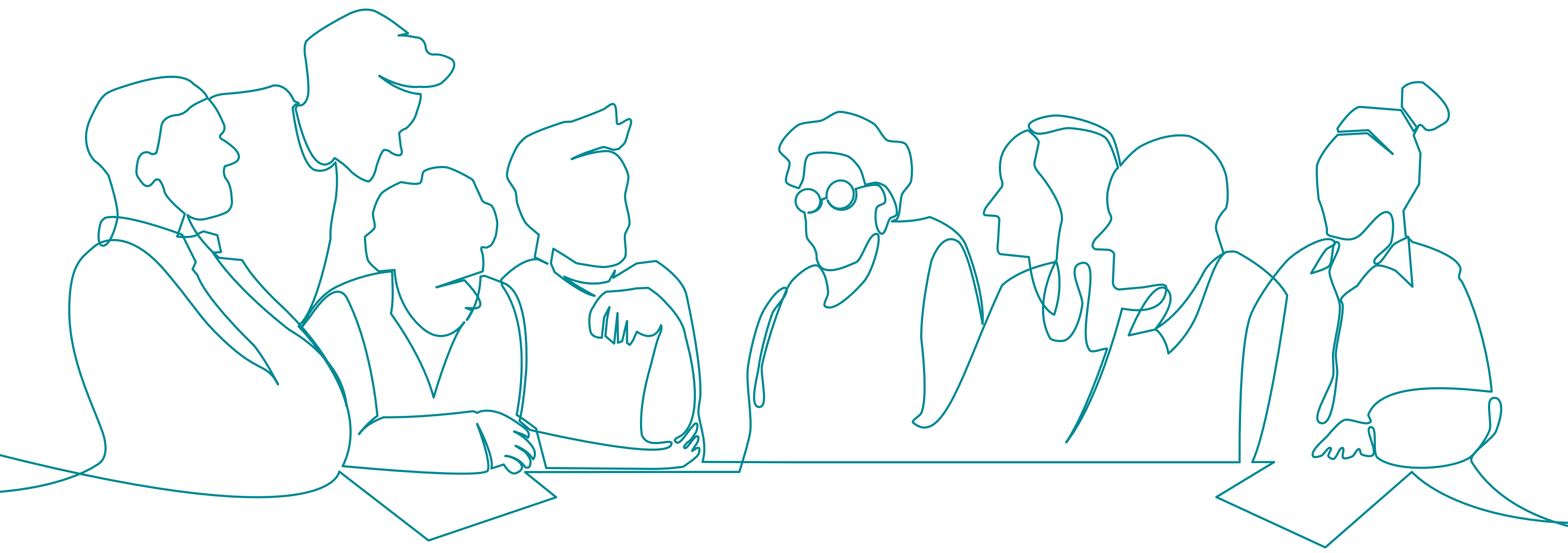
QUINTET
PRIVATE BANK

2021

ANNUAL REPORT



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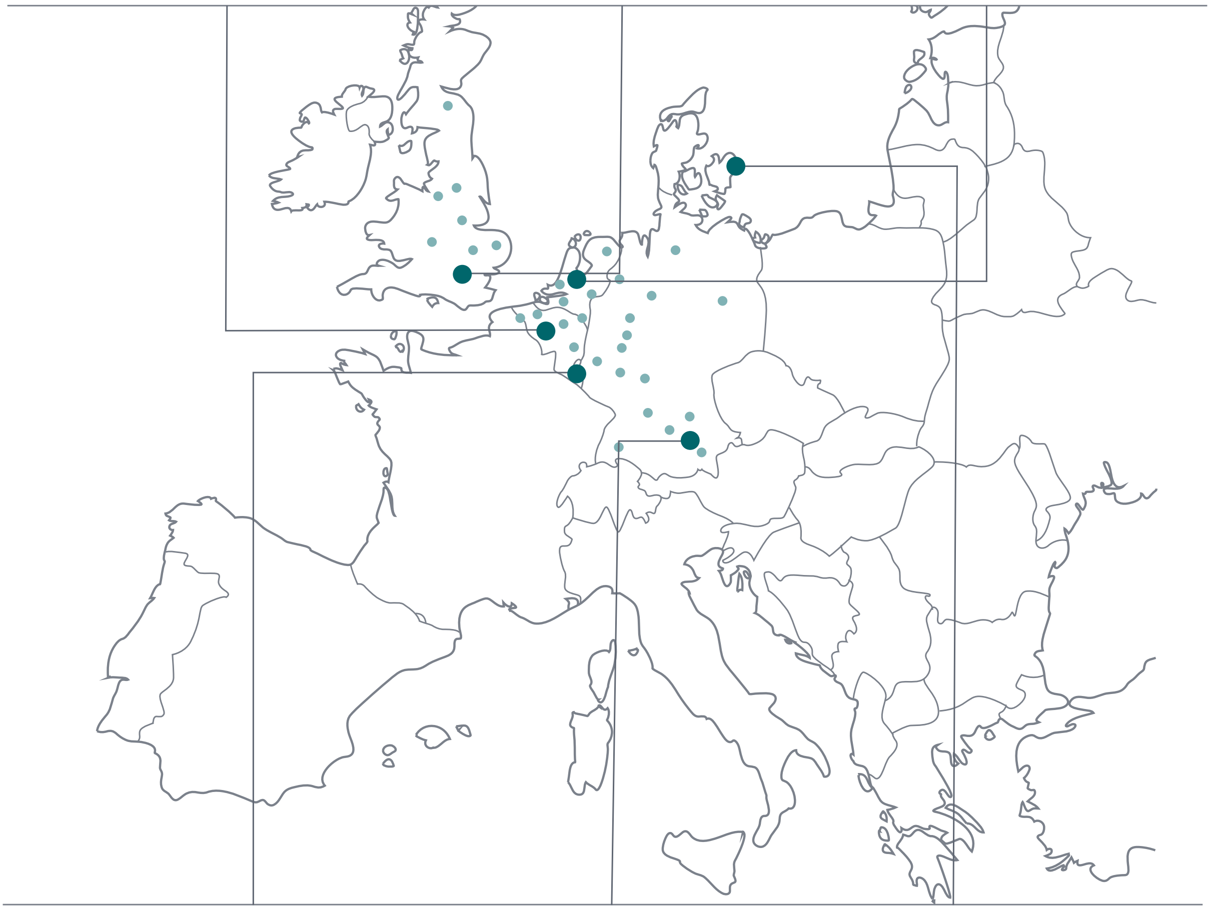

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This document is subject to approval at the Annual General Meeting of 20 April 2022.

MESSAGE FROM THE CHAIRMAN

2021 represented my first full year as Chair of the Board at Quintet. The external environment was, as we all well know, extremely challenging from almost whichever angle one might care to observe. However, with significant government and central bank guidance and involvement, markets – and therefore our clients' wealth management needs – were far more benign than some may have feared at the start of last year.

There has been much political change around the globe, with perhaps more to come. At a time when the world is still seeking to find its equilibrium with Covid, events such as the humanitarian crisis in Ukraine further complicate medium and long-term planning for businesses and individuals. And with worldwide inflation now reaching levels that will undoubtedly feed through into wage inflation as well, there is plenty to be concerned about.

In many respects, these levels of uncertainty are exactly why private banks exist. Our job is to preserve and enhance wealth throughout generational change, and to provide wise counsel where needed. I continue to be impressed by the approach our teams have taken and the resilience they have shown. And we have taken tough decisions when needed, with the principal example being the decision to wind down our Swiss business and focus our investments into our core businesses in Europe and the UK, which continue to show good growth.

As we look forward, there is much our colleagues can be proud of, and yet still much to do. I remain confident that the platform we are building, focused on the EU and UK, and the agile and nimble client service we provide will be a winning formula for Quintet. There are very few franchises that are focused so purely on wealth management – and, as such, we should strive to be one of the advisors that all families reach out to with confidence that we are truly expert in our chosen field.

We all hope that as 2022 advances it will bring a better and more predictable outlook for the world, and especially for the Ukrainian people. We hope the same for our clients and our business. I thank Quintet staff for everything they have done in 2021. I think we can safely say that our experience dealing with the complex and difficult has grown significantly. Let's hope, for everyone's sake, we can soon put that experience to work in more stable conditions.

RORY TAPNER
Chairman of the Board of Directors

WELCOME FROM THE GROUP CEO

The year 2021 was another extraordinary year for the world, including for Quintet. Just weeks into 2022, when war broke out in Europe, we saw that this year would be marked by new risks and further challenges.

In 2021, the global pandemic continued to play havoc with the lives of people everywhere. And just when many of us glimpsed light of the end of the tunnel, a new variant emerged. As winter made way for spring, however, we looked forward to a more normal way of living. But we should never forget the human suffering and must learn all the lessons possible because this will likely not be the last pandemic of the 21st century.

It is difficult to manage a private banking business under such conditions, especially during a lockdown. We depend so much on how our people connect with our customers, and with each other. Trust takes a long time to build and is far harder to foster through a video screen than a face-to-face meeting at a customer's kitchen table. It's therefore very satisfying to see the growth in client assets at Quintet last year.

At the time of writing this message, in mid-March, a tragic humanitarian crisis was unfolding in Ukraine. The war was shaking the markets, including energy prices, and fueling increased market risk, credit risk, and financial and counterparty risk. Cyber risk, too, escalated rapidly.

As always in the face of crisis, our response at Quintet was to come together as one firm, including to manage such risks appropriately. As a team of people who support each other so our bank continues to function well, advancing our common purpose of serving our clients and also, whenever we can, giving back to the community.

In Ukraine's hour of great need, our firm made a significant financial donation to an international non-profit to aid displaced persons inside the country and abroad. We reached out to Quintet colleagues with Ukrainian roots to offer our support and comfort. And we reaffirmed our commitment to conducting our business in line with all applicable government policies, laws and regulations. That includes by ensuring full compliance with sanctions targeting Russia (including Russian persons, entities and securities), a country where we have no material credit exposure.

Our business involves helping our clients manage through the economic and social consequences of events. It's during periods of crisis and financial-market volatility that we need to be at our best in providing the insights our clients need, and beyond the immediate short-term horizon.

LEADING INDICATORS

Turning to our business, the bank collected over EUR 6 billion of new client assets across our three segments of Core Private Banking, Financial Intermediaries and Asset Servicing. In addition, strong investment performance added further to the asset base across all segments. A sustained commitment to improving our investment processes is also beginning to pay off. Our combined Private Banking assets grew to over EUR 65 billion at the end of last year, up from EUR 55 billion at the end of 2020. Our Asset Servicing business grew client assets from EUR 17 billion to EUR 22 billion over the same period. Our loan book grew from EUR 3.6 billion to EUR 4.5 billion. These are important indicators of the strongly improved origination performance that has taken place at Quintet Private Bank.

Further evidence of progress is the strong revenue growth we recorded in 2021. In our core European business, year-on-year revenues grew by 10% while costs were slightly down. Revenue increases were driven in part by the higher asset base and increased loan book, but also from higher transaction volumes and the meticulous management of our existing book of client assets. The cost savings arose from the consolidation of our European subsidiaries that came into effect at the end of 2020 – when the Quintet Europe business unit was introduced – and from tighter expense management. In summary, we are very pleased with the ongoing progress in our existing core European business, including the UK.

DIFFICULT DECISIONS

We took the difficult decision in October 2021 to wind down our embryonic business in Switzerland. Our financial result this year is heavily impacted by this decision. Our original plan had been to build a substantial bank in Switzerland, servicing clients in markets such as Asia, Latin America and the Middle East, as well as the Swiss domestic market. However, our progress in Switzerland was inhibited by a number of factors, including the pandemic. As a result, establishing a path to profitability in Switzerland would have taken significantly longer than anticipated.

We could have continued to invest in Switzerland, but that would have consumed an increasing amount of our human resources, energy and capital. We therefore decided to focus the investment of our resources in our core business in Europe and the UK – where progress has been substantial, the ability to grow sustainably has been proven and the long-term opportunity is clear.

So the decision was taken to exit Switzerland. We did not take this decision lightly, not least because our colleagues in Switzerland worked so well, and so tirelessly, to build a business there. They did a remarkable job launching our Swiss bank, and we remain profoundly grateful to them.

INVESTING IN PERFORMANCE

Good investment performance lies at the heart of every private banking business. A private bank that does not manage money well is unlikely to be successful in the long term. At Quintet, our Products & Services division and Chief Investment Office have made very strong progress over the past two years. As a result, investment performance has improved significantly. Quintet's flagship balanced strategic mandate, for example, showed 2021 performance of 10.62%, standing at 10.54% annualized over three years – which is in the Morningstar top quartile for that longer horizon.

Yes, equity markets were strong last year, but many private clients prefer their portfolios to be cushioned from excessive risk. This is why it is our clients who must decide – supported with advice from their Quintet advisor – how much risk they want to own by choosing the Strategic Asset Allocation that is in line with their individual risk tolerance. Our job is then to manage the portfolio within the parameters agreed with the client. We make tactical calls on their behalf, within their risk budget, and choose carefully the instruments that we believe will perform best while also providing downside-risk protection.

SUSTAINABLE BY DEFAULT

When it comes to how we advise our clients to manage their wealth, we have made a clear choice: A sustainable investment portfolio is our default solution for discretionary money entrusted to Quintet. This is the approach for every client, unless they choose to opt otherwise. That's reflected in the rise of sustainable assets under management, which nearly doubled from EUR 5.9 billion at the end of 2020 to EUR 11.7 billion at the end of last year.

Sustainable portfolios are likely to perform better over time from a risk/return point of view than a more traditionally structured portfolio. There is plenty of academic and empirical evidence that this is true. Companies that are better prepared for the impact of climate change on their business – which build resiliency and carefully manage associated risks – are better positioned for growth. Such companies are also in a better position to capitalize on any new opportunities arising as a consequence of climate change. This logic is clear. A sustainable investment portfolio is good for our clients from a risk and reward point of view. It is also good for Quintet because we have developed a number of tools that our clients can use, including several green-bond funds and our recently launched multi-asset, climate-neutral fund: Quintet Earth.

Quintet Earth is an investment fund that replicates a balanced mandate. It contains 50% certified green bonds, whose proceeds are exclusively invested in projects designed to generate positive environmental benefits. It also contains 50% equities. The equities in the portfolio are low-carbon, associated with 70% less carbon than conventional equities. The carbon emissions linked with those equities are offset through the purchase of carbon credits derived from community reforestation projects – specifically, a world-class, well-governed forestry project in Central America that removes carbon from the atmosphere and supports sustainable development.

With Quintet Earth, our clients can now access an investment product, with good risk/reward characteristics, that is carbon-neutral. Good for clients and good for Quintet. No further reasons are needed for Quintet to promote sustainable investment. But, in addition, the collateral benefit of removing carbon from the planet is something we can all agree is extremely welcome.

OUR FUTURE

Following the decision to exit Switzerland, our future belongs in Europe and the UK, where our bank has been anchored for centuries. Our positioning is very clear. Our sole purpose is to manage family wealth over generations. We can only do this if our clients are convinced that we always focus on their long-term interests.

We are a bank with substance, which leads with advice. Our people are global and deliver access to global investment, structuring and lending solutions. At the same time, we are deeply anchored in local communities across Europe. On the investment side, we aim to deliver strong performance, in line with the risk preference of our clients. Our clients make the most important decision, which is how much risk to take. We manage the portfolios accordingly.

We are a privately held, independent firm. Our ownership structure provides time and space to develop our business and to think long term about it. It allows us to focus on relationships, not transactions. We will not push a product to a client who should not buy that product. Our solutions are created in an environment that is open architecture. We deliver the solution that is right for the client. And we work with third-party providers to ensure that our clients get the best solution, even if it is not 'manufactured' at Quintet.

A CULTURE OF PARTNERSHIP

Our vision for Quintet has always been to build a truly client-focused bank. Where our colleagues collaborate across functional and regional fault lines for the common purpose of serving clients well. We underpin our vision with a partnership culture and approach to management, because partners always support each other. We believe strongly that when our organization comes together as one, we are able to 'Make the Impossible Possible'. Behind every transaction, every client win, every new business process and every investment decision lies a collaborative effort by Quintet colleagues – across the front, middle and back office. And there is ample evidence that our approach works and helps build a more successful business.

I want to thank all our colleagues for their tremendous effort and collaboration during this past year, in the most unusual circumstances. And I would like to thank our Board and shareholder for their strong support throughout. Finally, I would like to thank our clients for the trust they have placed in our bank. We have worked hard to build that trust and are very mindful that even trust that has been built over a long time can be lost quickly. So we look after our bank, we look after our good name, and we aim to service clients at all times in accordance with our purpose of becoming the most trusted fiduciary of family wealth.

Sincerely,

JAKOB STOTT
Group CEO

CONSOLIDATED MANAGEMENT REPORT

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

RORY TAPNER
Chairman

TOMAS FRANZÉN
Director

GEORGE NASRA
Deputy Chairman

ANNE RUTH HERKES
Director

ALLA BASHENKO
Director

ANTOINE MARCOLIN
Director

WILLEMIEN DEE
Employee Representative

MARCO MAZZUCCHELLI
Director

FRANK ERTEL
Employee Representative

MARIE-CHRISTINE SCHLAG
Employee Representative

YVES FRANCIS
Director

JAN TOMASEK
Employee Representative

AUTHORIZED MANAGEMENT COMMITTEE

JAKOB STOTT
Group CEO

MARIA LEISTNER
Group Chief Legal Officer

BRYAN CRAWFORD
Group Head of
Global Products & Solutions

SIEGFRIED MARISSENS
Secretary General

NICHOLAS HARVEY
Group CFO

THOMAS RODERMANN
CEO, Quintet Europe

ELI LEENAARS
Group Chief Operating Officer

PHILIP TREMBLE
Group Chief Risk Officer

AFFILIATE & BRANCH MANAGEMENT

[1]CALUM BREWSTER
United Kingdom

LUDIVINE PILATE
Belgium

OLE JENSBY
Nordics

MICHAEL SAVENAY
Luxembourg

[2]FRANK KOSTER
Netherlands

HENRIK WYRWIK
Denmark

REINHARD KRAFFT
Germany

[1]As of January 13, 2022, subject to regulatory approval - [2]As of January 1, 2022, subject to regulatory approval

COMPOSITION OF THE BOARD OF DIRECTORS

The Ordinary General Meeting of 23 April 2021 approved the renewal of the mandates of the following Directors:

- A.R. Herkes
- A. Marcolin
- Y. Francis

which were due to expire, and unanimously approves the renewal of their terms of office until the General Meeting of 2023.

The General Meeting acknowledges that Ms. A. Bashenko was co-opted following the vacancy left after the resignation of several directors as of 15 December 2020. The General Meeting unanimously approves the appointment of Ms. A. Bashenko as member of the Board of Directors. Her mandate will expire at the General Meeting of 2023.

We add security and reduce worry

Our clients prize efficient access to liquidity to fund their future, ideas that will make their wealth grow and experts who will guide them. With the freedom to seize a world of opportunities, they enjoy the peace of mind that comes with knowing their partner is as solid as a rock – with a strong shareholder, a robust capital base, ECB regulated and a commitment to delivering on every promise we make.

BUSINESS REVIEW AND EVOLUTION

2021 IN REVIEW

JANUARY

Quintet highlights its five core convictions for the global economy and markets in 2021

Eli Leenaars is appointed Group Chief Operating Officer

Brown Shipley announces six new hires, including Head of Private Banking and Client Solutions, Head of Manchester and Head of London, alongside a new charity offering

Puilaetco signs an agreement to relocate its headquarters to the iconic Royale Belge building in Brussels in 2023

FEBRUARY

Quintet is awarded Private Bank of the Year at the IFC/Citywealth Awards

Henrik Drusebjerg is named Head of Nordic Investment Strategy

Philip Tremble is named Group Chief Risk Officer

Brown Shipley are finalists in three Investment Week Fund Manager of the Year Awards for the Brown Shipley Growth and Income Funds along with Specialist Group of the Year category awards

Leading magazine *Renditewerk* names Merck Finck Stiftungsfonds UI "Endowment Fund of the Year"

MARCH

Ole Jensby is named CEO, Nordics

50 employees from Quintet Luxembourg participate in the connected edition of Relay For Life, a charity race in Luxembourg

Rebecca Williams is appointed Head of Wealth Planning, Brown Shipley

Merck Finck Stiftungsfonds UI receives the Lipper Fund Award for its top performance

Reinhard Krafft is appointed CEO of Merck Finck

APRIL

Quintet announces 2020 financial results

Brown Shipley is announced as the winner of two Wealth Briefing Awards and awarded "Best Credit Provider - UK Private Bank" for the third consecutive year, and Toby Vaughan is named "Best CIO - UK Private Bank."

MAY

Thomas Klein is named Group Head of Asset Servicing, Europe

Quintet is highly commended in the category "Overall European Private Bank" at the 2021 Wealth Briefing Awards

JUNE

Quintet unveils midyear investment outlook: "From healing to growing"

Brown Shipley launches electronic ID verification with IDNow, as well as Next Gen Level 5 Coaching and Next Gen Level 4 Investment Diploma

German asset manager DWS enters the green-bond exchange traded fund (ETF) space with the launch of two Xtrackers ETFs, with Quintet serving as seed investor

JULY

The sustainable discretionary mandate offered by Puilaetco to its clients, as part of its longstanding partnership with Triodos Bank, reaches EUR 1 billion in assets under management

Quintet partners with Robeco, a leading Dutch asset manager, to launch one of Europe's first USD green-bond strategies

AUGUST

As part of a group-wide EURO2020 prediction tournament, Quintet makes three financial donations to charities

SEPTEMBER

Amundi and Quintet partner to accelerate sustainable investments in emerging markets

OCTOBER

InsingerGilissen Academy – online for the second time – for the children and grandchildren of our clients offers an insight into subjects such as sustainability, behavioral finance and investing

Quintet is highly commended as Outstanding Global Private Bank Europe at the Private Banker International Awards

Brown Shipley announces the launch of its FIM UK offering

Merck Finck launches the NextGen Summit for the successor generation of family businesses and future decision-makers

Quintet activities in Switzerland are reclassified as non-core

NOVEMBER

InsingerGilissen wins `Best Private Bank in the Netherlands´ for the third time in a row, at the prestigious IEX Gouden Stier Awards

Frank Koster is appointed CEO of InsingerGillissen

Quintet Danmark announces the opening of a second Danish office in Aarhus

For the seventh consecutive year, Puilaetco supports Goods to Give, a non-profit that collects unsold goods from companies and redistributes them to the underprivileged

DECEMBER

Quintet unveils 2022 investment outlook: "The big reset"

Quintet Luxembourg organizes successful charity drives for the Red Cross Luxembourg and Stëmm vun der Strooss

Sustainable North America Index Fund (InsingerGilissen) is the best-performing sustainable equity fund in 2021 with 41.6%

The new Brown Shipley Manchester office at No.1 Spinningfields is officially opened

NOTE ON COVID-19

In 2021, the emergence of variants of the Covid-19 virus – coupled with their highly transmissible nature, as in the case of the Omicron variant – partially offset the positive benefits of the global vaccination programme. Consequently, like all European businesses, Quintet adapted its position regarding working in the office and remotely as required over the course of that 12-month period. In doing so, our firm adhered to all relevant government guidelines, always putting the health and well-being of our people and clients first.

With some variation per market – reflecting local health conditions and government guidelines – the majority of Quintet staff worked remotely for at least a significant percentage of last year. Over the course of 2020-2021, the need to operate in this "new normal" led to the optimization and streamlining of our remote-working capabilities, including through technology upgrades in partnership with our key external technology providers. We also undertook a comprehensive review of our operating processes and controls and, most importantly, how we look after our most important asset: our people.

The strength of our remote-working capabilities was tested through major change and transformation initiatives, the onboarding of clients, assets and new colleagues across the bank, as well as the need to meet new regulatory standards related to remote working. A comprehensive and rigorous review conducted by our Internal Control Functions – as well as by our external auditors and primary regulators – did not identify any major gaps in our end-to-end processes, despite the extraordinary challenges, and consequently did not lead to any significant findings in 2021.

After some two years of this ongoing macroeconomic and public health disruption, the effects of the pandemic on Quintet's business are relatively minor. To date, there have been no noted losses on loans to clients, with all margin calls having been suitably resolved, and no loss of revenues in aggregate given that the negative impact of reduced valuations of assets under management was compensated for by higher commission income, reflecting sustained high transaction levels as a consequence of market volatility.

Direct expenses resulting from the impact of the pandemic on the bank's operations have been limited. Expenses directly resulting from measures required to enable organizational changes to processes and ways of working have likewise been limited.

NOTE ON CORPORATE SUSTAINABILITY & SOCIAL RESPONSIBILITY

With the emergence of the importance of climate & environmental risks, Quintet has enhanced and clarified its ambitions with extended information provided in the Risk Management notes 37 and 39 of the Financial Statements (respectively for consolidated and statutory versions). In addition, and for the first time in 2022, Quintet will publish a non-financial report, Group Corporate Sustainability, presenting its strategy and approach to corporate social responsibility. It will be available on Quintet's website in the course of spring 2022.

Regarding social commitment, with some 2,000 employees across 50 European cities, our firm has a unique opportunity to make a difference in local communities. Today, we continue to reinforce our commitment to corporate social responsibility, supporting various worthy causes throughout Europe. At Quintet, we believe in doing well for our clients and doing good in our communities. By contributing resources, time and capital to laudable causes and important ideas, we serve as an agent of positive social change. Quintet provides ongoing funding for a broad range of non-profit cultural organizations. In addition to direct financial support, our bank strongly encourages staff to participate in initiatives that benefit local communities.

OUR PURPOSE

To be the most trusted fiduciary of family wealth

We earn your trust by an unwavering commitment to doing the right thing.

We grow and protect your wealth as we would our own. Our worth is measured by the impact we deliver.

We add insight and reduce complexity. We add security and reduce worry.

KEY CONSOLIDATED FIGURES

(Consolidated figures as of December 31)	2020 Restated(1)	2021
RESULTS (in EUR million)		
Operating income	509.0	**460.8**
Operating expenses	-503.9	**-504.6**
Impairments	-1.2	**-3.5**
Share in results of associated companies	-1.2	**0.8**
Pre-tax profit (from continuing operations)	2.7	**-46.5**
Tax expense	-2.7	**-10.9**
Discontinued operations, net of tax(2)	-20.0	**-52.7**
Net consolidated profit, Group share	-20.1	**-110.2**

FINANCIAL RATIOS (in %)		
Common equity tier one ratio	19.6%	**18.0%**
Tier one ratio	23.6%	**21.9%**
Solvency ratio	23.6%	**21.9%**
Leverage ratio	5.7%	**4.8%**
Loan-to-deposit ratio	43.7%	**44.3%**
ROAE (Return on average equity)	-1.8%	**-9.4%**
ROAA (Return on average assets)	-0.2%	**-0.8%**
Cost/income ratio	99.0%	**109.5%**

(Consolidated figures as of December 31)	2020	2021
BALANCE SHEET TOTAL (in EUR billion)	13.3	**14.1**
ASSETS		
Loans and advances to credit institutions (incl. on demand)	1.2	**1.0**
Loans and advances to others than credit institutions	4.3	**4.8**
Equity and debt instruments	4.2	**3.3**
LIABILITIES		
Deposits from credit institutions	0.7	**0.8**
Deposits from others than credit institutions	10.5	**11.4**
of which, debt certificates and other deposits	0.7	**0.5**
of which, subordinated debt	-	**-**
Total equity	1.2	**1.1**
of which, AT1	0.1	**0.1**
PRIVATE BANKING ASSETS UNDER MANAGEMENT (in EUR billion)	57.7[4]	**65.4**[5]
Volume impact[3]	+5.9%	**+4.5%**
Price impact[3]	+2.3%	**+13.9%**
ASSETS UNDER CUSTODY (in EUR billion)	17.2	**22.1**[5]
OTHER CLIENT ASSETS (in EUR billion)	10.0	**9.1**[5]

(1) Restatement in accordance with the decision reached by the IFRS interpretations Committee (IFRIC). Refer to the Note 2g of the present Consolidated Financial statements
(2) IFRS 5 application on Quintet Switzerland (see Notes 1, 2e and 2f of the present Consolidated Financial Statements)
(3) Volume/price impact excluding acquisitions and divestments
(4) In 2020, Quintet Switzerland's contribution was EUR 1.8 billion in AuM (nil for AuC and Other Client Assets)
(5) Excluding Quintet Switzerland

The Pillar III disclosures report will be published in summer 2022 on www.quintet.com

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

PRELIMINARY COMMENTS

These consolidated financial statements were approved by the Board of Directors of Quintet on 17 March 2022 and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The significant accounting policies are described in the Note 2c of the Consolidated Financial Statements hereafter.

In 2020, Quintet completed the legal merger of its subsidiaries Puilaetco Private Bankers S.A. in Belgium, InsingerGilissen Bankiers NV (excluding its subsidiaries) in the Netherlands and Merck Finck Privatbankiers AG in Germany into the mother company, Quintet Private Bank (Europe) S.A. and has since operated in those countries through branches.

Quintet Private Bank operates from two hubs: Europe and the UK. Quintet announced in October 2021 that it had reclassified its Swiss business as non-core and initiated a wind-down process.

In December 2021, the group signed strategic partnerships with two reputable local financial institutions in Switzerland to allow a smooth transition with the aim of transferring all Swiss clients by the end of March 2022. Quintet Switzerland will then be in operational wind-down as from the second quarter of 2022 until full liquidation, which is expected by the end of the third quarter of 2022.

Following this decision, Quintet Switzerland's contribution, which represents a separate geographical area of operations in Switzerland, is presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued operations". Please refer to Note 2e of the Consolidated Financial Statements for further details. In essence, the subsidiary's contribution is aggregated and presented separately at the bottom of the asset, liability and income statements.

Quintet closed its Spanish branch in September 2021. In the same month, the two related management companies were formally de-registered and liquidated with effect from 17 December 2021.

Finally, the changes to Quintet's accounting policies caused by the decision reached by the IFRS Interpretations Committee's (IFRIC) in 2021 on IAS38's definition of software related intangible assets, and in accordance with the retrospective application of IAS8, led the group to derecognize a significant part of its intangible assets and to restate prior periods of its financial statements (see Note 2g of the Consolidated Financial Statements).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At the end of 2021, Quintet's consolidated balance sheet totaled EUR 14.1 billion. This increase compared to 2020 (EUR 13.3 billion) is primarily due to higher customer deposits at almost all group entities (EUR +0.9 billion).

The investment portfolio decreased in 2021 (EUR -0.9 billion) due to the combined effects of sales to realize gains and maturities not renewed considering a lack of reinvestment opportunities seen this year. On the other hand, loan activity saw a strong increase with nearly EUR 0.7 billion of net new lending bringing the total Loans and advances to others than credit institutions to EUR 4.8 billion.

The combined effect of the increase in customer deposits, loan book growth, and decrease in size of the investment portfolio led to an increase of deposits with central banks by EUR 1.3 billion compared to the previous year.

Despite the movements described above, the structure of the group's financial position is largely comparable to the previous year and remains healthy, which is also reflected in the shareholder's capital injections of a total of EUR 60 million in the second part of 2021.

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS

The 2021 consolidated result of Quintet Group is materially affected by the wind-down decision for its operations in Switzerland and the continued investment in a range of commercial and organizational projects. Together these account for the bulk of the year-end loss of EUR -110.2 million.

Gross income
Net interest income is down by EUR 18.7 million compared to the end of 2020, mainly due to the Central Bank's negative interest rate applied on the replacement of excess liquidity, as well as the lack of low-risk opportunities for the roll-out of the investment portfolio.

The net gains from financial instruments at fair value, above the 2021 budget and quite stable compared to last year (EUR 31.9 million in 2021 versus EUR 32.6 million in 2020), benefit from ALM and Treasury performance and strong foreign exchange activities across the group, driven by good client activity.

Net fees and commission income increased by almost 11% to reach EUR 348 million (EUR 315 million in 2020). This good result is mainly attributable to asset-based fees, which have increased 14% year on year driven by the significant increase in client assets.

At the end of 2021, consolidated dividend income amounted to EUR 3.7 million (EUR 0.3 million in 2020) mostly relating to a company offering securities settlement services.

As indicated previously in the balance sheet comments, Quintet took advantage of prevailing market conditions to realize capital gains on positions held in the investment portfolio, mainly on government bonds, of EUR 8.3 million (EUR 6.5 million in 2020), reported under the other income category. The significant reduction of the reported income in this category compared to the previous period relates to the fact that in 2020, the Bank sold its former subsidiary KBL Immo S.A., a real estate company which owned the building occupied and rented by Quintet as its head office at Luxembourg, leading to a EUR 62.6 million gain.

Operating Expenses
In 2021, operating expenses remained fairly constant (EUR -504.6 million in 2021, EUR -503.9 million in 2020). This reflects further efficiency gains in the operating setup of the group combined with the investments required to achieve them, as well as the continued recruitment of front-office personnel. Over the year in review, the full-time equivalent (FTE) of Quintet decreased by 54 FTE to 1,758 FTE. This doesn't take into account our Swiss operation.

Impairment
Impairment expense totaled EUR -3.5 million in 2021 (EUR -1.2 million in 2020), reflecting a limited set of non-performing exposures.

Discontinued operations
As stated previously in the preliminary section about the IFRS5 application on Quintet Switzerland, its full-year contribution is presented within the 'Profit or (-) Loss after tax from discontinued operations' category for an amount EUR -52.7 million (EUR -20.0 million in 2020), of which EUR -24.1 million for restructuring provisions related to the wind-down activities.

CONSOLIDATED SOLVENCY RATIO
The solvency remained solid and well above regulatory threshold imposed by the European Central Bank at 18.0% (2020: 19.6%).

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

Negative impacts are primarily driven by the consolidated loss for the year (see above) of EUR 110.2 million, and to the yearly AT1 coupon paid to investors (EUR 7.0 million).

The solvency level also reflects the positive impact of a capital injection of EUR 60 million by the bank's majority shareholder, as well as the IAS19 revaluation of defined benefit pension plans for EUR 19.4 million following the 2021 increase in the discount rate and the strong performance of the plan's assets.

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

For further detailed figures, please refer to the Consolidated Financial Statements section.

RESEARCH & DEVELOPMENT

At Quintet Private Bank, we invest in innovation so we can serve our clients better, including by working together – as one firm – even more efficiently. While that effort is broad-based, our firm focused on two specific long-term research & development priorities in 2021: digital solutions and sustainable investment.

DIGITAL SOLUTIONS

Despite general easing in lockdown measures linked to the pandemic, particularly over the warmer months, remote working remained common for many staff over much of the year. While face-to-face client meetings took place when possible – and in line with client preferences – virtual meetings continued to take place frequently. This therefore remained a key driver of ongoing digital innovation at Quintet in 2021, reflecting a broader emphasis on the embrace of new technology by staff and clients alike.

In the Quintet markets operating on the Lombard Odier platform – Belgium, Luxembourg and the UK – digital equipment ratios consequently rose significantly, meaning that clients there are increasingly willing and able to access the bank's services online. In these markets, as of December 31, 2021, 43% of the client base was digitally equipped, with 50% of those clients connecting at least once over that 12-month period. The overall digital equipment ratio rose 6.5%, while clients visited MyQuintet with increased frequency. In 2021, on average, they connected once a week, spending an average of 2.5 minutes per visit. One of priorities for Quintet's digital team in 2021 was the delivery of a client onboarding tool for financial intermediaries (FIMs), including external asset managers and family offices, that would allow such FIM clients served by Quintet to more easily onboard their own end clients. That tool was developed and successfully introduced last year, starting in Luxembourg and Belgium. It will be launched shortly in the UK, followed by the Netherlands in the second quarter of this year. In the latter market, a new private banking onboarding tool was introduced for client advisors last year. Meanwhile, a full end-to-end lending origination and processing tool was introduced across Quintet, including for Lombard loans.

Given regulatory requirements and security prerequisites, electronic ID and verification is critical any time a client signs on the dotted line without pen and ink. Following a host of advances in the use of electronic signatures in 2020, Quintet rolled out further new tools last year, including IDNow in Germany and the UK. Adoption of that tool in other Quintet markets is currently being explored, while the use of digital signatures will be expanded across the firm in 2022.

The Quintet Digital Layer currently deployed in the Netherlands was made multi-entity ready in 2021. Also in the Netherlands, the development of a new client file review tool – to support remediation and business-as-usual activities – began last year and will be introduced in the second half of 2022.

A host of additional digital enhancements are planned for this year, including to support the firm's hybrid wealth offering and, specifically, its holistic advice proposition in Belgium. Client onboarding will be further improved – potentially through automated AML/KYC/adverse media screening – while the digital team is exploring ways to push select data to clients to allow them to manage elements of their own client file review. Finally, the bank's customer communication platform will be enhanced to facilitate more effective dialogue between clients and their advisors.

SUSTAINABLE INVESTMENT

Throughout 2021, we lived up to our promise of placing sustainability at the heart of our business and as the driver of our clients' investments, reflecting our core belief: "Change what you don't like. Invest in what you do."

Quintet's sustainable investment philosophy was defined in 2021. It differentiates us from our peers by viewing sustainability as a driver of investment performance and an addition to the investment process, not a constraint. It is our default strategy for clients. In that regard, we introduced a new sustainable approach to assess third-party funds, as well as an enhanced in-house equity investment process. Additionally, our clients now benefit from a unique tool that generates proprietary sustainability reports on all major listed companies.

In 2021, Quintet announced its arrival as a major player in the sustainable investment industry by partnering with leading asset managers. By introducing innovative investment products – previously not available to private investors – we ensured that our clients receive differentiated investment content at an attractive price. That is reflected in the rise of sustainable assets under management at Quintet, which nearly doubled from EUR 5.9 billion at the end of 2020 to EUR 11.7 billion at the end of last year.

In June, German asset manager DWS entered the green-bond exchange traded fund (ETF) space with the launch of two Xtrackers ETFs, with Quintet serving as seed investor. These ETFs provide investors with access to the rapidly growing market for green corporate bonds and are deployed by Quintet in discretionary portfolios.

The following month, we partnered with Robeco, a leading Dutch asset manager, to launch one of Europe's first USD green-bond strategies. RobecoSAM US Green Bonds provides diversified exposure to the US green-bond market, fueling positive environmental impact while aiming to provide long-term capital growth. As exclusive launch partner, Quintet initially committed EUR 125 million to the strategy, which has also been deployed in Quintet discretionary portfolios.

In September 2021, Quintet and Amundi, the European asset manager, entered into a partnership to accelerate sustainable investments in emerging markets, home to 85% of the global population. To that end, Quintet made EUR 200 million in client commitments to Amundi Funds Emerging Markets Green Bond – an offshoot of the acclaimed Amundi Planet Emerging Green One, the world's first and largest targeted green-bond fund focused solely on emerging markets, launched in partnership with the World Bank's International Finance Corporation. This fund was likewise deployed as part of Quintet's flagship discretionary offering.

In line with our commitment to active ownership, Quintet had one of the most progressive voting records in the investment industry in 2021. We took part in more than 700 shareholder meetings, voting on over 10,000 proposals. On behalf of our clients, we supported over 90% of environmental and social shareholder proposals, roughly double the industry average.

Since the end of last year, Quintet now sources 100% of its electricity from renewable (or equivalent) sources. We also took a stand and divested from companies deriving a significant portion of revenue from thermal coal.

While 2021 was a year of powerful partnerships with industry leaders, our Sustainable Investing team also focused on the development of Quintet Earth, the world's first multi-asset, climate-neutral fund. Launched in January 2022 with some EUR 280 million in assets, it combines equal exposure to green bonds and low-carbon equities, offsetting associated carbon emissions through reforestation activities. Quintet Earth generates real-world impact without sacrificing performance and makes a simple promise: Generate competitive long-term, risk-adjusted returns while simultaneously combating climate change.

Our commitment to innovation in sustainable finance will continue this year – with far more to come.

STRATEGIC OUTLOOK

At Quintet, our sole purpose is to manage family wealth over generations, always focused on the long-term interests of the clients we have the opportunity to serve. Our strategy reflects that: We aim to become the leading independent pan-European wealth management boutique, combining a strong investment value proposition with convenience and proximity.

In October 2021, Quintet announced the decision to reclassify its Swiss business as non-core – with no impact on our activities, clients or staff elsewhere in Europe and the UK, where we will further invest in sustaining and accelerating long-term growth. At the same time, the decision to wind down our startup business in Switzerland heavily impacted our 2021 financial results.

At Quintet, however, we are focused on the future. And we are more convinced than ever that our model – a boutique wealth manager that cuts through complexity, where people collaborate and nothing matters more than the interests of our clients – will continue to prove successful. Our strategic outlook is bright.

Our core business, which extends across the EU and the UK, has recorded significant growth over the past two years. That includes a marked increase in client assets, which now stand just shy of EUR 100 billion, fueled by record client inflows and supported by robust lending activity. We see clear opportunities to invest further and grow that franchise.

As we move forward, we are focused on our core domestic markets, including those in which we have a physical presence and those we serve via passporting. We are deeply anchored in these local communities, where we have centuries of collective heritage. In parallel, we continue to expand our reach into satellite markets, such as Denmark. Over time, we intend to expand our branch network to neighboring Nordic markets such as Sweden and Finland.

In doing so, we will leverage our international expertise, providing access to global investing, structuring and lending solutions. Everywhere Quintet operates, we seek to deliver strong performance, supported by world-class sustainable investment solutions, in line with each client's risk appetite. Our people are highly professional advisors; they extend personalized client experience through easily accessible services, enhanced by technology. Critically, they do that at a firm that is independently owned and provides independent advice – supported by experienced research teams that select the best products for our clients, no matter whose label is on that product.

We continue to invest in our platform – ensuring it is scalable and fit for purpose – and, even more importantly, in our people. That includes ongoing training and development; diversity, equity & inclusion is also especially high on our agenda. These things are critical to our firm because we know that culture is a key differentiator: As a relatively small firm, we have a special opportunity to collaborate with each other, to form lasting bonds of trust among colleagues that can, in turn, support the relationships we build with our clients.

We seek to be the bank that partners with its clients, and whose people partner with one another. When times are good and markets are up, and also especially when the world faces challenges and sound advice from a trusted partner matters more than ever.

We grow and protect our clients' wealth as we would our own. Our worth is measured by the impact we deliver

We do more than manage wealth and make investment calls; we partner with people to help them live the life they want for themselves and their families. We recognize that it is a privilege – and a great responsibility – to protect and grow our clients' assets by investing on their behalf. That is why we safeguard their wealth as we would our own, always putting their well-being first.

RISK MANAGEMENT

MISSION & ACHIEVEMENTS

The Quintet Group Risk Management is a second line of defense (2LoD) function, staffed with a total of 59 risk professionals as at 31 December 2021 across all group entities.

It is structured around 4 pillars, organized into competence centers:

- Credit Risk
- Financial Risk & Reporting
- Information Security Risk
- Operational Risk Control

Each competence center ensures that risks are identified, assessed, mitigated, and monitored in their respective areas to ultimately ensure that the bank operates within its risk appetite.

In 2021, the function achieved several key milestones, continuing the group consolidation efforts that led to the creation of Quintet Europe in December 2020 (merger of continental Europe entities).

- Data processing and risk reporting chains have been comprehensively revisited to ensure the timely and accurate consolidation of financial risk metrics, laying down the foundations of Quintet's BCBS 239 journey.
- Building on work undertaken in 2020, the risk taxonomy continues to be further refined and updated to take account of a dynamic risk environment; notably, for example, to reflect the emergence of the importance of Climate & Environmental Risks. The Risk Appetite Statement and relevant risk frameworks have been reviewed and strengthened to support the group's current and planned business development, and are regularly reviewed and redefined to reflect the changes in market environment, risk appetite and strategic changes. The Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP) and Recovery Plan have been substantially improved following new regulatory guidelines and ECB recommendations. Consequently, Quintet has enhanced and clarified its ambitions with extended information provided in the Risk Management notes 39 and 37 of the Financial Statements (respectively for consolidated and statutory versions). In addition, and for the first time in 2022, Quintet will publish a non-financial report, Group Corporate Sustainability, presenting its strategy and approach of corporate social responsibility. It will be available on Quintet's website in the course of spring 2022.
- The Group Credit Policy has been reviewed in order to more accurately reflect the credit risk appetite of the firm aligned with the business strategy, and to improve the overall service delivery and clarity around the credit underwriting process.
- Furthering the efforts of 2020, model governance has been a focus of attention for Quintet, with significant improvements completed and approved by the Board. In particular, the Model Risk Committee has been created to ensure models receive the proper governance and oversight, and that adequate model lifecycle management is in place appropriately to mitigate model risk.
- Quintet participated in the ECB's Single Supervisory Mechanism (SSM) Stress Test, contributing to holistic risk assessment of the Bank soundness.
- The Global Operational Risk Function (GORC) has significantly strengthened the Enterprise Risk Management Framework by developing a firm-wide Risk Assessment Grid, which has harmonized risk quantification across the group. It also completed the Risk Appetite Statement & Risk Framework (RAS&F) and Key Risk Indicator (KRI) review project (ensuring that all RAS&F Framework documents for all risks have been embedded effectively across the firm) and completed a fundamental revision to the group's Operational Risk Management Policy. From a reporting perspective, the Enterprise Risk Inventory (ERI)

has been fully deployed and is now being used as the "golden source" of information for all GORC risk reporting. In addition to the closure of outstanding Action plans within the ERI, the comprehensive RCSA programme in 2020 has contributed to more accurate and timely risk reporting. Continued improvement has been completed via the implementation of a suite of standardized risk reports used across the firm demonstrating the status and changes to the Non-Financial Risk profile.

- In terms of Information and Cybersecurity Risks, a new Group Chief Information Security Officer (CISO) function regrouping IT risk management and cybersecurity workforces has been set up and is acting as an independent second line of defense in close collaboration with IT (Security Operations) and the Data Protection Officer. The IT Risk and Cybersecurity frameworks were strengthened and aligned with the evolution of the threat landscape, as well as with the group's regulatory environment.

STRUCTURE & ORGANIZATION

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

- Lombard and mortgage lending and derivatives trading lines to private clients in support of the bank's core private banking activity
- Committed and uncommitted credit lines granted to investment funds in support of institutional & professional services activity
- Contingent credit such as guarantee facilities provided to clients

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

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

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

The **Financial Risk & Reporting** department is organized around three clusters, each with its own responsibility:

- The **Market & Liquidity Risks** cluster is responsible for:
  - the identification, assessment, monitoring, reporting and escalation of:
    - market risk and liquidity risk arising from the entire balance sheet
    - country and counterparty risks arising from Private Banking, Asset Servicing and trading activities
  - the development and maintenance of the Risk data warehouse, tools related to country and counterparty risk, interest rate risk on the banking book, and liquidity reporting, as well as data-related projects (for example, BCBS 239)
  - the coordination of internal and regulator stress testing initiatives, such as ECB's SSM stress test or 2022 Climate-risk stress test (CST)

- The **Risk Modelling & Quantitative Analyzis** cluster is responsible for:
  - the development, maintenance and validation of the risk models (for example, IFRS9, Pillar II, behavioral model for non-maturity deposits)
  - advising on model governance
  - providing quantitative support to other group & local functions
- The **Risk Projects & Reporting** cluster is responsible for internal
  - consolidated risk reporting (for example for the Asset and Liabilities Committee (ALCo), Authorized Management Committee (AMC) and Board Risk Committee (BRC), and to external stakeholders (for example, regulatory supervisory authorities)
  - transversal risk management processes such as the ICLAAP, the recovery plan, and the related data collection processes (for example, the Single Resolution Board)
  - maintenance of the risk appetite
  - monitoring and maintaining adherence to regulatory risk requirements

The **Group Chief Information Security Officer** (GCISO) department's objective is to control IT and Cybersecurity risks related to digital/electronic information and assets.

