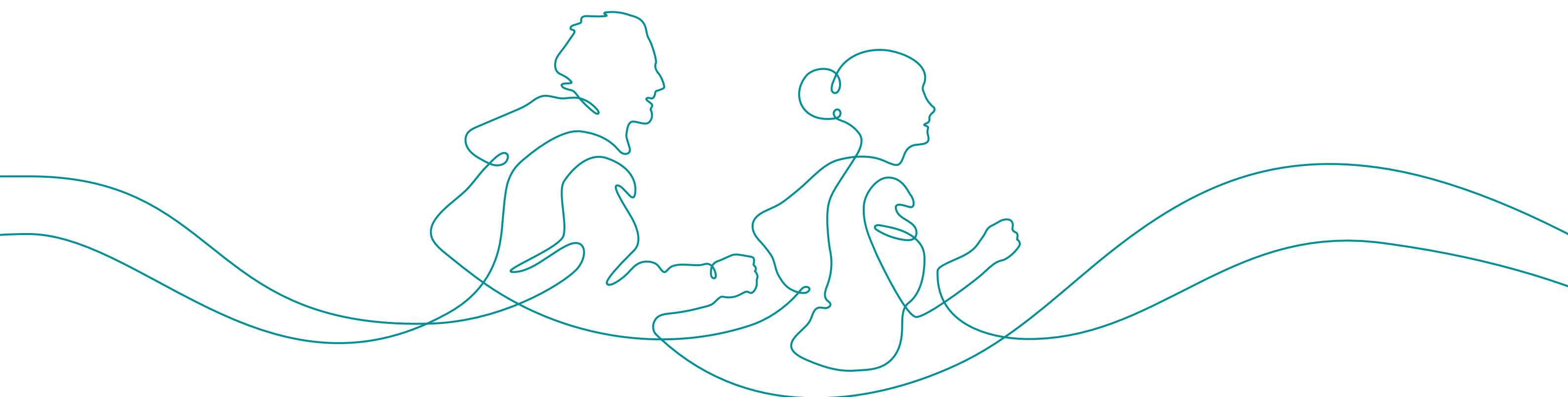
Quintet is a private bank for people who see the world differently: We partner with individuals and families to help them invest in the life they want, providing insight and introducing opportunities – always putting their well-being first. As an organization, we cut through complexity so we can devote our time to our clients and the pursuit of their best interests.

Through our single House View, we share our perspective as to how our clients should be invested – in a proper portfolio context and in line with their individual risk appetite – focusing on delivering superior risk-adjusted long-term performance. In doing so, we believe that a well-managed sustainable portfolio should be the default choice for our clients. This core belief is aligned with our fiduciary responsibilities.

Quintet is a deeply personal private bank, combining a local presence in 50 European cities with global insight, providing efficient access to liquidity to fund our clients' future, ideas that will make their wealth grow and experts who will guide them. In extending such services, we focus on relationships, not transactions – building bridges between business, family and wealth needs, extending both investment expertise and long-term financial planning.

At Quintet, we serve as independent advisors who take an open-architecture approach, measuring our worth by the impact we deliver – offering a transparent pricing and service structure. We manage the wealth of our clients in return for a competitive fee, recognizing that we stand or fall based on the quality of advice we offer.

Most importantly, at Quintet, we put our clients' interests first. Always.



ASSET SERVICING & FINANCIAL INTERMEDIARIES

Quintet's Asset Servicing & Financial Intermediaries (FIM) business – which provides solutions to FIMs, multi-family offices, investment funds, corporates and private investment companies – is one of Quintet's jewels. Given Luxembourg's special strength in this area, most of Quintet's asset servicing business has historically been concentrated in the Grand Duchy.

This business line includes all the marketing and support functions focused on providing full, high-quality custodian and execution services to a sophisticated client base seeking customized solutions. Known at Quintet until the end of 2020 as "Global Institutional Solutions," it includes all activities and services for non-private clients. It consists of several desks and entities that operate together in a highly competitive environment, marked by ever more stringent regulatory constraints, such as increased supervision of the sub-custodian networks for custodian banks and enhanced monitoring of the activities delegated to management companies. The previous 12-month period was characterized by a fundamental review of our risk acceptance policy focusing on risk awareness and mitigation as well as client selectivity.

Throughout 2020, Quintet's Asset Servicing & FIM business, thanks to its client-focused structure, worked hard to provide a comprehensive offering of impeccable and tailor-made services to meet the needs of small and medium-sized management companies, private banks, insurance and life-insurance companies, as well as external asset managers and family offices, whether they based in Luxembourg, Europe or elsewhere in the world.

Within Asset Servicing & FIM, the Business Development team is the first point of contact for our future institutional and professional clients, with its three desks of multilingual, highly experienced specialists who have in-depth knowledge of client needs, whether the client is a fund promoter, insurer, external asset manager or family office.

A team of client advisors is responsible for day-to-day relationship management and operational support for existing institutional and professional clients, assisted by a back-office known for its experience and competence. Their ability to meet client needs completes the wealth management value chain by positioning Quintet as a true "one-stop shop." Today, those client advisors serve more than 350 institutional and professional clients representing more than 8,000 structures and portfolios. It has more than €25 billion in assets under custody.

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

In that regard, it is worth noting that Luxembourg is the world's second-largest investment fund domicile (after the United States), both in assets and vehicles, with a total of 3,627 structures and 14,571 sub-funds. As of November 30, 2020, the total net assets of collective investment undertakings and specialized investment funds in Luxembourg amounted to €4.88 billion compared to €4.67 billion at the end of November 2019, an increase of 4.54%. The increase in the financial center's net assets was €212 billion.

In Luxembourg, the number of UCI structures and sub-funds fell in 2020, by 152 and 256 respectively. Like in 2019, Specialized Investment Funds (SIF) attracted fewer new fund promoters to Luxembourg (-2.1%), while their net assets rose by +3.2% compared to November 2019.

To this can be added the Reserved Alternative Investment Funds (RAIF). Launched in 2016, this type of alternative investment vehicle has enriched the Luxembourg landscape. Since launch, every investment fund promoter has had the choice between an investment vehicle directly regulated by the CSSF (SIF, SICAR, Part II funds) or the RAIF, which is regulated and supervised indirectly. Since then, the number of structures has never stopped increasing. At the end of November 2019, there

was a total of 885 structures. One year later, this figure had almost doubled to 1,236 structures.

Quintet's Asset Servicing & FIM offering is not limited to Luxembourg or the fund industry. It also includes all the private banking support services, and provides external asset managers and family offices with cutting-edge tools such as customized reporting available on a specially developed IT platform. In addition, we provide small and medium-sized banks with access to financial markets, financial intermediation and global custody services, with recognized excellence in third-party funds and precious metals.

To succeed in a rapidly changing legal environment to which fund promoters must adapt constantly, our Legal Support team provides high-quality assistance in setting up investment structures and updating legal documentation (full and simplified prospectus, KIID, articles of association, etc.) throughout the entire life cycle of the fund. The team provides the client with its extensive experience and knowledge of the fund industry and helps with the legal analysis of any new product. The Legal Support team has a comprehensive understanding of the legal needs and constraints facing external asset managers, family offices and banks.

EVOLUTION OF ASSETS ADMINISTERED BY KTL

As of December 31, 2020, the net assets of 58 UCI structures totaling 183 sub-funds were worth €9.76 billion, slightly up on the end of 2019.

EUROPEAN FUND ADMINISTRATION S.A.

Since 1998, Kredietrust Luxembourg (KTL), the 100%-owned asset management subsidiary of Quintet, has subcontracted its fund accounting, registrar and transfer agent functions to a specialist company called European Fund Administration (EFA), of which Quintet is one of the founding shareholders.

At the end of 2020, EFA was administering more than 2,461 funds with total net assets of €140 billion for 179 clients from 19 countries.

For more than 20 years, EFA has been a leader in fund administration. Its mission is to provide a wide range of tailor-made services to a sophisticated and demanding clientele. These services include accounting and valuation of portfolios, acting as transfer agent and registrar, as well as providing middle-office tasks such as trade management or tax and regulatory reporting solutions for UCITS, UCI and alternative investment funds. Since 2007, EFA also developed a Private Assets business line and provides its high-quality expertise to real estate and venture capital/private equity-type funds.

This dedicated activity is specialized in all types of private assets, funds and other structures, regulated or non-regulated, in Luxembourg and in any other jurisdiction.

