QUINTET
PRIVATE BANK

PILLAR III GROUP REPORT

HALF-YEAR 2021

HALF-YEAR HIGHLIGHTS

RISK WEIGHTED ASSETS
EUR 3.1 BILLION

TOTAL CAPITAL RATIO
22.8%

TIER 1 RATIO
22.8%

CET 1 RATIO
18.8%

I. HALF-YEAR STATEMENT

As the world is slowly healed and the pace of global recovery keeps accelerating, we continue to pursue our long-term strategy, endorsed by the Board of Directors and fully supported by our shareholder. Our strategic plan is on track, our fundamentals are strong and our investments in the future are bearing fruit – evidenced by ongoing revenue growth, supported by higher client assets and increased lending. Combined with efficiency measures, our path to sustained profitability is clear, starting by reaching monthly profitability towards the end of next year.

The birth of Quintet Europe, late last year, represents a new beginning for our firm. Even as we continue to invest in growth in Switzerland and the UK, we will further strengthen the historical core of Quintet's operations – improving alignment, agility, quality and the pace of delivery across our EU business unit. At Quintet Europe, net new money and net new lending were well ahead of budget last year, while revenues also exceeded budget. Our 2021 financial targets are ambitious but achievable, and we are delivering the objectives defined in our business plan by focusing on client engagement and approaching each day with a growth mindset.

The consolidated figures presented in this half-year Pillar 3 report of Quintet Group are prepared in accordance with Regulation (EU) 2019/876 amending Regulation (EU) No 575/2013 as from June 2021, known as "CRR II", as well as by (UE) 2021/637 laying down implementing technical standards with regard to public disclosures. Figures prior to 30 June 2021 have been prepared in accordance with Regulation (EU) No 575/2013.

II. PRUDENTIAL REQUIREMENTS

2.1. Available own funds

On October 2020, Quintet has successfully placed EUR 125 million nominal in additional tier-1 (AT1) notes, which are listed on the Luxembourg Stock Exchange (Euro MTF). The placement of these AT1 notes, which qualify as additional tier-1 capital, complements the significant equity capital commitments already made and foreseen in future by Precision Capital, Quintet's shareholder. Quintet's AT1 notes, which are denominated in euros and are paid semi-annually, are perpetual instruments with a first call date in 2026. The slight decrease of available own funds during the first half of 2021, is mainly attributable to the current result that reflects the significant investment being made on a multi-year project to transform Quintet into a healthy, growing and profitable private banking franchise. Current sources of funding and liquidity remain extremely stable. Quintet's shareholders are fully committed to supporting the bank's long-term growth strategy and unlocking its full potential. That commitment remains unwavering. In that regard, it is worth noting that Quintet's shareholders have injected over EUR 300 million in additional capital since acquiring the firm in 2012 – including a recent planned additional capital injection of EUR 30 million by end of July, with further capital injections planned for the second half of 2021 and in 2022. That is in line with our fully funded long-term growth strategy, supporting the significant investments we are making in the future.

Own Funds in EUR million	30/06/2021	31/12/2020	30/06/2020
Common Equity Tier 1 (CET1)	587.4	611.9	587.1
Additional Tier 1 (AT1)	123.5	123.5	-
Tier 1 Capital	**710.9**	**735.4**	**587.1**
Tier 2 (T2) Capital	0.1	0.1	0.1
Total Capital	**711.0**	**735.5**	**587.2**

2.2. Risk Weighted Assets

The Group still continues to develop its mortgage and Lombard loan book, while reducing its investment portfolio mainly due to the lack of reinvestment opportunities (low interest rates and spread over last months). The higher relative level of market risk exposure as at end of June 2020 reflects repositioning on interest risk exposure in the context of pandemic crisis.

Risk Weighted Assets in EUR million	30/06/2021	31/12/2020	30/06/2020
Credit Risk	2,185.0	2,248.5	2,455.9
Credit Valuation Adjustment (CVA)	24.7	18.8	19.1
Market Risk	234.5	175.7	354.3
Operational Risk	676.8	676.8	679.3
Total Risk Weighted Assets	**3,121.0**	**3,119.7**	**3,508.7**

2.3. Capital Ratios

Quintet Group's half-year 2021 Total Capital and Tier 1 ratios remain well above regulatory limits. The slight decrease in the last semester is due to the negative result of the current year that affects the CET1. As a reminder, Quintet issued AT1 notes (see paragraph 2.1. above) in the second half of 2020, which explains the increase in Tier 1 and Total Capital ratios observed from the end of 2020 in the table below.

