



PILLAR III:
REPORT 2020

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GLOSSARY

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

Note to readers

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

As a European significant banking group incorporated in Luxembourg, Quintet is directly subject to the prudential supervision of the European Central Bank (ECB). This report meets the consolidated disclosure requirements, and Pillar III disclosures, enclosed in Part Eight of the Regulation (EU) No 575/2013, and recommended by EBA Guidance EBA/GL/2016/11, as updated. This particular regulation, along with Luxembourg circulars derived from Directive 2013/36/EU, sets the regulatory prudential framework applicable to credit institutions following the recommendations of the Basel Committee on Banking Supervision.

The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of 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.

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

1. Introduction

The goal of the Pillar III Report 2020 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 CRD IV.

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

Section 2

Presents the structure of the Bank and more precisely its entities in the accounting and prudential scopes of consolidation as of 31/12/2020, its global decision-making structure and corporate governance;

Section 3

Describes the corporate governance structure;

Section 4

Describes the structure and roles played by the departments involved in the risk management of the Bank at each of the levels of control;

Section 5

Summarises Quintet's Pillar I prudential figures;

Section 6

Focuses on governance and data related to credit risk;

Section 7

Focuses on governance and data related to market risk;

Section 8

Focuses on governance and data related to operational risk;

Section 9

Focuses on equity holdings ALM risk, countercyclical capital buffers and leverage ratio;

Sections 10, 11 & 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 appendix and provides additional information related to the above mentioned sections.

The year 2020 was marked by the appointment of several new members of the Board and the Authorized Management and the first year of the implementation of the revised long-term Group growth strategy, building on the 2019 transformation plan.

As an important building blocks of this strategy, the Group integrated its European Banking entities within the Eurozone, opened a branch in Denmark and acquired Bank am Bellevue, a Swiss private bank located in Zurich, which will serve as a booking centre for a Swiss domestic client book but also, more importantly, as one of the three primary booking centres for the international cross-border activity that the Group intends to develop over the coming years.

GOVERNANCE MODEL

The governance of the Group is based on the principles of an integrated and consolidated oversight and 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 conflicting interests 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 internal and compliance control;
- Preventing fraud;
- Creating efficient mechanism for the Group's employees to report and discuss potential issues;
- Preventing illegal behaviours.

The Bank and its subsidiaries ensure that the governance arrangements, processes and mechanisms are consistent and well integrated on a consolidated and sub-consolidated basis. Competent functions within the Institution and its subsidiaries should interact and exchange data and information as appropriate. The subsidiary boards should adopt and implement on the 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 Institution should ensure that 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.

Mr. Stott, with a long and highly distinguished industry track record, was nominated by the Board to serve as Group CEO, taking his position in April 2020 ad interim and officially approved by the ECB in August 2020.

In addition, T. Rodermann was appointed CEO of Merck Fink and then CEO of Quintet Europe in December 2020. C. Price left his position in July 2020 and was replaced by E. Mansuy as COO ad interim, who kept his function as Group Chief Information Technology & Operation Officer. Bryan Crawford joined in December 2020 as Group Head Products & Services.

At the level of the Board of Directors, P. Vandekerckhove, A. Reuland, A. Bouckaert, A. Wildgen left their directorship in December. The election of F. Ertel, W. Dee, MC. Schlag, J. Tomasek as Employee Directors at the Board was approved by the staff in Q4 2020, and by the CSSF and ECB further in March 2021. The nomination of A. Bashenko as a Director at the Board was approved by the Board in August 2020 and further by the CSSF and ECB in January 2021. Following the departure of JM. De Jong, R. Tapner became chairman of the Board in June 2020.

STRATEGIC PLAN 2020-25

Following the arrival of the new leadership team, the Group proceeded with an in-depth review of its strategy for the years to come. With the full support of its shareholder, the AMC developed a clear growth strategy founded upon the following core elements:

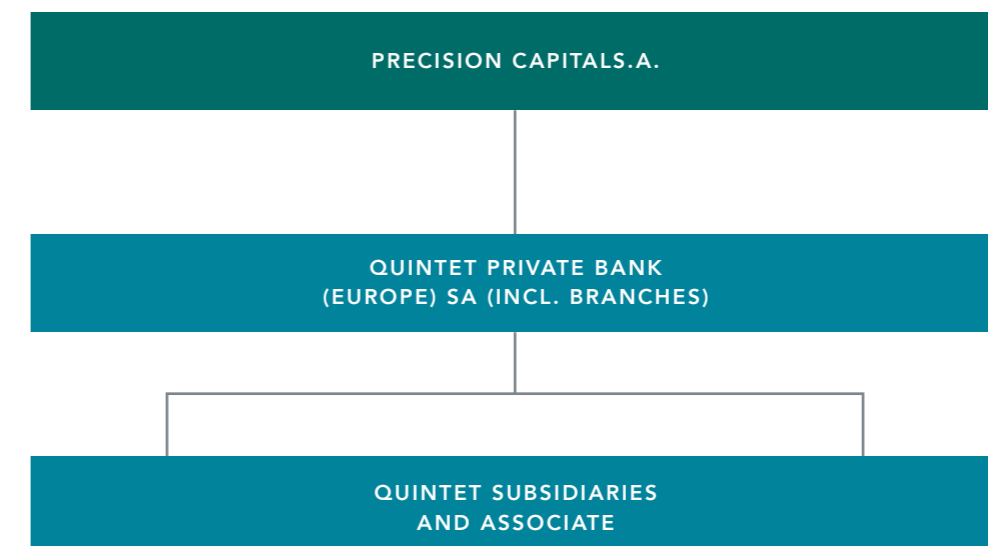
- The development of new markets (such as LatAm, Asia, Middle East), new client segments (such as women, next-gen, entrepreneurs) and the reinforcement of growth in existing domestic markets. International development will require a review and enhancement of the cross-border strategy and risk framework of the Group at large;
- The creation and communication of distinctive investment views, the enhancement of the services and products offering, the launch of a new brand identity for the Group, combined with a focused marketing strategy; as well as investments in training and development, a new corporate culture and talent acquisition;
- The setup of three booking centers: Quintet Europe, as it is now known (based in Luxembourg), Brown Shipley and the Swiss entity;
- The introduction of a group-wide partnership culture with shared values and aligned incentives, including at the senior level of the Group.

Executing this strategy will require important investments both in the front (recruitment of additional client advisors and investments in products and services) and in the support and control areas. These investments are fully funded by the significant capital that has been injected by the Bank's shareholders as part of a fully funded long-term growth strategy.

2. 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 englobed all business activities within the Single Supervisory Mechanism (Quintet Europe), including Banque Paribas Dwaay Luxembourg and KTL, next to the branches in Belgium, the Netherlands, Germany and Denmark, as well as the business activities at Quintet Luxembourg. This business unit is led by T. Rodermann, CEO Quintet Europe and his Quintet Europe Management Committee.

On 20 August 2019, Quintet announced the signing of an agreement to acquire the Zurich-based Bank am Bellevue, the wealth management business of the Bellevue Group, a diversified financial services company listed on the SIX Swiss Exchange. The transaction has been approved by the relevant regulatory authorities and the acquisition was successfully completed on 1 May 2020. Next to BSCO, this is the 3rd international booking center of the Quintet Group.



LIST OF BRANCHES, SUBSIDIARIES & ASSOCIATES

2020.12

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, Denmark
Merck Finck	100.00%			Private banking, Germany
Puilaetco	100.00%			Private banking, Belgium
InsingerGilissen	100.00%			Private banking, The Netherlands
Quintet España	100.00%			Private banking, Spain
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
Quintet Asset Management S.G.I.I.C. S.A.	100.00%	Yes	Yes	Financial services, Spain
Quintet Investments A.V. S.A.	100.00%	Yes	Yes	Financial services, Spain
Associates				
European Fund Administration S.A.	31.67%	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 at 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.

3. Corporate governance & decision structure

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 articulated around 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 Appendix 9 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 and the Group CEO. Since the 2020 merger, the Board also counts 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 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 Strategy sub-committee ceased its activities in September 2020 and the Compliance & Legal sub-committee is covered under the Risk sub-committee as of 1 January 2021.

The Board Remuneration & Nomination Committee approves all decisions related to the individual nomination, dismissal/retirement and remuneration of the 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's Board members. Decision regarding nomination or mandate termination of a director lies 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 Shareholders 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 2020, the Board met 4 times for ordinary meetings, and had 4 additional ad-hoc meetings.

SUBSIDIARY'S BOARD OF DIRECTORS

Subsidiaries shall have their own governance framework and related documentation. These shall comply with all applicable local law 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 count 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. The AMC is currently composed of 7 members, each with a focused individual mandate translating into clear (P&L) accountability and separation between business and support/control roles. T. Rodermann and B. Crawford joined respectively in June and December 2020.

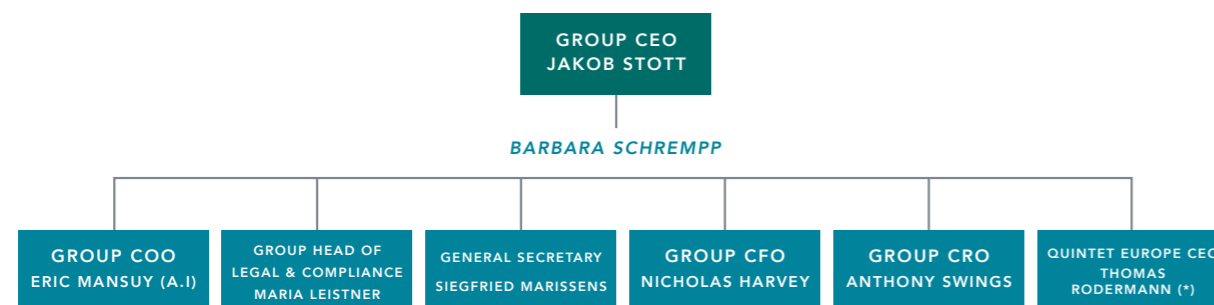
The Group CEO ensures the communication with the shareholder, coordinates and steers the discussion at AMC level and ensures that all actions undertaken individually by AMC members are aligned with the overall strategic and budgetary targets. He promotes risk-conscious behaviours and individual accountability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

To further enhance the effectiveness on transversal topics which 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 Risk Committee;
- Group Products and Services Committee;
- Group Cross Border Committee;
- Group Regulatory Steering Committee;
- Group Information Risk and Data Protection Committee;
- Group Asset & Liability Management and Treasury Committee;
- Eurobank Management Committee.

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

Authorised Management Committee Structure (as at 31st December 2020):



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 the 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:

- 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 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 Institution and in the Group;
- Confirm on an annual basis compliance with the circular 12/552 and to a certain extent with the EBA guidelines of Internal Governance.

Each subsidiary has an Authorised Management Committee¹, the composition of which must be in line with the local regulatory requirements. From a group point of view, the local AMC should be composed of the subsidiary CEO, the local CFO, the local COO, the local Heads of Sales and, where applicable, the local Head of Products and Services. Any deviation versus this standard composition should be aligned with the Group CEO².

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

4. Risk Management approach at Quintet

At Quintet, Risk Management is seen as a transversal process which involves all the Bank's entities at different levels, and which is organised according to 5 levels of control or 'lines of defence'.

4.1 Five 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 departments generating risks: front office, back office or support. They are responsible for the management of their risks on a daily basis. They carry out the first level of control 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, of which operational, client, and business risks. The Compliance department is responsible for second-level management of compliance risks. Finally, other second-level control departments comprise Finance, Human Resources, 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 levels of control;
- Ensure that 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 of 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 management body any issue that could not be settled between the two first levels of control.

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

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 five lines of defence interact with each other, with the Executive Committee (AMC) as well as with the Group Board Committee and sub-Committees.

4.2 Risk control function

QBP has a permanent and independent risk control function under the authority of the Head of the Risk Control Function, the QBP CRO - in charge of the anticipation, identification, measurement, monitoring, control and reporting of all the risks to which the institution is or may be exposed. The Group CRO will have all necessary authorities 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 Institution's and the Group's overall risk profile.

The Group CRO will attend the Group BRC – being accompanied for dedicated topics by Heads of Centers of Competence – and local BRCLC. The Group CRO will report directly to the Group CEO and will have direct access to the Group BRC 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 Institution'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 risk anticipation, identification, measurement, monitoring, control and reporting 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 there to remain controlled.

As of December 31, 2020, Group Risk Control is organised into four departments across its entities.

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

- Implementation and maintenance of the Information Risk Management Framework, including: 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) Review, assessment 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, assessment 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 entities 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: 1) The information risk-control culture is spread within the Group, including through communication to branches and subsidiaries and local representatives to ensure effective reporting at the Group level and 2) Similarly, information-risk control policies and best practices on critical topics are communicated to staff through adequate awareness programs.

The Credit Risk Control department is in charge of monitoring credit risk for Luxembourg and for the Group, which arises from the following activities:

- Lombard & mortgage lending to private clients in support of the Bank's core private banking activity;
- Committed and uncommitted credit lines granted to investment funds in support of institutional & professional services activity The department is also involved in defining and complying with criteria for accepting securities taken as collateral, and acts as secretary for the Group Credit Committee.

The Lending Management department reports to the Head of Credit Risk Control. Lending Management is in charge of:

- The implementation of loans by the parent company (especially the drafting of the loan documentation, as well as the complete setting up of the securities in accordance with the credit decision);
- Risk monitoring of each parent company loan facility during its lifetime;
- Secretarial support for the Luxembourg and Group Credit Committees and acting as secretary for the Luxembourg Credit Committee.