Please note that the above figures are not audited as they pertain to EFA

CHIEF INVESTMENT OFFICE

INVESTMENT STRATEGY, THEMATIC & SUSTAINABLE

The Group Chief Investment Office oversees the following multi-country teams, which are focused on carrying out specific roles to support Quintet investment activities:

SUSTAINABLE

This is the fastest-growing area of finance. We embed sustainability as a default, and not just as an add-on. This is authentic, innovative and impactful. We embed sustainability throughout Quintet, from our corporate identity to our investment process. The latter extends across the value chain, from capital market assumptions, to the asset-class universe and instrument implementation.

ASSET ALLOCATION

Asset allocation is the pathway to being the most trusted fiduciary of family wealth. The team defines optimal portfolios for the long term and then navigates the financial markets over a shorter-term horizon to grow our clients' wealth and help them achieve their individual goals, while creating a positive client experience.

They are responsible for strategic asset allocation (SAA) and tactical asset allocation (TAA) across Quintet. Helping our clients to stay invested over the long term is the best way to reach their goals.

The team follows a disciplined asset allocation process to use the risk budget most effectively. By creating a positive client experience through good performance and engaging communication on asset allocation topics, we aim to maximize client satisfaction and share of wallet.

MACRO & FOREX

This team forecasts key trends shaping the economic and policy outlook to provide a macro framework for investment decisions. They translate such analyses into investment views on interest rates, currencies and commodities, taking a top-down view.

In addition, they formulate and communicate thought-leadership views to all stakeholders. This is featured in a range of publications and formats, internally and externally, and provides a single compelling narrative, expressed in four languages.

The goal is to produce provocative research and analysis to help deliver positive risk-adjusted returns and earn the trust of the individuals and families we serve. We follow a rigorous macro & forex forecasting process and deliver engaging content to capture mindshare, increase CIO and company visibility, and contribute to the investment process.

DIRECT LINE EQUITY AND FIXED INCOME

These teams create equity and fixed-income propositions for our clients that are unique and different. We believe in a high-conviction thematic discretionary portfolio management-led approach. A disciplined, repeatable and transparent investment process.

THEMATIC

The future of the economy and environment is shaped by powerful structural trends. We help clients invest in the technologies and services of the future. This team utilizes a quintet of structural forces to assess a changing world: demographic change, regulatory waves, social shifts, sustainability, and technological progress.

KREDIETRUST LUXEMBOURG

Established in Luxembourg in 1987, Kredietrust Luxembourg (KTL) is a 100%-owned asset management subsidiary of Quintet Private Bank. KTL's core activities include the management of investment funds under the commercial brand "Rivertree." KTL also provides investment fund services for third-party management companies, acts as a transfer agent and as an administrative agent.

GLOBAL MARKETS, TREASURY, FX & BULLION

Global Markets provides integrated one-stop-shop solutions to meet the financial market needs of Quintet clients across all segments: from affluent, HNWI and UHNWI private clients to external asset managers, family offices and institutions. In line with this, Global Markets offers execution for a full range of products listed and traded over the counter.

We completed over 23,000 fixed-income transactions on behalf of private and institutional clients in 2020, while also consolidating our position as a buy-side client with keenly monitored market pricing.

Our fund-execution business remains a key inflection point with our private and institutional clients. We offer our clients a universe of more than 35,000 funds, managed by 500 transfer agents. In 2020, we handled nearly 100,000 trades for a volume of more than €8 billion. In addition, we manage high volumes in ETF through our care-order service. In 2020, we executed almost 57,000 equity and derivative orders for a volume of more than €6.8 billion.

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

The Treasury team offers our clients deposit rates on the money markets in a wide range of currencies.

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

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

2020 IN REVIEW: AFFILIATES & BRANCHES

BROWN SHIPLEY

Despite the COVID-19 pandemic, which led to the majority of staff working remotely, Brown Shipley's 2020 performance was resilient. Quintet's UK wealth manager continues to grow, having quickly adapted to remote working and enhancing its digital channels to continue meeting client needs. That includes by upgrading the capabilities of the MyBrownShipley app, where clients can now receive an instant lending quote. Clients appreciate this approach, and we have an average net promoter score of 60, compared to the industry average of 46.

We are focused on strategic growth. In April 2020, we finalized the integration of NW Brown & Co Limited into Brown Shipley. We also made a number of senior front-office hires, including a new Head of Private Banking and new Heads of London, Manchester and Edinburgh. Additionally, we have enhanced the bench strength of our Risk and support functions.

We have been recognized for our offering, including receiving the WealthBriefing award for Best Credit Provider and the Wealthnet award for Top Financial Companies, as well as being shortlisted for a number of other awards. We also continue to raise our profile across key UK media.

INSINGERGILISSEN

InsingerGilissen, Quintet's Dutch branch, can look back on an exceptional year. 2020 was demanding at every level but, despite the impact of the pandemic, also very successful.

InsingerGilissen earlier launched its "Richer Life campaign," fully rolled out in several Quintet markets and on social media, which led to new business opportunities and coherence in company-wide communication. It supported our company values perfectly in a year when we all had to adapt to extraordinary external conditions.

Starting in March, events and physical meetings were replaced by webinars, Teams conferences were held with clients and colleagues, and there was more social media activity than ever before. With colleagues split between various offices and at home, and no face-to-face contact with clients, business operations nevertheless continued normally – and thrived.

In this unprecedented year, InsingerGilissen was delighted to be named "Best Private Bank in the Netherlands" by the independent market news platform IEX for the third year in a row, outperforming its peers with five-star ratings in organizational set-up, costs, risk management, investment policy and returns. InsingerGilissen saw a record level of lending, new clients and net inflows, despite the challenges.

Notably, client satisfaction has gone up, as can be seen from our ongoing client satisfaction tracker. Tangible improvements were also made in our investment research offering, with the introduction of Quintet's "Counterpoint," a suite of daily, weekly, monthly and half-yearly online publications.

MERCK FINCK

Merck Finck, Quintet's German branch, is the trusted partner for wealthy German clients and their families. From 16 locations across Germany, some 300 dedicated staff offer a wide range of wealth management solutions to their clients on a daily basis. In 2020, Merck Finck celebrated the 150th anniversary of its founding. The Merck Finck *Stiftungsfonds* (Germany's first foundation fund) turned 30 and was awarded the top five-star rating from Morningstar in the "defensive mixed funds" category.

Merck Finck continued its digital journey by launching a new advisory tool and optimized portfolio reporting.

In June 2020, Thomas Rodermann was appointed the new Chairman of the Executive Board at Merck Finck Privatbankiers AG. This was in addition to his role as member of the Group Executive Committee at Quintet Private Bank. He prepared the integration of Merck Finck into the parent company Quintet Private Bank (Europe) S.A., which was successfully completed on December 15, 2020.

On this date, Merck Finck became the German branch of Quintet Private Bank, led by a dedicated country management team. At the same time, Rodermann was named a member of the Authorized Management Committee of Quintet Private Bank and CEO of Quintet Europe.

PUILAETCO LUXEMBOURG

2020 will be a year future generations remember as one in which the world faced the COVID-19 pandemic and tried first to contain it and then to defeat it.

To operate during that extraordinary time, Puilaetco Luxembourg had to modify its organization completely, with sometimes no more than 20% of staff working on site while all others worked from home. These circumstances meant that the bank had to pass a live and urgent business continuity test. We did so successfully.

Client portfolio management results at the end of the year were generally in line with the positive performance of stock market investment strategies. Defensive and bond strategies were not profitable, however, and the bank's opinion of such strategies remains negative for 2021.

Over the year, we continued to focus on our core business, managing the wealth of our private clients. There was no recruitment at Puilaetco Luxembourg in 2020, since cost control remains one of management's top priorities. Other priorities include risk and compliance, where the bank continued to adapt its high level of control to the challenging environment of constantly evolving regulations.

Puilaetco Luxembourg was back in the credit business in 2020, granting safe Lombard loans (up to €10 million or more with the support of its parent company). Very good results were recorded, providing a profitable alternative to use the bank's cash and that of its clients.

The bank's deposits increased by 1% compared to the previous year, mainly due to the markets, with a substantial volume effect compensating for gross outflows. These were partly due to the transfer of some client assets to banks outside Quintet.

PUILAETCO

Headquartered in Brussels, with offices in six other cities in Belgium, Puilaetco offers efficient personalized, holistic and sustainable wealth management solutions.