The department is in charge of developing and maintaining the Information Risk Control Framework, implementing related IT risk policies, monitoring controls' implementation and ensuring adequate reporting on its activities to dedicated instances. It also includes the group's Cybersecurity Competence Center, in charge of monitoring our Cybersecurity posture, managing the evolution of the threat landscape and driving the alignment with Security Operations (IT first line of defense). The key activities are the following:

- **Implementation and maintenance of the Information Risk Management Framework**
  Effective information risk management governance and information risk appetite approach and definition of information risk control policies aligned with the bank's information risk appetite and regulatory requirements.
- **Identification, review and measurement of information risks**
  Drive, review, assess and follow-up of IT risk analyzis performed by the first line of defense in the context of IT-related projects and environments as well as relationships with external IT providers and information risk control self-assessments (RCSA).
- **Monitoring, control assessments and follow-up on mitigation of information risks**
  Information risks are regularly monitored, and relevant Key Risk Indicators are assessed and adjusted and mitigation action plans are followed-up to ensure proper implementation and/or possible residual risk acceptance.
- **Information risk incident monitoring**
  Incidents are reviewed and monitored to ensure resolution and adequate escalation to the dedicated instances as well as driving specific investigations.
- **Escalation and internal reporting**
  Indicators, direction proposals, exceptions and potential issues are regularly escalated and reported to dedicated instances (e.g. Group Information Security & Risk Committee, Board Risk Committee) for adequate information, management and decisions.
- **Alignment and awareness programs**
  The information risk and security culture (including policies) is spread within the group through global communication to the subsidiaries and all staff as well as multiple awareness programmes.
- **Driving the Cybersecurity Strategy and Monitoring of our Cybersecurity posture**
  Drive the Group Cybersecurity and IT Risks Strategy, share (as approved by the Group Board of Directors) and monitor our Cybersecurity Posture through assessment campaigns and a strong Cybersecurity

Monitoring process. In addition, manage our Threat Intelligence Network to anticipate the evolution of the Threat Landscape and drive the implementation of our third-party Cybersecurity Management framework.

The **Group Operational Risk Control** (GORC) department is responsible for:

- Maintaining a robust risk and control environment across the firm by implementing appropriate risk frameworks and strengthening the risk culture to enable business growth and preserve value.
- Identifying, assessing, managing, and mitigating operational risk to within the bank's defined risk appetite.
- Overseeing, challenging, supporting and advising the business and first line of defense to prevent operational risk losses.

The key goals of the department are the following:

- **Independent Challenge & Oversight**
  Conduct an independent risk review of risk events/risk issues / Risk Control/Self-Assessments (RCSA), and challenge the information/data presented to ensure that the correct root cause has been identified, and that appropriate actions have been defined to ensure appropriate risk management and alignment within the Risk Appetite.
- **Proactive Risk Advisory**
  Provide independent risk opinion and value-added advice to ensure that any Change and Transformation initiatives are managed within risk appetite and where appropriate, propose remedial actions.
- **Develop and Maintain Risk Frameworks and Policies**
  Partner with the business to continuously improve the risk framework and operational processes, keeping client experience at the forefront, to ensure that there is a robust risk culture within Quintet.
- **Risk Independent Validation/Assurance**
  Perform independent assessment and validation (including testing and checking) of the appropriateness of risk identification, risk evaluation, and responsive actions determined by the business in regard to risk issues/controls failures/RCSA.
- **Risk Insights & Reporting**
  Create risk intelligence and develop actionable risk insights on the bank's risk profile and risk management to help management make improved risk decisions. This includes the timely reporting and escalation of risk issues/ risk events, and the identification of emerging risks helping the firm to adapt to changes in the external environment.
- **Risk Excellence**
  Strengthen the risk culture by establishing and managing risk control discussions for operational risk issues. Increasing Risk Control awareness through ongoing training and sharing best practice across the firm to foster an environment to encourage swift risk issue escalations.
- **Risk Partnerships**
  Partner with key stakeholders to drive the risk control culture throughout the firm to help shape the strategic direction from a culture and risk standpoint.

COMPLIANCE NORMS & POLICIES

The Quintet Group, being Quintet Private Bank including all its branches and subsidiaries (hereafter the "Group"), is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential element of good corporate governance.

As outlined in Appendix 2, Compliance Risk, the Compliance function is defined in the Compliance Policy as a permanent and independent function. Its main aim is to protect the Quintet Group against the risk of non-compliance and the risk of damage due to the non-respect of internal or external rules which fall within the scope of Compliance or the fields attributed to it by the Board of Directors and the Authorized Management Committee. The operating procedures of this function – in terms of objectives, responsibilities and powers – are laid down in the Compliance Charter drawn up by the Compliance department and approved by the Authorized Management Committee and the Board of Directors.

The Compliance Charter:
The Group Compliance Charter sets out the guiding principles of Compliance within the Quintet Group. It defines the mission statement, key roles and responsibilities, governance and organizational principles of the Compliance department. It documents sound practices to help ensure that compliance activities are managed and controlled in an effective and consistent manner across the Quintet Group.

In addition, it describes the different mechanisms and processes implemented in order to ensure the respective roles and responsibilities. Further it:

- Recognizes the right of Compliance to open investigations into any of the bank's activities
- Defines the responsibilities and reporting lines of the Chief Compliance Officer
- Describes the relationships with Risk Management and Internal Audit
- Defines the applicable conditions and circumstances for calling on external experts
- Establishes the right of the Chief Compliance Officer to contact directly and on his own initiative the Chairman of the Board of Directors or, where appropriate, members of the Audit Committee or the Compliance Committee, as well as the CSSF

The Compliance function has in its scope all compliance risks in connection with all activities of the group and its entities and primarily addresses the following items:

- Fight against money laundering and the financing of terrorism,
- Prevention of market abuse
- Monitoring of personal transactions
- Protection of the integrity of the financial instruments markets
- Protection of customers, investors and consumers interests
- Observance of professional secrecy,
- Avoidance and management of conflicts of interests
- Prevention of the use of the financial sector by third parties to circumvent their regulatory obligations
- Management of the compliance risk related to cross-border activities
- Promotion of ethics and professional conduct (codes of conduct, Compliance manuals)
- Fight against fraud (internal and external) & corruption
- Monitoring complaints handling
- Involvement in the new products approval process
- Taking actions against internal or external fraudulent behaviors and breaches of discipline

The following primary Compliance policies, guidelines and standards – available via the group's Intranet – are applicable across the Quintet Group:

- Compliance Charter
- Compliance Policy
- Code of Protection of Whistle Blowers
- Conflict of Interest Policy
- Conduct of Business Policy
- Code of Conduct
- Anti-corruption and Bribery Policy
- Cross-border Policy
- AML Group Standard
- Group Investor Protection Policy
- Market Abuse Policy
- Policy Relating to the Exercise of Mandates by Employees

Through various compulsory training sessions, every Quintet employee has been made fully aware of their role in the fight against money-laundering and terrorism financing.

COMPLIANCE: SPECIFIC RESPONSIBILITIES

- Identify, evaluate and assess the compliance risks through the Compliance Risk Assessment methodology
- Identify the standards to which the group and each of its entities are subject in the exercise of their activities in the various markets and keep records of the main rules
- Implement a code of conduct and internal rules of conduct and integrity, Compliance standards and policies; check that they are respected and regularly assess their suitability as regards to organizational and operational structure, strategy, activities and risks of its entity, as well as regards to applicable legal and regulatory requirements
- Organize and coordinate a risk-based Compliance Monitoring Program to control the level of compliance of all relevant activities and how the identified compliance risks (Compliance Risk Assessment) have been mitigated. All relevant changes to the group/entity's compliance risk profile (e.g. reorganization, new strategic markets, etc) will be taken into account in the Compliance Risk Assessment and in the Compliance Monitoring Program
- Centralize all information on detected Compliance problems. If this information is not a direct result of Compliance's own involvement, it will examine the relevant internal documents (Internal Audit reports, Risk function reports, Legal department opinions, Executive and Management Committees' minutes/papers, Board of Directors' meetings minutes, etc.) or external documents (external legal opinions, external auditor's reports, correspondence with the supervisory authorities, etc.)
- Analyze the detected issues, recommend corrective measures and monitor their implementation
- Assist and advise senior management, the AMC and the Board of Directors as well as the members of the Specialized Board Committee (if any) in managing compliance risks and standards, including by informing them of developments which may have a subsequent impact on the area of Compliance
- Ensure employees are well trained and have a sufficient level of Compliance awareness by developing and implementing an ongoing Compliance Awareness Program and by providing day-to-day assistance as to Compliance areas
- Get involved in the implementation and approval of new activities/products, in the development of new business relationships and in developing the transactions and network of the group at the international level
- Get involved in the development of internal policies and procedures in the Compliance areas
- Correspond completely independently with the FIU (Financial Intelligence Unit) or with any other supervisory authority when its relates to Compliance notification/ declaration duties
- Report on the above to the Executive Committee and the Board of Directors/ Specialized Board Committee (if any), as appropriate. Furthermore, the Board Risk Committee (BRC) is informed of, and regularly monitors, the adequacy of Compliance measures.

This committee is delegated by the Board and meets on a quarterly basis.

ADVICE AND PREVENTION

Compliance advises and supports the bank's various business lines. It regularly supports commercial initiatives and the questions that can arise from them. Compliance is also involved in the bank's client acceptance and revision procedure.

It should be noted that Compliance takes part in the validating of new products and services for their marketing to clients. The goal of this process, which incorporates support materials such as brochures and term sheets, is to ensure that clients understand products and their risks and make informed investment decisions which comply with existing regulations. This process was strengthened by the entry into force of MiFID II.

Compliance is also involved with various regulatory projects. Compliance participates in the group-wide high-level assessment analyzis and provides the workstreams with appropriate regulatory roadmaps. In addition to its ongoing monitoring and support of subsidiaries, the group continued to support the roll out of the Compliance Awareness program across the whole of Quintet.

This program is mainly based upon a systematic and structured multi-annual approach with training sessions, depending on the person's level of exposure to Compliance risks. The program is accompanied by regular information for employees and managers on Compliance risks according to what is topical (internal or external).

CONTROL

The Compliance control framework is part of the bank's general internal control framework. The Compliance Monitoring teams oversees its Compliance Monitoring Programme (CMP). This tool maps compliance risks and regularly checks that these risks are under control. If necessary, suggestions for improving the plan are put forward. The plan has been drawn up based on the results of a Compliance Risk Assessment exercise. This methodology for evaluating compliance risk targets a more refined and better documented risk analyzis to better allocate compliance resources to the biggest risks.

Specialized anti-money laundering tools are in place in Quintet entities. These solutions improve the review processes for the group's clients, whether new or existing, both by analyzing client behavior, and by screening the client database and international lists of persons subject to legal action or restrictive measures.

An external tool specialized in the detection of market abuse and insider trading is in place while also being used to automate checks to ensure that the Best Execution policy is adhered to when processing client orders.

Quintet is constantly adapting its control procedures and reiterating to staff the ongoing need to protect clients.

OTHER LEGAL REQUIREMENTS

CHANGE IN SUBSCRIBED CAPITAL

As of 31 December 2021, the subscribed and paid-up capital is EUR 254.2 million (31 December 2020: EUR 242.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2020: 26,045,433) and by 4,336 non-voting preference shares without par value (31 December 2020: 4,336). In 2021, the Bank did not hold any of its own shares.

Please refer to Note 32 of the Consolidated Financial Statements for further details.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were, after the closing date, no significant events requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2021.

On 1 January 2022, though, Puilaetco Luxembourg was absorbed into Quintet Luxembourg. Following a careful review of how we work together as one firm, we concluded that integrating Puilaetco Luxembourg into Quintet's existing activities in the Grand Duchy would allow us to spend more time focused on clients, including by increasing operational efficiency. Puilaetco Luxembourg had operated as a wholly owned subsidiary of Quintet since 2004 and employed some 22 staff. With some 640 client accounts, it managed approximately EUR 1.2 billion in client assets.

Quintet is closely monitoring the situation in Ukraine and Russia, including its impact on credit risk, financial markets, and the impact of sanctions on the Group's clients and operations.

The Group has analyzed its potential exposure to the above, and considers these events as non-adjusting events after the reporting period. At the date of this report, the Group, including its ability to operate as a going concern, is not materially impacted (directly or indirectly) by the above. The Group's direct exposure is limited, as follows:

- Quintet has no material credit exposure to Russia and Ukraine. In particular, there are no exposures to Russia or Ukraine-based issuers in the Group's bond portfolio, and, regarding the customer loan portfolio, there is no exposure resulting from pledged collateral from those geographies, and exposure to Russian or Ukrainian borrowers is not material (less than EUR 5 million for the Group) and is secured by collateral that is not connected to those countries;
- Regarding the impact of the constantly evolving sanction regimes, Quintet is monitoring sanction measures on a continuous basis and taking all the necessary steps to ensure that client relationships, payments, and securities transactions are managed in full compliance with applicable sanctions. It should be noted that Russian and Ukrainian residents and nationals represent a very small fraction of the Group's client base (less than 0.5% of private banking Assets under Management) and are not currently subject to US and/or EU and/or UK sanctions.

Beyond direct exposure, the Group is closely monitoring the impact of these events on financial markets and the possible impact on micro and macroeconomic conditions, and taking all measures to mitigate risk and support and advise its clients.

DEPOSIT GUARANTEE

These directives are transposed into Luxembourg law by the law of 18 December 2015.

In Luxembourg, the national deposit guarantee scheme (DGS), is represented by the FGDL ("Fonds de garantie des dépôts Luxembourg," see the website www.fgdl.lu).

The purpose of the FGDL is to protect clients of the member institutions if a bank goes bankrupt.

Quintet Luxembourg (and its branches) is a member of the FGDL. This means that account holders (natural persons and legal entities) in Quintet Luxembourg and its branches (InsingerGilissen, Merck Finck, Puilaetco and Quintet Danmark) are protected by the FGDL up to a maximum of EUR 100,000 per person/account. (Additional guarantees are in place for temporary deposits, see the FGDL website for details).
In case of failure, the FGDL ensures that depositors are compensated within 7 days.

In order to be compliant with the legislation, Quintet and its branches have, since 31 December 2013, implemented a system which is able to produce a Single Customer View (SCV) file including data about all eligible cash depositors along with the customers references. The Quintet system is tested twice a year. This information is requested by the CSSF in order to facilitate the reimbursement of depositors in case of the bank's failure.

Each year, Quintet pays a contribution to the FGDL for its financing. The merger of Quintet's EU-based subsidiaries on 15 December 2020 materially affected Quintet's FGDL contribution in 2021. The impact has been delayed by one year with respect to the Luxembourg Resolution Fund.

In 2021, Quintet Luxembourg paid EUR 11,175,766 for the FGDL (2020: EUR 110,780) and EUR 3,931,271 for the Luxembourg Resolution Fund (2020: EUR 3,513,600).

Considering the amount paid for the FGDL during the current year, the remaining stock of unavailable reserves (EUR 619,651) was transferred back to the available reserves.

The Luxembourg investor compensation scheme (SIIL: "Système d'indemnisation des investisseurs Luxembourg") covers investors (natural persons and legal entities) within the scope of the legislation (law of 18 December 2015). The investment transactions made by the same investor are covered up to an amount equivalent to EUR 20,000.

Quintet and its branches are also members of the SIIL.

GROUP EMPLOYEES & TRAINING

As of December 31, 2021, Quintet, excluded Quintet Switzerland, employed 1,915 staff, compared to 1,978 at the end of 2020.
Of those 1,915 staff, approximately 65% work in branches and subsidiaries outside Luxembourg.

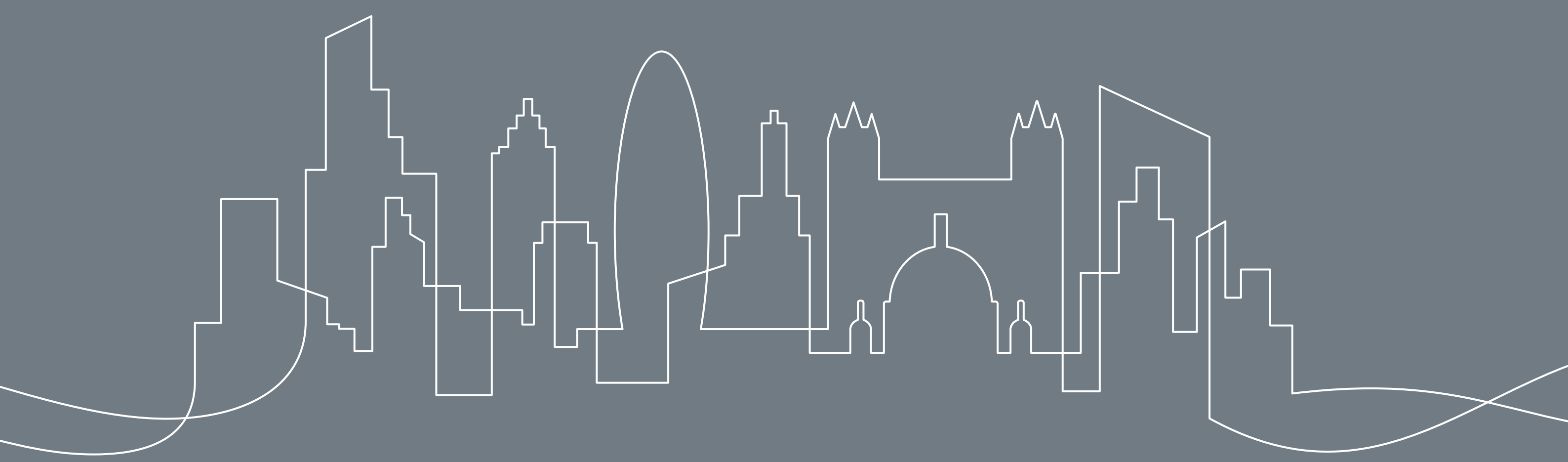
Training and development are central to further enhancing our client services and improving overall client experience. That's why we invest in the skills and development of our people and recruit experienced professional staff. Indeed, all our people – from the mailroom to the boardroom – are contributing to our ability to better serve each individual client.

Across the group's footprint, Quintet promotes internal mobility, creating opportunities for relevant staff to transfer their knowledge and skills within the organization.

Likewise, we strongly encourage cross-border cooperation, organizing events that bring together staff from multiple markets, including virtually. Such meetings facilitate the sharing of local experience and insight – and the creation of shared strategies to better serve all our clients, no matter where they are based.

We add insight and reduce complexity

Our clients count on our expert insight, provided by a diverse team of experienced professionals who balance firm convictions and an open-architecture approach – ensuring that each client has access to the solutions that are right for them. Through such objective investment advice and organizational agility, we cut through complexity and focus on meeting the needs of the individuals and families we serve.



CONSOLIDATED FINANCIAL STATEMENTS

QUINTET Private Bank (Europe) S.A.
43, boulevard Royal
L-2449 Luxembourg

R.C.S. Luxembourg: B 006.395

Consolidated financial statements, Consolidated management report and
Report of the independent auditor
as at 31 December 2021

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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 the consolidated financial statements of the Group. Similarly, the value zero '0' in the following tables indicates the presence of a number after the decimal, while '-' represents the value nil.

This document is subject to approval at the Annual General Meeting of 20 April 2022.

Ernst & Young
Société anonyme

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Quintet Private Bank (Europe) S.A.
43 boulevard Royal
L-2449 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income (comprising the consolidated statement of profit and loss and the consolidated statement of other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Impairment on loans and advances to customers

Description

At 31 December 2021, loans and advances to customers amount to EUR 3,891 million (gross amount) against which an impairment allowance of EUR 19 million is recorded (see Note 15 to the consolidated financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

The assessment of expected credit losses on loans and advances to customers requires the use of judgment and estimates notably to:

- determine the loan classification criteria under stage 1, stage 2 or stage 3;
- estimate the amount of expected credit losses depending on the different stages;
- prepare macro-economic projections which are embedded in the expected credit losses measurement.

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 39 "Risk management" to the consolidated financial statements.

We considered the assessment of impairment on loans and advances to customers to be a key audit matter for the following reasons:

- the significance of loans and advances to customers in the Group's consolidated balance sheet;
- the use of various parameters and assumptions in the models to determine the probability of default and the loss given default;
- the importance of judgment in determining the criteria of significant increase in credit risk and the way macro-economic forecasts are taken into account;
- the use of judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances to customers;
- the assessment of individual impairment on defaulted loans (stage 3);

Refer to the Notes 12, 15 and 22 to the consolidated financial statements.

How the matter was addressed in our audit

We obtained an understanding of the Group's internal control and tested the design and operating effectiveness of the manual and automated key controls relating to the assessment of credit risk and the measurement of expected credit losses. This included testing of:

- entity level controls over the ECL modelling process, including model review and governance;
- controls relating to the process of monitoring exposures within the Group as well as the periodic review of these exposures by the relevant credit committee;
- controls over allocation of loans and advances into stages, including movements between stages, and the identification of defaulted loans and advances;
- controls over data accuracy and completeness.

We also performed the following substantive audit procedures:

- we verified that the data used as a basis to calculate the ECL are complete and accurate; we also tested, on a sample basis, extraction of data used in the models including rating of loans and movements between various ratings;
- we tested a sample of loans and advances to customers (including an extended sample of loans included into the Credit Watchlist) to form our own assessment as to whether they are classified in the appropriate bucket (staging methodology);
- with the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL model. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models, as well as challenging the forward looking macro-economic scenarios;
- we performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment;
- we performed substantive audit procedures on a sample of defaulted loans and advances to customers, consisting of key items. We examined in a critical manner the assumptions used by the Group to determine expected cash flows and estimated recovery from any underlying collateral.

2. Provisions for litigations

Description

As at 31 December 2021, provisions for litigations amount to EUR 35 million (see Note 29 to the consolidated financial statements). A provision for litigation is recognized if (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

The recognition and measurement of provisions for litigations require significant judgment made by the Group. Due to the significance of these matters and the difficulty in assessing and measuring the quantum from any resulting obligations, we considered this to be a key audit matter.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel;
- we analyzed the responses to our confirmation requests obtained from external legal counsels of the Group as 31 December 2021;
- for each case we considered whether an obligation exists, we reviewed the assumptions made by the Group in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur;
- we reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- we considered the sufficiency of disclosures related to provisions and contingent liabilities in the Group's consolidated financial statements.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

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Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders the Board of Directors on 26 March 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 17 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Luxembourg, 28 March 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2021	31/12/2020 Restated (Note 2g)
Net interest income	4, 36	59,762	78,485
Dividend income	5	3,716	285
Net gains / losses on financial instruments measured at fair value through profit or loss	6	31,919	32,614
Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	8,303	6,457
Net fee and commission income	8, 36	347,949	314,505
Other net income / (expenses)	9, 36	9,123	76,678
GROSS INCOME		**460,771**	**509,023**
Operating expenses	10, 36	-504,596	-503,941
Staff expenses	11, 30, 31	-311,340	-305,054
General administrative expenses	40	-149,733	-152,199
Other	27, 28, 29	-43,523	-46,688
Impairment	12, 21, 22, 27, 28	-3,472	-1,239
Share of profit of associates	13, 26	772	-1,172
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**-46,524**	**2,671**
Income tax (expenses) / income	14	-10,884	-2,718
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**-57,407**	**-46**
Discontinued operations, net of tax	2e	-52,748	-20,015
PROFIT/(LOSS) AFTER TAX		**-110,155**	**-20,061**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2g)
PROFIT/(LOSS) AFTER TAX	**-110,155**	**-20,061**
OTHER COMPREHENSIVE INCOME	**14,975**	**-9,522**
Items that may be reclassified subsequently to profit or loss	**-10,117**	**6,486**
Debt instruments at fair value through other comprehensive income	-981	1,230
Revaluation at fair value (including hedged items)	6,667	5,042
Net realized gains / losses on sales	-7,974	-3,404
Income tax (expenses)	326	-408
Exchange differences on translation of foreign operations	-5,683	5,074
Non-current assets and disposal groups held for sale	-3,452	182
Revaluation at fair value	-3,452	182
Items that will not be reclassified to profit or loss	**25,092**	**-16,008**
Remeasurements of defined benefit pension plans	24,932	-15,296
Remeasurements (gross)	18,770	-10,007
Non-current assets and disposal groups held for sale	7,749	-7,318
Income tax (expense)/income on remeasurements	-1,587	2,029
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	160	-712
Revaluation at fair value	217	-885
Income tax (expenses) / income	-57	173
TOTAL COMPREHENSIVE INCOME	**-95,180**	**-29,583**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2g)	01/01/2020 Restated (Note 2g)
Cash, cash balances with central banks and other demand deposits	18, 36, 38	4,251	2,933	2,067
Financial assets	15, 16, 17, 18 19, 20, 36, 38	8,952	9,601	9,326
Held-for-trading	15, 17, 23	164	256	247
Non-trading mandatorily at fair value through profit or loss	15, 17	45	44	44
At fair value through other comprehensive income	15, 16, 17	2,152	2,792	3,118
At amortized cost	15, 16, 17	6,570	6,504	5,912
Hedging derivatives	15, 17, 23	20	5	4
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-8	13	4
Tax assets	25, 38	26	27	23
Current tax assets		4	1	3
Deferred tax assets		23	26	21
Investments in associates	26	5	5	6
Investment properties	28	-	-	10
Property and equipment	28	82	96	114
Goodwill and other intangible assets	27	449	459	458
Other assets	24, 38	139	134	117
Non-current assets and disposal groups classified as held for sale	1, 2e	240	-	7
TOTAL ASSETS		14,137	13,267	12,132

EQUITY AND LIABILITIES (In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2g)	01/01/2020 Restated (Note 2g)
Financial liabilities	15, 16, 17, 18, 36	12,512	11,716	10,701
Held-for-trading	15, 17, 23	120	269	233
At amortized cost	15, 16, 17	12,310	11,310	10,346
Hedging derivatives	15, 17, 23	82	137	123
Tax liabilities	25	3	1	1
Current tax liabilities		3	1	1
Deferred tax liabilities		-	0	0
Provisions	29, 31	72	94	58
Other liabilities	30	292	261	321
Liabilities directly associated with assets held for sale	1, 2e	111	-	-
TOTAL LIABILITIES		12,989	12,072	11,081
TOTAL EQUITY		1,148	1,196	1,051
Equity attributable to the owners of the parent	32	1,148	1,196	1,051
Non-controlling interest		-	-	-
Out of which Common Equity Tier 1 instruments issued		*880*	*820*	*820*
TOTAL EQUITY AND LIABILITIES		14,137	13,267	12,132

The notes refer to the 'Notes to the consolidated financial statements, which form an integral part of these consolidated financial statements'.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity issued other than capital	Conso-lidated reserves	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Currency translation differences	Profit/ Loss	**Total equity**
2021									
Balance as at 01/01/2021	**242.2**	**578.3**	**123.6**	**298.0**	**13.8**	**-60.2**	**19.9**	**-20.1**	**1,195.5**
Transfer of previous year result to the reserves (Note 32)	-	-	-	-20.1	-	-	-	20.1	**-**
Capital Increase (Note 32)	12.0	48.0	-	-	-	-	-	-	**60.0**
AT1 coupon payment	-	-	-	-7.0	-	-	-	-	**-7.0**
Total comprehensive income for the year	-	-	-	-	-0.8	24.9	-9.1	-110.2	**-95.2**
Transfer remeasurement of defined benefit pension plan of discountinued operations to reserves	-	-	-	-5.6	-	-	-	-	**-5.6**
Other	-	-	0.0	0.1	-	-	-	-	0.1
Balance as at 31/12/2021	**254.2**	**626.3**	**123.5**	**265.5**	**13.0**	**-35.2**	**10.7**	**-110.2**	**1,147.9**
2020									
Balance as at 01/01/2020	**233.1**	**537.4**	**-**	**364.9**	**13.3**	**-44.9**	**14.6**	**-43.7**	**1,074.6**
Restatement (Note 2g)	-	-	-	**-23.4**	-	-	0.0	**-**	**-23.3**
Balance as at 01/01/2020 (Restated – Note2g)	**233.1**	**537.4**	**-**	**341.5**	**13.3**	**-44.9**	**14.6**	**-43.7**	**1,051.3**
Transfer of previous year result to the reserves (Note 32)	-	-	-	-43.7	-	-	-	43.7	**-**
Capital Increase (Note 32)	9.1	40.9	-	-	-	-	-	-	**50.0**
Issuance of other equity instruments (Note 32)	-	-	123.6	-	-	-	-	-	**123.6**
Total comprehensive income for the year	-	-	-	-	0.5	-15.3	5.3	-20.1	**-29.6**
Other	-	-	-	0.3	-	-	-	-	**0.3**
Balance as at 31/12/2020 (Restated – Note2g)	**242.2**	**578.3**	**123.6**	**298.0**	**13.8**	**-60.2**	**19.9**	**-20.1**	**1,195.5**

The notes refer to the 'Notes to the consolidated financial statements, which form an integral part of these consolidated financial statements'.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2g)
Profit / (loss) before tax		-46.5	2.7
Profit / (Loss) from Discontinued operations before tax		-50.6	-20.1
Adjustments for:		30.5	-41.0
Impairment on securities, amortisation and depreciation on property and equipment, intangible assets and investment properties	10, 12	33.7	30.4
Profit/loss on the disposal of investments	9	-0.9	-62.5
Change in impairment for losses on loans and advances	12	3.3	1.7
Change in other provisions	10	10.0	15.8
Unrealized foreign currency gains and losses and valuation differences		-14.8	-27.5
Income from associates	13	-0.8	1.2
Cash flows from / (used in) operating activities before tax and changes in operating assets and liabilities		**-66.6**	**-58.4**
Changes in operating assets (1)		1,269.8	301.3
Changes in operating liabilities (2)		270.7	-672.0
Income taxes		-10.7	-5.2
Net cash flows used in operations activities from discontinued operations		117.4	93.8
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**1,580.6**	**-340.6**
Purchase of subsidiaries		-	64.0
Proceeds from sale of subsidiaries		-	54.0
Purchase of intangible assets	27	-5.3	-6.2
Proceeds from sale of intangible assets	27	-	-
Purchase of property and equipment	28	-5.5	-8.6
Proceeds from sale of property and equipment	9, 28	0.0	0.1
Net cash flows from / used in investing activities from discontinued operations		-3.2	-4.7
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**-14.0**	**98.6**
Share capital increase	32	60.0	50.0
Issue of other equity instruments	32	-	123.6
Purchase/sale of treasury shares		-	-
Issue/(repayment) of non-subordinated debt	15	-254.5	491.4
Issue/(repayment) of subordinated debts	15	-	-0.2
Dividends paid and profit-sharing		-	-
AT1 yearly coupon payment		-7.0	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-201.5**	**664.8**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (3)		**1,365.0**	**422.8**
CASH AND CASH EQUIVALENTS AS AT 01/01		3,319.3	2,896.5
Net increase/decrease in cash and cash equivalents		1,365.0	422.8
Net foreign exchange difference		-	-
CASH AND CASH EQUIVALENTS AS AT 31/12		**4,684.4**	**3,319.3**
ADDITIONAL INFORMATION			
Interest paid during the year		89.5	78.8
Interest received during the year		137.6	143.4
Dividends received (including equity method)	5	3.7	0.3
COMPONENTS OF CASH AND CASH EQUIVALENTS		**4,684.4**	**3,319.3**
Cash and balances with central banks (including mandatory reserves with the central banks)		4,082.1	2,617.1
Loans and advances to banks repayable on demand		927.3	1,080.4
Deposits from banks repayable on demand		-325.0	-378.2
Of which: not available (4)		*50.8*	*44.5*

The notes refer to the 'Notes to the consolidated financial statements, which form an integral part of these consolidated financial statements'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General

Quintet Private Bank (hereinafter 'Quintet Group' or the 'Group') is an international network of banks and financial companies, specialized in private banking. In support of, and complementary to this activity, Quintet Group is also developing several niche activities specific to its various markets.

On 16 January 2020, KBL European Private Bankers S.A. was renamed 'Quintet Private Bank (Europe) S.A.' KBL Luxembourg, the group's private bank in the Grand Duchy, was rebranded as 'Quintet Luxembourg'.

The business purpose of Quintet Group is to carry out all banking and credit activities. In addition, Quintet Group is allowed to carry out all commercial, industrial or other operations, including real estate transactions, in order to achieve its main business purpose, either directly or through shareholdings, or in any other manner, these provisions to be understood in the widest manner possible. Quintet Group may carry out any activity which contributes in any way whatsoever to the achievement of its business purpose. The Group's main activities are described in 'Note 3a – Segment reporting by business segment'.

Quintet Group is headed by Quintet Private Bank (Europe) S.A. (hereinafter 'Quintet' or the 'Bank'), a public limited liability company (société anonyme) incorporated in Luxembourg and having its registered office at: 43, boulevard Royal, L-2449 Luxembourg.

Since July 2012, Quintet Group is more than 99.9% owned by Precision Capital LLC, a Qatari-based company governed by Qatar law representing the interests of a group of Qatari private investors. In December 2021, Precision Capital was transferred from Luxembourg to Qatar via a transfer of legal personality. Quintet – as the sole participation of Precision Capital – continues to be directly supervised by the European Central Bank and the Commission de Surveillance du Secteur Financier. Precision Capital – as a strong and committed shareholder – continues to fully support the long-term strategy of Quintet.

Quintet Switzerland - Non-current assets held-for-sale (HFS) qualifying as discontinued operations

On 11 October 2021, Quintet announced that it has reclassified its Swiss business as non-core. During November, Quintet reduced its workforce to bring Quintet Switzerland to a lighter setup whilst maintaining all required functions to ensure an adequate handling of business and operation in wind-down process.

On 17 December 2021, the Group signed strategic partnerships with two local reputable financial institutions to allow a smooth transition with objective to refer all clients by end March 2022.

Quintet Switzerland will be then in operational wind down as from the second quarter 2022 until full liquidation expected by the end of the third quarter 2022.

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

Consequently, the following presentation is applied:

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

Income Statement
For all periods presented, all line items of the Income Statement are reclassified into continuing and discontinued operations. Net post-tax results of discontinued operations are presented as "Discontinued operations, net of tax" or "Profit/(Loss) after tax from discontinued operations".

Statement of cash flows

For all periods presented, all line items of the Statement of cash flows are reclassified into continuing and discontinued operations. Contributions from discontinued operations are presented in three separate line items:

- Cash flows provided by operating activities from discontinued operations,
- Cash flows used in investing activities from discontinued operations and,
- Cash flows used in financing activities from discontinued operations.

Additional information detailing assets and liabilities held for sale and discontinued operations are provided in Note 2e.

Spanish entities

In September 2021, Quintet closed its Spanish branch. On the same month, the two related management companies are formally de-registered and liquidated with effect from 17 December 2021.

Quintet Europe merger with effect as at 01/01/2020

On 15 December 2020, the Bank created its European Union business unit ("Quintet Europe") that would house the Bank's EU-based subsidiaries and branches. This legal merger resulted in the legal transformation of Puilaetco Private Bankers S.A. in Belgium, InsingerGilissen Bankiers N.V. (excluding its four subsidiaries) in the Netherlands and Merck Finck Privatbankiers AG in Germany from subsidiaries into branches.

As at 31 December 2021, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg, KTL and Puilaetco Luxembourg), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet as its head office at Luxembourg. The impact of the sale is presented in Notes 9 and 28.

Note 2a – Statement of compliance

These consolidated financial statements were approved by the Board of Directors of Quintet on 17 March 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Given its activity, Quintet is not impacted de facto by IFRS 4 on insurance contracts.

The consolidated financial statements provide comparative information in respect of the previous financial year.

In preparing the consolidated financial statements under IFRS, the Board of Directors is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the annual financial statements (see Note 2d).

Note 2b – Changes in accounting policies since the previous annual publication that may impact Quintet Group

Standards effective for Quintet Private Bank (Europe) S.A from 1 January 2021:

- Interest rate benchmark reform – phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued in August 2020 and effective for annual periods beginning on or after 1 January 2021)
- Covid-19-related Rent concessions beyond 30 June 2021 – Amendments to IFRS 16 (Issued in March 2021 and effective for annual periods beginning on or after 1 April 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 4 Insurance Contracts – Deferral of IFRS 9 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2021)

New standards and interpretations issued for the annual periods beginning on or after 1 January 2021 or later, and whose adoption by the EU remains open or has been postponed:

- IFRS 17 Insurance Contracts (issued on 1 May 2017) including Amendments (issued on 25 June 2020) and effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (issued on 23 January 2020) and effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 1 September 2014 with effective period not yet determined).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (issued on 14 May 2020) and effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Annual Improvements to IFRSs 2018-2020 Cycle (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Issued in February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Definition of Accounting Estimates – Amendments to IAS 8 (Issued in February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (issue in May 2021 and effective for annual periods beginning on or after 1 January 2023).

None of the above standards are expected to have any material impact on the financial statements when adopted.

Note 2c – Significant accounting policies

a. Consolidation criteria

All entities controlled – either exclusively or jointly – by Quintet, or over which Quintet has a significant influence are included in the scope of consolidation.

Quintet controls an entity when Quintet is exposed, or has rights, to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. Quintet has power over an entity when it has existing rights that give it the current ability to direct relevant activities of the entity, i.e. those activities that significantly affect the entity's returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation (i.e. a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for liabilities, relating to the arrangement) or a joint venture (i.e. a joint arrangement whereby the parties sharing joint control have rights to the net assets of the arrangement).
Significant influence is the power to participate in the financial and operating policy decisions of an investee without being exclusive control or joint control.

Entities exclusively controlled by Quintet, either directly or indirectly, are consolidated using the full consolidation method.
For a joint operation, Quintet recognizes its share of assets, liabilities, income and expense according to the terms of the joint arrangement.
Joint ventures and investments in associates (that is, where Quintet has significant influence) are accounted for using the equity method.

An entity is included in the scope of consolidation from the date of acquisition, being the date on which Quintet obtains control or significant influence over that entity and continues to be included until this control or influence ceases.

The scope of consolidation however excludes those investments which are controlled by Quintet or over which Quintet has significant influence, but which are regarded as insignificant, i.e. for which the materiality thresholds are not exceeded. Those thresholds relate to the following criteria: share in the Group equity, share in the Group profit and in the Group total statement of financial position (increased by the off-balance sheet rights and commitments addressed in the computation of solvency ratios).

Finally, an internal Group policy has been set up to address the issue of interests in collective investment funds and more specifically in those funds which have a legal personality (e.g. a SICAV in Luxembourg) and for which power over the relevant activities (i.e. usually the selection and the management of the investments) is in fine in the hands of the shareholders (which have the power to appoint and revoke the Board of Directors which in turn can appoint and revoke the Investment Manager).
In order to address the specificities of the shareholding (usually highly fragmented) of this type of vehicles, the Group Management has defined the following thresholds to be considered when analyzing whether the Group has power over the fund:

- power is assumed to be held if the Group holds (directly and indirectly through its subsidiaries) the majority of the voting rights,
- power is assumed not to be held if the Group holds (directly and indirectly through its subsidiaries) less than 20% of the voting rights.

Should the Group hold a stake between 20% and the majority of the voting rights, other facts and circumstances have to be considered. This approach merely acknowledges that for this type of vehicles exhibiting largely scattered shareholding, 'de facto' control may be established even with a relatively low ownership.

b. Foreign currency translation

Quintet Private Bank (Europe) S.A.'s consolidated financial statements are presented In EUR, which is also its functional currency.

Quintet Private Bank (Europe) S.A. maintains a multi-currency accounting system under which any transaction is registered in its original foreign currency.

In preparing the financial statements, assets and liabilities in foreign currencies are translated into EUR. Monetary items denominated in foreign currencies are converted at the closing rate prevailing at the reporting date; differences arising from such conversion are recorded in the statement of profit and loss. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated at the historical exchange rate prevailing at the date of the transaction. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rate at the date when the fair value is determined, and translation differences are reported together with changes in fair value.

Income and expense items denominated in foreign currencies are recognized in the statement of profit and loss using exchange rates that approximate the rates at the dates of the transactions (e.g. average monthly exchange rates).

Foreign subsidiaries statement of financial positions denominated in foreign currencies are translated into EUR using the closing rate prevailing at the reporting date (with the exception of the capital, reserves and goodwill, which are translated using historical rates).

Foreign subsidiaries statement of profit and losses denominated in foreign currencies are translated at the average exchange rate for the financial year. These principles are applicable to the Quintet subsidiaries in the United Kingdom and Switzerland.

Annual average exchange rates in 2021

	1 EUR = ... CUR	Variation versus average 2020
GBP	0.860450	-2.88%
CHF	1.081207	0.98%

Exchange rate as at 31/12/2021

	1 EUR = ... CUR	Variation versus 31/12/2020
GBP	0.839602	-6.20%
CHF	1.036162	-4.20%

Exchange differences resulting from the procedures applied to translate statement of financial positions and statement of profit and losses of foreign subsidiaries denominated in foreign currencies into EUR are recognized as a separate item in equity.

c. Financial assets and liabilities

c.1. General principles of recognition and derecognition of financial instruments

A financial instrument is recognized in the statement of financial position when and only when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when and only when the contractual rights to receive cash flows from the asset have expired or Quintet Private Bank (Europe) S.A. have been transferred the financial asset and Quintet Private Bank (Europe) S.A. has transferred substantially all the risks and rewards of ownership.

A financial liability is derecognized when and only when the contractual liability is settled, cancelled or expires.

Transactions whose contractual terms require delivery of the asset within a time frame established by regulation or convention in the marketplace concerned ('regular way purchases and sales of financial assets') are recognized at trade date, which is the date that Quintet Private Bank (Europe) S.A. commits to purchase or sell the asset.

Any variation in the fair value of the asset to be received during the period from the transaction date to the payment date is recognized in the same way as for the asset acquired. The change in fair value is recognized in the statement of profit and loss for assets classified as financial assets at fair value through profit or loss and in equity for those classified as fair valued through other comprehensive income.
For assets measured at amortized cost, there is no fair value recognized.

Pursuant to the provisions of IFRS 9 on derecognition, the Group keeps securities lent in its securities portfolio, but securities borrowed are not recorded on the statement of financial position.

Similarly, the securities transferred through repurchase agreements are kept in the securities portfolio but those under reverse repurchase agreements are not recorded on the statement of financial position.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described hereafter. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

c.2. Categories of financial assets and financial liabilities

In accordance with IFRS 9, the Group classified its financial assets in the following categories (Note 15):

- Fair value through profit or loss (FVPL),
- Fair value through other comprehensive income (FVOCI),
- Amortized cost.

The classification requirements for debt and equity instruments are described below:

c.2.1. Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instrument depend on:

- The Group's business model for managing the asset,
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instrument into one of the following three measurement categories.

- Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include held-for-trading assets, any assets that do not meet the criteria for amortized cost or FVOCI and other financial assets initially designated at fair value through profit or loss. The gain or loss are presented in the period in which it arises within the statement of profit and loss.

Held-for-trading assets are those acquired principally for the purpose of selling them in the near term and those which are part of a portfolio with indications of recent short-term profit-taking. A gain or loss on a financial instrument measured at fair value through profit or loss that is not part of hedging relationship is recognized in profit or loss and presented in the consolidated statement of profit and loss in the period in which it arises. All derivative assets are considered as being held-for-trading unless designated as effective hedging instruments. Other assets initially designated at fair value through profit or loss are valued in the same way as held-for-trading assets, even if there is no intention of short-term profit taking. The designation at FVPL for financial assets may be used when application of this option reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

- Financial assets at fair value through other comprehensive income (FVOCI)

The Group applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets,
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in the consolidated statement of profit and loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

- Financial assets at amortized cost

Financial assets are classified at amortized cost if both of the following characteristics are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

These instruments are mainly composed of debt securities and loans and advances. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 39. Interest income from these financial assets is included in interest and similar income using the effective interest rate method. Some financial assets measured at amortized cost are hedged under a fair value hedge strategy and in this case the fair value adjustment is recognized on the carrying amount of the financial asset.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are classified as part of other business models and measured at FVPL.

Factors considered by the Group in determining the business model for a group of assets include experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The Group business model for all loans and advances is held to collect the contractual cash flows. The ALM portfolio is held under either business model to Hold to collect or collect and sell.

The solely payments of principal and interest *(SPPI)* test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI' test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to be solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

c.2.2. Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Bank's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the equity instrument. Dividends from such equity instruments continue to be recognized in profit or loss as other income/expense when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity instruments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 'Financial Instruments: Presentation' and are not held-for-trading. Such classification is determined on an instrument by instrument basis (Note 15).

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Equity instruments at FVOCI are not subject to an impairment assessment.

Gains or losses on these equity instruments are never recycled to profit or loss. Dividends are recognized in the consolidated statement of profit and loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

c.2.3. Financial liabilities

Financial liabilities at fair value through profit or loss encompass held-for-trading liabilities and financial liabilities initially designated at fair value through profit or loss.

Held-for-trading liabilities are liabilities held mainly with the intention of repurchasing them in the near term. All derivative liabilities are considered as being held-for-trading unless designated as effective hedging instruments.

Financial liabilities initially designated at fair value through profit or loss are those liabilities accounted for under the 'fair value option'. This category is currently only used for unit-linked financial liabilities of insurance subsidiaries.

Financial liabilities measured at amortized cost comprise financial instruments (other than liabilities held for trading or those designated at fair value).

These financial liabilities are recognized at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortized cost using the effective interest method.

Other financial liabilities are all other financial instruments not at fair value through profit or loss.

Hedging derivatives are the derivatives designated in hedging relationships for which hedge accounting is applied.

c.3. Evaluation of financial instruments

Financial assets and liabilities are initially recognized at fair value and are then measured in accordance with the principles governing the IFRS 9 category in which they are placed.

Assets measured at amortized cost using the effective interest rate (hereinafter 'EIR') method, that is the rate that precisely discounts the future cash inflows or outflows to obtain the carrying amount. Instruments without a fixed maturity are measured at cost.

The *financial assets at fair value through other comprehensive income* are measured at fair value with changes in fair value recognized in equity ('Revaluation reserve') until the sale or impairment of these instruments. In the latter cases, the cumulative result of the revaluation is transferred from equity to the statement of profit and loss of the period, except for equity instruments under FVOCI option.

For equity instruments with election of fair value option, there is no reclassification of gains and losses upon disposal. Any impairment losses and reversal of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments continue to be recognized in profit of loss as other income when the Group's right to receive payment is established.

The *financial assets and liabilities at fair value through profit or loss* are measured at fair value with changes in fair value recognized in the statement of profit and loss.

c.4. Impairment of financial assets

Overview of Expected Credit Losses (hereinafter "ECL") principles

IFRS9 requires a forward-looking ECL approach. To that purpose, the Group records allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 39.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 39.

Based on the above process, the Group classifies its financial instruments into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

- Stage 1: When financial instruments are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instrument has been reclassified from Stage 2.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved, and the financial instrument has been reclassified from Stage 3.
- Stage 3: Financial instruments considered credit-impaired (as outlined in Note 39). The Group records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate (EIR). ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The calculation methodology of ECL is outlined in Note 39.

When estimating the ECLs, the Group considers three scenarios as disclosed in Note 39. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset

With the exception of some revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 29. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities is explained below.

The calculation methodology is summarized below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (hereinafter 'EAD') and multiplied by the expected loss given default (hereinafter 'LGD') and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The methodology is similar to the one explained above, including the use of multiple scenarios, but probability of defaults (hereinafter 'PDs') and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For financial instruments considered credit-impaired (as defined in Note 39), the Group recognizes the lifetime expected credit losses for these loans. The impairment is decided upon by the Group Credit Committee.
- Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions.
- Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognized within Provisions.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the consolidated statement of profit and loss upon derecognition of the assets.

Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs (refer to Note 39 for further information).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analyzis are provided in Note 39.

c.5. Hedge accounting

The Group has elected to continue to apply the hedge accounting requirements as defined per IAS 39 under the EU carve out. Amongst other the EU carve out enables a group of derivatives (or portions thereof) to be viewed in combination, and jointly designated as the hedging instrument in the Group's macro fair value hedging model and removes some of the limitations in macro fair value hedge accounting model.

The Group applies macro fair value hedging to a part of its fixed rate mortgages. The Group determines hedged items by identifying portfolios of homogenous loans based on their contractual interest rates and maturity. Loans within the identified portfolios are allocated to repricing time buckets based on the contractual repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets.

Hedge effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range.

Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimize the ineffectiveness from early repayments and accommodate new exposures, the Group voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortized on a straight-line basis over the original hedged life. The Group has elected to commence amortization at the date of de-designation.

The Group applies micro-hedge accounting when all the following conditions are met: the hedging relationship must be designated at inception and formally documented, the hedge is expected to be highly effective, and it must be possible to reliably measure the effectiveness of the hedge, forecast transactions (for cash flow hedges) must be highly probable and the hedge is measured on an ongoing basis and is determined actually to have been highly effective throughout the periods covered by the financial statements for which the hedge was designated.

