PILLAR III:
REPORT 2021

CONTENTS

Contents 2
Glossary 4
Note to readers 5
1. Declaration of the Management Body 6
2. Introduction 7
3. Structure of Quintet Group 11
4. Corporate governance & decision structure 12
5. Risk management approach at Quintet 16
5.1 Risk Appetite Statement and Risk Taxonomy 16
5.2 Three lines of defence 18
5.3 Risk Control function 19
5.4 Risk Committees 23
6. Own funds, capital adequacy & group solvency 25
6.1 Regulatory capital adequacy 25
6.1.1 Own funds instruments 26
6.1.2 Capital requirements 26
6.1.3 Leverage ratio 28
6.1.4 Countercyclical buffer 31
6.2 Internal own funds adequacy evaluation – Pillar II 31
7. Credit risk 32
7.1 Credit risk management 32
7.2 Credit risk exposure 34
7.2.1 Methodology 34
7.2.2 Credit risk exposures data 36
7.3 Counterparty credit risk 38
7.4 Non-performing exposures 41
7.5 Credit risk mitigation techniques 44
8. Market risk 52
8.1 Strategies related to market risk 52
8.2 Market risk management processes 53
8.3 Market risk governance 53
9. Operational risk 55
9.1 Governance of operational risk management 55
9.2 Entities in charge of Operational Risk Management 55
9.3 Operational risk identification 56
9.4 Operational Risk Mitigation Techniques 59
9.5 Capital Requirements for Operational Risk 62
10. ALM risks 63
10.1 ALM strategies 63
10.2 ALM risks measurement 65
10.3 ALM Governance 66
11. Liquidity risk 68
11.1 Risk management objectives and policies for liquidity risk 68
11.2 Liquidity risk management process and strategy 68
11.3 Liquidity risk governance 69
11.4 Liquidity risk measurement systems 69
11.5 Liquidity risk mitigating measures 70
11.6 Management statement on the adequacy of liquidity risk management arrangements 70
11.7 Management statement on the overall liquidity risk profile of the Group 71
11.8 Disclosure of quantitative & qualitative information on LCR 71
11.9 Additional qualitative information on LCR 72
11.10 Disclosure of quantitative & qualitative information on NSFR 73
11.11 Encumbered Assets 75
12. Other material risks 77
12.1 Business environment & strategic Risk 77
12.2 Capital Risk 77
12.3 Social and Governance Risk 77
12.4 Climate-related and Environment Risk (CRE) 78
12.4.1 Business model and strategy 79
12.4.2 Governance and risk appetitie 80
12.4.3 Risk management 80
12.4.4 Scenario analysis and stress testing 83
13. Remuneration Policy 85
13.1 Context and Principles 85
13.2 The Group Board Remuneration & Nomination Committee 85
13.3 Activity in 2021 87
13.4 Information on the Management Body 88
13.5 Identification of the Material Risk Takers 90
13.6 The remuneration process 91
13.7 Remuneration, Performance and Risk Appetite 93

13.8 Level of Remuneration 94
13.9 Risk-Adjusted Remuneration, Malus and Clawback Provisions 94
14. Appendix 96
Appendix 1 – Differences between accounting and regulatory scopes 96
Appendix 2 – Own funds disclosure 98
Appendix 3 – Reconciliation of regulatory own funds to balance sheet 100
Appendix 4 – Prudent Valuation Adjustments (PVA) 101
Appendix 5– Balance sheet reconciliation 102
Appendix 6 – Reconciliation between accounting and prudential own funds 104
Appendix 7 – Countercyclical capital buffer 105
Appendix 8 – CET 1 instrument full terms and conditions 106
Appendix 9 – Main features of capital instruments 120
Appendix 10 – Specific COVID-19 disclosure 121
Appendix 11 – The tables EU LIQ2 on NSFR as at 30 September 2021 & 30 June 22 122
Appendix 12 – Templates on remuneration EU Rem 1 to EU Rem 5 124
Appendix 13 – Mapping with Pillar 3 requirements 126

GLOSSARY

ALCO | Asset-Liability Committee
ALM | Asset and Liability Management
AMC | Authorized Management Committee
AuM | Assets under Management
BRCC | Board Risk Compliance Committee
CCR | Counterparty Credit Risk
CEO | Chief Executive Officer
CFO | Chief Finance Officer
CRO | Chief Risk Officer
CIO | Chief Investment Officer
CIU | Collective Investment Undertaking
COO | Chief Operating Officer
CQS | Credit Quality Step
CRD IV | Capital Requirements Directive Package IV
CRM | Credit Risk Mitigation
CRR | Capital Requirements Regulation
CSA | Credit Support Annex
CSSF | Commission de Surveillance du Secteur Financier
EaD | Exposure at Default
EBA | European Banking Authority
ECAI | External Credit Assessment Institution
ECap | Economic Capital
ECB | European Central Bank
FVOCI | Fair Value through Other Comprehensive Income
FX | Foreign Exchange
GDPR | General Data Protection Regulation
GMRA | Global Master Repurchase Agreement
GMSLA | Global Master Securities Lending Agreement GRC| Group Risk Committee (AMC level)
GORC | Group Operational Risk Control
GTRM | Group Trading Risk Meeting
IC(L)AAP | Internal Capital (and Liquidity) Adequacy Assessment Process
ISDA | International Swaps and Derivatives Association
LoD1 | First line of Defence
LoD2 | Second line of Defence
LORM | Local Operational Risk Management
M-t-M | Mark-to-Market
MRT | Material Risk Taker
OCI | Other Comprehensive Income
OTC | Over the Counter
P&L | Profit & Loss
PVR | Pledge Value Rate
RCSA | Risk Control Self-Assessment
STA | Standardised Approach
RWA | Risk Weighted Assets
VaR | Value at Risk
YtD | Year to Date

Note to readers

Quintet Private Bank (Europe) S.A., hereinafter referred to as the 'Bank', the 'Group' or 'Quintet', is a banking group headquartered in Luxembourg that provides private banking services through its network of European private banks. All figures published in this report refer to Group consolidated figures.

As a significant European banking group incorporated in Luxembourg, Quintet is directly subject to the prudential supervision of the European Central Bank (ECB). This Pillar III Report provides disclosures for Quintet Private Bank (Europe) S.A. This document follows the requirements as enclosed in the amended versions of Regulation (EU) 575/2013 known as the Capital Requirements Regulation or "CRR", more specifically in Part Eight of this Regulation and as recommended by EBA Guidelines EBA/GL/2016/11. Therefore, this Pillar III 2021 Report follows the requirements set out in the amended CRR (CRR2) as per Regulation (EU) 2019/876 of the European Parliament and of the Council as well as Luxembourg CSSF Regulation 18-03, which transposes the CRR into Luxembourg national law; CSSF Circular 15/618, which transposes the EBA guidelines on materiality; and CSSF Circular 17/673 on the adoption of the European Banking Authority (EBA) Guidelines on disclosure requirements under Part Eight of the Regulation.

CRR2 and the Implementing Technical Standards (ITS) reinforce market discipline by increasing consistency and comparability in the disclosure templates, tables and instructions.

The Covid-19 related disclosure, CSSF Circular 20/749, required additional reporting and disclosure requirements to be introduced in response to the Covid-19 crisis. These templates are related to loans and advances that are subject to legislative and non-legislative moratoria (also referred to as subject to EBA compliant moratoria) and (newly originated) loans and advances that are subject to public guarantee schemes introduced in response to the Covid-19 crisis.

On 24 January 2022, the EBA published its final draft Implementing Technical Standard ITS on Pillar III disclosure on Environmental, Social and Governance risks. The CSSF published a statement on 1 April 2022 on the application of Regulation (EU) 2019/2088 2019/2088 on sustainability-related disclosures. This new regulation will be implemented for the next Pillar III disclosure for the 2022 calendar year.

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

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

Throughout this report, references are made to the annual financial statements, which are available on Quintet's website (www.quintet.com) and filed with the Registre de Commerce et des Sociétés in Luxembourg.

1. Declaration of the Management Body

The Management attests that the disclosures provided according to Part Eight of the CRR (i.e. the present Pillar III 2021) have been prepared in accordance with the internal control processes it agrees on.

The information provided in this report is guaranteed by a strong process of validation by the Quintet Management Board. The 2021 report was validated by the Chief Risk Officer, approved for publication by the Authorised Management Committee on 22 June 2022 and the Board Risk and Compliance Committee on 11 July 2022.

The Management also ensures the risk management arrangements of Quintet Group are adequate with regard to the Bank's profile and strategy, these arrangements already being implemented or forming part of an action plan with the aim of achieving this objective.

This section presents a high-level summary of Quintet's risk profile.

This declaration is based on the reliability of the risk-related information communicated to Management through the dedicated channels foreseen by the governance.
In particular, the Board Risk and Compliance Committee – a sub-committee of the Board – is the forum where risk exposures are compared to the Board's risk appetite, and where significant risk events and issues are reported and discussed.

Common Equity Tier 1 ratio (CET1)
17.98%
2020 : 19.61%
(see page 25)

Risk weighted assets (RWA)
€3.1bn
2020 : 3.1 bn
(see page 27)

Leverage ratio
4.79%
2020 : 5.65%
(see page 30)

Liquidity coverage ratio (LCR)
138%
2020 : 139%
(see page 72)

Net Stable Funding ratio (NSFR)
137%
(see page 74)

Own Funds requirement for Operational risk
€56.7m
2020 : 54.1 m
(see page 64)

2. Introduction

The goal of the Pillar III Report 2021 is two-fold. First, the report aims to provide a clear view of the way the risks faced by the Bank are processed internally through each of its entities. Second, the report draws a fair picture of the risks to which the Bank is exposed by providing various datasets related to those risks from a prudential point of view under the regulatory framework established by the Capital Requirement Directive (CRD IV).

In order to achieve this two-fold goal, the report is organised as follows:

Section 3
presents the structure of the Bank and more precisely its entities in the accounting and prudential scopes of consolidation as of 31/12/2021, its global decision-making structure;

Section 4
describes the corporate governance structure;

Section 5
describes the risk management approach and roles played by the departments involved in the risk management of the Bank at each of the levels of control;

Section 6
summarises Quintet's Pillar I prudential figures, leverage ratio and countercyclical capital buffers;

Section 7
focuses on governance and data related to credit risk;

Section 8
focuses on governance and data related to market risk;

Section 9
focuses on governance and data related to operational risk;

Sections 10
focuses on equity holdings ALM risk;

Sections 11 and 12
are respectively devoted to liquidity risk, encumbered assets and other risks;

Section 13
presents the remuneration policy of the Bank;

Section 14
is dedicated to appendices and provides additional information related to the above-mentioned sections.

SIGNIFICANT EVENTS IN 2021

2021 was a year of delivery of many strategic projects started in 2020 by the Group.

Commercial

In 2021, the Group focused on streamlining the offering and increasing the efficiency of the front office. Several entities registered strong commercial results, collected the benefits from the streamlining of its offering and the allocation of its clients to the appropriate offering and service model.

The Asset Servicing & Financial Intermediaries (FIM) activities across the Group registered strong inflows.

Organisational

The Covid-19 crisis continued to create a challenging operating environment, with staff present onsite across various locations in line with local sanitary restrictions. Thanks to the existing remote working capabilities and the efforts made by staff members, the Group was able to provide continuity in its services offered to clients across the year. Overall, the onsite operations were reduced and there was only a limited number of infections amongst staff present on site.

Risk and compliance awareness were further improved across the Group. The new Group Business and Risk Management function (hereinafter "BRM") plays an important role in ensuring the first Line of Defence is providing the right level of comfort on the effectiveness of its control framework.

The Group also decided to divest its activities in Spain, with the clients and part of the staff being transferred to Singular Bank Spain. This divestment was concluded at the end of 2021 with the liquidation of the operational entities in Spain.

Governance model

The new matrix model has been fully rolled out across the Group, enabled largely by the merger of EU-based subsidiaries at the end of 2020. Although the pandemic somewhat slowed down implementation, Group functions now steer the matrix organisation on a continuous basis. There is also a continuous alignment between Group functions and country managers on the respective functional charters.

Governance bodies

The Board of Directors welcomed two new members with the appointment of A. Bashenko and T. Franzen in the course of 2021. The employee representatives have been fully integrated into the workings of the Board following the acknowledgement of their nomination by the ECB in March 2021.

B. Crawford and P. Tremble joined the AMC in Q1 2021 in charge respectively of Global Products & Solutions ("GPS") and Risk Control. E. Leenaars joined the AMC in Q2 2021 in charge of Operations.

At branch level, the retirement of P. Sieradzki, the longstanding country manager of our Dutch activities is to be noted. He was replaced by F. Koster, who started on 1 January 2022. Following a reshuffle at the level of the Luxemburg Wealth Management ("WM") activities, M. Savenay took the helm of the WM activities at Quintet Luxemburg and was replaced by R. Krafft as country manager for Quintet Germany.

Banque Puilaetco Luxembourg S.A.

Following a strategic review, it was decided in mid-2021 to proceed with the absorption of Banque Puilaetco Luxembourg S.A. by its parent company Quintet Private Bank (Europe) S.A.

Banque Puilaetco Luxembourg S.A. terminated its last year of existence with positive net results, despite the restructuring costs that had been accounted for in the context of the absorption.

Quintet Switzerland

Following a strategic review, taking into account several elements and experience gathered since the start of this new entity, the Group decided in October 2021 to exit Switzerland and liquidate the entity. A dedicated taskforce, closely monitored by the Quintet Switzerland Board has been put in place to ensure a smooth and effective winding down of the activities. It is expected that Quintet Switzerland can request the Swiss Financial Market Supervisory Authority (Finma) to be released from supervision by mid-2022.

Following this decision, Quintet Switzerland's contribution, which represents a separate geographical area of operations in Switzerland, is presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued operations".

Consequently, in the balance sheet disclosure, as of 31 December 2021, all assets related to Quintet Switzerland are reclassified and disclosed separately in a single line item as "Non-current assets and disposal groups classified as held for sale". Likewise, all liabilities are reclassified and disclosed separately in a single line item as "Liabilities directly associated with assets held for sale". Prior years are not subject to changes in presentation.

Events after the statement of financial position date of 31/12/2021

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

The Group's direct exposure is limited, as follows:

- There is no exposure to Russia or Ukraine based on bonds portfolio issuers. Regarding the customer loan portfolio, there is no exposure from pledged collateral from those geographies, and exposure to Russian or Ukrainian borrowers is less than EUR 5 million for the Group and is secured by collateral that is not connected to those countries.
- Quintet is monitoring sanction measures on a continuous basis and taking all necessary steps to ensure that client relationships, payments and securities transactions are managed in full compliance with applicable sanctions. It should be noted that Russian and Ukrainian clients represent a very small part of the Group's client base (less than 0.5% of the assets under management) and the Group's exposure to sanctioned entities is to 5 accounts linked to one designated person and one designated entity sanctioned as per European regulations.

3. Structure of Quintet Group

Quintet simplified its structure following the merger of the banking subsidiaries in Belgium, the Netherlands and Germany into Quintet Private Bank (Europe) S.A. and the creation of a network of branches in the same countries. In parallel a business unit was created which encompassed all business activities within the Single Supervisory Mechanism (Quintet Europe), including Banque Puilaetco Luxembourg and KTL, in addition to the branches in Belgium, the Netherlands, Germany, Denmark, as well as the business activities at Quintet Luxembourg. This business unit is led by T. Rodermann, CEO of Quintet Europe and the Quintet Europe Management Committee.

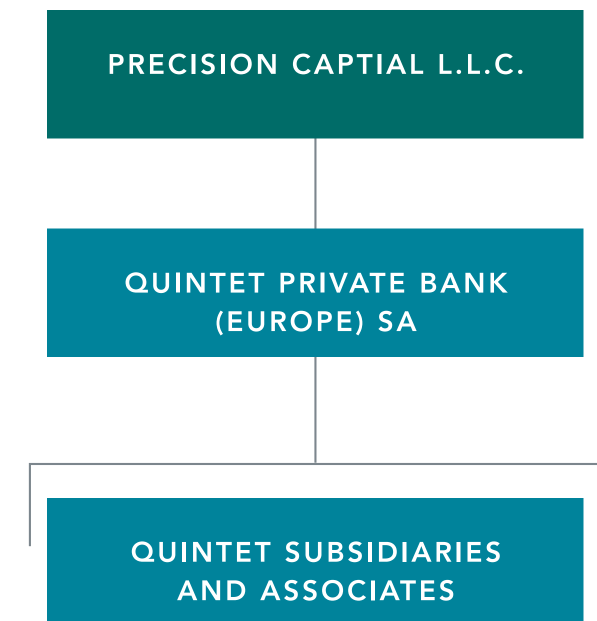


Table 1: List of Branches, Subsidiaries & Affiliates

2021.12 Denomination	Capital Held	Statutory Prudential Supervision	Prudential Scope of Consolidation	Description
Quintet Private Bank (Europe) S.A.	**100.00%**	**Yes**	**Yes**	**Private banking, Luxembourg**
Branches				
Quintet Danmark	100.00%			Private banking, Danmark
Merck Finck	100.00%			Private banking, Germany
Puilaetco	100.00%			Private banking, Belgium
InsingerGilissen	100.00%			Private banking, The Netherlands
Fully Consolidated Subsidiaries				
Brown, Shipley & Co. Limited	100.00%	Yes	Yes	Private banking, United-Kingdom
Banque Puilaetco Dewaay Luxembourg S.A.	100.00%	Yes	Yes	Private banking, Luxembourg
Kredietrust Luxembourg S.A.	100.00%	Yes	Yes	Financial services, Luxembourg
Quintet Private Bank (Switzerland) AG	100.00%	Yes	Yes	Private banking, Switzerland
InsingerGilissen Asset Management N.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Insingergilissen Philanthropy Trusts Estates B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Bewaardbedrijf Ameuro N.V.	100.00%	Yes	Yes	Financial services, The Netherlands
GIM Vastgoed Management B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Associates				
European Fund Administration S.A.	31.51%	Yes	Yes	Fund administration, Luxembourg
Non-Consolidated Subsidiaries				
Forest & Biomass Holding S.A.	26.63%	No	No	SICAV-SIF, Luxembourg

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

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

The mapping of financial statements categories with regulatory risk categories is shown in Appendix 1. There is no difference between accounting and regulatory scopes of consolidation.

4. Corporate governance & decision structure

(EU OVA – Institution risk management approach / EU OVB – Information on governance arrangements).

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

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

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

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

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

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

- Governance culture: principles all employees should strive for;
- Board & Authorised Management Committee: structure and governance principles;
- A robust governance framework group-wide, characterised notably by:
  - a clear allocation of responsibilities within the Group;
  - the definition of decision delegation right per key domain;
  - functional reporting lines between the Group and subsidiary functions.

Board & Executive Committees: structure and key governance principles

The appointment rules are further described in section 13 of the present document. The appointment of the members of the management bodies is subject to regulatory approval when the approval is ongoing and not yet granted.

Group Board

The Group Board sets the overall Group strategy and ensures that effective control mechanisms are put in place. This Board is composed of a minimum of 8 directors, including at least one shareholder representative, six independent directors. Since the 2020 merger, the Board has also included 4 employee representatives.

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

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

The Group Board of Directors meets at least on a quarterly basis and whenever required. The different sub- committees meet with the same frequency. In 2021, the Board met 4 times for ordinary meetings, and had 4 additional ad-hoc meetings.

Subsidiary Board of Directors

Subsidiaries shall have their own governance framework and related documentation. These shall comply with all applicable local laws and regulations and, to the extent possible from a regulatory and legal point of view, be consistent with the same principles and rules as stated in the present Governance Charter. The subsidiary board of directors will have a minimum of two representatives of the Group among its members. Nominations to the subsidiary board of directors need to be pre-approved by the Group BRNC. The local Chair will ensure, together with the representatives of the Group, the information flow to and alignment with the Group Board. Committee Chairs are asked to do the same with their Group counterparts.

Authorised Management Committee and Subsidiary Management Team

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

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

The AMC is currently composed of 8 members, each with a focused individual mandate translating into clear (P&L) accountability and separation between business and support/control roles.

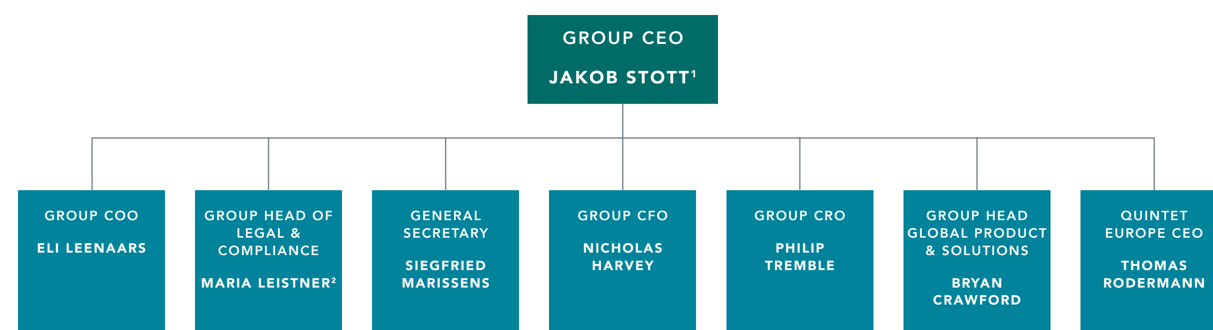
The Group CEO ensures communication with the shareholders, coordinates and steers discussion at AMC level and ensures that all actions undertaken individually by AMC members are aligned with the overall strategic and budgetary targets. He promotes risk-conscious behaviour and individual accountability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

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

- Group Credit Committee;
- Group New Products Approval Committee;
- Group Cross Border Committee;
- Group Regulatory Steering Committee;
- Group Information Security & Risk Committee;
- Group Asset & Liability Committee;
- Group Reputational Risk Committee;
- Group Data Protection Committee;
- Steering Committee of the Business Continuity Management

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

Table 2: Authorised Management Committee Structure (as 31 December 2021)



1. As of July 1, 2022, replaced by Chris Allen subject to regulatory approval
2. As of July 1, 2022, responsibilities assumed by Siegfried Marissens

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

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

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

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

Following the cross-border merger Country Management Committee (CMC) have been created. Each location that forms part of Quintet Europe has it's own local committee. The CMC is composed of the Country Manager, the Deputy Country Manager acting as branch coordinator for all COO functions, representatives of the front and representatives of the front support. Any deviation from this standard should be aligned with the Group CEO[2].

1. The precise terminology may be adjusted to the local requirements
2. The nomination of the local AMC members has to follow the Group's nomination procedure

5. Risk management approach at Quintet

(EU OVA – Institution risk management approach / EU OVB – Information on governance arrangements).

5.1 Risk Appetite Statement and Risk Taxonomy

The Risk Appetite Statement (RAS) defines the amount and type of risk that the Group is able and willing to accept in the pursuit of its business objectives and strategy. The overall objective is to protect the Group from unacceptable levels of risk, while supporting and enabling its overall business strategy (including the assessment of new business opportunities). The Risk Appetite is based upon the Risk Taxonomy.

The Risk Taxonomy lists all risk types to which the Group is or could be exposed. It ensures that all identified material risks are defined and taken into account in the risk governance framework. It creates a common risk vocabulary, provides a checklist of risk types that are used in risk assessments, and helps to ensure that all material risks are managed and that roles and responsibilities are identified and defined.

The main risk types to which the Group is exposed are both of financial and non-financial natures. On the financial risk side lie credit risk, market risk, liquidity risk, business risk, capital risk, climate & environment risk, and business environment & strategic risk. On the non-financial risk side lie fraud risk, ICT risk, business continuity risk, legal & compliance risk, reputation risk, workforce management risk, model risk, outsourcing risk and execution, delivery and process management risk.

The RAS is reviewed at least annually taking into account the strategy evolution, the Group risk profile and regulatory updates.

The Group RAS paper ("Umbrella document", last update December 2021) presents a concise and comprehensive summary of the risk taxonomy and the Group's RAS. This document is also key in the building of a proper Bank-wide risk culture.

The roles and responsibilities are detailed at different management level to ensure a proper implementation of the Risk Appetite Framework.