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

- Independent second line of defence function that oversees, challenges and advises the activities of the first line of defence to prevent operational risk losses;
- Identify, assess and manage operational risk and ensure alignment with the risk appetite;
- Maintain a robust control environment by strengthening the risk culture and enabling business growth and preserving value.

The department is also accountable for:

- Independent validation of the appropriateness of identification, evaluation and responsive actions determined by management;
- Reporting and monitoring of issues, including escalation where appropriate;
- Establishing and managing discussion forums for operational risk issues.

In addition, the following activities form part of the GORC responsibilities:

- Risk Control Advisory;
- Risk reviews with new business / markets / products / process improvement / change / transformation / outsourcing;
- Enterprise-wide Risk Inventory (ERI) governance, oversight and reporting;
- Second line of defence control testing (check and challenge);
- Reporting to the AMC, Boards and regulators;
- Scenario analysis & ICAAP reporting on non-financial matters;
- Risk culture and awareness operational risk training.

In each key entity, a committee (the Board Risk Compliance & Legal Committee, or "BRCLC" in subsidiaries and the Board Risk Committee, or "BRC," at Quintet) supervises operational risk management process and takes appropriate decisions.

The Financial Risk & Reporting department has various responsibilities:

- It monitors and escalates market risk (interest rate, price, currency, real estate and liquidity risks) carried by the entire balance sheet, including both ALM and trading activities to the different levels of management from Global Markets/ALM senior management to the Board Risk Committee. Group liquidity risk, including the reporting and the interpretation and implementation of EU regulatory requirements, is also under the Financial Risk & Reporting responsibilities;
- The department is also responsible for (i) portfolios of fixed-income investments, in the context of the reinvestment of excess liquidity, (ii) counterparty risk linked to money market transactions contracted between Global Markets and a network of banking counterparties, and (iii) credit risk carried by the network of sub-custodians;
- The department is in charge of risk modelling and quantitative analysis. It designs and implements all risk models (market, credit and operational VaRs, internal stress test, product scoring, ECL, etc.) and provides quantitative support to other Group and local functions The department is as well responsible for risk data management, designing and maintaining an efficient risk database and reporting tool;
- The department covers transversal risk matters, such as internal and regulatory risk reporting (i.e. monthly/quarterly risk reports, ICLAAP, Recovery Plan, Single Resolution Board reporting, etc.) and regulatory watch in addition to the risk-related projects through the Group.

4.3 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 Committee at Quintet's level (BRC), 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 monthly to the ALCO for Financial Risks and quarterly to the AMC for all risks (the AMC has met 4 times in 2020).

This reporting provides backward and forward-looking measures regarding all the 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 Management and Treasury 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 Structured Products & OTC Derivatives Approval Committee (SPODAC)** is in charge of the supervision, approval and validation of all Structured Products & OTC Derivatives sold by all Quintet Group entities. It is also responsible for drawing up the rules of the Group Investment Policy according to the listed derivative products sold by all Quintet Group entities. Finally, it ensures that the clients fully understand the mechanics of sophisticated products (e.g. structured products) and that, in each entity of the Group, these products are in line with customers' needs and risk profile. Permanent members of the SPODAC belong to Global Markets, Legal, Group Risk Control, Compliance, Investment Management, Wealth Management. The Committee is held every month and upon request;

- **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 is a.o. to ensure 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 GPAC 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 Committee (GISC)** 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/BRC (in case of misalignment with the Risk Appetite) and is informed of Group Information Security Road Map and review 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).

5. Own funds, capital adequacy & group solvency

5.1 Regulatory capital adequacy

5.1.1 Own funds instruments

Ordinary shares – On 31 December 2020, the share capital of the Bank consists of 26,045,433 of ordinary shares without par value. No participation certificate or non-voting right share has been issued.

Preference shares – On 31 December 2020, 4,336 preference shares were outstanding. 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.

Non-voting capital securities - The only non-voting capital securities are various subordinated notes 'bons de caisse' issued between 2005 and 2010.

OWN FUNDS FIGURES

Prudential Own Funds	(EUR million)	31/12/2020	31/12/2019
Tier 1 Capital		735.4	568.2
Common Equity Tier 1 capital		611.9	568.2
Capital, share premium, reserves and retained earnings		1,161.1	1,149.1
Eligible Result		-20.3	-43.7
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans		-60.2	-44.9
Fair value changes of instruments measured at fair value through other comprehensive income		13.8	13.3
Intangible assets and goodwill		-456.2	-483.2
Defined benefit pension fund assets		-	-
Deferred tax assets		-22.4	-18.6
Asset Value Adjustment		-3.5	-3.8
Additional deductions of CET 1		-0.4	-
Additional Tier 1 capital		123.6	-
Paid up capital instruments		123.6	-
Tier 2 Capital		0.1	0.1
Preference shares		0.1	0.1
Subordinated liabilities		-	0.0
Total Prudential Own Funds		735.5	568.3

5.1.2 Capital requirements

Complementary to the internal own funds adequacy, the Bank complies with supervisory capital requirements brought by the entry into force of the CRR as from 01/01/2014. 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.

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

At the end of year 2020, the Overall Capital Ratio stands at 23.58% (17.99% in 2019) and the CET1 ratio at 19.61% (17.98% in 2019).

The SREP requirements are:

- CET1³ : 8.165%
- OCR⁴: 12.54%

Overview of RWAs (Template 4 of EBA/GL/2016/11 Guidance)		RWAs		Minimum capital requirements	
		2020.12	2020.09	2020.12	
	1	Credit risk (excluding CCR)	2,189.0	2,282.5	218.9
Article 438(c)(d)	2	Of which the standardised approach	2,189.0	2,282.5	218.9
Article 107	6	CCR	78.3	82.3	7.8
Article 438(c)(d)	7	Of which mark to market	59.5	65.3	5.9
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	-	1.2	-
Article 438(c)(d)	12	Of which CVA	18.8	15.8	1.9
Article 438(e)	13	Settlement risk	-	0.0	-
Article 438(e)	19	Market risk	175.7	272.0	17.6
	20	Of which the standardised approach	175.7	272.0	17.6
Article 438(e)	22	Large exposures	-	-	-
Article 438(f)	23	Operational risk	676.8	679.3	67.7
	25	Of which standardised approach	676.8	679.3	67.7
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
	29	Total	3,119.7	3,316.1	312.0

5.1.3 Leverage ratio

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

Leverage ratio makes 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.

See appendix 7.

5.1.4 Countercyclical buffer

Credit institutions are required to hold, in addition to other own funds requirements, a countercyclical capital buffer to ensure that 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 0.04% as at 31 December 2020.

See Appendix 8.

5.2 Internal own funds adequacy evaluation – Pillar II

In order to assess its internal capital adequacy, the Bank has adopted an internal Economic Capital model (i.e. ECap) encompassing the main risks to which the Group is or might be exposed, i.e. credit risk, market risks, operational risk and business risk. ECap is calibrated to reflect the unexpected loss in the fair value of the Group on a one-year time horizon at a 99.9% confidence level.

3. Pillar 1 4.5%; conservation buffer 2.5%; countercyclical buffer 0.04%; Pillar 2 requirement 2.0% to be met at least with 56.25% of CET1 capital

4. Pillar 1 8.0%; conservation buffer 2.5%; countercyclical buffer 0.04%; Pillar 2 requirement 2.0%

6. Credit risk

6.1 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 Private Banking relationship with its (new) clients. Therefore, the Bank provides Lombard loans or mixed loans 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 the Global Institutional & Professional Services' entity (mainly Collective Investment Undertakings) 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 derivative.

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 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 by the business entities: Wealth Management ('commercial network'), the Lending Function, the ALM & Treasury Function, the Global Markets Function and the Asset Servicing and Financial Intermediaries (AS&FIM).

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 the Risk Control entity whose tasks include:

- i. The development of credit risk policies and frameworks;
- ii. The development of credit risk measurements and reporting to BRC, AMC (GRC) and any relevant risk committees;
- iii. The monitoring of credit risk arising from the bank's portfolio (at the Group level);
- iv. Issuance of opinion on credit risk issues.

In more details:

(1) Credit policy

The Quintet Credit Policy and Procedures provide the framework within which lending to customers and the 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 BRC.

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). Some of them are monthly monitored and reported to the ALCO, others are quarterly monitored and reported to both Group Risk Committee and Board Risk Committee.

In addition, Credit Risk Control produces a quarterly report of the consolidated loan portfolio, with a.o. a detailed view of outstanding by Group entity, type of credit, maturity, sector concentration, profitability, type of collateral, 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 9). All proposals within the Group are subject to concentration limits defined by issuer type (Sovereigns, Corporates and Banks), as well as to 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.

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

(4) Opinion on credit risk related topics

Credit Risk Control carries out analyses and issues opinions about credit files that are presented to the Group Credit Committee.

6.2 Credit Risk Exposures

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

6.2.1 Methodology

Quintet Private Bank (Europe) S.A. applies the Standardised Approach for weighting exposures 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 seventeen 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 picking the higher risk weight.

This treatment is used for determining the risk weights 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 issue rating is available, it is applied; if issue rating is not available but issuer rating is provided, the latter is applied.

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

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)

Exposure classes	Risk weight														TOTAL	Of which unrated			
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			Others	Deducted	
1 Central governments or central banks	4,676.9	-	-	-	246.7	-	78.0	-	-	-	-	-	-	-	-	-	-	5,001.6	-
2 Regional government or local authorities	325.9	-	-	-	10.0	-	-	-	-	-	-	-	-	-	-	-	-	335.9	0.0
3 Public sector entities	234.2	-	-	-	133.1	-	40.2	-	-	-	-	-	-	-	-	-	-	427.5	0.1
4 Multilateral development banks	192.8	-	-	-	-	-	20.1	-	-	-	-	-	-	-	-	-	-	212.9	-
5 International organisations	44.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44.2	-
6 Institutions	-	92.9	-	-	235.1	-	80.2	-	2.5	-	-	-	-	-	-	-	-	410.8	123.7
7 Corporates	-	-	-	-	236.7	-	376.4	144.0	552.2	-	-	-	-	-	-	-	-	1,309.3	457.3
8 Retail	-	-	-	-	-	-	-	74.6	-	-	-	-	-	-	-	-	-	74.6	74.6
9 Secured by mortgages on immovable property	-	-	-	-	-	1,124.3	153.7	-	39.2	-	-	-	-	-	-	-	-	1,317.2	1,317.2
10 Exposures in default	-	-	-	-	-	-	-	-	71.8	23.4	-	-	-	-	-	-	-	95.3	95.3
11 Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	38.9	-	-	-	-	-	-	-	38.9	38.9
12 Covered bonds	-	-	-	92.0	-	-	-	-	-	-	-	-	-	-	-	-	-	92.0	-
13 Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	78.4	-	68.1	-	2.4	0.0	-	-	-	-	-	-	-	149.9	-
14 Collective investments undertakings	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	0.0	0.0
15 Equity exposures	-	-	-	-	-	-	-	-	36.1	-	-	-	-	-	-	-	-	36.1	36.1
16 Other exposures	26.2	-	-	-	-	-	-	-	233.3	-	-	-	-	-	-	-	-	259.5	259.5
17 Total	5,500.3	92.9	-	92.0	960.1	1,124.3	816.7	144.0	74.6	937.7	62.3	-	-	-	-	-	-	9,804.9	2,402.7

6.2.2 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.

6.3 Credit counterparty 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 Global market's credit risk exposures.

The following exposures are part of this sub-section:

- Treasury exposures (money market loans, commercial papers, certificates of deposit, treasury portfolios, interest rate swaps, floating-rate notes, cross currency interest rate swap, repurchase agreements, securities lending transactions, etc.);
- Foreign exchange (FX) exposures (outright, FX swaps, etc.); structured products'
- Exposures (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 the Group's entities exposures and their related counterparties / groups of counterparties.

The interbank limit system defines ceilings which represent the maximum exposures 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 exposures limit.

Large exposure limit: the largest theoretical limits have always to 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 +/- 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 have to be lower than internal limits. Exposures are charged against two distinct lines according to their maturity:

- The outstanding exposure, which is the current exposure to every counterparty, weighted depending on the product type and the remaining tenor (also taking into account margin call process and/or netting agreement);
- The settlement exposure, corresponding to exposures to counterparties on the due settlement date (delivery/payment).

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

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 & Reporting department.

WRONG-WAY RISK

Quintet adopts a conservative policy towards the 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 the 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 the systemic wrong-way risk (i.e. the risk of exposure increasing due to market factors), it is mitigated on 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.

CREDIT COUNTERPARTY RISK EXPOSURES

As at year-end 2020, the Counterparty Credit Risk related positive fair value arising from derivative transactions amounted to EUR 207.6 million. This amount was matched up to EUR 109.6 million by negative fair value transactions within eligible netting agreements and margin calls paid/received to/from counterparties.

Impact of netting and collateral held on exposure values (Template 31 of EBA/GL/2016/11 Guidance)	a	b	c	d	e
	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1 Derivatives	207.6	109.6	98.0	-2.8	95.2

These transactions led to the recognition of a Counterparty Credit Risk prudential exposure of EUR 95.2 million. This total CCR exposure is the basis for derivative transactions RWA calculation, which reached the total value of EUR 54.3 million.

Analysis of CCR exposure by approach (Template 25 of EBA/GL/2016/11 Guidance)	b	c	f	g
	Replacement cost/current market value	Potential future credit exposure	EAD post CRM	RWAs
1 Mark to market	32.6	84.5	95.2	54.3

Nearly 63% of exposures are from institutions mainly with a weight of 50% or less.