Fair value hedge accounting is used by the Group to cover the exposure of a financial instrument (mainly participating interests in foreign currency, financial assets at fair value through other comprehensive income and certain financial liabilities) to changes in fair value attributable to changes in interest rates or exchange rates. In this case those derivatives designated as hedging instruments (mainly interest rate swaps and cross-currency interest rate swaps) are measured at fair value with changes in fair value recognized in the statement of profit and loss. Furthermore, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged element and is also recognized in the statement of profit and loss. If the hedged item is a financial asset at fair value through other comprehensive income, applying hedge accounting leads to splitting the change in the instrument fair value between the portion addressed by the hedge relationship, recognized in the statement of profit and loss, and the portion that relates to unhedged risks, recognized in the revaluation reserve in equity.

Hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold. In this case, and for debt instruments, the cumulative change to the carrying amount of the hedged instrument (relating to hedged risks) is transferred to the statement of profit and loss prorata temporis until the instrument expires.

Cash flow hedge accounting is used by the Group to recognize hedges of the exposure to variability in cash flows of highly probable forecast transactions. In this case:

- highly probable forecast transactions are anticipated sales of financial instruments recognized within assets (hedges may relate both to debt and equity instruments);
- hedging instruments are forward sales;
- main hedged risk is interest rate risk.

Currently, there are no hedging operations designated as cash flow hedge.

Hedging instruments are measured at fair value with changes in fair value recognized as follows: the portion of the gain or loss that is determined to be an effective hedge is recognized in other comprehensive income; the ineffective portion is recognized in the statement of profit and loss. Hedge accounting is to be discontinued if the hedge accounting criteria are no longer met. In this case, the hedging instruments is to be treated as held-for-trading instruments and measured accordingly. A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%. It is also necessary to assess, retrospectively, whether the hedge was highly effective over the previous one month period. The hedge accounting documentation includes the method and results of the hedge effectiveness assessments.

Foreign currency financing of a net investment in a foreign entity is accounted for as a hedge of that net investment. Translation differences (taking account of deferred taxes) on the financing are recorded in equity, along with translation differences on the net investment.
However, the Group currently does not hold any net investment in a foreign entity to which this approach is applied.

d. Repurchase agreements and reverse repurchase agreements

The Group enters into purchases (sales) of investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are reported in financial assets at amortized cost due from banks. The advances are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the statement of financial position and are measured in accordance with the accounting policy of the category to which they relate. The proceeds from the sale of the investments are reported financial liabilities at amortized cost due to banks. The difference between the sale and repurchase considerations is recognized on an accrual basis over the period of the transaction and is included in the interest caption.

e. Goodwill, badwill and other intangible assets

Goodwill arising in a business combination is defined as any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired and contingent liabilities recorded at the date of acquisition.

Goodwill arising in a business combination is not amortized but is tested for impairment at least on an annual basis.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGUs"), which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets and that are expected to benefit from the synergies of the combination and considering the business level at which goodwill is monitored for internal management purposes. In identifying whether cash inflows from an asset (or a group of assets) are largely independent of the cash inflows from other assets (or groups of assets) various factors are considered, including how management monitors the entity's operations or makes decisions about continuing or disposing of the entity's assets and operations.

An impairment loss is recognized if the carrying amount of the goodwill exceeds its recoverable amount. The recoverable amount may be estimated using various methods such as percentage of assets under management, a Dividend Discount Model or a price/earnings ratio multiple. The recoverable amount may be estimated using various methods such as a Dividend Discount Model, percentage of assets under management or a price/earnings ratio multiple. Impairment losses on goodwill cannot be reversed.
Badwill (negative goodwill) is the excess of Quintet's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate at the date of acquisition over the acquisition cost. Where negative goodwill exists after re-examination and re-estimation of the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate, it is immediately recognized as a profit in the statement of profit and loss.

The purchase of a portfolio of customers generally includes the transfer of the client assets under management to the Group and the recruitment of all or part of the account officers in charge of client relationships.
This type of intangible assets is amortized on a straight-line basis over its estimated useful life, typically 15 years.

When the recognition criteria are met and when the amounts are not immaterial, software is recognized as an intangible asset.
Internal and external expenses incurred during the development phase of internally generated strategic software are recognized in assets and amortized using the straight-line method over the estimated useful life. The average annual rate is 25% but may be lower for some specific internally or externally developed software such as the core banking system.

Research expenses for these projects and all expenses that relate to non-strategic projects are recognized directly in the statement of profit and loss.

f. Property, equipment and right-of-use assets

Property and equipment are initially recognized at cost.

Property and equipment, of which the use is limited in time, are depreciated using the straight-line method over their estimated useful lives.

Overview of average depreciation rates

Type of investment	*Depreciation rate*
Land	Non depreciable
Buildings	2%-3%
Technical installations	5%-10%
Furniture	25%
IT hardware	25%
Vehicles	25%
Works of art	Non depreciable

An impairment loss must be recognized if the carrying value exceeds the recoverable value (which is the greater of the asset's value in use and its fair value less costs of disposal).

When property or equipment is sold, the realized gains or losses are recognized in the statement of profit and loss. If property or equipment is destroyed, the carrying amount to be written off is immediately recognized in the statement of profit and loss.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note "h leased assets (as lessee) below. Right-of-use assets are depreciated on a straight-line basis over the lease term.

g. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is recognized only when it is probable that future economic benefits associated with the investment property will flow to Quintet and if its cost can be measured reliably.

Investment properties are measured at cost less any accumulated depreciation and impairment (if the market value is below the cost value). They are depreciated using the straight-line method over their estimated useful life (average rate: 2% - 3%).

The Group does not hold anymore any investment properties since year 2020.

h. Leased assets (as lessee)

According IFRS16, the Group is required to decide whether a contract is (or contains) a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.
To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options enforceable against the lessor reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments in substance.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases, which are leases with initial term not longer than 12 months, and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term (Notes 4 and 10).

i. Pensions

In addition to the general and legally prescribed retirement plans, the Group maintains a certain number of complementary systems in the form of both defined contribution and defined benefit pension plans. Defined benefit plans are those under which the Group has a legal or constructive obligation to pay further contributions if the pension fund does not hold sufficient assets to pay all employee benefits for the current and past periods. Defined contribution plans are those under which the Group has no further legal or constructive liability beyond the amount it pays into the fund.

In the case of defined benefit pension plans, the pension cost in the statement of profit and loss and liability on the statement of financial position are calculated in accordance with IAS 19 (as revised in 2011), based on the Projected Unit Credit Method, which sees each period of service as giving rise to an additional unit of benefit entitlement. The calculations are made each year by independent actuaries.
The components of the defined benefit cost are recognized according to the following principles:

(i) Service cost and net interest on the net defined benefit liability / asset are recognized in the statement of profit and loss;

(ii) Remeasurements of the net defined benefit liability / asset are recognized in other comprehensive income. Remeasurements include:

- actuarial gains and losses stemming from the remeasurement of the defined benefit obligation,
- the return of plan assets after deducting the portion included in net interest as determined in (i), and
- any change in the effect of the asset ceiling – also excluding any amount included in net interest as determined in (i).

Remeasurements recognized in other comprehensive income are not reclassified to the statement of profit and loss in subsequent periods.

In the case of defined contribution plans, the contributions payable are expensed when the employees render the corresponding service, which generally coincides with the year in which the contributions are actually paid.

j. Tax assets and tax liabilities

These statement of financial position headings include both current and deferred tax assets and liabilities.

Current tax is the amount expected to be paid or recovered, using the tax rate which has been enacted or substantively enacted at the statement of financial position date.

Deferred tax liabilities are recognized for all taxable temporary differences between the carrying amount of an asset or liability and its tax base. They are valued using the tax rates in effect for the periods when the assets are realized or the liabilities settled, on the basis of the tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits and for all deductible temporary differences between the carrying value of the assets and liabilities and their tax base, to the extent that it is probable that future taxable profit will be available against which these losses, tax credits and deductible temporary differences can be utilised.

Where required by IAS 12, tax assets and liabilities are offset.

k. Provisions

A provision is recognized when and only when the following three conditions are met:

- the Group has a present obligation (at the reporting date) as a result of a past event,
- it is more likely than not that an outflow of resources embodying economic benefits will be required to settle this obligation, and
- the amount of the obligation can be estimated reliably.

l. Financial guarantees

Financial guarantees contracts are initially recognized at fair value and subsequently measured at the higher of (i) the amount initially recognized less, when appropriate, cumulative amortization and (ii) the Group's best estimate of the expenditure required to settle the present obligation at the reporting date.

The premium received is recognized in the statement of profit and loss in Net fees and commission income on a straight-line basis over the life of the guarantee.

m. Equity

Equity is the residual interest in the assets of Quintet after all its liabilities have been deducted.

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.

The acquisition cost of Quintet treasury shares that have been or are being purchased is deducted from equity. Gains and losses realized on sale or cancellation of treasury shares are recognized directly in equity.

The revaluation reserve for financial assets at fair value through other comprehensive income is included in equity until any impairment or sale. In such a case, the gains and losses are transferred to the statement of profit and loss of the period.

The 'defined benefit remeasurement reserve' relating to the recognition of certain pension costs is also included in equity. This reserve will however never be subsequently recycled into the consolidated statement of profit and loss.

As regards to cash flow hedges and hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity.

n. Write offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

o. Non-current assets held-for-sale

The Group classifies assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets once classified as held-for-sale are not depreciated or amortized. The net gain or loss arising from remeasurement and impairments on non-current assets held-for-sale is shown in a single line item of the statement of profit and loss as 'Assets HFS – not qualifying as discontinued operations'.

The gains/loss on disposal are presented in Other net income/expenses.

p. Investment in associates

In the consolidated financial statements of the Group, investment in associates are accounted for using the equity method.
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss in "Share of profit of associates".

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

q. The effective interest rate method

Interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

r. Dividend on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank.

s. Revenue

The Group recognizes revenue relating to ordinary activities if and only if the following conditions are met:

- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the amount of revenue can be measured reliably.

The specific conditions below must also be met before recognizing the related revenue:

Net interest income

Interest is recognized prorata temporis using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

All interests paid and received on financial instruments, including held-for-trading derivatives, are recorded under the heading 'Net interest income'.

Dividends

Dividends are recognized when the right of the shareholder to receive the payment is established. They are presented under the heading 'Dividend income' in the statement of profit and loss irrespective of the IFRS category of the related assets.

Rendering of services

Revenue from services (fee and commission income) is recognized by reference to the stage of completion at the statement of financial position date, i.e.:

- Asset based fees (execution only, advisory only and all-in management fees) are recognized over time.
- Transaction based fees (clearing and settlements, other cash & banking services) are recognized in point in time.

According to this method, the revenue is recognized in the periods when the services are provided.

Note 2d – Significant accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates, which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements. The Management has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Estimation of claims and litigations (see Notes 2c and 29).
- Fair value of financial instruments not quoted in an active market (see Note 15).
- Impairment assessment of goodwill (see Notes 2c and 12).
- Measurement of the expected credit loss (ECL) allowance The explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 39.

Going concern

The Group's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Note 2e – Non-current assets held-for-sale (HFS) qualifying as discontinued operations.

On 11 October 2021, Quintet announced that it has reclassified its Swiss business as non-core, please also refer to Note 1.

Following this decision, Quintet Switzerland contribution, which represent a separate geographical area of operations in Switzerland, is presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued operations". Please refer to Notes 1.

The table below provides details of the amounts presented in the income statement with respect to discontinued operations :

(In EUR thousand)	31/12/2021	31/12/2020
Net interest income	1,923	1,266
Net gains/losses on financial instruments measured at fair value through profit or loss	344	263
Net fee and commission income	3,882	2,346
Other net income (expenses)	10,221	8,689
GROSS INCOME	16,371	12,564
Operating expenses	-61,218	-38,127
Impairment	-5,762	-44
Negative goodwill recognized in profit or loss	-	5,489
Profit/LOSS) before tax for the discontinued operations	-50,609	-20,118
Income tax (expense)/income	-2,139	103
Profit/LOSS) after tax for the discontinued operations	**-52,748**	**-20,015**

The table below provides the details of the non-current assets and disposal groups classified as held for sale and liabilities directly associated with the assets held-for-sale in the balance sheet as at 31 December 2021 and that exclusively relate to Quintet Switzerland:

ASSETS (In EUR million)	31/12/2021
Cash, cash balances with central banks and other demand deposits	150
Financial assets	89
Held-for-trading	1
At amortized cost	88
Other assets	2
TOTAL NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	240

LIABILITIES (In EUR million)	31/12/2021
Financial liabilities	68
Held-for-trading	0
At amortized cost	68
Provisions	8
Other liabilities	34
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD-FOR-SALE	111

Note 2f – Business combination

On 20 August 2019, Quintet announced the signing of an agreement to acquire 100% of the shares of the Zurich-based Bank am Bellevue. The transaction, approved by the relevant regulatory authorities on 1 May 2020, generated a badwill of EUR 5 million, recognized on the dedicated header of the consolidated statement of profit and loss, which represents the positive difference between the net asset value and the purchase price.

ASSETS (In EUR million)	Fair value recognized on acquisition
Cash, cash balances with central banks and other demand deposits	224
Financial assets	68
Property and equipment	7
Other assets	2
TOTAL ASSETS	301

LIABILITIES (In EUR million)	Fair value recognized on acquisition
Financial liabilities	259
Other liabilities	11
TOTAL LIABILITIES	271

TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	31
Badwill arising on acquisition	-5
PURCHASE CONSIDERATION TRANSFERRED	25

Analysis of cash flows on acquisition:	
Net cash acquired in context of acquisition	+89
Cash paid	-25
NET CASH FLOW ON ACQUISITION	+64

Contribution of Quintet Private Bank (Switzerland) AG to the 2020 consolidated statement of profit and loss:

(In EUR thousand)	**31/12/2020**
Net interest income	1,266
Net gains/losses on financial instruments measured at fair value through profit or loss	263
Net fee and commission income	2,346
Other net income (expenses)	8,689
GROSS INCOME	12,564
Operating expenses	-38,127
Staff expenses	-29,525
General administrative expenses	-7,375
Other	-1,227
Impairment	-44
Negative goodwill recognized in profit or loss	5,489
PROFIT/(LOSS) BEFORE TAX	**-20,118**
Income tax (expenses)/income	103
PROFIT/(LOSS) AFTER TAX	**-20,015**

On 11 October 2021, Quintet announced that it has reclassified its Swiss business as non-core. Please refer to Notes 1 and 2e.

Note 2g – Reclassifications and restatement made in accordance with IAS8

In 2021, the IFRS Interpretations Committee's (IFRIC) issued an agenda decision concerning the recognition of the costs related to cloud computing arrangement and more especially to Software as a Services (SaaS). For such type of arrangement, a right to access software and use it for their purposes is granted but without right to transfer the software to another platform or to control its method of operation beyond what is contractually agreed.

The decision clarified the nature of expenditure that met the definition of an intangible asset in accordance with IAS38 (requiring, amongst other, to meet the criteria of the control over the resource) and the methods of differentiating between intangible assets and expenses.

Situation where the cost can be accounted for as intangible asset in case of a SaaS arrangement is limited to the case where internal or external resources are engaged to create software (e.g. interfaces with the SaaS platform) to which the entity retains intellectual property rights.

In all the other cases, the set up costs do not meet the IAS38 definition of an intangible asset and have to be charged as the entity benefits from the expenditure. To that purpose the IFRIC identified two general 'buckets' of implementation cost incurred in a cloud computing arrangement: the configuration costs and the customization costs.

When the customization service made by a SaaS vendor is not distinct, i.e. is considered to be integral to the customer's ability to derive its intended benefit from the software, then, amounts paid are recognized as prepaid amounts and charged in the statement of profit and loss over the contractual period of access to the software.

The configuration services performed by third parties, or by the SaaS vendor but that could be done by a third party, are considered to be a distinct service. In this case amounts paid are recognized in the statement of profit and loss directly when the configuration service is performed.

Changes of Quintet's accounting policies induced by the decision reached by the IFRIC have been applied retrospectively in accordance with IAS8. They led to the derecognition of a significant part of the IT intangible assets. Another part has been reclassified to "other assets – prepaid".

The Group assessed its intangible assets in the light of these new guidelines and restated the affected financial statement line items for the prior periods, as follows:

Impact on the consolidated statement of profit and loss

(In EUR thousand)	**31/12/2020**	**31/12/2020 Restated**	**Impact of restatement**
Operating expenses	-504,424	-503,941	482
Staff expenses	-305,054	-305,054	-
General administrative expenses	-149,105	-152,199	-3,094
Other	-50,265	-46,688	3,576
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	2,189	2,671	482
Income tax (expenses) / income	-2,508	-2,718	-210
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**-319**	**-46**	**273**
Discontinued operations, net of tax	-20,015	-20,015	-
PROFIT/(LOSS) AFTER TAX	**-20,334**	**-20,061**	**273**

Impact on the consolidated statement of financial position

ASSETS (In EUR million)	01/01/2020	01/01/2020 Restated	Impact of restatement
Tax assets	21	23	2
Current tax assets	3	3	-
Deferred tax assets	19	21	2
Goodwill and other intangible assets	483	458	-25
Other assets	117	117	-
TOTAL ASSETS	**12,155**	**12,132**	**-23**
TOTAL EQUITY	**1,075**	**1,051**	**-23**
Equity attributable to the owners of the parent	1,075	1,051	-23
Consolidated reserves (including retained earnings)	365	341	-23
TOTAL EQUITY AND LIABILITIES	**12,155**	**12,132**	**-23**

ASSETS (In EUR million)	31/12/2020	31/12/2020 Restated	Impact of restatement
Tax assets	26	27	2
Current tax assets	1	1	-
Deferred tax assets	25	26	2
Goodwill and other intangible assets	486	459	-27
Other assets	131	134	3
TOTAL ASSETS	**13,291**	**13,267**	**-23**
TOTAL EQUITY	**1,219**	**1,196**	**-23**
Equity attributable to the owners of the parent	1,219	1,196	-23
Consolidated reserves (including retained earnings)	321	298	-23
TOTAL EQUITY AND LIABILITIES	**13,291**	**13,267**	**-23**

Note 3a – Segment reporting by business segment

Quintet Group distinguishes between the following primary segments:

The **'PRIVATE BANKING'** segment includes the wealth management activities provided to private clients by Quintet Group, as well as the management of investment funds, mainly distributed to private clients. This segment includes all major entities of Quintet Group (Puilaetco, InsingerGilissen, Brown Shipley, Merck Finck, Quintet Denmark, Spain and Switzerland), the private banking activities, intermediation and portfolio management services of InsingerGilissen, Quintet Luxembourg (incl. Spanish branch) and Kredietrust Luxembourg S.A.

The **'ASSET SERVICING'** segment includes services provided to institutional clients. This segment includes custodian bank and fund domiciliation and administration activities, paying agent activities, central securities depository Clearstream / Euroclear.

The **'OWN ACCOUNT & GROUP ITEMS'** segment includes support activity provided by Quintet Group to the network of subsidiaries, acting in its capacity as parent company, and all other elements not directly linked to the previous two segments, including reallocation of excess equity, net of the cost of financing of the holdings, and extraordinary elements not directly linked to other business segments. 'Own Account' includes activities such as bullions, bond and structured products own account, ALM free capital portfolio revenues, etc. (not directly private client-related).

The various consolidated statement of profit and loss items include inter-segment transfers, calculated on an arm's length or cost recovery basis.

The net result of each subsidiary included in the scope of consolidation is allocated to the various sectors after taking into account consolidation restatements, after removing non-controlling interests and before removing inter-companies operations.

Statement of profit and loss (In EUR million)	PRIVATE BANKING		ASSET SERVICING		OWN ACCOUNT & GROUP ITEMS		TOTAL GROUP	
	2021	2020 Restated (Note 2g)	**2021**	2020 Restated (Note 2g)	**2021**	2020 Restated (Note 2g)	**2021**	2020 Restated (Note 2g)
Net interest income	41.1	59.2	5.7	12.4	13.0	6.9	**59.8**	78.5
Dividend income	-	-	-	-	3.7	0.3	**3.7**	0.3
Net gains/losses on financial instruments measured at fair value through profit or loss	23.7	22.0	3.8	4.5	4.4	6.1	**31.9**	32.6
Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss	0.0	1.7	0.0	1.8	8.3	3.0	**8.3**	6.5
Net fee and commission income	306.7	291.3	24.0	21.7	17.2	1.5	**347.9**	314.5
Other net income	-13.2	18.4	-0.1	0.7	22.5	57.6	**9.1**	76.7
GROSS INCOME	**358.2**	**392.5**	**33.4**	**41.1**	**69.1**	**75.4**	**460.8**	**509.0**
Operating expenses	-353.4	-403.3	-28.1	-33.3	-123.1	-67.4	**-504.6**	-503.9
Impairment	-7.2	-0.9	0.2	-	3.6	-0.3	**-3.5**	-1.2
Negative goodwill recognized in profit or loss	-	-	-	-	-	-	**-**	-
Share of profit of associates	-	-	-	-	0.8	-1.2	**0.8**	-1.2
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**-2.4**	**-11.6**	**5.5**	**7.8**	**-49.6**	**6.5**	**-46.5**	**2.7**
Income tax (expense)/income	-6.8	-2.1	0.0	0.1	-4.1	-0.7	**-10.9**	-2.7
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**-9.2**	**-13.8**	**5.5**	**7.9**	**-53.7**	**5.8**	**-57.4**	**0.0**
Discontinued operations, net of tax	-52.7	-28.0	-	-	0.0	8.0	**-52.7**	-20.0
PROFIT/(LOSS) AFTER TAX	**-62.0**	**-41.7**	**5.5**	**7.9**	**-53.7**	**13.8**	**-110.2**	**-20.1**

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Note 3b – Operating segments by geographic sector

Quintet Group distinguishes between the secondary segments 'DOMESTIC', including the activities recognized in Member State where the Group is located (Luxembourg), and 'NON-DOMESTIC', covering the activities of the other companies included in the scope of consolidation.

(In EUR million)	Domestic		Non-Domestic		Quintet Group	
	2021	2020 Restated (Note 2g)	2021	2020 Restated (Note 2g)	2021	2020 Restated (Note 2g)
Gross income	117	192	344	317	461	509
Total assets	7,567	7,456	6,570	5,811	14,137	13,267
Total liabilities (excluding equity)	5,945	5,796	7,044	6,276	12,989	12,072

Note 4 – Net interest income

(In EUR thousand)	**31/12/2021**	**31/12/2020**
Interest income	**213,442**	**568,978**
Financial assets at fair value through other comprehensive income	39,318	44,992
Financial assets at amortized cost	67,666	70,349
Interest income on liabilities at amortized cost	17,303	13,447
Other	111	345
Sub-total of interest income from financial assets not measured at fair value through profit or loss	*124,398*	*129,132*
Financial assets held-for-trading	78,229	427,354
Net interest on hedging derivatives	10,815	12,490
Non-trading financial assets mandatorily at fair value through profit or loss	-	2
Interest expense	**-153,680**	**-490,493**
Financial liabilities at amortized cost	-12,775	-16,379
Interest expense on assets at amortized cost	-24,645	-10,823
Sub-total of interest expense on financial liabilities not measured at fair value through profit or loss	*-37,420*	*-27,202*
Financial liabilities held-for-trading	-64,593	-412,151
Net interest on hedging derivatives	-50,473	-50,284
Interest expense for leasing arrangements	-1,193	-856
Net interest income	**59,762**	**78,485**

Note 5 – Dividend income

(In EUR thousand)	**31/12/2021**	**31/12/2020**
Equity instruments at fair value through other comprehensive income	-	1
Equity instruments held-for-trading	-	1
Non-trading financial assets mandatorily at fair value through profit or loss	3,716	283
Dividend income	**3,716**	**285**

Note 6 – Net gains/losses on financial instruments measured at fair value through profit or loss

(In EUR thousand)	31/12/2021	31/12/2020
Held-for-trading	29,734	24,340
Non-trading financial instruments mandatorily at fair value through profit or loss	543	1,932
Exchange differences	-48	6,862
Fair value adjustments in hedge accounting	1,689	-520
Micro-hedging	615	-636
Fair value of hedged items	-63,138	27,942
Fair value of hedging items	63,753	-28,578
Macro-hedging	1,074	117
Fair value of hedged items	-21,702	8,905
Fair value of hedging items	22,776	-8,789
Net gains/losses on financial instruments measured at fair value through profit or loss	**31,919**	**32,614**

Note 7 – Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss

(In EUR thousand)	31/12/2021	31/12/2020
At fair value through other comprehensive income	7,974	3,404
Debt securities	7,974	3,404
At amortized cost	380	3,116
Debt securities	380	3,116
Loans and advances	-	-
Financial liabilities	-51	-62
Debt securities	-51	-62
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**8,303**	**6,457**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2021	31/12/2020
Fee and commission income	**393,881**	**360,078**
Asset management	331,954	294,089
Securities transactions	54,264	56,993
Other	7,663	8,997
Fee and commission expense	**-45,932**	**-45,573**
Asset management	-28,742	-31,049
Securities transactions	-11,761	-10,289
Other	-5,429	-4,236
Net fee and commission income	**347,949**	**314,505**

Note 9 – Other net income

(In EUR thousand)	31/12/2021	31/12/2020
Total	**9,123**	**76,678**
of which:		
Sale of Pension business by Brown Shipley	4,178	-
Offsetting of defined benefit pension transfer provision of Brown Shipley due to insurance coverance and decrease of deferred acquisition cost NWB acquisition	2,059	-
Net proceeds from precious metals transactions	1,240	1,963
Net wealth tax	-1,184	-410
Disposal of KBL Immo (Note 1)	975	62,591
Sale of property owned by the Group following a foreclosure in 2019	-	4,592
Decrease of deferred acquisition cost NWB acquisition	-	2,887
Sale of corporate Benefits business by Brown Shipley	-	705

Note 10 – Operating expenses

Operating expenses include staff costs, amortization and depreciation of property and equipment and intangible assets, changes in provisions and general administrative expenses.

General administrative expenses include in particular repair and maintenance expenses, advertising expenses, rent, professional duties, IT costs and various (non-income) taxes.

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2g)
Staff expenses	-311,340	-305,054
General administrative expenses	-149,733	-152,199
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-33,540	-30,917
of which depreciation of right-of-use assets	*-13,866*	*-11,822*
Net provision allowances	-9,983	-15,771
Operating expenses	**-504,596**	**-503,941**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2021	31/12/2020
Total average number of persons employed	1,861	1,881
Breakdown by business segment [(1)]	1,861	1,881
Private Banking	1,552	1,630
Asset Servicing	161	160
Own Account and Group Items	148	91
Geographic breakdown	1,861	1,881
Domestic	678	635
Non-Domestic	1,183	1,246

[(1)] The breakdown of people employed, which does not include the pre-retirement FTE, has been made on the same basis as for drawing up Note 3a on operating segments.

Note 12 – Impairment

(In EUR thousand)	31/12/2021	31/12/2020
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	-275	-2
At fair value through other comprehensive income	139	526
Stage 1	139	526
At amortized cost	-2,912	-1,763
Stage 1	1,537	-1,039
Stage 2	-380	63
Stage 3	-4,069	-787
Goodwill and other intangible assets	-	-
Other	-423	-
Impairment	**-3,472**	**-1,239**

More detailed information on impairment is provided in Note 39. No impairment on goodwill was booked in 2021 and 2020.

	Net carrying value of assets before 2021 impairment test	Current estimated recoverable values at year end	Impairment recognized in the 2021 statement of profit and loss	Net carrying value of assets after 2021 impairment test
Goodwill – Eurozone				
CGU - Private Banking Europe (In EUR million)	361.3	766.2	-	361.3
Goodwill - non Eurozone				
CGU - Private Banking UK (in GBP million)	54.1	259.1	-	54.1

The values of goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter.

Impairment tests performed as at 31 December 2021 and 2020 did not reveal any losses to be recognized in the 2021 and 2020 consolidated accounts.

Goodwill recoverable values are primarily measured using multiples of valuation of comparable companies (the related fair value estimates correspond to 'level 2' fair values under the fair value hierarchy described in IFRS 13) which, in practice, represents an estimation of fair value less costs of disposal.

Cash generating units

Cash-generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

If an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected. This reallocation shall be performed using a relative value approach similar to that used when an entity disposes of an operation within a cash-generating unit, unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganized units (IAS36.87).

Multiples of valuation of comparable companies methodology

Estimations are made using multiples of valuation of comparable companies.

This methodology has been assessed as giving the best estimation of the fair value less cost to sell compared to a more complex Discounted Dividend Model which would require the use of a number of non-observable parameters.
Such estimations shall be calculated in accordance with IFRS13 'Fair value measurement' that classifies into three levels the inputs to valuation techniques used to measure fair value:

Level 1: quoted price in active market for identical asset or liabilities
Level 2: inputs other than quoted prices included with level 1 that are observable for the assets and liabilities, either directly or indirectly

Level 3: unobservable inputs

Due to the specificities of the goodwill, Level 1 is not applicable.

Note 13 – Share of profit of associates

(In EUR thousand)	31/12/2021	31/12/2020
European Fund Administration S.A.	772	-1,154
InsingerGilissen Bankiers N.V. ('Germany Residential Fund Management BV' and 'Holland Immo Group')	-	-17
Share of profit of associates	772	-1,172

Note 14 – Income tax (expenses) / income

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2g)
Breakdown by type		
Current tax	-9,047	-6,233
Deferred tax	-1,837	3,516
Income tax (expenses) / income	**-10,884**	**-2,718**
Breakdown by major components:		
Result before tax	-46,524	2,671
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**11,603**	**-666**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	19,021	21,911
Tax free-income	8,753	9,729
Other non-deductible expenses	-1,822	-3,100
Adjustments related to prior years	-261	-336
Adjustments to opening balance due to tax rate change	-878	-680
Unused tax losses and tax credits	-4,536	-3,722
Other [1]	-42,764	-25,855
Income tax adjustments	**-22,487**	**-2,051**
Income tax (expenses) / income	**-10,884**	**-2,718**

[1]Represents the taxable base multiplied by the applicable tax rate after taking into consideration fiscal adjustments.

Details of tax assets and liabilities are given in Note 25.

Note 15 – Classification of financial instruments: breakdown by portfolio and by product

- Financial instruments are classified into several categories ('portfolios'). Details of these various categories and the valuation rules linked to them are given in Note 2c, point c, dealing with financial assets and liabilities.
- The statement of financial position analyzes below have been conducted at the dirty price.

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2021	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**653**	-	**653**
Loans and advances other than with credit institutions	-	-	-	**4,837**	-	**4,837**
Consumer credits	-	-	-	63	-	**63**
Mortgage loans	-	-	-	2,134	-	**2,134**
Term loans	-	-	-	1,676	-	**1,676**
Current accounts	-	-	-	801	-	**801**
Other	-	-	-	164	-	**164**
Equity instruments	**0**	**44**	**16**	**-**	-	**60**
Debt instruments	**37**	**1**	**2,136**	**1,080**	-	**3,254**
Government bodies	-	-	1,356	825	-	**2,181**
Credit institutions	30	-	292	198	-	**520**
Corporates	6	1	488	57	-	**552**
Financial derivatives	**127**	-	-	-	**20**	**148**
Total	**164**	**45**	**2,152**	**6,570**	**20**	**8,952**
Of which reverse repos	-	-	-	569	-	**569**

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2020	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**859**	-	**859**
Loans and advances other than with credit institutions	-	-	-	**4,289**	-	**4,289**
Consumer credits	-	-	-	101	-	**101**
Mortgage loans	-	-	-	1,796	-	**1,796**
Term loans	-	-	-	1,455	-	**1,455**
Current accounts	-	-	-	741	-	**741**
Other	-	-	-	196	-	**196**
Equity instruments	**0**	**43**	**16**	**-**	-	**59**
Debt instruments	**53**	**1**	**2,776**	**1,356**	-	**4,187**
Government bodies	-	-	1,865	1,046	-	**2,911**
Credit institutions	48	-	387	223	-	**658**
Corporates	5	1	524	87	-	**618**
Financial derivatives	**203**	-	-	-	**5**	**208**
Total	**256**	**44**	**2,792**	**6,504**	**5**	**9,601**
Of which reverse repos	-	-	-	734	-	**734**

LIABILITIES CARRYING AMOUNTS (In EUR million) **31/12/2021**	Held-for-trading liabilities	Hedging derivatives	Financial liabilities at amortized cost	**Total**
Deposits from credit institutions	**-**	**-**	**833**	**833**
Deposits from other than credit institutions	**-**	**-**	**10,926**	**10,926**
Current accounts/demand deposits	-	-	9,797	**9,797**
Time deposits	-	-	1,122	**1,122**
Other deposits	-	-	7	**7**
Debt securities issued (not subordinated)	**-**	**-**	**478**	**478**
Non-convertible debt securities	-	-	478	**478**
Lease liabilities	**-**	**-**	**73**	**73**
Financial derivatives	**120**	**82**	**-**	**201**
Total	**120**	**82**	**12,310**	**12,512**
Of which repos	-	-	3	**3**

LIABILITIES CARRYING AMOUNTS (In EUR million) **31/12/2020**	Held-for-trading liabilities	Hedging derivatives	Financial liabilities at amortized cost	**Total**
Deposits from credit institutions	**-**	**-**	**736**	**736**
Deposits from other than credit institutions	**-**	**-**	**9,755**	**9,755**
Current accounts/demand deposits	-	-	8,934	**8,934**
Time deposits	-	-	814	**814**
Other deposits	-	-	8	**8**
Debt securities issued (not subordinated)	**-**	**-**	**733**	**733**
Non-convertible debt securities	-	-	733	**733**
Lease liabilities	**-**	**-**	**86**	**86**
Financial derivatives	**269**	**137**	**-**	**406**
Short sales – debt instruments	**0**	**-**	**-**	**0**
Total	**269**	**137**	**11,310**	**11,716**
Of which repos	-	-	1	**1**

Fair value of financial instruments

The following table summarizes the carrying amounts and fair values of the financial assets and liabilities not measured at fair value. Loans and advances to credit institutions have a short-term maturity (mainly less than 3 months) and loans and advances to other than credit institutions mainly carries a variable interest rate justifying that carrying amounts and fair value of financial assets are considered to be equal.

(In EUR million)	**Carrying amount**		**Fair value**	
	31/12/2021	**31/12/2020**	**31/12/2021**	**31/12/2020**
ASSETS				
Loans and advances to credit institutions	**653**	**859**	**653**	**859**
Loans and advances to other than credit institutions	**4,837**	**4,289**	**4,837**	**4,289**
Consumer credits	63	101	63	101
Mortgage loans	2,134	1,796	2,134	1,796
Term loans	1,676	1,455	1,676	1,455
Current accounts	801	741	801	741
Other	164	196	164	196
Debt instruments	**1,080**	**1,356**	**1,083**	**1,375**
LIABILITIES				
Deposits from credit institutions	**833**	**736**	**833**	**736**
Deposits from other than credit institutions	**10,926**	**9,755**	**10,926**	**9,755**
Current accounts/demand deposits	9,797	8,934	9,797	8,934
Time deposits	1,122	814	1,122	814
Other deposits	7	8	7	8
Debt securities issued (not subordinated)	**478**	**733**	**478**	**733**
Non-convertible debt securities	478	733	478	733

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) price in active and executable market for identical assets or liabilities;
- Level 2: quoted price on market for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

31/12/2021
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**162**	**1**	**164**
Equity instruments	-	-	0	**0**
Debt instruments	-	35	1	**37**
Derivatives	0	127	-	**127**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**45**	**45**
Equity instruments	-	-	44	**44**
Debt instruments	-	-	1	**1**
At fair value through other comprehensive income	**1,128**	**1,008**	**16**	**2,152**
Equity instruments	-	-	16	**16**
Debt instruments	1,128	1,008	-	**2,136**
Hedging derivatives	**-**	**20**	**-**	**20**

LIABILITIES				
Held-for-trading	**0**	**120**	**-**	**120**
Debt instruments	-	-	-	**-**
Derivatives	0	120	-	**120**
Hedging derivatives	**-**	**82**	**-**	**82**

31/12/2020
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**255**	**1**	**256**
Equity instruments	-	0	0	0
Debt instruments	0	53	0	53
Derivatives	0	202	-	203
Non-trading mandatorily at fair value through profit or loss	**-**	**0**	**44**	**44**
Equity instruments	-	0	43	43
Debt instruments	-	-	1	1
At fair value through other comprehensive income	**1,567**	**1,210**	**16**	**2,792**
Equity instruments	-	-	16	16
Debt instruments	1,567	1,210	-	2,776
Hedging derivatives	**-**	**5**	**-**	**5**

LIABILITIES				
Held-for-trading	**1**	**268**	**-**	**269**
Debt instruments	-	0	-	0
Derivatives	1	268	-	269
Hedging derivatives	**-**	**137**	**-**	**137**

Transfers between the level 1 and level 2 categories

31/12/2021 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**0**	**-**
Equity instruments	-	-
Debt instruments	0	-
At fair value through other comprehensive income	**151**	**140**
Equity instruments	-	-
Debt instruments	151	140
LIABILITIES		
Held-for-trading	-	-
Equity instruments	-	-
Debt instruments	-	-

31/12/2020 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-
At fair value through other comprehensive income	**149**	**91**
Equity instruments	-	-
Debt instruments	149	91
LIABILITIES		
Held-for-trading	-	-
Equity instruments	-	-
Debt instruments	-	-

All transfers between categories (i.e. those between level 1 and level 2 detailed in the above tables and those into or out of level 3 detailed in the tables dedicated to the Level 3 fair value measurements here below) are the result of the internal Fair Value Hierarchy process run by the Group.

All transfers disclosed are deemed to have occurred at the end of the reporting period. Transfers are thus measured at the closing fair values of the related items.

Level 3 items measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2021	**1**	**44**	**16**	**61**
Changes in fair value for the year	0	1	0	**1**
recognized in the statement of profit and loss	*0*	*1*	-	***0***
recognzed in the other comprehensive income	-	-	*0*	***0***
Purchases/Capital increases	1	-	-	**1**
Sales/Capital decreases	0	-	0	**0**
Transfers into / out of level 3	0	-	-	**0**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2021	**1**	**45**	**16**	**62**
Total gains/losses recognized in the statement of profit and loss, that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the reporting period	0	1	0	**1**

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2020	**1**	**44**	**18**	**62**
Changes in fair value for the year	0	0	0	**0**
recognized in the statement of profit and loss	*0*	*0*	-	***0***
recognized in the other comprehensive income	-	-	*0*	***0***
Purchases/Capital increases	0	-	-	**0**
Sales/Capital decreases	0	-1	-	**-1**
Transfers into/out of level 3	0	-	-	**0**
Transfer of IFRS category	-	1	-1	**-**
Balance as at 31/12/2020	**1**	**44**	**16**	**61**
Total gains/losses recognized in the statement of profit and loss, that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the reporting period	0	0	0	**0**

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through P&L except equity investments for which the Group has elected to present fair value changes in other comprehensive income) are further commented here below. A sensitivity analyzis on the most significant positions shows that a variation of 1% of the fair valuation would lead to an adjustment of +/- EUR 0.4 million, out of which EUR 0.2 million in the other comprehensive income and EUR 0.2 million in the P&L.

Private Equity

Private Equity holdings include three main positions whose global fair value recognized in the statement of financial position at year-end amounts to EUR 23.0 million.

The first one (EUR 15.5 million) consists in shares in a company whose investment objective is to build a balanced portfolio of properties in order to derive benefits from changes in the demand for and supply of wood products and biomass. The company currently owns forests and a farm in Eastern Europe. Its net asset value (NAV) is measured on a yearly basis and published in audited financial statements. The valuation of the underlying assets of the fund (i.e. the biological and tangible assets) is performed by two independent appraisers appointed by the Board of Directors of the company (in accordance with the Private Placement Memorandum). Methodologies used by the appraisers to fair value the underlying assets range from 'market comparison' approaches (where fair value is derived from most recent valuations / transactions observed on similar assets in the same area, adjusted for the main differences identified between the proxy asset and the target asset to be fair valued) to pure 'income approaches' (DCF method). The DCF computation is based on the latest business plan prepared by the company managers and on assumptions, which include, among others, the discounting rate used, inflation rates, exit yield, sales growth targets, crop productivity levels and costs.

DCF Model is based on several assumptions among which (i) expectations that the biomass market will gradually reach maturity over the coming years and (ii) the liberalization of the gas market to take place in the area where the entity operates, and which should lead to significant increase of gas prices. Agriculture crop yields are also expected to record a gradual increase in productivity levels, following expected improvement of the soil quality through intensive sub-soiling and plowing activities. Energy crop yields have been estimated based on technical studies. Discount rates used by the appraiser to compute the DCF valuation are based on a weighted average cost of capital set at 8.4% for the forests and 8.2% for the farm activities. For the key assumptions of timber price, biomass price, food and energy crops productivity and discounting rates that have significant impact on fair value of forest properties and farm activities, sensitivity analyzes were performed.

Those analyzes led to company NAV per share estimates, which ranged from EUR 37.57 to EUR 45.65.

The business model being not fully mature, the break-even point is not yet reached by the company. Therefore, Quintet Group management decided to adjust the value of this investment to EUR 36.34 per share, which is, consistently with the valuation method applied in 2020, the low value of the DCF valuation performed by the external evaluator adjusted to take into accounts the financial impacts of 2021 events.

The Bank irrevocably elected to apply the fair value in OCI option for this investment.

The second investment (EUR 2.4 million) is a structure with a fixed maturity in 2026. Investment policy is to develop a portfolio of retail parks. Once these assets being fully operational, they are sold to long-term investors and proceeds are returned to shareholders. The majority of the parks currently held by the company are operational and generate revenues. Some are still under development.

This private equity holding is now fully invested and starting its divestment mode: up to now, seven retail parks have already been sold with substantial capital gains. Latest information received from the company indicates that business performance is very strong in terms of value creation. After reviewing those business developments, the Group management decided to adjust the fair valuation of its interest in the company to reflect the latest official external valuation (5.17 EUR per share March 2021, as per the NAV of 31/12/2020) adjusted by the subsequent dividends paid in December 2021. This led to a fair value estimate per share of EUR 3.57 at year-end.

Regarding the third investment (EUR 5.1 million), the Bank invested in 2019 into a structure investing in European Leverage Loans with a fixed maturity in 2024. As at year-end, unaudited NAV per share has a valuation of EUR 1,026.49.

Other participating interests

Other participating interests mainly include two holdings for a global fair value of EUR 33.4 million.

The first one (EUR 22.9 million) relates to an interest in a company offering securities settlement services. Until 2017, in absence of external observable inputs, the valuation was derived from the net asset value, based on the latest financial information received from the company or market. Since 2018, there has been an increased level of information available following significant transactions made by other shareholders. Moreover, the company sent information about its valuation to its shareholders. IFRS13 'Fair value measurement' states that the use of relevant observable inputs should be maximized, and the use of unobservable inputs minimized. Consequently, a new valuation method has been developed based on transactions that occurred since 2018. A market multiple is now applied to the latest amount of the net asset value available. This multiple has been updated during October 2021, in order to reflect transactions that occurred in 2021 and communicated by the company itself. This led to a fair valuation of EUR 1,593.90 by share at year-end.

The other position is a participating interest in a stock exchange Group (EUR 10.5 million). For this holding, the Bank retained the valuation performed by an independent valuer appointed by the company.

Valuation estimates were computed using three different approaches: a discounted cash flow approach (DCF), a market multiple, and, for a part of its activity, transaction multiples. Average fair value stemming from the different models was then estimated to be EUR 2,793 per share; this figure has been used to fair value the position in the Bank's financial statements as of 31 December 2021.

Note 16 – Financial Assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2021			
Equity instruments	**16**	**-**	16
Debt securities	**2,136**	**1,080**	3,216
Stage 1	2,136	1,080	3,216
Gross amount	2,137	1,080	3,217
Expected Credit Losses	-1	0	-1
Loans and advances	-	**5,491**	5,491
Stage 1	-	5,402	5,402
Gross amount	-	5,402	5,402
Expected Credit Losses	-	-1	-1
Stage 2	-	18	18
Gross amount	-	19	19
Expected Credit Losses	-	0	0
Stage 3	-	70	70
Gross amount	-	92	92
Expected Credit Losses	-	-22	-22
Total	**2,152**	**6,570**	**8,723**

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2020			
Equity instruments	**16**	**-**	16
Debt securities	**2,776**	**1,356**	4,132
Stage 1	2,776	1,356	4,132
Gross amount	2,777	1,357	4,134
Expected Credit Losses	-1	0	-2
Loans and advances	-	**5,147**	5,147
Stage 1	-	5,034	5,034
Gross amount	-	5,036	5,036
Expected Credit Losses	-	-2	-2
Stage 2	-	11	11
Gross amount	-	11	11
Expected Credit Losses	-	0	0
Stage 3	-	103	103
Gross amount	-	121	121
Expected Credit Losses	-	-18	-18
Total	**2,792**	**6,504**	**9,296**

Note 17 – Financial assets and liabilities: breakdown by portfolio and residual maturity

ASSETS (In EUR million)	Held-for-trading assets	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	At amortized cost	Hedging derivatives	Total
31/12/2021						
Less than or equal to 1 year	119	-	438	2,592	1	**3,149**
More than 1 but less than or equal to 5 years	36	-	1,263	2,243	6	**3,547**
More than 5 years	10	45	452	1,736	14	**2,255**
Total	**164**	**45**	**2,152**	**6,570**	**20**	**8,952**
31/12/2020						
Less than or equal to 1 year	203	-	575	3,176	0	**3,955**
More than 1 but less than or equal to 5 years	45	-	1,421	2,045	2	**3,514**
More than 5 years	8	44	796	1,282	2	**2,132**
Total	**256**	**44**	**2,792**	**6,504**	**5**	**9,601**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2021				
Less than or equal to 1 year	104	14	11,993	**12,111**
More than 1 but less than or equal to 5 years	8	45	308	**361**
More than 5 years	7	22	10	**39**
Total	**120**	**82**	**12,310**	**12,512**
31/12/2020				
Less than or equal to 1 year	244	3	11,164	**11,411**
More than 1 but less than or equal to 5 years	11	74	70	**155**
More than 5 years	13	60	77	**150**
Total	**269**	**137**	**11,310**	**11,716**

The maturity analyzis of lease liabilities undiscounted future cash flow is:

LEASE LIABILITIES (In EUR million)	31/12/2021	31/12/2020
Less than or equal to 1 year	16	16
More than 1 but less than or equal to 5 years	52	59
More than 5 years	7	14
Total	**75**	**89**

Note 18 – Offsetting of financial assets and liabilities

A financial asset and a financial liability shall be offset, and the net amount presented in the consolidated statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group currently has no legally enforceable right which satisfies the above conditions. It follows that all amounts presented on the face of the statement of financial position are gross amounts.

The Group however frequently enters into Master Netting Agreements ('MNA') with its counterparties to manage the credit risks associated primarily with (i) repurchase and reverse repurchase transactions, (ii) securities borrowing / lending and (iii) over-the-counter derivatives.
These arrangements may also be supplemented by collateral agreements.

Offsetting rights provided for by such MNA are generally conditional upon the occurrence of some specific future events (typically the events of default, insolvency or bankruptcy of the counterparty). They are thus not current, which prevents the Group from setting the related assets and liabilities off on the statement of financial position.
Similarly, the rights of set off relating to the cash and other financial instrument collateral are also conditional upon the default of the counterparty.

The financial impact of the MNA potential offsetting opportunities are disclosed in the following tables. Only Global Master Repurchase Agreements (GMRA) for repurchase agreements and International Swaps and Derivatives Association Master Agreement (ISDA) for over-the-counter derivatives have been considered.

The effect of Master Netting Agreements relating to securities lending and borrowing has not been reported because, as underlined in the Group's significant accounting policies (cf. Note 2c), those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 19 and 20 give additional information on those activities and on the related financial collateral received / pledged.

31/12/2021
(In EUR million)

		Impact of Master Netting Agreements		
	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash, cash balances with central banks and other demand deposits	**4,251**	**-**	**-**	**4,251**
Financial assets				
Hedging and trading derivatives	148	-106	-32	9
Held-for-trading assets (excluding derivatives)	37	-	-	37
Non-trading mandatorily at fair value through profit or loss	45	-	-	45
At fair value through other comprehensive income	2,152	-	-	2,152
At amortized cost	6,570	-	-568	6,002
Total	**13,203**	**-106**	**-601**	**12,496**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	201	-106	-85	10
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	12,310	-	-	12,310
Total	**12,512**	**-106**	**-85**	**12,320**

31/12/2020 (In EUR million)	Impact of Master Netting Agreements			
	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash, cash balances with central banks and other demand deposits	**2,933**	**-**	**-**	**2,933**
Financial assets				
Hedging and trading derivatives	208	-96	-16	95
Held-for-trading assets (excluding derivatives)	53	-	-	53
Non-trading mandatorily at fair value through profit or loss	44	-	-	44
At fair value through other comprehensive income	2,792	-	-	2,792
At amortized cost	6,504	-	-733	5,771
Total	**12,534**	**-96**	**-749**	**11,689**

LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	406	-96	-97	212
Held-for-trading liabilities (excluding derivatives)	0	-	-	0
Liabilities measured at amortized cost	11,310	-	-	11,310
Total	**11,716**	**-96**	**-97**	**11,523**

Note 19 – Securities lending and securities given in guarantee

The Group regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS9. The related securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.

