QUINTET
PRIVATE BANK

Pillar III: Report 2019

Contents

Glossary

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

Note to readers

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

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

The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of this document. Similarly, the value zero '0.0' in the following tables indicates the presence of a number after the decimal, while ' - ' represents the value nil.

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

Introduction

The goal of the Pillar III Report 2019 is two-fold. First, the report aims to provide a clear view of the way the risks faced by the Bank are processed internally through each of its entities. Second, the report draws a fair picture of the risks to which the Bank is exposed by providing various datasets related to those risks from a prudential point of view under the regulatory framework established by CRD IV.

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

Section 2 presents the structure of the Bank and more precisely its entities in the accounting and prudential scopes of consolidation as of 31/12/2018, its global decision-making structure and corporate governance;

Section 3 describes the structure and roles played by the departments involved in the risk management of the Bank at each of the levels of control;

Section 4 summarises Quintet's Pillar I prudential figures; Section 5

focuses on governance and data related to credit risk; Section 6

focuses on governance and data related to market risk;

Section 7 focuses on governance and data related to operational risk;

Sections 8, 9, 10, 11 and 12 respectively focus on equity holdings, ALM risk, countercyclical capital buffers, encumbered assets and leverage ratio;

Sections 13 and 14 are respectively devoted to liquidity risk and other risks;

Finally, Section 15 presents the remuneration policy of the Bank.

The year 2019 was marked by the appointment of several new members of Authorized Management and the development of a long-term Group growth strategy, building on the 2018 transformation plan.

As an important building block of this strategy, the group proceeded in the course of the summer 2019 with the signing of an agreement to acquire Bank am Bellevue, a Swiss private bank located in Zurich, which will serve as a booking centre for a Swiss domestic client book but also, more importantly, as one of the three primary booking centres for the cross-border activity that the Group intends to develop over the coming years.

Governance model

In light of the planned retirement of P. Vandekerckhove as Group CEO at the latest by the end of 2019, the Board of Directors approved the appointment J. Zeltner and J. Stott as Group CEO and CEO Wealth Management, respectively. These appointments were approved by the ECB in August 2019 and thereupon both joined the Group Executive Committee, which was renamed the "Authorized Management Committee" (hereafter "AMC").

(Mr. Zeltner – one of the leading figures in the worldwide wealth management industry – passed away in March 2020 at the age of 52, survived by his beloved wife and two children. Mr. Stott, with a long and highly distinguished industry track record, was then nominated by the Board to serve as Mr. Zeltner's successor, a position that he assumed with deep personal sadness and tremendous professional determination.)

Following these nominations, C. Price and M. Leistner joined the Authorized Management as Group COO and Group Chief Legal Officer respectively. C. Price replaced E. Mansuy, who took on the role of Group Chief Information Technology & Operations Officer, whereas M. Leistner, as Group Chief Legal Officer, assumed responsibility for Legal and Compliance from Secretary General S. Marissens, who continues to lead the Corporate Center under the same title and as an AMC member. Over the same period, N. Harvey was confirmed as Group CFO, whereas A. Swings remains Group Chief Risk Officer.

As for the Luxembourg business activities, the scope and composition of the existing Luxembourg Management Committee has been reviewed, reflecting the need to position the Luxembourg business activities more prominently within the Group, to shorten and accelerate decision-making processes and to ensure better alignment between the front and support activities at Luxembourg level.

At the level of the Board of Directors, no material changes took place in 2019 with the exception of the nomination of J. Zeltner. P. Vandekerckhove was appointed to the Board after his retirement as Group CEO.