Standardised approach – CCR exposures by regulatory portfolio and risk (Template 28 of EBA/GL/2016/11 Guidance)	Risk weight											Total	of which unrated	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others			
1 Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	0.0	-	-	-	-	-	-	-	0.0	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	12.3	-	-	15.7	30.3	-	-	17.7	-	-	-	76.0	3.0
7 Corporates	-	-	-	-	-	-	-	-	15.2	-	-	-	15.2	15.2
8 Retail	-	-	-	-	-	-	-	3.5	-	-	-	-	3.5	3.5
9 Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	26.2	0.3	-	-	-	-	-	-	26.5	-
# Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Total	-	12.3	-	-	41.9	30.5	-	3.5	33.0	-	-	-	121.2	21.8

The composition of collateral for Securities Financing Transactions exposures to CCR is as follows:

Composition of collateral for exposures to CCR (Template 32 of EBA/GL/2016/11 Guidance)	e	f
	Fair value of collateral received	Fair value of posted collateral
Securities financing transactions - Repurchase agreement (Repo)	-	-
Securities financing transactions - Reverse Repurchase agreement (Reverse Repo)	773.6	734.4
Total	773.6	734.4

The fair value of collateral received and posted presented hereunder is not adjusted by the prudential volatility haircuts.

There is no exposure to Qualified Central Counterparty Clearing House (CCPs).

DEFAULTED EXPOSURES

Defaulted exposures are recognised across the Group in the following cases:

- The exposure is more than 90 days past due; and/or
- The obligor is considered “unlikely to pay” its obligation(s) towards the Bank without taking actions such as the realisation of his collateral.

In all entities of the Group, the need for impairment is justified on a case by case analysis, ratified in management discussion (local / Group Credit Committees) 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 Control 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 Executive 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 two risk appetite indicators reported to the Group Risk Committee or to the BRC, reflecting the gross specific loan/bond impairment charge, and the uncovered exposures to impaired or non-performing loans.

Geographic Distribution of Credit Risk Exposures in Default – 2020

The geographic distribution of such exposures follows the same pattern as the Bank’s total exposure, which shows a relatively high concentration on Europe:

Credit quality of exposures by geography (Template 13 of EBA/GL/2016/11 Guidance)	a		c	d	e	f	g
	Gross carrying value of						
	Defaulted exposures	Non-defaulted exposures					
1 Eurozone	74.6	10,956.6	20.9	-	-	1.8	11,010.4
2 of which Belgium	0.9	1,063.6	1.0	-	-	-	1,063.6
3 of which France	38.1	978.7	16.3	-	-	1.0	1,000.5
4 of which Germany	0.0	1,030.4	0.1	-	-	-	1,030.4
5 of which Luxembourg	1.3	1,689.7	1.1	-	-	0.0	1,689.9
6 of which the Netherlands	32.5	4,579.3	1.5	-	-	0.6	4,610.3
7 of which Spain	1.5	660.0	0.3	-	-	-	661.3
8 of which Italy	-	305.8	0.3	-	-	-	305.4
9 of which other Eurozone	0.3	649.0	0.3	-	-	0.1	649.0
10 Rest of Europe	39.9	2,628.0	1.6	-	-	0.0	2,666.3
11 of which United Kingdom	17.6	1,544.9	1.2	-	-	0.0	1,561.3
12 North America	-	339.8	0.2	-	-	-	339.7
13 Asia	-	341.9	0.1	-	-	-	341.8
15 Supranational Entities	-	229.7	0.0	-	-	-	229.6
16 Rest of the World	8.1	779.7	0.2	-	-	0.0	787.7
17 Total	122.7	15,275.7	23.0	-	-	1.8	15,375.4

Changes in the stock of defaulted and impaired loans and debt securities

Changes in the stock of defaulted and impaired loans and debt securities (Template 17 of EBA/GL/2016/11 Guidance)		a
		Gross carrying value defaulted exposures
1	Opening balance	70.5
2	Loans and Debt securities that have defaulted or impaired since the last reporting period	71.4
3	Returned to non-defaulted status	-5.2
4	Amounts written off	-1.0
5	Other changes	-13.0
6	Closing balance	122.7

Non-performing and forborne exposures

Non-performing and forborne exposures (Template 15 of EBA/GL/2016/11 Guidance)	Gross carrying value of performing and non-performing exposures						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Of which performing but past due > 30 days and < 90 days	Of which performing forborne	Of which non-performing			On performing exposures		On non-performing		On non-performing exposures	On forborne exposures	
			Of which defaulted	Of which impaired	Of which forborne	Of which forborne	Of which forborne					
010 Debt securities	4,135.3	-	-	-	-	-1.5	-	-	-	-	-	
020 Loans and advances	5,167.4	3.3	11.8	120.7	120.7	14.4	-2.1	-0.0	-17.9	-1.3	93.0	
030 Off-balance-sheet exposures	3,628.2	-	0.0	1.6	1.6	1.6	-0.0	-	-1.1	-	0.5	
040 Cash balances at central banks and other demand deposits	2,930.1	-	-	-	-	-	-0.5	-	-	-	-	

Credit quality of exposures by industry and exposure class – 2020

In 2020, the services to household activity sector was the most representative sector in terms of exposures for which an impairment is recognised (42%), followed by the real estate activity sector (32%) and the financial activity sector (16%).

The services to household activity sector, the financial activity sector and the real estate activity sector show the greatest amount of exposures which have not been repaid on due date (respectively 43%, 20% and 16%).

Distribution by NACE code

Credit quality of exposures by industry or counterparty type (Template 12 of EBA/GL/2016/11 Guidance)	Gross carrying value of		Specific credit risk adjustments	General credit risk adjustments	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	Defaulted exposures	Non-defaulted exposures					
A Agriculture, forestry and fishing	-	-	-	-	-	-	-
B Mining and quarrying	-	-	-	-	-	-	-
C Manufacturing	0.0	9.1	0.0	-	-	-	9.1
D Electricity, gas, steam and air conditioning supply	0.0	1.5	0.0	-	-	-	1.5
E Water supply	-	-	-	-	-	-	-
F Construction	6.6	34.4	2.1	-	-	-	38.9
G Wholesale and retail trade	0.0	26.0	0.0	-	-	-	26.0
H Transport and storage	0.1	16.1	0.0	-	-	-	16.3
I Accommodation and food service activities	-	1.0	0.0	-	-	-	1.0
J Information and communication	-	15.9	0.0	-	-	-	15.9
K64 Financial service activities, except insurance and pension funding	19.3	8,304.6	3.1	-	-	-	8,320.9
K65 Insurance, reinsurance and pension funding, except compulsory social security	0.5	36.2	0.2	-	-	0.0	36.6
K66 Activities auxiliary to financial services and insurance activities	4.7	171.4	0.4	-	-	0.0	175.7
L Real estate activities	20.1	512.3	7.3	-	-	1.0	525.1
M Professional, scientific and technical activities	5.9	1,361.6	0.1	-	-	-	1,367.5
N Administrative & Support service activities	-	68.0	0.0	-	-	-	68.0
O Public administration and defence, compulsory social security	-	427.3	0.0	-	-	-	427.3
P Education	-	2.1	0.0	-	-	-	2.1
Q Human health services and social work activities	-	3.1	0.0	-	-	-	3.1
R Arts, entertainment and recreation	-	1.3	0.0	-	-	-	1.3
S Other services	12.0	326.5	0.1	-	-	-	338.4
T Services to households	53.4	3,947.4	9.7	-	-	0.7	3,991.1
U Extraterritorial organisations and bodies	-	-	-	-	-	-	-
Z Other	-	10.0	0.0	-	-	-	10.0
Total	122.7	15,275.7	23.0	-	-	1.8	15,375.4

Distribution by exposure class and instruments

Credit quality of exposures by exposure class and instrument (Template 11 of EBA/GL/2016/11 Guidance)	Gross carrying value of		Specific credit risk adjustments	General credit risk adjustments	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
	Defaulted exposures	Non-defaulted exposures					
16 Central governments or central banks	-	4,715.8	1.1	-	-	-	4,714.7
17 Regional governments or local authorities	-	331.1	0.1	-	-	-	331.0
18 Public sector entities	-	888.3	0.1	-	-	-	888.2
19 Multilateral development banks	-	160.7	0.0	-	-	-	160.7
20 International organisations	-	44.2	0.0	-	-	-	44.2
21 Institutions	-	721.6	0.6	-	-	-	721.0
22 Corporates	60.5	3,930.3	18.4	-	-	1.1	3,972.4
23 Of which: SMEs	-	79.0	0.0	-	-	-	79.0
24 Retail	3.4	2,352.8	2.0	-	-	0.6	2,354.2
25 Of which: SMEs	-	34.5	0.0	-	-	-	34.5
26 Secured by mortgages on immovable property	58.8	1,519.0	0.6	-	-	0.0	1,577.2
27 Of which: SMEs	-	26.7	0.0	-	-	-	26.7
28 Exposures in default	-	-	-	-	-	-	-
29 Items associated with particularly high risk	-	48.5	0.0	-	-	-	48.5
30 Covered bonds	-	92.0	0.0	-	-	-	92.0
31 Claims on institutions and corporates with a short-term credit assessment	-	175.6	0.0	-	-	-	175.5
32 Collective investments undertakings	-	0.0	-	-	-	-	0.0
33 Equity exposures	-	36.1	-	-	-	-	36.1
34 Other exposures	-	259.5	-	-	-	-	259.5
35 Total standardised approach	122.7	15,275.7	23.0	-	-	1.8	15,375.4
36 Total	122.7	15,275.7	23.0	-	-	1.8	15,375.4
37 Of which: Loans	95.5	3,596.0	16.9	-	-	-	3,474.4
38 Of which: Debt securities	-	4,194.2	1.5	-	-	-	4,192.7
39 Of which: Off-balance-sheet exposures	1.7	3,632.2	1.1	-	-	-	3,632.7

Figures related to exposures recognised as defaulted or which haven't been repaid on due date shall however be put in perspective given their low significance compared to the Bank's total credit risk exposure, as shown by figures presented hereunder:

	Defaulted Exposures (Gross) vs. Total Exposure (Gross)	Defaulted Exposures (Net) vs. Total Exposure (Net)
2020	0.80%	0.67%

Changes in the stock of general and specific credit risk adjustments

Changes in the stock of general and specific credit risk adjustments (Template 16 of EBA/GL/2016/11 Guidance)		a Accumulated specific credit risk adjustment	b Accumulated general credit risk adjustment
1 Opening balance		22.6	-
2	Increases due to amounts set aside for estimated loan losses during the period	7.3	-
3	Decreases due to amounts set aside for estimated loan losses during the period	-5.9	-
4	Decreases due to amounts taken against accumulated credit risk adjustment	-1.0	-
5	Transfers between credit risk adjustment	-0.1	-
6	Impact of exchange rate differences	0.0	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	0.0	-
9 Closing balance		23.0	-
10	Recoveries on credit risk adjustments recorded directly to the statements of profit and loss	0.1	-
11	Specific credit risk adjustments directly recorded to the statement of profit and loss	-	-

Ageing of past-due exposures

Ageing of past-due exposures (Template 14 of EBA/GL/2016/11 Guidance)	a	b	c			d	e	f
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year		
1 Loans	12.0	2.0	1.2	34.4	33.7	50.1		
2 Debt securities	-	-	-	-	-	-		
3 Total exposures	12.0	2.0	1.2	34.4	33.7	50.1		

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:

- Securities lending operations must be covered by a Global Master Securities Lending (GMSLA) Agreement (or equivalent);
- (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 BRC.

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 reflected in a risk appetite indicator, reported monthly to the Group ALCO.

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.

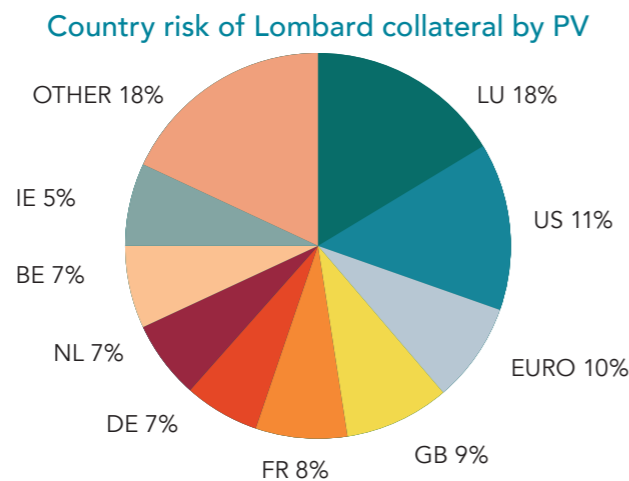
Exceptions to this limit exist under strict conditions:

- 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.

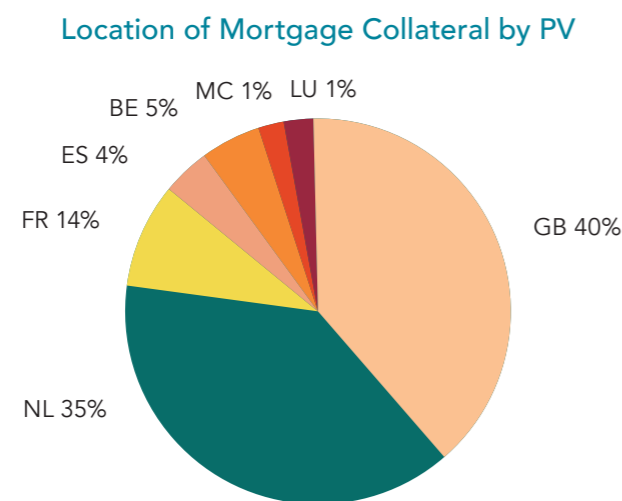
No additional country/sovereign concentrations limits apply to the collateral accepted, the above- mentioned rules being considered as conservative enough.