This mainly concerns the following operations:

- repurchase agreements ('repo'), nil at the two ends of the financial year under review,
- securities given as collateral (in particular with ECB's targeted longer-term refinancing operations or to guarantee credit lines received).

These transactions can be broken down as follows:

(In EUR million)	Other (*) Debt instruments
31/12/2021	
At amortized cost	231
At fair value through other comprehensive income	81
Total	**312**
31/12/2020	
At amortized cost	119
At fair value through other comprehensive income	-
Total	**119**

(*)The item 'Other' relates to securities borrowed or received as collateral for other operations.

Note 20 – Securities received in guarantee

The Group mainly receives securities as collateral in relation to its reverse repurchase agreement operations and securities lending operations.

These securities are generally transferred under full ownership and the Group is able to re-use them in other operations.

The fair value of these guarantees can be broken down as follows:

(In EUR million)	31/12/2021	31/12/2020
Reverse repurchase agreements	559	842
Collateral received for securities lending	-	-
Total	**559**	**842**
Of which, transferred to:		
Collateralized deposits other than repurchase agreements	-	-

Note 21 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
(In EUR million)	Stage 1	Stage 2	Stage 3	**TOTAL**
2021				
Balance as at 01/01/2021	1	-	-	1
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2021	**1**	**-**	**-**	**1**
2020				
Balance as at 01/01/2020	2	-	-	2
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2020	**1**	**-**	**-**	**1**

Note 22 – Impairment of financial assets at amortized cost

Changes in the ECL amount (In EUR million)	Stage 1	Financial assets at amortized cost Stage 2	Stage 3	**TOTAL**
2021				
Balance as at 01/01/2021	**3**	**0**	**18**	**20**
New assets originated or purchased	3	-	-	3
Assets derecognized or repaid	-5	0	0	-5
Change in credit risk	0	1	4	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2021	**1**	**0**	**22**	**23**
2020				
Balance as at 01/01/2020	**1**	**0**	**18**	**20**
New assets originated or purchased	4	-	-	4
Assets derecognized or repaid	-3	0	0	-3
Change in credit risk	0	0	1	1
Amounts written off	-	-	-1	-1
Other	0	0	0	0
Balance as at 31/12/2020	**3**	**0**	**18**	**20**

(In EUR million)	31/12/2021	31/12/2020
Breakdown by counterparty	23	20
Debt securities with credit institutions	0	0
Debt securities with other than credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances with other than credit institutions	23	20
Geographic breakdown	23	20
Domestic	22	19
Non-Domestic	2	2

Note 23 – Derivatives

Hedge Accounting note - LIBOR Transition: please refer to Note 39 – Risk Management here below.
The notional value of the foreign exchange contracts represents the nominal to be delivered.

(In EUR million)	Held-for-trading					
	2021			2020		
	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total	**127**	**120**	**35,635**	**203**	**269**	**37,029**
Interest rate	**23**	**21**	**24,316**	**58**	**78**	**27,656**
OTC options	0	0	5	0	0	5
OTC other	23	21	24,310	58	78	27,650
Equity	**1**	**1**	**23**	**2**	**2**	**34**
OTC options	1	1	8	1	2	25
Organized market options	0	0	14	0	1	9
Foreign exchange and gold	**103**	**97**	**11,297**	**143**	**188**	**9,339**
OTC options	0	0	83	1	1	85
OTC other	102	97	11,213	142	187	9,254

(In EUR million)	Hedging					
	2021			2020		
	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total fair value hedges	**20**	**82**	**2,953**	**5**	**137**	**3,002**
Interest rate	**6**	**48**	**1,655**	**0**	**91**	**1,853**
OTC options	0	-	1	0	-	1
OTC other	6	48	1,654	0	91	1,852
Equity	**0**	**2**	**38**	**0**	**0**	**15**
OTC other	0	2	38	0	0	15
Foreign exchange and gold	**3**	**24**	**440**	**4**	**27**	**459**
OTC other	3	24	440	4	27	459
Portfolio Fair value hedges of Interest rate risk	**11**	**7**	**819**	**0**	**19**	**675**

Note 24 – Other assets

The heading 'Other assets' covers various short-term receivables such as coupons that clients bring to Quintet Group to be cashed, the value of which has already been paid, fees and commissions and precious metals assets.

Note 25 – Tax assets and liabilities

(In EUR million)	31/12/2021	31/12/2020 Restated (Note 2g)	01/01/2020 Restated (Note 2g)
ASSETS			
Current tax assets	**4**	**1**	**3**
Deferred tax assets	**23**	**26**	**21**
Employee benefits	1	4	1
Losses carried forward	18	18	19
Tangible and intangible assets	-1	1	2
Provisions	1	1	1
Impairment for losses on loans and advances	0	0	0
Financial instruments at fair value	1	1	1
Financial instruments at fair value through other comprehensive income	-4	-5	-4
Other	7	6	1
Tax assets	**26**	**27**	**23**
Tax losses and tax credits not capitalized [1]	*192*	*138*	*138*
LIABILITIES			
Current tax liabilities	**3**	**1**	**1**
Deferred tax liabilities	**-**	**0**	**0**
Tangible and intangible assets	-	0	0
Impairment for losses on loans and advances	-	0	-
Other	-	0	0
Tax liabilities	**3**	**1**	**1**

[1] Tax losses and tax credits not capitalized mainly concern tax losses of Group companies, which are not recognized because of uncertainty about future taxable profits.

Changes in deferred tax assets and liabilities are not equal to the deferred tax charge/income recognized in the statement of profit and loss during the year. This is mainly due to the deferred tax linked to the recognition in the revaluation reserve of fair value changes of the instruments FVOCI.

Note 26 – Investments in associates

Associates are companies over which the Quintet Group has a significant influence, either directly or indirectly, without having full or joint control.

(In EUR million)	31/12/2021	31/12/2020
Total	**5**	**5**
Overview of investments in associates (including goodwill)		
European Fund Administration S.A.	5	5
Holland Immo Group (IdB Beheer, XI Retail Residential)	0	0
Germany Residential Fund Management BV (I,II,III,IV,V)	0	0

Changes	31/12/2021	31/12/2020
Opening balance	**5**	**6**
Share of profit for the year	1	-1
Dividends paid	-	-
Changes in scope	0	-
Other	0	0
Ending balance	**5**	**5**

Summary financial information (In EUR thousand)	Total assets	Total liabilities excluding equity	Net result
31/12/2021 (provisional figures)			
European Fund Administration S.A.	24,852	8,113	2,187
Holland Immo Group (IdB Beheer, XI Retail Residential) [(1)]	114	84	-8
Germany Residential Fund Management BV (I,II,III,IV,V) [(2)]	6,321	5,685	-30

[(1)]Figures as at 31/12/2020
[(2)]Figures at 31/12/2018

Note 27 – Goodwill and other intangible assets

Changes (In EUR million)	Goodwill arising in a business combination	Purchased Portfolio of customers	Software developed in-house	Software purchased	Other	Total
2021						
Balance as at 01/01/2021	**375**	**57**	**10**	**16**	**0**	**459**
Acquisitions	-	-	1	5	-	**7**
Disposals	-	-	-	-	-	**-**
Amortisation	-	-7	-3	-5	0	**-14**
Transfer to Assets Held-for-Sale	-	-	-	-2	-	**-2**
Other	-	-	0	0	0	**0**
Balance as at 31/12/2021	**375**	**51**	**8**	**15**	**0**	**449**
Of which cumulative amortisation and impairment	-25	-54	-8	-42	-3	**-132**
2020						
Balance as at 01/01/2020	**375**	**64**	**23**	**21**	**0**	**483**
Restatement (Note 2g)	-	-	-16	-9	-	-25
Balance as at 01/01/2020 (restated)	**375**	**64**	**7**	**13**	**0**	**458**
Acquisitions	-	-	5	8	-	**13**
Disposals	-	-	-	-	-	**-**
Amortisation	-	-6	-2	-4	0	**-12**
Other	-	-	0	0	-	**0**
Balance as at 31/12/2020	**375**	**57**	**10**	**16**	**0**	**459**
Of which cumulative amortisation and impairment	-25	-48	-5	-38	-3	**-118**

Note 28 – Property, equipment, right-of-use assets and investment properties

(In EUR million)	31/12/2021	31/12/2020
Property and equipment	**82**	**96**
of which right-of-use leased assets	57	68
Investment properties	-	-

Changes (In EUR million)	Land and buildings		IT equipment		Other equipment		Total property and equipment		Investment properties
	Owned	Leased	Owned	Leased	Owned	Leased	**Owned**	**Leased**	
2021									
Balance as at 01/01/2021	**5**	**65**	**7**	**1**	**16**	**2**	**28**	**68**	**-**
Acquisitions	1	9	3	-	2	2	**5**	**11**	**-**
Disposals	-	-1	-	-	0	0	**0**	**-1**	**-**
Depreciation	0	-13	-3	-1	-2	-1	**-5**	**-14**	**-**
Impairment	-	-	-	-	0	-	**0**	**-**	**-**
Translation differences	-	1	0	-	0	-	**0**	**1**	**-**
Changes in scope	-	-	-	-	-	-	**-**	**-**	**-**
Transfer to Assets Held-for-Sale	-2	-5	0	-	0	-	**-2**	**-5**	**-**
Other	-	-1	0	-	0	-1	**0**	**-2**	**-**
Balance as at 31/12/2021	**3**	**55**	**7**	**0**	**16**	**2**	**25**	**57**	**-**
Of which cumulative depreciation and impairment	0	-31	-38	-2	-30	-1	**-69**	**-34**	**-**
2020									
Balance as at 01/01/2020	**47**	**41**	**6**	**1**	**16**	**3**	**69**	**45**	**10**
Acquisitions	2	36	5	-	4	1	**12**	**36**	-
Disposals	-43	0	0	-	-1	0	**-44**	**-1**	**-10**
Depreciation	-1	-11	-4	-1	-2	-1	**-7**	**-12**	**0**
Impairment	-	-	-	-	-	-	**-**	**-**	**-**
Translation differences	0	-1	0	-	0	-	**0**	**-1**	-
Changes in scope	-	-	0	-	0	-	**0**	-	-
Other	-	0	0	-	-2	-	**-2**	**0**	-
Balance as at 31/12/2020	**5**	**65**	**7**	**1**	**16**	**2**	**28**	**68**	-
Of which cumulative depreciation and impairment	0	-18	-36	-1	-30	-2	-66	-21	-

Note 29 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	**Total**
2021						
Balance as at 01/01/2021	**58**	**8**	**1**	**24**	**2**	**94**
Changes affecting the statement of profit and loss	3	-1	0	8	2	**12**
Allowances	3	2	-	10	3	**17**
Reversals	0	-3	-	-2	-1	**-6**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Transfer to Assets Held-for-Sale	-11	-	-	-	-	**-11**
Other changes	-25	0	0	3	0	**-22**
Balance as at 31/12/2021	**24**	**7**	**1**	**35**	**4**	**72**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	1	-	-	**1**
2020						
Balance as at 01/01/2020	**40**	**4**	**1**	**10**	**2**	**58**
Changes affecting the statement of profit and loss	4	4	0	15	1	**24**
Allowances	4	4	-	17	1	**26**
Reversals	0	-	-	-1	0	**-2**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	14	-1	0	-1	-1	**12**
Balance as at 31/12/2020	**58**	**8**	**1**	**24**	**2**	**94**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	1	-	-	**1**

- Specific impairment for credit commitments: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Group acts as sub-participant.
- Provisions for pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.

For most of the provisions recorded, no reasonable estimate can be made of when they will be used.

The main litigation relates to a case in which the Group is in dispute with a client having previously used the Group as a custodian. The Group was unsuccessful in a Supreme Court appeal. In principle, the client's compensable losses will need to be determined at a damages hearing or a settlement agreement reached. The Group has a number of other clients who have issued similar complaints.

Note 30 – Other liabilities

The heading 'Other liabilities' in particular covers mainly accrued expenses and various items payable in the short-term such as coupons and redeemable securities as paying agent.

Note 31 – Retirement benefit obligations

Quintet Group sponsors a number of defined benefit plans for its employees. Most of them are closed to new participants. It also operates defined contribution plans in some countries.

Luxembourg

The Group operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries are only pre-retired or ex-employees. Investment earnings applied to employee contributions are subject to a minimum guaranteed return. The plans are funded via insurance arrangement with a third party to which the company pays regular premiums.

Belgium

Belgium law provides that for all type of defined contribution plans a minimum return on contributions paid by both the employer and the employees has to be borne by the employer. Consequently, for all existing plan there is a legal obligation for the group to pay additional contributions if the fund does not hold sufficient assets to meet the legal minimum requirement with respect to contributions already paid in the past. For that reason, these plans are measured according to the IAS19R actuarial method applicable for defined benefits plans.

Germany

Quintet Group sponsors defined benefit plans in Germany which provide retirement, death and disability benefits. Some of these plans are closed to new entrants. Those plans with active membership mostly provide fixed amount pension promises.

Switzerland

The group operates both defined benefits and defined contribution plan.
Due to the national regulation part of the vested right are mandatorily subject to minimum guaranteed return rate and a minimum conversion rate. Therefore, they have to be accounted as a defined benefit obligation under IAS19.

Other

The Group also has various retirement plans in Netherlands and UK. Most of these plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts or insurance vehicles. The benefits provided, the approach to funding and the legal basis of the plans reflect their local environments.

DEFINED BENEFIT PLANS (In EUR million)	31/12/2021	31/12/2020
Defined benefit plan obligations		
Value of obligations as at 01/01	**205**	**179**
Current service cost	5	4
Interest cost	1	2
Past service cost and losses arising from settlements	-12	0
Actuarial (gains)/losses	-11	24
stemming from changes in demographic assumptions	0	0
stemming from changes in financial assumptions	-11	14
experience adjustments	-1	11
Benefits paid	-14	-11
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	17	25
Currency adjustment	3	-1
Business combinations and disposals	0	-16
Other	0	0
Value of obligations as at 31/12	**194**	**205**
Fair value of plan assets		
Fair value of assets as at 01/01	**147**	**140**
Actual return on plan assets	11	7
Interest income	1	2
Return on plan assets (excluding interest income)	11	5
Employer contributions	7	6
Plan participant contributions	17	25
Benefits paid	-14	-11
Out of which: amounts paid in respect of settlements	-	-
Currency adjustment	2	-1
Business combinations and disposals	0	-19
Other	0	0
Fair value of assets as at 31/12	**172**	**147**

Plan assets do not include any investment in transferable securities issued by the Group (2020: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2020: EUR 1.1 million).

Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-1**	**-2**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	-2	1
Other	-	0
Effect of the asset ceiling as at 31/12	**-3**	**-1**
Funded status		
Plan assets in excess of defined benefit obligations	-22	-57
Unrecognized assets	-3	-1
Unfunded accrued / prepaid pension cost	**-24**	**-58**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2021	31/12/2020
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-58**	**-40**
Net periodic pension cost recognized in the statement of profit and loss	6	-4
Remeasurements recognized in OCI (excl. change in tax provision)	20	-17
Employer contributions	7	6
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Currency adjustment	0	0
Business combinations and disposals	-	-3
Unfunded accrued / prepaid pension cost as at 31/12	**-24**	**-58**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-64**	**-46**
Remeasurement recognized in OCI	19	-17
Transfers	-	-
Recognized reserve as at 31/12	**-44**	**-64**
Amounts recognized in comprehensive income		
Amounts recognized in the statement of profit and loss		
Current service cost	-5	-4
Net interest on the defined benefit liability/asset	0	0
Past service cost	12	0
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**6**	**-4**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	11	-24
Actual return on plan assets (excluding amounts included in interest income)	11	5
Change in the effect of the asset ceiling	-2	1
Change in the tax provision	0	0
Currency adjustment	-1	0
Total other comprehensive income	**19**	**-17**
Actual return on plan assets	**+7.61%**	**+4.78%**
Breakdown of plan assets	**100%**	**100%**
Fixed income		
Quoted market price in an active market	17%	29%
Unquoted	-	-
Equities		
Quoted market price in an active market	26%	15%
Unquoted	-	-
Alternatives		
Quoted market price in an active market	5%	5%
Unquoted	-	-
Cash	3%	2%
Real estate	5%	8%
Other	44%	41%

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2021	31/12/2020
Significant actuarial assumptions used:		
Defined benefit obligation		
The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	0.25% to 1.90%	0.15% to 1.30%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	+20	+32
Scenario DR +1%	-16	-26
Expected rate of salary increase (including inflation)	1.50% to 3.00%	1.50% to 3.00%
Scenario SR -1%	0	0
Scenario SR +1%	0	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	11	15
Expected contributions for next year	2	3

Defined contribution plans (In EUR million)	31/12/2021	31/12/2020
Amount recorded in the statement of profit and loss	-17	-15

Other long-term benefits

Some senior staff members participated to a new Long-Term Incentive Plan (LTIP) implemented in 2021 for selected senior management members.

Liability recognized as end of 2021 amounts to EUR 2 million (2020: EUR 1 million).

Note 32 – Equity attributable to the owners of the parent

As of 31 December 2021, the subscribed and paid-up capital is EUR 254.2 million (31 December 2020: EUR 242.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2020: 26,045,433) and by 4,336 non-voting preference shares without par value (31 December 2020: 4,336). The share premium as at 31 December 2021 is EUR 626.3 million (31 December 2020: EUR 578.3 million).

On 9 July 2021 and 14 November 2021, the Board of Directors approved two increases of the subscribed capital and share premium for a total of EUR 60 million (each time EUR 30 million) by subscription of 1,294,283 new ordinary shares by Precision Capital LLC.

On 21 October 2020, Quintet has successfully placed EUR 125 million 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, will complement 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 will be paid semi-annually, are perpetual instruments with a first call date in 2026.

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for years 2019, 2020 and 2021.

Article 35 of the Bank's articles of incorporation specifies that the net liquidation profit, after the charges payment, will be used to firstly refund the non-voting preference shareholders. The remaining balance will be allocated on equal basis to ordinary shareholders.

In accordance with the Luxembourg law on limited companies, at least 5% of the profit of the year has to be allocated to the legal reserve. This allocation ceases to be mandatory as soon as the legal reserve amounts to 10% of the capital.

As at 31 December 2021 and before the proposed allocation of the 2021 result (Note 31), the legal reserve is EUR 23.3 million (31 December 2020: EUR 23.3 million) representing 9.2% of the paid-up capital.

The free reserves amount to EUR 312.9 million (31 December 2020: EUR 312.3 million) and the AGDL reserve amounts is nil (31 December 2020: EUR 0.6 million). The retained earnings amount to EUR -67.8 million (31 December 2020: EUR 39.0 million).

In number of shares	31/12/2021	31/12/2020
Total number of shares issued	**27,344,052**	**26,049,769**
Ordinary shares	27,339,716	26,045,433
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	26,049,769
Of which: shares representing equity under IFRS	27,344,052	26,049,769

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2021	**26,045,433**	**4,336**	**26,049,769**
Movement	1,294,283	-	**1,294,283**
Balance as at 31/12/2021	**27,339,716**	**4,336**	**27,344,052**

Note 33 – Result allocation proposal

At its meeting on 17 March 2022, the Board of Directors proposes to allocate the 2021 net loss of EUR -140,117,297 to the retained earnings.

On 20 April 2022, this allocation will be submitted for the approval of the Annual General Meeting.

Note 34 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2021	31/12/2020
Confirmed irrevocable credits, unused	417	333
Financial guarantees	27	27
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	5
Off-balance sheet items	**444**	**365**

Note 35 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amounts to EUR 66.2 billion (of which Quintet Switzerland EUR 0.9 billion) as at 31 December 2021 (2020: EUR 57.7 billion of which Quintet Switzerland EUR 1.5 billion).

Total 'Assets under Custody' (investment funds and institutional) amounts to EUR 22.3 billion as at 31 December 2021 (2020: EUR 17.3 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Group does not offer advice on how the assets should be invested) amounts to EUR 9.2 billion as at 31 December 2021 (2020: EUR 10.0 billion).

Note 36 – Related party transactions

'Related parties' refers to the parent company of Quintet, its subsidiaries and key management personnel. Transactions with related parties are carried out under conditions equivalent to those applicable to transactions subject to conditions of normal competition.

(In EUR million)	31/12/2021	31/12/2020
Financial assets	**0**	**11**
of which with UBO and Pioneer Holding[1]	0	11
At amortized cost	0	11
Financial liabilities	**356**	**385**
of which with UBO and Pioneer Holding[1]	334	379
of which with Precision Capital	23	5
of which with Associates	0	0
At amortized cost	356	385
Hedging derivatives	-	-
Income statement	**-7**	**-8**
of which with UBO and Pioneer Holding[1]	0	0
of which with Precision Capital	0	0
of which with Associates	-7	-8
Net interest income	0	0
Net fee and commission income	-7	-8
Other net income / (charges)	-	0
Operating expenses	0	0

(1) Pioneer Holding amounts include transactions with the ultimate beneficial owner (UBO) as a private client. Pioneer Holding was liquidated on 4 November 2021.

With key management personnel (In EUR million)	**31/12/2021**		**31/12/2020**	
	Amount	Number of persons	Amount	Number of persons
Amount of remuneration to key management personnel of Quintet Group on the basis of their activity, including the amounts paid to former key management personnel	29	34	30	27
Credit commitments given (undrawn amount outstanding)	1	1	0	1
Loans outstanding	5	1	6	2
Expenses for defined contribution plans	2	25	1	16

Note 37 – Solvency

The table below gives the solvency ratios calculated in the framework of the EU Parliament & Council, Capital Requirement Regulation (CRR 2013/575).

(In EUR million)	31/12/2021	31/12/2020
Regulatory capital	688	735
Common equity Tier 1 capital	**565**	612
Capital, share premium, reserves and retained earnings	1,157	1,161
Eligible Result	-110	-20
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-35	-60
Fair value changes of instruments measured at fair value through other comprehensive income	13	14
Intangible assets and goodwill	-433	-456
Deferred tax assets	-23	-22
Asset Value Adjustment	-3	-4
Additional deductions of CET 1	-1	0
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	3,141	3,120
Credit risk	2,197	2,248
Market risk	209	176
Credit value adjustment	26	19
Operational risk	709	677
Solvency ratios		
Common equity Tier 1 ratio	**17.98%**	**19.61%**
Basic solvency ratio (Tier 1 ratio)	**21.92%**	**23.57%**
Solvency ratio (CAD ratio)	**21.92%**	**23.58%**

Note 38 – Maximum credit risk exposure and collateral received to mitigate the risk

(In EUR million)	31/12/2021	31/12/2020
Assets	**13,605**	**12,701**
Balances with central banks and other demand deposits	4,247	2,930
Financial assets	8,952	9,601
Held-for-trading	164	256
Non-trading mandatorily at fair value through profit or loss	45	44
At fair value through other comprehensive income	2,152	2,792
At amortized cost	6,570	6,504
Hedging derivatives	20	5
Tax assets	26	26
Other assets	139	144
Non-current assets held-for-sale	240	-
Off-balance sheet items	**444**	**365**
Confirmed irrevocable credits, unused	417	333
Financial guarantees	27	27
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	5
Maximum credit risk exposure	14,049	13,066

For the instruments measured at fair value, the amounts disclosed above represent the current credit risk exposure and not the maximum credit risk that could apply as a consequence of future changes in the estimates made.

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	31/12/2021	31/12/2020
Mortgage loans collateralized by immovable property	**2,001**	**1,652**
Residential	1,625	1,364
Commercial	376	288
Other collateralized loans	**2,921**	**2,771**
Cash	1,124	976
Rest (including securities received in reverse repo operations)	1,797	1,795
Financial guarantees received	**894**	**997**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	**5,815**	**5,420**

The amount and type of collateral required depend on the type of business considered and the Group's assessment of the debtor's credit risk.
The main types of collateral received are as follows:

- Cash,
- Securities (in particular for reverse repo operations and securities lending),
- Other personal and/or collateral guarantees (mortgages).

These guarantees are monitored on a regular basis to ensure their market value remains adequate as regards the assets they are intended to cover. If a guarantee is noted to be insufficient, margin calls are made in accordance with the agreements signed with the various counterparties concerned.

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital and Pioneer Holding. The exposures on related parties are disclosed in Note 36.

Note 39 – Risk Management

This note aims to disclose the 'nature and risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks', as required by IFRS 7. The information is presented by risk type as proposed by the standards.

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

- lending to private clients (mainly Lombard loans and Mortgage loans). Risk in this activity is largely mitigated by a strong collateral policy, implying limited unsecured exposures;
- positions in ALM portfolios;
- uncommitted lines covering the trading activity of private clients and counterparty exposures with banks (forex, money markets, swaps, reverse repo, securities lending, derivatives, etc.);
- the granting of uncommitted lines to clients of the Asset Servicing (AS) Function in Luxembourg (mainly UCI), to cover temporary overdrafts;
- the acceptance of securities used as collateral in repo transactions.

1.1.2. Credit allocation decision making process / governance

In Luxembourg, as in subsidiaries, all lending/investment decisions and decisions to grant uncommitted lines are the responsibility of the Authorized Management Committee (AMC) or one of the other competent bodies designated under the delegation of authority based on specific criteria. This delegation of powers always requires the involvement of at least two people from different entities, to ensure that there is no risk of conflict of interest.

Each new credit proposal submitted to the Group Credit Committee/Executive Committee is accompanied by an opinion issued by Group Credit Risk Control, based on an analyzis of the financial situation and creditworthiness of the borrower and of the structure of the transaction in question.

Internal processes ensure the identification of related counterparties, in order to monitor concentration risk on debtors/group of debtors. Group structures are moreover permanently updated by Group Credit Risk Control.

1.1.3. Credit policy

The credit policy defines the framework within which credit activities to customers are managed in the Quintet Group. It is reviewed/updated on an annual basis. The last version was validated by the Board Risk Committee[1] (BRC) in December 2021.

[1]The Board Risk Committee or BRC is a sub-Committee of the Board of Directors dedicated to risk issues

1.1.4. Monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the Board Risk Committee. Therefore, specific indicators are reported to the Group Credit Committee (GCC) on a monthly basis and quarterly to the BRC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries. Group Financial Risk & Reporting has its own system for country and concentration limits, approved by the AMC and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Group and to its risk appetite.
At a regulatory level, Quintet Group uses the standardized Basel III methodology to calculate credit risk.

1.1.4.1. Loans

In terms of the day-to-day monitoring of lending transactions, the loan administration systems automatically monitor the loans and guarantees schedule, which allows any overdraft or collateral shortfall to be identified and the appropriate corrective actions to be taken within the customary timelines.

On a quarterly basis, a global consolidated reporting of all lending exposures is performed, detailing the portfolio by loan type, customers type, countries, maturities and performing status. It also presents information on the effective loan-to-values for the collateralized exposures.

The files for which a specific monitoring is requested are included in the Watchlist, which is discussed monthly in the Group Credit Committee.

1.1.4.2. Investment portfolios

Investment proposals in the portfolios of any entity of Quintet Group are submitted by the Group ALM Function. All proposals within the Group have to respect the concentration limits, defined by issuer type (Sovereigns, Corporates and Banks), as well as the concerned country limits. The Group Financial Risk & Reporting department checks the availability under those limits before any investment and may advise against any investment based on its own credit risk assessment, supported by comments provided by the international rating agencies and analyzis of the published financial statements.

Finance Risk & Reporting automatically monitors debtors' ratings, as reported by rating agencies, and informs the entities concerned accordingly. Various types of standard or specific reports are also drawn up in order to monitor any deterioration in the quality of the portfolio.

Any overdraft of issuer concentration limits, due to rating downgrades is communicated monthly to the Group Asset and Liability Management Committee (ALCO), and quarterly to the BRC.

1.1.4.3. Interbank transactions

The set-up and monitoring of interbank limits, which are mainly concentrated in the Luxembourg Dealing Room, is a major activity of Group Credit Risk Control. It covers:

- The maintenance of maximum limits, in line with principles validated by the BRC.
- This system defines interbank limits which are commensurate with the size of the Bank and its risk appetite. It fully integrates the Large Exposures regulation. Loans outstanding are allocated to lines according to a standard 'marked-to-market + add on' approach.
  Their update is triggered by changes in one of the influencing factors (ratings, tier 1 capital, etc.);
- The set-up of operational limits (that can only be smaller than maximum limits) that are necessary to adequately allocate interbank sub-limits across the different products (Money Market, Repo, Securities Lending, etc.) is processed in accordance with the different desks.

The monitoring of exposures and their compliance with operational limits is monitored on a weekly basis by the Group Financial Risk & Reporting department.

1.1.4.4 Collateral monitoring

The management and supervision of collateral received for secured transactions, in addition to contract management, is handled by a dedicated entity of the Function 'Operations'. Specific guidelines, validated by the Executive Committee, set rules on concentration by counterparties and by securities accepted as collateral, as well as risk correlation limits (correlation between the counterparty and the collateral). The respect of these rules is monitored on a weekly basis by the Financial Risk & Reporting.

1.1.4.5. Country limits

The framework for the definition and monitoring of country limits covers all types of country risks (in particular that of contagion) and not only the risk of transferability.

Lines are allocated to the Bank and its subsidiaries for credit activities, bonds investments and trading room activities (for Luxembourg) as and when required. As for counterparty risk, the respect of the set country limits is monitored on a daily basis by Financial Risk & Reporting.

1.1.4.6. Concentration monitoring

As mentioned here above, issuer concentration limits are defined per individual or group of counterparts. These limits are assigned to sovereigns, banks and corporates, using a methodology derived from the country limit framework and consider additional financial criteria. Issuer concentration limits are divided into sub-limits which preserve diversification both in terms of maturity and products.

The issuer concentration limits are updated and monitored by Financial Risk & Reporting. Exception reports are escalated to the ALCO and BRC.

1.1.5 Measurement of Credit Risk

The Bank's independent Credit Risk function operates its internal credit quality monitoring process. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior. Expected Credit Losses are computed using methodologies based on materiality and maturities. ECL calculations incorporate forward looking information and the IFRS 9 stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

1.1.5.1. IFRS 9 stages

The IFRS9 approach is based on the definition of three stages, each associated with the expected risk of default of the instrument and defining a level of impairment provisioning to be booked.

- Stage 1: At the origination of non-impaired instruments, an impairment provision equal to the expect credit loss over the coming 12-month is booked. The instrument is considered as performing.
- Stage 2: After a significant increase of the instrument credit risk, the booked impairment provision is increased from the 12-month expected credit loss to the remaining lifetime expected credit loss of the instrument. The instrument is considered as underperforming.
- Stage 3: The instrument has incurred losses and is now considered as non-performing. The booked impairment provision remains equal to its remaining lifetime expected credit loss.

1.1.5.2. Credit risk grading

The bank follows two approaches for the assessment of credit risk:

- For professional counterparties and debt issuers, the assessment relies on the counterparty external rating and other market information. The worst available rating from S&P and Moody's is considered in that assessment, which yields the following mapping onto the TtC PD scale.

Counterparty type	Group' credit risk grades	Assigned PD (%)
Corporate		
	AAA	0.01
	AA	0.02
	A	0.05
	BBB	0.16
	BB	0.82
	B	3.02
	CCC	8.83
	D	100.00
Financial Institutions		
	AAA	0.01
	AA	0.02
	A	0.06
	BBB	0.26
	BB	0.66
	B	2.84
	CCC	16.45
	D	100.00
Sovereigns		
	AAA	0.01
	AA	0.03
	A	0.07
	BBB	0.18
	BB	0.48
	B	2.40
	CCC	11.27
	D	100.00

- For private banking counterparties, the assessment is based on the continuous monitoring of the loanbook by the Credit Risk function and the concept of Watchlist.

1.1.5.3 Significant Increase in Credit Risk

For the IFRS 9 assessment, two main directions are followed.

- For professional counterparties, the assessment relies on the term structure of the cumulative probability of default constructed from transition matrices updated with forward-looking estimates of market conditions.
- For the private banking counterparties, the assessment is based on the continuous monitoring of the loan book by the Credit Risk function and the concept of Watchlist.

The following indicators are considered:

Qualitative & quantitative indicators	Debt securities		Loans		
	Corporate	Government	Corporate	Government	Household
Relative change in PD	P	P	N	N	N
Changes in external credit rating	S	S	N	N	N
Practical expedient – 30 days past due rebuttable presumption	N	N	B	B	B
Number of days past due – other than 30 days	P	P	B	B	B
Modification or forbearance	N	N	S	S	S
Watchlist	S	S	P	P	P
Practical expedient – low credit risk exemption	P	P	P	P	P

P: is used as a primary indicator
S: is used as a secondary indicator
B: is used but only as a backstop
N: is not used

1.1.6. Definition of default and credit impaired assets

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

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

1.2 Expected Credit loss measurement: explanation of inputs, assumptions and estimation techniques

1.2.1. Measurement of ECL

For the calculation of ECL amounts and rates, three approaches are followed:

- For the most material exposures (investment portfolio and loan portfolio), the ECL is calculated by decomposing the cash flow structure of the exposure and postulating a number of defaults along its lifetime; that is, the PD, EaD, and LGD are assessed for each of the postulated default scenarios along the lifetime of the exposure.
- For exposures with undefined maturities, ECL are estimated by postulating a maturity horizon of 12 months, on the basis of the exposure at the reporting date.
- For revolving exposures, a loss rate approach is followed.

These approaches are extended to off-balance sheet exposures, to cover the whole spectrum of exposures in the application range of IFRS 9.

1.2.2. Forward Looking information incorporated in the ECL models

Both the assessment of credit risk (for non-low risk exposures) and the estimation of the expected credit losses (ECL) rely on the term structure of the cumulative default probability that can be constructed from a migration matrix, computed on the basis of three scenarios representing favourable, baseline and unfavourable market conditions, i.e. forward-looking assumptions.

The relative weights given to these scenarios, by a dedicated committee of experts, is in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed. On that basis, the credit risk will be assessed and the ECL calculated. The weights will be refreshed on a quarterly basis.

Here below are the 12-month probabilities of default, per sector and rating, per scenario.

	Banks & Financials			Corporates			Sovereigns		
	Positive	Baseline	Negative	Positive	Baseline	Negative	Positive	Baseline	Negative
AAA	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%
AA	0.02%	0.02%	0.08%	0.02%	0.03%	0.06%	0.03%	0.03%	0.07%
A	0.06%	0.06%	0.23%	0.05%	0.07%	0.15%	0.07%	0.09%	0.19%
BBB	0.26%	0.26%	0.99%	0.16%	0.20%	0.45%	0.18%	0.23%	0.51%
BB	0.66%	0.68%	2.40%	0.82%	1.01%	2.27%	0.48%	0.60%	1.34%
B	2.84%	3.27%	9.40%	3.02%	3.75%	8.41%	2.40%	2.97%	6.66%
CCC-C	16.45%	20.55%	43.61%	8.83%	10.94%	24.55%	11.27%	13.98%	31.36%

1.2.3. Forward-looking information

On a quarterly basis, the MESCo statutes on the position of the Bank regarding the outlook on credit default and recoveries, in order to embed that information in the estimation of IFRS 9 expected credit losses (ECL). Three main model inputs are decided upon:

- weights for the calculation of the point-in-time probability of default on professional counterparties, to blend the PD levels described in the above table;
- the trajectory of returns on financial assets securing loans and the weights to be assigned to the three considered scenarios;
- the trajectory of returns on property values, per market segment, and the weights to be assigned to the three considered scenarios.

1.2.4. Evolution of key risk metrics over 2021

Scenario parameters for the valuation of properties (see Table 1) have not been materially altered over the course of 2021 as markets fared relatively stable. The only notable change is the redistribution of scenario weights which have been aligned to the ones used for financial asset collateral. This enables the calculation of recovery values per each scenario rather than on the average scenario, thereby better capturing nonlinear effects entering in the model.

Table 1: Scenario weights for the valuation of properties.

Scenario	2020 Q4	2021 Q4
Belgium		
Negative	50%	20%
Baseline	40%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*
France		
Negative	50%	20%
Baseline	40%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-13.5%*	*-13.0%*
Great Britain		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.3%*	*-15.0%*

Scenario	2020 Q4	2021 Q4
Luxembourg		
Negative	15%	20%
Baseline	75%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*
FR/MC Riviera		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-12.2%*	*-12.0%*
Netherlands		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*

Whilst mild fluctuations of scenario weights for the calculation of probabilities of default were reflected in the course of the year, the EoY 2021 weights match the EoY 2020 ones given that the long-term outlook reflected in the 2020 weights has not materially changed. A natural reduction of the ECL balance on the ALM portfolio has nevertheless naturally ensued from the de-risking of the portfolio that took place across 2021; see notably the average 1-yr PD estimates sourced from Moody's CreditEdge tool in Table 2.

Table 2: Scenario weights for the calculation of probabilities of default on debt securities. Rating score scale: (A+, A, A-) = (70, 120, 180).

PD scenario	2020 Q4	2021 Q4
Banks		
Negative	25%	30%
Baseline	30%	30%
Positive	45%	40%
Avg. ptf. 1-yr PD [bps]	*6.7*	*7.3*
Avg. ptf. rating score	*92*	*81*
Corporates		
Negative	40%	45%
Baseline	40%	40%
Positive	20%	15%
Avg. ptf. 1-yr PD [bps]	*5.8*	*5.7*
Avg. ptf. rating score	*89*	*99*
Sovereigns		
Negative	20%	25%
Baseline	40%	40%
Positive	40%	35%
Avg. ptf. 1-yr PD [bps]	*3.1*	*2.8*
Avg. ptf. rating score	*144*	*98*

Table 3: Average ECL rates on stage 1 and stage 2 exposures, split per portfolio and scenario.

		Average ECL rate on portfolio [bps]	
	Scenario	Debt securities	Loans, advances & commitments
2020 Q4	Negative	6.96	6.30
	Baseline	2.91	3.28
	Positive	2.40	3.18
	Weighted	*3.68*	*3.98*
2021 Q4	Negative	6.91	5.13
	Baseline	2.89	2.16
	Positive	2.38	2.04
	Weighted	*3.90*	*2.96*

1.3 Quantitative information

1.3.1. Breakdown of credit risk exposures

The distribution of the credit risk exposures by products is as follows:

Information on performing and non-performing exposures:

31/12/2021 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	1,080	1,080	-	-0	-
Central banks	-	-	-	-	-
General governments	825	825	-	-0	-
Credit institutions	198	198	-	-0	-
Other financial corporations	14	14	-	-0	-
Non-financial corporations	43	43	-	-0	-
Loans and advances	5,513	5,421	92	-23	-22
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	653	653	-	-0	-
Other financial corporations	870	863	7	-1	-0
Non-financial corporations	1,449	1,405	44	-12	-12
Households	2,541	2,500	41	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTIZED COST	10,842	10,750	92	-24	-22
Debt securities	2,137	2,137	-	-1	-
General governments	1,357	1,357	-	-1	-
Credit institutions	292	292	-	-0	-
Other financial corporations	204	204	-	-0	-
Non-financial corporations	284	284	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,137	2,137	-	-1	-
Debt securities	1	1	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	1	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT STRICT LOCOM OR FVTPL OR THROUGH EQUITY NOT SUBJECT TO IMPAIRMENT	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	12,980	12,888	92	-25	-22
Loan commitments given	4,011	4,011	0	0	-
Financial guarantees given	27	26	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	4,038	4,037	2	1	1

31/12/2020 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	1,357	1,357	-	-1	-
Central banks	-	-	-	-	-
General governments	1,046	1,046	-	-0	-
Credit institutions	223	223	-	-0	-
Other financial corporations	34	34	-	-0	-
Non-financial corporations	53	53	-	-0	-
Loans and advances	5,167	5,047	121	-20	-18
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	859	859	-	-0	-
Other financial corporations	961	944	17	-1	-0
Non-financial corporations	1,202	1,158	43	-9	-8
Households	2,145	2,085	61	-10	-9
TOTAL DEBT INSTRUMENTS AT AMORTIZED COST	9,454	9,334	121	-21	-18
Debt securities	2,777	2,777	-	-1	-
General governments	1,866	1,866	-	-1	-
Credit institutions	387	387	-	-0	-
Other financial corporations	209	209	-	-0	-
Non-financial corporations	316	316	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,777	2,777	-	-1	-
Debt securities	1	-	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	1	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT STRICT LOCOM OR FVTPL OR THROUGH EQUITY NOT SUBJECT TO IMPAIRMENT	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	12,233	12,112	121	-22	-18
Loan commitments given	3,596	3,595	1	0	-
Financial guarantees given	27	26	1	1	1
Other Commitments given	5	5	-	-	-
Off Balance Sheet Exposures	3,628	3,627	2	1	1

1.3.2. Specific loan impairment

The valuation of potential losses and the adjustment of specific impairments are carried out quarterly by Group Credit Risk Control. The Group Credit Committee decides on any adjustment for the first three quarters of the year, while it is the responsibility of the AMC for the fourth quarter.

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and Advances

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	41	5	-	-	6	-	-	-	70
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	17	5	-	-	0	-	-	-	7
Non-financial corporations	5	-	-	-	4	-	-	-	32
Households	19	-	-	-	2	-	-	-	31

Loans and advances by product, by collateral and by subordination

On demand [call] and short notice [current account]	27	-	-	-	1	-	-	-	23
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	14	5	-	-	5	-	-	-	47
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	18	5	-	-	5	-	-	-	38
of which: other collateralized loans	4	-	-	-	0	-	-	-	14
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	7	-	-	-	-	-	-	-	10
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2021 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-4	-6	6	1	-	0	-2
Debt securities	-2	-0	1	0	-	-0	-1
General governments	-1	-0	0	-0	-	-0	-1
Credit institutions	-0	-0	0	-0	-	-0	-0
Other financial corporations	-0	-0	0	0	-	-	-0
Non-financial corporations	-0	-0	0	0	-	-	-0
Loans and advances	-2	-3	4	0	-	0	-1
General governments	-0	-0	0	-0	-	-	-0
Credit institutions	-0	-0	0	-0	-	-0	-0
Other financial corporations	-1	-2	3	0	-	0	-0
Non-financial corporations	-0	-0	0	0	-	0	-0
Households	-0	-0	0	0	-	0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-0	-	1	-2	-	-0	-1
Loans and advances	-0	-	0	-1	-	-0	-0
Other financial corporations	-0	-	0	-0	-	-0	-0
Non-financial corporations	-	-	-	-0	-	-	-0
Households	-0	-	0	-0	-	-0	-0
Allowances for credit-impaired debt instruments (Stage 3)	-18	-0	0	-4	0	-0	-22
Loans and advances	-18	-0	0	-4	0	-0	-22
Other financial corporations	-0	-	0	-0	-	-0	-0
Non-financial corporations	-8	-	0	-3	-	-0	-12
Households	-9	-0	0	-1	0	-0	-10
Total allowance for debt instruments	-22	-6	8	-5	0	0	-25
Commitments and financial guarantees given (Stage 1)	0	0	-0	-0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	-0	0	-	0	1

- Debt Securities

31/12/2020 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and Advances

31/12/2020 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	12	3	-	-	0	-	-	-	100
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	1	-	-	-	0	-	-	-	17
Non-financial corporations	9	1	-	-	-	-	-	-	35
Households	2	2	-	-	0	-	-	-	49

Loans and advances by product. by collateral and by subordination

On demand [call] and short notice [current account]	6	1	-	-	0	-	-	-	24
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	6	2	-	-	0	-	-	-	76
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	9	2	-	-	-	-	-	-	70
of which: other collateralized loans	2	1	-	-	-	-	-	-	18
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	-	1	-	-	-	-	-	-	28
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2020 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-3	-4	4	-0	-	-0	-4	-3
Debt securities	-2	-1	1	0	-	-	-2	-2
General governments	-1	-1	1	0	-	0	-1	-1
Credit institutions	-1	-0	0	0	-	0	-0	-1
Other financial corporations	-0	-0	0	-0	-	-	-0	-0
Non-financial corporations	-0	-0	0	-0	-	-	-0	-0
Loans and advances	-1	-3	2	-0	-	-0	-2	-1
General governments	-0	-0	0	-	-	-	-0	-0
Credit institutions	-0	-0	1	0	-	0	-0	-0
Other financial corporations	-1	-2	2	0	-	-0	-2	-1
Non-financial corporations	-0	-0	0	-0	-	0	-0	-0
Households	-0	-0	0	-0	-	-0	-1	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-0	-	0	0	-	0	-0	-0
Debt securities	-0	-	0	-	-	-	-	-0
Loans and advances	-0	-	0	0	-	0	-0	-0
Credit institutions	-0	-	0	0	-	0	-	-0
Other financial corporations	-0	-	0	0	-	0	-0	-0
Non-financial corporations	-0	-	0	-	-	-	-	-0
Households	-18	-	0	-1	1	0	-18	-18
Allowances for credit-impaired debt instruments (Stage 3)	-18	-	0	-1	1	0	-18	-18
Loans and advances	-1	-	0	0	1	0	-0	-1
Other financial corporations	-9	-	0	1	-	0	-8	-9.
Non-financial corporations	-8	-	0	-2	-	-0	-9	-8
Households	-21	-4	4	-1	1	-0	-22	-21
Total allowance for debt instruments	0	0	-0	0	-	-0	0	0
Commitments and financial guarantees given (Stage 1)	1	0	-	-	-	0	1	1
Commitments and financial guarantees given (Stage 3)	1	0.	-0	0	-	-0	1	1
Total provisions on commitments and financial guarantees given	-3	-4	4	-0	-	-0	-4	-3

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2021	2020
L&R from customers	8bps	5bps
Financial assets FVOCI	1.1bps	1.6bps

(*)The loan/loss ratio is defined as the net variation of specific and general impairments on the average loan portfolio over the year.