Building upon a commitment to excellence and high-added-value services that began in 1868, we embrace the spirit of change required by a constantly evolving environment, including by investing in digital solutions. This enabled us to quickly respond to the pandemic: staff members easily switched to home working and offered video-conference solutions to stay in touch with our clients.

In this and everything we do, our goal is to build a richer life with our clients – today, tomorrow and for generations to come. Puilaetco aims to become the best-known private bank in the Belgian market.

Our more than 200 staff provide a wide range of personalized services for our HNWI clients, including wealth planning, investment management, loans, fine art collection management and sustainable investing. In 2020, we conducted a thorough review of our offer in order to ensure that the right services are offered to each client, in line with their profile.

A client-focused organization with over €10 billion in assets under management, Puilaetco continues to develop, strengthening existing relationships, attracting new clients and looking to the future with confidence.

QUINTET LUXEMBOURG

Quintet Luxembourg is a leading wealth manager in the Grand Duchy, staffed by 300 professionals, including 50 client advisors.

For more than 70 years, we have served as a trusted wealth management partner that strives to meet the evolving needs of our clients each day and for generations to come.

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

We offer deep local insight and – through Quintet's 50-city network of boutique private banks – global perspective.

Each private client benefits from a long-term, one-to-one relationship with a client advisor who listens to their needs and understands their experience before proposing open-architecture solutions that are structured to meet their individual requirements.

Asset Servicing & FIM clients, in turn, benefit from access to tailored investment vehicles, a world-class dealing room, independent asset management and a network of sub-custodian banks of the highest quality from a single point of entry: their client advisor.

While clients can always count on a personal relationship, a range of services is also available via myQuintet and myQuintetpro, the bank's online platforms.

QUINTET SWITZERLAND

Quintet Private Bank (Switzerland) Ltd, a member of Quintet Private Bank, is located in the heart of Zurich's financial center and serves wealthy individuals and families with diverse and complex long-term needs. In May 2020, Switzerland's newest private bank opened for business following the successful closing of the acquisition of Bank am Bellevue, the former wealth-management division of Bellevue Group.

People are the key to Quintet Switzerland's success. We have already successfully attracted a range of industry leaders and talent across all functions. In addition to some 20 professionals who formerly served at Bank am Bellevue, Quintet Switzerland onboarded around 50 people over the course of 2020, allowing the bank to take significant steps towards implementing its ambitious plans. The team also worked hard towards upgrading core banking systems and other processes with the aim of expanding its platform to include even more sophisticated clients and higher volumes.

Quintet Switzerland's commercial strategy is to become a center of competence for international cross-border business (Asia, Latin America, Middle East) for our group, as well as to open access to Switzerland, one of the largest wealth-management markets.

Quintet Switzerland's comprehensive advisory approach, multi-family-office capabilities and cross-border offering are what sets it apart. At a time when independent, client-focused advice matters more than ever, Quintet continues to deepen its group-wide commitment to sustainable investment. Since inception, the bank's balanced strategy has resulted in attractive returns in core DPM (Quintet Diversified) and, at the same time, strategic risk management and good stock selection in Swiss Equity Hedged has paid off, leading to very satisfactory performance for clients.

QUINTET DANMARK

Quintet Danmark, a branch of Quintet Private Bank (Europe), was established in 2020, officially opening for business in July 2020 in the heart of Copenhagen. We offer our clients a variety of wealth management services, including discretionary portfolio management, investment advisory, financial planning, credits, SICAV and SIF.

Quintet Danmark carries out its activities solely using established operational processes performed from Luxembourg on its behalf.

Quintet Danmark is focused on meeting the long-term wealth management needs of Danish individuals and their families, combining a highly personalized approach with independent advice and open-architecture investment solutions.

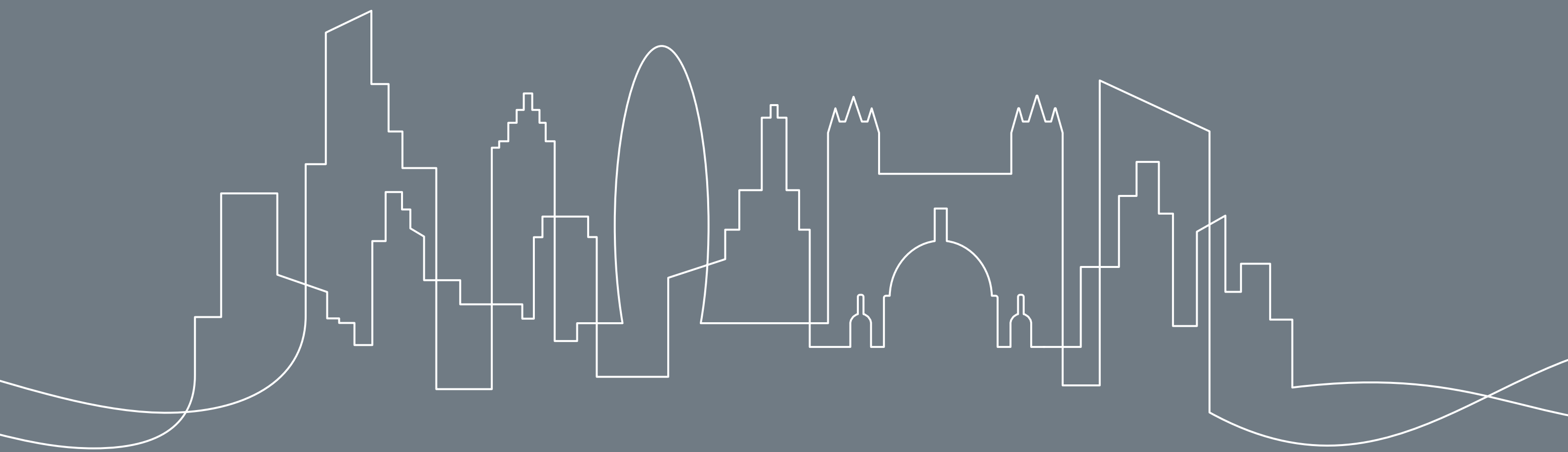
The branch is led by Henrik Wyrwik, a senior manager with more than 30 years of industry experience. With a small team of experienced and motivated colleagues who share the same commitment to doing the right thing for each client they serve, Quintet Danmark acts with agility and energy to challenge the status quo.

Drawing upon the insight and resources of the wider Quintet family, Quintet Danmark seeks to build a robust business that stands out from the crowd. We see enormous long-term opportunities to extend Quintet's highly personalized approach to wealth management to the Nordics, a region where independent thinking and entrepreneurship is part of the DNA.

We are actively recruiting additional staff, in particular experienced client advisors, as our business continues to grow.

We add insight and reduce complexity

Our clients count on our expert insight, provided by a diverse team of experienced professionals who balance firm convictions and an open-architecture approach – ensuring that each client has access to the solutions that are right for them. Through such objective investment advice and organizational agility, we cut through complexity and focus on meeting the needs of the individuals and families we serve.



NON-CONSOLIDATED MANAGEMENT REPORT

GENERAL COMMENTS ON THE RESULTS AND THE BALANCE SHEET

As of 31 December 2020, Quintet Europe's non-consolidated financial statements include:

- Quintet España, the Spanish branch opened on 7 April 2010
- Quintet Danmark, the Danish branch based in Copenhagen, opened for business on 1 July 2020 (legally opened in May 2020), representing a major step forward in the Group's long-term plan to establish and grow a robust Northern European franchise, through organic initiatives and potential acquisitions
- Merck Finck, the German branch
- InsingerGilissen, the Dutch branch
- Puilaetco, the Belgian branch

The last three entities merged with Quintet Luxembourg on 15 December 2020 with a retroactivity to 1 January 2020 in the context of the "Quintet Europe" project.

At the end of the financial year 2020, Quintet Europe's balance sheet totalled €12.2 billion. This increase versus 2019 (€8.7 billion) is mainly due to the merger of the German, Dutch and Belgian subsidiaries that became branches. On a pro-forma basis (out of the merger), the total balance sheet reached €9.2 billion at year-end 2020 and reveals increasing lending activity in a financial position which remains healthy and comparable to the previous year.

Solvency is solid and remains well above regulatory threshold imposed by the European Central Bank at 28.5% (2019: 40.1%). The decrease of the year is the result of the merger (more risk-weighted assets and lower CET1, both due to the inclusion of the branches) mitigated by a capital injection of €50 million in the first quarter 2020 and the placement of €125 million in additional tier-1 (AT1) notes in October 2020. The proceeds from the notes are used to support the financing of Quintet's long-term growth while further reinforcing the bank's strong regulatory capital position.