Table 3: Roles & Responsibilities

BOARD OF DIRECTORS	• Formal ownership of the RAS • Annual review and sign-off/approval of statement and changes to RAS
BOARD RISK COMPLIANCE COMMITTEE	• Annual review of statement and changes to RAS, and recommendation of changes/approval to the Board • Regularly monitor the adherence to the RAS based on the respective set of BRCC level risk indicators, and other lower-level breaches escalated by the Executive Committee • Escalate to the BoD in the event of new indicator breaches • Provide oversight of breach mitigation efforts
AUTHORISED MANAGEMENT COMMITTEE	• Ensure the business is compliant with the Risk Appetite indicators and levels • Regularly monitor adherence to the RAS based on a more granular set of management indicators In the event of breaches of RAS, ensure that mitigating actions are defined and taken; monitor the implementation and success of mitigation plans
BUSINESS LINES MANAGERS	A business owner is appointed for each Risk Taxonomy or sub risk taxonomy, who will: • Align the management of his activity (decision making, planning ...) with the risk appetite expression • Be responsible for the definition, implementation and monitoring of mitigating actions in case of breach
RISK CONTROL FUNCTION	• Monitor Group-wide adherence to the RAS • Provide reporting of the current risk profile against the Risk Appetite triggers and limits to the Board Risk Committee and Executive Committee • Ensure embedding of Risk Appetite in the organization • Facilitate the annual review and potential update of RAS • In the event of Risk Appetite breaches, track and report on implementation and success of mitigation plans

The RAS is translated into precise limits and triggers covering both financial and non-financial risks. They are validated by the AMC and BRCC, upon proposal from the owner of the indicators.

A quarterly report comparing the level of the key risk indicators (KRI) with their trigger and limit is presented to the AMC and BRCC. In case of breach, a strong escalation process shall be executed starting with an action plan definition including explanations of the incurred risk, the mitigation plan put in place, the expected date of completion by the risk owner.

Moreover, management indicators, which are more granular than the key risk indicators, are set by the 1st LOD and 2nd LOD in accordance with the RAS, after discussion with the business lines concerned, and validation in the appropriate forum/committee. For instance, internal limits on ALM and dealing room activities are discussed and validated by the Asset and Liability Committee (ALCo); whereas limits in terms of Compliance are discussed in the Investor's Protection Forum and Acceptance Committee, among others.

Front office actors can also anticipate potential breaches of limits, by asking for impact simulations of future strategies or transactions on risk indicators (most frequently capital and liquidity indicators).

Table 4: Examples of key risk indicators featured in Quintet's risk appetite

	Risk taxonomy	Measurement - Risk appetite Indicator
Financial risk	Credit risk	Gross specific loan impairment charge (annualized) / Average total loans Gross specific bond impairment charge (annualized) / Average total bonds Uncovered exposure to impaired or non-performing loans / total loans
Financial risk	Market risk	ALM - Equity Value at Risk (99% - 1 year) ALM - Interest Rate Value at Risk (99% - 1 year) ALM - Credit spreads Value at Risk (99% - 1 year) ALM - Regulatory worst impact of interest rate risk on EVE (Economic Value Equity) - % of Tier 1 Capital ALM - Interest Earning at Risk / Worst Case scenario Trading - Stress HVaR (99% - 10 days)
Financial risk	Liquidity risk	Net Stable Funding Ratio Liquidity Coverage Ratio Internal Liquidity Excess Net deposits outflows over last 3 months Asset Encumbrance ratio Customer's Loan to Deposit ratio
Financial risk	Capital risk	Common Equity Tier 1 ratio Overall Capital ratio ICAAP ratio Leverage ratio
Financial risk	Climate & Environment risk	Number of non-authorized securities (from climate risk perspective) in clients' portfolios (discretionary and advisory)
Financial risk	Business environment & Stategic risk	New Customer Advisor : YTD revenues versus budget (in %) Return on Equity (Conso, in %)
Non Financial risks	Fraud risk	Amount of external fraud incidents over last 3 months
Non Financial risks	ICT Risk	Number of major Information Security incidents
Non Financial risks	Business Continuity risk	Number of Group entities with no up to date BCP & DRP
Non Financial risks	Legal & Compliance risk	Number of live litigation matters Number of data breaches related to medium and high-risk for individuals Number of regulatory projects with a hard deadline to the Regulator that are not on track Number of payments rejected for noncompliance with the embargo / sanctions lists % of accounts with missing documentation in terms of investor protection % of discretionary managed portfolios in suitability breach Compliance training
Non Financial risks	Reputation risk	Negative press mentions through major national media with expected impact on clients, regulators or the shareholder
Non Financial risks	Workforce Management risk	Leavers with Significant Impact
Non Financial risks	Model risk	Total number of breaches of model usability envelope over the reporting period
Non Financial risks	Outsourcing risk	Outsourcing Providers weaknesses in the oversight of Outsourcing Providers
Non Financial risks	Execution, delivery and process management risk	YTD operational losses & provisions / YTD gross income

5.2 Three lines of defence

At Quintet, risk management is seen as a transversal process that involves all of the Bank's entities at different levels, and which is organised according to 3 levels of control, or 'lines of defence'.

The first three levels of control correspond to internal controls.

The first level of risk management is directly carried out by the department generating risks: front office, back office or support. They are responsible for the management of their risks on a daily basis, control and reporting of risk exposure in accordance with risk appetite set by the Board. They carry out the first level of control of the results of which are escalated to the management and to the departments responsible for the second level of control.

The second level of risk management comprises several departments that intervene in their specific areas of expertise. First, the Risk Control Function (described more precisely subsequently) operates in the management of financial risks - mainly credit risk, market/trading risk, Assets and Liabilities Management (ALM) risk and liquidity risk - and non-financial risks, including operational, client, and business risks. The Compliance department is responsible for second-level management of compliance risks. Finally, other second-level control departments comprise IT Risk, Data Protection, Legal, Tax and Corporate Centre that are operating in their respective areas of specialisation.

The goals of the departments in charge of the 2nd level of controls are to:

- ensure an exhaustive risk coverage by 1st level of controls;
- ensure they provide a comprehensive view of the underlying risks;
- verify the adequacy and efficiency of the corrective measures that are implemented.
- In order to achieve these objectives, 2nd level control entities perform the following tasks:
- analyse exception reports (outstanding vs. limit);
- challenge the justification provided by the risk owner;
- require additional information on any specific exception/warning;
- require corrective measures based on their findings and conclusions;
- escalate to the management body any issue that could not be settled between the two first levels of control.

Internal Audit is the third level of risk management that performs a regular and independent review of all the Group's entities and activities, including second level of control departments.

There are two other lines of defence, which are external controls.

External audit is the fourth level of risk management and Regulatory Authorities are the fifth and final level. They are part of the pool of 'external controls'.

Each of the three lines of defence interacts with each other, with the Authorized Management Committee (AMC), as well as with the Group Board Committee and sub-Committees.

5.3 Risk Control function

Quintet has a permanent and independent risk control function under the authority of the Group Chief Risk Officer (CRO) - in charge of identifying, measuring, mitigating, monitoring and reporting of all the risks to which the institution is or may be exposed. The Group CRO will have all necessary authority on risk control matters within the Group and will be responsible for providing comprehensive and understandable information on risks and advising the AMC, enabling this body to understand the organisation's and the Group's overall risk profile. The Group CRO will attend the Group BRCC – being accompanied for dedicated topics by Heads of Centres of Competence – and local BRCLC. The Group CRO will report directly to the Group CEO and will have direct access to the Group BRCC Chair.

In particular, the risk control function shall ensure that:

- The regulatory and internal risk limits are compatible with the strategies, activities and organisational and operational structures of the Group. It shall monitor compliance with these limits and the proper application of the escalation procedure provided for in case of breach and shall ensure that breaches are remedied as soon as possible;
- The AMC and the Group Board receive a comprehensive, objective and relevant overview of the risks to which the Group is exposed. This overview shall include an assessment of the adequacy between these risks and the own funds and liquidity (reserves) and the organisation's and the Group's ability to manage these risks in normal times and in times of stress;
- The terminology, methods and technical resources used for the identifying, measuring, mitigating, monitoring and reporting of risks are adequate;
- The quantitative and qualitative risk assessment is based on conservative assumptions and on a range of relevant scenarios, in particular regarding dependencies between risks.

The risk control function shall strive to anticipate and recognise the risks arising in a changing environment and also monitor the implementation of changes in the activities in order to guarantee that the risks relating thereto remain controlled.

As of December 31, 2021, Group Risk Control is organised into four departments across its entities.

The Group Information Risk Control department's objective is to act as a second line of defence for controlling IT and Cybersecurity risks related to digital/electronic information and assets. The department is in charge of developing and maintaining the Information Risk Control Framework, implementing related IT risk policies, monitoring control implementation and ensuring adequate reporting of its activities to dedicated instances. The key activities are the following:

- Implementation and maintenance of the information risk management framework, including: 1) An effective information risk management governance and information risk appetite approach and 2) Definition of information-risk control policies aligned with the Bank's information-risk appetite and regulatory requirements;
- Identification, review and measurement of information risks: 1) Drive, review, assess and follow-up of IT risk analysis performed by the first line of defence in the context of IT-related projects, IT environments and relationships with external IT providers and 2) Review, assess and follow-up of information risk control self-assessments (RCSA) as performed by the first line of defence;
- Monitoring, control assessments and follow-up on mitigation of information risks: 1) Information risks are regularly monitored, and relevant Key Risk Indicators are assessed and adjusted and 2) Information risk mitigation action plans are followed-up upon to ensure proper implementation and/or possible residual risk acceptance;
- Information risk incident monitoring: 1) Incidents are reviewed and monitored to ensure resolution and adequate escalation to the dedicated instances and 2) Involvement in specific investigations upon the request of the Authorised 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 and security culture is spread within the Group, including through global communication to branches and subsidiaries and all staff as well as multiple awareness programs.
- Drive the Cybersecurity Strategy and Monitoring of our Cybersecurity posture – Drive the Group Cybersecurity and IT Risks Strategy, shared (as approved by the Group Board of Directors) and Monitor our Cybersecurity Posture through assessment campaigns and a strong Cybersecurity Monitoring process. In addition, manage our Threat Intelligence Network to anticipate the evolution of the Threat Landscape and drive the implementation of our third-party Cybersecurity Management framework.

The Credit Risk Control department is in charge of defining and reviewing the credit risk appetite of the firm as well as sanctioning and monitoring credit risk for the Group, which arises from the following activities:

- Lombard & mortgage lending and derivatives trading lines 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;
- Contingent credit such as guarantee facilities provided to clients.

The department is also involved in defining the methodology for the calculation of pledge value and the criteria for accepting securities taken as collateral as well as other forms of collateral, such as real estate and other forms of first rank security the Group receives in connection with the credit facilities the Group offers to its clients.

Credit Risk also defines and updates guidelines for the different lending products giving rise to credit risk across the firm (e.g. derivatives trading, unsecured lending, real estate financing solutions, other forms of lending against liquid and illiquid collateral, etc.)

The Credit Risk function acts as secretary for the Group Credit Committee.

The Group Operational Risk Control (GORC) department has the following responsibilities:

- Maintaining a robust risk and control environment across the firm by implementing appropriate risk frameworks and strengthening the risk culture to enable business growth and preserve value;
- Identifying, measuring, mitigating, monitoring and reporting operational risk and ensure alignment with the risk appetite;
- Overseeing, challenging, supporting and advising the business and first line of defence to prevent operational risk losses.

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's responsibilities:
- Risk Control Advisory, support and guidance;
- Risk reviews/assessment for new business/markets/products/process improvements/ change/ transformation outsourcing;
- Enterprise-wide Risk Inventory (ERI) development, governance, oversight and reporting;
- Enterprise Risk Management Framework (ERMF) maintenance;
- Second line of defence control testing (check and challenge);
- Reporting to the AMC, Boards and regulators;
- Scenario analysis & ICAAP reporting on non-financial risk taxonomy;
- Promoting 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 Compliance Committee, or "BRCC," at Quintet) supervises operational risk management process and takes appropriate decisions.

The Financial Risk & Reporting department has various responsibilities:

1. It monitors and escalates market risk (interest rate, price, currency 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;
2. The department is also responsible for (i) the monitoring of 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;
3. 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;
4. The department covers transversal risk matters, such as internal and regulatory risk reporting (i.e. monthly/quarterly risk reports, ICLAAP, Recovery Plan, Single Resolution Board reporting, maintenance of the risk appetite statement & risk framework etc.) and regulatory watch in addition to the risk-related projects through the Group.

5.4 Risk Committees

Board Risk Committee

In all major entities of the Group, the Board, while keeping the entire responsibility for the set up and oversight of risk management, has delegated the follow-up and performance of the risk framework to sub-Committees, such as the Board Risk Compliance Committee at Quintet's level (BRCC), which is dedicated to financial, operational, client, reputation, regulatory and business risks.

This committee makes a recommendation to the Boards on the level of risk appetite (i.e. expression of the amount and type of risk that the Bank is able and willing to accept in the pursuit of its business objectives) to be approved by the Board and applied to all entities of the Group. Then, this Committee delegates to the AMC the responsibility of implementing the appropriate risk management framework to ensure that the risk profile of the Group remains within the defined risk appetite.

The latter is formalised in the 'Risk Appetite Statement', based on which a recurrent risk report is presented quarterly to the AMC and BRCC Committee.

This reporting provides backward- and forward-looking measures regarding all key risks.

AMC Committees with a risk focus

Committees have been created at the level of the AMC in order to handle specific types of risks.

- The Group ALCO (Asset and Liability Committee) is the owner and ultimate decision maker regarding ALM matters including (i) managing the balance sheet and related financial risks of the Bank within guidelines and constraints set by the Group Board, the AMC and regulatory guidelines and (ii) centrally monitoring investments made by the ALM and Treasury functions across the Group;
- The Group Credit Committee (GCC) deals with new credit proposals for lending to clients (accompanied by a mandatory opinion from the Credit Risk Control). This committee also makes proposals about related credit risk issues such as credit policy, watch list management, credit provisions;
- The Group New Products Approval Committee (GNPAC) is in charge of the approval of the launch of each new product/service as well as the periodic review of such products and services (whether manufactured and/or distributed). The objective includes ensuring that the new product or service complies with the Group risk appetite and strategy and with laws and regulation applicable, that it can be operated efficiently from an IT/Ops perspective, and that adequate risk management processes / internal controls have been implemented to mitigate the implied risks. The GNPAC will also approve and review on a regular basis, at group level, such products and services which reach a certain threshold, in terms of percentage of the revenue of the business

line and/or the new risk inherent to the new product or service, including the financial instruments associated to this new service;

- The Group Information Security Risk Committee (GISRC) supervises the roll out of Group Information Security directives, validates waivers and/or accepts potential residual risk observed. The Committee escalates major information security (audit) issues or incidents to AMC/BRCC (in case of misalignment with the Risk Appetite) and is informed of Group Information Security Road Map and reviews its progress;
- The Steering Committee of the Business Continuity Management monitors the efficiency of the Bank Business Continuity Plan/Disaster Recovery Plan arrangements: implementation of related guidelines, adequate allocation of resources, proper identification and mitigation of risks, implementation of test plan and monitoring of efficiency (with potential improvement recommendations).

- Group Cross-Border Committee (GCBC) is driving the design and development of the cross-border framework for the Group according to its strategy by assessing cross-border business risks and cross-border models for different markets.
- Group Regulatory Steering Committee (GRSC) is responsible for assigning/confirming the sponsorship and the ownership of each new regulatory change initiative and the governance structure for its implementation. On a quarterly basis, the GRSC reviews reporting/project heat-maps prepared by the Group PMO on the status of each regulatory project and ensures that the project is on schedule and within budget, as well as escalating to the AMC any potential issues regarding costs, delays or other concerns that may prevent or delay the firm from being in compliance with laws and regulations
- Group Reputational Risk Committee (GRRC) is setting standards for reputational risk management within the Group. It defines annually the Group strategy for managing the Group's reputational risk, reflecting the reputational risk appetite defined by the Board. It provides guidance on its convergence. The GRRC ensures that specified controls align with the Reputational Risk Appetite of the Group, defines KRIs to adequately monitor the Group's performance against the risk appetite for reputational risk, decides on actions or corrective measures in case of KPI breaches. Finally, GRRC also ensures the reporting of the outcome to AMC and Board.
- Group Data Protection Committee (GDPC) contributes to handling and promoting a culture of compliance regarding GDPR requirements by defining a data protection strategy, GDPR compliance programme and initiatives. GDPC oversees the GDPR compliance risk assessment level regarding Board risk appetite.

6. Own funds, capital adequacy & group solvency

6.1 Regulatory capital adequacy

The Bank monitors its solvency using rules and ratios issued by the Basel Committee on Banking Supervision and the European Union Capital Requirements Regulation.

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

The NSFR ratio is not provided before June 2021 as the disclosure of data for these periods was not required.

Table 5: Key metrics Template

Key metrics template (Template EU KM1 – EBA/ITS/2020/04)		a	b	c	d	e
		2021-12-31	2021-09-30	2021-06-30	2021-03-31	2020-12-31
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	564.8	584.7	587.4	601.7	611.9
2	Tier 1 capital	688.4	708.2	710.9	725.3	735.4
3	Total capital	688.4	708.3	711.0	725.3	735.5
	Risk-weighted exposure amounts					
4	Total risk exposure amount	3,140.8	3,199.7	3,121.0	3,117.3	3,119.7
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	17.98%	18.27%	18.82%	19.30%	19.61%
6	Tier 1 ratio (%)	21.92%	22.13%	22.78%	23.27%	23.57%
7	Total capital ratio (%)	21.92%	22.14%	22.78%	23.27%	23.58%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure					
EU 7a	Additional own funds requirements to address risks other than the	2.00%	2.00%	2.00%	2.00%	2.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.13%	1.13%	1.13%	1.13%	1.13%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.50%	1.50%	1.50%	1.50%	1.50%
EU 7d	Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%	10.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.08%	0.08%	0.08%	0.08%	0.04%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.58%	2.58%	2.58%	2.58%	2.54%
EU 11a	Overall capital requirements (%)	12.58%	12.58%	12.58%	12.58%	12.54%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.77%	10.07%	10.61%	11.10%	11.45%
	Leverage ratio					
13	Total exposure measure	14,366.8	15,807.1	16,896.4	16,343.4	13,007.3
14	Leverage ratio (%)	4.79%	4.48%	4.21%	4.44%	5.65%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio (figures based on 12-month rolling averages, as given in Table 34 (Template EU LIQ1) in this report)					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	6,342.4	6,034.6	5,522.0	4,856.9	4,481.2
EU 16a	Cash outflows - Total weighted value	5,513.9	5,398.7	5,241.6	4,926.4	4,819.5
EU 16b	Cash inflows - Total weighted value	1,062.7	1,105.9	1,222.8	1,211.1	1,365.9
16	Total net cash outflows (adjusted value)	4,451.2	4,292.8	4,018.8	3,715.3	3,453.6
17	Liquidity coverage ratio (%)	142.56%	140.26%	136.75%	130.16%	129.75%
	Net Stable Funding Ratio					
18	Total available stable funding	7,221.1	6,979.1	6,977.3	-	-
19	Total required stable funding	5,272.8	5,168.2	4,965.6	-	-
20	NSFR ratio (%)	136.95%	135.04%	140.51%	-	-

6.1.1 Own funds instruments

Ordinary shares – On 31 December 2021, the share capital of the Bank consisted of 27,339,716 ordinary shares without par value (31 December 2020: 26,045,433). No participation certificate or non-voting right share were issued. On 9 July 2021 and 14 November 2021, the Board of Directors approved two increases to the subscribed capital and share premium by a subscription of 1,294,283 new ordinary shares by Precision Capital LLC.

Preference shares – On 31 December 2021, 4,336 preference shares were outstanding (31 December 2020: 4,336). These shares are entitled to receive an initial dividend of EUR 0.248 per share. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any remaining profits, once this first dividend has been paid, are shared out between all shareholders.

Table 6: Own funds figures

(In EUR million)	31/12/2021	31/12/2020
Regulatory capital	688.4	735.5
Common Equity Tier 1 capital	**564.8**	**611.9**
Capital, share premium, reserves and retained earnings	1,156.7	1,161.1
Profit or loss eligible	-110.2	-20.3
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-35.2	-60.2
Fair value changes of instruments measured at fair value through other comprehensive income	13.0	13.8
Intangible assets and goodwill	-433.0	-456.2
Deferred tax assets	-22.6	-22.4
Asset Value Adjustment	-2.6	-3.5
Additional deductions of CET1	-1.2	-0.4
Additional Tier 1 capital	**123.5**	**123.6**
Paid up capital instruments	123.5	123.6
Tier 2 Capital	**0.1**	**0.1**
Preference shares	0.1	0.1

More information concerning the disclosure of own funds and the prudent valuation adjustments is presented in Appendices 2, 3, 4 and 5.

More information concerning the reconciliation between the accounting own funds and the prudential own funds is shown in Appendix 6.

6.1.2 Capital requirements

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

- "Capital Requirements Regulation" (CRR Regulation (EU) No 575/2013 of the European Parliament and of the Council);
- "Capital Requirements Regulation" (CRR Regulation (EU) No 2019/876 of the European Parliament and of the Council), amending Regulation (EU) No 575/2013;
- "Capital Requirements Directive" (CRD Regulation (EU) No36/2013 of the European Parliament and of the Council) which set up the capital buffers;
- "Liquidity Coverage Requirement" (Delegated Act EU No 2015/61);
- CSSF Regulation No 18-03 regarding the implementation of some national discretions included in the CRR Regulation (EU) No 575/2013;
- Regulatory technical standards as defined by the European Banking Authority.

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

Yearly, the prudential requirements are notified by the European Central Bank to the Bank, based on the supervisory review and evaluation process (SREP). Therefore, the Bank must respect a Tier 1 ratio of at least 10.08% and a capital adequacy ratio of 12.58% at least for December 2021.

Prudential ratios are computed as the quotient between the appropriate measure of own funds and the Risk Weighted Assets equivalent of Minimum Capital Requirements.

Table 7: Overview of total risk exposure amounts

	Overview of total risk exposure amounts (Template EU OV1 – EBA/ITS/2020/04)	Total risk exposure amounts (TREA)		Total own funds
		a	b	c
		2021-12-31	2021-09-30	2021-12-31
1	Credit risk (excluding CCR)	2,126.9	2,163.2	170.2
2	Of which the standardised approach	2,126.9	2,163.2	170.2
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	95.4	103.5	7.6
7	Of which the standardised approach	61.5	65.9	4.9
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	0.2	0.1	0.0
EU 8b	Of which credit valuation adjustment - CVA	25.6	23.1	2.0
9	Of which other CCR	8.2	14.4	0.7
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	209.3	256.3	16.7
21	Of which the standardised approach	209.3	256.3	16.7
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	709.2	676.8	56.7
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	709.2	676.8	56.7
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	**Total**	**3,140.8**	**3,199.7**	**251.3**

At the end of 2021, the Overall Capital Ratio stood at 21.92% (23.58% in 2020) and the CET1 ratio at 17.98% (19.61% in 2020). The solvency remained solid and well above the regulatory threshold imposed by the European Central Bank.

The decrease in the ratio is mostly the result of events that affected the eligible own funds for a net impact of EUR -47.0 million. These are primarily driven by:

- the consolidated loss for the year of EUR 110.2 million;
- the yearly AT1 coupon paid to investors (EUR 7.0 million);
- a capital injection of EUR 60 million by the Bank's majority shareholder; and
- the IAS19 revaluation of defined benefit pension plans for EUR 19.4 million, following the 2021 increase in the discount rate and the strong performance of the plan's assets.

RWA were stable versus the previous year (EUR 3.1 billion for both years under review), as the ongoing development of the secured net new lending exposure value of nearly EUR 0.7 billion and the additional RWA caused by the CRRII standardized approach on counterparty credit risk that entered into force during 2021 were offset by reductions in the investment portfolio and fixed assets (tangible and intangible).

6.1.3 Leverage ratio

The Basel III leverage ratio is defined as the capital measure divided by the exposure measure, with this ratio expressed as a percentage and having to exceed a minimum of 3%.

While the capital measure for the leverage ratio is the Tier 1 capital, the total exposure measure corresponds to the sum of the following exposures: on-balance sheet exposures; derivative exposures; Securities Financing Transaction (SFT) exposures; and off-balance sheet (OBS) items.

Quintet's consolidated Leverage Ratio stands at 4.79% as at 31 December 2021 (5.65% in 2020). This figure stands comfortably above the 3% regulatory minimum Leverage Ratio.

The evolution of this ratio (-86 bps) compared to last year can be explained by:

- Decrease of Tier 1 capital (-36 bps): mainly related to the consolidated loss of the year, yearly AT1 coupon paid to investors and the positive impact of the capital injection.
- Increase of the total leverage exposure (-50 bps): mainly related to the increase of the on-balance sheet exposure (-42bps) and increase of the derivatives (-10 bps). This increase of the on-balance sheet exposure is mainly linked to an increase in deposits at branches, which led to excess liquidity replaced at Central Banks.