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 31/12/2020. It highlights a high level of diversification, with the largest country exposures being on less risky countries.



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



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 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 throughout the life of the loan, typically every three years for properties securing mortgage lending of more than EUR 3 million.

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 and counterparty 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 Credit Risk Control department. It is the responsibility of the Risk Control Function to update the list of eligible collaterals based on risk evolution and market practices.

Throughout the Group, 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 2020 are presented hereunder. These figures correspond to two different regulatory approaches of 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 were 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.

CRM techniques – Overview (Template 18 of EBA/GL/2016/11 Guidance)					
	a	b	c	d	e
	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by guarantees	Exposures secured by credit derivatives
1 Total loans	636.4	2,838.3	2,711.0	127.3	-
2 Total debt securities	3,848.4	344.3	-	344.3	-
3 Total exposures	4,484.8	3,182.6	2,711.0	471.6	-
4 Of which defaulted	74.8	4.6	4.6	-	-

ELIGIBLE CREDIT RISK MITIGATION TECHNIQUES – 2020

As at 31/12/2020, Quintet Group globally achieved a reduction of EUR 2.133,9 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 1,149.8 million and EUR 194.6 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 146.7 million. The eligible third-party guarantees amounts to EUR 347.7 million.

The eligible third-party guarantees are disclosed by counterparty types and gain of Credit Quality Step (CQS) ⁵ in the table here after.

Eligible Third Party Guarantees			Guarantor type				
			Central Gov.		Multilateral developments banks	Regional Gov.	Institutions
Original exposure			CQS #1	CQS #2	CQS #1	CQS #1	CQS #1
Institutions	CQS #1	203.7	203.7				
	CQS #2	16.3		16.3			
	CQS #3	15.3	15.3				
Public sector entities	CQS #1	5.1				5.1	
	CQS #2	10.6	10.6				
Corporates	CQS #1	96.7	41.0		52.2		3.4
Total		347.7	270.6	16.3	52.2	5.1	3.4

An insight in the use of eligible financial collaterals is given hereunder through the decomposition of credit risk exposures pre- and post-subtraction of these collaterals across applicable Credit Quality Steps (i.e. buckets that determine an applicable risk weight that depends on an exposure's characteristics, among which its rating, for a given credit risk class). These figures show that 99 % of eligible collaterals apply to exposures arising from debtors who cannot be assigned to a particular Credit Quality Steps (CQS), which is mainly explained by the Lombard loan activity of the Bank conducted with Private Customers.

Credit Quality Steps	Exposures before impact of CRM	Exposures after CRM impact
CQS 1	4,563.6	4,543.2
CQS 2	1,160.0	1,157.8
CQS 3	927.4	927.1
CQS 4	37.0	35.9
CQS 5	3.1	0.7
CQS 6	-	-
No CQS	8,684.3	6,576.8
Total	15,375.4	13,241.5

5

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

STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECT:

Standardised approach – Credit risk exposure and CRM effects (Template 19 of EBA/GL/2016/11 Guidance)												
Exposure classes	a		b		c		d		e		f	
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density							
	on-balance-sheet amount	off-balance-sheet amount	on-balance-sheet amount	off-balance-sheet amount	RWAs	RWA density						
1 Central governments or central banks	4,714.7	-	5,001.6	-	88.3	2%						
2 Regional government or local authorities	330.8	0.2	335.9	-	2.0	1%						
3 Public sector entities	451.0	437.2	427.3	0.2	50.7	12%						
4 Multilateral development banks	160.7	-	212.9	-	10.1	5%						
5 International organisations	44.2	-	44.2	-	-	0%						
6 Institutions	618.4	24.3	386.5	24.2	91.5	22%						
7 Corporates	2,601.5	1,311.2	1,287.7	21.7	887.3	68%						
8 Retail	535.8	1,813.4	62.5	12.1	55.6	75%						
9 Secured by mortgages on immovable property	1,477.2	41.7	1,304.5	12.6	507.3	39%						
10 Exposures in default	103.1	0.7	95.2	0.0	107.0	112%						
11 Items associated with particularly high risk	44.5	4.0	38.0	0.9	58.3	150%						
12 Covered bonds	92.0	-	92.0	-	9.2	10%						
13 Claims on institutions and corporates with a short-term credit assessment	149.0	-	149.0	-	52.2	35%						
14 Collective investments undertakings	0.0	-	0.0	-	0.0	100%						
15 Equity exposures	36.1	-	36.1	-	36.1	100%						
16 Other exposures	259.5	-	259.5	-	233.3	90%						
17 Total	11,618.6	3,632.7	9,783.1	71.8	2,189.0	22%						

CRM techniques used	Eligible Financial Collateral (after haircut)	Eligible Residential Mortgage	Eligible Commercial Mortgage	Other Eligible Collateral	Eligible Third Party Guarantees
Central governments or central banks	-	-	-	-	-
Regional governments or local authorities	0.2	-	-	-	-
Public sector entities	9.1	-	-	-	15.7
Multilateral development banks	-	-	-	-	-
International organisations	-	-	-	-	-
Institutions	2.3	-	-	-	235.3
Corporates	1,429.4	-	-	125.7	96.7
Retail	501.2	-	-	21.0	-
Secured by mortgages on immovable property	174.6	1,149.8	194.6	-	0.0
Exposures in default	8.0	-	-	-	0.0
Items associated with particularly high risk	8.8	-	-	-	0.0
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	0.1	-	-	-	-
Collective investments undertakings	-	-	-	-	-
Equity exposures	-	-	-	-	-
Other exposures	-	-	-	-	-
Total	2,133.9	1,149.8	194.6	146.7	347.7

7. Market risk

7.1 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 2020 (standardised approach):

Market risk under the standardised approach (Template 34 of EBA/GL/2016/11 Guidance)		
	a	b
	RWAs	Capital requirements
Outright products		
1 Interest rate risk (general and specific)	167.0	13.4
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	8.5	0.7
9 Total	175.5	14.0

CVA capital charge (Template 26 of EBA/GL/2016/11 Guidance)		
	a	b
	Exposure value	RWAs
4 All portfolios subject to the standardised method	74.0	18.8

OTHER ACTIVITIES INDUCING TRADING RISK

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.

It has to be noted that the bond trading activities have been discontinued as of 15 December 2017.

7.2 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.

7.3 Market risk governance

LINES OF DEFENCE

1. Dealing Room

In the control framework with 5 lines of defence (see chapter 3), 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 Committee, AMC or 'Structured Products & OTC Derivatives Approval Committee') depending on their severity.

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

2. 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 with 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 Group Trading Risk Committee (weekly), to the AMC (weekly), to the Group ALCO (monthly) and to the Board Risk Committee (quarterly).

The Group Trading Risk Committee ensures a close monitoring of all trading activities within authorised limits. This Group includes the following participants:

- The Head of Group ALM & Treasury;
- The Head of Market & Liquidity Risks (Financial Risk & Reporting department);
- The Head of Group Treasury.

The evolutions of the various exposures are compared to their respective limits and highlights of each activity are provided. Although members of this Group attending the meeting do not constitute a decision-making body, their advices are important in the AMC decision process.

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 in existing methodologies and/or limit framework are decided at the level of the AMC.

8. Operational risk

8.1 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 related thereto to the extent that such 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. Schematically speaking, 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.

8.2 Entities in charge of Operational Risk Management

In due respect to CSSF 12/552 and Basel Committee on Banking Supervision regulations, the operational risk second line of defence is independent from 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;
- RCSA and scenarios analysis completion and update;
- Following-up action plans behind schedule.

GROUP OPERATIONAL RISK CONTROL (GORC)

Group Operation Risk Control is responsible as a second line of defence function to oversee, challenge and advise 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 the non-financial risks and ensures alignment with the Bank's Risk Appetite.

GROUP PRODUCTS AND SERVICES APPROVAL COMMITTEE

At Group level, the main body governing the approval of a new product or service is the Group Products and Services Approval Committee (GPAC). It is a sub-committee of the AMC and acts in accordance with the delegation power received from the AMC.

8.3 Operational risk identification

In order to control its risks, the Bank has to identify and measure them.

OPERATIONAL RISK EVENTS

Operational risk events management is defined in a proper procedure declined at the Group level. There are two objectives for risk events collection:

- Identify the Bank weaknesses and setup 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 the 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 to, 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 to transpose this Group RCSA Guidelines at their local jurisdictions. Deviation from the RCSA Guidelines, if any, must be reported to the GORC team for prior approval.

BUSINESS IMPACT ANALYSIS (BIA)

The identification of critical Business processes is carried out through an annual Business Impact Analysis (BIA). The BIA approach is implemented to identify the critical departments taking into consideration financial, reputational and legal criteria.

For efficiency purpose, the BIA is regularly reviewed, at least on annual basis.

8.4 Operational Risk Mitigation Techniques

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

LINES OF RESPONSIBILITIES

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: The First line of defence (Business head) has the accountability for assessing the risk within their control environment as well as the best understanding of the business process as the owner of the process. Hence, the first Line of Defence (hereinafter "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; re-designing 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.

The above paragraph applies to all support and control functions within the second and third lines of defence.

Business Risk Management ("BRM"): The role of the BRM is to organise the deployment of the RCSA exercise and ensure supervision of the process. This includes assisting the LoD1 in organising workshops and providing the LoD1 with the required templates in order to harmonise proper mapping and aggregation of the RCSA throughout the Group.

Second Line of Defence: The 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.

Following the check and challenge exercise, the GORC will perform 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: The role of the internal audit, as third Line of Defence (hereinafter "LoD3"), is to provide objective assurance on the overall soundness and effectiveness of the Bank's risk management. This is achieved through performing independent reviews over 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 procedure of Policies has been drawn up by the Bank to set out rules related to the preparation, validation, formal adoption and on-going maintenance of the Bank 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 the compliance with all legal requirements including revised CSSF 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 procedure applies to all policies and procedures adopted/to be adopted by the Bank without exception.

This procedure is maintained by the process management department of the Bank, is made available to all staff members, and become 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.

LOD2 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 timely, consistently and of high standard.

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

- Selecting the 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 performed when going through the review of the LoD1 control testing.

KEY RISK INDICATORS (KRI)

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

KRI IDENTIFICATION

Based on the RCSAs results, KRI are defined for risks with the highest likelihood and probability of impact.

THRESHOLDS

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

REPORTING

The level and trend of the KRI are reported at each session of the AMC and BRC. Breaches are analysed by LoD1 and these analyses are challenged by LoD2.

REVIEWING AND UPDATING

The KRI are updated based on the input provided by the RCSA process. KRI 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 frame of the Group risk tolerance.

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

- Recruiting;
- Promotion;
- Incentives;
- Trainings;
- 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;
- Responsible 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.

8.5 Capital Requirements for Operational Risk

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

RISK WEIGHTED ASSETS AND OWN FUNDS REQUIREMENTS FOR OPERATIONAL RISK – 2020

Operational Risk		
EUR million	RWA	Own Funds Requirements
Operational Risk	676.8	54.1
Total Operational Risk	676.8	54.1

9. ALM risks

9.1 ALM strategies

DEFINITION OF ALM RISKS

At Quintet, ALM risks are defined as the market risks induced by all the 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 high collateral standards in place.
- The 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 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 Function – aims at:

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

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

ALM investments also contribute to the strategic objective of the Bank 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 instrument universe, 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 reaches a total value of EUR 4.1 billion (including swap values) as at end of 2020, with an overall duration of 0.97 years. 52% 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 36% 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.

A parallel shift of the curve by 1% is estimated to have a negative impact on the value of the bond portfolio of EUR -41 million.

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 31/12/2020, the proportion of Basel III LCR eligibility is 83.5%.

EQUITIES PORTFOLIO

Equities are expected to bring added value in terms of profits and diversification (contra-cyclical feature of equity 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 2020, with a market value of EUR 57 million as at 31/12/2020 (vs EUR 60 million as at 31/12/2019). It includes:

- EUR 34.2 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 (see note 15 of the consolidated accounts);
- Private Equity positions for a book value of EUR 22,8 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 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 2020 a realised gain of +701.512 EUR. The total unrealised gains or losses and the total latent revaluation gains or losses, represent a potential gain of: +1.471.374 EUR. Those gains/losses, as part of the global audited profit and loss accounts, are included in CET1 at year-end closing.

9.2 ALM risks measurement

INTEREST RATE RISK

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. All of those risk appetite indicators are reported to the Group ALCO (monthly), and a selection of them to the Group BRC (quarterly).