Capital Ratios (%)	30/06/2021	31/12/2020	30/06/2020
Common Equity Tier I Ratio	18.8%	19.6%	16.7%
Tier I Ratio	22.8%	23.6%	16.7%
Total Capital Ratio	22.8%	23.6%	16.7%

2.4. Additional own funds requirement to address risks other than the risk of excessive leverage

Additional own funds requirement (%)	30/06/2021	31/12/2020	30/06/2020
Additional own funds requirements to address risks other than the risk of excessive leverage	2.00%	2.00%	2.00%
of which: to be made up of CET1 capital	*1.13%*	*1.13%*	*1.13%*
of which: to be made up of Tier 1 capital	*1.50%*	*1.50%*	*1.50%*
Total SREP own funds requirements	10.00%	10.00%	10.00%

2.5. Combined buffer and overall capital requirement

Combined buffer and overall capital requirement	30/06/2021	31/12/2020	30/06/2020
Capital conservation buffer (%)	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
Institution specific countercyclical capital buffer (%)	0.08%	0.04%	0.04%
Systemic risk buffer (%)	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-
Combined buffer requirement (%)	2.58%	2.54%	2.54%
Overall capital requirements (%)	12.58%	12.54%	12.54%
CET1 available after meeting the total SREP own funds requirements (in EUR million)	331.1	357.2	300.6

2.6. Leverage Ratio

As at 30 June 2021, Quintet Group's Leverage Ratio stands at 4.2%, above the 3% minimum Leverage Ratio of the Basel Committee on Banking Supervision (binding since CRR II introduction). The total exposure has increased over the last 6-month particularly in cash deposited at Central Bank. This is the result of higher deposits from customers (assets under management growth and focus on client deposit to support the lending activity), as well as securities financing transactions (repurchase agreements).

In EUR million	30/06/2021	31/12/2020	30/06/2020
Total exposure measure	16,896.4	13,007.3	13,310.0
Leverage ratio (%)	4.2%	5.7%	4.4%

2.7. Additional own funds requirement to address the risk of excessive leverage

The Leverage ratio requirement is binding since June 2021 and the entry into force of the CRR II. Prior to this date, the 3% was only a recommendation of the Basel Committee on Banking Supervision.

Additional own funds requirement (%)	30/06/2021	31/12/2020	30/06/2020
Additional own funds requirements to address the risk of excessive leverage	-	-	-
of which: to be made up of CET1 capital	-	-	-
Total SREP leverage ratio requirements	3.0%	3.0%	3.0%

2.8. Leverage ratio buffer and overall leverage ratio requirement

The Leverage ratio requirements is only binding since 30 June 2021 and the entry into force of the CRR II. Prior to this date, the 3% was only a recommendation of the Basel Committee on Banking Supervision.

Additional own funds requirement (%)	30/06/2021	31/12/2020	30/06/2020
Leverage ratio buffer requirement (%)	-	-	-
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%

2.9. Liquidity Coverage Ratio

The Liquidity Coverage Ratio benefits from the Quintet Europe merger of three main subsidiaries that occurred on 15 December 2020, which is illustrated by the positive evolution of the ratio between the first semester 2020 and the end of year 2020.
The liquidity situation has been further reinforced during the first 6 months of 2021 thanks to new funding collected from new clients, improved HQLA eligibility and the pickup of our ECP issuance program.
Beside the positive impact on the liquidity ratios, the liquidity profile of the group has been significantly improved further to the merger and the release of intragroup liquidity constraints. This allowed the centralised management of the liquidity buffers across the group.

In EUR million	30/06/2021	31/12/2020	30/06/2020
Total high-quality liquid assets (HQLA) (Weighted value - average)	7,834.2	6,033.9	4,129.0
Cash outflows - Total weighted value	6,683.4	5,220.5	4,527.4
Cash inflows - Total weighted value	1,068.4	878.7	1,095.4
Total net cash outflows (adjusted value)	5,615.0	4,341.7	3,431.9
Liquidity coverage ratio (%)	139.5%	139.0%	120.3%

2.10. Net Stable Funding Ratio

The increase of Net Stable Funding Ratio that occurred in the first semester of 2021 is the result of group deposits growth and methodological changes in the ratio computation. Indeed, prior to June 2021, NSFR was computed according to BIS guidance for Basel III NSFR while it is now compliant with Implementing Technical Standards 3.0 on supervisory reporting following the enforcement of CRR II.

In EUR million	30/06/2021	31/12/2020	30/06/2020
Total available stable funding	6,977.3	6,268.3	6,656.5
Total required stable funding	4,965.6	4,916.3	4,641.7
NSFR ratio (%)	140.5%	127.5%	143.4%

III. FINAL REMARK

Although the Group is currently working in a challenging macroeconomic environment, no additional significant information that would not be available in the Group's latest annual Pillar III Report and/or Financial Statements as at 31 December 2020 was identified in the first half of 2021 (https://www.quintet.com/en-gb/investor-relations#risk). These disclosures are in line with the evolution of the Group's risk profile and the necessary information to be disclosed to market participants in order to convey a fair picture of this risk profile.

ANNEX I – DECLARATION OF THE MANAGEMENT

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

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

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

ANNEX II – INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

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 reporting date, Quintet Group has no loans and advances subject to moratoria on loan repayments.

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

	in EUR	**Gross carrying amount**							**Accumulated impairment, accumulated negative changes in fair value due to credit risk**							**Gross carriyng 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 EBA-compliant moratoria**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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

	In EUR	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	6	5,997,679.48							
2	Loans and advances subject to moratorium (granted)	6	5,997,679.48	-	5,997,679.48	-	-	-	-	-
3	of which: Households		5,997,679.48	-	5,997,679.48	-	-	-	-	-
4	*of which: Collateralised by residential immovable property*		5,997,679.48	-	5,997,679.48	-	-	-	-	-
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

	In EUR	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	-			-