The leverage ratio makes up part of the risk appetite indicators defined by and quarterly reported to the Board Risk Committee.

In addition, the ratio has been integrated in the monitoring process of the Group Recovery Plan. Thresholds have been set as 'Early Warning Signal' and 'Invocation Trigger Point' (flagging that the Bank should decide on taking recovery actions).

Thanks to the Private Banking activity and its positive impact on liquidity, the Bank does not have to raise any interbank funding and, when it does so, it is mainly for yield pick-up purposes. As a result, the structural leverage ratio is rather stable, and structural excessive leverage is not expected.

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

Table 8: Summary reconciliation of accounting assets and leverage ratio exposures

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures. (Template EU LR1 – EBA/ITS/2020/04)		a Applicable amount
1	**Total assets as per published financial statements**	**14,137.2**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	66.7
9	Adjustment for securities financing transactions (SFTs)	0.4
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	753.7
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	- 591.2
13	**Total exposure measure**	**14,366.8**

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

Table 9: Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2021-12-31	2021-09-30
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	13.285,8	14.159,0
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 459,4	- 484,6
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	**12.826,3**	**13.674,4**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		63,2
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	151,6	131,9
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	**214,8**	**186,2**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	571,5	1.206,1
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	0,4	0,7
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	571,9	1.206,8
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	4.245,3	4.171,5
20	(Adjustments for conversion to credit equivalent amounts)	- 3.491,5	- 3.431,9
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	**753,7**	**739,6**

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2021-12-31	2021-09-30
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	Tier 1 capital	688,4	708,2
24	Total exposure measure	**14.366,8**	**15.807,1**
Leverage ratio			
25	Leverage ratio (%)	**4,79%**	**4,48%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4,79%	4,35%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4,79%	4,48%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3,00%	3,00%

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2021-12-31	2021-09-30
Excluded exposures			
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	571,5	1.206,1
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of	13.795,3	14.600,9
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of	13.795,3	14.600,9
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of	4,99%	4,85%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of	4,99%	4,85%

Table 10: Split-up of on balance sheet exposure

LRSpl: Split-up of on balance sheet exposures (excl. derivatives, SFTs and exempted exposures) (Template EU LR3 – EBA/ITS/2020/04)		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**13,285.8**
EU-2	Trading book exposures	36.7
EU-3	Banking book exposures, of which:	13,249.1
EU-4	Covered bonds	81.9
EU-5	Exposures treated as sovereigns	6,087.5
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	333.1
EU-7	Institutions	465.9
EU-8	Secured by mortgages of immovable properties	1,922.0
EU-9	Retail exposures	576.4
EU-10	Corporates	2,691.4
EU-11	Exposures in default	70.2
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,020.5

6.1.4 Countercyclical buffer

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

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

Quintet's group countercyclical capital buffer rate stands at 0.08% as at 31 December 2021 (2020: 0.04%).

Table 11: Amount of institution-specific countercyclical capital buffer

Amount of institution-specific countercyclical capital buffer (Template EU CCyB2 – EBA/ITS/2020/04)		a
1	Total risk exposure amount	3,140.8
2	Institution specific countercyclical capital buffer rate	0.08%
3	Institution specific countercyclical capital buffer requirement	2.6

More information concerning the geographical distribution of credit risk exposures are shown under Appendix 7 - EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer.

6.2 Internal own funds adequacy evaluation – Pillar II

In order to assess its internal capital adequacy, the Bank leverages internal Economic Capital models and stress testing modules addressing the specifics of credit risk, market risk, non-financial risks and business risk. ECap is calibrated to reflect unexpected losses that may arise in conducting the Bank's business, in the fair value of the Group, on a one-year time horizon at a 99.9% confidence level.

7. Credit risk

7.1 Credit risk management

Business model and credit risk profile

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

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

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

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

Structure and organisation of credit risk management and control function

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

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

The first line of defence of the credit risk management process is composed of the business entities: Wealth Management ('commercial network'), the Lending Function, the ALM & Treasury Function, the Global Markets Function and Asset Servicing & Financial Intermediaries Function.

Each entity/business unit relies on specific procedures and processes in order to assess the risks prior to and after accepting individual credit risk exposures.

The second line of defence is managed by Chief Credit Risk Office entity whose tasks include:

1. the development of credit risk policies and frameworks;
2. the development of credit risk measurements and reporting to AMC, BRCC and any relevant risk committees;
3. the monitoring of credit risk arising from the bank's portfolio (at the Group level);
4. issuance of opinion on credit risk issues.

In more detail:

1. Credit policy

The Quintet Credit Policy and Procedures provide the framework within which lending to customers and related credit risk is managed in the Quintet Group. It encompasses the following:

- Definition and identification of credit exposures;
- Evaluation, measurement and quantification of risks;
- Criteria and procedures for approval;
- Maximum prudent exposure: amount and maturity;
- Monitoring, reviewing and controlling credits;
- Procedures for taking and preserving security;
- Procedures relating to troubled credits.

This Policy covers all bilateral relations between the Group and its clients with a lending activity, given that this lending activity remains within the framework set by the Group's Risk Appetite Statement (see (2) below).

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

The Credit Policy applies to every entity of the Group as a Group minimum standard to be complied with.

2. Credit Risk measurements and reporting

The Board of Directors has expressed its risk appetite for credit risk through a set of limits and triggers applying to credit risk indicators: ratio of loan/bonds impairment charge, ratio of credits with a loan to pledge or loan to market value higher than a threshold, weighted average rating factor and several concentration measures related to the bond portfolio (single name, industry sector). They are monitored quarterly and reported to both AMC and BRCC.

In addition, Credit Risk produces a quarterly report of the consolidated loan portfolio, including a detailed view of outstanding by Group entity, type of credit, maturity, sector concentration, profitability, type of collateral, and quality (watch list), among others.

3. Monitoring of credit risk generated by investment portfolios

Bond investment portfolios are managed by the ALM Function (see section 1). All proposals within the Group are subject to concentration limits defined by issuer type (Sovereign, Corporate and Bank), as well as country limits.

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

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

Finally, a set of risk appetite indicators completes this monitoring (see (2) above).

4. Opinion on credit risk related topics

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

7.2 Credit risk exposure

This subsection presents the methodology and data related to the Group's value of exposure arising from credit risk under the standardised approach for credit risk weighting.

7.2.1 Methodology

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

As stated under the CRR, the bank allocates its banking book credit risk and counterparty credit risk into 17 exposure classes:

- Central Governments or Central Banks;
- Regional Governments or Local Authorities;
- Public-Sector Entities;
- Multilateral Development Banks;
- International Organisations;
- Institutions;
- Corporates;
- Retail;
- Secured by Mortgages on Immovable Properties;
- Exposures in Default;
- Items Associated with Particularly High Risk;
- Covered Bonds;
- Claims on Institutions and Corporates with a Short-Term Credit Assessment;
- Collective Investment Undertakings (CIU);
- Equity Exposures;
- Other items;
- Securitisation.

The prudential risk weight that is assigned to exposures in most classes depends on the credit assessment, published by an External Credit Assessment Institution (ECAI), related to the obligor Quintet Private Bank (Europe) S.A. is exposed to. ECAIs providing the Bank's credit assessments are the two following leading rating agencies: Moody's and Standard & Poor's Ratings. These assessments are used following the principle of the 'worst rating', which corresponds to selecting the higher risk weight.

This treatment is used for determining the risk weight applicable to exposures belonging to the following credit risk classes: central governments or central banks, regional governments or local authorities, public-sector entities, multilateral development banks, international organisations, institutions, corporates, covered bonds, claims on institutions and corporates with a short-term credit assessment, and finally securitisations.

For debt securities, if an issue rating is available, it is applied; if an issue rating is not available but an issuer rating is provided, the latter is applied.

For debt securities received as collateral, issue ratings only are used and issuer ratings are disregarded. If an issue rating for debt security received as collateral is not available, then it is treated as an unrated debt security received as collateral.

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

Table 12: Standardised approach -on and off balances' exposures by exposure class and by risk weight (net of provision, credit risk mitigation techniques and after credit conversion factor application)

Standardised approach (Template EU CR5 – EBA/ITS/2020/04)		Risk weight															Total	Of which unrated
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	5,589.1	-	-	-	243.2	-	52.1	-	-	-	-	-	-	-	-	**5,884.3**	-
2	Regional government or local authorities	451.1	-	-	-	20.6	-	-	-	-	-	-	-	-	-	-	**471.7**	-
3	Public sector entities	149.2	-	-	-	132.8	-	20.4	-	-	-	-	-	-	-	-	**302.4**	-
4	Multilateral development banks	165.2	-	-	-	-	-	29.2	-	-	-	-	-	-	-	-	**194.3**	-
5	International organisations	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**5.1**	-
6	Institutions	-	28.1	-	-	224.9	-	53.0	-	-	0.1	-	-	-	-	-	**306.0**	144.1
7	Corporates	-	0.0	-	-	222.4	-	196.5	144.4	-	543.0	-	-	-	-	-	**1,106.4**	477.2
8	Retail exposures	-	-	-	-	-	-	-	-	44.5	-	-	-	-	-	-	**44.5**	44.5
9	Exposures secured by mortgages on immovable	-	-	-	-	-	1,383.2	222.2	-	-	68.1	-	-	-	-	-	**1,673.5**	1,673.5
10	Exposures in default	-	-	-	-	-	-	-	-	-	38.7	19.5	-	-	-	-	**58.2**	58.2
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	39.3	-	-	-	-	**39.3**	39.3
12	Covered bonds	-	-	-	81.9	-	-	-	-	-	-	-	-	-	-	-	**81.9**	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	147.1	-	83.7	-	-	9.9	0.0	-	-	-	-	**240.7**	50.0
14	Units or shares in collective investment	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	**0.0**	0.0
15	Equity exposures	-	-	-	-	-	-	-	-	-	36.9	-	-	-	-	-	**36.9**	36.1
16	Other items	45.2	-	-	-	-	-	-	-	-	189.1	-	-	-	-	-	**234.3**	233.5
17	**TOTAL**	**6,404.8**	**28.1**	**-**	**81.9**	**990.9**	**1,383.2**	**657.1**	**144.4**	**44.5**	**885.8**	**58.8**	**-**	**-**	**-**	**-**	**10,679.6**	**2,756.5**

7.2.2 Credit risk exposures data

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

- on-balance sheet items accounting value net of specific credit risk adjustments;
- the prudential exposure value of derivative contracts following as applicable, the Mark-to-Market method or the Original Exposure method;
- pre-conversion factor value of off-balance sheet items, corresponding to the full commitment the Bank has agreed to undertake, after potential specific credit risk adjustments.

The tables below present different segmentations of the exposures either by maturity, by geographical area or by type of industry.

Maturity of Exposures

As at the end of 2021, the Bank continued to show a relatively short-term profile of its exposures with 75% maturing prior to 5 years.

Table 13: Maturity of exposures

Maturity of exposures (Template EU CR1-A – EBA/ITS/2020/04)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,289.6	911.2	1,859.3	1,430.3	-	5,490.6
2	Debt securities	-	837.7	1,673.7	742.1	-	3,253.6
3	**Total**	**1,289.6**	**1,749.0**	**3,533.1**	**2,172.4**	**-**	**8,744.1**

Quality of non-performing exposures by geography

At year-end 2021, the geographical structure of Quintet Private Bank (Europe) S.A. as well as its business model naturally implies a relatively high concentration of exposure in Europe globally.

The other countries include mainly exposure located in Germany (EUR 706 million for on and off-balance-sheet exposures) and Luxembourg (EUR 492 million for on and off-balance-sheet exposures).

Table 14: Quality of non-performing exposure by geography

Quality of non-performing exposures by geography (Template EU CQ4 – EBA/ITS/2020/04)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	*On-balance-sheet exposures*	8,731.7	92.1	92.1	8,730.4	- 24.1		-
020	*United Kingdom*	1,222.7	5.1	5.1	1,222.7	- 0.2		-
030	*The Netherlands*	1,135.6	4.6	4.6	1,135.6	- 1.4		-
040	*France*	967.7	58.8	58.8	966.5	- 19.6		-
050	*Spain*	911.9	2.7	2.7	911.9	- 0.3		-
060	*Belgium*	860.6	4.3	4.3	860.6	- 0.9		-
070	*Other countries*	3,633.2	16.6	16.6	3,633.2	- 1.7		-
080	*Off-balance-sheet exposures*	4,038.3	1.5	1.5			1.2	
090	*United Kingdom*	188.2	0.4	0.4			0.0	
100	*The Netherlands*	3,030.5	-	-			0.0	
110	*France*	21.3	-	-			0.0	
120	*Spain*	16.3	-	-			0.0	
130	*Belgium*	142.1	-	-			0.0	
140	*Other countries*	639.9	1.1	1.1			1.2	
150	***Total***	**12,770.0**	**93.6**	**93.6**	**8,730.4**	**- 24.1**	**1.2**	**-**

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

As at end of 2021, real estate activities and professional, scientific and technical activities represented 83% of the credit of loans and advances to non-financial corporations. Of these activities, 3% are classified as non-performing. There is no significant change in comparison to 2020.

Table 15: Credit quality of loans and advances to non-financial corporations by industry

Credit quality of loans and advances to non-financial corporations by industry (Template EU CQ5 – EBA/ITS/2020/04)		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	2.1	-	-	2.1	- 0.0	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	4.5	0.0	0.0	4.5	- 0.0	-
040	Electricity, gas, steam and air conditioning supply	0.2	0.0	0.0	0.2	-	-
050	Water supply	-	-	-	-	-	-
060	Construction	67.3	5.8	5.8	67.3	- 1.5	-
070	Wholesale and retail trade	25.9	0.0	0.0	25.9	- 0.0	-
080	Transport and storage	0.4	-	-	0.4	-	-
090	Accommodation and food service activities	4.4	-	-	4.4	-	-
100	Information and communication	3.9	-	-	3.9	-	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	619.8	36.1	36.1	619.8	- 8.5	-
130	Professional, scientific and technical activities	576.0	2.3	2.3	576.0	- 2.3	-
140	Administrative and support service activities	56.0	-	-	56.0	- 0.0	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	1.6	-	-	1.6	-	-
170	Human health services and social work activities	1.0	-	-	1.0	-	-
180	Arts, entertainment and recreation	0.3	-	-	0.3	-	-
190	Other services	85.5	-	-	85.5	- 0.0	-
200	**Total**	**1,448.8**	**44.2**	**44.2**	**1,448.8**	**- 12.3**	**-**

7.3 Counterparty credit risk

Credit counterparty risk governance, policies

The counterparty credit risk relating to professional market activities is managed through the interbank limit system that aims at managing Quintet's Dealing Room credit risk exposures.

The following exposures are part of this sub-section:

I. treasury exposure (money-market loans, commercial papers, certificates of deposit, treasury portfolios, interest rate swaps, floating-rate notes, cross-currency interest rate swap, repurchase agreements, securities lending transactions, etc.);

II. foreign exchange (FX) exposure (outright, FX swaps, etc.);

III. structured products exposure (equity swaps, OTC options, etc.).

Additionally, the interbank limit system covers long and medium-term exposures on banking counterparties under the form of credit lines granted and securities (bonds and shares) held. The management of the credit risk related to banking counterparties is carried out on a consolidated basis, including all of the Group's entities exposures and their related counterparties/groups of counterparties.

The interbank limit system defines ceilings that represent the maximum exposure the Bank deems acceptable to undertake upon banking counterparties and groups of banking counterparties given their size and credit quality. Ultimately, the system ensures compliance with the large exposure limit.

Large exposure limit: the largest theoretical limits must always be lower than the regulatory Large Exposure limit (the standard case is 25% of Quintet's eligible own funds). The calculation of the Bank's internal eligible own funds, for the purpose of the interbank limit system, incorporates a buffer of min. 10%.

Maximum limits are the maximum amount of risk Quintet is ready to take on a counterparty. Such limits are based on the quality of the counterparty as well as on the Bank's own funds.

Exposures are monitored against their respective counterparty and product specific limits which also include a maturity dimension.

In addition to individual counterparty limits, the aggregated exposures per country also have to stay below limits decided at the Board Risk Committee level taking into considerations factors such as explicit/implicit rating, GDP.

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

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

Wrong-way risk

Quintet adopts a conservative policy towards wrong-way risk, i.e. the risk that occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty.

Regarding specific wrong-way risk, the Bank never enters into contracts with underlying instruments linked to the counterparty (i.e. derivative contracts based on the counterparty's own securities, reverse repo transactions with counterparty's securities used as collateral).

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

Counterparty credit risk exposures

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

As at year-end 2021, the Counterparty Credit Risk prudential exposure (excluding QCCP) amounts to EUR 175.2 million. This total CCR exposure is the basis for derivative and Securities Financial Transactions (SFT's) RWA calculation, which reached the total value of EUR 69.7 million.

As displayed, due to the new European Capital Requirements Regulation (CRRII) since June 2021, the Bank uses the SA-CCR method to measure the exposure value of derivatives subject to capital requirements for CCR. Due to CRR II impact, the exposure of derivatives is subject to an increase of about EUR 62.1 million in 2021 compared to 2020.

Table 16: Analysis of CCR exposure by approach

	Analysis of CCR exposure by approach (Template EU CCR1 – EBA/ITS/2020/04)	a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	0.5	3.1		1.4	5.1	5.1	5.1	2.5
1	SA-CCR (for derivatives)	15.1	88.2		1.4	144.6	144.6	144.6	61.3
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					25.5	25.5	25.5	5.8
5	VaR for SFTs					-	-	-	-
6	**Total**					**175.2**	**175.2**	**175.2**	**69.7**

At year-end 2021, the derivatives exposure to Qualified Central Counterparty (QCCP) amounted to EUR 8.1 million.

Table 17: Exposures to Qualified Central Counterparty

	Exposures to CCPs (Template EU CCR8 – EBA/ITS/2020/04)	a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		0.2
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	8.1	0.2
3	(i) OTC derivatives	8.1	0.2
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

According to Article 439 (e) of Regulation (EU) No 575/2013 (CRR), the following table shows the counterparty credit risk exposures under the standardised approach broken down by risk weights and regulatory exposure classes.

In 2021.12, nearly 80% of exposures have a weight of 50% or less. On these exposures, 52% comes from the institution exposure class and 29% of the exposures comes from the QCCP.

Table 18: CCR exposures by regulatory exposure class and risk weights

Standardised approach – CCR exposures by regulatory exposure class and risk weights (Template EU CCR3 – EBA/ITS/2020/04)		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities		-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	91.9	3.2	-	-	0.6	-	-	95.6
7	Corporates	-	8.1	-	-	-	18.3	-	-	27.9	-	-	54.2
8	Retail	-	-	-	-	-	-	-	7.5	-	-	-	7.5
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	23.0	2.5	-	-	-	-	-	25.5
10	Other items	-	-	-	-	-	-	-	-	-	0.5	-	0.5
11	**Total exposure value**	-	8.1	-	-	114.9	23.9	-	7.5	28.4	0.5	-	183.3

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

Table 19: Composition of collateral for CCR exposures

Composition of collateral for CCR exposures (Template EU CCR5 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
Collateral type		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	36.4	20.4	59.4	-	-	-	-
2	Cash – other currencies	2.5	-	75.1	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	69.9	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	386.9	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	50.0	-	568.9
9	**Total**	2.5	36.4	95.5	59.4	-	506.7	-	568.9

7.4 Non-performing exposures

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

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

In all entities of the Group, the need for impairment is justified on a case-by-case analysis, ratified in management discussion (local Credit Committees and Group Credit Committee) and through the consolidation process.

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

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

Impairments are also monitored via three risk appetite indicators reported to the BRCC, reflecting the gross specific loan charge, bond impairment charge, and the uncovered exposures to impaired or non-performing loans.

Performing and non-performing exposures and related provisions

In 2021, EUR 93.6 million of exposures are considered as non-performing which represents 1% of the total exposures.

The counterparties which represent the highest level of non-performing exposures are the non-financial corporation with EUR 44.2 million (47%) and the household with EUR 41.2 million (44%).

Table 20: Performing and non-performing exposures and related provisions

Performing and non-performing exposures and related provisions. (Template EU CR1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	4,248.2	4,230.0	18.2	-	-	-	-0.7	-0.6	-0.1	-	-	-	-	-	-
010	Loans and advances	5,421.3	5,402.5	18.8	92.1	-	92.1	-1.0	-0.6	-0.4	-21.8	-	-21.8	-	4,913.5	50.2
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0.8	0.8	-	-	-	-	-0.0	-0.0	-	-	-	-	-	-	-
040	*Credit institutions*	653.1	643.7	9.4	-	-	-	-0.0	-0.0	-	-	-	-	-	565.5	-
050	*Other financial corporations*	863.1	862.2	0.9	7.1	-	7.1	-0.3	-0.3	-0.0	-0.2	-	-0.2	-	527.6	0.6
060	*Non-financial corporations*	1,404.6	1,398.0	6.6	44.2	-	44.2	-0.4	-0.1	-0.4	-11.9	-	-11.9	-	1,392.0	32.2
070	*Of which SMEs*	463.1	460.0	3.0	-	-	-	-0.0	-0.0			-	-	-	458.8	-
080	*Households*	2,499.8	2,497.7	2.0	40.8	-	40.8	-0.3	-0.3	-0.0	-9.7	-	-9.7	-	2,428.4	17.4
090	Debt securities	3,218.3	3,217.0	-	-	-	-	-1.2	-1.2	-	-	-	-	-	203.6	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	2,182.3	2,182.3	-	-	-	-	-0.8	-0.8	-	-	-	-	-	19.0	-
120	*Credit institutions*	490.0	490.0	-	-	-	-	-0.2	-0.2	-	-	-	-	-	179.6	-
130	*Other financial corporations*	217.7	217.7	-	-	-	-	-0.1	-0.1	-	-	-	-	-	-	-
140	*Non-financial corporations*	328.3	327.1	-	-	-	-	-0.2	-0.2	-	-	-	-	-	5.0	-
150	Off-balance-sheet exposures	4,036.8	4,036.4	0.4	1.5	-	1.5	0.0	0.0	0.0	1.1	-	1.1	-	3,983.6	0.4
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	423.8	423.8	-	-	-	-	-	-	-	-	-	-	-	423.7	-
180	*Credit institutions*	0.3	0.3	-	1.1	-	1.1	0.0	0.0	-	1.1	-	1.1	-	0.1	-
190	*Other financial corporations*	204.3	204.3	-	-	-	-	0.0	0.0	-	-	-	-	-	193.6	-
200	*Non-financial corporations*	1,229.6	1,229.6	-	-	-	-	0.0	0.0	-	-	-	-	-	1,219.2	-
210	*Households*	2,178.8	2,178.4	0.4	0.4	-	0.4	0.0	0.0	0.0	-	-	-	-	2,147.1	0.4
220	***Total***	***16,924.6***	***16,885.9***	***37.5***	***93.6***	***-***	***93.6***	***-2.9***	***-2.4***	***-0.5***	***-20.7***	***-***	***-20.7***	***-***	***9,100.7***	***50.6***

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

As mentioned in template EU CQ5 shown under section 6.2.2 Credit risk exposure data, in 2021, for the non-financial corporation counterparties, the real estate activity sector shows the greatest amount of exposures which are considered as non-performing (EUR 36.1 million which represents 82% of the total non-performing exposures). It is followed by the construction sector with EUR 5.8 million which represents 13% of the total non-performing exposures.

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

The below table presents the non-performing exposures by past due days as at end of the year 2021. 29% of the exposures have a number of past due days lower than 1 year; 34% have a number of past due days between 1 and 2 years and 36% have a number of past due days greater than 2 years.