Affected by the implementation of the new "Quintet Europe" commercial and organizational strategy, Quintet Europe shows a 2020 loss of €-98.3 million compared to a profit of €60.3 million in 2019.

In 2019, the Bank proceeded to the sale and transfer of buildings owned or occupied in Luxembourg. Those operations generated a profit of €127.4 million in the other income category.

For detailed figures, please refer to the non-consolidated financial statements.

https://www.quintet.com/en-GL/Pages/Annual-reports

APPENDICES TO CONSOLIDATED AND NON-CONSOLIDATED MANAGEMENT REPORT

APPENDIX 1

DEPOSIT GUARANTEE

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

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

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

Quintet (and its branches) are an FGDL member. As a member, account holders (natural persons and legal entities) in Quintet and its branches (InsingerGilissen, Merck Finck, Puilaetco, Quintet Danmark and Quintet Spain) are protected by the FGDL up to a maximum of €100,000 per person/account (additional guarantees are in place for temporary deposits, see the FGDL website for details).

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

In order to be compliant with the legislation, Quintet and its branches have since 31 December 2013, implemented a system which is able to produce a Single Customer View (SCV) file including data about all eligible cash depositors along with the customers references. The Quintet system is tested twice a year. This set of information is requested by the CSSF in order to facilitate the reimbursement of depositors in case of the bank's failure.

Each year, Quintet pays a contribution to the FGDL for its financing.

In 2020, Quintet paid €110,780 for the FGDL (2019: €170,666) and €3,513,600 for the Luxembourg Resolution Fund (2019: €2,498,855).

Considering the amount paid for the FGDL during the current year, the same amount of €110,780 was transferred back from the unavailable to the available reserves.

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

Quintet and its branches are also an SIIL member, in the scope of which eligible investors are covered.

APPENDIX 2

COMPLIANCE RISK

The Compliance function's specific responsibilities include:

- Identify, evaluate and assess compliance risks through the Compliance Risk Assessment methodology
- Identify the standards to which the Group and each of its entities are subject in the exercise of their activities in the various markets and keep records of the main rules
- Implement a code of conduct and internal rules of conduct and integrity, Compliance standards and policies; check that they are respected and regularly assess their suitability as regards to organizational and operational structure, strategy, activities and risks of its entity, as well as regards to applicable legal and regulatory requirements
- Organize and coordinate a risk-based Compliance Monitoring Program to control the level of compliance of all relevant activities and how the identified compliance risks (Compliance Risk Assessment) have been mitigated. All relevant changes to the group/entity's compliance risk profile (e.g. reorganization, new strategic markets) will be taken into account in the Compliance Risk Assessment and in the Compliance Monitoring Program
- Centralize all information on detected Compliance problems. If this information

is not a direct result of Compliance's own involvement, it will examine the relevant internal documents (Internal Audit reports, Risk function reports, Legal department opinions, Executive and Management Committees' minutes/papers, Board of Director meeting minutes, etc.) or external documents (external legal opinions, external auditor's reports, correspondence with the supervisory authorities, etc.)

- Analyze the detected issues, recommend corrective measures and monitor their implementation
- Assist and advise senior management, the AMC and the Board of Directors as well as the members of the Specialized Board Committee (if any) in managing compliance risks and standards, including by informing them of developments that may have a subsequent impact on the area of Compliance
- Ensure employees are well trained and have a sufficient level of Compliance awareness by developing and implementing an ongoing Compliance Awareness Program and by providing day-to-day assistance as to Compliance areas
- Be involved in the implementation and approval of new activities/products, in the development of new business relationships and in developing the transactions and network of the Group at international level
- Be involved in the development of internal policies and procedures in Compliance areas
- Correspond independently with the FIU (Financial Intelligence Unit) or with any other supervisory authority when its relates to Compliance notification/declaration duties
- Report on the above to the AMC and the Board of Directors/Specialized Board Committee (if any), as appropriate. Furthermore, the Board Compliance & Legal Committee (BCLC) is informed of, and regularly monitors, the adequacy of Compliance measures. This committee is delegated by the Board and meets on a quarterly basis

2.1. ADVICE AND PREVENTION

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

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

Compliance is also involved with various regulatory projects. Compliance participates in the group-wide high-level assessment analysis and provides workstreams with appropriate regulatory roadmaps. In addition to its ongoing monitoring and support of branches and subsidiaries, the group continued to support the rollout of the Compliance Awareness program across Quintet.

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

2.2. CONTROL

The Compliance control framework is part of the bank's general internal control framework. The Compliance Monitoring teams continue to oversee the Compliance Monitoring Programme (CMP). This tool maps compliance risks and regularly checks that these risks are under control. If

necessary, suggestions for improving the plan are put forward. The plan has been drawn up based on the results of a Compliance Risk Assessment exercise. This methodology for evaluating compliance risk targets a more refined and better documented risk analysis to better allocate Compliance resources to the greatest risks.

Specialized anti-money laundering tools are in place at Quintet entities. These solutions improve the review processes for the group's clients, whether new or existing, both by analyzing client behavior and by screening the client database and international lists of persons subject to legal action or restrictive measures. An external tool specialized in the detection of market abuse and insider trading is in place while also being used to automate checks to ensure that the Best Execution policy is adhered to when processing client orders.

Quintet is constantly adapting its control procedures and reiterating to staff the ongoing need to protect clients.

APPENDIX 3

RISK MANAGEMENT

3.1. MISSION & ACHIEVEMENTS

Quintet's risk appetite is revised, updated and approved by the Board of Directors at minimum once per year or when a change of organizational risk profile is implemented. Changes are thereafter communicated to the whole organization. During this phase, the Group considers the evolution of risk appetite, regulatory and internal capital requirements, and the risk-bearing capacity of the Group.

During the course of 2020, the risk taxonomy has been thoroughly updated. The Risk Appetite Statement and relevant risk frameworks have been reviewed and strengthened to support the current and planned business development of the Group. The ICAAP, ILAAP and Recovery Plan have been substantially improved following new regulatory guidelines and ECB recommendations.

In 2020, quantitative developments were mainly concerned with the setting of risk models in compliance with the prescriptions of model risk aimed at identifying, monitoring and mitigating model risk. Consequently, onboarded models have gone through a cycle of review, adjustment and independent validation. The effort will continue over the course of 2021.

The scope of operational risk has expanded over the last few years and includes, for example, conduct risk, compliance, legal, regulations, data protection, information risk and non-financial risk.

Group Operational Risk implemented the Enterprise-wide Risk Management Framework (ERMF) to govern the organization and management of non-financial risk within Quintet Group.

All non-financial risks have a Risk Appetite Statement and Framework document with clear and enforceable Group standards.

In 2020, the Group conducted the annual RCSA exercise in which all key processes were assessed to also identify the changes in the universe of risk impacting the business and support functions.

Inherent risks were identified through a full review process performed by respective functions with the support of the GORC and BRM functions, and through a control-testing programme resulting in the residual risks' conclusion and potential ERI items.

In term of Information Risk – acting as an independent second line of defense in close collaboration with IT Security and Data Protection Officer – the development of a dedicated Information Risk Framework (including a proper risk appetite and a comprehensive set of policies) has been achieved and rolled out across the Group.

3.2. STRUCTURE & ORGANIZATION

In view of the Group's structural transformation, the second line of risk defense has been reorganized by

strengthening its teams around group competence centers.

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

As of December 31, 2020, Group Risk Control is organized into four departments with a total of 43.1 full-time equivalent employees (FTEs) across its entities.

The **Group Information Risk Control** department's objective is to act as a second line of defense for controlling IT and Security risks related to digital/electronic information and assets.

The department (5.7 FTEs) is in charge of developing and maintaining the Information Risk Control Framework, to implement related IT risk policies, to monitor control implementation and to ensure adequate reporting over its activities to dedicated instances.