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value (In EUR million) 31/12/2021 Rating	Total Watchlist	Standard	Total
BBB	1	-	1
TOTAL	**1**	**-**	**1**

Book value (In EUR million) 31/12/2020 Rating	Total Watchlist	Standard	Total
BBB	1	-	1
Total	**1**	**-**	**1**

- Financial assets at fair value through other comprehensive income

Book value (In EUR million) 31/12/2021 Rating	Total Watchlist	Standard	Total
AAA	-	102	102
AA+	-	137	137
AA	-	395	395
AA-	-	542	542
A+	-	278	278
A	-	287	287
A-	-	166	166
BBB+	-	84	84
BBB	-	81	81
BBB-	-	65	65
TOTAL	**-**	**2,136**	**2,136**

Book value (In EUR million) 31/12/2020 Rating	Total Watchlist	Standard	Total
AAA	-	136	136
AA+	-	198	198
AA	-	527	527
AA-	-	671	671
A+	-	382	382
A	-	178	178
A-	-	289	289
BBB+	-	164	164
BBB	-	84	84
BBB-	-	148	148
TOTAL	**-**	**2776**	**2776**

- Financial assets at amortized cost (debt securities)

Book value (In EUR million) 31/12/2021 Rating	NPL / Impaired	Standard	Total
AAA	-	292	292
AA+	-	140	140
AA	-	126	126
AA-	-	150	150
A+	-	44	44
A	-	117	117
A-	-	40	40
BBB+	-	21	21
BBB	-	106	106
BBB-	-	43	43
TOTAL	**-**	**1,080**	**1,080**

Book value (In EUR million) 31/12/2020 Rating	NPL / Impaired	Standard	Total
AAA	-	224	224
AA+	-	95	95
AA	-	158	158
AA-	-	204	204
A+	-	54	54
A	-	97	97
A-	-	39	39
BBB+	-	263	263
BBB	-	11	11
BBB-	-	210	210
BB-	3	-	3
TOTAL	**3**	**1,354**	**1,356**

- Loans and advances

Loans and advances positions are not rated

Book value (1) (In EUR million) 31/12/2021	NPL / Impaired	Performing	Total
Banks and other Financial Institutions	269	1,268	1,537
Customers	978	3,064	4,042
TOTAL	**1,247**	**4,332**	**5,579**

Of which Banks and other Financial Institutions

Book value (1) (In EUR million) 31/12/2021 **Rating**	Total Loans	Reverse Repo	Total
AAA	2	-	2
A+	43	62	105
A	18	-	18
A-	-	506	506
NR	905	-	905
TOTAL	**969**	**569**	**1,537**

(1) these both tables above include Quintet CH exposures as of December 2021 for a total of EUR 88 million (EUR 25 million banks and other financial institutions and EUR 63 million customers)

Loans and advances

Book value (In EUR million) 31/12/2020	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	449	1 378	1 827
Customers	398	2 922	3 320
TOTAL	**847**	**4 301**	**5 147**

Of which Banks and Financial Institutions

Book value - (In EUR million) 31/12/2020 Rating	Other L&R	Reverse Repo	Total
AAA	4	-	4
A+	208	-	208
A	7	110	117
A-	-	623	623
BBB+	10	-	10
NR	865	1	866
TOTAL	**1093**	**734**	**1827**

1.3.3.2. Financial Securities by country

Book value 31/12/2021 (in EUR Million)	Financial assets at amortized cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On Watchlist	Standard	Total	On Watchlist	Standard	Total	On Watchlist	Standard	Total
AUSTRIA	-	20	20	-	-	-	-	-	-
BELGIUM	-	94	94	-	43	43	-	-	-
BERMUDA	-	-	-	-	9	9	-	-	-
CANADA	-	74	74	-	56	56	-	-	-
CAYMAN ISLANDS	-	-	-	-	35	35	-	-	-
CHILE	-	-	-	-	66	66	-	-	-
CHINA	-	-	-	-	20	20	-	-	-
CZECH REPUBLIC	-	10	10	-	152	152	-	-	-
FINLAND	-	26	26	-	-	-	-	-	-
FRANCE	-	170	170	-	221	221	1	-	1
GERMANY	-	100	100	-	98	98	-	-	-
IRELAND	-	72	72	-	21	21	-	-	-
ISRAEL	-	-	-	-	53	53	-	-	-
ITALY	-	43	43	-	16	16	-	-	-
JAPAN	-	-	-	-	64	64	-	-	-
JERSEY	-	-	-	-	53	53	-	-	-
REP. OF KOREA	-	6	6	-	195	195	-	-	-
KUWAIT	-	-	-	-	39	39	-	-	-
LATVIA	-	10	10	-	5	5	-	-	-
LITHUANIA	-	16	16	-	47	47	-	-	-
LUXEMBOURG	-	11	11	-	29	29	-	-	-
MEXICO	-	-	-	-	52	52	-	-	-
NETHERLANDS	-	89	89	-	72	72	-	-	-
NEW ZEALAND	-	-	-	-	20	20	-	-	-
NORWAY	-	4	4	-	10	10	-	-	-
POLAND	-	-	-	-	64	64	-	-	-
QATAR	-	-	-	-	159	159	-	-	-
SINGAPORE	-	-	-	-	12	12	-	-	-
SLOVAKIA	-	23	23	-	36	36	-	-	-
SPAIN	-	146	146	-	161	161	-	-	-
SUPRANATIONAL	-	125	125	-	29	29	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	143	143	-	-	-
UNITED KINGDOM	-	4	4	-	36	36	-	-	-
UNITED STATES OF AMERICA	-	37	37	-	100	100	-	-	-
Other below EUR 10 million	-	-	-	-	19	19	-	-	-
TOTAL	-	1,080	1,080	-	2,136	2,136	1	-	1

Book value	Financial assets at amortized cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
31/12/2020 (in EUR Million)	On Watchlist	Standard	Total	On Watchlist	Standard	Total	On Watchlist	Standard	Total
AUSTRIA	-	5	5	-	23	23	-	-	-
BELGIUM	-	74	74	-	55	55	-	-	-
BERMUDA	-	-	-	-	21	21	-	-	-
CANADA	-	55	55	-	56	56	-	-	-
CAYMAN ISLANDS	-	-	-	-	38	38	-	-	-
CHILE	-	-	-	-	62	62	-	-	-
CHINA	-	-	-	-	40	40	-	-	-
CZECH REPUBLIC	-	37	37	-	188	188	-	-	-
FINLAND	-	26	26	-	42	42	-	-	-
FRANCE	-	190	190	-	399	399	1	-	1
GERMANY	-	35	35	-	134	134	-	-	-
IRELAND	-	75	75	-	23	23	-	-	-
ISRAEL	-	-	-	-	53	53	-	-	-
ITALY	-	160	160	-	122	122	-	-	-
JAPAN	-	-	-	-	67	67	-	-	-
JERSEY	-	-	-	-	52	52	-	-	-
REP. OF KOREA,	-	6	6	-	188	188	-	-	-
KUWAIT	-	-	-	-	38	38	-	-	-
LATVIA	-	10	10	-	62	62	-	-	-
LITHUANIA	-	16	16	-	36	36	-	-	-
LUXEMBOURG	-	6	6	-	29	29	-	-	-
MEXICO	-	11	11	-	51	51	-	-	-
NETHERLANDS	-	89	89	-	89	89	-	-	-
NEW ZEALAND	-	-	-	-	20	20	-	-	-
NORWAY	-	11	11	-	-	-	-	-	-
POLAND	-	-	-	-	88	88	-	-	-
PORTUGAL	-	50	50	-	-	-	-	-	-
QATAR	-	-	-	-	174	174	-	-	-
SINGAPORE	-	-	-	-	12	12	-	-	-
SLOVAKIA	-	23	23	-	46	46	-	-	-
SLOVENIA	-	-	-	-	17	17	-	-	-
SPAIN	-	266	266	-	205	205	-	-	-
SUPRANATIONAL	-	129	129	-	101	101	-	-	-
SWEDEN	-	16	16	-	5	5	-	-	-
SWITZERLAND	-	-	-	-	-	-	-	-	-
UNITED ARAB EMIRATES	-	10	10	-	123	123	-	-	-
UNITED KINGDOM	3	4	7	-	51	51	-	-	-
UNITED STATES OF AMERICA	-	51	51	-	60	60	-	-	-
Other below EUR 10 million	-	-	-	-	10	10	-	-	-
TOTAL	3	1,354	1,356	-	2,776	2,776	1	-	1

1.3.3.3. Loans and advance by country

Book value [1] (In EUR million) 31/12/2021 Country	L&R Banks and other Financial Institutions Other L&R	Reverse Repo	Total	L&R Customers Total
AUSTRIA	-	-	-	6
BELGIUM	29	-	29	694
BERMUDA	-	-	-	55
BRITISH VIRGIN ISLANDS	9	-	9	43
CANADA	-	-	-	0
CAYMAN ISLANDS	1	-	1	3
CHINA	-	-	-	0
CYPRUS	9	-	9	51
CZECH REPUBLIC	0	-	0	0
DENMARK	139	-	139	53
FRANCE	47	62	109	447
GERMANY	35	-	35	251
GUERNSEY	20	-	20	25
IRELAND	9	-	9	11
ISLE OF MAN	5	-	5	7
ISRAEL	-	-	-	6
ITALY	0	-	0	1
JERSEY	0	-	0	2
LIECHTENSTEIN	2	-	2	41
LUXEMBOURG	299	-	299	98
MALTA	0	-	0	30
MEXICO	-	-	-	0
MONACO	0	-	0	62
NETHERLANDS	0	-	0	973
NEW ZEALAND	-	-	-	5
NORWAY	-	-	-	0
PANAMA	0	-	0	19
POLAND	-	-	-	0
QATAR	-	-	-	0
SINGAPORE	-	-	-	5
SLOVAKIA	-	-	-	0
SOUTH AFRICA	0	-	0	13
SPAIN	31	506	538	67
SWITZERLAND	42	-	42	114
UNITED ARAB EMIRATES	-	-	-	8
UNITED KINGDOM	287	-	287	895
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	5	-	5	57
TOTAL	969	569	1,537	4,042

[1] this table above includes Quintet CH exposures as of December 2021 for a total of EUR 88 million (EUR 25 million banks and other financial institutions and EUR 63 million customers)

Book value - (In EUR million) 31/12/2020 Country	L&R Banks and other Financial Institutions			Customers
	Other L&R	Reverse Repo	Total	Total
AUSTRIA	-	-	-	9
BAHAMAS	-	-	-	11
BELGIUM	10	-	10	622
BERMUDA	-	-	-	24
BRITISH VIRGIN ISLANDS	19	-	19	23
CANADA	-	-	-	0
CAYMAN ISLANDS	3	-	3	3
CHINA	-	-	-	0
CYPRUS	30	-	30	1
CZECH REPUBLIC	-	-	-	0
DENMARK	77	-	77	29
ESTONIA	14	-	14	-
FINLAND	0	-	0	0
FRANCE	70	110	180	320
GERMANY	70	-	70	193
GUERNSEY	17	-	17	29
IRELAND	1	-	1	7
ISLE OF MAN	5	-	5	7
ISRAEL	-	-	-	2
ITALY	0	-	0	20
JAPAN	-	-	-	0
JERSEY	0	-	0	40
LATVIA	-	-	-	3
LIECHTENSTEIN	0	-	0	38
LUXEMBOURG	238	-	238	62
MALTA	0	-	0	29
MEXICO	-	-	-	0
MONACO	0	-	0	62
NETHERLANDS	10	-	10	813
NEW ZEALAND	5	-	5	0
NORWAY	-	-	-	0
PANAMA	0	-	0	21
POLAND	-	-	-	0
PORTUGAL	-	-	-	4
SINGAPORE	-	-	-	6
SLOVAKIA	-	-	-	0
SLOVENIA	-	-	-	0
SOUTH AFRICA	-	-	-	10
SPAIN	49	624	674	98
SWEDEN	0	-	0	12
SWITZERLAND	36	-	36	73
UNITED ARAB EMIRATES	-	-	-	17
UNITED KINGDOM	440	-	440	676
UNITED STATES OF AMERICA	-	-	-	5
Other below EUR 10 million	0	-	0	51
TOTAL	1,093	734	1,827	3320

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last update November 2020), based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

The Bank considers the loan as forborne where both of the following conditions are met:

1. the credit quality of the transaction is or threatens to be downgraded;
2. the Bank is forced to soften its usual loan and/or pricing requirements (i.e. make concessions) to ensure maintained affordability of the credit.

The credit quality downgrade is based on a list of criteria established based on both Corporate and Private clients' specificities.

- Viable versus non-viable forbearance

The bank considers the following factors when assessing the viability of the forbearance measure:

- the Bank can demonstrate that the borrower can afford the forbearance solution, i.e. full repayment is expected;
- the resolution of outstanding arrears is fully or mostly addressed and a significant reduction in the borrower's balance in the medium to long-term is expected.

Also, additional internal controls are implemented for situations where new forbearance measures have to be granted for already forborne exposure, to ensure that they are viable.

- Contagion of forborne exposures

The forborne status is applied at transaction level, even though the credit quality downgrade may be assessed at the obligor/group level. This means a debtor experiencing financial difficulties may have one forborne loan alongside with other not forborne loan facilities.

- Cure from forborne status

As forborne exposure can be performing or non-performing, requirements for reclassifying non-performing forborne exposures into performing forborne exposures comprise the completion of a 'cure period' of one year from the date the forbearance measures were extended and a requirement for the debtor's behavior to demonstrate that concerns regarding full repayment no longer exist.

To be cured, all of the following criteria should be satisfied:

1. the exposure is not considered as impaired or defaulted;
2. there is no past-due amount on the exposure;
3. the borrower has settled, by means of regular payments, an amount equivalent to all those previously past due or a total equal to the amount written off as part of the forbearance measures, or the borrower has otherwise demonstrated its ability to comply with the post-forbearance conditions.

Additionally, where a debtor has other exposure(s) to the bank which are not the subject of a forbearance arrangement, the Bank should consider the performance (i.e. presence of arrears) of these exposures in its assessment of the borrower's ability to comply with post-forbearance conditions.

Once forborne exposures are classified as performing, either because they have met the conditions for being reclassified from the non-performing category or because the granting of forbearance measures did not lead to the classification of the exposure as non-performing, they will continue to be identified as forborne until all the following conditions have been met:

1. an analyzis of the financial condition of the debtor showed that the transactions no longer met the conditions to be considered as non-performing;
2. a minimum of two years has elapsed since the later of the date of the concession or the date of reclassification from non-performing;

3. the borrower has made regular payments of more than an insignificant aggregate amount of principal or interest during at least half of the probation period.

- Efficiency and effectiveness of forbearance

Efficiency and effectiveness of the forbearance activity of the Bank is monitored on an annual basis by each local Credit Committee in a specific report, by:

- monitoring the quality of the forbearance activities to make sure they are not used to delay an assessment that the exposure is uncollectable,
- monitoring the efficiency of forbearance granting process and duration of the decision-making process,
- monitoring the effectiveness of forbearance measures by monitoring of forbearance cure rate, rate of exposure being reclassified as non-performing, cash collection rate and write-off.

The report from the local Credit Risk Committee is presented to the local Credit Committee and then send to the Group Risk Committee on a consolidated basis.

- Impacts on financial assets

Risk of default of such assets after modification is assessed at reporting date and compared with the risk under the original terms at initial recognition.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group restructuring activities and their respective effect on the Group financial performance:

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2021				
Loans and advances	30	0	30	-15
Other financial corporations	1	-	1	-
Non-Financial corporations	17	-	17	-7
Households	12	0	12	-9
Total Debt Instruments other than Held for Trading	30	0	30	-15
Loan commitments given	0	0	-	-
31/12/2020				
Loans and advances	26	12	14	_-1
Other financial corporations	13	7	5	-0
Non-Financial corporations	4	4	-	-
Households	9	0	9	-1
Total Debt Instruments other than Held for Trading	26	12	14	-1
Loan commitments given	0	0	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

Quintet Group trading activities are mainly focused on Treasury activities consisting in managing Group operational liquidity, optimizing short-term liquidity replacement and managing short-term interest rate risks (currency swaps and interest rate swaps but also short-term placements).

- The mission of the trading activity is mainly to grow activities along as a support activity of both Wealth management and Asset Management Services. As such, the risk appetite for taking own position is limited and the overall positions are strictly controlled by a whole set of limits.
- As Liquidity Management Competence Centre for the Group, the Global Treasury is also centralizing (within regulatory constraints) and redistributing the (excess) liquidity generated by Wealth Management across the Group and Asset Management Services activities in Luxembourg. It is handling all the financial transactions which are not processed through the Group Platform. This activity is MiFID compliant and products are mainly non sophisticated products.
- In principle, positions are taken with a view to support the 'customer business' of the Group and are monitored by Financial Risk & Reporting. Positions taken for trading purposes rely on a conservative philosophy and are carried out on an accessory basis. They are subject to strict rules in terms of limits and products.

2.1.2. Trading risk policy

The Group Quintet is specialized in private banking through a network of 'pure play' private banks. In this regard, risk-taking is mainly done to support its activities:

- Treasury activity, oriented towards client service, is based on deposits and conventional linear derivatives (mostly currency swaps and interest rate swaps) and collateralized operations (mostly reverse repurchasing agreements). Treasury activity is driven by the interest rates (IR) volatility, the diversification and market opportunities.
- FX and precious metal activity is also oriented towards client service and is mainly based on spot and forward transactions. Overall total limit for this activity is broadly limited to EUR 23 million (o/w EUR 20 million at Quintet level) - including Bullions activity.
- Structured Product activity, the Bank acts as private bank by offering a specialized service to the increasingly demanding customers. Before being marketed, all of these products must obtain the prior approval of the 'SPODAC' Committee of Authorization and Supervision of new products, whose primary role is to assess the various risks (market, credit, operational, legal, compliance, etc.) underlying the marketing of these structures. NB. The Bank is allowed to keep limited amount of positions on its book as a benchmark or to offer a secondary market to client.

2.1.3. Trading decision making process / governance

Trading activities have been gradually concentrated in Luxembourg; no trading activities are allowed in the subsidiaries (with the exception of BSCo). This organization enables subsidiaries to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee. Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is approximately EUR 5.3 million since beginning of 2021) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework:

- Market Risk Control daily monitors the end of day exposures using a set of primary (overall absolute exposure) and secondary limits (currency limits) on nominal amount to ensure diversification of the risk. Currencies with high volatilities and too narrow FX markets are not allowed.

- The intraday exposure is also monitored on a daily basis and limited to a dedicated intraday limit. In addition HVAR are also developed for the FX activities and structured products activities, and are used as a risk indicator.

2.1.4. Measurement and monitoring of trading risk

The system of primary limits in place at Quintet BL epb is based on:

- nominal amounts and 30Days P&L Stop Loss for the Forex and Structured Products activities.
- 10 bpv, Historical Value at Risk (HVaR), 30Days P&L Stop Loss and stressed HVaR limits for activities subject to interest rate risk (Treasury and Bond Desks).

These primary limits are supplemented by a structure of secondary limits allowing a more detailed analyzis of the trading risks. Those secondary limits consist in concentration limits by currency and by time bucket as well as in limits by issue and issuer, based on their rating or on their market liquidity.

2.1.5. Concentration Risk

Issuer concentration risk is strictly governed by conservative limits restricting the trading in non-investment grade debts and in illiquid equities, which leads to a well-diversified trading portfolio.

The evolution of exposures related to each activity compared with their respective limits (primary and secondary), as well as the economic results and highlights, are reported daily to the Heads of ALM & Treasury, Global Markets and Financial Risk & Reporting. They are also weekly reported to the Authorized Management Committee (AMC), on a monthly basis to the ALCO and on a quarterly basis to the Group Board Risk Committee.

2.2. Quantitative information

As at 31 December 2021, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2020	Maximum observed in 2021	Average observed in 2021	Outstanding 31/12/2021
Treasury	10 bpv [1]	2.5	1.9	2.4	1.7	1.0
	HVar	7.5	6.3	7.3	2.3	1.0
	Stressed Hvar[2]	7.5	3.4	6.6	4.0	3.6

[1] BPV 10 bps outstanding corresponds to the sum in abs value of the BPV 10 bps in each currency
[2] Stressed Hvar is monitored via 3 scenarios (Brexit. Sovereign Crisis and COVID Crisis) simultaneously. The stressed HVar metric considers the worst of 3.

(In EUR million)	Limit in Nominal Amount	Outstanding 31/12/2020	Maximum observed in 2021	Average observed in 2021	Outstanding 31/12/2021
Forex (bullions included)	23.0	1.7	10.4	5.3	10.3
Structured Product	110.0	46.2	53.3	49.2	42.2

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

The core activities of a private bank entails little ALM risk compared to a retail bank: most of the client assets under management are securities or funds which are off-balance sheet items inducing no ALM risks. Most short-term client cash deposits offer variable rates linked with money market rates and the same applies to Lombard/mortgage loans to customers. When fixed rates are granted for loans, hedging swaps are contracted.

As a consequence, ALM risks are mainly entailed by security portfolios set up within the frame of the ALM policy being:

- portfolios of high-grade bonds, dedicated to the reinvestment of the free capital, and of the most stable part of fixed rate sight deposits and saving accounts;
- portfolios dedicated to the reinvestment of other stable liquidities, looking for the right balance between interest rate risk, credit spread risk and return.

The ALM equity risk is induced by an investment portfolio invested in direct lines of equities or in UCI shares. The portfolio held in Quintet (Luxembourg) is managed along Group ALCO's guidelines.

Quintet' group is not exposed to any ALM forex risk as no active foreign exchange exposure is taken (assets are funded in their respective currencies).

3.1.2. ALM decision making process/governance

The ultimate responsibility for the ALM activity of Quintet Group is held by the monthly Group ALCO Committee, which is an Executive Committee extended to the representatives of the Group ALM & Treasury Function, Financial Risk & Reporting, Global Markets, Finance, in addition to the Chief Investment Officer.

The ALCO validates a.o. strategies in terms of management of the gap between resources and utilisations, in terms of Return on Equity enhancement, management of the structural liquidity and mitigation of the related risks.

Those strategies are proposed by the Group ALM & Treasury Function which has the responsibility for the preparation of the ALCO meetings, a.o. for the topics which are submitted to its decisions. The Function is also in charge of the day-to-day implementation of the ALCO decisions. When they have a Group dimension, it has to ensure their implementation within the limits of the governance constraints in place.

Under this structure, the Group Risk Control Function endorses a role of second level control entity, issuing opinions on the proposals and monitoring the risks related to the ALM activity on a recurring basis.

3.1.3. ALM policy

A document entitled *'Investment Policy and ALM framework'* describes a.o. the ALM objectives, governance and constraints (credit risk, liquidity, among others). It is in line with the Risk Appetite Statement expressed by the Board of Directors (see below).

3.1.4. Measurement and monitoring of ALM risks

The Risk Appetite Statement, at least reviewed on a yearly basis, expresses the Board of Directors' risk appetite for ALM interest rate risk, credit spread risk and equity risk, mainly through limits on Value at Risk indicators, sensitivity measures and global outstanding at Quintet Group level.

Regarding the interest rate risk, the following limits apply:

- the regulatory worst impact of interest rate risk on EVE (basis point value) limit for all banking book positions set up at 14.0% of Tier 1 which amounts to EUR 688.4 million.
- The Interest Rate Value at Risk 99% - 1 year, which amounts to EUR 43.9 million for Quintet Group as at 31 December 2021 (31 December 2020: EUR 26.8 million). The related Risk Appetite limit has been set for Quintet Group to EUR 90 million.

Regarding Earnings at Risk, the risk appetite is defined based an interest earning at risk indicator reflecting the outcome of the worst case scenario (between parallel shifts by 100 bpv, 200 bpv, or scenarios of up, short up, down, short down, steepening, flattening movements) of the interest rate curve, which amounts to EUR -14.3 million (as at end of 2021) at consolidated level, for a Risk Appetite limit of EUR -60 million.

Regarding the equity (price) risk, the Risk Appetite is expressed in terms of maximum Value at Risk and maximum size for listed equities and for alternative equity investments for the whole Group. The Equity Value at Risk 99% - 1 year amounts to EUR 39.2 million for Quintet as at 31 December 2021 (31 December 2020: EUR 31.6 million). The Risk Appetite limit has been set for Quintet Group at EUR 60 million.

3.1.5. ALM Hedging policy.

In order to manage interest rate risk exposure and ensure it remains within the limits of the risk appetite, different hedging strategies are deployed:

- fixed rate loans granted to customers in Luxembourg and Belgium are hedged using 'micro hedge' interest rate swaps that replicate the cash flows of the fixed rate credit. These micro hedge transactions are pooled and returned in the market on aggregated basis. The hedging efficiency (both retrospective and prospective) of this market transaction are monitored weekly against dedicated limits (o.w. 80% to 125% efficiency),
- according to ALM investment policy the Bank may choose to secure the margin over floating rate funding with interest rate swaps or cross currency interest rate swaps either through the purchase of an Synthetic Asset Swap or in connection with an existing bond position. For these transaction, the hedging instrument perfectly match the cash flows of the hedged instrument and the efficiency of the hedging relation monitored on a monthly basis,
- in addition to the above, hedging relation may be put in place in the context of debt issued by the bank (either through EMTN program). These hedging relation can take the form of cross currency interest rate swaps or equity swaps in the case of structured notes where the optional pay-off of the note is swapped in the market against a floating rate.

3.2. Quantitative information

3.2.1. Interest rate

The sensitivity of the economic value of the statement of financial position to interest rates (impact of a parallel increase by 1% of the interest risk curve) is as follows for Quintet Group:

100 bpv (In EUR million) **31/12/2021**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-9	-4	-19	-31	-64	-127	8,952
Held for trading	-1	0	3	8	52	62	164
Designated at fair value through p/L	-	0	-	-	-	0	45
Financial assets at fair value through OCI	0	-2	-14	-20	-26	-62	2,152
Financial assets at amortized cost	-7	-2	-11	-21	-96	-137	6,570
Hedging Derivatives	-0	-0	2	3	6	10	20
Financial liabilities	1	10	20	26	31	87	12,512
Held for trading	-1	0	4	3	11	18	120
Measured at amortized cost	4	8	5	9	4	30	12,310
Hedging Derivatives	-2	1	11	14	15	39	83
Shareholders' equity				6		6	1,148
Gap	-8	5	0	-4	-33	-40	

Note that sensitivity of the economic value relating Quintet Ch is included in this table representing a total impact of EUR -0.6 million.

100 bpv (In EUR million) 31/12/2020	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-8	-5	-22	-50	-120	-205	9,601
Held for trading	0	-	-1	0	1	0	256
Designated at fair value through p/L	-	-0	-	-	-	-0	44
Financial assets at fair value through OCI	-0	-1	-12	-29	-48	-90	2,792
Financial assets at amortized cost	-7	-4	-10	-21	-80	-122	6,504
Hedging Derivatives	-0	0	0	0	7	8	5
Financial liabilities	-1	8	20	45	94	166	11,716
Held for trading	-2	0	6	14	49	68	269
Designated at fair value through p/L	-	-	-	-	-	-	-
Measured at amortized cost	4	7	6	4	5	26	11,310
Subordinated liabilities	-	-	-	-	-	-	-
Hedging Derivatives	-3	1	8	27	40	72	137
Shareholders' equity	-	-	-	-	8	8	1,219
Gap	-9	3	-2	-4	-18	-31	

The sensitivity of the interest margin of Quintet Group to the interest rates (impact of a parallel increase by 1 % of the interest rate risk curve) is as follows:

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2021						
Financial assets	64	14	27	27	29	161
Financial liabilities	-76	-5	-2	-9	-	-92
Net Impact	**-13**	**9**	**25**	**18**	**29**	**69**
31/12/2020						
Financial assets	53	8	11	15	13	100
Financial liabilities	-66	-1	-0	0	0	-67
Net Impact	-13	7	10	15	13	**33**

Note that sensitivity of the interest margin includes Quintet CH figures with a total impact of EUR 2 million.

3.2.2. Equity Risk

3.2.2.1. Sensitivity of equity risk

Regarding the equity risk, the impact of a decrease of 25 % on both the statement of profit and loss (impairment) and the equity gross FVOCI reserve (excluding Equity instruments at cost) is as follows for Quintet Group:

(In EUR thousand) **31/12/2021**	Current situation [1]	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	59 895	-14 974	44 921
Gain/Loss	10 933	-14 974	-4 040
Equity impact (gross FVOCI reserve)	-704	-4 074	-4 778
Statement of profit and loss impact (impairment)	11 638	-10 900	738

[1] Consolidated participating interests classified as available-for-sale financial assets are not covered here.

(In EUR thousand) **31/12/2020**	Current situation [1]	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	59,167	-14,792	44,375
Gain/Loss	10,312	-14,792	-4,479
Equity impact (gross FVOCI reserve)	-922	-4,002	-4,924
Statement of profit and loss impact (impairment)	11,234	-10,789	445

[1] Consolidated participating interests classified as available-for-sale financial assets are not covered here.

3.2.2.2. Concentration of equity risk

The decision to increase/decrease the proportion of equity in the ALM portfolio is taken at the ALCO level (within the limits agreed by the BRC) taking into consideration macro and fundamental analyzis as well as convictions from the Group ALCO. Such analyzis also influences the relative weights of Europe, USA and Emerging Markets. Within the various regions, an adequate sectorial diversification is looked for. Concentration limits are expressed in absolute amounts and in percentage of daily volume traded.
Next to this strategic investment policy, the Bank also acts as seed investor when new home investment funds are launched.

The equity portfolio is stable with to a total exposure of EUR 60 million as at 31/12/2021. In more details:

(In EUR million) REGION / NATURE	31/12/2021	31/12/2020
Europe (Equity Funds + direct lines)	34	34
Europe (Diversified Funds)	2	2
Europe (Fixed Income Funds)	0	0
US (Equity Funds + direct lines)		1
TOTAL	37	36
Other Equities	23	23
TOTAL Equities portfolios	60	59

3.3. Ibor reform

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Bank has established in 2019 a project to manage the transition for any of its contracts that could be affected. The project was co sponsored by the Group COO and the Group CFO and was led by senior representatives from Group functions across the Bank including ALM & Treasury, Risk, Finance, Operations and Technology, with the participation of country specific representatives.

The Project Steering Committee regularly met in 2021 and progress status reporting was also made on a quarterly basis to the Group Regulatory Steering Committee (GRSC) including key representatives of Authorized Management Committee (AMC) and to the Group Board of Directors.

This allowed the Bank to successfully complete the transition of a significant portion of its IBOR exposure to Risk-Free Rates ('RFRs') in EUR, GBP, CHF and JPY before year end. In particular, IT systems and processes have been updated in due time to include information about new rate benchmark. Contract amendments and communication toward clients were considered carefully and proper managed. Limited cash compensation fees (less than EUR 45k) reflecting the changes in NPV related to cleared derivatives (LCH) have been done.

The Bank has therefore closed the first step of the project and is confident that similar processes and procedures could be used to process the remaining transitions to RFRs for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023 and the other IBORs for which the transition date has not yet been determined. For other benchmark interest rates such as EURIBOR that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

Some Bank's exposures to significant IBORs subject to reform have not yet be transferred to RFRs as at 31/12/2021 and have been done in the course of the first quarter 2022 depending on the next interest payement date.

The statement of non derivative financial position analyzes below have been conducted at the dirty price.

(in EUR million) 31/12/2021	Non derivative financial assets – carrying value	Non derivative financial liability – carrying value	Derivatives – Nominal amount
EUR			
Libor Overnight	**7**	**-**	**-**
o.w. transitioned in Feb 2022	7	-	-
Libor 1 month	**0**	**-**	**-**
o.w. transitioned in Jan 2022	0	-	-
Libor 3 months	**8**	**-**	**-**
o.w. transitioned in Jan 2022	8	-	-
GBP			
Libor 1 month	**58**	**22**	**-**
o.w. transitioned in Jan 2022	58	-	-
o.w. transitioned in Feb 2022	-	22	-
Libor 3 months	**73**	**-**	**268**
o.w. transitioned in Jan 2022	73	-	268
Libor 12 months	**0**	**-**	**-**
o.w. transitioned in Jan 2022	0	-	-
CHF			
Libor 1 month	**-**	**11**	**-**
o.w. transitioned in Feb 2022	-	11	-
Libor 3 months	**3**	**-**	**11**
o.w. transitioned in Jan 2022	3	-	11
TOTAL	**149**	**32**	**279**

Similar transition process done in 2021 will be set up in 2023 regarding USD Libor contracts:

(in EUR million) 31/12/2021	Non derivative financial assets – carrying value	Non derivative financial liability – carrying value	Derivatives – Nominal amount
USD – Transition in 2023			
Libor Overnight	8	-	-
Libor 1 month	4	-	-
Libor 3 months	114	0	450
Libor 6 months	17	-	-
TOTAL	**143**	**0**	**450**

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of liquidity risk

The Bank as a Group has a large and stable funding base due to the natural accumulation of deposits from its two core businesses: Private Banking and Asset Management Services whose liquidity resources consumption has gradually increased over the past months. The overall funding gap is structurally and globally positive and Quintet Group is a net lender recycling structural liquidity positions in the interbank market.

4.1.2. Liquidity decision making process/ governance

Like for Assets and Liabilities Management, the Group ALCO has the final responsibility for the Liquidity Management of Quintet Group. The Group ALM Function proposes strategies – with the approval of the local Management/ALCO Committee - for the management of long-term liquidity (putting, a.o. a strong emphasis on ECB eligible as well as Basel III eligible bonds), while the short-term liquidity management is delegated to the Treasurer within strict limits (see trading risk above).

Financial Risk & Reporting acts as a second level control entity, issuing opinions on investment proposals and monitoring liquidity risk on a daily basis (through a set of indicators briefly described in section 4.1.4).

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralize the placement of all liquidity surpluses at the Head Office level. However, in the case of Brown Shipley, as regulatory large exposure constraints remains and given their access to local GBP market, the liquidity is managed locally and liquidity excess are reinvested in local short-term ALM portfolios under the supervision of both Group ALM and Group Financial Risk & Reporting.
At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions. To benefit from the two-tier system for the remuneration of reserves applied by local central bank, a part of the local liquidity excess remains at local level and is replaced with the local central bank.

4.1.4. Measurement and monitoring of liquidity risk

The Board Risk Committee has expressed its Risk Appetite in terms of liquidity risk, by imposing limits for each entity of the Group on the Basel III ratios (LCR and NSFR), and on the Liquidity Excess resulting from internal stress tests. The latter are run on a monthly basis with the aim to assess the ability of Quintet Group to survive a severe liquidity crisis during a 3-month time period without affecting its business model.

As the excess liquidity throughout the Group is centralized at Quintet's Treasury Department (under regulatory constraints), Quintet's operational liquidity situation is daily monitored by Group Market Risk Control through operational liquidity indicators and reported to the Group Treasurer. Main operational indicators are:

- a contractual liquidity gap of up to five days, as if the activity was to be continued (no stress test). This report is also sent to the BCL;

- the stock of available liquid assets;
- a daily estimate of the statutory Basel III Liquidity Coverage Ratio is performed. The Group's ratio stood at 138.5% as at 31 December 2021 (for a regulatory limit of 100%);
- the value of quantitative indicators, which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis).

As far as structural indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis for Quintet' group. As at 31 December 2021, it stood at 44.3% (excluding Quintet Switzerland), confirming the excellent liquidity situation of the Group as natural deposit collector. Furthermore, the Group monitors the Basel III NSFR on a monthly basis which stood at 136.9% as at 31 December 2021.

4.2. Quantitative information

4.2.1. Maturity analyzis of liquid stock

The maturity analyzis of financial assets held for managing liquidity risk (unencumbered marketable assets) is as follows:

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2021						
Initial stock of available assets		3,407	2,524	2,048	1,290	632
HQLA eligible	2,698	-498	-458	-649	-506	-587
Marketable securities	709	-385	-19	-109	-152	-45
TOTAL	3,407	-883	-477	-758	-658	-632
Residual stock of available assets	3,407	2,524	2,048	1,290	632	0
31/12/2020						
Initial stock of available assets		4,878	3,555	2,819	1,918	1,020
HQLA eligible	3,983	-888	-609	-756	-757	-973
Marketable securities	895	-435	-127	-145	-141	-47
TOTAL	4,878	-1,323	-736	-901	-897	-1,020
Residual stock of available assets	4,878	3,555	2,819	1,918	1,020	0

4.2.2. Maturity analyzis of financial assets and liabilities

The analyzis by remaining contractual maturity for financial assets and liabilities is as follows:

(In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Cash and balances with central banks and other demand deposits	4,251	-	-	-	-	-	4,251
Financial assets	2,183	966	1,905	1,642	2,196	60	8,952
Held-for-trading	48	70	23	13	9	0	164
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	1	44	45
Financial assets at fair value through other comprehensive income	137	301	707	556	435	16	2,152
Financial assets at amortized cost	1,998	594	1,173	1,070	1,736	0	6,570
Hedging derivatives	0	1	2	4	14	-	20
Other assets	-	-	-	-	-	934	934
TOTAL ASSETS	6,435	966	1,905	1,642	2,196	994	14,137

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Financial liabilities	11,484	627	268	93	39	-	**12,512**
Held-for-trading	48	56	4	4	7	-	120
Measured at amortized cost (excluding subordinated liabilities)	11,433	560	240	67	10	-	12,310
Subordinated liabilities	-	-	-	-	-	-	-
Hedging derivatives	3	11	24	21	22	-	82
Other liabilities	-	-	-	-	-	478	478
Shareholders' equity	-	-	-	-	-	1,148	**1,148**
TOTAL LIABILITIES	11,484	627	268	93	39	1,625	**14,137**
GAP	**-5,049**	**339**	**1,637**	**1,549**	**2,156**	**-632**	

Cashflows by bucket (In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
Inflows	5,690	5,619	232	151	111	11,803	149
Interest rate	-16	8	24	45	28	89	40
Equity	0	0	1	2	-	3	2
Currency	5,706	5,610	207	104	83	11,711	106
Outflows	-5,695	-5,663	-287	-167	-96	-11,908	202
Interest rate	-15	-36	-68	-54	-12	-184	76
Equity	0	0	0	-0	-	0	4
Currency	-5,681	-5 628	-219	-113	-84	-11,724	122
Gap - Derivatives	-5	-44	-55	-16	15	-106	

The figures above include the Quintet CH cash representing a total inflow of EUR 35 million (NPV: 0.6) and a total ouflow of EUR 15 million (NPV: 0.4).

(In EUR million) 31/12/2020	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter mined	**Total**
Cash and balances with central banks and other demand deposits	2,933	-	-	-	-	-	2,933
Financial assets	2,639	1,316	1,639	1,875	2,073	59	9,601
Held-for-trading	118	85	35	10	8	0	256
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	1	43	44
Financial assets at fair value through other comprehensive income	82	246	329	638	784	779	16
Financial assets at amortized cost	2,275	901	964	1,081	1,282	-0	6,504
Hedging derivatives	-	0	2	1	2	-	5
Other assets	-	-	-	-	-	756	756
TOTAL ASSETS	**5,573**	**1,316**	**1,639**	**1,875**	**2,073**	**815**	**13,291**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter mined	**Total**
Financial liabilities	10,936	528	91	58	103	0	11,716
Held-for-trading	173	71	7	5	13	0	269
Designated at fair value through profit or loss	-	-	-	-	-	-	-
Measured at amortized cost (excluding subordinated liabilities)	10,762	455	56	8	30	-	11,310
Subordinated liabilities	-	-	-	-	-	-	-
Hedging derivatives	1	2	28	46	60	-	137
Other liabilities	-	-	-	-	-	355	355
Shareholders' equity	-	-	-	-	-	1,219	1,219
TOTAL LIABILITIES	**10,936**	**528**	**91**	**58**	**103**	**1,574**	**13,291**
GAP	**-5,363**	**788**	**1,547**	**1,817**	**1,970**	**-759**	

Of which derivatives:

Cashflows by bucket (In EUR million) 31/12/2020	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Carrying amount EUR million
Inflows	6,626	9,210	8	8	6	15,858	203
Interest rate	7	10	8	7	6	38	58
Equity	0	0	0	0	-	0	2
Currency	6,619	9,200	-	-	-	15,820	143
Outflows	-6,578	-9,162	-9	-6	-2	-15,758	-269
Interest rate	-7	-11	-9	-6	-2	-35	-78
Equity	0	0	0	0	0	0	-2
Currency	-6,572	-9,151	0	0	0	-15,723	-188
Gap - Derivatives	48	48	-1	2	3	100	

4.2.3. Concentration risk

The concentration risk the Bank is facing in terms of liquidity is twofold:

- potential concentration in assets in which the excess liquidity is reinvested: this risk is monitored according to the credit risk limit system (as described above);
- potential concentration in funding sources: this risk is monitored through 2 indicators that are quarterly reported to the BRC:
  - relative weight of the top 20 private client deposits for Quintet' group,
  - list of all significant counterparties in terms of funding sources (>1% of total liabilities, according to Basel III definition).

5. Currency risk

The operations of the Group are mainly denominated In EUR, USD and GBP. The Group has very limited risk appetite for currency risk which translates into small forex limits of EUR 23 million at consolidated level. The Group's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency position is monitored on a daily limits against the above mentioned currency limits which are declined per entity.

6. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

In respect of its depositary and sub-custodians activities, the specific provision for year-ending 2021 is EUR 16.6k.

7. Climate-related risks

7.1. Business strategy and governance

Recently, the European Central Bank (ECB) and the European Commission identified climate change as a key risk factor for the European banking sector and highlighted the importance of "understanding the company's view of how climate change impacts its business model and strategy, and how its activities can affect the climate".

In order to respond to this key challenge, the Group has put in place a taskforce dedicated to steer all internal initiatives in relation to Climate & Environmental Risk (or "CER" hereafter). CER is defined as the risk of economic costs and financial losses arising from climate change, from the efforts to mitigate climate change, from environmental degradation or from the loss of ecosystem services. CER notably comprises physical risk and transition risk as key drivers:

- Physical risk is defined as the risk of economic costs and financial losses resulting from the increasing severity and frequency of:
  - extreme climate change-related weather events (*e.g.*, heatwaves, landslides, floods, wildfires and storms);
  - longer-term gradual shifts of the climate (*e.g.*, changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures);
  - indirect effects of climate change such as loss of ecosystem services (*e.g.*, desertification, water shortage, degradation of soil quality or marine ecology).
- Transition risk comprises the risks related to the process of adjustment towards a low-carbon economy. Transition risk drivers include:
  - changes in government policies, legislation and regulation;
  - changes in technology;
  - changes in market and customer sentiment.

With the support of Group Communication, the Group's strategy with respect to CER and the respective goals thereof— including being a responsible investor and having sustainability as default investment proposal for our clients—are clearly communicated by Group AMC and cascaded further by relevant Line managers to all staff. To this extent, the Bank has implemented a strong interaction between top management and staff via regular communications using different formats (*e.g.*, town hall sessions, floor sessions) and channels (oral communication, digital channels, etc.).
From a governance point of view, CER is embedded into the Group governance framework and the three line-of-defense (LoD) model.

The 1st LoD is composed primarily of following functions:

- Group Sustainable Investing function, responsible for ensuring compliance of client discretionary and advisory investments with Group objectives from a CER perspective;
- Group ALM 1 Treasury and Group Lending functions, responsible for ensuring compliance of own account investments, respectively for ALM and Lending activities, with Group objectives from a CER perspective; and
- Group Corporate Sustainability, responsible for monitoring and improving the Group's corporate sustainability performance and operational efficiency.

Given the indirect feed of CER into other risk taxonomies, 1st LoD owners of these financial and non-financial risk taxonomies are also considered as part of the 1st LoD for CER matters.

The 2nd LoD sets standards for control, compliance and risk management. In particular, Financial Risk & Reporting function ensures ongoing monitoring of the fulfilment of all CER matters by the Group and its entities. Group ORC, in collaboration with Financial Risk & Reporting, is responsible for ensuring independent oversight and risk reporting over the CER framework within the Group.

The 3rd LoD is made of the internal audit function which reviews the CER management framework similarly as all other risk taxonomies.

7.2. Risk management

While CER is treated as a separate category of risk in Quintet's Risk Taxonomy, the Group acknowledges that both physical and transition risks may directly or indirectly impact many other types of risks as well. To that extent, climate risk can be a primary risk or a risk driver for other risk categories.

The Group recognizes that its revenues and costs may be impacted by CER. On the one hand, CER is acting as a physical risk driver on costs in relation to other risks such as Credit Risk and BCM Risk. On the other hand, transition risk can have an impact on revenues in relation to risks such as Business Risk and Reputation Risk. However, as a private bank, Quintet's business model is by essence not turned towards carbon-intensive industries and the direct exposure to these industries is quite marginal.

In this context, the Group recognizes the importance to play an active role as a sustainable investor by avoiding or minimizing exposure to investments that pose greater sustainability risks, including CER, and as sustainable adviser by influencing clients in order to make them more sustainability-minded. The Group is implementing a holistic approach towards sustainability and integrates CER factors into (i) its client discretionary and advisory investments activities, (ii) its proprietary investments activities and (iii) the management of its own carbon footprint. In this regard, the Group has:

- Developed a control framework to ensure that the exclusion list provided by the Active Ownership Group is correctly incorporated in the local exclusion processes;
- Created a Group Corporate Sustainability in charge of monitoring and improving the Group's corporate sustainability performance and operational efficiency; and
- Defined triggers and limits for several related risk indicators that, if exceeded, activate the escalation process to resolve the underlying issues.

A first series of KRIs has been implemented in 2021, entering into force from January 2022 onwards. They translate the Board Risk Appetite to avoid investments in companies deriving more than 10% of their revenues from thermal coal extraction or power generation. The "technology" is viewed as obsolete, financially unviable over the medium term, and highly detrimental to the environment. Based on the list of non-authorized investments/ debtors from a CER perspective, these indicators include the number of non-authorized securities in clients' discretionary and advisory portfolios, non-authorized securities/debtors in the Bank's ALM portfolio and the number of loans granted to non-authorized debtors. As defined in the CER Risk Appetite Framework & Statement, they are monitored by Business Risk Management (BRM), reviewed by Group Financial Risk & Reporting, and reported to the BRC on a quarterly basis.

The above KRI list is reflecting the current maturity level of the CER taxonomy. As such, the KRIs are non-exhaustive and prone to undergo further changes in the medium term. At this stage, another indicator regarding the amount of carbon emissions generated by Quintet's operations is under implementation.

To complement the set of CER measurements, the Green Asset Ratios (GARs), which represent the extent to which the Group's financing activities are aligned with the EU taxonomy (Regulation (EU) 2020/852) are disclosed in the Corporate Sustainability report as well as further information about Carbon emission.

Note 40 – Audit fees

The fees paid to the Group's independent auditors, Ernst & Young S.A., during the 2021 and 2020 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2021	31/12/2020
Statutory audit of the consolidated financial statements	1,632	1,594
Other assurance services	507	486
Tax consulting services	-	-
Other services	-	30
Total	2,139	2,109

Note 41 – Information country by country

The following table shows consolidated information distributed by European Members and third countries. It is worth to note that Quintet and its subsidiaries have not received any public subsidies.

Country	Location	Turnover (Gross income) (In EUR million)	Full-time equivalents
31/12/2021			
Belgium	Brussels	55	175
Germany	Munich	55	259
Luxembourg	Luxembourg	149	678
The Netherlands	Amsterdam	108	318
Spain	Madrid	-	-
Denmark	Copenhagen	0	10
United Kingdom	London	94	347
Switzerland	Zürich	-	75
31/12/2020			
Belgium	Brussels	48	191
Germany	Munich	51	268
Luxembourg	Luxembourg	218	635
The Netherlands	Amsterdam	98	324
Spain	Madrid	4	35
Denmark	Copenhagen	0	4
United Kingdom	London	90	394
Switzerland	Zürich	4	29

Note 42 – List of significant subsidiaries and associates

Company	Country	Capital held	Sector
Quintet Private Bank (Europe) S.A.	**Luxembourg**	**100.00%**	**Bank**
BRANCHES			
Quintet Danmark	Denmark	100.00%	Bank
Merck Finck	Germany	100.00%	Bank
Puilaetco	Belgium	100.00%	Bank
InsingerGilissen	The Netherlands	100.00%	Bank
FULLY CONSOLIDATED SUBSIDIARIES (global method)			
Brown, Shipley & Co. Limited	United Kingdom	100.00%	Bank
Fairmount Pension Trustee Limited	United Kingdom	100.00%	Other - financial
White Rose Nominees Ltd	United Kingdom	100.00%	Other - financial
NW Brown Ltd	United Kingdom	100.00%	Other - financial
NW Brown ISA Nominees	United Kingdom	100.00%	Other - financial
NW Brown Nominees	United Kingdom	100.00%	Other - financial
Banque Puilaetco Dewaay Luxembourg S.A.	Luxembourg	100.00%	Bank
Kredietrust Luxembourg S.A.	Luxembourg	100.00%	Management
Quintet Private Bank (Switzerland) AG	Switzerland	100.00%	Bank
InsingerGilissen Asset Management N.V.	The Netherlands	100.00%	Management
Insingergilissen Philanthropy Trusts Estates B.V.	The Netherlands	100.00%	Other - financial
Bewaardbedrijf Ameuro N.V.	The Netherlands	100.00%	Other - financial
GIM Vastgoed Management B.V.	The Netherlands	100.00%	Management
ASSOCIATES			
European Fund Administration S.A. [(1)]	Luxembourg	31.51%	Fund administration
GIM Vastgoed Management B.V.			
Germany Residential Fund Management BV (I, II, III, IV, V)	The Netherlands	50.00%	Real estate
Holland Immo Group (IdB Beheer, XI Retail Residential)	The Netherlands	50.00%	Real estate
NON-CONSOLIDATED COMPANIES			
Quintet Private Bank (Europe) S.A.			
Forest & Biomass Holding S.A.	Luxembourg	26.63%	

[(1)] Despite the ownership percentage, Quintet does not exercise control or joint control over European Fund Administration S.A. This company is thus considered as associate over which Quintet exercises a significant influence and is equity reported.

Note 43 – Main changes in the scope of consolidation

Company	Country	Capital held before change	Sector
EXIT FROM SCOPE OF CONSOLIDATION			
Quintet Private Bank (Europe) S.A.			
BRANCHES			
Quintet España	Spain	100.00%	Bank
FULLY CONSOLIDATED SUBSIDIARIES			
Quintet Asset Management S.G.I.I.C. S.A.	Spain	100.00%	Management
Quintet Investments A.V. S.A.	Spain	100.00%	Management
Brown, Shipley & Co. Limited			
Fairmount Trustee Services Ltd	United Kingdom	100.00%	Other - financial
CHANGE IN SHAREHOLDING			
Quintet Private Bank (Europe) S.A.			
European Fund Administration S.A.	Luxembourg	31.67%	Fund administration

Note 44 – Events after the statement of financial position date

There was, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2021.