Table 21: Credit quality of performing and non-performing exposure by past due days

Performing and non-performing exposures and related provisions. (Template EU CQ3 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due =< 30 days	Past due > 30 days =< 90 days		Unlikely to pay that are not past due or are past due =< 90 days	Past due > 90 days =< 180 days	Past due > 180 days =< 1 year	Past due > 1 year =< 2 years	Past due > 2 years =< 5 years	Past due > 5 years =< 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	4,248.2	4,245.5	2.7	-	-	-	-	-	-	-	-	-
010	Loans and advances	5,421.3	5,410.2	11.1	92.1	2.3	12.2	12.5	31.5	29.6	2.5	1.4	92.1
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0.8	0.8	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	653.1	653.1	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	863.1	858.1	5.0	7.1	-	2.5	3.6	0.7	0.3	-	-	7.1
060	*Non-financial corporations*	1,404.6	1,400.2	4.4	44.2	2.3	0.0	1.6	22.8	17.5	-	-	44.2
070	*Of which SMEs*	463.1	462.2	0.9	-	-	-		-	-	-	-	-
080	*Households*	2,499.8	2,498.0	1.7	40.8	-	9.8	7.3	8.0	11.9	2.5	1.4	40.8
090	Debt securities	3,218.3	3,218.3	-	-	-	-	-	-	-	-	-	-
100	*Central banks*			-	-	-	-	-	-	-	-	-	-
110	*General governments*	2,182.3	2,182.3	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	490.0	490.0	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	217.7	217.7	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	328.3	328.3	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	4,036.8			1.5								1.5
160	*Central banks*	-			-								-
170	*General governments*	423.8			-								-
180	*Credit institutions*	0.3			1.1								1.1
190	*Other financial corporations*	204.3			-								-
200	*Non-financial corporations*	1,229.6			-								-
210	*Households*	2,178.8			0.4								0.4
220	***Total***	***16,924.6***	***12,874.0***	***13.8***	***93.6***	***2.3***	***12.2***	***12.5***	***31.5***	***29.6***	***2.5***	***1.4***	***93.6***

Changes in the stock of non-performing loans and advances

The below table refers to Article 442 (f) of Regulation No 575/2013. This template is related to the change in the stock of non-performing loans and advances during the year. The amount of EUR -78.7 million can be explained either by reimbursement or by regularisation of the situation (i.e. taking possession of new collaterals, risk transfer, …).[3]

Table 22: Changes in the stock of non-performing loans and advances

Changes in the stock of non-performing loans and advances. (Template EU CR2 – EBA/ITS/2020/04)	a Gross carrying amount
010 Initial stock of non-performing loans and advances	**120.7**
020 Inflows to non-performing portfolios	50.2
030 Outflows from non-performing portfolios	-78.7
040 Outflows due to write-offs	*-0.1*
050 Outflow due to other situations	*-78.7*
060 Final stock of non-performing loans and advances	**92.1**

3. As the ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing is below 5%, the templates EU CR2a, EU CQ2, EU CQ6 and EU CQ08 have not to be displayed.

Forborne exposures

According to the EBA definition: "Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting their financial commitments ("financial difficulties")."

The template below shows the credit quality of forborne exposures in 2021. 98% of the forborne exposures are non-performing. The non-performing exposures concern mainly non-financial corporations counterparties (58%), followed by household (40%).

Table 23: Credit quality of forborne exposures

Credit quality of forborne exposures (Template EU CQ1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other	-	-	-	-	-	-	-	-
010	Loans and advances	0.3	30.0	30.0	30.0	- 0.0	- 15.4	13.9	13.6
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	0.6	0.6	0.6	-	-	0.6	0.6
060	*Non-financial corporations*	-	17.4	17.4	17.4	- -	6.8	10.6	10.6
070	*Households*	0.3	12.0	12.0	12.0	- 0.0-	8.5	2.7	2.5
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	0.2	-	-	-	-	-	0.2	-
100	*Total*	0.5	30.0	30.0	30.0	- 0.0	- 15.4	14.1	13.6

7.5 Credit risk mitigation techniques

Netting policies

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

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

Therefore, with few exceptions, most interbank loans are secured (as explained below).

Netting Agreements

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

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

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

Those operations are in general subject to daily exposure calculations (aggregated exposure amount per counterparty involved in an agreement) and daily margin-calls mitigating the inherent credit risk.

Collateral with Private Customers - Lombard Loans

The security types accepted as collateral and their pledge value rates (PVR) are provided within the 'Quintet

Credit Policy and Procedures' validated by the BRCC.

For main security types, PVR - expressed as a percentage of their market value - are set according to the following criteria:

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

Securities that are not given a PVR per default may also be accepted and valued as collateral on a case-by- case basis, in which case the Group Credit Risk Control team, will validate the applicable PVR.

As a matter of principle, the pledge value of the portfolio (sum of all securities' pledge values) has to cover the amount of the loan. In other words, the Loan-to-Pledge-Value ratio has always to remain below 100%, meaning a Loan-to-Market Value significantly lower than 100%. This constraint is reported monthly to the Group Risk Committee.

The Standard Pledge Value of the collateral portfolio is calculated by using the applicable PVR, security by security.

Additional haircuts may then be applied to the Standard Pledge Value, which may be justified by:

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

The proportion of a single security in the total pledged collateral is limited by the credit policy to a percentage of the adjusted pledged value. The Credit Committee may impose additional haircuts in case of concentration risk.

Exceptions to this limit exist under strict conditions:

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

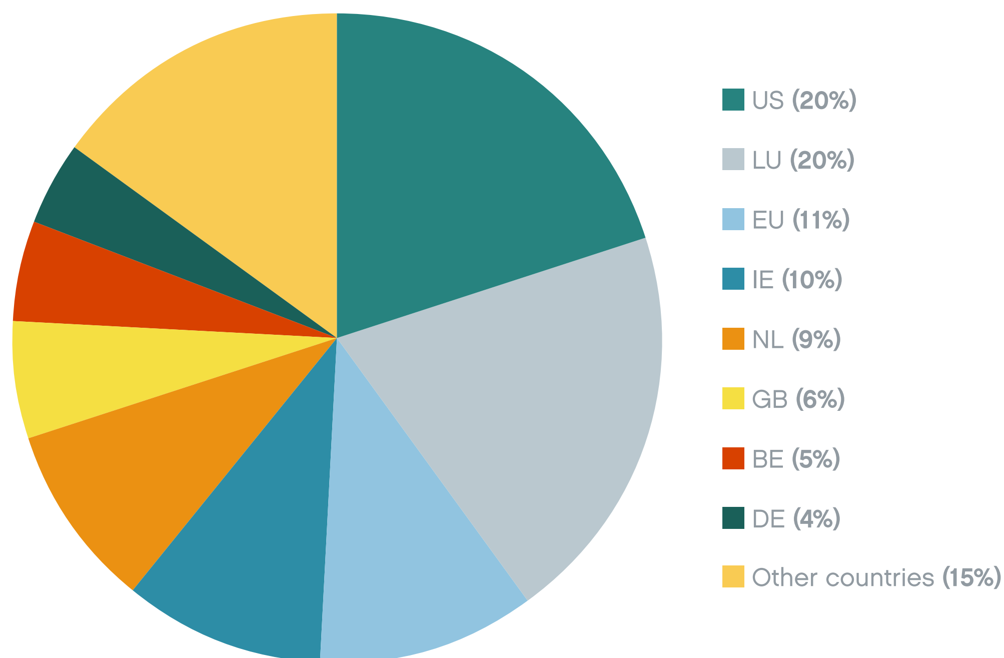
No additional country/sovereign concentrations limits apply to the collateral accepted, the above- mentioned rules being considered as conservative enough.

In the case of collateral portfolios managed by the bank under a discretionary mandate the PVR may be applied, according to its investment risk profile, against the total portfolio value on a holistic basis.

As illustration, the following graph presents the repartition of the collateral per country as at 31/12/2021 It highlights a high level of diversification, with the largest country exposures being on less risky countries.

Table 24: Country risk of Lombard by pledge value

Country risk of Lombard collateral by PV



Collateral with Private Customers - Mortgage Loans

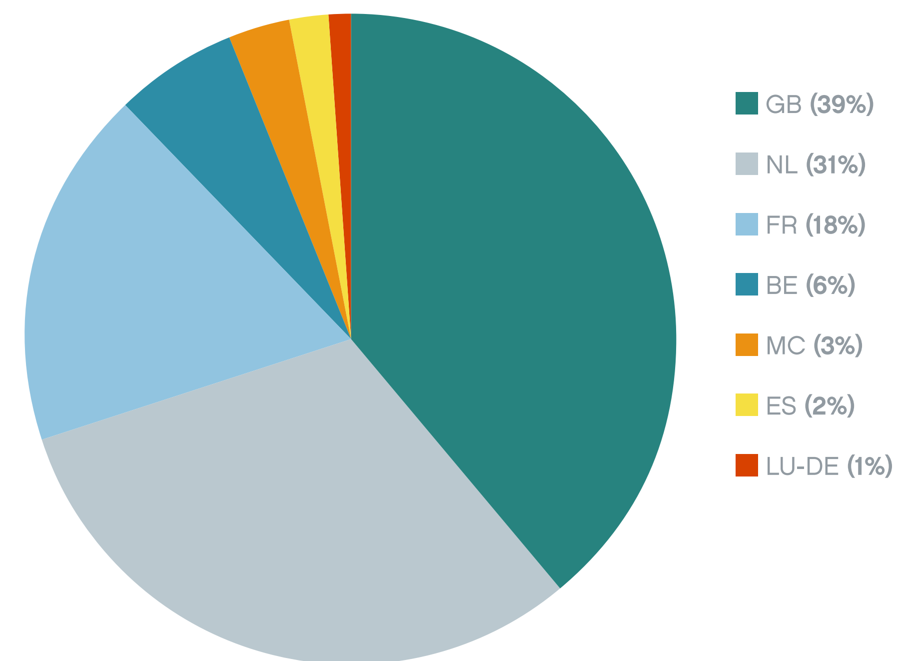
A first ranking mortgage on residential property located in the European markets in which Quintet operates is accepted as collateral. Commercial property may also be accepted on an exceptional basis.

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

Similarly, the mortgage collateral location is diversified between main European markets, as presented in the following graph:

Table 25: Location of Mortgage Collateral by pledge value

Location of Mortgage Collateral by PV



Collateral with Professional Counterparties

Criteria for securities used as collateral in (reverse) repurchase transactions are validated by the AMC upon request from the Global Markets function and opinion from the Risk Control function.

The criteria used refer to the type of securities/issuers (e.g. sovereign, bank & corporate bonds, commercial papers and certificates of deposit...), eligible countries, currencies and maximum residual maturities. Specific rules also apply to the concentration risk by counterparty (limit depending on their systemic/non- systemic nature and based on Quintet own funds) and by security accepted as collateral (based on their rating), as well as correlation risk limits between debtors and the financial collaterals given as protection (depending on their systemic/non systemic nature).

These restrictions are considered as strict enough, so that no additional country/sovereign concentration limit is needed on the collateral accepted.

The Dealing Room, in particular the 'Repo' Desk, is the first line of defence regarding the quality of the securities bought and sold back in a reverse repurchase transaction (under GMRA contract).

In addition, the respect of the rules is monitored weekly by the Financial Risk Reporting. It is the responsibility of the Financial Risk Reporting Department to update the list of eligible collaterals based on risk evolution and market practices.

Throughout the Group, the collateral management is performed by the Collateral Management Department which is part of the Operations Function.

The Collateral Management Department consists of several sections, of which the most important are:

- Margin call: staff members are responsible for the daily monitoring of the margins (the amount of additional collateral that should be posted or received) and for contacting external counterparties from which collateral should be received as well as answering the counterparties' collateral requests. This entity is responsible for correct and complete upload of outstanding exposures to the collateral management application;
- Collateral Quality Control: staff members constitute the first line of defence regarding collateral adequacy in ISDA-CSA, GMSLA and GMRA margin call process. On a day-to-day basis, the Collateral Management Department monitors ex ante the quality of the collateral to be received, referring to the criteria agreed in the executed agreements and to the criteria approved by the AMC.

Credit Risk Mitigation Data

Figures relating to the Bank's use of credit risk mitigation techniques in 2021 are presented hereunder. These figures correspond to two different regulatory approaches to credit risk mitigation, the substitution method and the financial comprehensive method.

The first technique applied at Quintet Group is the substitution method for guaranteed exposures, which occurs when exposures towards counterparties receive a guarantee from a third party. Under this technique, the risk weight actually applied to the exposure is the one assigned to the guarantor as if it was the original bearer of the debt.

The second technique used to mitigate credit risk is the financial collateral comprehensive method. Under this method, the exposure value towards counterparties is diminished by the prudentially corrected amount of the financial collateral (e.g. securities) received under each transaction. To compute the resulting value of exposure under each transaction, the value of both the exposure and the collateral are assigned a prudential haircut which raises the exposure value and diminishes the collateral one depending on the nature of the transaction and the securities involved.

Within the framework of Article 453 (f) and (g) of the Regulation EU No 575/2013 (CRR), the template below provides an overview of the credit exposure covered by eligible credit risk mitigation after regulatory haircuts. It includes all collateral and financial guarantees used as credit risk mitigation.

The table also includes the carrying amounts of the defaulted exposures.

Table 26: CRM techniques overview: disclosure of the use of credit risk mitigation techniques

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques. (Template EU CR3 – EBA/ITS/2020/04)		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	4,797.8	4,963.8	4,921.4	42.3	-
2	Debt securities	3,014.7	203.6	-	203.6	
3	**Total**	**7,812.5**	**5,167.4**	**4,921.4**	**245.9**	-
4	*Of which non-performing exposures*	41.9	50.2	46.0	4.2	-
EU-5	*Of which defaulted*	41.9	50.2			

Eligible credit risk mitigation techniques

The table below shows the credit risk mitigation techniques used at Quintet Group. As at 31/12/2021, Quintet Group globally achieved a reduction of EUR 2,667.8 million of its credit risk exposure, corresponding to the amount of prudentially eligible financial securities pledged by debtors after subtraction of applicable prudential volatility haircuts. Furthermore, EUR 1,416.3 million and EUR 287.5 million were fully secured (maximum 100% loan-to-market value) by respectively mortgages on residential and commercial immovable properties. The other eligible collateral only relates to the pledge of life insurance policies for EUR 144.7 million. The eligible third-party guarantees amounts to EUR 261.6 million.

Table 27: CRM Techniques used

CRM Techniques used / Exposure classes	Value of eligible financial collateral used after haircut	Eligible residential mortgage (up to 100% LTMV)	Eligible commercial mortgage (up to 100% LTMV)	Other eligible collateral (e.g. life insurance policies)	Exposures covered by eligible (third party) Guarantees (i.e. substitution CRM)	TOTAL
Central governments or central banks	-			-	-	-
Regional governments or local authorities	-			-	-	-
Public sector entities	50.6			-	7.7	**58.3**
Multilateral development banks	-			-	-	-
International organisations	-			-	-	-
Institutions	0.0			-	185.1	**185.1**
Corporates	1,750.9			120.1	67.6	**1,938.6**
Retail	583.6			21.1	-	**604.7**
Secured by mortgages on immovable property	262.9	1,416.3	287.5	-	-	**1,966.6**
Exposures in default	9.0			3.4	-	**12.4**
Items associated with particularly high risk	10.9			-	-	**10.9**
Covered bonds	-			-	-	-
Claims on institutions and corporates with a short-term credit assessment	-			-	1.2	**1.2**
Collective investments undertakings	-			-	-	-
Equity exposures	-			-	-	-
Other exposures	-			-	-	-
Total standardised approach	**2,667.8**	**1,416.3**	**287.5**	**144.7**	**261.6**	**4,777.8**

Within the framework of Article 444 (d), the eligible third-party guarantees are disclosed by counterparty types and gain of Credit Quality Step (CQS)[4] in the table here after.

Table 28: Eligible Third-Party Guarantees

Eligible Third Party Guarantees			Guarantor type: Central government		Multilateral development bank	Regional government	Institutions
Original exposure			CQS #1	CQS #2	CQS #1	CQS #1	CQS #1
Institutions	**CQS #1**	**169.1**	169.1	-	-	-	-
	CQS #2	**16.0**	-	16.0	-	-	-
Public sector entities	**CQS #1**	**5.1**	-	-	-	5.1	-
	CQS #2	**2.7**	-	2.7	-	-	-
Corporates	**CQS #1**	**67.6**	13.1	-	52.9	-	1.5
Short term	**CQS #1**	**1.2**	1.2	-	-	-	-
Total		**261.6**	**183.5**	**18.6**	**52.9**	**5.1**	**1.5**

The Bank, as at end of 2021, has no collateral obtained by foreclosure.

No disclosure of template EU CQ7: Collateral obtained by taking possession and execution processes

Standardised approach – credit risk exposure and CRM effect:

The following template shows the credit risk exposure before credit conversion factor (CCF) and credit risk mitigation (CRM). The exposure is broken down by exposure class with a split of on and off-balance sheet items.

The RWA density expresses the ratio of the total risk weighted exposures post CCF and CRM.

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

Table 29: Standardised approach – Credit risk exposure and CRM effect

	Standardised approach – Credit risk exposure and CRM effects (Template EU CR4 – EBA/ITS/2020/04)	Exposures before CCF and before CRM: On-balance-sheet exposures	Exposures before CCF and before CRM: Off-balance-sheet exposures	Exposures post CCF and post CRM: On-balance-sheet exposures	Exposures post CCF and post CRM: Off-balance-sheet exposures	RWAs and RWAs density: RWAs	RWAs and RWAs density: RWAs density (%)
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	5,492.3	190.0	5,694.4	189.9	74.7	1.27%
2	Regional government or local authorities	466.6	-	471.7	-	4.1	0.87%
3	Public sector entities	315.3	478.6	297.6	4.9	36.8	12.16%
4	Multilateral development banks	141.4	-	194.3	-	14.6	7.50%
5	International organisations	5.1	-	5.1	-	-	0.00%
6	Institutions	465.9	23.7	282.4	23.7	72.1	23.57%
7	Corporates	2,691.4	1,552.6	1,079.8	26.5	786.1	71.05%
8	Retail	576.4	1,946.4	36.7	7.8	33.0	73.97%
9	Secured by mortgages on immovable property	1,922.0	44.6	1,661.2	12.3	663.3	39.64%
10	Exposures in default	70.2	0.4	58.2	0.0	68.0	116.76%
11	Exposures associated with particularly high risk	47.9	7.9	39.3	0.0	59.0	150.00%
12	Covered bonds	81.9	-	81.9	-	8.2	10.00%
13	Institutions and corporates with a short-term credit assessment	241.9	-	240.7	-	81.2	33.72%
14	Collective investment undertakings	0.0	-	0.0	-	0.0	100.00%
15	Equity	36.9	-	36.9	-	36.9	100.00%
16	Other items	234.3	-	234.3	-	189.1	80.71%
17	**TOTAL**	**12,789.6**	**4,244.1**	**10,414.4**	**265.1**	**2,126.9**	**19.92%**

8. Market risk

8.1 Strategies related to market risk

Treasury

Quintet Group trading activities are mainly operated by the Treasury department of the Head Office (Luxembourg), through the reinvestment of the substantial amount of excess liquidity collected with private banking clients.

This activity induces the main part of the market risk the Bank is exposed to, as reflected in the RWA corresponding to interest rate risk as at end of 2021 (standardised approach):

Table 30: Market risk under the standardised approach

Market risk under the standardised approach (Template EU MR1 – EBA/ITS/2020/04)		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	199.8
2	Equity risk (general and specific)	0.4
3	Foreign exchange risk	9.0
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**209.3**

According to Article 439 (f) of Regulation (EU) No 575/2013 (CRR), the below table indicates the exposure value and RWA of transactions subject to capital requirements for credit valuation adjustment (CVA). The standardised approach is used to calculate this capital charge.

The exposure value for these transaction amounts to EUR 128.3 million in 2021 compared to EUR 74.0 million in 2020. This increase is mainly related to the application of the new regulation related to SA-CCR.

Table 31: Transaction subject to own funds requirements for CVA risk

Transactions subject to own funds requirements for CVA risk (Template EU CCR2 – EBA/ITS/2020/04)		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3x multiplier)	-	-
3	(ii) stressed VaR component (including the 3x multiplier)	-	-
4	Transactions subject to the Standardised method	128.3	25.6
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**128.3**	**25.6**

Other activities inducing trading risk

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

In addition to those activities, some limited positions are authorised in structured products where Quintet offers a secondary market to its clients.

8.2 Market risk management processes

The AMC has approved a set of primary limits, which are based on notional amounts for activities exposed to currency risk (Forex), notional amounts and Historical Value at Risk (HVaR and stressed HVaR) for activities exposed to price variation risk (Structured Products) and on sensitivities (10 bpv), HVaR and stressed HVaR for activities exposed to interest rate risk (Treasury activity).

These primary limits are supplemented by a set of secondary limits setting more granular constraints on specific risk drivers. Secondary limits focus on risk concentration (bpv limits by currency/time bucket/product for Treasury, limits by currency for Forex and limits per issuer/rating category for Structured Products). The respect of these primary and secondary limits is daily monitored and reported according to a detailed escalation process.

8.3 Market risk governance

Lines of defence

- Dealing Room

In the control framework with 3 lines of defence (see chapter 5.2), the Dealing Room is devoted to the permanent monitoring of trading positions and to proposals of strategies with the aim of optimising the risk/return ratio of the Bank.

Trading limits are prudently monitored. Each limit breach leads to an investigation carried out by the related risk owner in order to identify the root causes and define necessary corresponding corrective measures.

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

Global Markets Back Office and Market Middle Office (within Operations Function), independent from the Dealing Room, are in chargeof computing and reporting the Profit & Loss, and ensuring that all products are correctly reflected in the Front Office and in the Accounting systems of the Bank.

- Risk Control

The second independent level control is performed by the Financial Risk & Reporting department which is part of the Risk Control Function.

The entity daily performs independent controls on the Dealing Room activities in accordance to the primary and secondary limits' framework summarised above.

The Financial Risk & Reporting department reports on a regular basis the Group's exposures to the Dealing Room (daily), to the AMC (weekly), to the Group ALCO (monthly) and to the BRCC (quarterly).

A group trading risk forum meets on a weekly basis and ensures a close monitoring of all trading activities within authorised limits. This forum includes the following participants:

- The Head of Group ALM & Treasury;
- The Head of Group Market and Liquidity Risk;
- The Head of Global Markets;
- The Head of Group Treasury and Fixed Income.

The evolutions of the various exposures are compared to their respective limits and highlights of each activity are provided. Although it does not constitute a decision-making body, its advice is important in the AMC decision processes.

Ownership of definitions and methodologies

The ownership of the definitions and methodologies used for the group-wide measurement of market risk lies with the Group Risk Control function. New methodologies or changes to existing methodologies and/or limit framework are decided at the level of the AMC.

9. Operational risk

(EU ORA - Qualitative information on operational risk)

9.1 Governance of operational risk management

The line management of each of the Group's entity is expected to observe and implement the operational risk management framework and all decisions are consistent with their own local obligations. Key principles have been defined and are applicable within the Group.

The key principle is that Operational Risk Management remains the responsibility of the Business Line management and is supported by the Business Risk Management team (BRM – 1st LoD) and Group Operational Risk Control (GORC – 2nd LoD).

The Authorised Management Committee (AMC) monitors and addresses operational risk issues of the Group. The Operational Risk Management structure can be summarised as follows:

This structure is replicated at both local and Group levels:

- The sub-Board Committee dedicated to risks in the subsidiaries is the Board Risk, Compliance and Legal Committee (BRCLC);
- The Authorised Management Committee (AMC) monitors and addresses operational risk issues of the Group.