IMPACT ON ECONOMIC VALUE

Interest Rate Value at Risk (99% - 1 year, Monte Carlo based)

Impact on Economic Value
Quintet Group (€ mln)

IR VaR as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-45,6	-7,2	-0,1	-8,8	-30,7	1,1
Financial liabilities	72,4	22,8	6,6	13,5	30,1	-0,6
Net Impact	26,8	15,6	6,6	4,7	-0,6	0,5

- Regulatory Interest Rate Sensitivity (i.e. value-based impact of a parallel shift of all interest rate curves by 200 bps)

Impact on Economic Value
Quintet Group (€ mln)

+200 bps as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-408,9	-325,7	-1,6	-26,6	-46,9	-8,0
Financial liabilities	390,1	296,3	14,3	27,6	44,8	7,1
Net Impact	-18,8	-29,4	12,6	1,0	-2,1	-0,9

-200 bps as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	91,8	44,7	0,1	12,2	32,9	1,9
Financial liabilities	-81,5	-38,2	1,2	-11,0	-31,8	-1,8
Net Impact	10,2	6,4	1,3	1,2	1,1	0,1

- Interest Rate Sensitivity at Risk Stress scenario (i.e. value-based impact over a 1Y period resulting from a set of internal scenarios including parallel and non-parallel shifts of all interest rate curves)

// Up as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-415,5	-327,1	-0,9	-33,2	-47,3	-7,0
Financial liabilities	389,7	296,8	8,0	33,8	44,9	6,1
Net Impact	-25,8	-30,3	7,2	0,6	-2,3	-0,9

Short Up as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-156,7	-114,7	-0,5	-16,2	-20,7	-4,6
Financial liabilities	126,8	90,7	1,6	11,6	19,2	3,7
Net Impact	-29,8	-24,0	1,2	-4,6	-1,5	-0,9

// Down as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	92,3	45,1	0,1	12,2	32,9	1,9
Financial liabilities	-81,6	-38,2	1,2	-11,0	-31,8	-1,8
Net Impact	10,7	6,8	1,3	1,3	1,2	0,1

Short Down as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	73,9	43,9	0,1	10,7	17,7	1,6
Financial liabilities	-60,8	-36,9	1,2	-7,7	-16,1	-1,4
Net Impact	13,1	7,0	1,3	3,0	1,6	0,1

Steepening as at end of year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-62,3	-50,1	-0,3	-1,8	-10,8	0,6
Financial liabilities	79,5	54,6	7,0	7,3	11,1	-0,5
Net Impact	17,2	4,4	6,7	5,5	0,3	0,2

Flattening as at end year 2020	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-37,1	-28,0	0,0	-5,8	-0,7	-2,5
Financial liabilities	19,5	14,7	1,3	1,7	-0,2	1,9
Net Impact	-17,6	-13,2	1,3	-4,1	-0,9	-0,7

IMPACT ON NET INTEREST INCOME

- Interest Earning at Risk Sensitivity (i.e. margin-based impact over a 1Y period of a parallel shift of all interest rate curves by 200 bps)

Pillar III - Impact on Net Interest Income

Quintet Group (€ mln)

+200 bps as at end of year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	198,8	152,8	14,9	24,9	2,7	3,5
Financial liabilities	-161,6	-102,2	-39,8	-14,3	-1,9	-3,5
Net Impact	37,2	50,6	-24,8	10,6	0,8	0,0

-200 bps as at end of year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-50,9	-29,0	-8,6	-11,0	-0,2	-2,0
Financial liabilities	42,4	13,1	20,7	6,7	0,2	1,7
Net Impact	-8,4	-15,9	12,1	-4,3	0,0	-0,3

- Interest Earning at Risk Stress Scenario (i.e. margin-based impact over a 1Y period resulting from a set of internal scenarios including parallel and non-parallel shifts of all interest rate curves)

Pillar III - Impact on Net Interest Income

Quintet Group (€ mln)

// Up as at end of year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	203,7	152,8	14,9	31,1	1,4	3,5
Financial liabilities	-165,9	-102,2	-39,8	-19,5	-1,0	-3,5
Net Impact	37,8	50,6	-24,8	11,6	0,4	0,0

// Down as at end of year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-50,9	-29,0	-29,0	-11,0	-0,2	-2,0
Financial liabilities	42,2	13,1	13,1	6,7	0,2	1,7
Net Impact	-8,4	-15,9	12,1	-4,3	0,0	-0,3

Steepening as at end of year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-37,8	-23,7	-7,2	-5,1	-0,1	-1,7
Financial liabilities	42,2	13,1	20,5	6,7	0,2	1,7
Net Impact	4,3	-10,6	13,2	1,6	0,1	0,0

Flattening as at end year 2020	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	119,3	92,2	10,8	12,8	1,0	2,5
Financial liabilities	-113,5	-65,1	-32,6	-12,2	-0,8	-2,9
Net Impact	5,8	27,1	-21,7	0,6	0,2	-0,4

NOTE ABOUT APPROACH ON NON-MATURITY PRODUCTS:

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

1. 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.
2. Non-maturity deposits [NMD]: As per end of September 2019, a new NMD Model has been introduced. The new 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 2,3 to 3, years.

As of end of 2020, the volume of modelled non-maturity deposits amounts to EUR 741.2 million, equivalent to EUR 20.1 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, foreign exchange and interest rate risks. Therefore, ALM risk is globally assessed by means 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).

9.3 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 department is in charge of:

- The operational liquidity management;
- Providing the 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.

Asset Management departments of the Group are 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);
- The control of the correct implementation of the Group ALCO's decisions by the ALM department;
- Monitoring 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 report accordingly to the Group ALCO;
- Ensuring conformity with the regulatory constraints;
- Advising on all ALM subjects including (but not limited to) the implementation of the risk policy;
- Risk Control hierarchically reports to the CRO who is an AMC member.

10. 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)'.

10.1 Risk management objective 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 Institutional & Professional Services in Luxembourg) 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.

10.2 Liquidity risk management process and strategy

The Bank distinguishes between:

- 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;
- Structural (long-term) liquidity risk, i.e. the risk that the Bank's structural, long-term assets cannot be funded adequately;
- 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 Central Bank or through short term Money Market transactions (mostly secured).

The event of 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 (reputation issue, among others) and quantitative indicators (based on both market and Quintet specific metrics: evolution of cash curves, clients deposits, among others), alerting to a potential liquidity crisis. These metrics are daily monitored. In case of 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.

10.3 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 Board Risk Committee 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 punctual analyses on liquidity matters;
- Group ALCO is responsible for the (strategic) management of (financial) risks among which 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 ALCO's 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.

10.4 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;
- The weekly evolution of total deposits;

- The 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;
- Customer 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.

10.5 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.

10.6 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 provide the 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 risk detection tool that enables the Management to promptly react to any liquidity event which could potentially affect the liquidity position of the Group;
- Internal stress test scenarios performed 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, the 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.

10.7 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 2.6 billion as per 31 December 2020) and ALM investment portfolio (EUR 4.2 billion as at 31 December 2020).

The 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.

10.8 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'.

QUANTITATIVE INFORMATION ON LCR

Scope of consolidation (consolidated)	Total unweighted value				Total weighted value			
	Currency and units (XXX million)							
Quarter ending on (DD Month YY)	31/03/20	30/06/20	30/09/20	31/12/20	31/03/20	30/06/20	30/09/20	31/12/20
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)	X	X	X	X	4,291	4,292	4,220	4,462
Cash-Outflows								
2: Retail deposits and deposits from small business customers, of which:	4,430	4,396	4,390	4,373	519	516	517	514
3: Stable deposits	1,288	1,265	1,241	1,221	64	63	62	61
4: Less stable deposits	3,142	3,113	3,108	3,084	455	453	455	453
5: Unsecured wholesale funding	5,942	5,829	5,778	5,853	4,072	3,947	3,835	3,903
6: Operational deposits (all counterparties) and deposits in networks of cooperative banks	695	683	687	656	174	171	172	164
7: Non-operational deposits (all counterparties)	5,218	5,113	5,051	5,146	3,868	3,743	3,624	3,687
8: Unsecured debt	30	34	39	52	30	34	39	52
9: Secured wholesale funding	X	X	X	X	11	7	15	27
10: Additional requirements	381	409	447	489	151	162	172	194
11: Outflows related to derivative exposures and other collateral requirements	119	121	119	127	119	121	119	127
12: Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13: Credit and liquidity facilities	263	288	328	362	32	41	53	67
14: Other contractual funding obligations	74	65	62	54	43	36	36	28
15: Other contingent funding obligations	2,381	2,837	2,857	2,880	43	83	113	142
16: TOTAL CASH OUTFLOWS	X	X	X	X	4,840	4,752	4,687	4,809
Cash-Inflows								
17: Secured lending (eg. reverse repos)	1,390	1,143	988	738	799	652	648	549
18: Inflows from fully performing exposures	562	572	634	709	534	542	603	673
19: Outer cash inflows	34	33	30	21	34	33	30	21
EU-19a: Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	X	X	X	X	-	-	-	-
EU-19b: (Excess inflows from a related specialised credit institution)	X	X	X	X	-	-	-	-
20: TOTAL CASH INFLOWS	1,987	1,748	1,652	1,468	1,367	1,227	1,281	1,243
EU-20a: Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b: Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c: Inflows Subject to 75% Cap	1,987	1,748	1,652	1,468	1,367	1,227	1,281	1,243
TOTAL ADJUSTED VALUE								
21: LIQUIDITY BUFFER	X	X	X	X	4,291	4,292	4,220	4,462
22: TOTAL NET CASH OUTFLOWS	X	X	X	X	3,473	3,526	3,406	3,566
23: LIQUIDITY COVERAGE RATIO (%)	X	X	X	X	124%	122%	124%	125%

The above LCR computation provides 12 months rolling averages based on periods ranging from 04/19 to 12/2020. The figures do not yet fully reflect the positive impact of 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 as presented in Section 2 Structure of Quintet Group. The 31/12/2020 LCR ratio of Quintet Group stood at 139%, and 136% for Quintet Private Bank (Europe) S.A., following the merger.

10.9 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 the 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 recent financial crisis.

DERIVATIVE EXPOSURES AND POTENTIAL COLLATERAL CALLS

The Luxembourg Head Office acts as Hub for most 'OTC' derivative activities within the Group. All derivative transactions of Quintet Luxembourg 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 monthly revalued, on the basis of the historical look back approach. This liquidity buffer amounted to EUR 127.6 million as of 31 December 2020.

CURRENCY MISMATCH

As at 31 December 2020, EUR/USD/GBP were the material currencies of the Group.

Whereas the HQLA liquidity buffer mainly consists in 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 in GBP is not centralised but managed directly at the level of our UK based subsidiaries. Liquidity excesses are either posted with the Central Bank of England or invested in short term HQLA eligible commercial papers.

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 lender of last resort for all entities, reallocating liquidity where it is needed.

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

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

At present time these two entities do not have significant liquidity excess to upstream since either they manage their liquidity locally (as it is the case for Brown Shipley) or still rely on the Group's support for the funding their loan growth.

10.10 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-balance 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 2020, 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).

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

	encumbered assets	assets	unencumbered assets	assets
	010	040	060	090
10 Assets of the reporting institution	950.5		12,635.2	
30 Equity instruments	0.0		59.8	
40 Debt securities	607.4	610.2	4,066.8	4.
50 of which: covered bonds	0.0	0.0	112.6	
60 of which: asset-backed securities	0.0	0.0	0.0	
70 of which: issued by general governments	416.5	419.7	2,712.9	2.
80 of which: issued by financial corporations	97.2	97.2	947.0	
90 of which: issued by non-financial corporations	25.7	25.5	401.4	
20 Other assets	304.9		8,502.4	
21 of which: loans on demand	71.3		2,699.9	
22 of which: Loans and advances other than loans on demand	231.1		4,892.7	

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

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

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

Template B-Collateral received			
EUR million			
		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
		010	040
130	Collateral received by the reporting institution	11.5	986.2
140	Loans on demand	0.0	0.0
150	Equity instruments	0.0	0.0
160	Debt securities	11.5	986.2
170	of which: covered bonds	0.0	0.0
180	of which: asset-backed securities	0.0	0.0
190	of which: issued by general governments	0.0	122.1
200	of which: issued by financial corporations	5.0	569.0
210	of which: issued by non-financial corporations	0.0	239.5
220	Loans and advances other than loans on demand	0.0	0.0
230	Other collateral received	0.0	0.0
240	Own debt securities issued other than own covered bonds or asset-backed securities	0.0	0.0
241	Own covered bonds and asset-backed securities issued and not yet pledged		0.0
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	962.0	

As last year, the bank had very few use of the collateral received. Mostly, the Bank used the collateral as a pledge in repurchase agreement.

Template C-Sources of encumbrance			
EUR million			
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	725.2	845.1
011	of which: Derivatives	234.3	359.6
012	of which: Deposits	445.2	449.4

In comparison with 2019, the encumbered assets have increased mainly due to the subscription to a BCL tender in 2020. In 2020, the main sources of encumbrance were the repurchase agreements and the subscription to the BCL tender.

11. Other risks

Besides the main risk categories described above, the Bank also identified and manages several other significant risks. Other risks 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 sets of risk drivers.

11.1 Business Risk

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

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 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 monthly to the ALCO and quarterly to the BRC. Further, the risk appetite limits are frequently monitored via set key risk indicators, any breaches reported promptly followed by formulation of action plans for management. The Group also ensures it has the right skills level and reporting tools to ensure that risks are contained within limits.

The Finance department is issuing a recurrent set of documents to follow key indicators on profitability, performances and follow up of the business activities.

11.2 Reputation Risk

Reputation risk results from the loss of confidence or negative perception by stakeholders (such as customers, counterparties, shareholders, investors, debt-holders, market analysts and regulators) that can adversely affect the Bank in its business/client relationships and its access to sources of funding.

The BoD has expressed a limited tolerance for reputation risk. The reputation of the Group is considered as its main strength for the forthcoming deployment of its business strategy and any significant event that would harm this materially is considered as unacceptable. This is fully in line with the Group's ambition to be perceived as a trusted investor, a trusted advisor and a trusted employer.

The Group supports ethical values and promotes integrity and transparency. Financial crime, corruption, slavery, trafficking in any part of the business or supply chain is not tolerated. Work is done in the clients' best interest. The Group adheres to CSR rules, considers Environmental, Social and Governance Factors and developments and regulations in sustainable finance.