The key activities are the following:

- Implementation and maintenance of the Information Risk Management Framework, including:
  - An effective information risk management governance and information risk appetite approach
  - Definition of information-risk control policies aligned with the Bank's information-risk appetite and regulatory requirements
- Identification, review and measurement of information risks:
  - Review, assessment and follow-up of IT risk analysis performed by the first line of defense in the context of IT-related projects, IT environments and relationships with external IT providers
  - Review, assessment and follow-up of information risk control self-assessments (RCSA) as performed by the first line of defense
- Identification, review and measurement of information risks:
  - Review, assessment and follow-up of IT risk analysis performed by the first line of defense in the context of IT-related projects, IT environments and relationships with external IT providers
  - Review, assessment and follow-up of information risk control self-assessments (RCSA) as performed by the first line of defense
- Monitoring, control assessments and follow-up on mitigation of information risks:
  - Information risks are regularly monitored, and relevant Key Risk Indicators are assessed and adjusted
  - Information risk mitigation action plans are followed-up upon to ensure proper implementation and/or possible residual risk acceptance
- Information risk incident monitoring:
  - Incidents are reviewed and monitored to ensure resolution and adequate escalation to the dedicated entities
  - Involvement in specific investigations upon the request of the Authorized Management Committee
- Escalation and internal reporting:
  - Indicators, direction proposals, exceptions and potential issues are regularly escalated and reported to dedicated instances (e.g. Group Information Security & Risk Committee, Board Risk Committee) for adequate information, management and decisions
- Alignment and awareness programs:
  - The information risk-control culture is spread within the Group, including through communication to branches and

- subsidiaries and local representatives to ensure effective reporting at the Group level
- Similarly, information-risk control policies and best practices on critical topics are communicated to staff through adequate awareness programs

The **Credit Risk Control department**, with 10.5 FTEs, is in charge of monitoring credit risk for Luxembourg and for the Group, which arises from the following activities:

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

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

The **Lending Management** department reports to the Head of Credit Risk Control. Lending Management is in charge of:

- The implementation of loans by the parent company (especially the drafting of the loan documentation, as well as the complete setting up of the securities in accordance with the credit decision)
- Risk monitoring of each parent company loan facility during its lifetime
- Secretarial support for the Luxembourg and Group credit committees and acting as secretary for the Luxembourg Credit Committee

The **Group Operational Risk Control** (GORC) department, with 13.5 FTEs, has the following responsibilities:

- Independent second line of defense function that oversees, challenges and advises the activities of the first line of defense to prevent operational risk losses
- Identify, assess and manage operational risk and ensure alignment with the risk appetite
- Maintain a robust control environment by strengthening the risk culture and enabling business growth and preserving value

The department is also accountable for:

- Independent validation of the appropriateness of identification, evaluation and responsive actions determined by management
- Reporting and monitoring of issues, including escalation where appropriate
- Establishing and managing discussion forums for operational risk issues

In addition, the following activities form part of the GORC responsibilities:

- Risk Control Advisory
- Risk reviews with new business/markets/ products/process improvement/change/ transformation/outsourcing
- Enterprise-wide Risk Inventory (ERI) governance, oversight and reporting
- Second line of defense control testing (check and challenge)
- Reporting to the AMC, Boards and regulators
- Scenario analysis & ICAAP reporting
- Risk culture and awareness operational risk training

In each key entity, a committee (the Board Risk Compliance & Legal Committee, or "BRCLC" in subsidiaries and the Board Risk Committee, or "BRC," at Quintet) supervises operational risk management process and takes appropriate decisions.

The **Financial Risk & Reporting** department (13.4 FTEs) has various responsibilities:

- It monitors and escalates market risk (interest rate, price, currency, real estate and liquidity risks) carried by the entire balance sheet, including both ALM and trading activities to the different levels of management from Global Markets/ALM senior management to the Board Risk Committee. Group liquidity risk, including the reporting and the interpretation and implementation of EU regulatory requirements, is also under the Financial Risk & Reporting responsibilities
- The department is also responsible for (i) portfolios of fixed-income investments, in the context of the reinvestment of excess liquidity, (ii) counterparty risk linked to money market transactions contracted between Global Markets and a network of banking counterparties, and (iii) credit risk carried by the network of sub-custodians
- The department is in charge of risk modelling and quantitative analysis. It designs and implements all risk models (market, credit and operational VaRs, internal stress test, product scoring, ECL, etc.) and provides quantitative support to other Group and local functions The department is as well responsible for risk data management, designing and maintaining an efficient risk database and reporting tool
- The department covers transversal risk matters, such as internal and regulatory risk reporting (i.e. monthly/quarterly risk reports, ICAAP, Recovery Plan, Single Resolution Board reporting, etc.) and regulatory watch in addition to the risk-related projects through the Group

RESULT ALLOCATION PROPOSAL

At its meeting on March 31, 2021, the Board of Directors proposes to allocate the 2020 net loss of €-98,312,227 to the retained earnings.

On April 23, 2021, this allocation will be submitted for the approval of the Annual General Meeting.

COMPOSITION OF THE BOARD OF DIRECTORS

The Ordinary General Meeting of April 15, 2020, approved the renewal of the mandates of the following Directors:

- Jan Maarten de Jong
- George Nasra
- Albert Wildgen
- Marco Mazzucchelli
- Peter Vandekerckhove

The Ordinary General Meeting of April 15, 2020, also approved the appointment of Rory Tapner and Jakob Stott as members of the Board of Directors subject to regulatory approval.

Following the approval of Rory Tapner as Chair, Jan Maarten de Jong handed over the Chairmanship of the Board of Directors to Rory Tapner on May 26, 2020, and resigned the same day.

Jakob Stott was confirmed as a Board member on June 22, 2020.

The mandates of the following Directors ended on December 15, 2020:

- Anne Reuland
- Peter Vandekerckhove
- Alfred Bouckaert
- Albert Wildgen

DECLARATION ON THE CONFORMITY OF THE 2020 ACCOUNTS

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

Luxembourg; March 31, 2021

JAKOB STOTT
Group CEO

NICHOLAS HARVEY
Group Chief Financial Officer

NON-FINANCIAL & DIVERSITY INFORMATION

In line with European Commission Directive 2014/95/EU on the disclosure of non-financial and diversity information, Quintet Private Bank is pleased to provide its annual report of environmental, social and governance-related initiatives and impacts, complementing the information provided in the group's 2020 consolidated and non-consolidated report.

Wherever possible, the information and data contained in this report encompass the activities of the group as a whole. Given that the group's headquarters are in Luxembourg, where 33% of its staff is based, particular emphasis is placed on Quintet's environmental, social and governance-related initiatives and impacts in the Grand Duchy.

SUSTAINABILITY & RESPONSIBILITY

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

Financial services organizations have a unique opportunity to demonstrate to their stakeholders (including but not limited to clients, employees and the community at large) that they act responsibly. At Quintet, we are committed to doing well for our clients, doing right by our people and doing well in the communities in which we operate. That commitment is shared across our group and brought to life by our 2,000 staff in 50 European cities. As a fully compliant company, we ensure that we are a sustainable, trusted and committed partner for our clients, truly integrated in our communities.

Founded in Luxembourg more than 70 years ago and with centuries of collective heritage, we know that our group must continue to change with the times to bring that commitment to life. We are therefore pleased to report, for the fourth time, our environmental, social and governance-related initiatives and impacts – recognizing that such reporting can and must grow richer over time.

ENVIRONMENTAL IMPACT

In 2020, as a consequence of the pandemic, our planet heaved a sigh of relief. As economic activity slowed and people travelled less, the pall of smog over countless cities thinned. At Quintet, like at firms worldwide, our own environmental impact was reduced dramatically, as reflected in this report.

As we look forward to the post-pandemic world, we all need to contribute to a recovery that delivers lasting, positive change. We must build back better – not simply return to business as usual.

At Quintet, we can make a measurable impact in this regard through our actions as a firm and the investment solutions we provide, including through our commitment to making sustainable investing our default approach. We can deliver performance *and* make a lasting difference. There's no trade-off.

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

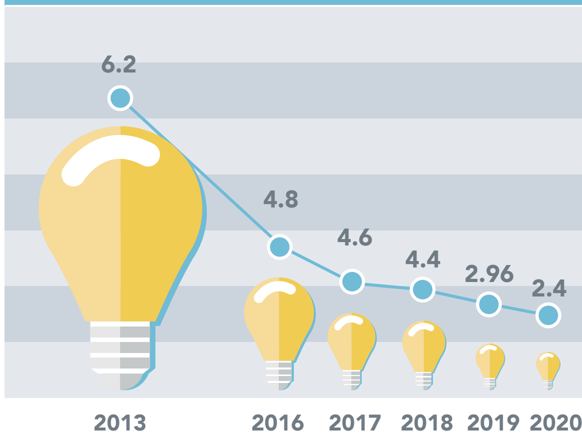
In Luxembourg, the Real Estate & Logistics department develops, executes and follows up on such environmental impact initiatives, acting under the supervision of the Group COO.