9.2 Entities in charge of Operational Risk Management

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

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

Business Risk Management (BRM)

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

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

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

Group Operational Risk Control (GORC)

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

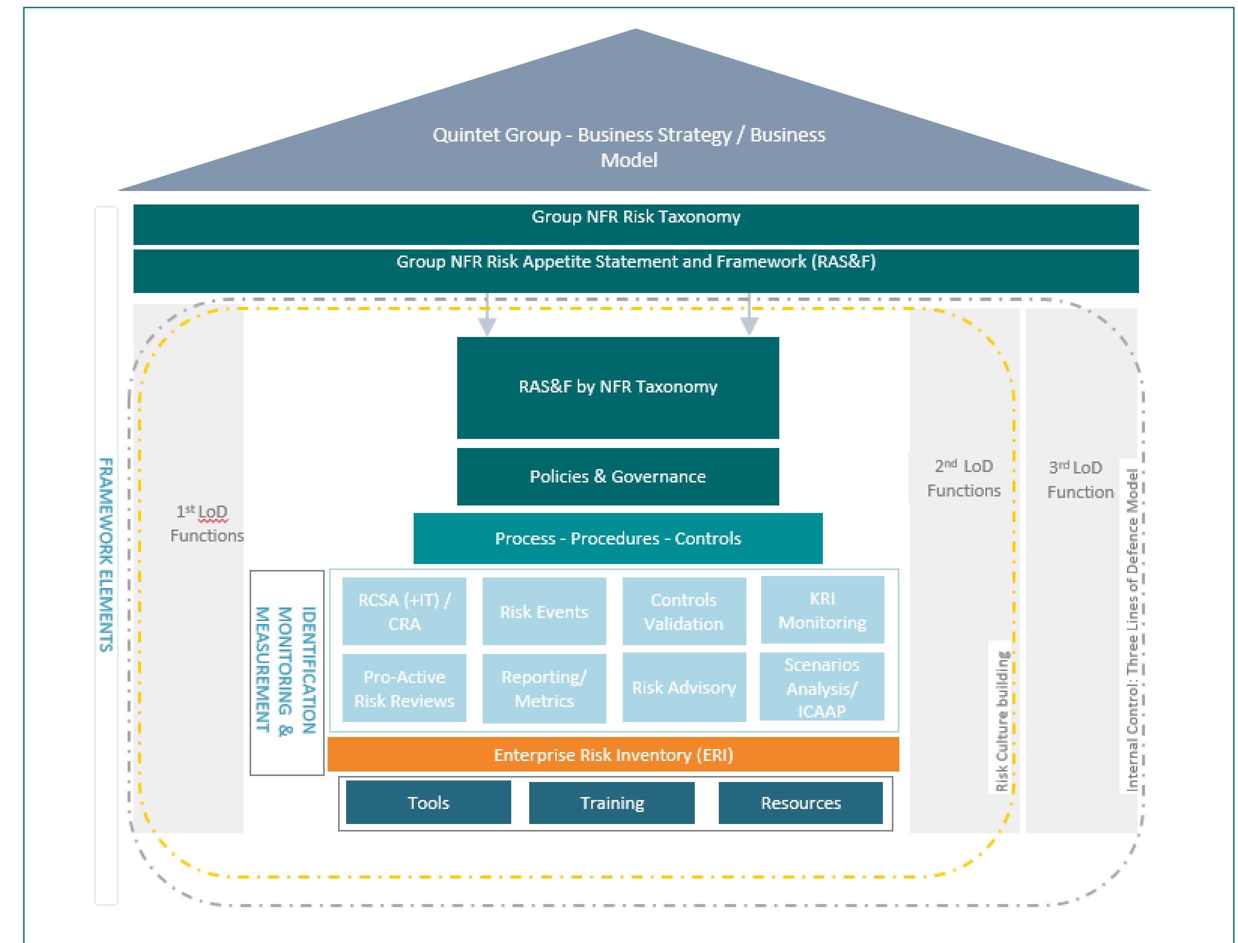
9.3 Operational risk identification

The Operational Risk Management Framework is a key component of Enterprise-wide Risk Management Framework (ERMF) for the Group's non-financial risks. The scope of operational risk has expanded over the last few years and includes for example conduct risk, compliance, legal, regulations, data protection and information risk.

The ERMF sets out:

- Principal risks faced (as disclosed in the Group's Non-Financial Risk (NFR) taxonomy) which guides the organisation of the risk management function,
- Risk appetite requirements. These define the level of risk we are willing to take in our business
- Segregation of duties: the ERMF clearly defines a three lines of Defence model
- Roles and responsibilities for key risk management and governance structure

The ERMF is complemented by frameworks, policies, standards, tools and training.



In order to control its risks, the Bank has to identify and measure them. The Operational Risk Management Framework provides a set of processes and tools that apply to all non-financial risks across entities.

Operational risk events

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

- Identify the Bank's weaknesses and set up preventive actions plans;
- Compute own fund requirement for operational risk.

LoD2 challenges all major risk events and performs analytical reviews on risk events occurrences (statistics).

Risk and Control Self-Assessment (RCSA)

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

The RCSA process is intentionally prescribed as a self-assessment, to derive the risk identification and assessment from the best and most reliable source who are the experts i.e. – the Business/function owner. The RCSA process is based on the assessment of inherent risks to which the Bank is exposed, and an inventory of controls in a dedicated RCSA template. Furthermore, the RCSA process allows the analysis of the Group's residual exposures to operational risk which drives scenario analysis.

Additionally, the RCSA is a document used to derive risk prioritisation for directing the Group's efforts, be it tangible or intangible, towards risk mitigation. The RCSA results are also used by the Group management towards steering risk-based strategic and business decisions.

The RCSA Guidelines apply to Quintet Private Bank (Europe) S.A. and all its branches (referred as entities). Each entity of the Group is responsible for transposing this Group RCSA Guidelines to their local jurisdiction. Deviation from the RCSA Guidelines, if any, must be reported to the GORC team for prior approval.

Keys Risk Indicators

Key Risk Indicators are metrics that allow the Operational Risk Profile to be measured and monitored against Management's Risk Appetite. KRIs, defined limits and triggers are reported to BRC to drive action when risk exceeds acceptable limits.

Risk Scenarios

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

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

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

Enterprise Risk Inventory

The Group monitors their current non-financial risk issues via the Enterprise Risk Inventory (ERI) tool. ERI is a central point for reporting all residual non-financial Risk issues in the Group, it gathers residual risks from various sources including. self-identified risks by LoD1, derived from incidents, LoD2 findings or observations. Each risk issue identified and reported in the ERI tool is assessed against a Quintet Risk Assessment Grid. The Group grid applies to all non-financial risk types in the Group and ensures consistent assessment and reporting across all locations. The ERI provides a holistic view of the NFR risk profile of the Bank.

9.4 Operational Risk Mitigation Techniques

Once risks have been identified and measured, the Bank is able to mitigate and/or control them.

Lines of responsibility

The Bank has a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility. These responsibilities are visible on the intranet via flowcharts as well as a "who does what" document:

First Line of Defence (LoD1): represents the risk-owning functions. The operational business lines have primary accountability for the day-to-day management, control and reporting of risk exposures in accordance with the risk appetite, strategies and policies set by the Group Board of Directors (and the subsidiary Board), and implemented by the AMC. Hence, the LoD1 is responsible for performing its own RCSA which includes identifying forward-looking risks and evaluating current risks; identifying, assessing and testing controls in place; redesigning or adjusting controls where required (i.e. where the design is not appropriate, or the identified control fails to effectively operate); assessing residual risk exposures; and defining action plans where the residual risk exceeds the risk appetite set up by the Board.

Second Line of Defence (LoD2): includes GORC, Group Compliance, Group Data Protection Officer ("DPO"), Group Information Risk, Credit Risk Control and Financial Risk & Reporting.

The role of the LoD2 is to independently check and challenge the exercise performed by the LoD1, monitoring and reporting to governing bodies on the effectiveness of the risk management structure and the management of the various risk exposures

Following the check and challenge exercise, the GORC will carry out a calibration exercise and a qualitative assessment (considering open audit points, open regulatory points and risk events) with the BRM. This will be conducted at both inherent and residual risk stages, to ensure that the key control gaps identified from the RCSA are aggregated, consolidated and appropriately reflected into the Enterprise-Wide Risk Management Inventory (hereinafter "ERI") as risk themes.

Third Line of Defence (LoD3): The role of internal audit is to provide objective assurance on the overall soundness and effectiveness of the Bank's risk management. This is achieved through independent reviews of processes and controls, on a regular basis and in line with the approved internal audit plan, to ensure that the control environment of the function or activity under review is adequate and effective.

Policies

A Group Policy Framework policy has been drawn up by the Bank to set out rules related to the preparation, validation, formal adoption and ongoing maintenance of the Bank's set of policies and procedures which form part of the procedure manual.

The adoption and regular update of the Bank procedure manual is crucial for guaranteeing not only compliance with all legal requirements, including the revised CSSF Circular 12/552 applicable to the Bank, but also for ensuring that all staff members are aware of the controls in place, the process flows, and the documentation used in each relevant process.

This Group policy Framework policy applies to all policies and procedures adopted/to be adopted by the Bank without exception.

This procedure maintained by the process management department of the Bank, is made available to all staff members, and becomes effective upon validation from the authorised management and its publishing.

This procedure is reviewed on an annual basis or when required by major changes in the organisation and operational processes of the Bank.

2nd LoD Check & Challenge Methodology

This includes conducting spot checks on and challenging the control testing performed by the LoD1 controllers to ensure it is appropriate and consistent with the sampling methodology.

As part of the LoD2 Control Check & Challenge phase, there is coordination and supervision by the GORC team to ensure it is performed on time, consistently and is of a high standard.

The GORC taskforce must decide on a methodology to follow. This includes:

- Selecting risks and controls under scope of their review;
- Determining the LoD2 ownership of each risk under the scope;
- Determining the sample size to be tested; and
- Determining the approach taken or work to be done when going through the review of the LoD1 control testing.

Key Risk Indicators (KRIs)

The Key Risk Indicators (KRIs) reflect the current maturity level of the risk taxonomy concerned. As such the KRIs are non-exhaustive and prone to change as and when changes are reflected in the Group's Risk Appetite, Risk Policies and practices as well as any other changes impacting the internal and external business environment.

Key indicators are meant to provide an early warning of upcoming non-financial risk risks, and to trigger actions when they reach a predefined level.

Each key indicator is assigned to two thresholds linked to action requirements, an alert/limit and a tolerance/trigger threshold. The Board of Directors validates thresholds as part of the Bank's risk appetite.

The level and trend of the KRIs are reported at quarterly sessions of the AMC and BRCC. Breaches are analysed by LoD1 and the analysis is challenged by LoD2.

The KRIs are updated based on the input provided by the RCSA processes. KRIs can be added, deleted or updated to reflect an early warning of upcoming risks.

Risk awareness

Risk culture is the set of values, beliefs, knowledge and understanding about risk shared by Quintet Group employees. It aims at encouraging risk taking within the framework of Group risk tolerance.

Risk culture is promoted through a series of levers, including but not limited to:

- Recruitment;
- Promotion;
- Incentives;
- Training;
- Internal communication and setting the "tone at the top".

These levers lead to risk-conscious day-to-day behaviour, which limits risk exposure and promotes adequate risk control.

In addition, LoD2 contributes to this continuous educational process by sending ad hoc awareness messages/reminders to employees.

- Action plan monitoring;
- Assisting the business to maintain a robust control environment.

Day to day operational risk management generates remediation actions to mitigate risks. BRM and LoD2 assist the business in the creation of risk items in the ERI linking Action Plans to solve the risk issues.

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

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

On a regular basis, BRM follows-up with LoD1 to check on the status of each action and update the deadlines. The completion of these actions delivers a stronger control environment across the Group.

Insurances

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

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

The LoD3 also ensures the effectiveness of the Bank's risk management following their audit cycle and reports independently to the Audit Board.

9.5 Capital Requirements for Operational Risk

EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

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

As at end of 2021, the risk-weighted exposure amount for the operational risk amounts to EUR 709.2 million.

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

Operational risk own funds requirements and risk-weighted exposure amounts (Template EU OR1 – EBA/ITS/2020/04)		a	b	c	d	e
		Relevant indicator			Own funds require-ments	Risk exposure amount
Banking activities		Year-3	Year-2	Last year		
1	**Banking activities subject to basic indicator approach (BIA)**	-	-	-	-	-
2	**Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches**	**404.5**	**441.8**	**461.3**	**56.7**	**709.2**
3	*Subject to TSA:*	404.5	441.8	461.3		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

10. ALM risks

10.1 ALM strategies

Definition of ALM risks

At Quintet, ALM risks are defined as the market risks induced by all non-trading activities, either on- or off-balance sheet.

Those market risks are segregated according to the following internal conventions:

- ALM Interest Rate Risk focuses on risk-free rates, credit spread risk being assessed separately. Interest rate risk is mainly induced by the investment bond portfolio and the loan book. The majority of loans & receivables to customers is granted on a floating rate basis, which considerably reduces the interest rate risk. The credit spread risk is also considered as limited on loans, given the high collateral standards in place.
- ALM policy, in line with the Risk Appetite statement of the Board, is to have no active Foreign Exchange Risk. All assets are funded in matched currencies.
- Inducing equity price risk, the equity exposure results from an opportunistic strategy decided by the Group ALCO. Its size can vary within a defined limit framework.
- The medium- or long-term Liquidity Risk (risk that the Bank would not have enough resources to fund its assets) is managed by Group ALM, while the short-term (or operational) liquidity risk is managed by the Treasury department on a day-to-day basis.

Bond portfolio

The ALM strategy – conducted by the Group ALM Functions – aims at:

- Managing the structural liquidity of the Group;
- Managing the interest rate risk at Group level;
- Providing a positive and stable contribution to the P&L of the Bank.

Stable contribution means that decisions are made with the objective to avoid ALM investments causing any significant unwanted volatility in the P&L of the Bank as much as possible, by adopting adequate strategies – including hedging, portfolio profiling techniques and stop-loss strategies.

ALM investments also contribute to the Bank's strategic objective to diversify its asset composition by deploying a portion of its resources into various markets, sectors and instruments with distinctive risk return characteristics, which are not usually available in loans and advances and short-term money markets. In the fixed-income instruments, issuers with various types and levels of risks are used within the overall limits as decided by ALCO. In particular, in accordance with the 'Group Investment Policy and ALM Framework', investing in non-investment grade Bonds/Notes is not authorised. In addition, unrated securities are approved only on an exceptional basis by ALCO (they must contain some risk mitigating clauses).

The overall policy is also to match maturities of assets with (economic) maturities of funding where possible and to hold sizeable liquid assets. Consequently, ECB eligible and Basel III eligible assets are vastly predominant (above 60% after haircut).

As a result of this strategy, the investment bond portfolio reached a total value of EUR 3.1 billion (including swap values) as at end of 2021, with an overall duration of 1.44 years. 57% is hedged either with floating-rate notes or swap. These bonds are the reinvestment of the Bank's free capital and available stable deposits from customers of the various Group entities. Around 66% of the straight (non-swapped) bonds are maturing over the next three years. Cyclical strategies implemented (called Ladder approach) also aim at smoothing the impact of interest rate movements.

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

As at 31/12/2021, the proportion of Basel III LCR eligibility was 82%.

Equities portfolio

Equities are expected to bring added value in terms of profit and diversification (contra-cyclical feature of equities vs. interest rate).

Exposures are allowed on the main markets (US, Europe and less developed markets) with a sizable European bias. A strict investment policy including constraints in terms of diversification, liquidity and stop- loss is implemented.

As opposed to the bond investment portfolio, which is meant to be cyclically and permanently invested, the equity portfolio may be fully divested if the analysis concludes that risks outweigh expected returns.

In this context, the equity portfolio remained at a very low level in 2021, with a market value of EUR 60 million as at 31/12/2021 (vs EUR 57 million as at 31/12/2020). It includes:

- EUR 37 million of alternative investments (listed but illiquid or non-listed stocks and funds). Key assumptions and practices affecting the valuation of such assets are developed in the annual report of the bank;
- Private Equity positions for a book value of EUR 23 million.

The presentation and measurement of equity instruments are driven by the Business Model analysis performed at IFRS 9 opening balance (01/01/2018). Most of equities in the portfolio have been recognised as "not SPPI", thus measured at FVPL.

For example, this is the case of all investment in funds, private equity positions (unless FVOCI option for very limited cases of unlisted equities).

The cumulative realised gains or losses arising from sales and liquidations represent for 2021 a realised gain of EUR +8.1 million. Those gains/losses, as part of the global audited profit and loss accounts are included in CET1 at year-end closing.

10.2 ALM risks measurement

Interest rate risk in the Banking Book

In line with the regulatory requirements of the 'Interest Rate Risk in the Banking Book' or 'IRRBB', risk appetite indicators reflect the sensitivity of both Economic Value and Net Interest Income (NII) of the Bank to interest rate curves' changes. These measures are based on a full revaluation of Cash flows partially or fully conditional on interest rate scenario

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

- Various parallel shift shocks
- Monte-Carlo VaR scenarios
- the six supervisory shock scenarios
- tailor-made ongoing management scenarios

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

Impact on Economic Value

The following table provides (a) the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU as well as (b) the changes in the net interest income calculated under the two supervisory shock scenarios referred to in the same article. Both metrics are provided for the current (2021-12-31) and previous (2020-12-31) disclosure periods.

Table 33: Impact on Economic Value of equity under six supervisory shock scenarios

	Supervisory shock scenarios	a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-55.96	-32.36	25.47	37.82
2	Parallel down	14.92	4.62	-14.27	-8.44
3	Steepener	-5.47	5.14		
4	Flattener	-14.95	-18.24		
5	Short rates up	-27.48	-30.08		
6	Short rates down	9.78	5.83		

The worst scenario in terms of changes in economic value of equity remains the parallel up scenario and the yearly increase is mostly driven by additional ALM portfolios' investments with the reinforcement of our free capital portfolio.

Changes to the net interest margin remain exposed to a downshift scenario, which is due to the large part of the client deposits that remain priced above the negative market rates.

Key modelling and parametric assumptions:

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

1. Non-maturity deposits [NMD]: The current model considers the repricing behaviour of the Bank regarding NMDs in euros, i.e. the existence of a soft floor at 0% and the historical passthrough applied depending on the rate environment. The resulting model is non-linear (i.e. the duration of the benchmark is scenario dependent) and currently ranges from 2.4 to 1.8 years.

2. Prepayment options: QUINTET Group does not face significant loan prepayments in the course of the lending activities offered as part of its Private Banking business; as such, the conditional prepayment rate is set to 0 in all IRRBB-related calculations and the effective maturity is set equal to the product contractual maturity. However, loan prepayments as well as callable bonds are identified, monitored and reported via the Interest Rate Risk dashboard to give management a view on the related prepayment risk and its materiality.

As at the end of 2021, the volume of modelled non-maturity deposits amounted to EUR 824 million, equivalent to EUR. 17.6 million of 100 bpv.

Foreign Exchange Risk

Forex risk exposure is not allowed in the Banking Book. Hence all forex exposures of the Banking Book are transferred to the Trading Book, where residual FX exposures are managed and monitored against a set of primary and secondary nominal limits. The risk is monitored through a dedicated risk appetite indicator (limit set at 0).

Equity Risk

The structural equity risk measurement used at Quintet is based on a VaR measure according to a Monte-Carlo methodology (99% - 1 Year). This risk appetite indicator is complemented by the market value of listed equities portfolio and alternative investments.

Global ALM Risk

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

10.3 ALM Governance

Based on the Global Risk Appetite Statement validated by the Board, the Group ALCO monitors and decides the ALM strategy of the Group in terms of risk, balance sheet gaps, solvency and liquidity upon recommendation from Group ALM department. Group ALCO meetings are held monthly.

Group ALM is in charge of:

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

Group Treasury is in charge of:

- operational liquidity management;
- providing money-market products required by the Group entities;
- advising on all ALM subjects including (but not limited to) the execution of all transactions decided by Group ALCO or Group ALM.

The CIO department of the Group is in charge of advising on all ALM subjects including (but not limited to) the global market trends and their possible impacts on the Group.

Quintet Group Risk Control is in charge of:

- transforming the overall principles included in the Risk Appetite Statement into detailed risk limits (to be approved by the Group ALCO);
- control of the correct implementation of the Group ALCO's decisions by the ALM department;
- monitoring the correct use of available limits and reporting on a monthly basis to the Group ALCO;
- defining and implementing the models of risk measurement and stress tests;
- gathering all needed information regarding risk exposures in Group members and reporting accordingly to the Group ALCO;
- ensuring conformity with regulatory constraints;
- advising on all ALM subjects including (but not limited to) the implementation of the risk policy;
- reporting on this matter to the CRO, who is an AMC member.

11. Liquidity risk

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

11.1 Risk management objectives and policies for liquidity risk

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

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

11.2 Liquidity risk management process and strategy

The Bank distinguishes between:

1. Operational (short-term) liquidity risk, i.e. the risk that the Bank does not have a liquidity buffer able to absorb the net effects of day-to-day transactions and changes in liquidity in the short term;

2. Structural (long-term) liquidity risk, i.e. the risk that the Bank's structural, long-term assets cannot be funded adequately;

3. Contingent liquidity risk, i.e. the risk that the Bank is unable to attract additional funds, replace maturing liabilities or generate sufficient liquidity by mobilising its liquid assets in stressed market conditions (while operational & structural liquidity risks are incurred in the normal course of business).

The Bank's policy in terms of operational liquidity management is to centralise liquidity surpluses at the Head Office (within the limits of local regulatory constraints) and to limit maturities' transformations at local levels. Therefore, short term/operational liquidity risk is not considered as significant in the subsidiaries and is managed daily by the local Treasurer who adapts the excess liquidity to be up streamed to Quintet Europe according to the local needs and regulatory constraints. He relies on the Group Treasurer if necessary for short-term money-market transactions.

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

A liquidity crisis is managed through the Contingency Funding Plan and the conduct of liquidity stress tests.

Contingency Funding Plan (CFP)

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

Stress tests

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

11.3 Liquidity risk governance

In the Liquidity risk management process:

- Group ALM & Treasury is in charge of the first line of defence through the responsibility of operational and structural liquidity management (by respectively Group Treasury and Group ALM);
- Group Risk Control is in charge of the second line of defence.

In this role, it identifies, measures, monitors, mitigates and reports liquidity risks inherent to the consolidated and solo balance sheets of the Bank.

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

- The BRCC is informed of the evolution of liquidity risk, through the measure of risk appetite indicators compared to their limits, in addition to complementary recurrent or one-ff l analyses of liquidity matters;

- Group ALCO is responsible for the (strategic) management of (financial) risks including liquidity risks. It is responsible for establishing the ALM / liquidity policy in accordance with the Risk Appetite Statement. It makes all strategic ALM / liquidity decisions, except those that are formally delegated to Group ALM & Treasury;

- Local ALCOs are responsible for the management of ALM and liquidity risks at local entity level. They are responsible for the local implementation of Group ALM / liquidity policies and for ensuring risks remain within the Group's risk appetite.

11.4 Liquidity risk measurement systems

Liquidity risk is monitored through the following indicators:

- 5-day operating liquidity gaps are computed daily and escalated to the Central Bank of Luxembourg;
- Weekly evolution of total deposits;
- Daily collateral inventory (stock of securities, from Quintet portfolios or from the reverse repo/securities lending activity that are available for mobilisation in the event of liquidity needs);

- Daily indicators of the Contingency Funding Plan;
- Daily assessment of the Liquidity Coverage Ratio for Quintet Europe (according to the EU Delegated Act) which moreover constitutes a risk appetite indicator.

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

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

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

11.5 Liquidity risk mitigating measures

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

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

11.6 Management statement on the adequacy of liquidity risk management arrangements

The liquidity risk framework of the Group is built around the following key elements:

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

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

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

The Management considers that the operational liquidity position of the Group is strong, which is evidenced by large Central Bank deposits (EUR 4.0 billion as at 31 December 2021) and ALM investment portfolio (EUR 3.2 billion as at 31 December 2021).

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

11.8 Disclosure of quantitative & qualitative information on LCR

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

Table 34: Template EU LIQ1 - Qualitative information on LCR as at 31/12/2021

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	**31 December 2021**	**30 September 2021**	**30 June 2021**	**31 March 2021**	**31 December 2021**	**30 September 2021**	**30 June 2021**	**31 March 2021**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					**6,342.4**	**6,034.6**	**5,522.0**	**4,856.9**
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	3,816.5	3,891.6	4,059.8	4,245.3	446.5	452.6	473.7	496.8
3	*Stable deposits*	*1,000.6*	*1,037.3*	*1,102.5*	*1,169.1*	*50.0*	*51.9*	*55.1*	*58.5*
4	*Less stable deposits*	*2,647.5*	*2,700.3*	*2,824.9*	*2,971.3*	*396.5*	*400.8*	*418.6*	*438.4*
5	Unsecured wholesale funding	6,695.3	6,454.8	6,244.6	5,985.0	4,658.1	4,492.6	4,280.8	4,030.3
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*463.1*	*483.2*	*540.6*	*599.0*	*115.8*	*120.8*	*135.1*	*149.8*
7	*Non-operational deposits (all counterparties)*	*6,079.3*	*5,821.9*	*5,584.7*	*5,299.8*	*4,389.4*	*4,222.1*	*4,026.3*	*3,794.4*
8	*Unsecured debt*	*152.9*	*149.7*	*119.3*	*86.1*	*152.9*	*149.7*	*119.3*	*86.1*
9	Secured wholesale funding					27.0	37.6	42.0	30.2
10	Additional requirements	545.9	538.8	527.5	514.8	206.5	210.2	210.6	207.5
11	*Outflows related to derivative exposures and other collateral requirements*	*138.3*	*141.7*	*139.6*	*134.5*	*138.3*	*141.7*	*139.6*	*134.5*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*407.5*	*397.2*	*387.9*	*380.3*	*68.2*	*68.5*	*71.0*	*73.0*
14	Other contractual funding obligations	115.9	122.5	130.5	31.8	107.9	110.5	114.3	10.7
15	Other contingent funding obligations	3,013.3	2,978.6	2,942.1	2,915.5	68.0	95.2	120.3	150.9
16	TOTAL CASH OUTFLOWS					**5,513.9**	**5,398.7**	**5,241.6**	**4,926.4**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	467.4	444.0	565.6	618.1	318.0	314.7	440.1	454.9
18	Inflows from fully performing exposures	788.6	830.6	816.7	776.4	713.5	756.4	751.1	730.6
19	Other cash inflows	31.1	34.8	31.6	25.7	31.1	34.8	31.6	25.7
EU-19a	(Difference between total weighted inflows and total weighted outflows arising					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	**1,287.1**	**1,309.3**	**1,414.0**	**1,420.2**	**1,062.7**	**1,105.9**	**1,222.8**	**1,211.1**
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	1,287.1	1,309.3	1,414.0	1,420.2	1,062.7	1,105.9	1,222.8	1,211.1
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					**6,342.4**	**6,034.6**	**5,522.0**	**4,856.9**
22	TOTAL NET CASH OUTFLOWS					**4,451.2**	**4,292.8**	**4,018.8**	**3,715.3**
23	LIQUIDITY COVERAGE RATIO					**143%**	**140%**	**137%**	**130%**

The above LCR computation provides 12-month rolling averages based on periods ranging from 04/20 to 12/2021. Figures shown for December 2021 reflect the positive impact of the merger of the banking subsidiaries in Belgium, the Netherlands and Germany into Quintet Private Bank (Europe) S.A. The 31/12/2021 LCR ratio of Quintet Group stood at 138%, and 133% for Quintet Private Bank (Europe) S.A., levels that have been maintained significantly above the prudential limit.