On 1 January 2022 however, Puilaetco Luxembourg was absorbed into Quintet Luxembourg. Following a careful review of how we work together as one firm, it was concluded that integrating Puilaetco Luxembourg into Quintet's existing activities in the Grand Duchy would allow us to spend more time focused on clients, including by increasing operational efficiency.

Puilaetco Luxembourg was operating as a wholly owned subsidiary of Quintet since 2004 and employed some 22 staff. With some 640 client accounts, it managed approximately EUR 1.2 billion in client assets.

Quintet is closely monitoring the situation in Ukraine and Russia with close attention, including its impact on credit risk, financial markets, and the impact of sanctions on the Group's clients and operations.

The Group has analyzed its potential exposure to the above, and considers these events as non-adjusting events after the reporting period. At the date of this report, the Group, including its ability to operate as a going concern, is not materially impacted (directly or indirectly) by the above. The Group's direct exposure is limited, as follows:

- Quintet has no material credit exposure to Russia and Ukraine. In particular, there are no exposures to Russia or Ukraine-based issuers in the Group's bond portfolio, and, regarding the customer loan portfolio, there is no exposure resulting from pledged collateral from those geographies, and exposure to Russian or Ukrainian borrowers is not material (less than EUR 5 million for the Group) and is secured by collateral that is not connected to those countries;
- Regarding the impact of the constantly evolving sanction regimes, Quintet is monitoring sanction measures on a continuous basis and taking all the necessary steps to ensure that client relationships, payments, and securities transactions are managed in full compliance with applicable sanctions. It should be noted that Russian and Ukrainian residents and nationals represent a very small fraction of the Group's client base (less than 0.5% of private banking Assets under Management) and are not currently subject to US and/or EU and/or UK sanctions.

Beyond direct exposure, the Group is closely monitoring the impact of these events on financial markets and the possible impact on micro and macroeconomic conditions, and taking all measures to mitigate risk and support and advise its clients.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

QUINTET Private Bank (Europe) S.A.
43, boulevard Royal
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R.C.S. Luxembourg: B 006.395

Financial statements, Management report and
Report of the independent auditor
as at 31 December 2021

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This document is subject to approval at the Annual General Meeting of 20 April 2022.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Quintet Private Bank (Europe) S.A.
43 boulevard Royal
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income (comprising the statement of profit and loss and the statement of other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Building a better working world

1. Impairment on loans and advances to customers

Description

At 31 December 2021, loans and advances to customers amount to EUR 3,323 million (gross amount) against which an impairment allowance of EUR 18 million is recorded (see Note 14 to the financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

The assessment of expected credit losses on loans and advances to customers requires the use of judgment and estimates notably to:

- determine the loan classification criteria under stage 1, stage 2 or stage 3;
- estimate the amount of expected credit losses depending on the different stages;
- prepare macro-economic projections which are embedded in the expected credit losses measurement.

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 37 "Risk management" to the financial statements.

We considered the assessment of impairment on loans and advances to customers to be a key audit matter for the following reasons:

- the significance of loans and advances to customers in the Bank's balance sheet;
- the use of various parameters and assumptions in the models to determine the probability of default and the loss given default;
- the importance of judgment in determining the criteria of significant increase in credit risk and the way macro-economic forecasts are taken into account;
- the use of judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances to customers;
- the assessment of individual impairment on defaulted loans (stage 3);

Refer to the Notes 12, 14 and 21 to the financial statements.

How the matter was addressed in our audit

We obtained an understanding of the Bank's internal control and tested the design and operating effectiveness of the manual and automated key controls relating to the assessment of credit risk and the measurement of expected credit losses. This included testing of:

- entity level controls over the ECL modelling process, including model review and governance;
- controls relating to the process of monitoring exposures within the Bank as well as the periodic review of these exposures by the relevant credit committee;
- controls over allocation of loans and advances into stages, including movements between stages, and the identification of defaulted loans and advances;
- controls over data accuracy and completeness.

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We also performed the following substantive audit procedures:

- we verified that the data used as a basis to calculate the ECL are complete and accurate; we also tested, on a sample basis, extraction of data used in the models including rating of loans and movements between various ratings;
- we tested a sample of loans and advances to customers (including an extended sample of loans included into the Credit Watchlist) to form our own assessment as to whether they are classified in the appropriate bucket (staging methodology);
- with the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL model. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models, as well as challenging the forward looking macro-economic scenarios;
- we performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Bank's portfolio, risk profile, credit risk management practices and the macroeconomic environment;
- we performed substantive audit procedures on a sample of defaulted loans and advances to customer, consisting of key items. We examined in a critical manner the assumptions used by the Bank to determine expected cash flows and estimated recovery from any underlying collateral.

2. Impairment on investments in private banking subsidiaries

Description

As at 31 December 2021, the gross book value of investments in subsidiaries carrying out private banking activities amount to EUR 336 million against which an impairment of EUR 105 million is recorded (see Notes 12 and 39 to the financial statements). The basis of impairment of investment in subsidiaries is presented in the accounting policies in Note 2c to the financial statements.

We considered this to be a key audit matter because the determination of recoverable values of the Bank's investments in subsidiaries carrying out private banking activities relies on management's estimation of the 'Net Asset Value ("NAV") and the multiple of Assets under Management ("AuM") (NAV + AuM multiple) for each subsidiary.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained and reviewed the assessment prepared by the Management of the carrying value of investments in subsidiaries, and the calculation of impairment allowances for the investments in subsidiaries where management believes that such impairment is required;
- with the assistance of our valuation specialists, we assessed the assumptions and methodology used by the Management to determine the recoverable amount of the investment in subsidiaries, including review of multiples for a selected comparable peer group and review of the derivation of the final multiple used in calculating the value of Assets under Management.
- we compared the carrying values of the Bank's investment in subsidiaries for which audited financial statements were available with their respective share of net asset values as at 31 December 2021;
- we tested the balances of the assets under management appearing at the level of the subsidiaries as at 31 December 2021; and
- we discussed with Management the subsidiaries' performance and their outlook.

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3. Provisions for litigations

Description

As at 31 December 2021, the Bank's provisions for litigations amount to EUR 27 million (see Note 27 to the financial statements). A provision for litigation is recognized if (i) the Bank has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

The recognition and measurement of provisions for litigations require significant judgment made by the Bank. Due to the significance of these matters and the difficulty in assessing and measuring the quantum from any resulting obligations, we considered this to be a key audit matter.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel;
- we analyzed the responses to our confirmation requests obtained from external legal counsels of the Bank as 31 December 2021;
- for each case we considered whether an obligation exists, we reviewed the assumptions made by the Bank in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur;
- we reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- we considered the sufficiency of disclosures related to provisions and contingent liabilities in the Bank's financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 26 March 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 17 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Luxembourg, 28 March 2022

STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2021	31/12/2020 Restated (Note 2d)
Net interest income	4, 34	49,744	66,428
Dividend income	5, 34	34,006	45,199
Net gains/losses on financial instruments measured at fair value through profit or loss	6	26,709	28,414
Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	8,303	6,459
Net fee and commission income	8, 34	230,791	204,734
Other net income / (expenses)	9, 34	11,669	-27,388
GROSS INCOME		**361,222**	**323,845**
Operating expenses	10, 34	**-406,417**	**-401,092**
Staff expenses	11, 29	-237,069	-238,701
General administrative expenses	38	-132,665	-120,135
Other	25, 26, 27	-36,684	-42,257
Impairment	12, 20, 21, 34	**-88,762**	**-21,959**
PROFIT/(LOSS) BEFORE TAX		**-133,958**	**-99,206**
Income tax (expenses) / income	13	-6,159	796
PROFIT/(LOSS) AFTER TAX	31	**-140,117**	**-98,410**

The notes refer to the 'Notes to the financial statements', which form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2d)
PROFIT/(LOSS) AFTER TAX	-140,117	-98,410
OTHER COMPREHENSIVE INCOME	15,719	-36,208
Items that may be reclassified subsequently to profit or loss	**-1,017**	**1,455**
Debt instruments at fair value through other comprehensive income	-981	1,649
Quintet Europe merger as at 01/01/2020 (Note 1)	-	419
Revaluation at fair value (including on hedged items)	6,667	5,042
Net realized gains / losses on sales	-7,974	-3,404
Income tax (expenses)	326	-408
Exchange differences on translation of foreign operations	-36	-193
Quintet Europe merger as at 01/01/2020 (Note 1)	-	-191
Other	-36	-2
Items that will not be reclassified to profit or loss	**16,736**	**-37,663**
Remeasurements of defined benefit pension plans	16,576	-37,637
Quintet Europe merger as at 01/01/2020 (Note 1)	-	-30,296
Remeasurements (gross)	16,745	-7,349
Income tax (expense)/income on remeasurements	-169	9
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	160	-27
Quintet Europe merger as at 01/01/2020 (Note 1)	-	10
Revaluation at fair value	217	-49
Income tax (expenses) / income	-57	13
TOTAL COMPREHENSIVE INCOME	-124,398	-134,618

The notes refer to the 'Notes to the financial statements', which form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2d)	01/01/2020 Restated (Note 2d)
Cash and balances with central banks and other demand deposits	17, 34, 36	3,921	2,506	1,791
Financial assets	14, 16, 17, 18, 19, 34, 36	8,135	8,850	8,605
Held-for-trading	14, 16, 22	164	258	249
Non-trading mandatorily at fair value through profit or loss	14, 16	44	43	44
At fair value through other comprehensive income	14, 15, 16	2,152	2,792	3,117
At amortized cost	14, 15, 16	5,754	5,752	5,193
Hedging derivatives	14, 16, 22	20	5	3
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-8	13	4
Tax assets	24, 36	23	22	18
Current tax assets		2	1	1
Deferred tax assets		21	21	17
Investment in subsidiaries and associates	39	231	271	442
Property and equipment	26	64	71	61
Intangible assets	25	346	354	354
Other assets	23, 36	124	123	111
Non-current assets held-for-sale	1	14	-	7
TOTAL ASSETS		12,851	12,209	11,394

EQUITY AND LIABILITIES (In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2d)	01/01/2020 Restated (Note 2d)
Financial liabilities	14, 16, 17, 34	11,418	10,757	9,924
Held-for-trading	22	122	269	244
At amortized cost		11,214	10,352	9,569
Hedging derivatives	22	82	137	111
Provisions	27, 29	58	72	50
Tax liabilities	24	3	1	0
Other liabilities	28	257	191	271
TOTAL LIABILITIES		11,737	11,022	10,245
TOTAL EQUITY	30	1,115	1,187	1,148
Out of which Common Equity Tier 1 instruments issued		*880*	*820*	*770*
TOTAL EQUITY AND LIABILITIES		12,851	12,209	11,394

The notes refer to the 'Notes to the financial statements', which form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity instruments issued other than capital	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Currency translation differences	Reserves	Profit/ Loss	**Total equity**
2021									
Balance as at 01/01/2021	**242.2**	**578.3**	**123.6**	**13.8**	**-47.0**	**-0.2**	**375.1**	**-98.4**	**1,187.4**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	-98.4	98.4	**-**
Quintet Spain liquidation	-	-	-	-	-	-	-1.5	-	**-1.5**
AT1 coupon payment	-	-	-	-	-	-	-7.0	-	**-7.0**
Total comprehensive income for the year	-	-	-	-0.8	16.6	0.0	-	-140.1	**-124.4**
Capital increase (Note 30)	12.0	48.0	-	-	-	-	-	-	**60.0**
Other	-	-	0.0	-	-	-	0.2	-	**0.1**
Balance as at 31/12/2021	**254.2**	**626.3**	**123.5**	**13.0**	**-30.4**	**-0.2**	**268.4**	**-140.1**	**1,114.6**
2020									
Balance as at 01/01/2020	**233.1**	**537.4**	**-**	**12.2**	**-9.4**	**-**	**451.5**	**60.3**	**1,285.1**
Quintet Europe merger (Note 1)	-	-	-	-	-	-	-116.5	-	**-116.5**
Restatement (Note 2d)	-	-	-	-	-	-	-20.2	-	**-20.2**
Balance as at 01/01/2020 after merger and restated	**233.1**	**537.4**	**-**	**12.2**	**-9.4**	**-**	**314.9**	**60.3**	**1,148.4**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	60.3	-60.3	**-**
Total comprehensive income for the year	-	-	-	1.6	-37.6	-0.2	-	-98.4	**-134.6**
Capital increase	9.1	40.9	-	-	-	-	-	-	**50.0**
Issuance of other equity instruments (Note 30)	-	-	123.6	-	-	-	-	-	**123.6**
Other	-	-	-	-	-	-	0.0	-	**0.0**
Balance as at 31/12/2020 Restated (Note 2d)	**242.2**	**578.3**	**123.6**	**13.8**	**-47.0**	**-0.2**	**375.1**	**-98.4**	**1,187.4**

The notes refer to the 'Notes to the financial statements', which form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2021	31/12/2020 Restated (Note 2d)
Profit /(loss) before tax		-134.0	-99.2
Adjustments for:			
Impairment of securities, amortisation and depreciation of property and equipment, intangible assets and investment properties	10, 12	113.9	46.6
Profit/loss on the disposal of investments	9	-1.0	37.9
Change in impairment for losses on loans and advances	12	3.6	1.9
Change in other provisions	10	7.9	15.8
Unrealized foreign currency gains and losses		-9.9	-24.6
Cash flows from / (used in) operating activities, before tax and changes in operating assets and liabilities		**-19.4**	**-21.7**
Changes in operating assets [(1)]		1,255.4	1,364.3
Changes in operating liabilities [(2)]		259.3	697.0
Income taxes		-8.7	-4.8
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		**1,486.6**	**2,034.9**
Purchase of subsidiaries or business units		-47.2	-48.7
Proceeds from sale of subsidiaries or business units	1, 9	-	-37.9
Purchase of intangible assets	25	-5.3	-6.1
Purchase of property and equipment	26	-3.9	-6.5
Proceeds from sale of property and equipment	9, 26	0.0	0.1
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**-56.3**	**-99.1**
Share capital increase	30	60.0	50.0
Issue of other equity instruments	30	-	123.6
Purchase/sale of treasury shares		-	-
Issue/repayment of non-subordinated debt	14	-254.5	491.4
Issue/repayment of subordinated debts	14	-	-0.2
Dividends paid and profit-sharing		-	-
AT1 yearly coupon payment		-7.0	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-201.5**	**664.8**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**1,228.8**	**2,600.5**
CASH AND CASH EQUIVALENTS AS AT 01/01		**2,892.3**	**291.8**
Net increase/decrease in cash and cash equivalents following the merged entities		-	1,240.3
Net increase/decrease in cash and cash equivalents		1,228.8	1,360.2
CASH AND CASH EQUIVALENTS AS AT 31/12 [(3)]		**4,121.1**	**2,892.3**
ADDITIONAL INFORMATION			
Interest paid during the year		-86.2	-77.4
Interest received during the year		122.4	128.8
Dividends received (including equity method)	5	34.0	45.2
COMPONENTS OF CASH AND CASH EQUIVALENTS		**4,121.1**	**2,892.3**
Cash and balances with central banks (including mandatory reserve with the central bank)		3,620.5	2,228.9
Loans and advances to banks repayable on demand		925.6	1,126.9
Deposits from banks repayable on demand		-425.1	-463.4
Of which: not available [(4)]		50.8	44.5

(1) Including Loans and advances to banks and customers, securities, derivatives and other assets.
(2) Including deposits from banks and customers, bonds issued, derivatives and other liabilities.
(3) Cash includes cash and deposits payable on demand; cash equivalents are short-term investments that are very liquid, easily convertible into a known cash amount and subject to a negligible risk of a change in value.
(4) Cash and cash equivalents not available mainly comprise of the mandatory reserve held with the Luxembourg Central Bank and the 'margin' accounts held with clearing houses (futures markets, etc.).

The notes refer to the 'Notes to the financial statements', which form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

Quintet Private Bank (Europe) S.A. (hereafter 'Quintet' or the 'Bank') is specialized in private banking. In support of and complementary to this activity, Quintet has also developed several niche activities specific to its various markets.

On 16 January 2020, KBL European Private Bankers S.A. was renamed "Quintet Private Bank (Europe) S.A.". KBL Luxembourg, the group's private bank in the Grand Duchy, was rebranded as "Quintet Luxembourg".

The business purpose of Quintet is to carry out all banking and credit activities. In addition, Quintet is allowed to carry out all commercial, industrial or other transactions, including real estate transactions, in order to achieve its main business purpose, either directly or through participation, or in any other manner, these provisions to be understood in the widest manner possible. Quintet may carry out any activity which contributes in any way to the achievement of its business purpose. The Bank's main activities are described in Note 3a.

Quintet is a public limited liability company (société anonyme) incorporated in Luxembourg and having its registered office at: 43, boulevard Royal, L-2449 Luxembourg.

Since July 2012, Quintet Group is more than 99.9% owned by Precision Capital LLC, a Qatari-based company governed by Qatar law representing the interests of a group of Qatari private investors. In December 2021, Precision Capital was transferred from Luxembourg to Qatar via a transfer of legal personality. Quintet – as the sole participation of Precision Capital – continues to be directly supervised by the European Central Bank and the Commission de Surveillance du Secteur Financier. Precision Capital – as a strong and committed shareholder – continues to fully support the long-term strategy of Quintet.

The Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as a consolidated management report, which are available at its head office.

As of 31 December 2021, Quintet's non-consolidated financial statements include:

- Quintet Danmark, the Danish branch based in Copenhagen, opened for business on 1 July 2020 (legally opened in May 2020), representing a major step forward in the Group's long-term plan to establish and grow a robust Northern European franchise, through organic initiatives and potential acquisitions,
- Merck Finck, the German branch,
- InsingerGilissen, the Dutch branch,
- Puilaetco, the Belgian branch.

Quintet Switzerland - Non-current assets held-for-sale (HFS) not qualifying as discontinued operations

On 11 October 2021, Quintet announced that it has reclassified its Swiss business as non-core. During November, Quintet reduced its workforce to bring Quintet Switzerland to a lighter setup whilst maintaining all required functions to ensure an adequate handling of business and operation in wind-down process.

On 17 December 2021, the Group signed strategic partnerships with two local reputable financial institutions to allow a smooth transition with objective to refer all clients by end March 2022.

Quintet Switzerland will be then in operational wind down as from the second quarter 2022 until full liquidation expected by the end of the third quarter 2022.

Consequently, the participating interests related to Quintet Switzerland, is presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued operations".

There is no impact on the liability side, income statement or statement of cash flows.

Quintet España branch

On 30 September 2021, Quintet closed its Spanish branch.

Quintet Europe merger with effect as at 01/01/2020

On 15 December 2020, the Bank created its European Union business unit ("Quintet Europe") that would house the Bank's EU-based subsidiaries and branches. This legal merger resulted in the legal transformation of Puilaetco Private Bankers S.A. in Belgium, InsingerGilissen Bankiers N.V. (excluding its four subsidiaries) in the Netherlands and Merck Finck Privatbankiers AG in Germany from subsidiaries into branches.

The financial position and results of operations of the merged subsidiaries have been incorporated in the financial statements with a retroactive effect of 1 January 2020. The impact of the Quintet Europe merger has been separately disclosed in these financial statements and described in Note 2b (paragraph a – Merger accounting policy).

As at 31 December 2021, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg, KTL and Puilaetco Luxembourg), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet for its head office at Luxembourg. In the 2020 Bank's accounts, the realized loss on sale of EUR 37.9 million (Note 9) is mostly offset by the dividend received from KBL Immo for EUR 36.6 million (Note 5) before the sale.

Note 2 – Accounting principles and rules of the financial statements

The significant accounting policies (including changes since the previous annual publication that may impact Quintet) applying to the parent company's financial statements are explained in the Notes 2b and 2c of the consolidated financial statements herein except for specific information that applies solely to the parent's financial statements.

Note 2a – Statement of compliance

These financial statements were approved by the Board of Directors of Quintet on 17 March 2022.

Quintet's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Given its activity, Quintet is not impacted de facto by IFRS 4 on insurance contracts.

The financial statements provide comparative information in respect of the previous financial year.

In preparing the financial statements under IFRS, the Board of Directors is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements (see Note 2c).

Note 2b – Significant accounting policies

Specific information relating to the financial statements of the parent company:

a. Merger accounting policy

The legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. Hence, the values recognized in the consolidated financial statements become the cost of the net assets for the parent.

The acquired assets and assumed liabilities are recognized in the solo accounts at the carrying amounts in the merged financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognized when the subsidiary was originally acquired, less their subsequent related amortization, depreciation, impairment losses, as applicable.
The difference between (i) the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger including the associated goodwill, and (ii) the carrying amount of the investment in the merged subsidiary before the legal merger, is recognized directly in equity.

b. Investment in subsidiaries and associates

Subsidiaries and associates are measured at cost following IAS 27 and IAS 28. Impairment tests are performed once a year.

Note 2c – Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements. The Management has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Estimation of claims and litigations (see Notes 2c and 27).
- Fair value of financial instruments not quoted in an active market (see Note 14).
- Impairment assessment of goodwill and participations (see Notes 2c and 12).
- Measurement of the expected credit loss (ECL) allowance: the explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 37.

Going concern

The Bank's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Note 2d – Reclassifications and restatement made in accordance with IAS8

In 2021, the IFRS Interpretations Committee's (IFRIC) issued an agenda decision concerning the recognition of the costs related to cloud computing arrangement and more especially to Software as a Services (SaaS). For such type of arrangement, a right to access software and use it for their purposes is granted but without right to transfer the software to another platform or to control its method of operation beyond what is contractually agreed.

The decision clarified the nature of expenditure that met the definition of an intangible asset in accordance with IAS38 (requiring, amongst other, to meet the criteria of the control over the resource) and the methods of differentiating between intangible assets and expenses.

Situation where the cost can be accounted for as intangible asset in case of a SaaS arrangement is limited to the case where internal or external resources are engaged to create software (e.g. interfaces with the SaaS platform) to which the entity retains intellectual property rights.

In all the other cases, the set up costs do not meet the IAS38 definition of an intangible asset and have to be charged as the entity benefits from the expenditure. To that purpose the IFRIC identified two general 'buckets' of implementation cost incurred in a cloud computing arrangement: the configuration costs and the customization costs.

When the customization service made by a SaaS vendor is not distinct, i.e. is considered to be integral to the customer's ability to derive its intended benefit from the software, then, amounts paid are recognized as prepaid amounts and charged in the statement of profit and loss over the contractual period of access to the software.

The configuration services performed by third parties, or by the SaaS vendor but that could be done by a third party, are considered to be a distinct service. In this case amounts paid are recognized in the statement of profit and loss directly when the configuration service is performed.

Changes of Quintet's accounting policies induced by the decision reached by the IFRIC have been applied retrospectively in accordance with IAS8. They led to the derecognition of a significant part of the IT intangible assets. Another part has been reclassified to "other assets – prepaid".

The Bank assessed its intangible assets in the light of these new guidelines and restated the affected financial statement line items for the prior periods, as follows:

Impact on the statement of profit and loss

(In EUR thousand)	31/12/2020	31/12/2020 Restated	Impact of restatement
Operating expenses	-401,149	-401,092	57
Staff expenses	-238,701	-238,701	-
General administrative expenses	-117,082	-120,135	-3,053
Other	-45,366	-42,257	3,109
PROFIT / (LOSS) BEFORE TAX	-99,263	-99,206	57
Income tax (expenses) / income	950	796	-154
PROFIT/(LOSS) AFTER TAX	**-98,312**	**-98,410**	**-98**

Impact on the statement of financial position

ASSETS (In EUR million)	01/01/2020	01/01/2020 Restated	Impact of restatement
Tax assets	17	18	1
Current tax assets	1	1	-
Deferred tax assets	16	17	1
Intangible assets	375	354	-22
Other assets	111	111	-
TOTAL ASSETS	**11,414**	**11,394**	**-20**
TOTAL EQUITY	**1,169**	**1,148**	**-20**
Reserves (including Retained earnings)	335	315	-20
TOTAL EQUITY AND LIABILITIES	**11,414**	**11,394**	**-20**

ASSETS (In EUR million)	31/12/2020	31/12/2020 Restated	Impact of restatement
Tax assets	20	22	1
Current tax assets	1	1	-
Deferred tax assets	20	21	1
Intangible assets	378	354	-24
Other assets	121	123	2
TOTAL ASSETS	**12,229**	**12,209**	**-20**
TOTAL EQUITY	**1,208**	**1,187**	**-20**
Reserves (including Retained earnings)	395	375	-20
Profit / Loss	-98	-98	0
TOTAL EQUITY AND LIABILITIES	**12,229**	**12,209**	**-20**

Note 3a – Operating segments by business segment

Quintet Private Bank distinguishes between the following primary segments:

- The **'PRIVATE BANKING'** segment includes the wealth management activities provided to Quintet Europe private clients. Intermediation and portfolio management services for InsingerGilissen and Quintet Luxembourg institutional clients are also part of that segment.
- The **'ASSET SERVICING'** segment includes services provided to institutional clients. This segment includes custodian bank, fund domiciliation and administration activities, paying agent activities, central securities depository Clearstream / Euroclear activities.
- The **'OWN ACCOUNT & GROUP ITEMS'** segment includes support activity provided by Quintet Group to the network of subsidiaries, acting in its capacity as parent company, all other elements not directly linked to the previous two segments, and extraordinary elements not directly linked to other business segments. 'Own Account' includes activities such as bullions, bond and structured products own account, ALM free capital portfolio revenues, etc. (not directly private client-related). 2020 was impacted by revenue from the sale of Real-Estate assets.

Revenue and costs attributed to a segment reflect direct and indirect income from clients as well as allocated costs linked to this segment business as implemented in accounting management.

Statement of profit and loss (In EUR million)	PRIVATE BANKING		ASSET SERVICING		OWN ACCOUNT & GROUP ITEMS		Quintet	
	2021	2020 Restated (Note 2d)	**2021**	2020 Restated (Note 2d)	**2021**	2020 Restated (Note 2d)	**2021**	2020 Restated (Note 2d)
Net interest income	30.9	47.7	5.7	12.4	13.1	6.3	**49.7**	**66.4**
Dividend income	0	0	0	0	34.0	45.2	**34.0**	**45.2**
Net gains/losses on financial instruments measured at fair value through profit or loss	18.5	17.8	3.8	4.5	4.4	6.1	**26.7**	**28.4**
Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss	0.0	1.7	0.0	1.8	8.3	3.0	**8.3**	**6.5**
Net fee and commission income	223.5	187.4	24.0	16.9	-16.7	0.4	**230.8**	**204.7**
Other net income (expenses)	-28.6	5.4	-0.1	0.3	40.4	-33.2	**11.7**	**-27.4**
GROSS INCOME	**244.3**	**260.1**	**33.4**	**35.9**	**83.5**	**27.8**	**361.2**	**323.9**
Operating expenses	-248.1	-289.7	-28.1	-31.9	-130.2	-79.5	**-406.4**	**-401.1**
Impairment	-7.2	-1.1	0.2	0.1	-81.8	-21.0	**-88.8**	**-22.0**
Profit/LOSS before tax	**-11.1**	**-30.7**	**5.5**	**4.1**	**-128.4**	**-72.7**	**-134.0**	**-99.2**
Income tax (expense) / income	-4.4	0.6	0.0	0.3	-1.7	-0.2	**-6.2**	**0.8**
Profit/LOSS after tax	**-15.5**	**-30.1**	**5.5**	**4.5**	**-130.1**	**-72.9**	**-140.1**	**-98.4**

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the annual accounts.

Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Note 3b – Operating segments by geographic sector

The Bank carries out most of its activities in Western Europe.

Note 4 – Net interest income

(In EUR thousand)	31/12/2021	31/12/2020
Interest income	**200,621**	**555,709**
Financial assets at fair value through other comprehensive income	39,318	44,992
Financial assets at amortized cost	55,221	57,385
Interest income on liabilities at amortized cost	17,542	13,662
Other	69	225
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*112,151*	*116,264*
Financial assets held-for-trading	77,655	426,952
Net interest on hedging derivatives	10,815	12,490
Non-trading financial assets mandatorily at fair value through profit or loss	-	2
Interest expense	**-150,876**	**-489,280**
Financial liabilities at amortized cost	-10,892	-15,927
Interest expense on assets at amortized cost	-24,499	-10,644
Other	-	-
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-35,391*	*-26,571*
Financial liabilities held-for-trading	-64,160	-411,839
Net interest on hedging derivatives	-50,473	-50,284
Interest expense for leasing arrangements	-853	-586
Net interest income	**49,744**	**66,428**

Note 5 – Dividend income

(In EUR thousand)	31/12/2021	31/12/2020
Participating interests (Note 1)	30,300	44,931
Equity instruments at fair value through other comprehensive income	-	1
Non-trading financial assets mandatorily at fair value through profit or loss	3,706	267
Dividend income	**34,006**	**45,199**

Note 6 – Net gains/losses on financial instruments measured at fair value through profit or loss

(In EUR thousand)	31/12/2021	31/12/2020
Held-for-trading	24,473	21,388
Non-trading financial instruments mandatorily at fair value through profit or loss	557	703
Exchange differences	-10	6,842
Fair value adjustments in hedge accounting	1,689	-520
Micro-hedging	615	-636
Fair value of hedged items	-63,138	27,942
Fair value of hedging items	63,753	-28,578
Macro-hedging	1,074	117
Fair value of hedged items	-21,702	8,905
Fair value of hedging items	22,776	-8,789
Net gains/losses on financial instruments measured at fair value through profit or loss	**26,709**	**28,414**

Note 7 – Net realized gains/losses on financial assets and liabilities not measured at fair value through profit or loss

(In EUR thousand)	31/12/2021	31/12/2020
At fair value through other comprehensive income	7,974	3,404
Debt securities	7,974	3,404
At amortized cost	380	3,118
Debt securities	380	3,118
Loans and advances	-	-
Financial liabilities	-51	-62
Debt securities	-51	-62
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**8,303**	**6,459**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2021	31/12/2020
Fee and commission income	**265,065**	**237,025**
Asset management	214,112	185,224
Securities transactions	44,140	43,920
Other	6,813	7,881
Fee and commission expense	**-34,274**	**-32,292**
Asset management	-18,108	-18,843
Securities transactions	-10,956	-9,464
Other	-5,210	-3,984
Net fee and commission income	**230,791**	**204,734**

Note 9 – Other net income (expenses)

(In EUR thousand)		31/12/2021	31/12/2020
Other net income (expenses)		**11,669**	**-27,388**
Of which	Group Transfer pricing	8,252	2,461
	Net proceeds from precious metals transactions	1,240	1,963
	Net wealth tax	-1,116	-350
	Disposal of KBL Immo (Note 1)	975	-37,853
	Sale of property owned by Quintet following a foreclosure in 2019	-	4,592

Note 10 – Operating expenses

Operating expenses include staff costs, amortization and depreciation of property and equipment and intangible assets, changes in provisions and general administrative expenses.

General administrative expenses include in particular repair and maintenance expenses, advertising expenses, rent, professional duties, IT costs and various (non-income) taxes.

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2d)
Staff expenses	-237,069	-238,701
General administrative expenses	-132,665	-120,135
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-28,738	-26,502
of which depreciation of right-of-use assets	*-10,963*	*-10,048*
Net provision allowances	-7,945	-15,754
Operating expenses	**-406,417**	**-401,092**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2021	31/12/2020
Total average number of persons employed	**1,417**	**1,409**
Breakdown by business segment [(1)]		
Private Banking	1,108	1,115
Asset Servicing	161	155
Own Account and Group items	148	138

[(1)]The breakdown of commercial, administrative and support staff has been made on the same basis than for drawing up Note 3a on operating segments by business segment.

Note 12 – Impairment

(In EUR thousand)	31/12/2021	31/12/2020
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	**-248**	**45**
At fair value through other comprehensive income	**139**	**526**
Stage 1	139	526
At amortized cost	**-3,175**	**-1,972**
Stage 1	1,278	-963
Stage 2	-381	47
Stage 3	-4,072	-1,057
Investments in subsidiaries	**-85,055**	**-20,558**
Other	-423	-
Impairment	**-88,762**	**-21,959**

More detailed information on impairment is provided in Note 37.

Impairment on investments in subsidiaries

(In EUR thousand)	31/12/2021	31/12/2020
Impairment	**85,055**	**20,558**
Equity instruments	85,055	20,558
On participating interests	85,055	20,558
Goodwill	-	-

See also Note 20 – Impairment of financial assets at fair value through other comprehensive income

The values of participating interests, goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter.

The goodwill reported in the accounts of the parent's company results from the merger with several former subsidiaries which occurred in 2020 (cf. merger accounting policy described in note 2b).

Both participating interests and goodwill's recoverable values are primarily measured using multiples of valuation of comparable companies (the related fair value estimates correspond to 'level 2' fair values under the fair value hierarchy described in IFRS 13) which, in practice, represents an estimation of fair value less costs of disposal.

<u>Cash generating units (CGU)</u>
Cash-generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

If an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected. This reallocation shall be performed using a relative value approach similar to that used when an entity disposes of an operation within a cash-generating unit, unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganized units (IAS36.87).

<u>Multiples of valuation of comparable companies methodology</u>
Estimations are primarily made using multiples of valuation of comparable companies.

This methodology has been assessed as giving the best estimation of the fair value less cost to sell compared to a more complex Discounted Dividend Model which would require the use of a number of non-observable parameters.

Such estimations shall be calculated in accordance with IFRS13 'Fair value measurement' that classifies into three levels the inputs to valuation techniques used to measure fair value:

- Level 1: quoted price in active market for identical asset or liabilities,
- Level 2: inputs other than quoted prices included with level 1 that are observable for the assets and liabilities, either directly or indirectly,
- Level 3: unobservable inputs.

Due to the specificities of the goodwill, Level 1 is not applicable.

For the impairment test on the goodwill these multiples shall be applied to the clients' Assets under Management. For the participating interests these multiples shall be applied to the clients' Assets under Management and adding to that result the percentage of ownership multiplied by the participating interest's Net Asset Value.

During 2021 a decision was taken to discontinue the Quintet Switzerland business. At the end of 2021 the value of the investment in that company was assessed using the multiples of valuation of comparable companies method as this gives the best estimate of the fair value of sale. The carrying amount of this CGU was determined to be higher than its recoverable amount by EUR 85.1m and an impairment loss for this amount (2020: EUR Nil) was recognized in the statement of profit and loss.

Note 13 – Income tax (expenses) / income

(In EUR thousand)	31/12/2021	31/12/2020 Restated (Note 2d)
Breakdown by type	-6,159	796
Current tax	-6,125	-3,016
Deferred tax	-35	3,812
of which: losses carried forward	-	-
Breakdown by major components:		
Result before tax	-133,958	-99,206
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**33,409**	**24,742**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	772	-20
Tax-free income	8,753	9,729
Other non-deductible expenses	-1,788	-3,043
Adjustments related to prior years	4	-220
Unused tax losses and unused tax credits	-4,579	-4,573
Other [1]	-42,730	-25,819
Income tax adjustments	**-39,569**	**-23,946**
Total	**-6,159**	**796**

[1]Represents the taxable base multiplied by the applicable tax rate after taking into consideration fiscal adjustments.

Details of tax assets are given in Note 24.

In 2002, under Article 164 bis of the Luxembourg Income Tax Law (LIR), the Bank obtained approval for the fiscal consolidation of its subsidiaries: Kredietrust Luxembourg S.A. and KBL Immo S.A.

Further to the approval of the Luxembourg tax authorities dated of 6 June 2017, Banque Puilaetco Dewaay Luxembourg S.A. has also joined the fiscal consolidation group of Quintet as from the year 2017.

The deferred tax assets not recognized in the statement of financial position of the Bank as of 31 December 2021 amount to EUR 191.9 million (31 December 2020: EUR 137.9 million).

Note 14 – Classification of financial instruments: breakdown by portfolio and by product

- Financial instruments are classified into several categories ("portfolios"). Details of these various categories and the valuation rules linked to them are given in Note 2c, point b dealing with financial assets and liabilities.
- The statement of financial position analyzes below have been conducted at the dirty price.

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2021	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**796**	-	**796**
Loans and advances to others than credit institutions	-	-	-	**4,103**	-	**4,103**
Consumer credits	-	-	-	62	-	**62**
Mortgage loans	-	-	-	1,756	-	**1,756**
Term loans	-	-	-	1,486	-	**1,486**
Current accounts	-	-	-	636	-	**636**
Other	-	-	-	163	-	**163**
Equity instruments	**0**	**43**	**16**	**-**	**-**	**59**
Debt instruments issued by	**37**	**1**	**2,136**	**855**	**-**	**3,029**
Government bodies	-	-	1,356	720	-	**2,076**
Credit institutions	30	-	292	79	-	**401**
Corporates	6	1	488	57	-	**552**
Financial derivatives	**128**	**-**	**-**	**-**	**20**	**148**
Total	**164**	**44**	**2,152**	**5,754**	**20**	**8,135**
Of which reverse repos	-	-	-	569	-	**569**

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2020	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	**-**	**-**	**-**	**960**	**-**	**960**
Loans and advances to others than credit institutions	**-**	**-**	**-**	**3,564**	**-**	**3,564**
Consumer credits	-	-	-	100	-	**100**
Mortgage loans	-	-	-	1,491	-	**1,491**
Term loans	-	-	-	1,156	-	**1,156**
Current accounts	-	-	-	621	-	**621**
Other	-	-	-	195	-	**195**
Equity instruments	**0**	**42**	**16**	**-**	**-**	**58**
Debt instruments issued by	**53**	**1**	**2,776**	**1,227**	**-**	**4,057**
Government bodies	-	-	1,865	1,018	-	**2,883**
Credit institutions	48	-	387	122	-	**557**
Corporates	5	1	524	87	-	**618**
Financial derivatives	**204**	**-**	**-**	**-**	**5**	**209**
Total	**258**	**43**	**2,792**	**5,752**	**5**	**8,850**
Of which reverse repos	-	-	-	734	-	**734**

LIABILITIES CARRYING AMOUNTS (In EUR million) **31/12/2021**	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	**Total**
Deposits from credit institutions	**-**	**-**	**967**	**967**
Deposits from others than credit institutions	**-**	**-**	**9,710**	**9,710**
Current accounts/demand deposits	-	-	9,017	**9,017**
Time deposits	-	-	686	**686**
Other deposits	-	-	7	**7**
Debt securities issued (not subordinated)	**-**	**-**	**478**	**478**
Non-convertible debt securities	-	-	478	**478**
Lease liabilities	**-**	**-**	**59**	**59**
Financial derivatives	**122**	**82**	**-**	**204**
Total	**122**	**82**	**11,214**	**11,418**
Of which repos	-	-	3	**3**

LIABILITIES CARRYING AMOUNTS (In EUR million) **31/12/2020**	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	**Total**
Deposits from credit institutions	**-**	**-**	**859**	**859**
Deposits from others than credit institutions	**-**	**-**	**8,693**	**8,693**
Current accounts/demand deposits	-	-	8,180	**8,180**
Time deposits	-	-	505	**505**
Other deposits	-	-	8	**8**
Debt securities issued (not subordinated)	**-**	**-**	**733**	**733**
Non-convertible debt securities	-	-	733	**733**
Lease liabilities	**-**	**-**	**67**	**67**
Financial derivatives	**268**	**137**	**-**	**405**
Short sales – debt instruments	**0**	**-**	**-**	**0**
Total	**269**	**137**	**10,352**	**10,757**
Of which repos	-	-	1	**1**

Fair value of financial instruments

The following table summarizes the carrying amounts and fair values of the financial assets and liabilities not measured at fair value. Loans and advances to credit institutions have a short-term maturity (mainly less than 3 months) and loans and advances to other than credit institutions mainly carry a variable interest rate justifying that carrying amounts and fair value of financial assets are considered to be equal.

(In EUR million)	**Carrying amount**		**Fair value**	
	31/12/2021	**31/12/2020**	**31/12/2021**	**31/12/2020**
ASSETS				
Loans and advances to credit institutions	**796**	**960**	**797**	**960**
Loans and advances to others than credit institutions	**4,103**	**3,564**	**4,103**	**3,564**
Consumer credits	62	100	62	100
Mortgage loans	1,756	1,491	1,756	1,491
Term loans	1,486	1,156	1,486	1,156
Current accounts	636	621	636	621
Other	163	195	163	195
Debt instruments	**855**	**1,227**	**860**	**1,244**
LIABILITIES				
Deposits from credit institutions	**967**	**859**	**968**	**859**
Deposits from others than credit institutions	**9,710**	**8,693**	**9,710**	**8,693**
Current accounts/demand deposits	9,017	8,180	9,017	8,180
Time deposits	686	505	686	505
Other deposits	7	8	7	8
Debt securities issued (not subordinated)	**478**	**733**	**478**	**732**
Non-convertible debt securities	478	733	478	732

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) price in active and executable market for identical assets or liabilities;
- Level 2: quoted price on market for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

31/12/2021
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**163**	**1**	**164**
Equity instruments	-	-	0	**0**
Debt instruments	-	35	1	**37**
Derivatives	0	127	-	**128**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**44**	**44**
Equity instruments	-	-	43	**43**
Debt instruments	-	-	1	**1**
At fair value through other comprehensive income	**1,128**	**1,008**	**16**	**2,152**
Equity instruments	-	-	16	**16**
Debt instruments	1,128	1,008	-	**2,136**
Hedging derivatives	**-**	**20**	**-**	**20**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**122**	**-**	**122**
Debt instruments	-	-	-	**-**
Derivatives	0	122	-	**122**
Hedging derivatives	**-**	**82**	**-**	**82**

31/12/2020
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**257**	**1**	**258**
Equity instruments	-	0	0	**0**
Debt instruments	0	53	0	**53**
Derivatives	0	204	-	**204**
Non-trading mandatorily at fair value through profit or loss	**-**	**0**	**43**	**43**
Equity instruments	-	0	42	**42**
Debt instruments	-	-	1	**1**
At fair value through other comprehensive income	**1,567**	**1,210**	**16**	**2,792**
Equity instruments	-	-	16	**16**
Debt instruments	1,567	1,210	-	**2,776**
Hedging derivatives	**-**	**5**	**-**	**5**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**1**	**268**	**-**	**269**
Debt instruments	-	0	-	**0**
Derivatives	1	268	-	**268**
Hedging derivatives	**-**	**137**	**-**	**137**

Transfers between the level 1 and level 2 categories

31/12/2021 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**0**	**-**
Equity instruments	-	-
Debt instruments	0	-
At fair value through other comprehensive income	**151**	**140**
Equity instruments	-	-
Debt instruments	151	140
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

31/12/2020 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**0**
Equity instruments	-	-
Debt instruments	-	0
At fair value through other comprehensive income	**149**	**91**
Equity instruments	-	-
Debt instruments	149	91
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

All transfers between categories (i.e. those between level 1 and level 2 detailed in the above tables and those into or out of level 3 detailed in the tables dedicated to the Level 3 fair value measurements here below) are the result of the internal Fair Value Hierarchy process run by the Bank.

All transfers disclosed are deemed to have occurred at the end of the reporting period. Transfers are thus measured at the closing fair values of the related items.

Level 3 financial instruments measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	**Total**
Balance as at 01/01/2021	1	43	16	60
Changes in fair value for the year	0	1	0	**1**
recognized in the statement of profit and loss	*0*	*1*	-	***0***
recognized in the other comprehensive income	-	-	*0*	***0***
Purchases / Capital increases	1	-	-	**1**
Sales / Capital decreases	0	-	0	**0**
Transfers into / out of level 3	0	-	-	**0**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2021	**1**	**44**	**16**	**61**
Total gains / losses recognized in the statement of profit and loss, that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the reporting period	0	1	0	**1**

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	**Total**
Balance as at 01/01/2020	**1**	**42**	**16**	**59**
Quintet Europe merger (Note 1)	-	2	0	**2**
Balance as at 01/01/2020 after merger	**1**	**44**	**16**	**61**
Changes in fair value for the year	0	1	0	**1**
recognized in the statement of profit and loss	*0*	*1*	-	***1***
recognized in the other comprehensive income	-	-	*0*	***0***
Purchases / Capital increases	0	-	-	**0**
Sales / Capital decreases	0	-1	-	**-1**
Transfers into / out of level 3	0	-	-	**0**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2020	**1**	**43**	**16**	**60**
Total gains / losses recognized in the statement of profit and loss, that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the reporting period	0	1	0	**1**

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through the statement of profit and loss except equity investments for which the Bank has elected to present fair value changes in other comprehensive income) are further commented in the Note 15 of the Consolidated Financial Statements above.

Note 15 – Financial assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2021			
Equity instruments	**16**	**-**	**16**
Debt securities	**2,136**	**855**	**2,992**
Stage 1	2,136	855	**2,992**
Gross amount	2,137	856	**2,993**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,899**	**4,899**
Stage 1	-	4,814	**4,814**
Gross amount	-	4,815	**4,815**
Expected Credit Losses	-	-1	**-1**
Stage 2	-	17	**17**
Gross amount	-	17	**17**
Expected Credit Losses	-	0	**0**
Stage 3	-	68	**68**
Gross amount	-	90	**90**
Expected Credit Losses	-	-22	**-22**
Total	**2,152**	**5,754**	**7,907**

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2020			
Equity instruments	**16**	**-**	**16**
Debt securities	**2,776**	**1,227**	**4,003**
Stage 1	2,776	1,227	**4,003**
Gross amount	2,777	1,227	**4,004**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,525**	**4,525**
Stage 1	-	4,443	**4,443**
Gross amount	-	4,446	**4,446**
Expected Credit Losses	-	-2	**-2**
Stage 2	-	8	**8**
Gross amount	-	8	**8**
Expected Credit Losses	-	0	**0**
Stage 3	-	73	**73**
Gross amount	-	91	**91**
Expected Credit Losses	-	-18	**-18**
Total	**2,792**	**5,752**	**8,544**

Note 16 – Financial assets and liabilities: breakdown by portfolio and residual maturity

ASSETS (In EUR million)	Held-for-trading assets	Non-trading at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
31/12/2021						
Less than or equal to 1 year	119	-	438	2,367	1	**2,925**
More than 1 but less than or equal to 5 years	36	-	1,263	1,699	6	**3,003**
More than 5 years	10	44	452	1,689	14	**2,207**
Total	**164**	**44**	**2,152**	**5,754**	**20**	**8,135**
31/12/2020						
Less than or equal to 1 year	204	-	575	2,952	0	**3,732**
More than 1 but less than or equal to 5 years	45	-	1,421	1,552	2	**3,021**
More than 5 years	8	43	796	1,247	2	**2,096**
Total	**258**	**43**	**2,792**	**5,752**	**5**	**8,850**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2021				
Less than or equal to 1 year	105	14	10,910	**11,029**
More than 1 but less than or equal to 5 years	9	45	299	**353**
More than 5 years	8	22	6	**36**
Total	**122**	**82**	**11,214**	**11,418**
31/12/2020				
Less than or equal to 1 year	244	3	10,224	**10,471**
More than 1 but less than or equal to 5 years	11	74	67	**152**
More than 5 years	13	60	61	**134**
Total	**269**	**137**	**10,352**	**10,757**

The maturity analysis of lease liabilities undiscounted future cash flow is:

LEASE LIABILITIES (In EUR million)	31/12/2021	31/12/2020
Less than or equal to 1 year	13	13
More than 1 but less than or equal to 5 years	43	45
More than 5 years	4	11
Total	**60**	**69**

Note 17 – Offsetting of financial assets and liabilities

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when the Bank:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Bank currently has no legally enforceable right which satisfies the above conditions. It follows that all amounts presented on the face of the statement of financial position are gross amounts.

The Bank however frequently enters into Master Netting Agreements ("MNA") with its counterparties to manage the credit risks associated primarily with (i) repurchase and reverse repurchase transactions, (ii) securities borrowing / lending and (iii) over-the-counter derivatives.
These arrangements may also be supplemented by collateral agreements.

Offsetting rights provided for by such MNA are generally conditional upon the occurrence of some specific future events (typically the events of default, insolvency or bankruptcy of the counterparty). They are thus not current, which prevents the Bank from setting the related assets and liabilities off on the statement of financial position.
Similarly, the rights of set off relating to the cash and other financial instrument collateral are also conditional upon the default of the counterparty.