Despite a geographical diversification amplified by the own branding for each solo entity, the reputation risk is actively mitigated by various support functions, among others:

- The image of the Group in the media is managed by the Communication Department;
- The Compliance Function is in charge of a.o. Investor's protection, Anti-Money Laundering and Ethics;
- The Legal Department follows issues relating to lawsuits and legal judgements.

Main corresponding risk appetite indicators are based on negative press articles, legal judgements and lawsuits against the Bank.

11.3 Outsourcing Risk

Outsourcing risk is defined as the risk stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to third parties or from the equipment or staff provided by these parties.

The Group requires all outsourcing service providers to be of high repute and standards. Moreover, where the Group has heightened dependency on a single outsourcing service provider it takes measures to ensure a back-up plan is in place to mitigate the impact of potential regulatory, financial or reputational impact. The Group acknowledges outsourcing as a critical element in the operational continuity of its business model and stipulates necessary measures to control and monitor outsourcing risk.

Quintet has defined and validated its Group Outsourcing Risk Appetite Statement and Framework. The framework defines key objectives and guidelines for identifying, measuring, reporting and managing Quintet Group's outsourcing risk and allocates the responsibilities across Quintet Group's key stakeholders.

12. Remuneration Policy

12.1 Context and Principles

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

THE BOARD OF DIRECTORS AND THE AUTHORISED MANAGEMENT COMMITTEE

The remuneration policy related to the Board of Directors and to the Authorized Management Committee ("AMC") members is based on the prevailing legislation, the Corporate Governance Memorandum and industry benchmark. 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 the 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 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), the 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 100,000 in gross terms⁶ (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 3 years; the subsequent vesting of remuneration being thereafter subject to performance conditions and ex-post risk adjustments.

12.2 The 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 recommendation 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 provides 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.

⁶. Or any lower threshold if applicable according to local regulation.

COMPOSITION

The composition of the Group BRNC as at 31/12/2020 is as follows:

Name	Responsibility
George NASRA	Chairman
Anne Ruth HERKES	Member
Jan Maarten de JONG*	Member
Marco MAZZUCHELLI	Member
Rory TAPNER**	Member

* Until May 2020

** From May 2020 onwards

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 ones (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 CEOs, the AMC members, the Group ExCo members, the local ExCo members (Group-wide) and other Material Risk Takers;
- Recommend for approval by the Shareholders 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 Control) and Group Human Resources;

- Liaise as required with the other Board Specialised Committees and with the Group Risk Control 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 Labour 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 the Board of Directors of a Group's subsidiary, (iv) a member of the AMC, Group Exco or local Exco, including the Group CEO, 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 Board of Directors members;
- Draw up and review, as necessary, the training program 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;
- Perform annual self-assessment on the effectiveness and efficiency of the BOD and AMC.

12.3 Activity in 2020

In the course of 2020, the Group BRNC met seven (7) times and the attendance rate of members stood at 96%. 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 have been ratified by the BRNC and the BOD at the following session.

The main topics handled by the BRNC during the year 2020 were the following:

- Appointment of a new Group CEO (internal promotion) due to an unexpected event;
- Changes in the composition of the Group BOD in order to reflect expertise and seniority with new strategy;
- 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 2020;
- Evaluation of the activities and Key Performance Indicators (KPI) of the AMC and ExCo members (Group-wide) throughout 2020 (based on which 2020 bonus have been awarded in 2021);
- Assessment of previous years unvested bonus before vesting and pay-out to Material Risk Takers;
- Review of the bonus process for 2020 award and pre-approval of the related bonus pools per location;
- 2020 revision of the Material Risk Takers' list within the Group; Material Risk Takers recruitment, appointment, new role or exit (2020);
- Appointment and suitability assessment of new AMC members or ExCo members within the Group;
- Recruitments of senior management roles (AMC, EXCO, Head of Control Functions) group wide in the context of Quintet's new strategic direction and transformation plan;
- Approval of new deferral structure for Welcome bonus and agreement for the assessment and review of all Quintet's variable remuneration structure (immediate and deferral part, deferral schedule, payment in cash and instrument);
- Implementation of a new Long-Term Incentive plan in order to align the shareholders' and management's interest in the context of the new strategy;
- Assessment of the suitability of the Board of Directors' members.

12.4 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 2020 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 14% of female versus 86% of male (which is a major focus of attention for the BRNC). 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 performed according to the Group 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 a wide and strong experience in the banking sector, including at international level. Most AMC members held senior executive or/ and director positions before joining the AMC and all members have strong multi-cultural 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 process of decision making.

Individual profiles are available on Quintet website.

The number of commercial directorships held by the members of the Management Body is as follows (2020 year-end):

COMPOSITION OF GROUP AMC as of 31 December 2020

Name	Position	Executive Directorship	Non Executive Directorship	
			Group Mandate	External Mandate
Jakob STOTT	Group CEO**	1	1	0
Colin PRICE***	Group COO	1	0	0
Eric MANSUY****	Group COO ad Interim	1	1	0
Nicholas HARVEY	Group CFO	1	2	0
Anthony SWINGS	Group CRO	1	1	
Maria LEISTNER	Group Chief Legal Officer	1	0	0
Siegfried MARISSENS	Secretary General & Regulatory Affairs	1	1	0
Thomas RODERMANN*****	Quintet Europe CEO	1	0	0

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

** From March 2020 onwards..

*** Until August 2020

**** From August 2020 onwards

***** From October 2020 onwards

COMPOSITION OF THE GROUP BOD as of 31 December 2020

Name	Executive Directorship*	Non Executive Directorship	
		Group Mandate	External Mandate
Jan Maarten de JONG**	0	N/A	N/A
George NASRA	1	1	0
Alfred BOUCKAERT**	0	N/A	
Anne-Ruth HERKES	0	0	1
Maurice LAM**	0	N/A	
Anne REULAND**	0	N/A	
Albert WILDGEN**	0	N/A	
Peter VANDEKERCKHOVE**			
Marco MAZZUCHELLI	0	1	1
Antoine MARCOLIN	0	0	0
Jakob STOTT***	1	1	0
Yves FRANCIS***	0	0	2
Rory TAPNER (Chairman)***	0	1	1

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

** Directorship ended during 2020

*** Directorship started during 2020

12.5 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 a Bank's Risk Management self-assessment.

The Material Risk Takers' list has been revised in 2020 based on the definition criteria set by the EU delegated Regulation n°604/2014. Additionally, the Bank has assessed in 2020 its staff members against AIFMD/UCITS sectorial definition of Material Risk Takers⁷. The Bank updates the list at least on an annual basis.

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

- Members of the Boards and of the AMC, Group ExCo and ExCos Group-wide, including CEOs;
- Heads of control functions (i.e. Risk 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 credit and trading departments.

Apart from six individuals, staff members who were presumed as Material Risk Takers based only on their remuneration level (quantitative criteria) have been 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 figures⁸ for 2020:

Material Risk Taker category	Number of employees
Total number of identified Material Risk Takers* based on qualitative and quantitative criteria (Group-wide):	133*
o/w Quintet AMC and General Management**	19

* apart from independent non-executive Board members

** as per definition used in the context of the 2020 MRT annual assessment i.e. "Group Head" / "Head of Luxembourg"

12.6 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.

7. 2014/91/EU directive and 2011/61/UE directive

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

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 obtained 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, if any, a variable component.

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: the compliance with applicable rules and risk standards, managerial behaviors/skills, ethical behavior, management of incidents, internal audit results follow-up, planning and organization.

In addition, an assessment of the AMC members against their role model of Quintet shared value system (eight behaviour criteria) has been added in the course of the year 2020.

Currently, a proportion of 50% 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 all the AMC member) is approved by the BOD upon recommendation by the BRNC. The LTIP rewards the senior management with a percentage of the value creation between the fair market value of Quintet at a certain point in time and the hurdle value defined at the beginning of the LTIP. In order to ensure an appropriate balance of the plan, the pay-out awarded to the management is capped.

PARTNERS COMPENSATION

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

The BOD determines the remuneration of the members of the Partners upon recommendation obtained from the BRNC. The compensation of the Partners is similar to the one of the AMC members (fixed and variable) notably the participation to the LTIP.

The proportionality principle does not apply to this population. The variable compensation of the Partners (excluding AMC members) is at least composed by 50% of phantom shares and is partly (40%) deferred over a minimum of 3 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 principle⁹ applies, the variable compensation of these employees is at least composed by 50% of phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

9. Proportionality principle may apply to staff members having less impact on the Banks' risk profile and whose variable remuneration may never exceed EUR 100,000 gross (or any lower threshold if applicable according to local regulation).

COMPENSATION OF OTHER MATERIAL RISK TAKERS

The total compensation follows the same principles as the ones 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 is at least composed by 50% of phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

12.7 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 of 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, pool are allocated to business lines that, in turn, allocate them to departments, sub-departments, etc. until the individual level is reached.

In any case, 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 hand.

The variable compensation related to qualitative objectives is based on the evaluation of a number of agreed criteria including a risk and compliance awareness goal acting as a "circuit breaker"/"modifier". For 2020, 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.

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.

12.8 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, GroupExCo, 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**

* or lower maximum ratio allowed under the prevailing local regulation (e.g. 20% in the Netherlands)

** such higher ratio has been approved by the shareholder's general meeting in April 2020 for some senior executives or private bankers.

12.9 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 re-claiming 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 applied¹⁰ for example in case of:

- Established and proven serious fraud by the staff member; dissemination or use of misleading information by the staff member;

10. Without prejudice to contract or labour laws.

- 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.

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

REMUNERATION FIGURES – 2020

The remuneration structure of identified Material Risk Takers was as shown in the tables below in 2020. In addition, sixteen employees were granted in 2020 a total remuneration exceeding EUR 1 million: five 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], four in the “payment” band [2.5 million to below EUR 3 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.

ALL STAFF REMUNERATION DATA

Business areas:	MB Management Function	Investment banking	Retail banking	Asset Management	Corporate functions	Independent control Functions	All other
Number of members (headcount end of 2020)	44	–	–	–	–	–	–
Total number of staff in FTE end of 2020	0	69.65	32.25	122.50	595.53	141.41	885.65
Total remuneration (in EUR)	47,329,292	11,448,988	4,213,927	20,837,731	62,166,350	16,803,510	126,367,164
Of which: variable remuneration (in EUR)	24,901,343	2,120,186	801,978	4,474,539	4,294,095	1,709,095	20,083,411

MATERIAL RISK TAKERS REMUNERATION DATA

	MB Management Function	Other Material Risk Takers
Members (headcount)	44	–
MRT FTE	–	86.40
Fixed and variable remuneration		
Total fixed remuneration	22,427,949	19,684,974
Total variable remuneration	24,901,343	9,361,145
Of which: variable in cash	15,573,258	6,741,152
Of which: variable in shares and share-linked instruments	9,328,085	2,619,991
Of which: variable in other types of instruments	0	0
Total amount of variable remuneration awarded in year N which has been deferred	12,489,139	2,856,323
Of which: deferred variable in cash in year N	7,336,977	1,764,364
Of which: deferred variable in shares and share-linked instruments in year N	5,152,162	1,091,959
Of which: deferred variable in other types of instruments in year N	0	0
Additional Information regarding the amount of total variable remuneration		
Total amount of deferred variable remuneration awarded in previous periods and paid out in year N	2,375,102	527,391
Number of beneficiaries of guaranteed variable remuneration (new sign on payments)	27	
Total amount of guaranteed variable remuneration (new sign on payments)	8,626,194	
Number of beneficiaries of severance payments	5	
Total amount of severance payments paid in year N	658,039	
Highest severance payment to a single person	467,536	
Number of beneficiaries of contributions to discretionary pension benefits in year N	0	0
Total amount of discretionary pension benefits in year N	0	0
Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually	140,000	208,164
Unvested/Blocked rights		
Total amount of outstanding deferred variable remuneration awarded in previous periods which are still unvested/blocked	3,270,165	986,265

Notes:

- All amounts are expressed in EUR;
- Fixed and Variable Remuneration are defined as per EBA guidelines and cover full year 2020;
- MRT headcount and FTE are assessed end of 2020.

13. Appendix

13.1 Appendix 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 2020 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.

In particular, as stated in sections 10.6 and 10.7 of the present Pillar III document, the Management considers that the liquidity risk framework provides an adequate response to liquidity risks the Group is exposed to, and that Quintet has the ability to sustain further loan book growth budgeted.

13.2 Appendix 2 – Mapping of risks and measurement systems

The following table details how relevant and significant risks are:

- Mitigated and monitored (through control environment, procedures and policies);
- Measured (through risk appetite indicators).

The Risk Appetite indicators are monthly reported to the AMC and quarterly to the Board Risk Committee.

However, the frequency of their measurement/monitoring depends on the risk type (e.g. liquidity is daily monitored).