11.9 Additional qualitative information on LCR

Concentration of funding and liquidity source

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

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

Derivative exposures and potential collateral calls

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

A dedicated liquidity buffer is allocated to this activity in order to cover the risk of increasing and unexpected collateral calls. It is calibrated to cover a period of 30 days and is revalued monthly, on the basis of the historical look-back approach. This liquidity buffer amounted to EUR 127.6 million as at 31 December 2021.

Currency mismatch in the LCR as at 31 December 2021, EUR/USD/GBP were the Group's material currencies.

Whereas the HQLA liquidity buffer mainly consists of EUR securities, the Group benefits from large USD deposits that are essentially replaced short term in the interbank market (through FX swaps) and, for the part considered as stable, in highly liquid USD securities.

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

Liquidity centralisation and interaction between Group entities

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

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

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

11.10 Disclosure of quantitative & qualitative information on NSFR

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

Table 35: Table EU LIQ2 - Net Stable Funding Ratio as at 31/12/2021

ASF

				a	b	c	d	e
C 81.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3b		**Available stable funding (ASF) Items**					
	See instructions	1	Capital items and instruments	**1,257.9**	**-**	**-**	**0.1**	**1,258.0**
21a,24d, 25a		2	*Own funds*	1,257.9	-	-	0.1	1,258.0
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		**3,916.7**	**93.9**	**13.4**	**3,672.8**
21c,22		5	*Stable deposits*		996.6	0.1	0.1	946.9
21c,23		6	*Less stable deposits*		2,920.1	93.8	13.4	2,725.9
		7	Wholesale funding:		**7,730.9**	**276.9**	**245.0**	**2,232.1**
21c,24b,25a		8	*Operational deposits*		467.3	-	-	233.6
21c,24acd,25a		9	*Other wholesale funding*		7,263.7	276.9	245.0	1,998.5
45		10	Interdependent liabilities		**-**	**-**	**-**	**-**
		11	Other liabilities:	**61.5**	**376.2**	**-**	**58.1**	**58.1**
19,20,25c		12	*NSFR derivative liabilities*	61.5				-
25abd		13	*All other liabilities and capital instruments not included in the above categories*		376.2	-	58.1	58.1
		14	**Total available stable funding (ASF)**					**7,221.1**

RSF

				a	b	c	d	e
C 80.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3c		**Required stable funding (RSF) Items**					
36ab,37,39a,40ab,42a,43a	See instructions	**15**	Total high-quality liquid assets (HQLA)					**399.4**
		EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**-**	**-**	**-**	**-**
40d		**16**	Deposits held at other financial institutions for operational purposes		**-**	**-**	**-**	**-**
		17	Performing loans and securities:		**1,434.7**	**195.4**	**4,478.1**	**3,916.6**
38,40c,43c		**18**	*Performing securities financing transactions with financial customerscollateralised by Level 1*		9.9	-	-	-
39b,40c,43c		**19**	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial*		1,125.1	7.7	289.0	377.4
36c,40e,41b,42b,43a		**20**	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		199.4	153.6	2,312.9	2,303.3
36c,40e,41b,43a		**21**	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		13.3	7.3	122.9	275.6
40e,41a,42b,43a		**22**	*Performing residential mortgages, of which:*		57.4	19.7	1,460.1	826.2
40e,41a,43a		**23**	*With a risk weight of less than or equal to 35% under the Basel II Standardised*		56.1	18.4	1,340.5	723.2
40e,42c,43a		**24**	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-*		42.8	14.4	416.0	409.7
45		**25**	Interdependent assets		**-**	**-**	**-**	**-**
		26	Other assets:	**No mapping to reporting**	**400.1**	**-**	**715.4**	**927.6**
42d		**27**	*Physical traded commodities*				-	-
42a		**28**	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**60.7**	**-**	**-**	51.6
34,35,43b		**29**	*NSFR derivative assets*		**116.9**	-	-	116.9
19,43d		**30**	*NSFR derivative liabilities before deduction of variation margin posted*		**61.7**	-	-	3.1
36d,43c		**31**	*All other assets not included in the above categories*		160.8	-	715.4	756.0
46,47		**32**	Off-balance sheet items		**239.3**	**59.7**	**284.8**	**29.2**
		33	**Total RSF**		-	-	-	**5,272.8**

NSFR

9	**Art451a(3a), Art428b**	**34**	**Net Stable Funding Ratio (%)**					1.36950188

The tables EU LIQ2 on NSFR as at 30 September 2021 & 30 June 2021 are disclosed in Appendix 11.

11.11 Encumbered Assets

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

Throughout 2021, Quintet Group operated transactions that required the pledge of assets to be considered as encumbered. These transactions generating encumbered assets were mainly:

- Repurchase agreements;
- OTC derivative transactions;
- Securities given as collateral (in particular to guarantee credit lines received).

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

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

Table 36: Encumbered and unencumbered assets

Encumbered and unencumbered assets (Template EU AE1 – EBA/ITS/2020/04)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**1,185.9**	**-**			**13,674.2**	**-**		
030	Equity instruments	-	-	-	-	60.4	-	-	-
040	Debt securities	940.1	-	943.1	-	2,700.6	-	2,706.4	-
050	of which: covered bonds	22.4	-	22.7	-	67.4	-	69.1	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	773.8	-	776.3	-	1,757.0	-	1,759.9	-
080	of which: issued by financial corporations	121.7	-	122.2	-	664.9	-	667.6	-
090	of which: issued by non-financial corporations	44.5	-	44.6	-	288.0	-	288.5	-
120	Other assets	253.2	-			10,928.2	-		

It should be noted that Quintet Group is not subject to disclosure on assets quality indicator (EHQLA and HQLA) as the Bank has both total assets lower than EUR 30 billion and an encumbrance level below 15%. The encumbrance ratio is computed as follows:

$$AE\% = \frac{\text{Total encumbered assets + Total collateral received and reused}}{\text{Total assets + Total collateral receieved available for encumbrance}}$$

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

Table 37: Collateral received and own debt securities issued

	Collateral received and own debt securities issued (Template EU AE2 – EBA/ITS/2020/04)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**	**1.0**	**-**	**590.4**	**-**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	1.0	-	590.4	-
170	of which: covered bonds	-	-	20.5	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	74.5	-
200	of which: issued by financial corporations	-	-	287.8	-
210	of which: issued by non-financial corporations	1.0	-	240.3	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			-	-
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	1,186.9	-		

Last year, the bank used very little of the collateral it received. Mostly, the bank used the collateral as a pledge in a repurchase agreement.

Table 38: Sources of encumbrance

	Sources of encumbrance (Template EU AE3 – EBA/ITS/2020/04)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	930.5	1,142.5

In 2021, the main sources of encumbrances were both the participation in a TLTRO (targeted longer term refinancing operation with the Central Bank of Luxembourg) and repurchase agreement activity.

12. Other material risks

Besides the main risk categories described above, the Bank identified its exposure to several other significant risks. These are managed through a set of sound Group-wide frameworks and procedures, and the management of such risks ensures that the Bank has a robust and overarching risk management framework which covers regulatory and internally defined set of risk drivers.

12.1 Business environment & strategic Risk

Business risk arises from changes in the macroeconomic environment, the financial services industry or the market for products and services as well as other changes in the regulatory, political, cultural or ecological environment and relate to the ability of the Bank to address them.

Strategic decision/execution risk stemming from endogenous factors such as: strategic decisions, effective & successful execution of the strategy.

The Group recognises the business model risk resulting from its strategic directions and their implementation, but also from the simple fact of operating in a highly competitive and changing environment which is an unavoidable risk of being in the business. The Board has expressed its Risk Appetite through limits applied to appropriate indicators, which are reported quarterly to the AMC and BRCC. Furthermore, the risk appetite limits are frequently monitored via set key risk indicators, with any breaches reported promptly followed by the development of action plans for management. The Group also ensures it has the right skill levels and reporting tools to ensure risks are contained within limits.

The Finance department issues a recurrent set of documents to follow key indicators on profitability and performance and to follow up on business activities.

12.2 Capital Risk

Quintet defines capital risk as the risk of the Bank's capital resources falling short of internal or regulatory requirements. This can be triggered by financial losses or increased capital requirements. The capital risk indicators that Quintet follows are Common Equity Tier 1 ratio, Overall Capital Ratio, ICAAP ratio and Leverage Ratio.

12.3 Social and Governance Risk

Quintet is constantly developing its sustainability objectives and finding new ways to minimize its environmental footprint, support employees and communities, and maximize the positive impact of the investments it makes on behalf of its clients. In this context, the Group has implemented a strong active ownership policy to monitor its investments taking into account ESG factors. Active ownership involves identifying ESG questions, strategic problems, or opportunities for improvement, engaging with management teams or investment managers, voting at general meetings, and other efforts to encourage positive change for the long-term benefit of clients and the world. Quintet regards exclusion as a last resort, when active ownership has proven unsuccessful, or is not feasible, and further investment would be incompatible with our principles and the best interests of our clients.

Quintet engaged via its partner with 752 companies on 3,030 issues and objectives in 2021 representing 11,5bn€ of AuM (i.e. 58% of the total AuM). The engagement priorities focus on the most material drivers of long-term value, with an attention on four priority themes: Climate change, human and labour rights, human capital management and Board effectiveness. More details are presented in the Sustainable risk policy sustainability_risk_policy_032021.pdf (quintet.lu) and Active Ownership Report Active Ownership Report - 2021 activities (quintet.com).

On top of the investment framework, Quintet has also introduced a straightforward and effective approach in pursuit the Bank's ESG issues and objectives with a close monitoring on diversity and inclusion, sourcing practices (based on Supplier Code of Conduct) and carbon footprint. For this latter, detailed contributions and deeper analysis are disclosed internally and externally in the Corporate Sustainability Report, such as renewable electricity used in the office, business travel CO2 equivalent, paper and water consumption…

Quintet is committed to transparency about its sustainability performance and complying with sustainable finance regulations. In recent years, the Bank has addressed the various regulations and guideline as part of the EU action plan. A project at Group level was launched to implement the EU taxonomy, Sustainable Finance Disclosure Regulation (SFDR) as well as sustainability and ESG risk considerations in products and offering (MIFID II and IDD). In parallel, Quintet published its Corporate Sustainability Report covering the NFRD Directive (Non-Financial Reporting Disclosure - revised by Corporate Sustainability Reporting Directive). Furthermore a dedicated taskforce is working on the climate-related and environmental risks and a specific focus is presented in the section below.

12.4 Climate-related and Environment Risk (CRE)

The following section provides an overview of the current state of play of the CRE risk management framework within Quintet, structured around the four dimensions identified by the European Central Bank (ECB) in its *"Guide to climate-related and environmental risks"*[5] (referred to as the *"ECB Guide")*.

CRE risks are usually classified according to two broad categories:

- Physical risks: refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorised as "acute" when it arises from extreme events, such as droughts, floods, and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity; and

Transition risks: refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

5. https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf

12.4.1 Business model and strategy

Given the increasing importance of environmental, social and governance (ESG) considerations for investors, the Group places sustainability and environmental concerns at the heart of its business. Within the discretionary portfolio management segment, sustainable investment is the default strategy proposed to clients. The Group further recognizes that it might lose clients (or be unable to attract new ones) if it does not meet their needs and expectations. Today, the trend towards sustainable investment solutions is clearly identified as one of those needs. As a consequence, Quintet accounts for CRE risks when formulating and implementing its business strategy and governance and risk management frameworks.

In that context, the Group is implementing a holistic approach towards sustainability and integrates CRE factors into: (i) its client discretionary and advisory investments activities, (ii) its proprietary investments activities and (iii) the management of its own carbon footprint.

As part of its strategy, Quintet partners with various asset managers to regularly launch innovative sustainable investment solutions. One of these recently launched initiatives is Quintet Earth, the first climate-neutral multi-asset investment fund, which combines exposure to green bonds with low-carbon equities, offsetting the associated greenhouse gas (GHG) emissions via a community reforestation project in San Juan de Limay and Somoto, Nicaragua. As demonstrated in the Group Active Ownership Report, Quintet also acts as a responsible investor on behalf of its clients by engaging with counterparties on ESG matters. Quintet joined the 2020 Climate Action 100+ (CA100+) initiative, which seeks to ensure that the world's largest corporate GHG emitters take the necessary actions on climate change. As an actor within the financial industry, Quintet indeed wants to play an active role in the achievement of the political objectives defined in the European Commission's *"Action Plan for Financing Sustainable Growth"*. Therefore, building on the concept of double-materiality, the Group considers (and acts) not only based on the risks and effects that CRE risks could have on it, but also based on the willingness to consider how its operations and strategy could impact both the climate and the environment. For instance, the CA100+ initiative has played and will play a significant role in reducing GHG emissions by 9.8 billion metric tons annually by 2050 - according to the CA100+ 2021 progress update.

From a proprietary investments point of view, the Group avoids or minimizes exposure to investments that pose greater sustainability risks. For instance, Quintet has implemented a list of economic sectors banned from both its own investment portfolios and from client portfolios managed on a discretionary/advisory basis. A notable example of such a sector is the Thermal Coal energy production.

Finally, Quintet intends to source the entirety of the electricity for its premises from renewable sources. Additionally, the Group plans to keep improving its resource efficiency (e.g., with regards to business travel, paper waste and water usage). Along the same lines, Quintet has also started to measure and publish its Group carbon footprint, including Scope 1, 2 and 3 GHG emissions, as calculated by the independent third-party specialist MyClimate and disclosed within the *"Group Sustainability Report"*.

As part of its disclosure, the same report includes a series of ratios that advise on the exposure of the Group towards specific economic activities, in particular activities aligned with the EU Taxonomy Regulation 2020/852.[6]

12.4.2 Governance and risk appetite

Quintet defines its CRE risk appetite in a dedicated Risk Appetite Statement. The Group recognizes that its revenues and costs may be materially impacted by CRE risks, via various transmission channels (e.g., severe acute climatic events such as storms, floods and heatwaves; chronic evolutions such as the rise of sea levels or changes in precipitation patterns; evolutions in climate policies, technological advances, or changes in customer preferences; etc.). Furthermore, those transmission channels materialize as risk drivers for other financial and non-financial risk types.

In terms of governance, the Group Climate Change Steering Committee provides leadership and strategic direction to embrace climate change and sustainability at all levels of the organization, according to the three-line-of-defence model. In particular, it drives the project of implementing, within the Group, the different expectations outlined in the ECB Guide. At the operational level, this project is organized around two workstreams: (i) Strategy, Communication & Disclosures, and (ii) Governance & Risk.

The ultimate oversight responsibility is placed on the Group's Board of Directors and its designated committee, the Board Risk and Compliance Committee (BRCC). Progress on this project, and key risk indicators are reported on a quarterly basis to the BRCC.

12.4.3 Risk management

1. Risk identification and materiality assessment

Identification of climate risks, their management and their control are fundamental steps in the definition of a climate strategy geared towards environmental transition. Quintet identifies and assesses CRE risks over the short, medium, and long term.

In the identification process, Quintet follows a "gross approach" and considers, within its analyses, all potentially relevant risks despite existing mitigants and management actions available to reduce risk exposure.

The materiality assessment is made considering CRE risks as a driver to other risk categories, with specific consideration of its two sub-categories (namely transition and physical risks). Across the Group, materiality is assessed based on the potential impact as well as the related time horizon by blending qualitative and quantitative (e.g., exposure analysis, stress testing or scenario analysis) components. While a quantitative assessment is always preferred, a qualitative approach has been also necessary to fill the gaps in data availability as well as to address potential hypothetical forward-looking impacts that might be undetectable from historical information and observed past trends.

6. https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852_en

Credit Risk

Risk Type	Sub-areas	Physical					Transition		
		Drought & Heat	*Flood & Sea level rise*	*Storms*	*Biodiversity loss*	*Water stress*	*Policy & Regulation*	*Technology*	*Market Sentiment*
Credit Risk	Sovereigns	Non material	Non material	Non material	Non material	Non material	Non material	Medium - Long term	Medium - Long term
	Wealth management vehicles	Non material	Non material	Non material	Non material	Non material	Medium - Long term	Medium - Long term	Medium - Long term
	Mortgages	Non material	High - Short term	High - Short term	Non material	Non material	Medium - Long term	Medium - Long term	Medium - Long term
Market Risk	Assets held on the Bank's balance sheet	Non material	Non material	Non material	Non material	Non material	Non material	Non material	Non material
	Client assets	Medium - Long term	Medium - Short term	Medium - Short term	Medium - Long term	Medium - Long term	Medium - Medium term	Medium - Medium term	Medium - Medium term
Liquidity Risk	High Quality Liquid Assets	Non material	Non material	Non material	Non material	Non material	Non material	Non material	Non material
	Liquidity buffers	Medium - Long term	Medium - Short term	Medium - Short term	Medium - Long term	Medium - Long term	Not applicable	Not applicable	Not applicable
Business environment & strategic	Products & Services	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Non material	Non material	Non material
	Commission income	Non material	Non material	Non material	Non material	Non material	Medium - Medium term	Medium - Medium term	Medium - Medium term
Business Continuity Management		Non material	High - Short term	High - Short term	Non material	Non material	Not applicable	Not applicable	Not applicable
Outsourcing		Non material	High - Short term	High - Short term	Non material	Non material	Not applicable	Not applicable	Not applicable
ICT		Non material	Medium - Short term	Non material	Non material	Non material	Not applicable	Not applicable	Not applicable
Reputation		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium - Medium term	Not applicable	Medium - Medium term
Legal & Compliance	Ethical & conduct	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium - Medium term	Not applicable	Medium - Medium term

Being a pure-play private banking Group focused on wealth management, Quintet is neither involved nor is interested in the direct financing - at any stage - of corporates or industrial companies, especially those involved in activities which are carbon-intensive and/or harmful to the environment. Therefore, CRE risks to credit is limited to potentially increased probability of default of one or more borrowers as well as reduced collateral valuations (e.g., real estate properties). Those transmission channels are a direct consequence of the Group's balance sheet, which is composed as follows:

Balance-sheet item	Percentage of the balance sheet
Exposure to sovereigns (Central banks and debt securities)	45%
Lombard or unsecured loans granted to wealth management vehicles & wealthy individuals	21%
Mortgage loans	13%
Interbank loans	12%
Corporate debt securities	3%
Other assets	6%

Among the balance sheet exposures, the following CRE risks are worth considering:

- Sovereign: the Group's activities are mostly focused on Western European sovereign assets (e.g., Luxembourg, the Netherlands, Germany, UK, Belgium) with exposures towards countries highly threatened by physical climate events being insignificant. Along the same lines, the exposure to countries dependent on fossil fuels and thus exposed to transition risk is limited.
- Wealth management vehicles: such exposures are related to clients which are active in the financial investment sectors or in sectors not directly affected by climate change.

Therefore, generally speaking, CRE risk drivers are only limited to vehicles which are incorporated as Real Estate companies, as the Real Estate sector is subject to transition risk in light of the strong trend towards increased energy efficiencies of buildings.

- Mortgages: refers to mortgage loans which are secured by properties located in Western Europe which, from a physical risk perspective, represent an immediate source of risk. In the long term, mortgages can be considered subject to transition risk due to likely more stringent requirements for buildings to be expected in the future which, in turn, would decrease the valuations of those properties securing the Group's mortgage-related exposures.
- Corporate debt securities: the Group's own investment portfolios represent a source of CRE risks for the part relating to companies active in carbon-intensive or so-called "brown" sectors. However, the Group holds a diversified portfolio comprising only a limited number of positions in the above-mentioned sectors.

Finally, it is worth noting that the institution considers CRE risk drivers within its entire credit risk management process (i.e. starting from the credit origination, including the loan granting decision, throughout the life of the credit). This ambition is implemented via the definition of criteria against which the credit is assessed to indicate whether an exposure would present concerns from an ESG/CRE point of view. Discretionary haircuts to account for concentrated collaterals potentially subject to CRE risks drivers have also been defined.

Business Continuity Management (BCM), Outsourcing and ICT Risk

Physical risk can impact, in theory, the BCM in the form of floods and storms that would damage Quintet's buildings or prevent its employees from working. Other climate and environmental threats are not deemed material based on the location of the Group's premises (Luxembourg, UK, the Netherlands, Belgium, or Germany). This risk is considered potentially material in the short term, as floods are already becoming more frequent in Europe as a consequence of climate change.

Analogously, BCM risk could materialize and disrupt service providers (outsourcing risk), which are operating in the same geographical areas as Quintet.

A scenario triggered by CRE risks would impact the institution's ICT infrastructure in the short term. However, Quintet has safeguards in place to mitigate such risk across the whole Group and thus considers the ICT risk, after mitigations, not material.

Market and Liquidity Risks

The effects of CRE risks on both market and liquidity risks are quite similar for Quintet. Physical or transition risks might induce sudden and abrupt repricing of securities, which in turn might result in market and liquidity effects on both sides of the Group's balance sheet.

On the asset side (securities held by the bank on its own portfolios), CRE risks are deemed not material. Quintet has extremely limited trading activities and does not hold material positions in climate-sensitive securities. Regarding sovereign debt securities where Quintet holds significant positions, they are for the most part related to t European countries that would not be seriously affected by climate hazards or transitional effects.

Regarding (investment portfolios of Quintet's clients), CRE risks might cause reductions in portfolio valuations. This is why Quintet is committed to sustainable investment strategies and encourages its clients to do the same as much as possible. Should clients still hold positions subject to CRE risks (e.g., in an execution-only portfolio) and should such a drop in valuation still occur, then the risk for the Group would be a reduction in commission income and a depletion of its liquidity buffers.[7]

Business Environment and Strategic Risk

The business environment as well as the strategy could be impacted by transition risk via all of its three most common facets (policy, technology, and market sentiment) with medium materiality. The risk for the Group is to fail in effectively managing client portfolios and their exposure to carbon price, and to see those portfolios underperform over the medium to long term, producing lower commission income. However, this is deemed unlikely, considering the Group's firm belief in sustainable investment and the strategic initiatives taken in this direction. To provide further comfort, the Group has assessed its dependence on carbon-intensive sectors in terms of revenue streams and concluded that this dependence was insignificant (<5% of Group revenues). This is reinforced by the natural geographical and sectoral diversification effect that would play a role.

A severe physical risk event would likely result in a sudden re-pricing across financial markets. However, such re-pricing should affect large segments of the financial markets (rather than only some niche sectors) to impact the Group's revenue materially. In addition, the ambition to make a fully sustainable proposition, by default, for discretionary/advisory portfolio management would help diversify the exposure to those sectors potentially affected by sudden re-pricing. These arguments justify why physical risk is deemed non-material to Quintet's strategy.

2. Key Risk Indicators

As part of its oversight role, the Board (represented by the BRCC) is informed on a quarterly basis on the Group's Key Risk Indicators (KRIs). These KRIs cover all risk areas identified in the Group's risk taxonomy.

In terms of CRE risks, the main KRIs in place currently relate to breaches to the exclusion list for Quintet's own investment portfolios and client portfolios. Any position on securities of companies with material activities in banned sectors (e.g., the thermal coal sector) are monitored and reported to the BRCC, together with applicable mitigation actions.