Carbon footprint: In September 2016, the group entered into a partnership with Egencia, a business travel solutions provider. Consequently, we track, trace and seek to reduce our carbon footprint at group level. At the same time, our policy is to favor and actively promote business-related travel by public transportation (including train, bus and on some occasions carpooling).

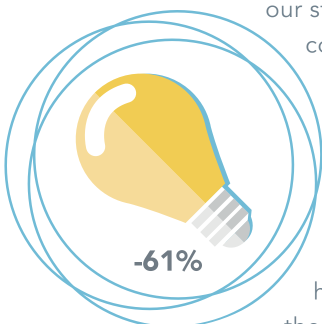
FLIGHT CARBON FOOTPRINT BY CO2 EMISSIONS, IN KG, BY QUINTET ENTITY IN 2019 & 2020	2019	2020
Quintet Luxembourg	298,367	90,963
Merck Finck	176,645	42,988
InsingerGilissen	35,879	21,636
Brown Shipley	108,315	10,448
Quintet Switzerland	n/a	3,661
Puilaetco	9,862	1,500
Total	629,068	171,196

Electricity consumption: Over the past several years, reflecting increasing awareness of the environmental impact of electricity consumption, Quintet, in Luxembourg and across the group's operations, has put in place measures to reduce consumption. In Luxembourg, for example, electricity consumption has been reduced by 61% since 2013.

ELECTRICITY CONSUMPTION, IN GWH, BY QUINTET IN LUXEMBOURG FROM 2013-2020

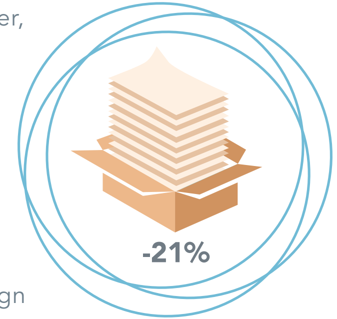


The decrease in electricity consumption at Quintet in Luxembourg in 2019 was due to the outsourcing of data centers and the reduction in the number of buildings. As for 2020, with most of our staff working from home, electricity consumption decreased further.



In addition, since January 2020, the supply of electrical energy in our Luxembourg offices has been derived entirely from renewable sources of hydroelectric power, as certified by the Luxembourg Energy Office.

Paper usage: In line with best practices, printers at every group entity are preconfigured to print in black and white and recto-verso, reducing paper and ink usage. All entities also use FSC-certified paper, ensuring that the wood within the product is from FSC-certified material, recycled material or controlled wood. The group also developed and put in place a long-term internal awareness campaign to reduce unnecessary and/or excessive printing. Consequently, the consumption of A4 paper in Luxembourg declined steadily. In 2020, we consumed 1.48 million sheets of paper in Luxembourg, which corresponds to 178 trees.



FSC A4 PAPER CONSUMPTION AT QUINTET IN LUXEMBOURG FROM 2017-2020	2017	2018	2019	2020
Quintet Luxembourg	4,300,000	3,749,000	2,668,455	2,098,811

Waste treatment: In Luxembourg, Quintet earned SuperDrecksKëscht®fir Betriber status 12 years ago, reflecting the organization's sustained commitment to responsible treatment of waste, including the fact that some 50 tons of organic waste is annually converted into a source of industrial heating. The country's Environmental Administration, the Chamber of Commerce, confers this status and Chamber of Trades based on the sustainable management of waste in line with environmental standards.

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

Since March 2019, Quintet has been a member of the "Zero Single-Use Plastic" initiative of IMS Luxembourg in order to abolish single-use plastic and reduce waste. This project led to the eradication of disposable plastic utensils (such as plates, cups, cutlery and straws) in our canteen. Likewise, we set up a reusable food container called "EcoBox" for takeaway, removed plastic bottles from dispensers and introduced new waste sorting bins.

QUINTET IS A SIGNATORY TO THE "ZERO SINGLE USE PLASTIC" CHARTER

Throughout our operations, we committed to banning single-use plastics. At Quintet Switzerland, for example, clients and staff are provided with reusable dishes and cutlery. Everywhere we do business, we no longer provide any single-use plastic products – in line with a pledge our firm made early in 2020. We are proud to have lived up to that promise.

An initial audit of single-use plastic at Quintet in Luxembourg – conducted by IMS, a network of Luxembourg companies involved in CSR – showed annual consumption of 1,412 kilos of single-use plastic. A subsequent audit, conducted in December 2020, showed that annual consumption had been reduced to just 9 kilos, a reduction of 1.4 tons of single-use plastic.

Sustainable construction

Across Quintet, we are investing in environmentally-conscious infrastructure, changing the way we interact and work. In Switzerland, a sustainable acoustic ceiling was installed at our new offices at Gartenstrasse: the installation is made of recycled PET and not only improves acoustics, but also lends a dynamic and unique touch to offices and meeting rooms.

Brown Shipley relocated to a new purpose-built, eco-friendly office in Nottingham. The new office is part of Brown Shipley's drive to reduce its carbon footprint and includes features such as solar panels, electric vehicle charge points, energy efficient heating and lighting, covered cycle storage and recycling stations along with dedicated video conferencing rooms. The space is also designed to encourage flexible working.

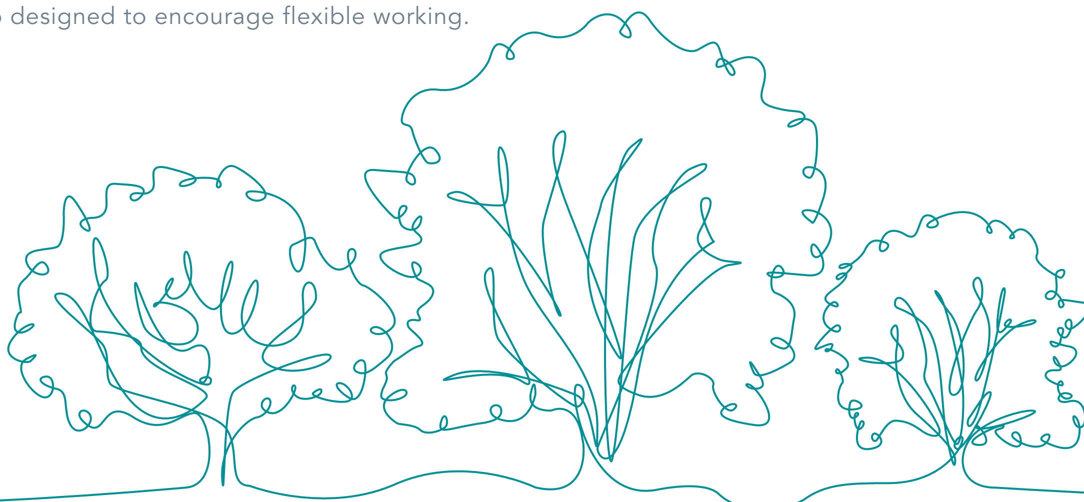
In 2019, InsingerGilissen acquired a 1930's villa in Eindhoven for its new office there. This historic building presented a challenge since it had a poor energy score (G). With sustainability and energy savings in mind, the renovation work took nine months and resulted in the building receiving the best energy score (A). Some of the green solutions used included LED lights with presence timers, roof-to-floor insulation, high-end central heating, etc.

INVESTOR ENGAGEMENT & ACTIVE OWNERSHIP

In February 2020, Quintet joined Climate Action 100+, a leading collaborative investor engagement initiative, seeking to ensure that the world's largest corporate greenhouse gas emitters take the necessary action on climate change. Investors such as Quintet participating in Climate Action 100+ engage the world's largest 100 "systemically important emitters," plus more than 60 other companies that have been identified as having material climate-change investment risks or that will be key to a broader net-zero emissions transition. We believe joining this initiative is a logical step to protect our planet and as we recognize the importance of climate risk in our investments.

We place sustainability at the heart of our business and as the driver of the investments we make on behalf of our clients. We engage as active owners because we are convinced that more sustainable practices make for better companies, benefitting shareholders, people and the planet.

Active ownership entails identifying companies with environmental, social and governance issues and/or business strategy deficiencies, and working with management through dialogue and shareholder meetings to improve company practices and performances.