Strategic plan 2020-25

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

- The development of new markets (such as LatAm, Asia, Middle East), new client segments (such as women, next-gen, entrepreneurs) and the reinforcement of growth in existing domestic markets. International development will require a review and enhancement of the cross-border strategy and risk framework of the group at large;

- The creation and communication of distinctive investment views, the enhancement of the services and products offering, the launch of a new brand identity for the Group, combined with a focused marketing strategy; as well as investments in training and development, a new corporate culture and talent acquisition;

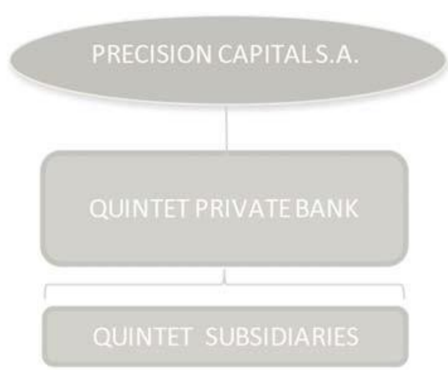
- The setup of three booking centers: Quintet Europe, as it is now known (based in Luxembourg), Brown Shipley and the Swiss entity;

- The introduction of a group-wide partnership culture with shared values and aligned incentives, including at the senior level of the Group.

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

Structure of Quintet Group

The Bank provides private banking services to its customers throughout Europe thanks to a dense network of local private banking subsidiaries. The Bank's total portfolio is composed of equity participations in 9 fully consolidated entities and 1 associate. The Bank's ultimate shareholders are represented by Precision Capital S.A., a Luxembourg-based bank holding company.



1. List of Subsidiaries & Associates

2019.12

Denomination	Capital Held	Statutory Prudential Supervision	Prudential Scope of Consolidation	Description
Fully Consolidated Subsidiaries				
Kredietrust Luxembourg S.A.	100.00%	Yes	Yes	Financial services, Luxembourg
KBL Immo S.A.	100.00%	No	Yes	Real estate, Luxembourg
Merck Finck Privatbankiers AG	100.00%	Yes	Yes	Private banking, Germany
Brown, Shipley & Co. Limited	100.00%	Yes	Yes	Private banking, United-Kingdom
InsingerGilissen Bankiers N.V.	100.00%	Yes	Yes	Private banking, the Netherlands
Puilaetco Dewaay Private Bankers S.A.	100.00%	Yes	Yes	Private banking, Belgium
Banque Puilaetco Dewaay Luxembourg S.A.	100.00%	Yes	Yes	Private banking, Luxembourg
KBL Espana Asset Management S.G.I.I.C S.A	100.00%	Yes	Yes	Financial services, Spain
KBL Espana Capital Markets A.V. S.A.	100.00%	Yes	Yes	Financial services, Spain
Associates				
European Fund Administration S.A.	31.67%	Yes	Yes	Fund administration, Luxembourg
Non-Consolidated Subsidiaries				
Forest & Biomass Holding S.A.	26.63%	No	No	SICAV-SIF, Luxembourg

The accounting scope of consolidation includes all entities at the exception of Forest Value Investment Management S.A. which fall below the consolidation materiality threshold.

The prudential scope of consolidation is identical to the accounting scope of consolidation.

2. Corporate governance & decision structure

To sustain the ambitions of Quintet in terms of commercial positioning and financial targets while leveraging the benefits of being a group, a strong and integrated governance framework has been approved by the Group Board of Directors and rolled out throughout the Group taking into account the proportionality principle as well as local laws and regulations.

This group governance framework is articulated around the main following principles:

Governance culture: principles all employees should strive for.

Board & Executive Committee: structure and governance principles. A robust

governance framework group wide characterized notably by:

- a clear allocation of responsibilities within the Group;
- the definition of decision delegation right per key domain;
- functional reporting lines between the Group and subsidiary functions.

2.1 Corporate Culture

2.1.1 Board & Executive Committees: structure and key governance principles

The appointment rules are further described in Appendix 9 of the present document. The appointment of the members of the management bodies is subject to regulatory approval when the approval is ongoing and not yet granted.

Group Board

The Group Board sets the overall Group strategy and ensures that effective control mechanisms are put in place. This board is composed of a minimum of 8 directors, including at least one shareholder representative, six independent directors and the Group CEO.

The Group Board is supported by five sub-committees: Risk, Strategy, Audit, Compliance & Legal, Remuneration & Nomination, each of them being composed of a sub-set of the Group Board Directors. Each committee is chaired by a non-executive Director and assisted by the occasional/permanent presence of managers and external advisors when relevant.