The Group will keep developing its data collection and storage capabilities in order to report further CRE KRIs in the future.

12.4.4 Scenario analysis and stress testing

The Group simulated a massive flood event in continental Europe and the UK impacting, respectively, its credit risk and business continuity. The outcome confirms the severity of such a scenario but also the resilience of the Group against physical risk hazard.

7. Since client cash deposits on the liability side of the balance sheet represent an important source of liquidity for the Group, a sudden reduction in client cash positions, e.g., consecutive to a climate event, might represent a source of liquidity risk for Quintet.

In more detail, the impact on credit risk is simulated via a stress-test methodology impacting credit Risk Weighted Assets (RWAs) in the context of the standardized approach to credit risk. The valuation of all real estate properties serving as collateral to mortgage loans is depreciated by a given percentage, dependent on the location of the property and the flood risk in this area. The simulated impacts are in line with those applied in the 2022 ECB climate risk stress test. The outcome provides comfort that the Group's capital structure is sufficiently solid to absorb such a severe scenario. Moreover, this exercise was carried out under simplified and conservative assumptions where potential risk mitigants are not even taken into account. Indeed, in the case of such a flood scenario, insurance schemes would cover at least a part of the damage. Also, the Group would activate recourse clauses to require clients to provide additional financial collateral to cover the credit losses. Being conservative, our stress test neglects these elements but still attests to the resilience of the Group under these very adverse conditions.

On the business continuity side, Quintet included a flood scenario as part of its ICAAP Operational Risk model and the calculation of capital needs to cover this risk. Three flood scenarios of increasing severity were considered, and potential financial impacts on the Group's premises, physical assets, ICT infrastructure, and business continuity (e.g., the ability of employees to perform their duties) were evaluated. This scenario analysis, carried out by internal business continuity, facility management, ICT, and risk experts, reinforces the belief that the institution is resilient and well-equipped to face flood risks in the short and longer terms.

13. Remuneration Policy

13.1 Context and Principles

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

The Board of Directors and the Authorised Management Committee

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

Material Risk Takers

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

13.2 The Group Board Remuneration & Nomination Committee

Mission

The mission of the BRNC is to define, implement and maintain a remuneration policy in accordance with the Law of 5 April 1993 (as amended). The BRNC makes recommendations to the BOD regarding notably the nomination and remuneration of the members of the Group Executive Committees and the local Executive Committees as well as of the Board of Directors of the parent company and the subsidiaries, particularly with regard to the structure and the level of the individual remuneration.

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

Composition

Table 39: The composition of the Group BRNC as at 31/12/2021 was as follows:

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

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

Role and responsibilities

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

Remuneration Responsibilities:

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

Nomination Responsibilities:

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

Other Responsibilities:

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

13.3 Activity in 2021

In the course of 2021, the Group BRNC met seven (7) times and the attendance rate of members was 100%. The Chairman of the BRNC reported to the BOD on the work of the Committee after each meeting and presented his proposals on matters subject to a decision of the council. Decisions of the BRNC were also taken via circular resolution which were then ratified by the BRNC and the BOD at the following session.

The main topics handled by the BRNC during 2021 were the following:

- Review of fixed remuneration and performance bonuses granted to the members of the AMC, the Group ExCo and local ExCo (Group-wide), to the Material Risk Takers and key performers in 2021;
- Evaluation of the activities and Key Performance Indicators (KPI) of the AMC and ExCo members (Group-wide) throughout 2020 (based on which 2020 bonuses were awarded in 2021);
- Review and amendment of all Quintet variable remuneration structures (immediate and deferral part, deferral schedule, payment in cash and instrument) for a better alignment with market practice, still in compliance with the applicable regulation;
- Assessment of previous years unvested bonus before vesting and pay-out to Material Risk Takers;
- 2021 revision of the Material Risk Takers list within the Group; Material Risk Takers recruitment, appointment, new role or exit (2021);
- Appointment and suitability assessment of new AMC members or ExCo members, Group BoD members and local BoD members within the Group;
- Recruitment of senior management roles (AMC, EXCO, Head of Control Functions) group wide in the context of the Quintet new strategic and transformation plan;
- Approval and implementation of several retention plans within the Group
- Review and approval of the Group Remuneration Policy and the Terms of Reference
- Approval of the Group Remote Policy to align with the CSSF circular
- Assessment of the suitability of the members of the Board of Directors.

13.4 Information on the Management Body

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

For 2021 those statistics evidenced at the level of the management body Group-wide a proper balance in nationalities reflecting locations where Quintet Private Bank (Europe) is present and around 25% of female versus 75% of male (which is a major improvement compared to the previous year). The educational background of the Management Body - while mainly deriving from business administration, economics, and commercial - also showed diversity.

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

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

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

Group AMC

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

Group BOD

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

Individual profiles are available on the Quintet website.

The number of commercial directorships held by the members of the Management Body is as follows (2021 year-end):

Table 40: Composition of Group AMC as of 31 December 2021

Name	Position	Executive Directorship*	Non Executive Directorship	
			Group Mandate	External Mandate
Jakob STOTT[1]	Group CEO	1	0	0
Nicholas HARVEY	Group CFO	1	1	0
Maria LEISTNER[2]	Group Chief Legal Officer	1	0	0
Siegfried MARISSENS	Secretary General & Regulatory Affairs	1	1	0
Thomas RODERMANN	Quintet Europe CEO	1	0	0
Bryan CRAWFORD	Group Head GPS	1	0	0
Phil TREMBLE	Group CRO	1	0	0
Eli LEENAARS	Group COO	1	0	4

** Directorship as defined in CRD IV regulations (article 91)*

1. As of July 1, 2022, replaced by Chris Allen subject to regulatory approval
2. As of July 1, 2022, responsibilities assumed by Siegfried Marissens

The following staff members (non-exhaustive list) are considered to be Material Risk Takers based on qualitative criteria; therefore, their remuneration is subject to a supplementary set of rules:

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

Apart from 11 individuals, staff members who were presumed to be Material Risk Takers based only on their remuneration level (quantitative criteria) were excluded from the final Material Risk Takers' list given their limited impact on the Bank's risk profile.

A thorough risk analysis by the Bank led to the following figures[9] for 2021:

Table 41 : Composition of the Group BOD as of 31 December 2021

Name	Executive Directorship*	Non Executive Directorship Group Mandate	External Mandate
George NASRA	1	2	0
Anne-Ruth HERKES	0	1	1
Marco MAZZUCCHELLI	0	2	1
Antoine MARCOLIN	1	1	0
Yves FRANCIS	0	1	1
Rory TAPNER (Chairman)	0	1	1
Alla BASHENKO	0	1	3
Marie-Christine SCHLAG	0	1	0
Frank ERTEL	0	1	0
Jan TOMASEK	0	1	0
Willemien DEE	0	1	0

** Directorship as defined in CRD IV regulations (article 91)*

13.5 Identification of the Material Risk Takers

In accordance with the Law of 5 April 1993 (as amended), the population of Material Risk Takers has been determined based on the Bank's risk management self-assessment.

The Material Risk Takers' list was revised in 2021 based on the definition criteria set by the EU delegated Regulation No 604/2014. Additionally, in 2021 the Bank assessed its staff members against AIFMD/UCITS sectorial definition of Material Risk Takers. The Bank updates the list at least on an annual basis.

9. As assessed and approved by the Board mid-2020

Table 42: Material Risk Taker Number

Material Risk Taker category	Number of employees
Total number of identified Material Risk Takers* based on qualitative and quantitative criteria (Group-wide):	146*
o/w Quintet AMC and Group Exco	21

** apart from independent non-executive Board members*

13.6 The remuneration process

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

Compensation of the BOD members

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

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

Compensation of the Members of the AMC

The BOD determines the remuneration of the members of the AMC upon recommendation from the BRNC.

In accordance with the Group Remuneration Policy, the total individual remuneration paid to the members of the AMC comprises a fixed and a variable component, if any.

Fixed compensation

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

Variable compensation

The principles determining the annual variable compensation of the members of the AMC are based on the achievement of objectives that are set by the BOD at the beginning of the year on the basis of the advice provided by the BRNC. Those pre-agreed objectives are balanced between economic and financial objectives (Quantitative Key Performance Indicators) on the one hand and non-economic objectives (Qualitative Key Performance Indicators) on the other hand and in line with the Group's risk appetite statement.

Those elements are based on the combination of "Firm-wide impact", "People/Continuous Improvement", "Risk/Control/Governance" and "Commercial" criteria, e.g.:

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

In addition, an assessment of the AMC members against their role model of the Quintet shared value system (eight behaviour criteria) was added in the course of the year 2021.

Currently, a proportion of 60% of the annual variable compensation is deferred over a period of 5 years, the vesting of which is delayed proportionally and gradually over this period and subject to the achievement of performance objectives as well as risk adjustments.

50% of the annual variable compensation is awarded in Phantom Shares (or/and any other equity-like instruments as per regulation).

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

Partners Compensation

The title of Partner was introduced in the Group in 2020 (each Partner is a member of the Group ExCo and therefore each member of AMC is a Partner). All Partners have been selected for their contribution to the performance of the Group as well as for role model in terms of corporate culture, teamwork and demonstrating the values of Quintet. All of these are taken into account in the assessment of annual performance, ratings and variable compensation decisions.

The BOD determines the remuneration of the Partners upon recommendation from the BRNC.

The compensation of the Partners is similar to that of an AMC member (fixed and variable), notably the participation in the LTIP.

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

Control Functions Compensation

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

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

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

Unless the proportionality principle[10] applies, the variable compensation of these employees comprises at least 50% phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

Compensation of other Material Risk Takers

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

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

13.7 Remuneration, Performance and Risk Appetite

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

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

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

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

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

The variable compensation related to qualitative objectives is based on the evaluation of a number of pre-agreed criteria including a risk and compliance awareness goal acting as a "circuit breaker"/"modifier". For 2021, these qualitative criteria were for example: compliance with applicable rules and risk standards, managerial behaviours/skills, ethical behaviour, management of incidents, internal audit results follow-up, planning & organisation, communication & transparency, quality of reporting and proactivity & initiative.

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

13.8 Level of Remuneration

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

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

13.9 Risk-Adjusted Remuneration, Malus and Clawback Provisions

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

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

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

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

A malus will be applied in particular:

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

A clawback will be applied[11] for example in the case of:

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

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

Remuneration figures – 2021

The remuneration structure of identified Material Risk Takers was as follows in 2021. In addition, 13 employees were granted in 2021 a total remuneration exceeding EUR 1 million: six in the "payment" band [1 million to below EUR 1.5 million], five in the "payment" band [1.5 million to below EUR 2 million], one in the "payment" band [2 million to below EUR 2.5 million], and one in the "payment" band [4 million to below EUR 4.5 million]. These categories include all types of fixed remuneration and variable compensation, including exceptional variable compensation granted in the hiring context and individuals are categorized accordingly.

The remuneration data are reported in Annex 12: Templates on remuneration EU Rem 1 to EU Rem 5.

Notes:

- All amounts are expressed in EUR;
- Fixed and Variable Remuneration are defined as per EBA guidelines and cover full year 2021;
- MRT headcount and FTE are assessed end of 2021.

11. Without prejudice to contract or labour laws.

14. Appendix

Appendix 1 – Differences between accounting and regulatory scopes

There is no difference between accounting and regulatory scopes of consolidation (see point 3. Structure of Quintet Group). Please find hereafter the mapping of financial statement categories with regulatory risk categories:

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories. (Template EU LI1 – EBA/ITS/2020/04)	a	b	c	d	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset clases according to the balance sheet in the published financial statements						
Cash and balance at central banks	3,940.7	3,940.7	3,940.7	-	-	-
Items in the course of collection from other banks	310.7	310.7	310.7	-	-	-
Financial assets	8,951.9	8,951.9	8,198.8	716.5	36.5	-
Held-for-trading	163.9	163.9	-	127.4	36.5	-
o/w derivatives trading	127.4	127.4	-	127.4	-	-
o/w trading portfolio assets	36.5	36.5	-	-	36.5	-
Mandatorily at fair value through profit or loss	44.8	44.8	44.8	-	-	-
At fair value through profit or loss	-	-	-	-	-	-
At fair value through OCI	2,152.4	2,152.4	2,152.4	-	-	-
At amortized cost	6,570.2	6,570.2	6,001.6	568.6	-	-
o/w Debt securities	1,079.7	1,079.7	1,079.7	-	-	-
o/w Loans and advances to banks excluding reverse repurchase agreements	84.5	84.5	84.5	-	-	-
o/w Loans and advances to customers excluding reverse repurchase agreements	4,837.4	4,837.4	4,837.4	-	-	-
o/w Reverse repurchase agreements and other similar secured lending	568.6	568.6	-	568.6	-	-
Investment in consolidated subs	-	-	-	-	-	-
Hedging derivatives	20.5	20.5	-	20.5	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	- 8.3	- 8.3	-	-	-	- 8.3
Tax assets	26.1	26.1	3.6	-	-	22.6
Current tax assets	3.6	3.6	3.6	-	-	-
Deferred tax assets	22.6	22.6	-	-	-	22.6
Investments in associates	5.4	5.4	5.4	-	-	-
Investment properties	-	-	-	-	-	-
Property and Equipment	25.4	25.4	25.4	-	-	-
Leased tangible assets (IFRS16 - right of use asset)	56.8	56.8	56.8	-	-	-
Goodwill and other intangible assets	448.8	448.8	15.8	-	-	433.0
Other assets	139.4	139.4	139.4	-	-	-
Assets held for sale	240.2	240.2	239.6	0.6	-	0.0
Total assets	**14,137.2**	**14,137.2**	**12,936.2**	**717.1**	**36.5**	**447.3**

Breakdown by liability classes according to the balance sheet in the published financial statements						
Financial liabilities	12,511.7	12,511.7	-	204.4	-	12,307.3
Held-for-trading	119.9	119.9	-	119.9	-	-
o/w derivatives trading	119.9	119.9	-	119.9	-	-
At amortised cost	12,310.2	12,310.2	-	2.9	-	12,307.3
o/w deposits from banks excluding repurchase agreements	830.2	830.2	-	-	-	830.2
o/w customer accounts excluding repurchase agreements	10,918.9	10,918.9	-	-	-	10,918.9
o/w repurchase agreements and other similar secured borrowings	2.9	2.9	-	2.9	-	-
o/w debt securities issued	478.3	478.3	-	-	-	478.3
o/w lease liabilities and other	80.0	80.0	-	-	-	80.0
Hedging derivatives	81.6	81.6	-	81.6	-	-
Tax liabilities	2.6	2.6	-	-	-	2.6
Current tax liabilities	2.6	2.6	-	-	-	2.6
Deferred tax liabilities	0.0	0.0	-	-	-	0.0
Provisions	72.4	72.4	-	-	-	72.4
Other liabilities	291.9	291.9	-	-	-	291.9
Liabilities directly associated with assets held for sale	110.6	110.6	-	0.4	-	110.2
Total equity	1,147.9	1,147.9	-	-	-	1,147.9
Total liabilities	**14,137.2**	**14,137.2**	**-**	**204.8**	**-**	**13,932.3**

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

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (Template EU LI2 – EBA/ITS/2020/04)		a	b	d	e
		Total	Items subject to		
			Credit risk framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	13,689.9	12,936.2	717.1	36.5
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	204.8	-	204.8	-
3	**Total net amount under the scope of prudential consolidation**	13,485.0	12,936.2	512.3	36.5
4	Off-balance-sheet amounts	3,951.5	265.1	-	-
5	*Differences in valuations*	0.2	-	-	0.2
6	*Differences due to different netting rules, other than those already included in row 2*	- 475.5	- 146.5	- 329.0	-
7	*Differences due to consideration of provisions*	-	-	-	-
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	- 2,375.2	- 2,375.2	-	-
9	*Differences due to credit conversion factors*	-	-	-	-
10	*Differences due to Securitisation with risk transfer*	-	-	-	-
11	*Other differences*	-	-	-	-
12	**Exposure amounts considered for regulatory purposes**	**14,586.0**	**10,679.6**	**183.3**	**36.7**

Appendix 2 – Own funds disclosure

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

The table below shows the composition of regulatory own funds. The reference shown are disclosed in Appendix 3.

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	880.4	a
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	265.5	b
3	Accumulated other comprehensive income (and other reserves)	- 11.5	c
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,134.4**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 2.6	d
8	Intangible assets (net of related tax liability) (negative amount)	- 433.0	e
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	- 22.6	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	- 110.2	g
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	- 1.2	h
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**- 569.6**	
29	**Common Equity Tier 1 (CET1) capital**	**564.8**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	123.5	i
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**123.5**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**123.5**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**688.4**	

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0.1	a
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**0.1**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**0.1**	
59	**Total capital (TC = T1 + T2)**	**688.4**	
60	**Total Risk exposure amount**	**3,140.8**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	17.98%	
62	Tier 1 capital	21.92%	
63	Total capital	21.92%	
64	Institution CET1 overall capital requirements	8.21%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.08%	
67	of which: systemic risk buffer requirement	-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.13%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**9.77%**	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	22.9	j
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Appendix 3 – Reconciliation of regulatory own funds to balance sheet

As there are no differences between accounting and regulatory scopes of consolidation (see point 2. Structure of Quintet), the Bank only presents the balance sheet figures in the template EU CC2.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Template EU CC2 – EBA/ITS/2020/04)	a	c
	Balance sheet as in published financial statements	Reference
	As at period end	
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements		
Total assets	**14,137.2**	
Cash, cash balances at central banks and other demand deposits	4,251.4	
Financial assets held for trading	163.9	
of which AVA computation	*0.2*	d
Non-trading financial assets mandatorily at fair value through profit or loss	44.8	
of which AVA computation	*0.0*	d
of which unsignificant holdings in FSE	*22.9*	j
Financial assets designated at fair value through profit or loss	-	
Financial assets at fair value through other comprehensive income	2,152.4	
of which AVA computation	*2.2*	d
Financial assets at amortised cost	6,570.2	
*of which additional capital deductions according to ECB Pilar II requirements**	*1.2*	h
Derivatives – Hedge accounting	20.5	
of which AVA computation	*0.0*	d
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-8.3	
of which AVA computation	*0.0*	d
Investments in subsidiaries, joint ventures and associates	5.4	
Tangible assets	82.2	
Intangible assets	448.8	
of which goodwill	*374.6*	e
of which other intangible assets including the new prudential treatment of sofware assets	*58.5*	e
Tax assets	26.1	
of which current tax assets	*3.6*	
of which deferred tax assets	*22.6*	f
Other assets	139.4	
Non-current assets and disposal groups classified as held for sale	240.2	

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

Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements		
Total liabilities	**12,989.3**	
Financial liabilities held for trading	119.9	
of which AVA computation	*0.1*	d
Financial liabilities measured at amortised cost	12,310.2	
Derivatives – Hedge accounting	81.6	
of which AVA computation	*0.1*	d
Provisions	72.4	
Tax liabilities	2.6	
Other liabilities	291.9	
Liabilities included in disposal groups classified as held for sale	110.6	

Shareholders' Equity		
Total shareholders' equity	**1,147.9**	
Capital	254.2	a
Share Premium	626.3	a
Equity instruments issued other than capital	123.5	i
Accumulated other comprehensive income	-11.5	c
Retained earnings	-67.8	b
Other reserves	333.3	b
Profit or loss attributable to owners of the parent	-110.2	g

Appendix 4 – Prudent Valuation Adjustments (PVA)

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

	Prudent valuation adjustments (PVA) (Template EU PV1 – EBA/ITS/2020/04)	a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		'Total category level post-diversification		
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	-	-	-	-	-	-	-	-	-	-
2	Not applicable										
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
5	Early termination	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
8	Not applicable										
9	Not applicable										
10	Future administrative costs	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
11	Not applicable										
12	**Total Additional Valuation Adjustments (AVAs)**								2.6	-	-

Appendix 5– Balance sheet reconciliation

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

Balance Sheet Reconciliation Methodology

Disclosure according to Article 2 in Commission implementing regulation (EU) No 1423/2013

(references in square brackets correspond to lines in the 'own funds disclosure template)

CONSOLIDATED BALANCE SHEET, as of December 31st, 2021

		€ mln		ofw. Non-significant investments in Financial sector entities	ofw. Significant investments in Financial sector entities	ofw. Group T2 issues / subordinated debts(after amortization / CRR Art.64)	ofw. Goodwill and other intangible assets deducted from CET1	ofw. Deferred tax assets deducted from CET1
Cash, cash balances at central banks and other demand deposits		4,251.4						
Financial assets		8,951.9		22.9	-	(**)		
Tax assets		26.1						
Current tax assets	3.6							
Deferred tax assets	22.6							22.6
Investments in associates		5.4						
Investments properties								
Property & Equipment		25.4						
Leased tangible assets		56.8						
Goodwill & Other intangible assets		448.8					433.0	
Other assets		131.1						
Non-current assets held-for-sale		240.2						
TOTAL ASSETS		**14,137.2**						
Financial liabilities		12,511.7		(*)	-			
Tax liabilities		2.6						
Current tax liabilities	2.6							
Deferred tax liabilities								
Provisions		72.4						
Other liabilities		291.9						
Non-current Liabilities held-for-sale		110.6						
TOTAL LIABILITIES		**12,989.3**						
Ordinary shares issued (including share premium)		880.4	[1]					
Equity component of compound financial instruments		123.5	[30]					
Preference shares issued (including share premium)		0.1		-	-	0.1		
Retained earnings		265.5	[2]					
ofw. Reserves excluded from own funds	[2]							
Net result of the year		-110.2	[EU-25a]					
Treasury shares								
Non-controlling interests								
Accumulated other comprehensive income		-11.5	[3]					
Currency translation reserve	10.7							
FVOCI revaluation reserve	13.0							
Defined benefit pension plans reserve	-35.2							
Minority Interest		-						
TOTAL EQUITY		**1,147.9**						
TOTAL EQUITY AND LIABILITIES		**14,137.2**						
Total				22.9	-	0.1	-433.0	-22.6
				[72]	[73]	*ofw. Amounts issued* 0.1	[8]	[10]
						!"#$%&#'%())+)%,+-.* 4		

(*) Short positions to be net with long positions

!""# $%&'()'*&+,-./0&,+'1023

2d) OWN FUNDS - from accounting to prudential **2021.12**

			2021.12
ACCOUNTING	Issued capital		254.2
	Share premium		626.3
	Equity component of compound financial instruments		123.5
	Revaluation reserves		
		OCI reserve	13.0
		Foreign currency translation	10.7
		IAS 19R	-35.2
	Reserves (including retained earnings)		
		Retained earnings	-67.8
		Consolidated reserves	-119.4
		Other reserves	452.7
	(Treasury shares)		-
	Income from current year		-110.2
	Result of previous year not yet allocated		-
	Minority interests		-
	EQUITY [accounting]		**1,147.9**
	- Not eligible result		-
	- Estimated payout		-
	- Minority interests		-
	- Capital increase - CET1 - pending approval		-
	- Intangible assets and goodwill		-433.0
	- Deferred tax assets		-22.6
	- Additional capital requirement on non-performing exposures		-1.2
	- AGDL reserve		-
	+ Eligible subordinated liabilities		-
	- Defined benefit pension fund assets		-
	- Asset Value Adjustment		-2.6
	- Significant investments in relevant entities (art. 48)		-
	Sum of RETREATMENTS		**-459.4**
PRUDENTIAL	**ELIGIBLE OWN FUNDS [prudential]**		**688.4**
	TIER 1		**688.4**
	TIER 2		**0.1**

