QUINTET
PRIVATE BANK

PILLAR III GROUP REPORT
HALF-YEAR 2023

HALF-YEAR HIGHLIGHTS

Common Equity Tier 1 ratio (CET1)

19.3%

2022.12 : 18.4%

(see pages 5&6)

Risk weighted assets (RWA)

€2.9bn

2022.12 : €2.9bn

(see page 6)

Leverage ratio

5.2%

2022.12 : 4.5%

(see page 7)

Liquidity coverage ratio (LCR)

150%

2022.12 : 153%

(see page 8)

Net Stable Funding ratio (NSFR)

136%

2022.12 : 153%

(see page 8)

I. HALF-YEAR STATEMENT

During a period marked by more stable market conditions, despite sustained inflationary pressure, Quintet Private Bank continues to strengthen its core business some 75 years after the firm was founded in Luxembourg. Operating in some 50 cities across Europe and the UK, Quintet serves wealthy individuals and their families, as well as a broad range of institutional and professional clients, including family offices, foundations and external asset managers.

In March of this year, Quintet announced its positive 2022 financial results. Total group income rose to EUR 524 million in 2022, up 14% from 2021. Revenue growth was supported by increased lending, which reached EUR 4.9 billion, up 10% from 2021. In 2022, group expenses remained largely stable at EUR 493.2 million, a 2% decline compared to 2021.

Despite significant market volatility last year, Quintet reported a 2022 net profit of EUR 18.1 million. That represents a turnaround from 2021, when one-off expenses weighed on our firm's bottom line.

Moving forward, we will continue to strengthen the foundation of our firm to support sustained growth. That includes through our strategy refresh – a series of measures we will implement consistently over the course of this year and 2024 – and our new five-year business plan as endorsed by the Board of Directors.

We will seize the opportunity, especially following the 2020 merger of our EU subsidiaries, to create additional economies of scale, reduce organizational complexity and increase collaboration in service to our clients. We also intend to make further investments in the bank this year, including in areas such as client experience, digitization and staff training. In combination, these measures will lead to greater productivity, increased revenues and lower expenses.

Backed by our deeply committed shareholder, we will continue to chart our path to sustained profitability and long-term growth. We will further establish Quintet as a firm that earns the trust of its clients by placing their interests right where they belong: at the heart of our organization.

The consolidated figures presented in the Quintet Group's 2023 half-year Pillar 3 report have been prepared in accordance with Regulation (EU) 2019/876, amending Regulation (EU) No 575/2013 as from June 2021, known as "CRR II," as well as by (EU) 2021/637 laying down and implementing technical standards with regard to public disclosures.

II. PRUDENTIAL REQUIREMENTS

2.1. Available own funds

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

The increase of available own funds during the first half of 2023 is largely driven by the positive 2022 result (EUR 18.1 million) which was mainly impacted by better margins on deposits, higher results on foreign exchange derivatives transactions and the sale of European Fund Administration.

Current sources of funding and liquidity remain extremely stable. Quintet's shareholders are fully committed to supporting the bank's long-term growth strategy and unlocking its full potential. That commitment remains unwavering. In that regard, it is worth noting that Quintet's shareholders have injected over EUR 300 million in additional capital since acquiring the firm in 2012. That is in line with our fully funded long-term growth strategy, supporting the significant investments we are making in the future.

Own Funds in EUR million	30/06/2023	31/12/2022	30/06/2022
Common Equity Tier 1 (CET1)	556.8	537.6	523.5
Additional Tier 1 (AT1)	123.5	123.5	123.5
Tier 1 Capital	**680.3**	**661.1**	**647.0**
Tier 2 (T2) Capital	0.1	0.1	0.1
Total Capital	**680.4**	**661.2**	**647.1**

2.2. Risk Weighted Asset

During second half 2022, Quintet reviewed its market risk strategies that resulted in a fall in RWA consumption in the interest market risk.

The RWA slight decrease in the first half 2023 is a combined effect of the continuous increasing lending activity and a punctual decrease in operational interbank activity.

Risk Weighted Assets in EUR million	30/06/2023	31/12/2022	30/06/2022
Credit Risk	2,036.3	2,058.8	2,441.0
Credit Valuation Adjustment (CVA)	7.6	10.7	21.1
Market Risk	76.4	76.1	226.4
Operational Risk	770.6	770.6	709.2
Total Risk Weighted Assets	**2,890.9**	**2,916.1**	**3,397.7**

2.3. Capital Ratios

Quintet Group's half-year 2023 Total Capital and Tier 1 ratios remain significantly above regulatory limits. The increase in the last semester is largely due to the inclusion of the positive 2022 result that affects CET1 capital (please refer to section 2.1. Available own funds).