The Board Remuneration & Nomination Committee approves all decisions related to the individual nomination, dismissal/retirement and remuneration of the AMC members, the management team members of the subsidiaries and group wide Material Risk Takers. This Committee also approves the nomination of Group Board Members and Subsidiary's Board members. Decision regarding nomination or mandate termination of a director lies with the Shareholder Assembly of the respective entity. The Board Remuneration & Nomination Committee also determines the Board Remuneration Policy which is submitted to the Board and ultimately the Shareholders meeting for approval.

The Group Board of Directors meets on a quarterly basis and whenever required. The different sub-committees meet with the same frequency. In 2019, the Board met 4 times for ordinary meetings, and once in January for an extraordinary on. The various subcommittees met 4 times in 2018, with the exception of the Board Strategy Committee, which had one special meeting in January 2019, and the Board Risk Committee, who has regular exchanges next to the quarterly meetings related to credit files which require BRC intervention.

Subsidiary's Board of Directors

A Subsidiary's Board of Directors determines the strategy of the subsidiary, enforces its implementation and ensures that the appropriate internal control mechanisms are in place and functioning and that the subsidiary complies with the local regulation and the Group requirements, in so far in line with local regulation. The Subsidiary's Board strives for alignment with the Group Strategy. A Subsidiary's Board counts among its members at least two members of the Group Executive Committee and two independent directors. Such an independent director shall not have a simultaneous mandate at the Group Board unless an individual exception is granted by the Board Remuneration & Nomination Committee of the Group Board.

A Subsidiary's Board is supported by three committees: (Audit, Remuneration and Nomination, Compliance, Legal and Risk). These Committees are composed of a sub-set of the subsidiary Board members and complemented by the occasional/permanent presence of Group and subsidiary managers if and when needed. The Committees are preferably chaired by an independent director.

The composition of the aforementioned Subsidiary's Board (and Board Committees) is further adjusted to strictly comply with local laws and regulations.

Subject to the application of the proportionality principle, the Subsidiary's Boards meet on a quarterly basis. The same applies to the local sub-committees.

Authorized Management Committee and Subsidiary Management Team

The Authorized Management Committee (AMC) operates under delegated authority of the Group Board to implement the Group strategy and objectives set by the Group Board. The AMC is currently composed of 6 members, each with a focused individual mandate translating into clear (P&L) accountability and separation between business and support/control roles.

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

The AMC is supported by two sets of sub-committees:

Functional Committees comprise at least two AMC members. Each AMC member has a veto right that - when activated- engenders escalation to the AMC. Within the delegation granted by the AMC, functional committees are authorized to take management decisions in line with the strategy and risk appetite laid down by the Group Board of Directors. A reporting of the decisions taken at functional committees' level is made quarterly to the AMC.

The following functional committees are in place for *Quintet*: Group Credit Committee, Group New Products and Services Approval Committee, Group Information Security Committee, Group Regulatory Project Steering Committee,

The following committees are in place for Quintet Luxembourg: Luxembourg Executive Committee, Luxembourg Credit Committee

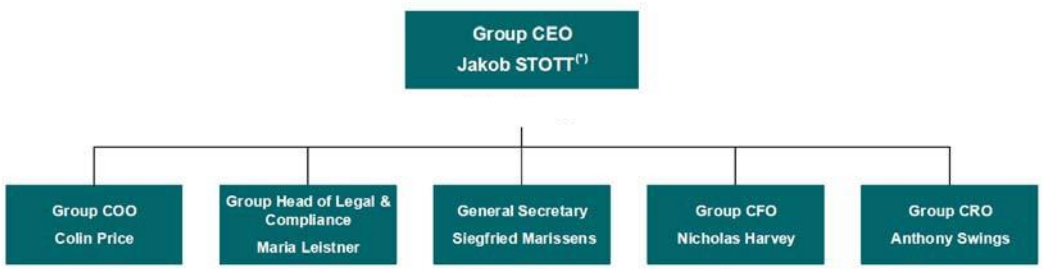
Operational Committees have authority to provide opinions or to take decisions in relation with operational business at Group or Luxembourg level. Each decision taken by operational committees has to be documented and yearly reported to the AMC.