Risk Type	Mitigation Process	Risk	Measurement – Risk Appetite Indicator
Capital	Monitoring of internal and regulatory limits	Inadequate prudential capital	Common Equity Tier 1 ratio Overall Capital Ratio (OCR) Min requirement for own funds and eligible liabilities (MREL) ICAAP ratio: Available Financial Resources ----- Economic Capital
		Excessive leverage	Leverage ratio: Tier 1 capital ----- Total exposure
Funding Risk	Monitoring of regulatory ratios LCR and NSFR (risk appetite indicators) according to the Liquidity risk framework Monitoring of Contingency Funding Plan indicators. Liquidity Stress Tests	Structural funding	Net Stable Funding Ratio on consolidated basis (conso) Net Stable Funding Ratio (solo)
		Insufficient operational liquidity (regulatory)	Liquidity Coverage Ratio (conso) Liquidity Coverage Ratio (solo)
		Insufficient operational liquidity (internal assessment)	Internal Liquidity Excess Ratio (ILER) – Liquidity Excess / Model outflows
		Loss of deposits	Loss of Net customers' deposits Net customer deposit outflows over last 3 months
		Inadequate loan funding	Customers' loan-deposit ratio
Reputational Risk	Prevention: implementation of internal codes of ethics (Conflict of interest policy, Policy for the Conduct of Business, Code of Conduct, AML procedure), validation of internal procedures and provision of training by Compliance. Monitoring: "Compliance Monitoring Program" with controls re. AML, market abuse, investor protection, ethics, fight against fraud. If needed, appropriate action plans are implemented. Organizational Corporate Communication, with monitoring and reporting	Unavailable liquidity in the Group in case	Asset Encumbrance Ratio (conso) Asset Encumbrance Ratio (solo)
		Reputation impact	Negative press mentions through major national media with expected impact on clients, regulators or the shareholder

Risk Type	Mitigation Process	Risk	Measurement - Risk Appetite Indicator
Regulatory Risk	Monitoring of the respect of the CSSF circular 12/552 as amended 'Central administration, internal governance and risk management' AMC Member in charge of Regulatory Affairs Close monitoring of exchanges with the regulators Compliance Monitoring Program	Non adherence	Number of regulatory breaches flagged by the regulator over last 3 months
Execution/ delivery/ process management Risks, ICT security Risk, Fraud Risk	Operational Risk Framework based on a "Risk and Control Self-Assessment" (RCSA), an incident database "Loss Event Reporter", an Operational Risk Committee. Monitoring of IT security policy (a.o. accesses). Business Continuity Management including testing	Operational losses Operational losses (incl; HR costs)	YtD Operational losses & provisions (absolute values) ----- (YtD Operational losses & provisions (absolute values) ----- + overall HR settlement costs ----- YtD Gross income
Borrower Risk, Counterparty Risk	Credit policy: credit offer is limited to secured transactions.	PB loans: credit losses	Gross specific loan impairment charge (annualized)
	Limit framework for interbank exposures (set by counterparty, country, duration, type of product). Monitoring of counterparty risk through dedicated application	Bonds: credit losses	Gross specific bond impairment charge (annualized) Average total bonds
Interest rate Risk	Monitoring of respect of ALM IRRBB risk framework Monitoring of Risk Appetite indicators Monitoring of primary limits in line with the Trading risk framework	Losses from interest rate changes	Interest Rate Value at Risk (99% - 1 year) stand alone Interest Earning at Risk – Worst Case Scenario
		Breach of regulatory IR limits	Regulatory worst impact of interest rate risk on EVE (Economic Value Equity) - % of Tier 1 Capital
		Losses from Treasury activity	Treasury Stress HVaR (99% - 10 days)

Risk Type	Mitigation Process	Risk	Measurement - Risk Appetite Indicator
Credit Spread Risk	Monitoring of respect of ALM IRRBB risk framework Monitoring of Risk Appetite indicators Monitoring of primary limits in line with the Trading risk framework	Losses from credit spread changes	Credit Spreads Value at Risk (99% - 1 year) stand alone
Equity price Risk	Monitoring of respect of ALM IRRBB risk framework Monitoring of Risk Appetite indicators Monitoring of primary limits in line with the Trading risk framework	Losses from equity price changes	Equity Value at Risk (99% - 1 year) stand alone
Business Model Risk, Competitor Risk, Commercial Performance Risk, Strategy risk	Board Strategic Committee in charge of a.o. reviewing the multiyear strategic plan and deviation from it, of approving strategic decision (partnerships, extension/stop of activities ...) AMC actively monitors the Bank's financial performance with key KPIs, make strategic proposals to the Board.	Income volatility	YtD gross income ----- Budget gross income
			Return on Equity
			FYF Profit After Tax vs Bud (€m)
			Core PB & Institutional AuM : market effect vs budget (%)
			Core PB & Institutional AuM : NNM vs budget (%)
			Core PB AuM : RoA margin vs budget (%)
Business Model Risk, Competitor Risk, Commercial Performance Risk, Strategy risk	Board Strategic Committee in charge of a.o. reviewing the multiyear strategic plan and deviation from it, of approving strategic decision (partnerships, extension/stop of activities ...) AMC actively monitors the Bank's financial performance with key KPIs, make strategic proposals to the Board.	Strategy risk	Core PB AuM - gross outflows versus historical average Loans to Deposits - new RM (%) New PB : YTD revenues versus budget (%) New PB: YTD NNM versus budget (%)

Risk Type	Mitigation Process	Risk	Measurement - Risk Appetite Indicator
Key Man Risk, People Risk, Employment Practice Risk	Investment policy & ALM framework (with limits on non rated/non-investment grade bonds)		
	Monitoring Prevention: Strong hiring process with extensive background and skills checks Security procedures (reaction in case of rating migrations, fire, bomb alert, ... including emergency evacuation), access to the Bank premises.		
	Monitoring process of sovereign concentration limits Information of new employees and regular training of security delegates	Resignation of key people	Number of resignations of key people over last 3 months
	Monitoring: talent development with a focus on development opportunities, identifying key talents, performance management; Retaining: e-learning, lifelong learning and an attractive remuneration policy for targeted key individuals.		

Risk Type	Mitigation Process	Risk	Measurement - Risk Appetite Indicator
Data Protection Risk	Prevention: enforcing the provisions of the European regulation on the protection of personal data ("GDPR") within the Group; Informing, providing independent advice and guidance to the Quintet entities and functions;	High risk personal data breach	Number of failure to notify or overdue notification to Data Protection Authority of high risk personal data breaches
	Monitoring compliance with regulation; compliance with best standards in terms of data protection information	Data protection heatmap non compliance	Percentage of key GDPR controls scored as unsatisfactory [CARPA key controls]
Sustainability Risk	Ad-hoc committee and internal policy to be applied in Quintet day-to-day processes	Responsible investment policy non compliance	Number of non authorised securities in clients' portfolios (discretionary and advisory) and Bank's portfolio
Pension Risk	Considered into the ICAAP ratio		
Property Risk	Considered into the ICAAP ratio		

13.3 Appendix 3 – Differences between accounting and regulatory scopes

There is no difference between accounting and regulatory scopes of consolidation (see point 5.1. List of Subsidiaries & Associates). Please find hereafter the mapping of financial statement categories with regulatory risk categories:

Differences between accounting and regulatory scopes of consolidation and the mapping of financial statements categories with regulatory risk categories (Template 1 of EBA/GL/2016/11 Guidance)	a Carrying values as reported in published financial statements and under scope of regulatory consolidation	c Carrying values of items					g Not subject to capital requirements or subject to deduction from capital
		c Subject to the credit risk framework	d Subject to the CCR framework	e Subject to the securitisation framework	f Subject to the market risk framework		
Assets							
Cash and balance at central banks	2,617.1	2,617.1	-	-	-	-	-
Items in the course of collection from other banks	316.1	316.1	-	-	-	-	-
Financial assets	9,601.1	8,605.8	942.1	-	53.3	-	-
Held-for-trading	256.1	-	202.8	-	53.3	-	-
o/w derivatives trading	202.8	-	202.8	-	-	-	-
o/w trading portfolio assets	53.3	-	-	-	53.3	-	-
Mandatorily at fair value through profit or loss	44.3	44.3	-	-	-	-	-
At fair value through profit or loss	-	-	-	-	-	-	-
At fair value through OCI	2,792.1	2,792.1	-	-	-	-	-
At amortized cost	6,503.9	5,769.4	734.4	-	-	-	-
o/w Debt securities	1,356.4	1,356.4	-	-	-	-	-
o/w Loans and advances to banks excluding reverse repurchase agreements	124.4	124.4	-	-	-	-	-
o/w Loans and advances to customers excluding reverse repurchase agreements	4,288.7	4,288.7	-	-	-	-	-
o/w Reverse repurchase agreements and other similar secured lending	734.4	-	734.4	-	-	-	-
Hedging derivatives	4.8	-	4.8	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13.3	13.3	-	-	-	-	-
Tax assets	25.6	1.0	-	-	-	-	24.6
Current tax assets	1.0	1.0	-	-	-	-	-
Deferred tax assets	24.6	-	-	-	-	-	24.6
Investments in associates	4.7	4.7	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Property and Equipment	27.9	27.9	-	-	-	-	-
Leased tangible assets (IFRS16 - right of use asset)	67.7	67.7	-	-	-	-	-
Goodwill and other intangible assets	486.0	29.8	-	-	-	-	456.2
Other assets	131.0	131.0	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total assets	13,290.5	11,814.3	942.1	-	53.3	-	480.8
Liabilities							
Financial liabilities	11,716.5	-	407.0	-	0.3	-	11,309.2
Held-for-trading	269.0	-	268.8	-	0.3	-	-
o/w derivatives trading	268.8	-	268.8	-	-	-	-
o/w trading portfolio liabilities	0.3	-	-	-	0.3	-	-
At fair value through profit or loss	-	-	-	-	-	-	-
At amortized cost	11,310.3	-	1.1	-	-	-	11,309.2
o/w deposits from banks excluding repurchase agreements	735.3	-	-	-	-	-	735.3
o/w customer accounts excluding repurchase agreements	9,747.5	-	-	-	-	-	9,747.5
o/w repurchase agreements and other similar secured borrowings	1.1	-	1.1	-	-	-	-
Hedging derivatives	137.1	-	137.1	-	-	-	-
Tax liabilities	0.9	-	-	-	-	-	0.9
Current tax liabilities	0.9	-	-	-	-	-	0.9
Deferred tax liabilities	0.1	-	-	-	-	-	0.1
Provisions	93.6	-	-	-	-	-	93.6
Other liabilities	260.9	-	-	-	-	-	260.9
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	-
Total equity	1,218.6	-	-	-	-	-	1,218.6
Total liabilities	13,290.5	-	407.0	-	0.3	-	12,883.2

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 2 of EBA/GL/2016/11 Guidance)	a Total	b Items subject to			
		c Credit risk framework	d CCR framework	e Securitisation framework	f Market risk framework
1 Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	12,809.7	11,814.3	942.1	-	53.3
2 Liabilities carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	407.3	-	407.0	-	0.3
3 Total net amount under the regulatory scope of consolidation	12,402.4	11,814.3	535.0	-	53.0
4 Off-balance-sheet amounts	3,387.2	71.8	-	-	-
5 Differences in valuations	-6.2	-6.0	-	-	-0.2
6 Differences due to different netting rules, other than those already included in row 2	-600.7	-189.7	-411.0	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 CRM application	-1,888.3	-1,885.5	-2.8	-	-
10 Intercos elimination	-	-	-	-	-
11 Other variation	-	-	-	-	-
12 Exposures amounts considered for regulatory purposes	13,294.4	9,804.9	121.2	-	52.9

13.4 Appendix 4 – Own funds disclosure

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

Common Equity Tier 1 capital: instruments and reserves ⁽¹⁾		31 DEC 2020	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
		EUR mln	
1	Capital instruments and the related share premium accounts	820.4	26 (1), 27, 28, 29
	of which: shares of a public limited liability company	820.4	EBA list 26 (3)
2	Retained earnings	300.5	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	-26.5	26 (1)
3a	Funds for general banking risk	-	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	486 (2)
5	Minority interests (amount allowed in consolidated CET1)	-	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,094.4	Sum of rows 1 to 5a
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3.5	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-456.2	36 (1) (b), 37
9	Empty set in the EU	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-22.4	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	-	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 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)	-	36 (1) (g), 44
18	Direct, indirect and synthetic holdings 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)	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings 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)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU	-	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	-	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary difference (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)	-	48 (1)
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	-	36 (1) (i), 48 (1) (b)
24	Empty set in the EU	-	-
25	of which: deferred tax assets arising from temporary difference	-	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	-	36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (f)
26b	Amount to be deducted from ior added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-0.4	481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-482.5	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	611.4	Row 6 minus row 28

Common Equity Tier 1 capital: instruments and reserves ⁽¹⁾		31 DEC 2020	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
		EUR mIn	
30	Capital instruments and the related share premium accounts	123,6	51, 52
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) and the related share premium accounts subject to phase out from AT1	-486 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	85, 86	
35	of which: instruments issued by subsidiaries subject to phase-out	-486 (3)	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	123,6	Sum of rows 30, 33 and 34.
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-52 (1) (b), 56 (a), 57	
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)	-56 (b), 58	
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)	-56 (c), 59, 60, 79	
40	Direct, indirect and synthetic holdings 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)	-56 (d), 59, 79	
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (ie. CRR residual amounts)	-	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-56 (e)	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital	123,6	Row 36 minus row 43
45	Tier 1 capital (T1 = CET1 + AT1)	735,1	Sum of row 29 and row 44
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	0,1	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-486 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	87, 88	
49	of which: instruments issued by subsidiaries subject to phase-out	-486 (4)	
50	Credit risk adjustments	-62 (c) & (d)	
51	Tier 2 (T2) capital before regulatory adjustment	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)	-63 (b) (i), 66 (a), 67	
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 institutions designed to inflate artificially the own funds of the institution (negative amount)	-66 (b), 68	
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)	-66 (c), 69, 70, 79	
55	Direct, indirect and synthetic holdings 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 amounts)	-66 (d), 69, 79	
56	Empty set in the EU	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	Sum of rows 52 to 56
58	Tier 2 (T2) capital	0,1	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	735,1	Sum of row 45 and row 58
60	Total risk-weighted assets	3,119,7	