The financial impact of the MNA potential offsetting opportunities are disclosed in the following tables. Only Global Master Repurchase Agreements (GMRA) for repurchase agreements and International Swaps and Derivatives Association Master Agreement (ISDA) for over-the-counter derivatives have been considered.

The effect of Master Netting Agreements relating to securities lending and borrowing has not been reported because, as underlined in the Bank's significant accounting policies (Note 2c), those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 18 and 19 give additional information on those activities and on the related financial collateral received / pledged.

31/12/2021
(In EUR million)

		Impact of Master Netting Agreements		
	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**3,921**	**-**	**-**	**3,921**
Financial assets				
Hedging and trading derivatives	148	-106	-32	9
Held-for-trading assets (excluding derivatives)	37	-	-	37
Non-trading mandatorily at fair value through profit or loss	44	-	-	44
At fair value through other comprehensive income	2,152	-	-	2,152
At amortized cost	5,754		-568	5,186
Total	**12,057**	**-106**	**-601**	**11,349**

LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	204	-106	-87	10
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	11,214	-	-	11,214
Total	**11,418**	**-106**	**-87**	**11,225**

31/12/2020
(In EUR million)

	Impact of Master Netting Agreements			
	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**2,506**	**-**	**-**	**2,506**
Financial assets				
Hedging and trading derivatives	209	-96	-17	95
Held-for-trading assets (excluding derivatives)	53	-	-	53
Non-trading mandatorily at fair value through profit or loss	43	-	-	43
At fair value through other comprehensive income	2,792	-	-	2,792
At amortized cost	5,752	-	-733	5,018
Total	**11,356**	**-96**	**-751**	**10,509**

LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	405	-96	-97	212
Held-for-trading liabilities (excluding derivatives)	0	-	-	0
Liabilities measured at amortized cost	10,352	-	-	10,352
Total	**10,757**	**-96**	**-97**	**10,564**

Note 18 – Securities lending and securities given in guarantee

The Bank regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS 9. The securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.

This mainly concerns the following operations:

- repurchase agreements ('repo'), nil at the two ends of the financial year under review,
- securities given as collateral (in particular with ECB's targeted longer-term refinancing operations or to guarantee credit lines received).

These transactions can be broken down as follows:

(In EUR million)	Other (*) Debt instruments
31/12/2021	
At amortized cost	231
At fair value through other comprehensive income	81
Total	**312**
31/12/2020	
At amortized cost	119
At fair value through other comprehensive income	-
Total	**119**

(*) The item 'Other' relates to securities borrowed or received as collateral for other operations.

Note 19 – Securities received in guarantee

The Bank mainly receives securities as collateral in relation to its reverse repurchase agreement operations and securities lending operations. These securities are generally transferred under full ownership and the Bank is able to re-use them in other operations.

The fair value of these guarantees can be broken down as follows:

(In EUR million)	31/12/2021	31/12/2020
Reverse repurchase agreements	559	842
Collateral received for securities lending	-	-
Total	559	842
Of which, transferred to:		
Collateralized deposits other than repurchase agreements	-	-

Note 20 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
(In EUR million)	Stage 1	Stage 2	Stage 3	**TOTAL**
2021				
Balance as at 01/01/2021	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2021	**1**	**-**	**-**	**1**
2020				
Balance as at 01/01/2020	**2**	**-**	**-**	**2**
Quintet Europe merger (Note 1)	0	-	-	0
Balance as at 01/01/2020 after merger	**2**	**-**	**-**	**2**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	0	-	-	0
Other	0	-	-	0
Balance as at 31/12/2020	**1**	**-**	**-**	**1**

See Note 12 – Impairment.

Note 21 – Impairment of financial assets at amortized cost

Changes in the ECL amount (In EUR million)	Financial assets at amortized cost Stage 1	Stage 2	Stage 3	TOTAL
2021				
Balance as at 01/01/2021	**3**	**0**	**18**	**20**
New assets originated or purchased	4	-	-	**4**
Assets derecognized or repaid	-5	0	0	**-6**
Change in credit risk	0	1	4	**5**
Amounts written off	-	-	0	**0**
Other	0	-	-	**0**
Balance as at 31/12/2021	**1**	**0**	**22**	**23**
2020				
Balance as at 01/01/2020	**1**	**0**	**16**	**17**
Quintet Europe merger (Note 1)	0	0	2	**3**
Balance as at 01/01/2020 after merger	**2**	**0**	**18**	**20**
New assets originated or purchased	4	0	0	**4**
Assets derecognized or repaid	-3	0	0	**-4**
Change in credit risk	0	0	1	**1**
Amounts written off	0	0	-1	**-1**
Other	0	0	0	**0**
Balance as at 31/12/2020	**3**	**0**	**18**	**20**

(In EUR million)	31/12/2021	31/12/2020
Breakdown by counterparty	**23**	**20**
Debt securities with credit institutions	0	0
Debt securities other than with credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances other than with credit institutions	23	20

Note 22 – Derivatives

Hedge Accounting note - LIBOR Transition: please refer to Note 37 – Risk Management here below.

The notional value of the foreign exchange contracts represents the nominal to be delivered.

(In EUR million)	Held-for-trading					
	2021			2020		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	value	Assets	Liabilities	value
Total	**128**	**122**	**35,981**	**204**	**268**	**37,138**
Interest rate	**24**	**23**	**24,609**	**59**	**78**	**27,707**
OTC options	0	0	5	0	0	5
OTC other	24	23	24,604	59	78	27,702
Equity	**1**	**1**	**23**	**2**	**2**	**23**
OTC options	1	1	8	1	1	14
OTC other	-	-	-	-	0	-
Organized market options	0	0	14	0	1	9
Foreign exchange and gold	**103**	**98**	**11,350**	**144**	**189**	**9,407**
OTC options	0	0	83	1	1	85
OTC other	102	98	11,266	143	187	9,322

(In EUR million)	Hedging					
	2021			2020		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	value	Assets	Liabilities	value
Total Fair value hedges	**20**	**82**	**2,953**	**5**	**137**	**3,002**
Interest rate	**6**	**48**	**1,655**	**0**	**91**	**1,853**
OTC options	0	-	1	0	-	1
OTC other	6	48	1,654	0	91	1,852
Equity	**0**	**2**	**38**	**0**	**0**	**15**
OTC other	0	2	38	0	0	15
Foreign exchange and gold	**3**	**24**	**440**	**4**	**27**	**459**
OTC other	3	24	440	4	27	459
Portfolio Fair value hedges of Interest rate risk	**11**	**7**	**819**	**0**	**19**	**675**

Note 23 – Other assets

The heading 'Other assets' covers various short-term receivables such as coupons that clients bring to Quintet to be cashed, the value of which has already been paid, fees and commissions and fees and precious metals assets.

Note 24 – Tax assets and tax liabilities

(In EUR million)	31/12/2021	31/12/2020 Restated (Note 2d)	01/01/2020 Restated (Note 2d)
ASSETS			
Current tax assets	2	1	1
Deferred tax assets	21	21	17
Losses carried forward	18	18	18
Provisions	0	0	0
Financial instruments at fair value through other comprehensive income	-4	-5	-4
Other	7	7	3
Tax assets	23	22	18
LIABILITIES			
Current tax liabilities	3	1	0
Deferred tax liabilities	-	0	0
Impairment for losses on loans and advances	-	0	-
Other	-	0	0
Tax liabilities	3	1	0

Details of tax assets are given in Note 13.

Changes in deferred tax assets and liabilities are not equal to the deferred tax charge recognized in the statement of profit and loss. This is mainly due to the deferred tax linked to the recognition in the revaluation reserve of fair value changes of the instruments FVOCI.

Note 25 – Intangible assets

CHANGES (In EUR million)	Goodwill	Purchased portfolio of customers	Software developed in-house	Software purchased	Other intangible assets	**Total**
2021						
Balance as at 01/01/2021	**274**	**55**	**10**	**15**	**0**	**354**
Acquisitions	-	-	1	5	-	**7**
Disposals	-	-	-	-	-	**-**
Depreciation	-	-6	-3	-5	0	**-14**
Impairment	-	-	-	-	-	**-**
Other	-	0	0	0	-	**0**
Balance as at 31/12/2021	**274**	**49**	**8**	**15**	**0**	**346**
Of which: cumulative amortisation and impairment	-23	-50	-8	-40	-3	**-124**
2020						
Balance as at 01/01/2020	**-**	**84**	**23**	**1**	**-**	**108**
Quintet Europe merger (Note 1)	274	-24	-	17	0	**268**
Restatement (Note 2d)	-	-	-16	-6	-	**-22**
Balance as at 01/01/2020 after merger	**274**	**61**	**7**	**12**	**0**	**354**
Acquisitions	-	-	5	6	-	**12**
Disposals	-	-	-	-	-	**-**
Depreciation	-	-6	-2	-4	0	**-12**
Impairment	-	-	-	-	-	**-**
Other	-	-	0	0	-	**0**
Balance as at 31/12/2020	**274**	**55**	**10**	**15**	**0**	**354**
Of which: cumulative amortisation and impairment	-23	-44	-5	-36	-3	**-110**

Note 26 – Property, equipment, right-of-use assets and investment properties

(In EUR million)	31/12/2021	31/12/2020
Property and equipment	64	71
of which right-of-use leased assets	43	49
Investment properties	-	-

CHANGES	Land and buildings		IT equipment		Other equipment		Total	
(In EUR million)	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
2021								
Balance as at 01/01/2021	**3**	**46**	**6**	**1**	**13**	**2**	**22**	**49**
Acquisitions	1	4	2	-	1	2	**4**	**6**
Disposals	-	-	-	-	-	0	**-**	**0**
Depreciation	0	-10	-3	-1	-1	-1	**-4**	**-11**
Impairment	-	-	-	-	0	-	**0**	**-**
Other	0	0	0	-	0	-1	**0**	**-1**
Balance as at 31/12/2021	**3**	**41**	**6**	**0**	**13**	**2**	**22**	**43**
Of which: cumulative amortisation and impairment	**0**	**-22**	**-36**	**-2**	**-28**	**-1**	**-64**	**-25**
2020								
Balance as at 01/01/2020	**0**	**11**	**2**	**1**	**9**	**-**	**11**	**12**
Quintet Europe merger (Note 1)	2	23	3	-	6	3	**11**	**26**
Balance as at 01/01/2020 after merger	**2**	**34**	**6**	**1**	**15**	**3**	**23**	**38**
Acquisitions	0	24	4	-	2	1	**7**	**25**
Disposals	-	0	-	-	0	0	**0**	**-1**
Depreciation	0	-8	-3	-1	-2	-1	**-5**	**-10**
Impairment	-	-	-	-	-	-	**-**	**-**
Other	-	-4	0	-	-2	-	**-2**	**-4**
Balance as at 31/12/2020	**3**	**46**	**6**	**1**	**13**	**2**	**22**	**49**
Of which: cumulative amortisation and impairment	0	-12	-34	-1	-27	-2	**-62**	**-15**

The Bank has neither commitment nor option to repurchase the buildings. Lease term is 7 years (was changed in 2020 from 5 to 7 years) without enforceable option to extend the period.

Note 27 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	**Total**
2021						
Balance as at 01/01/2021	**38**	**8**	**1**	**24**	**2**	**72**
Changes affecting the statement of profit and loss	2	-1	0	6	2	**9**
Allowances	3	2	-	8	3	**15**
Reversals	0	-2	-	-2	-1	**-6**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	-21	0	0	-3	0	**-23**
Balance as at 31/12/2021	**19**	**7**	**1**	**27**	**4**	**58**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	1	-	-	**1**
2020						
Balance as at 01/01/2020	**5**	**3**	**1**	**1**	**1**	**11**
Quintet Europe merger (Note 1)	28	1	-	8	1	**38**
Balance as at 01/01/2020 after merger	**33**	**4**	**1**	**10**	**2**	**50**
Changes affecting the statement of profit and loss						
Allowances	3	4	-	17	1	**24**
Reversals	0	-	-	-1	0	**-1**
New assets originated or purchased	-	-	1	-	-	**1**
Assets derecognized or repaid	-	-	-1	-	-	**-1**
Change in credit risk	-	-	0	-	-	**0**
Other changes	2	-1	1	-1	-1	**1**
Balance as at 31/12/2020	**38**	**8**	**1**	**24**	**2**	**72**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	1	-	-	**1**

- The net liabilities related to staff pension funds (see Note 29) and restructuration plans are included in this item.
- Specific impairment for credit commitments: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Bank acts as sub-participant.
- Provisions for pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.
- Other provisions: other provisions than the above-mentioned provisions.

For most of the provisions recorded, no reasonable estimate can be made of when they will be used.

The main litigation relates to a case in which the Bank is in dispute with a client having previously used the Bank as a custodian. The Bank was unsuccessful in a Supreme Court appeal. In principle, the client's compensable losses will need to be determined at a damages hearing. The Bank has a number of other clients who have issued similar complaints.

Note 28 – Other liabilities

The heading 'Other liabilities' in particular covers mainly accrued expenses and various items payable in the short-term such as coupons and redeemable securities as paying agent.

Note 29 – Long-term employees benefits

Retirement benefit obligations
Quintet and its branches sponsor a number of defined benefit plans for their employees. Most of them are closed to new participants. Quintet also operates defined contribution plans.

Luxembourg
The Bank operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries are only pre-retired or ex-employees.

Investment earnings applied to employee contributions are subject to a minimum guaranteed return. The plans are funded via insurance arrangement with a third party to which the company pays regular premiums.

Belgium
Belgium law provides that for all types of defined contribution plans a minimum return on contributions paid by both the employer and the employees has to be borne by the employer. Consequently, for all existing plan there is a legal obligation for the Bank to pay additional contributions if the fund does not hold sufficient assets to meet the legal minimum requirement with respect to contributions already paid in the past. For that reason, these plans are measured according to the IAS19R actuarial method applicable for defined benefit plans.

Germany
Quintet sponsors defined benefit plans in Germany which provide retirement, death and disability benefits. Some of these plans are closed to new entrants. Those plans with active membership mostly provide fixed amount pension promises.

The Netherlands
The Bank also has various retirement plans in The Netherlands. Most of these plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts or insurance vehicles.

Amounts reported in 2020 as 'business combination' relate to the impact of the merger and branchisation of the three former subsidiaries in Germany, Belgium and The Netherlands.

DEFINED BENEFIT PLANS (In EUR million)	31/12/2021	31/12/2020
Defined benefit plan obligations		
Value of obligations as at 01/01	**140**	**11**
Current service cost	3	2
Interest cost	1	1
Past service cost and gains / losses arising from settlements	0	-
Actuarial (gains)/losses	-11	13
stemming from changes in demographic assumptions	0	-1
stemming from changes in financial assumptions	-8	11
experience adjustments	-3	3
Benefits paid	-6	-5
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	0	1
Business combinations	13	118
Other	0	0
Value of obligations as at 31/12	**139**	**140**
Fair value of plan assets		
Fair value of assets as at 01/01	**104**	**7**
Actual return on plan assets	10	6
Interest income	0	1
Return on plan assets (excluding interest income)	10	5
Employer contributions	4	5
Plan participant contributions	0	1
Benefits paid	-6	-5
Out of which: amounts paid in respect of settlements	-	-
Business combinations	11	91
Other	0	0
Fair value of assets as at 31/12	**123**	**104**
Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-1**	**0**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	-2	1
Other	-	-2
Effect of the asset ceiling as at 31/12	**-3**	**-1**
Funded status		
Plan assets in excess of defined benefit obligations	-16	-37
Unrecognized assets	-3	-1
Unfunded accrued / prepaid pension cost	**-19**	**-37**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2021	31/12/2020
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-37**	**-5**
Net periodic pension cost recognized in the statement of profit and loss (excl. tax impact arising from settlements)	-2	-3
Remeasurements recognized in OCI (excl. change in tax provision)	19	-7
Employer contributions	4	5
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Business combinations	-2	-28
Unfunded accrued / prepaid pension cost as at 31/12	**-19**	**-37**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-47**	**-9**
Remeasurement recognized in OCI	17	-7
Transfers	-	-30
Recognized reserve as at 31/12	**-30**	**-47**
Amounts recognized in comprehensive income		
Amounts recognised in the statement of profit and loss		
Current service cost	-3	-2
Net interest on the defined benefit liability/asset	0	0
Past service cost	0	-
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-2**	**-3**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	9	-13
Actual return on plan assets (excluding amounts included in interest income)	10	5
Change in the effect of the asset ceiling	-2	1
Change in the tax provision	0	0
Total other comprehensive income	**17**	**-7**
Actual return on plan assets	**+4.99%**	**+4.72%**
Breakdown of plan assets	**100%**	**100%**
Fixed income		
Quoted market price in an active market	21%	37%
Unquoted	-	-
Equities		
Quoted market price in an active market	34%	18%
Unquoted	-	-
Alternatives	-	-
Cash	3%	2%
Real estate	8%	11%
Other	36%	31%

Plan assets do not include any investment in transferable securities issued by the Bank (2020: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2020: 1.1 million).

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2021	31/12/2020
Significant actuarial assumptions used:		
Defined benefit obligation		
The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	0.25% to 1.18%	0.15% to 0.60%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	17	19
Scenario DR +1%	-13	-15
Expected rate of salary increase (including inflation)	1.50% to 3.00%	1.50% to 3.00%
Scenario SR -1%	0	0
Scenario SR +1%	0	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	13	14
Expected contributions for next year	7	7

DEFINED CONTRIBUTION PLANS (In EUR million)	31/12/2021	31/12/2020
Amount recorded in the statement of profit and loss	-11	-10

Other long-term benefits

Some senior staff members participated to a new Long-Term Incentive Plan (LTIP) implemented in 2020 for selected senior management members.

Liability recognized as end of 2021 amounts to EUR 2 million (2020: EUR 1million).

Note 30 – Equity

As of 31 December 2021, the subscribed and paid-up capital is EUR 254.2 million (31 December 2020: EUR 242.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2020: 26,045,433) and by 4,336 non-voting preference shares without par value (31 December 2020: 4,336). The share premium as at 31 December 2021 is EUR 626.3 million (31 December 2020: EUR 578.3 million).

On 9 July 2021 and 14 November 2021, the Board of Directors approved two increases of the subscribed capital and share premium for a total of EUR 60 million (each time EUR 30 million) by subscription of 1,294,283 new ordinary shares by Precision Capital LLC.

On 21 October 2020, Quintet has successfully placed EUR 125 million 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, will complement 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 will be paid semi-annually, are perpetual instruments with a first call date in 2026.

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for years 2019, 2020 and 2021.

Article 35 of the Bank's articles of incorporation specifies that the net liquidation profit, after the charges payment, will be used to firstly refund the non-voting preference shareholders. The remaining balance will be allocated on equal basis to ordinary shareholders.

In accordance with the Luxembourg law on limited companies, at least 5% of the profit of the year has to be allocated to the legal reserve. This allocation ceases to be mandatory as soon as the legal reserve amounts to 10% of the capital.

As at 31 December 2021 and before the proposed allocation of the 2021 result (Note 31), the legal reserve is EUR 23.3 million (31 December 2020: EUR 23.3 million) representing 9.2% of the paid-up capital.

The free reserves amount to EUR 312.9 million (31 December 2020: EUR 312.3 million) and the AGDL reserve amounts is nil (31 December 2020: EUR 0.6 million). The retained earnings amount to EUR -67.8 million (31 December 2020: 39.0 million).

In number of shares	31/12/2021	31/12/2020
Total number of shares issued	**27,344,052**	**26,049,769**
Ordinary shares	27,339,716	26,045,433
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	26,049,769
Of which: shares representing equity under IFRS	27,344,052	26,049,769

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2021	**26,045,433**	**4,336**	**26,049,769**
Movement	1,294,283	-	**1,294,283**
Balance as at 31/12/2021	**27,339,716**	**4,336**	**27,344,052**

Note 31 – Result allocation proposal

At its meeting on 17 March 2022, the Board of Directors proposes to allocate the 2021 net loss of EUR -140,117,297 to the retained earnings.

On 20 April 2022, this allocation will be submitted for the approval of the Annual General Meeting.

Note 32 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2021	31/12/2020
Confirmed irrevocable credits, unused	445	384
Financial guarantees given	92	86
Off-balance sheet items	**537**	**471**

Note 33 – Client assets

‘Private Banking AuM’, which includes assets under management of clients in the core private banking sector and financial intermediaries, amount to EUR 53.6 billion as at 31 December 2021 (2020: EUR 45.5 billion).

Total ‘Assets under Custody’ (investment funds and institutional) related to asset servicing clients as at 31 December 2021 amount EUR 22.3 billion (2020: EUR 17.2 billion).

‘Other client assets’ (includes institutional asset management and other client assets for which the Bank does not offer advice on how the assets should be invested) amount to EUR 7.7 billion as at 31 December 2021 (2020: EUR 9.1 billion).

Note 34 – Related party transactions

'Related parties' refers to the parent company of Quintet, its subsidiaries and key management personnel. Transactions with related parties are carried out under conditions equivalent to those applicable to transactions subject to conditions of normal competition.

(In EUR million)	31/12/2021	31/12/2020
Cash, cash balances with central banks and other demand deposits	3	8
of which with Quintet Group	*3*	*8*
Financial assets	184	145
of which with UBO and Pioneer Holding [(1)]	*0*	*11*
of which with Quintet Group	*184*	*133*
Held-for-trading	0	2
At amortized cost	184	143
Investment in subsidiaries and associates	231	270
Non-current assets held-for-sale	14	-
Financial liabilities	554	584
of which with UBO and Pioneer Holding [(1)]	*334*	*373*
of which with Precision Capital	*23*	*12*
of which with Quintet Group	*198*	*199*
Held-for-trading	2	0
At amortized cost	552	584
Hedging derivatives	-	-
Statement of profit and loss	-27	16
of which with UBO and Pioneer Holding [(1)]	*0*	*0*
of which with Precision Capital	*0*	*0*
of which with Quintet Group	*-26*	*16*
Net interest income	0	0
Dividends	30	8
Net fee and commission income	32	26
Other net income (expenses)	8	2
Operating expenses	-12	-1
Impairment of financial assets not measured at fair value through profit or loss	0	0
Impairment of investments in subsidiaries	-85	-21
Nominal amount of loan commitments, financial guarantees and other commitments given	350	184
of which with Quintet Group	*350*	*184*

(1) Pioneer Holding amounts include transactions with the ultimate beneficial owner (UBO) as a private client. Pioneer Holding was liquidated on 4 November 2021.

With key management personnel (In EUR million)	**31/12/2021** Amount	**31/12/2021** Number of persons	**31/12/2020** Amount	**31/12/2020** Number of persons
Amount of remuneration to key management personnel of Quintet on the basis of their activity, including the amounts paid to former key management personnel	23	29	22	22
Credit commitments given (undrawn amount outstanding)	1	1	0	1
Loans outstanding	5	1	6	2
Expenses for defined contribution plans	1	21	1	12

Note 35 – Solvency

The table below gives the solvency ratios calculated in the framework of the EU Parliament & Council, Capital Requirement Regulation (CRR 2013/575).

(In EUR million)	31/12/2021	31/12/2020
Regulatory capital	759	834
Common equity Tier 1 capital	**636**	**711**
Capital and reserves	1,149	1,215
Intangible assets and goodwill	-331	-349
Profit or loss eligible	-140	-98
Remeasurement of defined benefit plans	-30	-47
Fair value changes of instruments measured at fair value through other comprehensive income	13	14
Deferred tax assets	-21	-20
Asset value adjustment	-3	-4
Additional deductions of CET 1	-1	-0
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	2,998	2,933
Credit risk	2,258	2,235
Market risk	205	176
Credit value adjustment	25	19
Operational risk	510	503
Solvency ratios		
Common equity Tier 1 ratio	**21.20%**	**24.24%**
Basic solvency ratio (Tier 1 ratio)	**25.32%**	**28.45%**
Solvency ratio (CAD ratio)	**25.32%**	**28.45%**

Note 36 – Maximum credit risk exposure and collateral received to mitigate the risk

Maximum credit risk exposure (In EUR million)	31/12/2021	31/12/2020
Assets	**12,445**	**11,777**
Balances with central banks and other demand deposits	3,917	2,503
Financial assets	8,135	8,850
Held-for-trading	164	258
Non-trading mandatorily at fair value through profit or loss	44	43
At fair value through other comprehensive income	2,152	2,792
At amortized cost	5,754	5,752
Hedging derivatives	20	5
Investment in subsidiaries and associates	231	271
Tax assets	23	20
Other assets	124	134
Non-current assets held-for-sale	14	-
Off-balance sheet items	**537**	**471**
Confirmed irrevocable credits, unused	445	384
Financial guarantees	92	86
Maximum credit risk exposure	**12,982**	**12,248**

For the instruments measured at fair value, the amounts disclosed above represent the current credit risk exposure and not the maximum credit risk that could apply as a consequence of future changes in the estimates made.

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	31/12/2021	31/12/2020
Mortgage loans collateralized by immovable property	**1,540**	**1,255**
Residential	1,212	1,011
Commercial	327	244
Other collateralized loans	**2,664**	**2,460**
Cash	919	779
Rest (including securities received in reverse repo operations)	1,745	1,681
Financial guarantees received	**893**	**993**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	**5,097**	**4,708**

The amount and type of collateral required depend on the type of business considered and the Bank's assessment of the debtor's credit risk. The main types of collateral received are as follows:

- cash,
- securities (in particular for reverse repo operations and securities lending),
- other personal and/or collateral guarantees (mortgages).

These guarantees are monitored on a regular basis to ensure their market value remains adequate as regards the assets they are intended to cover. If a guarantee is noted to be insufficient, margin calls are made in accordance with the agreements signed with the various counterparties concerned.

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital and Pioneer Holding. The exposures on related parties are disclosed in Note 34.

Note 37 – Risk management

This note aims to disclose the 'nature and risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks', as required by IFRS 7. The information is presented by risk type as proposed by the standards.

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

- lending to private clients (mainly Lombard loans and Mortgage loans). Risk in this activity is largely mitigated by a strong collateral policy, implying limited unsecured exposures,
- positions in ALM portfolios,
- uncommitted lines covering the trading activity of private clients and counterparty exposures with banks (forex, money markets, swaps, reverse repo, securities lending, derivatives, etc.),
- the granting of uncommitted lines to clients of the Asset Servicing (AS) Function in Luxembourg (mainly UCI), to cover temporary overdrafts,
- the acceptance of securities used as collateral in repo transactions.

1.1.2. Credit allocation decision-making process / governance

In Luxembourg, all lending/investment decisions, as all decisions to grant uncommitted lines, are the responsibility of the Executive Committee or one of the other competent bodies designated under the delegation of authority based on specific criteria. This delegation of powers always requires the involvement of at least two people from different entities, to ensure that there is no risk of conflict of interest.

Each new credit proposal submitted to the Luxembourg Credit Committee or Group Credit Committee is accompanied by an opinion issued by Group Credit Risk Control, based on an analyzis of the financial situation and creditworthiness of the borrower and of the structure of the transaction in question.

Internal processes ensure the identification of related counterparties, in order to monitor concentration risk on debtors/group of debtors. Group structures are moreover regularly updated by the Group Credit Risk Control.

1.1.3. Credit policy

The credit policy defines the framework within which credit activities to customers are managed in the Quintet Group. It is reviewed/updated on an annual basis. The last version was validated by the Board Risk Committee ("BRC"), a sub-committee of the Board of Directors dedicated to risk issues, in December 2021.

1.1.4. Monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the Board Risk Committee. Therefore, specific indicators are monthly reported to the Group Credit Committee (GCC) and quarterly to the BRC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries. Group Financial risk and Reporting has its own system for country and concentration limits, approved by the Executive Committee and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Bank and to its risk appetite.

At a regulatory level, Quintet Group uses the standardized Basel III methodology to calculate credit risk.

1.1.4.1. Loans

In terms of the day-to-day monitoring of lending transactions, the loan administration systems automatically monitor the loans and guarantees schedule, which allows any overdraft or collateral shortfall to be identified and the appropriate corrective actions to be taken within the customary timelines.

On a quarterly basis, a global reporting of all lending exposures is performed, detailing the portfolio by loan type, customer type, countries, maturities and performing status. It also presents information on the effective loan-to-values for the collateralized exposures.

The files for which a specific monitoring is requested are included in the Watchlist that is discussed monthly in the Group Credit Committee.

1.1.4.2. Investment portfolios

Investment proposals are submitted by the Group ALM Function. All proposals have to respect the concentration limits, defined by issuer type (Sovereigns, Corporates and Banks), as well as the concerned country limits. The Group Financial Risk & Reporting department checks the availability under those limits before any investment and may advise against any investment based on its own credit risk assessment, supported by comments provided by the international rating agencies and analyzis of the published financial statements.

Group Financial Risk & Reporting automatically monitors debtors' ratings, as reported by rating agencies, and informs the entities concerned accordingly. Various types of standard or specific reports are also drawn up in order to monitor any deterioration in the quality of the portfolio.

Any overdraft of issuer concentration limits, due to rating downgrades, is communicated monthly to the Group Asset and Liability Management Committee (ALCO) and quarterly to the BRC.

1.1.4.3. Interbank transactions

The set-up and monitoring of interbank limits, which are mainly concentrated in the Luxembourg Dealing Room, is a major activity of Group Financial Risk & Reporting. It covers:

- The maintenance of maximum limits, in line with principles validated by the BRC.This system defines interbank limits which are commensurate with the size of the Bank and its risk appetite. It fully integrates the Large Exposures regulation. Loans outstanding are allocated to lines according to a standard "marked-to-market + add on" approach. Their update is triggered by changes in one of the influencing factors (ratings, tier 1 capital, etc.).
- The set-up of operational limits (that can only be smaller than maximum limits) that are necessary to adequately allocate interbank sub-limits across the different products (Money Market, Repo, Securities Lending, etc.) is processed in accordance with the different desks.

The monitoring of exposures and their compliance with operational limits is monitored on a daily basis by the Financial Risk & Reporting.

1.1.4.4. Collateral monitoring

The management and supervision of collateral received for secured transactions, in addition to contract management, is handled by a dedicated entity of the Function 'Operations'. Specific guidelines, validated by the Executive Committee, set rules on concentration by counterparties and by securities accepted as collateral, as well as risk correlation limits (correlation between the counterparty and the collateral). The respect of these rules is monitored on a weekly basis by the Group Financial Risk & Reporting.

1.1.4.5. Country limits

The framework for the definition and monitoring of country limits covers all types of country risks (in particular that of contagion) and not only the risk of transferability.

Lines are allocated to the Bank for credit activities, bonds investments and trading room activities as and when required. As for counterparty risk, Financial Risk & Reporting is responsible for independent monitoring, on a daily basis, of the respect of the country limits.

1.1.4.6. Concentration monitoring

As mentioned here above, issuer concentration limits are defined per individual or group of counterparts. These limits are assigned to sovereigns, banks and corporates, using a methodology derived from the country limit framework and consider additional financial criteria. Issuer concentration limits are divided into sub-limits which preserve diversification both in terms of maturity and products.

The issuer concentration limits are updated and monitored by Group Financial Risk & Reporting. Exception reports are escalated to the Group ALCO and BRC.

1.1.5 Measurement of Credit Risk

The Bank's independent Credit Risk function operates its internal credit quality monitoring process. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behavior. Expected Credit Losses are computed using methodologies based on materiality and maturities. ECL calculations incorporate forward looking information and the IFRS 9 stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

1.1.5.1. IFRS 9 stages

The IFRS9 approach is based on the definition of three stages, each associated with the expected risk of default of the instrument and defining a level of impairment provisioning to be booked.

- Stage 1: At the origination of non-impaired instruments, an impairment provision equal to the expect credit loss over the coming 12-month is booked. The instrument is considered as performing.
- Stage 2: After a significant increase of the instrument credit risk, the booked impairment provision is increased from the 12-month expected credit loss to the remaining lifetime expected credit loss of the instrument. The instrument is considered as underperforming.
- Stage 3: The instrument has incurred losses and is now considered as non-performing. The booked impairment provision remains equal to its remaining lifetime expected credit loss.

1.1.5.2. Credit risk grading

The bank follows two approaches for the assessment of credit risk:

- For professional counterparties and debt issuers, the assessment relies on the counterparty external rating and other market information. The worst available rating from S&P and Moody's is considered in that assessment, which yields the following mapping onto the TtC PD scale.

Counterparty type	Group' credit risk grades	Assigned PD (%)
Corporate		
	AAA	0.01
	AA	0.02
	A	0.05
	BBB	0.16
	BB	0.82
	B	3.02
	CCC	8.83
	D	100.00
Financial Institutions		
	AAA	0.01
	AA	0.02
	A	0.06
	BBB	0.26
	BB	0.66
	B	2.84
	CCC	16.45
	D	100.00
Sovereigns		
	AAA	0.01
	AA	0.03
	A	0.07
	BBB	0.18
	BB	0.48
	B	2.40
	CCC	11.27
	D	100.00

- For private banking counterparties, the assessment is based on the continuous monitoring of the loanbook by the Credit Risk function and the concept of Watchlist.

Note for Intragroup IFRS 9 approach:

The same Financial Institution approach is used for intragroup IFRS9 exposures valuation. All Group entities are considered as BBB external rating for computation purposes.

1.1.5.3 Significant Increase in Credit Risk

For the IFRS 9 assessment, two main directions are followed:

- For professional counterparties, the assessment relies on the term structure of the cumulative probability of default constructed from transition matrices updated with forward-looking estimates of market conditions.
- For the private banking counterparties, the assessment is based on the continuous monitoring of the loan book by the Credit Risk function and the concept of Watchlist.

The following indicators are considered:

Qualitative & quantitative indicators	Debt securities		Loans		
	Corporate	Government	Corporate	Government	Household
Relative change in PD	P	P	N	N	N
Changes in external credit rating	S	S	N	N	N
Practical expedient – 30 days past due rebuttable presumption	N	N	B	B	B
Number of days past due – other than 30 days	P	P	B	B	B
Modification or forbearance	N	N	S	S	S
Watchlist	S	S	P	P	P
Practical expedient – low credit risk exemption	P	P	P	P	P

P: is used as a primary indicator
S: is used as a secondary indicator
B: is used but only as a backstop
N: is not used

1.1.6. Definition of default and credit impaired assets

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

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

1.2 Expected Credit loss measurement: explanation of inputs, assumptions and estimation techniques

1.2.1.Measurement of ECL

For the calculation of ECL amounts and rates, three approaches are followed:

- For the most material exposures (investment portfolio and loan portfolio), the ECL is calculated by decomposing the cashflow structure of the exposure and postulating a number of defaults along its lifetime; that is, the PD, EaD, and LGD are assessed for each of the postulated default scenarios along the lifetime of the exposure.
- For exposures with undefined maturities, ECL are estimated by postulating a maturity horizon of 12 months, on the basis of the exposure at the reporting date.
- For revolving exposures, a loss rate approach is followed.

These approaches are extended to off-balance sheet exposures, to cover the whole spectrum of exposures in the application range of IFRS 9.

1.2.2. Forward Looking information incorporated in the ECL models

Both the assessment of credit risk (for non-low risk exposures) and the estimation of the expected credit losses (ECL) rely on the term structure of the cumulative default probability that can be constructed from a migration matrix, computed on the basis of three scenarios representing favourable, baseline and unfavourable market conditions, i.e. forward-looking assumptions.

The relative weights given to these scenarios, decided upon by the MacroEconomomic Scenario Committee (MESCo), is in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed. On that basis, the credit risk will be assessed and the ECL calculated. The weights will be refreshed on a quarterly basis.

Here below are the 12-month probabilities of default, per sector and rating, per scenario.

	Banks & Financials			Corporates			Sovereigns		
	Positive	Baseline	Negative	Positive	Baseline	Negative	Positive	Baseline	Negative
AAA	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%	0.01%	0.01%	0.03%
AA	0.02%	0.02%	0.08%	0.02%	0.03%	0.06%	0.03%	0.03%	0.07%
A	0.06%	0.06%	0.23%	0.05%	0.07%	0.15%	0.07%	0.09%	0.19%
BBB	0.26%	0.26%	0.99%	0.16%	0.20%	0.45%	0.18%	0.23%	0.51%
BB	0.66%	0.68%	2.40%	0.82%	1.01%	2.27%	0.48%	0.60%	1.34%
B	2.84%	3.27%	9.40%	3.02%	3.75%	8.41%	2.40%	2.97%	6.66%
CCC-C	16.45%	20.55%	43.61%	8.83%	10.94%	24.55%	11.27%	13.98%	31.36%

1.2.3. Forward-looking information

On a quarterly basis, the MESCo statutes on the position of the Bank regarding the outlook on credit default and recoveries, in order to embed that information in the estimation of IFRS 9 expected credit losses (ECL). Three main model inputs are decided upon:

- weights for the calculation of the point-in-time probability of default on professional counterparties, to blend the PD levels described in the above table;
- the trajectory of returns on financial assets securing loans and the weights to be assigned to the three considered scenarios;
- the trajectory of returns on property values, per market segment, and the weights to be assigned to the three considered scenarios.

1.2.4. Evolution of key risk metrics over 2021

Scenario parameters for the valuation of properties (see Table 1) have not been materially altered over the course of 2021 as markets fared relatively stable. The only notable change is the redistribution of scenario weights which have been aligned to the ones used for financial asset collateral. This enables the calculation of recovery values per each scenario rather than on the average scenario, thereby better capturing nonlinear effects entering in the model.

Table 1: Scenario weights for the valuation of properties.

Scenario	2020 Q4	2021 Q4
Belgium		
Negative	50%	20%
Baseline	40%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*
France		
Negative	50%	20%
Baseline	40%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-13.5%*	*-13.0%*
Great Britain		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.3%*	*-15.0%*

Scenario	2020 Q4	2021 Q4
Luxembourg		
Negative	15%	20%
Baseline	75%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*
FR/MC Riviera		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-12.2%*	*-12.0%*
Netherlands		
Negative	30%	20%
Baseline	60%	60%
Positive	10%	20%
1-yr shock, negative scenario	*-14.7%*	*-15.0%*

Whilst mild fluctuations of scenario weights for the calculation of probabilities of default were reflected in the course of the year, the EoY 2021 weights match the EoY 2020 ones given that the long-term outlook reflected in the 2020 weights has not materially changed. A natural reduction of the ECL balance on the ALM portfolio has nevertheless naturally ensued from the de-risking of the portfolio that took place across 2021; see notably the average 1-yr PD estimates sourced from Moody's CreditEdge tool in Table 2.

Table 2: Scenario weights for the calculation of probabilities of default on debt securities. Rating score scale: (A+, A, A-) = (70, 120, 180).

PD scenario	2020 Q4	2021 Q4
Banks		
Negative	25%	30%
Baseline	30%	30%
Positive	45%	40%
Avg. ptf. 1-yr PD [bps]	*6.7*	*7.3*
Avg. ptf. rating score	*92*	*81*
Corporates		
Negative	40%	45%
Baseline	40%	40%
Positive	20%	15%
Avg. ptf. 1-yr PD [bps]	*5.8*	*5.7*
Avg. ptf. rating score	*89*	*99*
Sovereigns		
Negative	20%	25%
Baseline	40%	40%
Positive	40%	35%
Avg. ptf. 1-yr PD [bps]	*3.1*	*2.8*
Avg. ptf. rating score	*144*	*98*

Table 3: Average ECL rates on stage 1 and stage 2 exposures, split per portfolio and scenario.

		Average ECL rate on portfolio [bps]	
	Scenario	Debt securities	Loans, advances & commitments
2020 Q4	Negative	6.96	6.30
	Baseline	2.91	3.28
	Positive	2.40	3.18
	Weighted	*3.68*	*3.98*
2021 Q4	Negative	6.91	5.13
	Baseline	2.89	2.16
	Positive	2.38	2.04
	Weighted	*3.90*	*2.96*

1.3. Quantitative information

1.3.1. Breakdown of credit risk exposures

The distribution of the credit risk exposures by products is as follows:

Information on performing and non-performing exposures

31/12/2021 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	856	856	-	-0	-
Central banks	-	-	-	-	-
General governments	720	720	-	-0	-
Credit institutions	79	79	-	-0	-
Other financial corporations	14	14	-	-0	-
Non-financial corporations	43	43	-	-0	-
Loans and advances	4,922	4,832	90	-23	-22
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	797	797	-	-0	-
Other financial corporations	797	790	7	-1	-0
Non-financial corporations	1,298	1,253	44	-12	-12
Households	2,030	1,992	39	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTIZED COST	9,696	9,606	90	-24	-22
Debt securities	2,137	2,137	-	-1	-
General governments	1,357	1,357	-	-1	-
Credit institutions	292	292	-	-0	-
Other financial corporations	204	204	-	-0	-
Non-financial corporations	284	284	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,137	2,137	-	-1	-
Debt securities	1	1	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	1	-	-	-
Loans and advances			-	-	-
TOTAL DEBT INSTRUMENTS AT STRICT LOCOM OR FVTPL OR THROUGH EQUITY NOT SUBJECT TO IMPAIRMENT	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	11,834	11,744	90	-25	-22
Loan commitments given	4,009	4,009	-	0	-
Financial guarantees given	92	91	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	4,101	4,100	1	1	1

31/12/2020 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	1,227	1,227	-	-1	-
Central banks	-	-	-	-	-
General governments	1,018	1,018	-	-0	-
Credit institutions	122	122	-	-0	-
Other financial corporations	34	34	-	-0	-
Non-financial corporations	53	53	-	-0	-
Loans and advances	4,545	4,454	91	-20	-18
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	961	961	-	-0	-
Other financial corporations	840	836	4	-2	-0
Non-financial corporations	1,063	1,023	40	-9	-8
Households	1,681	1,634	47	-10	-9
TOTAL DEBT INSTRUMENTS AT AMORTIZED COST	8,275	8,184	91	-21	-18
Debt securities	2,777	2,777	-	-1	-
General governments	1,866	1,866	-	-1	-
Credit institutions	387	387	-	-0	-
Other financial corporations	209	209	-	-0	-
Non-financial corporations	316	316	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,777	2,777	-	-1	-
Debt securities	1	-	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	-	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT STRICT LOCOM OR FVTPL OR THROUGH EQUITY NOT SUBJECT TO IMPAIRMENT	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	11,054	10,963	91	-22	-18
Loan commitments given	3,525	3,524	1	0	-
Financial guarantees given	86	85	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	3,611	3,610	2	1	1

1.3.2. Specific loan impairment

The valuation of potential losses and the adjustment of specific impairments are carried out quarterly by Group Credit Risk Control. The Group Credit Committee decides on any adjustment for the first three quarters of the year, while it is the responsibility of the Executive Committee for the fourth quarter.

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and advances

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	22	-	-	-	4	-	-	-	68
Central banks	-	-	-	-		-	-	-	
General governments	-	-	-	-		-	-	-	
Credit institutions	-	-	-	-		-	-	-	
Other financial corporations	15	-	-	-	0	-	-	-	7
Non-financial corporations	1	-	-	-	4	-	-	-	32
Households	6	-	-	-	0	-	-	-	29
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	22	-	-	-	1	-	-	-	22
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	1	-	-	-	3	-	-	-	46
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	0	-	-	-	4	-	-	-	37
of which: other collateralized loans	1	-	-	-	0	-	-	-	12
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	-	-	-	-	-	-	-	-	9
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2021 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-4	-6	7	1	-	0	-3
Debt securities	-1	-0	1	0	-	0	-1
General governments	-1	-0	1	-0	-	-0	-1
Credit institutions	-0	-0	0	-0	-	0	-0
Other financial corporations	-0	0	0	0	-	-	-0
Non-financial corporations	-0	-0	0	0	-	-	-0
Loans and advances	-2	-4	5	-0	-	-0	-1
General governments	-0	-0	0	-	-	-0	-0
Credit institutions	-0	-1	1	-0	-	-0	-0
Other financial corporations	-1	-2	3	0	-	-0	-0
Non-financial corporations	-0	-0	0	0	-	0	-0
Households	-0	-0	0	0	-	-0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-0	-	1	-2	-	-0	-1
Loans and advances	-0	-	0	-1	-	-0	-0
Other financial corporations	-0	-	0	-0	-	0	-0
Non-financial corporations	-	-	-	-0	-	0	-0
Households	-0	-	0	-0	-	-0	-0
Allowances for credit-impaired debt instruments (Stage 3)	-18	-	0	-4	0	-0	-22
Loans and advances	-18	-	0	-4	0	-0	-22
Other financial corporations	-0	-	0	-0	-	-0	-0
Non-financial corporations	-8	-	0	-3	-	0	-12
Households	-9	-	0	-1	0	-0	-10
Total allowance for debt instruments	-22	-6	8	-5	-	0	-25
Commitments and financial guarantees given (Stage 1)	0	0	0	-0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	0	-0	-	0	1

- Debt Securities

31/12/2020 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
Debt securities	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and advances

31/12/2020 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	10	-	-	-	0	-	-	-	70
Central banks	-	-	-	-	-	-	-	-	
General governments	-	-	-	-	-	-	-	-	
Credit institutions	-	-	-	-	-	-	-	-	
Other financial corporations	0	-	-	-	0	-	-	-	4
Non-financial corporations	8	-	-	-	-	-	-	-	31
Households	2	-	-	-	0	-	-	-	35

Loans and advances by product, by collateral and by subordination

On demand [call] and short notice [current account]	5	-	-	-	0	-	-	-	22
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	5	-	-	-	0	-	-	-	48
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	8	-	-	-	-	-	-	-	45
of which: other collateralized loans	1	-	-	-	-	-	-	-	13
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	-	-	-	-	-	-	-	-	14
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2020 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-3	-5	4	-0	-	-0	-4
Debt securities	-2	-1	1	0	-	-0	-2
General governments	-1	-1	1	0	-	-0	-1
Credit institutions	-0	-0	0	0	-	-0	-0
Other financial corporations	-0	-0	0	-0	-	-0	-0
Non-financial corporations	-0	-0	0	-0	-	-0	-0
Loans and advances	-1	-4	3	-0	-	-0	-2
General governments	-0	-0	0	-	-	-	-0
Credit institutions	-0	-0	0	0	-	-	-0
Other financial corporations	-0	-1	2	0	-	0	-0
Non-financial corporations	-0	-2	2	-0	-	-0	-2
Households	-0	-0	0	-0	-	-0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-0	-	0	-0	-	-0	-0
Loans and advances	-	-	0	-	-	-0	-
Credit institutions	-	-	0	-	-	-0	-
Other financial corporations	-0	-	0	-0	-	0	-0
Non-financial corporations	-0	-	0	-0	-	0	-0
Households	-	-	0	-	-	-0	-
Allowances for credit-impaired debt instruments (Stage 3)	-0	-	0	-0	-	0	-0
Loans and advances	-16	-	0	-1	1	-2	-18
Other financial corporations	-16	-	0	-1	1	-2	-18
Non-financial corporations	-1	-	0	0	1	0	-0
Households	-9	-	0	1	-	-0	-8
Total allowance for debt instruments	-6	-	0	-2	-	-2	-9
Commitments and financial guarantees given (Stage 1)	-19	-5	4	-1	1	-2	-21
Commitments and financial guarantees given (Stage 3)	0	0	-0	0	-	0	0.0
Total provisions on commitments and financial guarantees given	1	0	-0	-	-	0	1

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2021	2020
L&R from customers	8bps	10bps
Financial assets FVOCI	<0%	<0%

(*) The loan/loss ratio is defined as the net variation of specific and general impairments on average loan portfolio over the year.