The following operational committees are in place within Quintet: Client Acceptance Committee, Depositary Bank Network Acceptance Committee, Structured Products & OTC Derivatives Approval Committee, Project Alignment Committee, Asset Management Supervising Committee and the Disciplinary Committee.

At subsidiary level, the management team is at least composed of a CEO and a CFO. A local Head of Sales, a local CIO (managing investments) and COO (managing IT and Operations) are also appointed but do not necessarily need to be members of the subsidiary management team. The subsidiary management team where relevant is supported by a set of sub-committees.

Each subsidiary CEO ensures the communication between the Group CEO/the AMC and the subsidiary management, coordinates in an efficient way the implementation of the Group strategy at local level within defined budgetary constraints and promotes the development of his subsidiary.

Authorized Management Committee Structure (as at 1st of April 2020):



Responsibility Scope, Reporting Lines and Decision Delegation per key domain:

Functional reporting lines between Group and its subsidiaries/branch functions are set up to ensure smooth coordination between entities.

The Group function head steers the group wide implementation of the Group strategy through the implementation of relevant actions for his functional line. He has an end-to-end responsibility for the adequate performance of his function.

Performance accountability and ownership: any component of the Group financial performance is assigned to a clear owner in a cascaded way (AMC members, subsidiaries/Business Units or departments). These owners are accountable for reaching objectives set in the strategic and budget plans within the guidelines set by the Group.

Each subsidiary CEO has an overall P&L responsibility, including a responsibility for the coherence between the different functional components of its budget. Any issue regarding the impact of the functional consolidated budget on his local P&L will be raised in the first place to the Group function head and – in case of disagreement – with the AMC member, who exerts the functional responsibility for the entity and Group CFO.

Risk Management approach at Quintet

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

3. Five lines of defence

The first three levels of control correspond to internal controls.

The first level of Risk Management is directly carried out by the departments generating risks: front office, back office or support. They are responsible for the management of their risks on a daily basis. They carry out the first level of control which results are escalated to the management and to the departments responsible for the second level of control.

The second level of risk management comprises several departments that intervene in their specific areas of expertise. First, the Risk Control Function (described more precisely on next page) operates in the management of financial risks - mainly credit risk, market/trading risk, Assets and Liabilities Management (ALM) risk and liquidity risk - and non-financial risks, of which operational, client, and business risks. The Compliance department is responsible for second-level management of compliance risks. Finally, other second-level control departments comprise Finance, Human Resources, Legal, Tax and Corporate Center that are operating in their respective areas of specialisation.

The goals of the departments in charge of the 2nd level of controls are to: ensure

an exhaustive risk coverage by 1st levels of control;

ensure that they provide a comprehensive view of the underlying risks;

verify the adequacy and efficiency of the corrective measures that are implemented.

In order to achieve these objectives, 2nd level control entities perform the following tasks:

perform the analysis of exception reports (outstanding vs. limit);

challenge the justification provided by the risk owner;

require additional information on any specific exception/warning; require

corrective measures based on their findings and conclusions;

escalate to management body any issue that could not be settled between the two first levels of control.

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

External audit is the fourth level of risk management and Regulatory Authorities are the fifth and final level. They are part of the pool of 'external controls'.

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

4. Risk Control function

As part of the 2nd level of control, the mission of the Risk Control Function is to ensure that each key risk the Bank faces is identified and properly managed by the relevant departments and that a comprehensive view on all relevant risks is reported to the Bank's supervisory and management functions represented respectively by the Board of Directors and the AMC. Therefore, the tasks of the Risk Control Function consist in identifying, measuring, monitoring, addressing and reporting the risks that fall within its scope of competence.

In addition, the Risk Control Function provides relevant independent information and analyses, provides expert judgement on risk exposures, issues advices on proposals and risk decisions made by the management as regards to their compliance with the Group's risk appetite. The aim is to assist the management, the AMC and the Board so that they can take risk informed decisions.