Voting by Quintet and all its affiliates is centralized by a Voting Committee. The latter monitors recommendations of our proxy voting provider, Glass Lewis, to ensure consistency with Quintet policies. This centralized organization ensures harmonized decisions for all our holdings. We seek to vote, where possible and feasible, at all shareholder meetings of the companies in which we invest for our clients. Currently, we vote for direct line equities held by Brown Shipley, InsingerGilissen Asset Management and Rivertree Investment Funds.

OVER 10,000 PROPOSALS VOTED AT 710 MEETINGS

Quintet exercises active ownership by voting at general meetings and through dialogue with companies. In 2020, Quintet voted on over 10,000 proposals at more than 710 shareholder meetings across the world.

During the year, we supported 96% of environmental-related proposals. We notably encouraged increased disclosure of companies' environmental risk and supported all proposals requesting companies to develop greenhouse gas emissions reduction goals. We also supported all proposals flagged by Climate Action 100+ for which we voted. These notably included lobbying disclosure resolutions at the meetings of Caterpillar, Duke Energy, Chevron and Delta Air Lines.

We supported 94% of social-related shareholder proposals. We widely supported proposals asking that companies sufficiently address human capital management and diversity issues, such as at the AGM of Alphabet, Amazon and Walmart.

769 COMPANIES ENGAGED

In 2020, our partner, EOS at Federated Hermes, engaged with 769 companies on our behalf on 2,849 environmental, social and governance issues and objectives.

Engagement addressed key risks, challenges and opportunities faced by companies, covering environmental, social, governance, strategy, risk and communication matters. Engagement covers companies in which we hold shares or bonds on behalf of our in-house managed funds and advisory and discretionary mandates.

SOCIAL RESPONSIBILITY

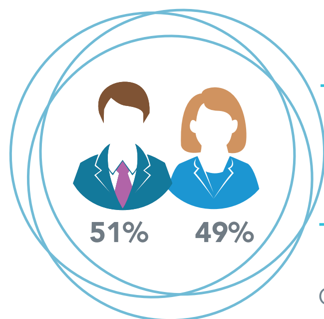
In every market in which we operate, Quintet recognizes diversity as a source of strength, invests in the life-long professional development of our people and commits to contributing to the well-being of the local community.

In each of our markets, the local HR department, supported by Group HR, develops, executes and follows up on policies and strategies to measure and promote staff diversity, and leads staff training and professional development activities. Corporate social responsibility activities are typically led by HR and Corporate Communications, with oversight by senior management and/or a committee dedicated to CSR actions, which must be in line with the established Group CSR Policy. Such budgets are allocated locally.

Diversity: Quintet is an equal-opportunity employer, committed to ensuring that every employee – no matter their gender, their age, their sexual orientation, the color of their skin or their physical abilities – is treated with the respect and fairness that everyone deserves. At the group's headquarters and across our pan-European network, we place special emphasis on improving gender parity, over time, at all levels of organization.

Approximately 50% of Luxembourg-based staff are female, while an average of 43% of staff in the group are women. Meanwhile, staff in Luxembourg (Quintet, KTL and Puilaetco Luxembourg) are highly multicultural, including 26 different nationalities, led by French (38%), Belgians (33%) and Luxembourgers (12%). On average, affiliates employ staff of 15 different nationalities.

The average age of a Quintet employee is 45, reflecting the level of experience typically required for staff in this sector of activity; our employees have served at the firm, on average, for 12 years.



APPROXIMATELY 50% OF LUXEMBOURG-BASED STAFF ARE FEMALE

Quintet actively seeks to hire, train and promote younger employees. In Luxembourg, relevant actions include an initiative known as the "Kaleidoscope Programme," a two-year, customized integration programme that allows high-achieving recent graduates to explore key departments of the bank and gain a uniquely comprehensive understanding of the financial services sector. This programme, initiated more than 30 years ago, has produced generations of executives, with two participants in 2020.

COMPOSITION OF QUINTET PRIVATE BANK ENTITIES BY AGE, SENIORITY, GENDER & NATIONALITY

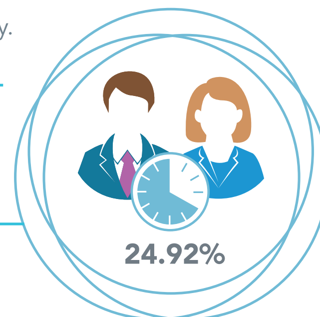
	Age	Seniority	Men	Women	Nat.
Quintet Private Bank	45.8	14.6	325	321	26
Merck Finck	48	13	150	128	7
Brown Shipley	43	8.4	229	171	19
Puilaetco Luxembourg	47	12.1	112	86	3
InsingerGilissen	47	12.2	232	123	20
Quintet Switzerland	43	n/a	57	28	17

Training, development & well-being: Training is an imperative for all Quintet staff, no matter their age or experience, especially given the rapid pace of change in the private banking sector. At Quintet, we provide our people with ongoing opportunities to grow personally and professionally. Training ranges from IT to soft skills to language learning – ensuring that career growth remains continuous.

Quintet promotes flexibility and recognizes the importance of work-life balance. In Luxembourg, more than one-quarter of all staff work part-time, and remote access is increasingly proposed as a solution – on a periodic basis, in line with relevant regulations – particularly for working parents. In 2020, due to the pandemic, the vast majority of all staff primarily worked from home.

Across the group, investments are made on an ongoing basis in employee well-being, including significant enhancements to the physical office space in Luxembourg. Whether it is providing baskets of fresh fruit, employee changing rooms and showers, or social activities, Quintet rewards its people for their hard work, dedication and client-centricity.

PERCENTAGE OF PART-TIME STAFF AT QUINTET IN LUXEMBOURG (2020) 24.92%



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

In 2020, Quintet donated approximately €50,000 to charitable associations in Luxembourg, including the Fondatioun Kriibskrank Kanner (which accompanies children fighting cancer or a rare and life-threatening disease and their families) the Luxembourg Autism Foundation, Relais Pour la Vie, the Luxembourg Red Cross, Iles de Pix, Fondation Partage and many other causes. Whenever possible, Quintet facilitates opportunities for its staff to participate in charitable initiatives.

Outside the Grand Duchy, Quintet branches and affiliates are likewise very active in their local community, including by sponsoring children's welfare initiatives (Puilaetco), cultural initiatives (Merck Finck, InsingerGilissen and Puilaetco), and various fundraisers to support local charities (Brown Shipley).

In December 2020, Quintet appointed a corporate social responsibility strategist to develop a group-wide approach to CSR. This will ensure Quintet's operations and investment offering are fully aligned and that both share the same highs standards. In 2022, we aim to report on our new corporate sustainability framework and, for the first time, on our group's consolidated carbon footprint.

COMPLIANCE NORMS & POLICIES

The Quintet Group, being Quintet Private Bank including all its branches and subsidiaries (hereafter the "Group"), is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance.

As outlined in Appendix 2, Compliance Risk, the Compliance function is defined in the Compliance Policy as a permanent and independent function. Its main aim is to protect Quintet Group against the risk of non-compliance and against the risk of damage due to the non-respect of internal or external rules that fall within the scope of Compliance or the fields attributed to it by the Board of Directors and the Authorized Management Committee. The operating procedures of this function – in terms of objectives, responsibilities and powers – are laid down in the Compliance Charter drawn up by the Compliance department and approved by the Authorized Management Committee and the Board of Directors.

The Compliance Charter

The Group Compliance Charter sets out the guiding principles of the Compliance function within the Quintet Group. It defines the mission statement, key roles and responsibilities, governance and organizational principles of the Compliance function. It documents sound practices to help ensure that Compliance function activities are managed and controlled in an effective and consistent manner across the Quintet Group locations and legal entities.