Capital Ratios (%)	30/06/2023	31/12/2022	30/06/2022
Common Equity Tier I Ratio	19.3%	18.4%	15.4%
Tier I Ratio	23.5%	22.7%	19.0%
Total Capital Ratio	23.5%	22.7%	19.0%

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

Additional own funds requirement (%)	30/06/2023	31/12/2022	30/06/2022
Additional own funds requirements to address risks other than the risk of excessive leverage	3.25%	2.75%	2.75%
of which: to be made up of CET1 capital	*1.83%*	*1.55%*	*1.55%*
of which: to be made up of Tier 1 capital	*2.44%*	*2.06%*	*2.06%*
Total SREP own funds requirements	11.25%	10.75%	10.75%

2.5. Combined buffer and overall capital requirement

Combined buffer and overall capital requirement	30/06/2023	31/12/2022	30/06/2022
Capital conservation buffer (%)	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
Institution specific countercyclical capital buffer (%)	0.60%	0.34%	0.07%
Systemic risk buffer (%)	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-
Combined buffer requirement (%)	3.10%	2.84%	2.57%
Overall capital requirements (%)	14.35%	13.59%	13.32%
CET1 available after meeting the total SREP own funds requirements (%)	12.29%	11.92%	8.30%

2.6. Leverage Ratio

As of 30 June 2023, Quintet Group's Leverage Ratio stands at 5.2%, well above the 3% minimum Leverage Ratio of the Basel Committee on Banking Supervision (binding since CRR II introduction). The total exposure has decreased over the last 6 months mainly due to a decrease of client's deposits in a context of client's portfolio shift from cash to securities. This decrease leads to a decrease in cash deposited at Central Banks. The leverage exposure decrease combined with the increase in eligible capital leads to the leverage ratio rising by 0.6% during the first semester 2023.

In EUR million	30/06/2023	31/12/2022	30/06/2022
Total exposure measure	13,159.5	14,565.3	15,781.4
Leverage ratio (%)	5.2%	4.5%	4.1%

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

Additional own funds requirement (%)	30/06/2023	31/12/2022	30/06/2022
Additional own funds requirements to address the risk of excessive leverage	-	-	-
of which: to be made up of CET1 capital	-	-	-
Total SREP leverage ratio requirements	3.0%	3.0%	3.0%

2.8. Leverage ratio buffer and overall leverage ratio requirement

Additional own funds requirement (%)	30/06/2023	31/12/2022	30/06/2022
Leverage ratio buffer requirement (%)	-	-	-
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%

2.9. Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) increased sharply over the last six months of 2022 driven by an increase of deposits. During the first semester of 2023, we observed a shift from current account to term deposits products and other market investments as clients were taking advantage of better pricing conditions and supportive equity markets.

The LCR of Quintet Group remained significantly above the prudential limit and stood at 150% as at 30/06/2023 (31/12/2022 : 153%).

The below LCR computation provides 12-month rolling averages based on periods ranging from 07/21 to 06/2023.

In EUR million	30/06/2023	31/12/2022	30/06/2022
Total high-quality liquid assets (HQLA) (Weighted value - average)	5,616.0	6,290.5	6,335.4
Cash outflows - Total weighted value	4,900.3	5,602.9	5,626.5
Cash inflows - Total weighted value	1,015.0	1,198.4	1,155.0
Total net cash outflows (adjusted value)	3,885.3	4,404.5	4,471.6
Liquidity coverage ratio (%)	144.61%	142.96%	141.71%

2.10. Net Stable Funding Ratio

As of end of 2022, the NSFR was positively influenced by historically high level of customer deposits. As client gradually increased their market exposures in 2023, the level of current account deposits was reduced, and since term deposits are offered up to 12 months maturity, their positive impact on liquidity are not fully reflected on the ratio. Quintet Group NSFR stood at 136% as at 30/06/2023, significantly above the prudential limit.

In EUR million	30/06/2023	31/12/2022	30/06/2022
Total available stable funding	6,853.0	7,604.8	7,434.8
Total required stable funding	5,049.3	4,971.9	5,685.9
NSFR ratio (%)	135.72%	152.96%	130.76%

III. FINAL REMARK

There is no additional significant information that would not be available in the Group's latest annual Pillar III Report and/or Financial Statements as at 31 December 2022 was identified in the first half of 2023 (https://www.quintet.com/en-gb/investor-relations#risk). These disclosures are in line with the evolution of the Group's risk profile and the necessary information to be disclosed to market participants in order to convey a fair picture of this risk profile.

ANNEX I – DECLARATION OF THE MANAGEMENT

The Management attests that the disclosures provided according to Part Eight of the CRR II (i.e. the present Pillar III Half Year 2023 document) have been prepared in accordance with the internal control processes it agrees on.

The Half-Year 2023 report was validated and approved for publication by the Authorised Management Committee on 22 August 2023.

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 already being implemented or forming part of an action plan with the aim of achieving 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.