



# **PILLAR III GROUP REPORT HALF-YEAR 2020**



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## HALF-YEAR HIGHLIGHTS

RISK WEIGHTED ASSETS  
EUR 3.5 BILLION

TOTAL  
CAPITAL  
RATIO  
16.7%

TIER 1  
RATIO  
16.7%

CET 1 RATIO  
16.7%

### I. HALF-YEAR RISK STATEMENT

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.

On July 1, 2020, Quintet Danmark – a branch of Quintet Private Bank, based in Copenhagen – opened for business (legally opened in May 2020), representing a major step forward in our long-term plan to establish and grow a robust Northern European franchise, including through organic initiatives and potential acquisitions.

## II. PRUDENTIAL REQUIREMENTS

### 2.1. Own Funds

The consolidated prudential own funds are prepared according to the EU Regulation N°575/2013 (CRR). During the first half of the year, Quintet has booked a capital increase of EUR 50 million. This increase is compensated by the decrease of the OCI reserve (EUR -16.6 million) and the decrease of deferred tax assets (EUR -7.4 million) largely driven by the Covid-19 crisis.

Own Funds in EUR million		31/12/2019	30/06/2020
Common Equity Tier 1 (CET1)	before regulatory adjustments	1,074.5	1,100.0
	regulatory adjustments	-506.3	-512.9
	after regulatory adjustments	568.2	587.1
Additional Tier 1 (AT1)	before regulatory adjustments	-	-
	regulatory adjustments	-	-
	after regulatory adjustments	-	-
<b>Tier 1 Capital</b>		<b>568.2</b>	<b>587.1</b>
Tier 2 (T2) Capital	before regulatory adjustments	0.1	0.1
	regulatory adjustments	-	-
	after regulatory adjustments	0.1	0.1
<b>Total Capital</b>		<b>568.3</b>	<b>587.2</b>

### 2.2. Capital Adequacy

The Quintet Group's half-year Overall Capital Ratio and Common Equity Tier 1 ratios stand at 16.7%.

Although the Group remains well above regulatory limits, the ratio decrease reflects the growth of the risk-weighted assets, please refer to the next paragraph.

Half Year Capital Ratios	31/12/2019	30/06/2020
Overall Capital Ratio	18.0%	16.7%
Tier I Ratio	18.0%	16.7%
Common Equity Tier I Ratio	18.0%	16.7%

## 2.3. Risk Weighted Assets

As introduced above, during the six first months of 2020, the Group developed its mortgage and Lombard loanbook compared to year end 2019, while slightly reducing its investment portfolio on “Institutions” exposure class. The growth of the interest rate risk is due to a repositioning further to massive yield decrease particularly marked in the second quarter. The increased equity risk position, originating from our newly acquired Swiss subsidiary, was sold during August 2020.

Risk Weighted Assets in EUR million	31/12/2019	30/06/2020
<b>Credit Risk</b>	<b>2,248.1</b>	<b>2,455.9</b>
Central Governments and Central Banks	101.7	84.2
Regional Governments and Local Authorities	2.0	2.0
Public Sector Entities	60.3	52.6
Multilateral Development Banks	9.3	11.4
International Organisations	-	-
Institutions	345.1	258.1
Corporate	791.6	985.8
Retail	89.7	100.9
Secured by Mortgages on Immovable Property	401.9	491.0
Exposures in Default	49.5	50.5
High Risk	49.5	66.0
Covered Bonds	9.8	12.7
Claims on Institutions and Corporate with a Short-Term Rating	87.9	97.5
Claims in the form of CIU	0.1	0.1
Equity	49.2	47.2
Other Items	200.5	195.8
Securitisation	-	-
<b>Credit Valuation Adjustment (CVA)</b>	<b>12.6</b>	<b>19.1</b>
<b>Settlement Risk</b>	<b>0.2</b>	<b>0.0</b>
<b>Market Risk</b>	<b>231.4</b>	<b>354.3</b>
Interest Rate Risk	219.7	315.2
Equity Risk	1.5	26.7
Foreign Exchange Risk	10.2	12.4
Operational Risk	667.5	679.3
<b>Total Risk Weighted Assets</b>	<b>3,159.8</b>	<b>3,508.7</b>

## 2.4. Leverage Ratio

At half year, Quintet Group’s indicative Leverage Ratio stands at 4.4%. This figure stands above the 3% minimum Leverage Ratio recommendation of the Basel Committee on Banking Supervision.

In EUR Million	30/06/2020
	TIER 1
	<b>587.1</b>
LEVERAGE RATIO <b>4.4%</b>	<hr/>
	TOTAL EXPOSURE
	<b>13,310.0</b>

## III. FINAL REMARK

Although the Group is currently working in a challenging macroeconomic environment, no additional significant information that would not be available in the Bank’s latest annual Pillar III Report as at 31 December 2019 was identified in the first half of 2020. This, in relation to 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 – INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

In accordance with EBA/GL/2020/02, Quintet Group provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis. For all exposures to which moratoria in the light of the COVID-19 crisis in accordance with EBA/GL/2020/02 have been applied, a deferment of payment of interest only for a specific period of either three or six months has been granted. The relevant exposures concern mainly households. For none of the exposures the measures have led to an economic loss.

in EUR	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
	Performing				Non-performing			Performing				Non-performing			Inflows to non-performing exposures
	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			
0010	0020	0040	0050	0060	0080	0090	0100	0110	0130	0140	0150	0170	0180	0200	
0010	<b>Loans and advances subject to EBA-compliant moratoria</b>	11,115,917.53	11,115,917.53	0.00	0.00	0.00	0.00	5.56	5.56	0.00	0.00	0.00	0.00	0.00	0.00
0020	of which: Households	11,115,917.53	11,115,917.53	0.00	0.00	0.00	0.00	5.56	5.56	0.00	0.00	0.00	0.00	0.00	0.00
0030	of which: Collateralised by residential immovable property	11,115,917.53	11,115,917.53	0.00	0.00	0.00	0.00	5.56	5.56	0.00	0.00	0.00	0.00	0.00	0.00
0040	of which: Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0050	of which: Small and medium-sized enterprises	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0060	of which: Collateralised by commercial immovable property	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00