In addition, it describes the different mechanisms and processes implemented in order to ensure the respective roles and responsibilities. Further it:

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

The Compliance function has in its scope all compliance risks in connection with all activities of the Group and its entities, and primarily addresses the following:

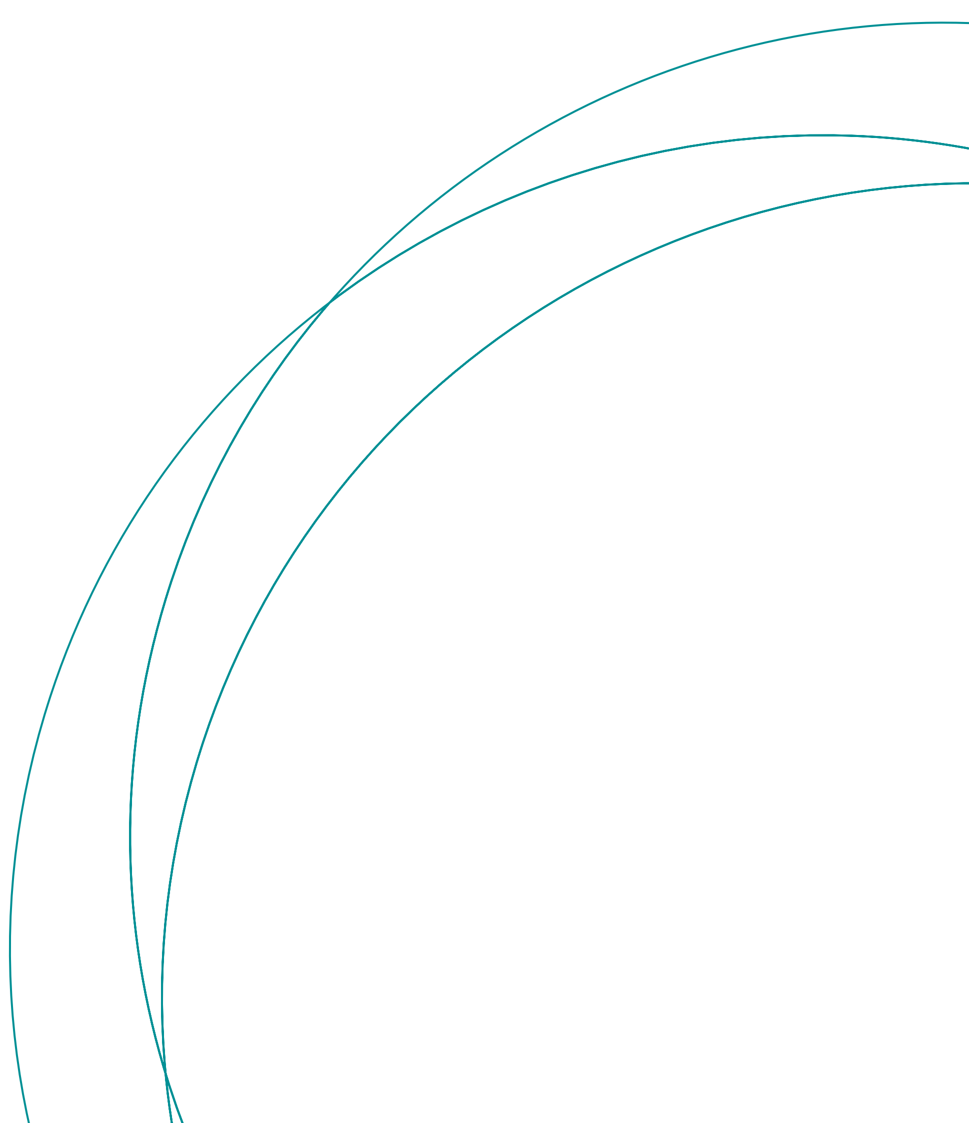
- The fight against money laundering and the financing of terrorism
- Prevention of market abuse
- Monitoring of personal transactions
- Protection of the integrity of the financial instruments markets

- Protection of customer, investor and consumer interests
- Observance of professional secrecy
- Avoidance and management of conflicts of interests
- Prevention of the use of the financial sector by third parties to circumvent their regulatory obligations
- Management of compliance risks related to cross-border activities
- Promotion of ethics and professional conduct (codes of conduct, Compliance manuals)
- The fight against fraud (internal and external) and corruption
- Monitoring of complaint handling
- Involvement in the new products approval process
- Taking actions against internal or external fraudulent behavior and breaches of discipline

The following primary Compliance policies, guidelines and standards – available via the Quintet Luxembourg website – are applicable across Quintet Private Bank:

- Compliance Charter
- Compliance Policy
- Code of Protection of Whistle Blowers
- Conflict of Interest Policy
- Conduct of Business Policy
- Code of Conduct
- Anti-corruption and Bribery Policy
- Cross-border Policy
- AML Group Standard
- Group Investor Protection Policy
- Market Abuse Policy
- Policy Relating to the Exercise of Mandates by Employees

Via various compulsory training sessions, every Quintet employee has been made fully aware of their role in the fight against money-laundering and terrorism financing.



We add security and reduce worry

Our clients prize efficient access to liquidity to fund their future, ideas that will make their wealth grow and experts who will guide them. With the freedom to seize a world of opportunities, they enjoy the peace of mind that comes with knowing their partner is as solid as a rock – with a strong shareholder, a robust capital base, ECB regulated and a commitment to delivering on every promise we make.

CONTACT INFORMATION

QUINTET PRIVATE BANK (EUROPE) S.A.

43, boulevard Royal
L-2955 Luxembourg
T: +352 4797-1
F: +352 4797-73900
contact@quintet.com
www.quintet.com
R.C. Luxembourg B 6395

PRIVATE BANKING

PRIVATE BANKING
43, boulevard Royal
L-2955 Luxembourg
+352 4797-2099

UHNWI SERVICES
43, boulevard Royal
L-2955 Luxembourg
+352 4797-3135

GENERAL DEPARTMENTS

Corporate Center Support	+352 4797-3453
Human Resources	+352 4797-3906
Legal	+352 4797-3113
Finance	+352 4797-2987
Tax	+352 4797-2987
Corporate Communications	+352 4797-2658
Risk	+352 4797-3959

PROFESSIONAL CLIENTS

GLOBAL MARKETS

Money Markets	+352 2621-0311
Forex	+352 2621-0333
Bullion	+352 2621-0355
Repos & Securities Lending	+352 2621-0322
Fiduciary Deposits	+352 2621-0344
Execution Desk	
Money Market	+352 2621-0144
Fixed Income	+352 2621-0133
Listed Products (Equities, Derivatives, ETFs)	+352 2621-0211
Third-Party Funds	+352 2621-0222
Group Structured Solutions	+352 2621-0233
Business Management & Financial Institutions	+352 4797-2551

AS&FIM – BUSINESS DEVELOPMENT

Business Development Fund Solutions Desk	+352 4797 3839
Business Development Inter-Bank & Insurance Companies Desk	+352 4797 4545
Business Development Financial Intermediaries (FIM) Desk	+352 4797 2496

AS&FIM – CLIENT RELATIONSHIP MANAGEMENT

Client Relationship Management	+352 4797-2495

MISCELLANEOUS

myQuintet	+352 4797-2500

KREDIETRUST LUXEMBOURG S.A.

88, Grand Rue
L-1660 Luxembourg
T: +352 4797-3822
F: +352 4797-73930
R.C. Luxembourg B 65 896

Asset Management	+352 4797-4592
Legal & Risk Management	+352 4797-3615
Fund Structuring & Domiciliation	+352 4797-4550
Investment Research	+352 4797-4565
Private Equity	+352 4797-3459

QUINTET PRIVATE BANK (EUROPE) S.A.

ASSET SERVICING & FIM
+352 4797-2316

FINANCIAL INSTITUTIONS
Global Markets
+352 4797-2551
financial.institutions@quintet.com

BRANCHES & SUBSIDIARIES

BELGIUM
PUILAETCO
46, avenue Herrmann Debroux
B-1160 Brussels
+32 2 679 45 11
www.puilaetco.be

DENMARK
QUINTET DANMARK
Sankt Annae Plads 13, 3 tv
1250 Copenhagen C
+45 33 34 3580
www.quintet.dk

GERMANY
MERCK FINCK
Pacellistrasse 16
D-80333 Munich
+49 89 21 04 16 52
www.merckfinck.de

LUXEMBOURG
QUINTET LUXEMBOURG
43, boulevard Royal
L-2955 Luxembourg
+352 47 97 1
www.quintet.lu

BANQUE PUILAETCO
LUXEMBOURG
163, rue du Kiem
L-8030 Strassen
+352 47 30 251
www.puilaetco.lu

NETHERLANDS
INSINGERGILISSEN
Herengracht 537
NL-1017 BV Amsterdam
+31 20 521 5000
www.insingergilissen.nl

SWITZERLAND
QUINTET SWITZERLAND
Bahnhofstrasse 13
CH-8001 Zurich
+41 44 914 6000
www.quintet.com/en-ch

UNITED KINGDOM
BROWN SHIPLEY
2 Moorgate
London
EC2R 6AG
+44 207 606 9833
www.brownshipley.com

43, BOULEVARD ROYAL
L-2955 LUXEMBOURG
T: +352 47 97-1
CONTACT@QUINTET.COM

WWW.QUINTET.COM