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value (In EUR million) 31/12/2021 Rating	Total Watchlist	Standard	Total
BBB	1	-	1
TOTAL	1	-	1

Book value (In EUR million) 31/12/2020 Rating	Total Watchlist	Standard	Total
BBB	1	-	1
TOTAL	1	-	1

- Financial assets at fair value through other comprehensive income

Book value (In EUR million) 31/12/2021 Rating	Total Watchlist	Standard	Total
AAA		102	102
AA+		137	137
AA		395	395
AA-		542	542
A+		278	278
A		287	287
A-		166	166
BBB+		84	84
BBB		81	81
BBB-		65	65
TOTAL		2,136	2,136

Book value (In EUR million) 31/12/2020 Rating	Total Watchlist	Standard	Total
AAA	-	136	136
AA+	-	198	198
AA	-	527	527
AA-	-	671	671
A+	-	382	382
A	-	178	178
A-	-	287	289
BBB+	-	164	164
BBB	-	84	84
BBB-	-	148	148
TOTAL	-	2,776	2,776

- Financial assets at amortized cost (debt securities)

(In EUR million) 31/12/2021 Rating	NPL / Impaired	Standard	Total
AAA	-	106	106
AA+	-	119	119
AA	-	126	126
AA-	-	139	139
A+	-	37	37
A	-	117	117
A-	-	40	40
BBB+	-	21	21
BBB	-	106	106
BBB-	-	43	43
TOTAL		855	855

(In EUR million) 31/12/2020 Rating	NPL / Impaired	Standard	Total
AAA	-	110	110
AA+	-	85	85
AA	-	158	158
AA-	-	202	202
A+	-	50	50
A	-	97	97
A-	-	39	39
BBB+	-	263	263
BBB	-	11	11
BBB-	-	210	210
BB-	3	-	3
TOTAL	3	1,224	1,227

- Loans and advances

Loans and advances positions are not rated

Loans and advances (In EUR million) 31/12/2021	NPL / Impaired	Performing	Total
Banks and other Financial Institutions	206	1,204	1,409
Customers	739	2,567	3,306
Sub-total	945	3,770	4,715
Other L&R and intercompanies	168	15	183
Other L&R and intercompanies	168	15	183
TOTAL	1,113	3,786	4,898

Of which Banks and Financial Institutions

Book value (In EUR million) 31/12/2021 **Rating**	Total Loans	Reverse Repo	Total
AAA	2		2
A+	43	62	105
A	18		18
A-		506	506
NR	777		777
TOTAL	841	569	1,409

Loans and advances (In EUR million) 31/12/2020	NPL / Impaired	Performing	Total
Banks and other Financial Institutions	389	1,287	1,676
Customers	304	2,413	2,717
Sub-total	692	3,701	4,393
Other L&R and intercompanies	168	15	183
Other L&R and intercompanies	39	93	132
TOTAL	731	3,794	4,525

Of which Banks and Financial Institutions

Book value (In EUR million) 31/12/2020 Rating	Total Loans	Reverse Repo	Total
AAA	4	-	3
A+	208	-	208
A	7	110	117
A-	-	623	623
BBB+	10	-	10
NR	713	1	715
TOTAL	942	734	1,676

1.3.3.2. Financial Securities by country

Book value 31/12/2021 (in EUR Million)	Financial assets at amortized cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On Watchlist	Standard	Total	On Watchlist	Standard	Total	On Watchlist	Standard	Total
AUSTRIA	-	15	15	-	-	-	-	-	-
BELGIUM	-	94	94	-	43	43	-	-	-
BERMUDA	-	-	-	-	9	9	-	-	-
CANADA	-	58	58	-	56	56	-	-	-
CAYMAN ISLANDS	-	-	-	-	35	35	-	-	-
CHILE	-	-	-	-	66	66	-	-	-
CHINA	-	-	-	-	20	20	-	-	-
CZECH REPUBLIC	-	10	10	-	152	152	-	-	-
FINLAND	-	26	26	-	-	-	-	-	-
FRANCE	-	168	168	-	221	221	1	-	1
GERMANY	-	10	10	-	98	98	-	-	-
IRELAND	-	72	72	-	21	21	-	-	-
ISRAEL	-	-	-	-	53	53	-	-	-
ITALY	-	43	43	-	16	16	-	-	-
JAPAN	-	-	-	-	64	64	-	-	-
JERSEY	-	-	-	-	53	53	-	-	-
REP. OF KOREA	-	6	6	-	195	195	-	-	-
KUWAIT	-	-	-	-	39	39	-	-	-
LATVIA	-	10	10	-	5	5	-	-	-
LITHUANIA	-	16	16	-	47	47	-	-	-
LUXEMBOURG	-	11	11	-	29	29	-	-	-
MEXICO	-	-	-	-	52	52	-	-	-
NETHERLANDS	-	89	89	-	72	72	-	-	-
NEW ZEALAND	-	-	-	-	20	20	-	-	-
NORWAY	-	4	4	-	10	10	-	-	-
POLAND	-	-	-	-	64	64	-	-	-
QATAR	-	-	-	-	159	159	-	-	-
SINGAPORE	-	-	-	-	12	12	-	-	-
SLOVAKIA	-	23	23	-	36	36	-	-	-
SPAIN	-	146	146	-	161	161	-	-	-
SUPRANATIONAL	-	13	13	-	29	29	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	143	143	-	-	-
UNITED KINGDOM	-	4	4	-	36	36	-	-	-
UNITED STATES OF AMERICA	-	37	37	-	100	100	-	-	-
Other below EUR 10 million	-	-	-	-	19	19	-	-	-
TOTAL	-	855	855	-	2,136	2,136	1	-	1

Book value 31/12/2020 in EUR Million	Financial assets at amortized cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On Watchlist	Standard	Total	On Watchlist	Standard	Total	On Watchlist	Standard	Total
AUSTRIA	-	5	5	-	23	23	-	-	-
BAHAMAS	-	-	-	-	-	-	-	-	-
BELGIUM	-	74	74	-	55	55	-	-	-
BERMUDA	-	-	-	-	21	21	-	-	-
CANADA	-	51	51	-	56	56	-	-	-
CAYMAN ISLANDS	-	-	-	-	38	38	-	-	-
CHILE	-	-	-	-	62	62	-	-	-
CHINA	-	-	-	-	40	40	-	-	-
CZECH REPUBLIC	-	37	37	-	188	188	-	-	-
FINLAND	-	26	26	-	42	42	-	-	-
FRANCE	-	188	188	-	399	399	1	-	1
GERMANY	-	10	10	-	134	134	-	-	-
IRELAND	-	75	75	-	23	23	-	-	-
ISRAEL	-	-	-	-	53	53	-	-	-
ITALY	-	160	160	-	122	122	-	-	-
JAPAN	-	-	-	-	67	67	-	-	-
JERSEY	-	-	-	-	52	52	-	-	-
REP. OF KOREA.	-	6	6	-	188	188	-	-	-
KUWAIT	-	-	-	-	38	38	-	-	-
LATVIA	-	10	10	-	62	62	-	-	-
LITHUANIA	-	16	16	-	36	36	-	-	-
LUXEMBOURG	-	6	6	-	29	29	-	-	-
MEXICO	-	11	11	-	51	51	-	-	-
NETHERLANDS	-	89	89	-	89	89	-	-	-
NEW ZEALAND	-	-	-	-	20	20	-	-	-
NORWAY	-	11	11	-	-	-	-	-	-
POLAND	-	-	-	-	88	88	-	-	-
PORTUGAL	-	50	50	-	-	-	-	-	-
QATAR	-	-	-	-	174	174	-	-	-
SINGAPORE	-	-	-	-	12	12	-	-	-
SLOVAKIA	-	23	23	-	46	46	-	-	-
SLOVENIA	-	-	-	-	17	17	-	-	-
SPAIN	-	266	266	-	205	205	-	-	-
SUPRANATIONAL	-	30	30	-	101	101	-	-	-
SWEDEN	-	15	15	-	5	5	-	-	-
UNITED ARAB EMIRATES	-	10	10	-	123	123	-	-	-
UNITED KINGDOM	3	4	7	-	51	51	-	-	-
UNITED STATES OF AMERICA	-	51	51	-	60	60	-	-	-
Other below EUR 10 million	-	-	-	-	10	10	-	-	-
TOTAL	3	1,224	1,227	-	2,776	2,776	1	-	1

1.3.3.3. Loans and advances by Country

Book value 31/12/2021 (in EUR Million)	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRIA	-	-	-	6
BELGIUM	29	-	29	681
BERMUDA	-	-	-	55
BRITISH VIRGIN ISLANDS	0	-	0	38
CANADA	-	-	-	0
CAYMAN ISLANDS	0	-	0	0
CHINA	-	-	-	0
CYPRUS				50
CZECH REPUBLIC	0	-	0	0
DENMARK	139	-	139	53
FRANCE	47	62	109	436
GERMANY	35	-	35	251
GUERNSEY	20	-	20	25
IRELAND	9	-	9	11
ISRAEL	-	-	-	6
ITALY	0	-	0	1
JERSEY	-	-	-	0
LIECHTENSTEIN	2	-	2	41
LUXEMBOURG	286	-	286	81
MALTA	0	-	0	28
MEXICO	-	-	-	0
MONACO	0	-	0	62
NETHERLANDS	0	-	0	973
NORWAY	-	-	-	0
PANAMA	0	-	0	19
POLAND	-	-	-	0
QATAR	-	-	-	0
SINGAPORE	-	-	-	2
SOUTH AFRICA	0	-	0	12
SPAIN	31	506	538	67
SWITZERLAND	17	-	17	39
UNITED ARAB EMIRATES	-	-	-	4
UNITED KINGDOM	221	-	221	328
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	4	-	4	36
TOTAL	841	569	1,409	3,306

Book value
(In EUR million)

31/12/2020	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRIA	-	-	-	9
BAHAMAS	-	-	-	10
BELGIUM	10	-	10	609
BERMUDA	-	-	-	24
BRITISH VIRGIN ISLANDS	0	-	0	19
CANADA	-	-	-	0
CAYMAN ISLANDS	0	-	0	0
CHINA	-	-	-	0
CZECH REPUBLIC	-	-	-	0
DENMARK	77	-	77	29
FINLAND	0	-	0	0
FRANCE	70	110	180	312
GERMANY	70	-	70	193
GUERNSEY	17	-	17	29
IRELAND	1	-	1	7
ISRAEL	-	-	-	2
ITALY	0	-	0	20
JAPAN	-	-	-	0
JERSEY	-	-	-	34
LATVIA	-	-	-	3
LIECHTENSTEIN	0	-	0	38
LUXEMBOURG	212	-	212	60
MALTA	0	-	0	28
MEXICO	-	-	-	0
MONACO	0	-	0	62
NETHERLANDS	10	-	10	813
NEW ZEALAND	-	-	-	0
NORWAY	-	-	-	0
PANAMA	0	-	0	21
POLAND	-	-	-	0
PORTUGAL	-	-	-	3
SINGAPORE	-	-	-	3
SLOVAKIA	-	-	-	0
SLOVENIA	-	-	-	0
SPAIN	49	624	673	98
SWEDEN	0	-	0	0
SWITZERLAND	22	-	22	42
UNITED ARAB EMIRATES	-	-	-	4
UNITED KINGDOM	403	-	403	198
UNITED STATES OF AMERICA	-	-	-	5
Other below EUR 10 million	0	-	0	39
TOTAL	942	734	1,676	2,717

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last update November 2020) based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

The Bank considers the loan as forborne where both of the following conditions are met:

1. the credit quality of the transaction is or threatens to be downgraded;
2. the Bank is forced to soften its usual loan and/or pricing requirements (i.e. make concessions) to ensure maintained affordability of the credit.

The credit quality downgrade is based on a list of criterias established based on both Corporate and Private clients' specificities.

- Viable versus non-viable forbearance

The Bank considers the following factors when assessing the viability of the forbearance measure:

- the Bank can demonstrate that the borrower can afford the forbearance solution. i.e. full repayment is expected;
- the resolution of outstanding arrears is fully or mostly addressed and a significant reduction in the borrower's balance in the medium to long-term is expected.

Also, additional internal controls are implemented for situations where new forbearance measures have to be granted for already forborne exposure, to ensure that they are viable.

- Contagion of forborne exposures

The forborne status is applied at transaction level, even though the credit quality downgrade may be assessed at the obligor/group level. This means a debtor experiencing financial difficulties may have one forborne loan alongside with other not forborne loan facilities.

- Cure from forborne status

As forborne exposure can be performing or non-performing, requirements for reclassifying non-performing forborne exposures into performing forborne exposures comprise the completion of a "cure period" of one year from the date the forbearance measures were extended and a requirement for the debtor's behavior to demonstrate that concerns regarding full repayment no longer exist.

To be cured, all of the following criteria should be satisfied:

1. the exposure is not considered as impaired or defaulted;
2. there is no past-due amount on the exposure;
3. the borrower has settled, by means of regular payments. an amount equivalent to all those previously past due or a total equal to the amount written off as part of the forbearance measures. or the borrower has otherwise demonstrated its ability to comply with the post-forbearance conditions.

Additionally, where a debtor has other exposure(s) to the bank which are not the subject of a forbearance arrangement, the Bank should consider the performance (i.e. presence of arrears) of these exposures in its assessment of the borrower's ability to comply with post-forbearance conditions.

Once forborne exposures are classified as performing, either because they have met the conditions for being reclassified from the non-performing category or because the granting of forbearance measures did not lead to the classification of the exposure as non-performing, they will continue to be identified as forborne until all the following conditions have been met:

1. an analyzis of the financial condition of the debtor showed that the transactions no longer met the conditions to be considered as non-performing;
2. a minimum of two years has elapsed since the later of the date of the concession or the date of reclassification from non-performing;

3. the borrower has made regular payments of more than an insignificant aggregate amount of principal or interest during at least half of the probation period.

- Efficiency and effectiveness of forbearance

Efficiency and effectiveness of the forbearance activity of the Bank is monitored on an annual basis in a specific report, by:

- monitoring the quality of the forbearance activities to make sure they are not used to delay an assessment that the exposure is uncollectable;
- monitoring the efficiency of forbearance granting process and duration of the decision-making process;
- monitoring the effectiveness of forbearance measures by monitoring of forbearance cure rate, rate of exposure being reclassified as non-performing, cash collection rate and write-off.

- Impacts on financial assets

Risk of default of such assets after modification is assessed at reporting date and compared with the risk under the original terms at initial recognition.

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Group restructuring activities and their respective effect on the Group financial performance:

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2021				
Loans and advances	30	0	30	-15
Other financial corporations	1	-	1	-
Non-Financial corporations	17	-	17	-7
Households	12	0	12	-9
Total Debt Instruments other than Held for Trading	30	0	30	-15
Loan commitments given	-	-	-	-
31/12/2020				
Loans and advances	22	9	12	-1
Other financial corporations	8	5	3	-
Non-Financial corporations	4	4	-	-
Households	9	0	9	-1
Total Debt Instruments other than Held for Trading	22	9	12	-1
Loan commitments given	-	-	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

Quintet Group trading activities are mainly focused on Treasury activities consisting in managing Group operational liquidity, optimizing short-term liquidity replacement and managing short term interest rate risks (currency swaps and interest rate swaps but also short-term placements).

- The mission of the trading activity is mainly to grow activities along as a support activity of both Wealth management and Asset Management Services. As such, the risk appetite for taking own position is limited and the overall positions are strictly controlled by a whole set of limits.
- As Liquidity Management Competence Centre for the Group, the Global Treasury is also centralizing (within regulatory constraints) and redistributing the (excess) liquidity generated by Wealth Management across the Group and Asset Management Services activities in Luxembourg. It is handling all the financial transactions which are not processed through the Group Platform. This activity is MiFID compliant and products are mainly non sophisticated products.
- In principle, positions are taken with a view to support the "customer" business of the Group and are monitored by Financial Risk & Reporting. Positions taken for trading purposes rely on a conservative philosophy and are carried out on an accessory basis. They are subject to strict rules in terms of limits and products.

2.1.2. Trading risk policy

The Group is specialized in private banking through a network of “pure play” private banks. In this regard, risk-taking is mainly done to support its activities:

- Treasury activity, oriented towards client service, is based on deposits and conventional linear derivatives (mostly currency swaps and interest rate swaps) and collateralized operations (mostly reverse repurchasing agreements). Treasury activity is driven by the interest rates (IR) volatility, the diversification and market opportunities.
- FX and precious metal activity is also oriented towards client service and is mainly based on spot and forward transactions. Overall total limit for this activity is broadly limited to EUR 23 million (o/w EUR 20 million at Quintet level) - including Bullions activity.
- Structured Product activity for which the Bank acts as private bank by offering a specialized service to the increasingly demanding customers. Before being marketed, all of these products must obtain the prior approval of the “SPODAC” Committee of Authorization and Supervision of new products, whose primary role is to assess the various risks (market, credit, operational, legal, compliance, etc.) underlying the marketing of these structures. NB. The Bank is allowed to keep limited amount of positions on its book as a benchmark or to offer a secondary market to client.

2.1.3. Trading decision making process / governance

Trading activities are concentrated in Luxembourg, no trading activities are allowed in the subsidiaries. This organization enables subsidiaries to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.

Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is approximately EUR 4.1 million since beginning of 2021) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework:

- Financial Risk & Reporting daily monitors the end of day exposures using a set of primary (overall absolute exposure) and secondary limits (currency limits) on nominal amount to ensure diversification of the risk, Currencies with high volatilities and too narrow FX markets are not allowed.

- The intraday exposure is also monitored on a daily basis and limited to a dedicated intraday limit. In addition HVAR are also developed for the FX activities and the structured products activities and are used as a risk indicator.

2.1.4. Measurement and monitoring of trading risk

The system of primary limits in place at Quintet is based on:

- nominal amounts and 30Days P&L Stop Loss for the Forex and Structured Products activities.
- 10 bpv, Historical Value at Risk (HVaR), 30Days P&L Stop Loss and stressed HVaR limits for activities subject to interest rate risk (Treasury and Bond Desks).

These primary limits are supplemented by a structure of secondary limits allowing a more detailed analyzis of the trading risks. Those secondary limits consist in concentration limits by currency and by time bucket as well as in limits by issue and issuer, based on their rating or on their market liquidity.

2.1.5. Concentration Risk

Issuer concentration risk is strictly governed by conservative limits restricting the trading in non-investment grade debts and in illiquid equities, which leads to a well diversified trading portfolio.

The evolution of exposures related to each activity compared with their respective limits (primary and secondary), as well as the economic results and highlights, are reported daily to the Heads of ALM & Treasury, Global Markets and Financial Risk & Reporting. They are also weekly reported to the Authorized Management Committee (AMC), on a monthly basis to the Group ALCO and on a quarterly basis to the Group Board Risk Committee.

2.2. Quantitative information

As at 31/12/2021, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2020	Maximum observed in 2021	Average observed in 2021	Oustanding 31/12/2021
Treasury	10 bpv [1]	2.5	1.9	2.4	1.7	1.0
	HVar	7.5	6.3	7.3	2.3	1.0
	Stressed Hvar[2]	7.5	3.4	6.6	4.0	3.6

[1] BPV 10 bps outstanding corresponds to the sum in abs value of the BPV 10 bps in each currency
[2] Stressed Hvar is monitored via 3 scenarios (Brexit. Sovereign Crisis and COVID Crisis) simultaneously. The stressed HVar metric considers the worst of 3.

(In EUR million)	Limit in Nominal Amount	Oustanding 31/12/2020	Maximum observed in 2021	Average observed in 2021	Oustanding 31/12/2021
Forex (bullions included)	20.0	1.7	12.0	4.1	9.3
Structured Product	110.0	46.2	53.3	49.2	42.2

Limits unchanged vs previous years, confirmed through the framework as it has been discussed and validated in BRC March and December 2021.

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

The core activities of a private bank entails little ALM risk compared to a retail bank: most of the client assets under management are securities or funds which are off-balance sheet items inducing no ALM risks. Most short-term client cash deposits offer variable rates linked with money market rates and the same applies to Lombard/mortgage loans to customers. When fixed rates are granted for loans, hedging swaps are contracted.

As a consequence, ALM risks are mainly entailed by security portfolios set up within the frame of the ALM policy being:

- portfolios of high grade bonds. dedicated to the reinvestment of the free capital, and of the most stable part of fixed rate sight deposits and saving accounts;
- portfolios dedicated to the reinvestment of other stable liquidities, looking for the right balance between interest rate risk, credit spread risk and return.

The ALM equity risk is induced by an investment portfolio invested in direct lines of equities or in UCI shares. The portfolio held in Quintet (Luxembourg) is managed along Group ALCO's guidelines.

Quintet Group is not exposed to any ALM forex risk as no active foreign exchange exposure is taken (assets are funded in their respective currencies).

3.1.2. ALM decision making process/governance

The ultimate responsibility for the ALM activity of Quintet Group is held by the monthly Group ALCO Committee which is an Executive Committee extended to the representatives of the Group ALM & Treasury Function, Financial Risk & Reporting, Global Markets, Finance, in addition to the Chief Investment Officer. The ALCO validates a.o. strategies in terms of management of the gap between resources and utilisations, in terms of Return on Equity enhancement, management of the structural liquidity and mitigation of the related risks.

Those strategies are proposed by the Group ALM & Treasury Function which has the responsibility for the preparation of the ALCO meetings, a.o. for the topics which are submitted to its decisions. The Function is also in charge of the day-to-day implementation of the ALCO decisions. When they have a Group dimension, it has to ensure their implementation within the limits of the governance constraints in place.

Under this structure, the Financial Risk & Reporting Function endorses a role of second level control entity, issuing opinions on the proposals and monitoring the risks related to the ALM activity on a recurring basis.

3.1.3. ALM policy

A document entitled 'Investment Policy and ALM framework' describes a.o. the ALM objectives, governance and constraints (credit risk, liquidity, etc.). It is in line with the Risk Appetite Statement expressed by the Board of Directors (see below).

3.1.4. Measurement and monitoring of ALM risks

The Risk Appetite Statement, at least reviewed on a yearly basis, expresses the Board of Directors' risk appetite for ALM interest rate risk, credit spread risk and equity risk, mainly through limits on Value at Risk indicators, sensitivity measures and global outstanding at Quintet Group level.

Regarding the interest rate risk, the following limits apply:

- the regulatory worst impact of rate risk on EVE (basis point value) limit for all banking book positions set up at 14.0% of Tier 1 which amounts to EUR 759.2 million.
- The Interest Rate Value at Risk 99% - 1 year which amounts to EUR 44.5 million for Quintet as at 31 December 2021 (31 December 2020: EUR 13.7 million). The related Risk Appetite limit has been set for Quintet Group to EUR 90 million (exposure of EUR 43.9 million as at 31 December 2021).

Regarding Earnings at Risk, the risk appetite is based an interest earning at risk indicator reflecting the outcome of the worst case scenario (between parallel shifts by 100 bpv, 200 bpv, or scenarios of up, short up, down, short down, steepening, flattening movements) of the interest rate curve, which amounts to EUR 14.3 million (as at end of 2021) at consolidated level, for a Risk Appetite limit of EUR -60 million.

Regarding the equity (price) risk, the Risk Appetite is expressed in terms of maximum Value at Risk and maximum size for listed equities and for alternative equity investments for the whole Group. The Equity Value at Risk 99% - 1 year amounts to EUR 35.4 million for Quintet as at 31 December 2021 (31 December 2020: EUR 26.0 million). The Risk Appetite limit has been set for Quintet Group at EUR 60 million (for an exposure of EUR 39.2 million as at 31 December 2021).

3.1.5. ALM Hedging policy.

In order to manage interest rate risk exposure and ensure it remains within the limits of the risk appetite, different hedging strategies are deployed:

- fixed rate loans granted to customers in Luxembourg and Belgium are hedged using 'micro hedge' interest rate swaps that replicate the cash flows of the fixed rate credit. These micro hedge transactions are pooled and returned in the market on aggregated basis. The hedging efficiency (both retrospective and prospective) of this market transaction are monitored weekly against dedicated limits (o.w. 80% to 125% efficiency).
- according to ALM investment policy, the Bank may choose to secure the margin over floating rate funding with interest rate swaps or cross currency interest rate swaps either through the purchase of an Synthetic Asset Swap or in connection with an existing bond position. For these transaction, the hedging instrument perfectly match the cash flows of the hedged instrument and the efficiency of the hedging relation monitored on a monthly basis.
- in addition to the above, hedging relation may be put in place in the context of debt issued by the bank (either through EMTN program). These hedging relation can take the form of cross currency interest rate swaps or equity swaps in the case of structured notes where the optional pay-off of the note is swapped in the market against a floating rate.

3.2. Quantitative information

3.2.1. Interest rate

The sensitivity of the economic value of the statement of financial position to interest rates (impact of a parallel increase by 1% of the interest risk curve) is as follows for Quintet:

100 bpv (In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-7	-5	-18	-27	-63	-120	8,135
Held for trading	-1	0	3	8	52	62	164
Designated at fair value through P&L	-	0	-	-	-	0	44
Financial assets at fair value through OCI	0	-2	-14	-20	-26	-62	2,152
Financial assets at amortized cost	-5	-3	-9	-18	-95	-130	5,754
Hedging Derivatives	0	0	2	3	6	10	20
Financial liabilities	0	8	19	20	30	78	11,418
Held for trading	-1	0	3	3	10	16	122
Measured at amortized cost	4	7	5	9	4	29	11,214
Hedging Derivatives	-2	1	11	8	15	33	82
Shareholders' equity	-	-	-	6		6	1,115
Gap	-6	4	1	-1	-33	-36	

100 bpv (In EUR million) 31/12/2020	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-7	-5	-21	-48	-120	-200	8,850
Held for trading	0	-0	-2	-0	1	-1	258
Designated at fair value through P&L	-	-0	-	-	-	-0	43
Financial assets at fair value through OCI	-0	-1	-12	-29	-48	-90	2,792
Financial assets at amortized cost	-6	-3	-8	-19	-79	-116	5,752
Hedging Derivatives	-0	0	0	0	7	8	5
Financial liabilities	-1	6	20	45	94	164	10,757
Held for trading	-2	0	6	14	49	68	269
Measured at amortized cost	4	5	6	4	5	25	10,352
Subordinated liabilities	-	-	-	-	-	-	-
Hedging Derivatives	-3	1	8	27	40	72	137
Shareholders' equity	-	-	-	-	8	8	1,208
Gap	-8	2	-1	-3	-18	-28	

The sensitivity of the interest margin of Quintet to the interest rates (impact of a parallel increase by 1% of the interest rate risk curve) is as follows:

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2021						
Financial assets	50	10	19	19	28	126
Financial liabilities	-66	-2	-2	-9	-	-79
Net Impact	-16	7	17	10	28	47
31/12/2020						
Financial assets	48	7	9	12	13	90
Financial liabilities	-62	-1	-0	0	0	-63
Net Impact	**-14**	**6**	**9**	**12**	**13**	**27**

3.2.2. Equity risk

3.2.2.1. Sensitivity of equity risk

Regarding the equity risk, the impact of a decrease by 25% on both the statement of profit and loss (impairment) and the equity gross FVOCI reserve (excluding Equity instruments at cost) is as follows for Quintet:

(In EUR thousand)	Current situation	Impact of a markets' decrease by 25%	Stock after decrease
31/12/2021			
Marked-to-Market value	59,064	-14,766	44,298
Gain/Loss	11,571	-14,766	-3,195
Equity impact (gross FVOCI reserve)	-704	-4,074	-4,778
Statement of profit and loss impact (impairment)	12,276	-10,692	1,584
31/12/2020			
Marked-to-Market value	58,347	-14,587	43,760
Gain/Loss	10,891	-14,587	-3,696
Equity impact (gross FVOCI reserve)	-922	-4,002	-4,924
Statement of profit and loss impact (impairment)	11,813	-10,585	1,228

3.2.2.2. Concentration of equity risk

The decision to increase/decrease the proportion of equity in the ALM portfolio is taken at the ALCO level (within the limits agreed by the BRC) taking into consideration macro and fundamental analyzis as well as convictions from the Group Asset Allocation Committee.
Such analyzis also influences the relative weights of Europe, USA and Emerging Markets. Within the various regions, an adequate sectorial diversification is looked for. Concentration limits are expressed in absolute amounts and in percentage of daily volume traded.
Next to the strategic investment policy, the Bank also acts as seed investor when new home investment funds are launched.

The equity portfolio represents a total exposure of EUR 59.1 million as at 31/12/2021 (EUR 58.3 million as at 31/12/2020). In more details:

(In EUR million) REGION / NATURE	31/12/2021	31/12/2020
Europe (Equity Funds + direct lines)	34	34
Europe (Diversified Funds)	2	2
Europe (Fixed Income Funds)	0	0
TOTAL	36	36
Other Equities	23	23
Total Equities portfolios	59	58

3.3. Ibor reform

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Bank has established in 2019 a project to manage the transition for any of its contracts that could be affected. The project was co sponsored by the Group COO and the Group CFO and was led by senior representatives from Group functions across the Bank including ALM & Treasury, Risk, Finance, Operations and Technology, with the participation of country specific representatives.

The Project Steering Committee regularly met in 2021 and progress status reporting was also made on a quarterly basis to the Group Regulatory Steering Committee (GRSC) including key representatives of Authorized Management Committee (AMC) and to the Group Board of Directors.

This allowed the Bank to successfully complete the transition of a significant portion of its IBOR exposure to Risk-Free Rates ('RFRs') in EUR, GBP, CHF and JPY before year end. In particular, IT systems and processes have been updated in due time to include information about new rate benchmark. Contract amendments and communication toward clients were considered carefully and proper managed. Limited cash compensation fees (less than EUR 45k) reflecting the changes in NPV related to cleared derivatives (LCH) have been done.

The Bank has therefore closed the first step of the project and is confident that similar processes and procedures could be used to process the remaining transitions to RFRs for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023 and the other IBORs for which the transition date has not yet been determined. For other benchmark interest rates such as EURIBOR that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

Some Bank's exposures to significant IBORs subject to reform have not yet be transferred to RFRs as at 31/12/2021 and have been done in the course of the first quarter 2022 depending on the next interest payement date.

The statement of non derivative financial position analyzes below have been conducted at the dirty price.

(in EUR million) 31/12/2021	Non derivative financial assets – carrying value	Non derivative financial liability – carrying value	Derivatives – Nominal amount
EUR			
Libor Overnight	**7**	**-**	**-**
o.w. transitioned in Feb 2022	7	-	-
Libor 1 month	**0**	**-**	**-**
o.w. transitioned in Jan 2022	0	-	-
Libor 3 months	**8**	**-**	**-**
o.w. transitioned in Jan 2022	8	-	-
GBP			
Libor 1 month	**58**	**22**	**-**
o.w. transitioned in Jan 2022	58	-	-
o.w. transitioned in Feb 2022	-	22	-
Libor 3 months	**73**	**-**	**268**
o.w. transitioned in Jan 2022	73	-	268
Libor 12 months	**0**	**-**	**-**
o.w. transitioned in Jan 2022	0	-	-
CHF			
Libor 1 month	**-**	**11**	**-**
o.w. transitioned in Feb 2022	-	11	-
Libor 3 months	**3**	**-**	**11**
o.w. transitioned in Jan 2022	3	-	11
TOTAL	**149**	**279**	**279**

Similar transition process done in 2021 will be set up in 2023 regarding USD Libor contracts:

(in EUR million) 31/12/2021	Non derivative financial assets – carrying value	Non derivative financial liability – carrying value	Derivatives – Nominal amount
USD – Transition in 2023			
Libor Overnight	8	-	-
Libor 1 month	4	-	-
Libor 3 months	72	0	450
Libor 6 months	17	-	-
TOTAL	**101**	**0**	**450**

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of Liquidity risk

The Bank as a Group has a large and stable funding base due to the natural accumulation of deposits from its two core businesses: Private Banking and Asset Management Services whose liquidity resources consumption has gradually increased over the past month. The overall funding gap remains structurally and globally positive and Quintet Group is a net lender recycling structural liquidity positions in the interbank market.

4.1.2. Liquidity decision making process/governance

Like for Assets and Liabilities Management, the Group ALCO Committee has the final responsibility for the Liquidity Management of the Bank. The Group ALM Function proposes strategies for the management of long-term liquidity (putting. a.o. a strong emphasis on ECB eligible as well as Basel III eligible bonds) while the short-term liquidity management is delegated to the Treasurer within strict limits (see trading risk above).

The Financial Risk & Reporting Function acts as a second level control entity, issuing opinions on investment proposals and monitoring liquidity risk on a daily basis (through a set of indicators briefly described in section 4.1.4).

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralize the placement of all liquidity surpluses from branches and subsidiaries at the Head Office level.

At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions. To benefit from the two-tier system for the remuneration of reserves applied by local central bank a part of the local liquidity excess remains at local level and is replaced with the local central bank.

4.1.4. Measurement and monitoring of liquidity risk

The Board Risk Committee has expressed its Risk Appetite in terms of liquidity risk by imposing limits on the Basel III ratios (LCR and NSFR) on deposits outflows and on the Liquidity Excess resulting from internal stress tests. The latter are run on a monthly basis with the aim to assess the ability of Quintet Group to survive a severe liquidity crisis during a 3-month time period without affecting its business model.

As the excess liquidity throughout the Group is centralized at Quintet's Treasury Department (under regulatory constraints), Quintet's operational liquidity situation is daily monitored by the Market Risk Control department through operational liquidity indicators and reported to the Treasurer. Main operational indicators are:

- a contractual liquidity gap of up to five days as if the activity was to be continued (no stress test). This report is also sent to the BCL;
- the stock of available liquid assets;
- a daily estimate of the Basel III Liquidity Coverage Ratio is performed. The Bank's ratio stood at 133.2% as at 31 December 2021 (for a regulatory limit of 100%);

- the value of quantitative indicators which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis).

As far as structural liquidity indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis. As at 31 December 2021, it stood at 42.3%, confirming the excellent liquidity situation of Quintet as natural deposit collector. Furthermore, the Bank monitors the Basel III NSFR on a monthly basis which stood at 129.83% as at 31 December 2021.

4.2. Quantitative information

4.2.1. Maturity analyzis of liquid stock

The maturity analyzis of financial assets held for managing liquidity risk (unencumbered marketable assets) is as follows:

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2021						
Initial stock of available assets		3,311	2,460	1,997	1,270	632
HQLA eligible	2,602	-466	-445	-618	-486	-587
Marketable securities	709	-385	-19	-109	-152	-45
TOTAL	3,311	-851	-463	-727	-638	-632
Residual stock of available assets	3.311	2,460	1,997	1,270	632	0
31/12/2020						
Initial stock of available assets		4,820	3,498	2,776	1,890	1,020
HQLA eligible	3,924	-886	-595	-741	-729	-973
Marketable securities	895	-435	-127	-145	-141	-48
TOTAL	4,820	-1,321	-723	-885	-870	-1,020
Residual stock of available assets	4,820	3,498	2,776	1,890	1,020	0

4.2.2. Maturity analyzis of financial assets and liabilities

The analyzis by remaining contractual maturity for financial assets and liabilities is as follows:

(In EUR million) **31/12/2021**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Cash and balances with central banks and other demand deposits	3,921	-	-	-	-	-	**3,921**
Financial assets	1,937	988	1,658	1,345	2,148	59	**8,135**
Held-for-trading	49	70	23	13	9	0	**164**
Non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	0	1	43	**44**
Financial assets at fair value through other comprehensive income	137	301	707	556	435	16	**2,152**
Financial assets at amortized cost	1,751	615	926	773	1,689	0	**5,754**
Hedging derivatives	0	1	2	4	14	0	**20**
Other assets						795	**795**
TOTAL ASSETS	**5,858**	**988**	**1,658**	**1,345**	**2,148**	**854**	**12,851**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Financial liabilities	10,516	513	263	91	36	0	**11,418**
Held-for-trading	49	57	4	5	8	0	**122**
Measured at amortized cost (excluding subordinated liabilities)	10,465	445	234	65	6	0	**11,214**
Hedging derivatives	3	11	24	21	22	0	**82**
Other liabilities	-	-	-	-	-	318	**318**
Shareholders' equity	-	-	-	-	-	1,115	**1,115**
TOTAL LIABILITIES	**10,516**	**513**	**263**	**91**	**36**	**1,433**	**12,851**
GAP	**-4,658**	**475**	**1,396**	**1,254**	**2,112**	**-579**	

Of which derivatives:

Cashflows by bucket (In EUR million) **31/12/2021**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
Inflows	5,678	5,650	233	151	111	11,824	148
Interest rate	-16	9	25	45	28	92	40
Equity	0	0	1	2	-	3	2
Currency	5,694	5,640	207	104	83	11,729	106
Outflows	-5,712	-5,686	-287	-168	-96	-11,950	204
Interest rate	-15	-37	-69	-54	-12	-187	78
Equity	0	0	0	-0	-	0	4
Currency	-5,698	-5,649	-219	-113	-84	-11,763	122
Gap - Derivatives	-34	-36	-55	-16	15	-126	

(In EUR million) **31/12/2020**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Cash and balances with central banks and other demand deposits	2,506	-	-	-	-	-	**2,506**
Financial assets	2,508	1,224	1,437	1,584	2,038	58	**8,850**
Held-for-trading	119	85	35	10	8	-	**258**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	1	42	**43**
Designated at fair value through profit or loss	-	-	-	-	-	-	**-**
Financial assets at fair value through other comprehensive income	246	329	638	784	779	16	**2,792**
Financial assets at amortized cost	2,142	810	763	790	1,247	-	**5,752**
Hedging derivatives	-	0	2	1	2	-	**5**
Other assets						874	**874**
TOTAL ASSETS	**5,014**	**1,224**	**1,437**	**1,584**	**2,038**	**932**	**12,229**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Financial liabilities	10,170	354	90	57	87	0	**10,757**
Held-for-trading	172	72	7	5	13	0	**269**
Designated at fair value through profit or loss	-	-	-	-	-	-	**-**
Measured at amortized cost (excluding subordinated liabilities)	9,996	280	55	6	14	-	**10,352**
Subordinated liabilities	-	-	-	-	-	-	**-**
Hedging derivatives	1	2	28	46	60	-	**137**
Other liabilities						264	**264**
Shareholders' equity	-	-	-	-	-	1,208	**1,208**
TOTAL LIABILITIES	**10,170**	**354**	**90**	**57**	**87**	**1,472**	**12,229**
GAP	**-5,156**	**870**	**1,348**	**1,527**	**1,951**	**-540**	

Of which derivatives:

Cashflows by bucket (In EUR million) **31/12/2020**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Carrying amount EUR million
Inflows	7,545	10,500	13	11	7	18,076	204
Interest rate	8	13	13	11	7	53	59
Equity	0	0	0	0	-	0	2
Currency	7,537	10,486	-	-	-	18,023	144
Outflows	-7,496	-10,448	-14	-10	-5	-17,973	-268
Interest rate	-7	-12	-14	-10	-5	-48	-78
Equity	0	0	0	0	0	0	-2
Currency	-7,489	-10,436	0	0	0	-17,925	-189
Gap - Derivatives	50	51	-1	1	2	104	

4.2.3. Concentration risk

The concentration risk the Bank is facing in terms of liquidity is twofold:

- potential concentration in assets in which the excess liquidity is reinvested: this risk is monitored according to the credit risk limit system (as described above).
- potential concentration in funding sources: this risk is monitored through 2 indicators that are quarterly reported to the BRC:
  - relative weight of the top 20 private client deposits for Quintet Group;
  - list of all significant counterparties in terms of funding sources (>1% of total liabilities, according to Basel III definition).

5. Currency risk

The operations of the Bank are for the most part denominated in EUR and USD. The Bank has very limited risk appetite for currency risk which translates into small forex limits of EUR 23 million at consolidated level (or EUR 20 million at Quintet Lux Level). The Bank's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency position is monitored on a daily basis for Quintet Lux and on a weekly basis for the other entities against the above mentioned currency limits which are declined per entity.

6. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

In respect of its depositary and sub-custodians activities, the specific provision for year-ending 2021 is EUR 16.6k.

7. Climate-related risks

7.1. Business strategy and governance

Recently, the European Central Bank (ECB) and the European Commission identified climate change as a key risk factor for the European banking sector and highlighted the importance of "understanding the company's view of how climate change impacts its business model and strategy, and how its activities can affect the climate".

In order to respond to this key challenge, the Group has put in place a taskforce dedicated to steer all internal initiatives in relation to Climate & Environmental Risk (or "CER" hereafter). CER is defined as the risk of economic costs and financial losses arising from climate change, from the efforts to mitigate climate change, from environmental degradation or from the loss of ecosystem services. CER notably comprises physical risk and transition risk as key drivers:

- Physical risk is defined as the risk of economic costs and financial losses resulting from the increasing severity and frequency of:
  - extreme climate change-related weather events (e.g., heatwaves, landslides, floods, wildfires and storms);
  - longer-term gradual shifts of the climate (e.g., changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures);
  - indirect effects of climate change such as loss of ecosystem services (e.g., desertification, water shortage, degradation of soil quality or marine ecology).
- Transition risk comprises the risks related to the process of adjustment towards a low-carbon economy. Transition risk drivers include:
  - changes in government policies, legislation and regulation;
  - changes in technology;
  - changes in market and customer sentiment.

With the support of Group Communication, the Group's strategy with respect to CER and the respective goals thereof— including being a responsible investor and having sustainability as default investment proposal for our clients—are clearly communicated by Group AMC and cascaded further by relevant Line managers to all staff. To this extent, the Bank has implemented a strong interaction between top management and staff via regular communications using different formats (e.g., town hall sessions, floor sessions) and channels (oral communication, digital channels, etc.).
From a governance point of view, CER is embedded into the Group governance framework and the three line-of-defense (LoD) model.

The 1st LoD is composed primarily of following functions:

- Group Sustainable Investing function, responsible for ensuring compliance of client discretionary and advisory investments with Group objectives from a CER perspective;
- Group ALM 1 Treasury and Group Lending functions, responsible for ensuring compliance of own account investments, respectively for ALM and Lending activities, with Group objectives from a CER perspective; and
- Group Corporate Sustainability, responsible for monitoring and improving the Group's corporate sustainability performance and operational efficiency.

Given the indirect feed of CER into other risk taxonomies, 1st LoD owners of these financial and non-financial risk taxonomies are also considered as part of the 1st LoD for CER matters.

The 2nd LoD sets standards for control, compliance and risk management. In particular, Financial Risk & Reporting function ensures ongoing monitoring of the fulfilment of all CER matters by the Group and its entities. Group ORC, in collaboration with Financial Risk & Reporting, is responsible for ensuring independent oversight and risk reporting over the CER framework within the Group.

The 3rd LoD is made of the internal audit function which reviews the CER management framework similarly as all other risk taxonomies.

7.2. Risk management

While CER is treated as a separate category of risk in Quintet's Risk Taxonomy, the Group acknowledges that both physical and transition risks may directly or indirectly impact many other types of risks as well. To that extent, climate risk can be a primary risk or a risk driver for other risk categories.

The Group recognizes that its revenues and costs may be impacted by CER. On the one hand, CER is acting as a physical risk driver on costs in relation to other risks such as Credit Risk and BCM Risk. On the other hand, transition risk can have an impact on revenues in relation to risks such as Business Risk and Reputation Risk. However, as a private bank, Quintet's business model is by essence not turned towards carbon-intensive industries and the direct exposure to these industries is quite marginal.

In this context, the Group recognizes the importance to play an active role as a sustainable investor by avoiding or minimizing exposure to investments that pose greater sustainability risks, including CER, and as sustainable adviser by influencing clients in order to make them more sustainability-minded. The Group is implementing a holistic approach towards sustainability and integrates CER factors into (i) its client discretionary and advisory investments activities, (ii) its proprietary investments activities and (iii) the management of its own carbon footprint. In this regard, the Group has:

- Developed a control framework to ensure that the exclusion list provided by the Active Ownership Group is correctly incorporated in the local exclusion processes;
- Created a Group Corporate Sustainability in charge of monitoring and improving the Group's corporate sustainability performance and operational efficiency; and
- Defined triggers and limits for several related risk indicators that, if exceeded, activate the escalation process to resolve the underlying issues.

A first series of KRIs has been implemented in 2021, entering into force from January 2022 onwards. They translate the Board Risk Appetite to avoid investments in companies deriving more than 10% of their revenues from thermal coal extraction or power generation. The "technology" is viewed as obsolete, financially unviable over the medium term, and highly detrimental to the environment. Based on the list of non-authorized investments/debtors from a CER perspective, these indicators include the number of non-authorized securities in clients' discretionary and advisory portfolios, non-authorized securities/debtors in the Bank's ALM portfolio and the number of loans granted to non-authorized debtors. As defined in the CER Risk Appetite Framework & Statement, they are monitored by Business Risk Management (BRM), reviewed by Group Financial Risk & Reporting, and reported to the BRC on a quarterly basis.

The above KRI list is reflecting the current maturity level of the CER taxonomy. As such, the KRIs are non-exhaustive and prone to undergo further changes in the medium term. At this stage, another indicator regarding the amount of carbon emissions generated by Quintet's operations is under implementation.

To complement the set of CER measurements, the Green Asset Ratios (GARs), which represent the extent to which the Group's financing activities are aligned with the EU taxonomy (Regulation (EU) 2020/852) are disclosed in the Corporate Sustainability report as well as further information about Carbon emission.

Note 38 – Audit fees

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2021 and 2020 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2021	31/12/2020
Statutory audit of the financial statements Standard audit services	994	1,009
Other assurance services	168	287
Tax consulting services	-	-
Other services	-	12
Total	**1,162**	**1,308**

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2021 and 2020 fiscal years in relation with other services provided to controlled undertakings of Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2021	31/12/2020
Other assurance services	339	199
Tax consulting services	-	-
Other services	-	18
Total	**339**	**216**

Note 39 – Significant subsidiaries and associate

As at 31 December 2021, the list of the consolidated companies in which the Bank has a significant holding of at least 20% of the capital is as follows:

Name and head office	Capital held	Equity Excluding result of the year (2)		Result (2)	
Brown, Shipley & Co, Ltd – U.K. (3)	100.00%	122,351,952	GBP	2,740,057	GBP
European Fund Administration S.A. – Luxembourg (1)	31.51%	14,551,683	EUR	2,186,812	EUR
Kredietrust Luxembourg S.A. – Luxembourg (3)	100.00%	7,107,888	EUR	14,257,138	EUR
Banque Puilaetco Dewaay Luxembourg S.A. – Luxembourg	100.00%	14,143,544	EUR	788,323	EUR
Quintet Private Bank Switzerland AG	100.00%	85,204,653	CHF	-67,907,812	CHF
InsingerGilissen Asset Management N.V. (3)	100.00%	4,790,041	EUR	6,933,596	EUR
Bewaarbedrijf Ameuro N.V. (3)	100.00%	448,337	EUR	0	EUR
GIM Vastgoed Management B.V. (3)	100.00%	2,491,531	EUR	-4,172	EUR
InsingerGilissen Philanthropy Trusts Estates B.V. (3)	100.00%	3,232,642	EUR	98,913	EUR

(1): percentage of direct and indirect holdings.
(2): provisional, social, local GAAP figures.
(3): Local GAAP = IFRS; equity excluding reserves on the portfolio evaluated at fair value through other comprehensive income and cash flow hedge effects.

Note 40 – Events after the statement of financial position date

There was, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2021.

On 1 January 2022 however, Puilaetco Luxembourg was absorbed into Quintet Luxembourg. Following a careful review of how we work together as one firm, it was concluded that integrating Puilaetco Luxembourg into Quintet's existing activities in the Grand Duchy would allow us to spend more time focused on clients, including by increasing operational efficiency.

Puilaetco Luxembourg was operating as a wholly owned subsidiary of Quintet since 2004 and employed some 22 staff. With some 640 client accounts, it managed approximately EUR 1.2 billion in client assets.

Quintet is closely monitoring the situation in Ukraine and Russia with close attention, including its impact on credit risk, financial markets, and the impact of sanctions on the Bank's clients and operations.

The Bank has analyzed its potential exposure to the above, and considers these events as non-adjusting events after the reporting period. At the date of this report, the Bank, including its ability to operate as a going concern, is not materially impacted (directly or indirectly) by the above. The Bank's direct exposure is limited, as follows:

- Quintet has no material credit exposure to Russia and Ukraine. In particular, there are no exposures to Russia or Ukraine-based issuers in the Bank's bond portfolio, and, regarding the customer loan portfolio, there is no exposure resulting from pledged collateral from those geographies, and exposure to Russian or Ukrainian borrowers is not material (less than EUR 5 million for the Group) and is secured by collateral that is not connected to those countries;
- Regarding the impact of the constantly evolving sanction regimes, Quintet is monitoring sanction measures on a continuous basis and taking all the necessary steps to ensure that client relationships, payments, and securities transactions are managed in full compliance with applicable sanctions. It should be noted that Russian and Ukrainian residents and nationals represent a very small fraction of the Bank's client base (less than 0.5% of private banking Assets under Management) and are not currently subject to US and/or EU and/or UK sanctions.

Beyond direct exposure, the Bank is closely monitoring the impact of these events on financial markets and the possible impact on micro and macroeconomic conditions, and taking all measures to mitigate risk and support and advise its clients.

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Forex Activities	+352 2621-0333
Bullion Activities	+352 2621-0355
Repos & Securities Lending	+352 2621-0322
Fiduciary Deposits	+352 2621-0344

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FX Sales Execution	+352 2621-0144
Fixed Income	+352 2621-0133
Listed Products (Equities, Derivatives, ETFs)	+352 2621-0211
Third Party Funds	+352 2621-0222
Business Management & Financial Institutions	+352 4797-2551
Support & Monitoring	+352 4797 2483

MARKETS EXECUTION

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