Common Equity Tier 1 capital: instruments and reserves ⁽¹⁾		31 DEC 2020	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
		EUR mIn	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	19,61%	92 (2) (a)
62	Tier 1 (as a percentage of risk exposure amount)	23,57%	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount)	23,58%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus systemic risk buffer, plus systemically important institution buffer (G-SII or O-SII buffer) expressed as a percentage of risk exposure amount)	7,04%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical buffer requirement	0,04%	
67	of which: systemic risk buffer requirement	no current requirement	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	no current requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12,57%	CRD 128
69	[non-relevant in EU regulation]	N/A	
70	[non-relevant in EU regulation]	N/A	
71	[non-relevant in EU regulation]	N/A	
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct, indirect and synthetic holdings of the capital 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)	23,7	36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (i), 45, 48
74	Empty set in the EU	-	
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	36 (1) (c), 38, 48
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)	-	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62
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	N/A	484 (3), 486 (2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (3), 486 (2) & (5)
82	- Current cap on AT1 instruments subject to phase-out arrangements	N/A	484 (4), 486 (3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (4), 486 (3) & (5)
84	- Current cap on T2 instruments subject to phase-out arrangements	N/A	484 (5), 486 (4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	484 (5), 486 (4) & (5)

(1) 'N/A' inserted if the question is not applicable

13.5 Appendix 5 – Balance sheet reconciliation

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, 2020

€ 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. Defined benefit pension fund assets	ofw. Deferred tax assets deducted from CET1
Cash, cash balances at central banks and other demand deposits	2,933.2				
Financial assets	9,501.1				
Tax assets	25.6	23.7			
Current tax assets	1.0				
Deferred tax assets	24.6				22.4
Investments in associates	4.7				
Investments properties					
Property & Equipment	27.9				
Leased tangible assets	67.7				
Goodwill & Other intangible assets	486.0	[8]			
Other assets	144.3				
Non-current assets held-for-sale					
TOTAL ASSETS	13,290.5				
Financial liabilities	11,716.5				
Tax liabilities	0.9				
Current tax liabilities	0.9				
Deferred tax liabilities	0.1				
Provisions	93.6				
Other liabilities	260.9				
TOTAL LIABILITIES	12,072.0				
Ordinary shares issued (including share premium)	820.4	[1]			
Equity component of compound financial instruments	123.6	[30]			
Reference shares issued (including share premium)	0.1		0.1		
Retained earnings	321.4	[2]			
ofw. Reserves excluded from own funds	0.6	[2]			
Net result of the year	-20.3	[2]			
Treasury shares					
Non-controlling interests					
Accumulated other comprehensive income	-26.5	[3]			
Currency translation reserve	19.8				
FVOCI revaluation reserve	13.8				
Defined benefit pension plans reserve	-60.2				
Minority Interest					
TOTAL EQUITY	1,218.6				
TOTAL EQUITY AND LIABILITIES	13,290.5				
Total		23.7		0.1	22.4
[*] Short positions to be net with long positions		[72]	[73]	ofw. Amounts issued 0.1	[46]
[**] Own T2 instruments held				ofw. Own issues held	[52]
[***] Deferred tax liabilities which relate to DB assets					[15]

13.6 Appendix 6 – Reconciliation between accounting and prudential own funds

A C C O U N T I N G	Issued capital	242.2
	Share premium	578.3
	Equity component of compound financial instruments	123.6
	Revaluation reserves	
	OCI reserve	13.8
	Foreign currency translation	19.8
	IAS 19R	-60.2
	Reserves (including retained earnings)	
	Retained earnings	59.1
	Consolidated reserves	-190.4
	Other reserves	452.7
	(Treasury shares)	-
	Income from current year	-20.3
	Result of previous year not yet allocated	-
	Minority interests	-
EQUITY [accounting]	1,218.6	
P R U D E N T I A L	- Not eligible result	-
	- Estimated payout	-
	- Minority interests	-
	- Intangible assets and goodwill	-456.2
	- Deferred tax assets	-22.4
	- Additional capital requirement on non-performing exposures	-0.4
	- AGDL reserve	-0.6
	- Capital increase - CET1 - pending approval	-
	+ Eligible subordinated liabilities	-
	- Defined benefit pension fund assets	-
- Asset Value Adjustment	-3.5	
- Significant investments in relevant entities (art. 48)	-	
Sum of RETREATMENTS	-483.1	
ELIGIBLE OWN FUNDS [prudential]	735.5	
TIER 1	735.4	
TIER 2	0.1	

13.7 Appendix 7 – Leverage ratio

Quintet group's consolidated Leverage Ratio stands at 5.65% as at 31 December 2020, according to the transitional definition of own funds. This figure stands comfortably above the 3% minimum Leverage Ratio recommendation of the Basel Committee on Banking Supervision.

EUR million	31/12/2020
Total assets as per published financial statements	13,290.5
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-
Adjustments for derivative financial instruments	-106.6
Adjustments for securities financing transactions "SFTs"	0.0
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	500.3
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
Other adjustments	-677.0
Total leverage ratio exposure	13,007.3

Leverage ratio common disclosure

EUR million	31/12/2020
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	12,154.0
(Asset amounts deducted in determining Tier 1 capital)	-482.5
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	11,671.5
Derivative exposures	
Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	32.6
Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	84.5
Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-16.1
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivative exposures	101.0
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	734.4
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
Counterparty credit risk exposure for SFT assets	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	734.4
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	3,633.9
(Adjustments for conversion to credit equivalent amounts)	-3,133.6
Other off-balance sheet exposures (sum of lines 17 to 18)	500.3
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposures	
Tier 1 capital	735.4
Total leverage ratio exposures	13,007.3
Leverage ratio	5.65%
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	fully phased-in
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EUR million	31/12/2020
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	12,154.0
Trading book exposures	52.9
Banking book exposures, of which:	12,101.1
Covered bonds	92.0
Exposures treated as sovereigns	5,246.0
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	455.4
Institutions	618.4
Secured by mortgages of immovable properties	1,477.2
Retail exposures	535.8
Corporate	2,601.5
Exposures in default	103.1
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	971.7

13.8 Appendix 8 – Countercyclical capital buffer

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

Countercyclical Capital Buffer (EUR million) - 31/12/2020													
Row	Breakdown by country	General credit exposures		Trading book exposure		securitisation expos			Own funds requirements			Counterccylca capital buffer rate	Counterccylca capital rate
		Exposure value for SA	Exposure value IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	of which : general credit exposures	of which : trading book exposures	of which : securitisation exposures	Total	Own funds requirement weights		
010	AD	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AE	75.1	-	-	-	-	1.8	-	-	1.8	1.1%	-	-
	AG	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AI	0.1	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AR	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AT	20.1	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	AU	1.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AZ	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	BE	172.3	-	-	-	-	10.5	-	-	10.5	6.6%	-	-
	BH	1.8	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	BL	4.5	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	BM	41.3	-	-	-	-	2.2	-	-	2.2	1.4%	-	-
	BZ	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CA	40.7	-	0.0	-	-	0.9	0.0	-	0.9	0.5%	-	-
	CD	0.4	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CH	108.3	-	-	-	-	5.0	-	-	5.0	3.2%	-	-
	CN	0.7	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CW	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CY	1.9	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	CZ	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	0.50%	0.000%
	DE	57.8	-	0.2	-	-	4.4	0.0	-	4.4	2.8%	-	-
	DJ	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	DK	7.4	-	-	-	-	0.6	-	-	0.6	0.4%	0.00%	-
	EC	0.6	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	EE	5.1	-	-	-	-	0.4	-	-	0.4	0.3%	-	-
	EG	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	ES	105.6	-	-	-	-	5.2	-	-	5.2	3.3%	-	-
	FI	15.6	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	FR	360.3	-	0.3	-	-	12.5	0.0	-	12.5	7.9%	0.00%	-
	GB	923.7	-	10.0	-	-	41.9	0.1	-	42.0	26.5%	0.00%	-
	GG	30.8	-	0.7	-	-	2.2	0.1	-	2.3	1.5%	-	-
	GH	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	GR	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	HK	1.0	-	-	-	-	0.0	-	-	0.0	0.0%	1.00%	0.000%
	HU	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IR	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IE	10.7	-	-	-	-	0.0	-	-	0.0	0.0%	0.00%	-
	IL	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IM	12.7	-	-	-	-	0.5	-	-	0.5	0.3%	-	-
	IN	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IT	20.0	-	-	-	-	1.6	-	-	1.6	1.0%	-	-
	JP	6.9	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	JE	88.2	-	2.4	-	-	1.8	0.2	-	2.0	1.2%	-	-
	KE	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	KR	20.0	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	KY	43.4	-	-	-	-	1.6	-	-	1.6	1.0%	-	-
	LA	0.7	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	LB	3.1	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	LI	32.1	-	-	-	-	2.6	-	-	2.6	1.6%	-	-
	LR	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	LU	319.8	-	21.3	-	-	22.7	0.3	-	23.0	14.5%	0.25%	0.036%
	LV	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	MC	57.9	-	-	-	-	3.0	-	-	3.0	1.9%	-	-
	MG	0.3	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	MT	28.9	-	-	-	-	1.3	-	-	1.3	0.8%	-	-
	MU	1.1	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	MX	4.4	-	-	-	-	0.2	-	-	0.2	0.1%	-	-
	MY	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	NG	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	NL	644.0	-	17.5	-	-	25.0	0.2	-	25.2	15.9%	-	-
	NO	3.7	-	-	-	-	0.1	-	-	0.1	0.1%	1.00%	0.001%
	NZ	20.3	-	-	-	-	0.8	-	-	0.8	0.5%	-	-
	PA	15.6	-	-	-	-	1.2	-	-	1.2	0.8%	-	-
	PF	2.0	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	PH	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PK	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PL	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PT	2.8	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	RU	3.9	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	SE	5.8	-	-	-	-	0.1	-	-	0.1	0.1%	0.00%	-
	SG	15.8	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	SK	25.4	-	-	-	-	0.2	-	-	0.2	0.1%	1.00%	0.001%
	SX	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TC	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TH	0.9	-	-	-	-	0.1	-	-	0.1	0.0%	-	-
	TN	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TR	1.5	-	-	-	-	0.1	-	-	0.1	0.0%	-	-
	TW	0.2	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TZ	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	US	113.2	-	0.1	-	-	3.5	0.0	-	3.5	2.2%	-	-
	VE	0.0	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	VG	28.3	-	-	-	-	1.3	-	-	1.3	0.8%	-	-
	VI	0.3	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	ZA	3.6	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	Other countries	-	-	0.4	-	-	-	-	-	-	-	-	-
020	TOTAL	3,513.8	-	52.8	-	-	157.6	0.9	-	158.4	100.0%	-	0.039%

Amount of institution-specific countercyclical capital buffer		
Row		31/12/2020
010	Total risk exposure amount	3,120
020	Institution specific countercyclical buffer rate	0.039%
030	Institution specific countercyclical buffer requirement	1.2

I. NAME, REGISTERED OFFICE, OBJECT AND DURATION OF THE COMPANY

ARTICLE 1:

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

ARTICLE 2:

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

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

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

ARTICLE 3:

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

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

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

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

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

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

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

ARTICLE 4:

The Company is formed for an unlimited period of time.

II. Share capital, contributions, shares and payments

ARTICLE 5:

The subscribed share capital is fixed at EUR 242,173,009.70 (two hundred forty-two million one hundred seventy-three thousand nine euro and seventy eurocents) divided into twenty-six million forty-five thousand four hundred and thirty-three (26,045,433) 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 EUR 242,173,009.70 (two hundred and forty-two million one hundred and seventy-three thousand nine euro and seventy eurocents), the Company also has an authorized, but unissued and unsubscribed share capital set at one billion four hundred forty-five million thirty thousand and one hundred seventy five Euro and twenty-six cents (EUR 1,445,030,175.26,-) (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 above mentioned 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 favor 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.

III. 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 to 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:

- a) 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;
- b) any two members of the Executive Committee or any two managing directors, to the extent powers have been delegated to them under article 17;
- c) 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 CSSF 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.

IV. 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.

V. 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 immovable 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.

VI. 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.

VII. 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.

13.10 Appendix 10 – Main features of capital instruments

Commission Implementing Regulation (EU) No 1423/2013.

CAPITAL INSTRUMENTS MAIN FEATURE TEMPLATE

1	Issuer	KBL egb S.A.	KBL egb S.A.	Quintet Private Bank (Europe)
2	Unique Identifier	LU0092281103	LU0092281442	X52244811019
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 708 m.ln.	EUR 0,07 m.ln.	EUR 124 m.ln.
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

13.11 Appendix 11 – 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 2020, all moratoria on loan repayments in the light of the COVID-19 crisis in accordance with EBA/GL/2020/02 have expired. For none of the exposures the measures have led to an economic loss.

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

	a	b	c	d				e				o	
				Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk					
				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.

	a	b	c	d	e	f	g	h	i						
										Number of obligors	Residual maturity of moratoria				
											Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months
1	Loans and advances for which moratorium was offered	6	9,666,418	-	-	-	-	-	-						
2	Loans and advances subject to moratorium (granted)	6	9,666,418	-	9,666,418	-	-	-	-						
3	of which: Households	-	8,762,152	-	8,762,152	-	-	-	-						
4	of which: Collateralised by residential immovable property	-	8,762,152	-	8,762,152	-	-	-	-						
5	of which: Non-financial corporations	-	904,265	-	904,265	-	-	-	-						
6	of which: Small and Medium-sized Enterprises	-	904,265	-	904,265	-	-	-	-						
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.

	a	b	c	d				
					Gross carrying amount		Maximum amount of the guarantee that can be considered	
					Public guarantees received			
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	-	-	-	-			