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

		a	b	c	d	e	f	g	h	i	j	k	l	m
Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Template EU CCyB1 – EBA/ITS/2020/04)		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value	Own fund requirements			Total	Risk-weighted	Own fund requirements	Counter-cyclical
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Relevant credit risk exposures - Credit risk	Relevant credit risk exposures - Market risk	Relevant credit exposures – Securitisation positions in the non-trading book		exposure amounts	weights (%)	buffer rate (%)
010	Breakdown by country:													
	AD	0.2	-	-	-	-	**0.2**	0.0	-	-	**0.0**	0.2	0.0%	-
	AE	68.8	-	-	-	-	**68.8**	1.6	-	-	**1.6**	20.3	1.0%	-
	AR	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	AT	6.5	-	-	-	-	**6.5**	0.1	-	-	**0.1**	1.2	0.1%	-
	AU	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	BE	119.2	-	-	-	-	**119.2**	7.3	-	-	**7.3**	91.1	4.6%	-
	BH	1.0	-	-	-	-	**1.0**	0.1	-	-	**0.1**	1.0	0.1%	-
	BL	4.4	-	-	-	-	**4.4**	0.1	-	-	**0.1**	1.5	0.1%	-
	BM	63.0	-	-	-	-	**63.0**	2.5	-	-	**2.5**	31.5	1.6%	-
	CA	49.7	-	1.4	-	-	**51.1**	1.0	0.0	-	**1.0**	13.0	0.7%	-
	CH	94.2	-	0.3	-	-	**94.5**	4.1	0.0	-	**4.1**	51.3	2.6%	-
	CN	1.1	-	-	-	-	**1.1**	0.0	-	-	**0.0**	0.2	0.0%	-
	CW	0.1	-	-	-	-	**0.1**	0.0	-	-	**0.0**	0.1	0.0%	-
	CY	18.4	-	-	-	-	**18.4**	1.5	-	-	**1.5**	18.4	0.9%	-
	CZ	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	0.5%
	DE	57.7	-	1.2	-	-	**58.9**	4.2	0.0	-	**4.2**	52.3	2.6%	-
	DK	24.4	-	-	-	-	**24.4**	1.9	-	-	**1.9**	24.0	1.2%	-
	EC	0.4	-	-	-	-	**0.4**	0.0	-	-	**0.0**	0.2	0.0%	-
	EG	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	ES	83.2	-	-	-	-	**83.2**	4.5	-	-	**4.5**	56.1	2.8%	-
	FI	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	FR	450.3	-	0.9	-	-	**451.2**	16.9	0.1	-	**17.0**	212.5	10.7%	-
	GB	971.5	-	11.3	-	-	**982.8**	40.1	0.6	-	**40.6**	507.6	25.5%	-
	GD	0.1	-	-	-	-	**0.1**	0.0	-	-	**0.0**	0.0	0.0%	-
	GG	34.7	-	1.9	-	-	**36.6**	1.5	0.2	-	**1.7**	20.9	1.0%	-
	GR	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	HK	3.0	-	-	-	-	**3.0**	0.1	-	-	**0.1**	0.8	0.0%	1.0%
	HU	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	IE	15.5	-	-	-	-	**15.5**	0.9	-	-	**0.9**	11.0	0.6%	-
	IL	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	IM	12.3	-	-	-	-	**12.3**	0.3	-	-	**0.3**	4.3	0.2%	-
	IN	0.1	-	-	-	-	**0.1**	0.0	-	-	**0.0**	0.0	0.0%	-
	IT	0.6	-	-	-	-	**0.6**	0.0	-	-	**0.0**	0.3	0.0%	-
	JP	6.6	-	-	-	-	**6.6**	0.3	-	-	**0.3**	3.3	0.2%	-
	JE	54.0	-	1.9	-	-	**55.9**	0.1	0.2	-	**0.2**	2.7	0.1%	-
	KN	0.1	-	-	-	-	**0.1**	0.0	-	-	**0.0**	0.1	0.0%	-
	KR	30.2	-	-	-	-	**30.2**	1.4	-	-	**1.4**	17.3	0.9%	-
	KY	40.1	-	-	-	-	**40.1**	1.4	-	-	**1.4**	17.3	0.9%	-
	LB	4.4	-	-	-	-	**4.4**	0.1	-	-	**0.1**	1.5	0.1%	-
	LI	46.7	-	-	-	-	**46.7**	3.7	-	-	**3.7**	46.7	2.3%	-
	LR	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	LU	400.2	-	5.9	-	-	**406.0**	25.9	0.1	-	**26.0**	324.8	16.3%	0.5%
	MC	55.2	-	-	-	-	**55.2**	2.3	-	-	**2.3**	28.2	1.4%	-
	MG	0.1	-	-	-	-	**0.1**	0.0	-	-	**0.0**	0.1	0.0%	-
	MT	28.3	-	-	-	-	**28.3**	1.3	-	-	**1.3**	15.9	0.8%	-
	MU	4.1	-	-	-	-	**4.1**	0.3	-	-	**0.3**	3.3	0.2%	-
	MX	4.6	-	-	-	-	**4.6**	0.2	-	-	**0.2**	2.3	0.1%	-
	NG	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	NL	648.5	-	11.6	-	-	**660.2**	23.2	0.1	-	**23.3**	291.7	14.7%	-
	NO	3.6	-	-	-	-	**3.6**	0.1	-	-	**0.1**	1.8	0.1%	1.0%
	NZ	25.3	-	-	-	-	**25.3**	1.0	-	-	**1.0**	11.9	0.6%	-
	PA	10.8	-	-	-	-	**10.8**	0.9	-	-	**0.9**	10.8	0.5%	-
	PE	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	PF	2.1	-	-	-	-	**2.1**	0.1	-	-	**0.1**	1.4	0.1%	-
	PH	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	PL	0.3	-	-	-	-	**0.3**	0.0	-	-	**0.0**	0.1	0.0%	-
	PT	2.4	-	-	-	-	**2.4**	0.1	-	-	**0.1**	1.5	0.1%	-
	QA	8.7	-	-	-	-	**8.7**	0.1	-	-	**0.1**	1.8	0.1%	-
	RU	4.7	-	-	-	-	**4.7**	0.2	-	-	**0.2**	2.1	0.1%	-
	SE	0.2	-	-	-	-	**0.2**	0.0	-	-	**0.0**	0.2	0.0%	-
	SG	14.3	-	-	-	-	**14.3**	0.3	-	-	**0.3**	3.1	0.2%	-
	SK	25.3	-	-	-	-	**25.3**	0.2	-	-	**0.2**	2.5	0.1%	1.0%
	TH	0.6	-	-	-	-	**0.6**	0.0	-	-	**0.0**	0.4	0.0%	-
	TR	1.2	-	-	-	-	**1.2**	0.0	-	-	**0.0**	0.4	0.0%	-
	TW	0.0	-	-	-	-	**0.0**	0.0	-	-	**0.0**	0.0	0.0%	-
	US	120.9	-	0.2	-	-	**121.1**	4.3	0.0	-	**4.3**	54.2	2.7%	-
	VG	41.9	-	-	-	-	**41.9**	1.5	-	-	**1.5**	19.4	1.0%	-
	VN	0.7	-	-	-	-	**0.7**	0.1	-	-	**0.1**	0.7	0.0%	-
	ZA	4.6	-	-	-	-	**4.6**	0.1	-	-	**0.1**	1.8	0.1%	-
020	Total	3,671.0	-	36.6	-	-	3,707.7	157.9	1.2	-	159.1	1,989.1	100.0%	

ARTICLE 1:

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

ARTICLE 2:

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

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

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

ARTICLE 3:

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

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

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

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

- participate in the incorporation, development and/or control of any entity in the Grand Duchy of Luxembourg or abroad;

- act as a partner or shareholder with unlimited or limited liability for the debts and obligations of any Luxembourg or foreign entities.

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

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

ARTICLE 4:

The Company is formed for an unlimited period of time.

- Share capital, contributions, shares and payments

ARTICLE 5:

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

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

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

Without prejudice to the authorisation given to the Board of Directors under article 6, where the Company's capital is increased by an issue of new shares for cash, those new shares shall be offered for subscription on a pre-emptive basis to the holders of existing

shares, in proportion to the number of shares held by them at that time. However should the Company's share capital be divided into different categories or classes of shares, in the event of a capital increase resulting from an issue of new shares in a given class or category, only the shareholders holding shares in this specific class or category shall have a pre-emptive right to subscribe for such new shares to be issued in their class or category.

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

ARTICLE 6:

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

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

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

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

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

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

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

ARTICLE 7:

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

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

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

ARTICLE 8:

The Company shall recognise only one owner per share.

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

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

ARTICLE 9:

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

- Management and supervision

ARTICLE 10:

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11:

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

ARTICLE 12:

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

ARTICLE 13:

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

ARTICLE 14:

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

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

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

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

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

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

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

ARTICLE 15:

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

ARTICLE 16:

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

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

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

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

ARTICLE 17:

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

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

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

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

ARTICLE 18:

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

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

ARTICLE 19:

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

The Auditors are re-eligible.

- General meeting of shareholders ("General Meeting")

ARTICLE 20:

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

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

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

ARTICLE 21:

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

ARTICLE 22:

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

ARTICLE 23:

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

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

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

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

ARTICLE 24:

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

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

ARTICLE 25:

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

ARTICLE 26:

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

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

ARTICLE 27:

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

ARTICLE 28:

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

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

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

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

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

ARTICLE 29:

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

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

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

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

ARTICLE 30:

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

- Accounts, distribution of profits, reserves

ARTICLE 31:

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

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

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

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

ARTICLE 32:

The net profits shall be distributed as follows:

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

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

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

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

ARTICLE 33:

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

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

- Dissolution and liquidation

ARTICLE 34:

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

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

ARTICLE 35:

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

- Special provisions

ARTICLE 36:

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

ARTICLE 37:

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

Appendix 9 – Main features of capital instruments

Commission Implementing Regulation (EU) No 1423/2013.

Capital instruments main feature template

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

Appendix 10 – Specific COVID-19 disclosure

In accordance with EBA/GL/2020/02, Quintet Group provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis.

At the end of 2021, all moratoria on loan repayments in the light of the COVID-19 crisis in accordance with EBA/GL/2020/02 had expired.

The measures have not led to an economic loss for any of the exposures.

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

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

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	4	5.6							
2	Loans and advances subject to moratorium (granted)	4	5.6	-	5.6	-	-	-	-	-
3	of which: Households		5.6	-	5.6	-	-	-	-	-
4	*of which: Collateralised by residential immovable property*		5.6	-	5.6	-	-	-	-	-
5	of which: Non-financial corporations		-	-	-	-	-	-	-	-
6	*of which: Small and Medium-sized Enterprises*		-	-	-	-	-	-	-	-
7	*of which: Collateralised by commercial immovable property*		-	-	-	-	-	-	-	-

Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

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

Appendix 11 – The tables EU LIQ2 on NSFR as at 30 September 2021 & 30 June 22

ASF

				a	b	c	d	e
C 81.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3b	**Available stable funding (ASF) Items**						
	See instructions	1	Capital items and instruments	**1,242.6**	**-**	**-**	**0.1**	**1,242.7**
21a,24d, 25a		2	*Own funds*	1,242.6	-	-	0.1	1,242.7
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		**3,858.5**	**57.1**	**5.0**	**3,579.6**
21c,22		5	*Stable deposits*		1,011.0	0.2	0.1	960.7
21c,23		6	*Less stable deposits*		2,847.5	56.9	4.9	2,618.9
		7	Wholesale funding:		**8,775.7**	**206.3**	**229.5**	**2,098.9**
21c,24b,25a		8	*Operational deposits*		504.2	-	-	252.1
21c,24acd,25a		9	*Other wholesale funding*		8,271.5	206.3	229.5	1,846.8
45		10	Interdependent liabilities		**-**	**-**	**-**	**-**
		11	Other liabilities:	**49.1**	**362.5**	**-**	**57.8**	**57.8**
19,20,25c		12	*NSFR derivative liabilities*	49.1				*0*
25abd		13	*All other liabilities and capital instruments not included in the above categories*		362.5	-	57.8	57.8
		14	**Total available stable funding (ASF)**					**6,979.1**

RSF

				a	b	c	d	e
C 80.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36ab,37,39a,40ab,42a,43a	See instructions	**15**	Total high-quality liquid assets (HQLA)					**397.4**
		EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**-**	**-**	**-**	**-**
40d		**16**	Deposits held at other financial institutions for operational purposes		**-**	**-**	**-**	**-**
		17	Performing loans and securities:		**1,647.2**	**329.5**	**4,149.8**	**3,784.7**
38,40c,43c		**18**	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		34.2	-	-	-
39b,40c,43c		**19**	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,249.4	68.0	243.8	376.1
36c,40e,41b,42b,43a		**20**	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		227.6	178.5	2,163.7	2,199.9
36c,40e,41b,43a		**21**	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		13.9	6.8	114.2	265.2
40e,41a,42b,43a		**22**	*Performing residential mortgages, of which:*		75.6	65.9	1,330.4	779.2
40e,41a,43a		**23**	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		73.7	64.8	1,209.1	674.6
40e,42c,43a		**24**	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		60.3	17.1	411.9	429.4
45		**25**	Interdependent assets		**-**	**-**	**-**	**-**
		26	Other assets:	**No mapping to reporting**	**395.0**	**0.9**	**735.8**	**959.2**
42d		**27**	*Physical traded commodities*				-	-
42a		**28**	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**59.3**	**-**	**-**	50.4
34,35,43b		**29**	*NSFR derivative assets*		**130.9**			130.9
19,43d		**30**	*NSFR derivative liabilities before deduction of variation margin posted*		**50.2**			2.5
36d,43c		**31**	*All other assets not included in the above categories*		154.6	0.9	735.8	775.4
46,47		**32**	Off-balance sheet items		**243.9**	**19.1**	**251.1**	**26.9**
		33	**Total RSF**					**5,168.2**

NSFR

				a	b	c	d	e
9	**Art451a(3a), Art428b**	**34**	**Net Stable Funding Ratio (%)**					1.35038835

ASF

				a	b	c	d	e
C 81.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3b	**Available stable funding (ASF) Items**						
	See instructions	1	Capital items and instruments	**1,219.3**	**-**	**-**	**0.1**	**1,219.4**
21a,24d, 25a		2	*Own funds*	1,219.3	-	-	0.1	1,219.4
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		**3,785.4**	**59.5**	**4.5**	**3,515.9**
21c,22		5	*Stable deposits*		1,020.5	0.1	0.1	969.6
21c,23		6	*Less stable deposits*		2,764.9	59.5	4.4	2,546.3
		7	Wholesale funding:		**8,450.0**	**440.3**	**236.4**	**2,187.5**
21c,24b,25a		8	*Operational deposits*		430.7	-	-	215.3
21c,24acd,25a		9	*Other wholesale funding*		8,019.4	440.3	236.4	1,972.1
45		10	Interdependent liabilities		**-**	**-**	**-**	**-**
		11	Other liabilities:	**52.9**	**1,619.5**	**-**	**54.5**	**54.5**
19,20,25c		12	*NSFR derivative liabilities*	52.9				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		1,619.5	-	54.5	54.5
		14	**Total available stable funding (ASF)**					**6,977.3**

RSF

				a	b	c	d	e
C 80.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	· 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36ab,37,39a,40ab,42a,43a	See instructions	**15**	Total high-quality liquid assets (HQLA)					**373.6**
		EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**-**	**-**	**-**	**-**
40d		**16**	Deposits held at other financial institutions for operational purposes		**-**	**-**	**-**	**-**
		17	Performing loans and securities:		**1,654.9**	**295.7**	**3,837.0**	**3,552.4**
38,40c,43c		**18**	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		34.3	-	-	-
39b,40c,43c		**19**	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		1,169.0	57.6	220.5	341.1
36c,40e,41b,42b,43a		**20**	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		311.9	120.2	1,989.6	2,048.0
36c,40e,41b,43a		**21**	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		19.4	5.8	101.5	239.7
40e,41a,42b,43a		**22**	*Performing residential mortgages, of which:*		87.3	73.3	1,253.2	759.3
40e,41a,43a		**23**	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		84.8	72.0	1,125.5	648.8
40e,42c,43a		**24**	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		52.5	44.6	373.7	404.0
45		**25**	Interdependent assets		**-**	**-**	**-**	**-**
		26	Other assets:	**No mapping to reporting**	**430.8**	**-**	**750.5**	**1,012.8**
42d		**27**	*Physical traded commodities*				-	-
42a		**28**	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**59.1**	**-**	**-**	50.2
34,35,43b		**29**	*NSFR derivative assets*		**157.5**			157.5
19,43d		**30**	*NSFR derivative liabilities before deduction of variation margin posted*		**54.0**			2.7
36d,43c		**31**	*All other assets not included in the above categories*		160.1	-	750.5	802.4
46,47		**32**	Off-balance sheet items		**251.5**	**24.3**	**236.2**	**26.7**
		33	**Total RSF**					**4,965.6**

NSFR

				a	b	c	d	e
9	**Art451a(3a), Art428b**	**34**	**Net Stable Funding Ratio (%)**					1.40511107

Template EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	18	37	2	83
2		Total fixed remuneration	2,585,186.41	20,415,289.86	720,861.98	23,262,668.59
3		Of which: cash-based	2,585,186.41	20,415,289.86	720,861.98	23,262,668.59
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	0.00	0.00	0.00	0.00
5		Of which: share-linked instruments or equivalent non-cash instruments	0.00	0.00	0.00	0.00
EU-5x		Of which: other instruments	0.00	0.00	0.00	0.00
6		(Not applicable in the EU)				
7		Of which: other forms	0.00	0.00	0.00	0.00
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	0	28	2	72
10		Total variable remuneration	0.00	13,356,957.05	538,710.00	9,920,128.04
11		Of which: cash-based	0.00	8,451,289.35	283,855.00	6,691,787.00
12		Of which: deferred	0.00	3,714,349.09	101,942.00	1,997,028.08
EU-13a		Of which: shares or equivalent ownership interests	0.00	0.00	0.00	0.00
EU-14a		Of which: deferred	0.00	0.00	0.00	0.00
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0.00	4,905,667.70	254,855.00	3,228,340.14
EU-14b		Of which: deferred	0.00	2,874,291.27	101,942.00	1,400,948.37
EU-14x		Of which: other instruments	0.00	0.00	0.00	0.00
EU-14y		Of which: deferred	0.00	0.00	0.00	0.00
15		Of which: other forms	0.00	0.00	0.00	0.00
16		Of which: deferred	0.00	0.00	0.00	0.00
17	Total remuneration (2 + 10)		2,585,186.41	33,772,246.90	1,259,571.98	33,182,796.63

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

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0.00	4.00	0.00	11.00
2	Guaranteed variable remuneration awards -Total amount	0.00	2,037,507.57	0.00	1,633,164.70
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0.00	2,037,507.57	0.00	1,633,164.70
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0.00	0.00	0.00	0.00
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0.00	0.00	0.00	0.00
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0.00	1.00	0.00	5.00
7	Severance payments awarded during the financial year - Total amount	0.00	1,419,170.00	0.00	696,252.56
8	Of which paid during the financial year	0.00	1,419,170.00	0.00	696,252.56
9	Of which deferred	0.00	0.00	0.00	0.00
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0.00	1,419,170.00	0.00	696,252.56
11	Of which highest payment that has been awarded to a single person	0.00	1,419,170.00	0.00	299,712.00

Template EU REM3 - Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Cash-based	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Shares or equivalent ownership interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Share-linked instruments or equivalent non-cash instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Other instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Other forms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	MB Management function	11,922,271.00	2,835,163.03	9,087,107.97	0.00	0.00	23,457.39	2,835,163.03	0.00
8	Cash-based	6,992,899.49	2,314,733.85	4,678,165.64	0.00		0.00	2,314,733.85	0.00
9	Shares or equivalent ownership interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Share-linked instruments or equivalent non-cash instruments	4,929,371.51	520,429.18	4,408,942.33			23,457.39	520,429.18	
11	Other instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Other forms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Other senior management	533,769.50	198,318.51	335,450.99	0.00	0.00	4,612.56	198,318.51	0.00
14	Cash-based	220,966.73	106,482.47	114,484.26	0.00	0.00	0.00	106,482.47	
15	Shares or equivalent ownership interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Share-linked instruments or equivalent non-cash instruments	312,802.77	91,836.04	220,966.73	0.00		4,612.56	91,836.04	
17	Other instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Other forms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Other identified staff	5,327,931.99	1,128,839.19	4,199,092.80	0.00	0.00	4,612.56	1,128,839.19	0.00
20	Cash-based	3,125,177.35	825,322.16	2,299,855.19	0.00	0.00	0.00	825,322.16	0.00
21	Shares or equivalent ownership interests	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Share-linked instruments or equivalent non-cash instruments	2,202,754.64	303,517.04	1,899,237.61	0.00	0.00	4,612.56	303,517.04	0.00
23	Other instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	Other forms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25	Total amount	17,783,972.49	4,162,320.73	13,621,651.76	0.00	0.00	32,682.51	4,162,320.73	0.00

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

		a
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	6
2	1 500 000 to below 2 000 000	6
3	2 000 000 to below 2 500 000	0
4	2 500 000 to below 3 000 000	0
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	1
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0
x	To be extended as appropriate, if further payment bands are needed.	

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

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										140
2	Of which: members of the MB	18	37	55							
3	Of which: other senior management				0	0	0	0	1	1	
4	Of which: other identified staff				5.80	2.00	8.00	16.00	20.50	30.70	
5	Total remuneration of identified staff	2,585,186.41	33,772,246.90	36,357,433.32	2,164,989.88	727,020.05	4,490,301.00	5,188,080.17	6,303,320.99	15,568,656.51	
6	Of which: variable remuneration	0.00	13,356,957.05	13,356,957.05	661,000.00	213,981.07	1,699,755.18	961,252.19	1,376,638.40	5,546,211.20	
7	Of which: fixed remuneration	2,585,186.41	20,415,289.86	23,000,476.27	1,503,989.88	513,038.98	2,790,545.82	4,226,827.99	4,926,682.59	10,022,445.32	

Appendix 13 – Mapping with Pillar 3 requirements

The table below makes the link between the Bank's table of contents and Part 8 of Regulation (EU) No 575/2013 further defined in the EBA guidelines EBA/GL/2016/11.

CRR Article	Theme	Quintet Pillar 3 report reference	Page in Quintet Pillar 3 report
431	Disclosure requirements	Chapter 1 – Declaration of the Management Body as well as all chapters of the Pillar 3 report where qualitative narrative was added	6
432	Non-material, proprietary or confidential information	2021 Pillar 3 – general disclosure information	Entire Pillar 3 report
433c	Disclosures by other institutions	2021 Pillar 3	Entire Pillar 3 report
434	Means of disclosures	Quintet website	Quintet website
435	Disclosure of risk management objectives and policies	Chapters 1 to 4, 6 to 13	6-12; 25-85
436	Disclosure of the scope of application	Appendix 1; Appendix 4; Appendix 5	96; 101; 102
437	Disclosure of own funds	Appendix 2; Appendix 3; Appendix 8; Appendix 9	98; 100; 106; 120
438	Disclosure of own funds requirements and risk-weighted exposure amounts	Chapter 6; Appendix 2; Appendix 6;	25; 98; 104
439	Disclosure of exposures to counterparty credit risk	Chapter 7.3	38
440	Disclosure of countercyclical capital buffers	Chapter 6.1.4; Appendix 7	31; 105
439	Disclosure of exposures to counterparty credit risk	Chapter 7.3	38
440	Disclosure of countercyclical capital buffers	Chapter 6.1.4; Appendix 7	31; 105
441	Disclosure of indicators of global systemic importance	Not applicable to Quintet (Quintet is not a Globally Significant Institution)	Not applicable to Quintet (Quintet is not a Globally Significant Institution)
442	Disclosure of exposures to credit risk and dilution risk	Chapter 7.2.2; Chapter 7.3; Chapter 7.4	36; 38; 41
443	Disclosure of encumbered and unencumbered assets	Chapter 11.11	75
444	Disclosure of the use of the Standardised Approach	Chapter 7.2.1; Chapter 7.5;	34; 44
445	Disclosure of exposure to market risk	Chapter 8.1	52
446	Disclosure of operational risk management	Chapter 9	55
447	Disclosure of key metrics	Chapter 6	25
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Chapter 10.2	65
449	Disclosure of exposures to securitisation positions	Not applicable to Quintet (Quintet does not have any securitisation exposure)	Not applicable to Quintet (Quintet does not have any securitisation exposure)
449a	Disclosure of environmental, social and governance risks (ESG risks)	Not applicable to Quintet (Quintet is classified as "other institutions" and not a large institution)	Not applicable to Quintet (Quintet is classified as "other institutions" and not a large institution)
450	Disclosure of remuneration policy	Chapter 13; Appendix 12	85; 124
451	Disclosure of the leverage ratio	Chapter 6.1.3	28
451a	Disclosure of liquidity requirements	6.1; 11.10; Appendix 11	25; 73; 122
452	Disclosure of the use of the IRB Approach to credit risk	Not applicable to Quintet (Quintet uses standard approach)	Not applicable to Quintet (Quintet uses standard approach)
453	Disclosure of the use of credit risk mitigation techniques	Chapter 7.5	44
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Not applicable to Quintet (Quintet uses standard approach)	Not applicable to Quintet (Quintet uses standard approach)
455	Use of internal market risk models	Not applicable to Quintet (Quintet does not use market risk models)	Not applicable to Quintet (Quintet does not use market risk models)
	COVID-19 disclosure	Appendix 10	121
	Climate-related and Environment Risk	Chapter 12.4	78

QUINTET
PRIVATE BANK