A key aspect of the Risk Control Function is to react quickly and efficiently in periods of crisis/stress. Therefore, any material risk development (such as a large operational incident, a major fraud, etc.) detected is immediately assessed and escalated to the AMC. The local Risk Control Functions escalate in the same manner material risk developments to the Group Risk Control Function.

Two principles govern the mission of the Risk Control Function: proportionality and subsidiarity. The proportionality principle states that the depth of analysis and the frequency of reports are proportional to the risks at stake after all mitigating measures have been set up. The subsidiarity principle implies that controls are performed at the level that ensures the best efficiency (at Group or local level for example).

In order to ensure its independence, the Risk Control Function is organisationally separate from the monitored and controlled activities and does not perform any task that falls under its own monitoring and control role.

As at 31/12/2019, the Group Risk Control Function is organised around five departments:

The Group Information Risk Control department is to act as a second line of defence for controlling risk related to digital assets. It is in charge of developing and maintaining the Information Risk Control Framework, to implement related policies, to monitor control implementation and to ensure adequate reporting over its activities to dedicated instances (Group Information Security & Risk Committee / Board Risk Committee);

The Group Data Protection Officer is in charge of enforcing the provisions of the European regulation on the protection of personal data ("GDPR") within the Group. It is also informing, providing independent advice and guidance to the Quintet group entities and functions, monitoring compliance with regulation and acting as the point of contact for data subject right exercises & complaints and for the lead supervisory authority (breaches, high-risk notification, projects, audit).

The *Credit Risk Control department* is in charge of credit risk control for Quintet including borrower risk, issuer risk, counterparty risk, recovery risk, migration risk, country risk, credit risk concentration. This department also plays a role in drawing up and ensuring the respect of the criteria for accepting securities as collateral, as well as in monitoring credit risk for custodian banking activities. The Lending Management department, in charge of the implementation and monitoring of parent company loans, is reporting to the Head of Credit Risk Control;

The *Operational Risk Control department* is responsible for overseeing operational risk issues. Among others, it conducts or reviews the Risk Control Self-Assessment and provides Group entities with a loss event reporting tool, challenging root causes and mitigation action plans and initiating case study analysis. This department also manages the insurance programme for the Group;

The *Financial Risk & Reporting department* covers various attributions:

It monitors and escalates the Market risk (interest rate, price, currency, real estate, and liquidity risks) carried by the entire balance sheet, including both ALM and Trading activities to the different levels of management from Global Markets/ALM Senior Management to the Board Risk Committee.

It also covers the Group Liquidity Risk, including the reporting and the interpretation and implementation of the EU regulatory requirements and, among others, participates to the local "Asset and Liability Management Committees" (ALCOs) of the different subsidiaries, to ensure that local decisions are taken in compliance with the relevant Group Policy.

The department is also taking over the portfolios of fixed-income investments, in the context of the reinvestment of excess liquidity, the counterparty risk linked to Money Market transactions contracted between Global Markets and a network of banking counterparties and the credit risk carried by the network of sub-custodians.

The department is in charge of risk modelling and quantitative analysis. It designs and implements all risk models (market, credit and operational VaRs, internal stress test, product scoring, ECL, etc.) and provides quantitative support to other Group and local functions The department is as well responsible for the risk data management, designing and maintaining an efficient risk database and reporting tool.

Finally, the department covers transversal risk matters, such as internal and regulatory risk reporting (i.e. monthly/quarterly risk reports, ICAAP, Recovery Plan etc.) and regulatory watch in addition to the risk-related projects through the Group.

In order to perform its mission at the level of the Group, Group Risk Control Function also relies on local Risk Control Functions (local RCF).

In branches, the local RCF hierarchically reports to the Head of Group RCF.

In subsidiaries, although the local RCF hierarchically reports to local management, there is a functional link between the local RCF and Group Risk Control Function:

recruitment and annual appraisal of the Head of local RCF is a joint decision by the Group Risk Control Function and the relevant local hierarchical reporting line;

local RCF benefit from a full support from Group Risk Control Function in terms of methodological help, alerts and guidance;

local RCF report immediately to Group Risk Control Function any significant risk, exposure or issue.

5. Risk Committees

5.1.1 Board Risk Committee

In all major entities of the Group, the Board, while keeping the entire responsibility for the set up and oversight of risk management, has delegated the follow-up and performance of the risk framework to sub-Committees, such as the Board Risk Committee at Quintet's level (BRC), which is dedicated to financial, operational, client, reputation, regulatory and business risks.

This committee decides on the level of risk appetite (i.e. expression of the amount and type of risk that the Bank is able and willing to accept in the pursuit of its business objectives) to be approved by the Board and applied to all entities of the Group. Then, this Committee delegates to the AMC the responsibility of implementing the appropriate risk management framework to ensure that the risk profile of the Group remains within the defined risk appetite.

The latter is formalised in the 'Risk Appetite Statement', based on which a recurrent risk report is presented monthly to the Group Risk Committee (see next section) and quarterly to the BRC Committee (the BRC has met 4 times in 2018).

This reporting provides backward and forward looking empirical measures regarding all the key risks.

5.1.2 Sub Risk Committees

Sub Risk Committees have been created in order to handle specific types of risks.

The *Group Risk Committee (GRC)* is the owner and ultimate decision maker regarding all risk matters in the Group, under the delegated authority provided by the Board Risk Committee (BRC). In this role, it controls the respect of limits set by the BRC's in his Risk Appetite Statement (a.o. on credit, ALM, liquidity and trading risks, operational, reputation, regulatory, client, business and people risks). The GRC proposes risk strategies, discusses and validates the recurrent risk report, discusses and decides on punctual risk-related issues: projects, resources, regulation…

The *Group ALMSG (Asset and Liability Management Steering Group)* is the owner and ultimate decision maker regarding ALM matters including (i) managing the balance sheet and related financial risks of the Bank within guidelines and constraints set by the Group Board, the AMC and regulatory guidelines and (ii) centrally monitoring investments made by the ALM and Treasury functions across the Group.

The *Group Credit Committee (GCC)* deals with new credit proposals for lending to clients (accompanied by a mandatory opinion from the Credit Risk Control). This committee also makes proposals about related credit risk issues such as credit policy, watchlist management, credit provisions.

The *Group Operational Risk Committee (GORC)*, establishes and maintains an appropriate risk culture in all relevant business areas and functions, ensuring that all employees are aware of their risk responsibilities through effective communication and training. The GORC also identifies best practices in terms of Operational Risk mitigation across the Group and sets a minimum level of requirements to get an appropriate internal control environment.

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

The Group New Products Approval Committee (GNPAC) is in charge of the approval of the launch of each new product/service as well as the periodic review of such products and services (whether manufactured and/or distributed). The objective is a.o. to ensure that the new product or service complies with the Group risk appetite and strategy and with laws and regulation applicable, that it can be operated efficiently from an IT/Ops perspective, and that adequate risk management processes / internal controls have been implemented to mitigate the implied risks. The GPAC will also approve and review on a regular basis, at group level, such products and services which reach a certain threshold, in terms of percentage of the revenue of the business line and/or the new risk inherent to the new product or service, including the financial instruments associated to this new service.

The Group Information Security Committee (GISC) supervises the roll out of Group Information Security directives, validates waivers and/or accepts potential residual risk observed. The Committee escalates major information security (audit) issues or incidents to AMC/BRC (in case of misalignment with the Risk Appetite) and is informed of Group Information Security Road Map and review its progress.

The *Steering Committee of the Business Continuity Management* monitors the efficiency of the Bank Business Continuity Plan/Disaster Recovery Plan arrangements: implementation of related guidelines, adequate allocation of resources, proper identification and mitigation of risks, implementation of test plan and monitoring of efficiency (with potential improvement recommendations).

Own funds, capital adequacy & group solvency

6. Regulatory capital adequacy

6.1 Own funds instruments

Ordinary shares – On 31 December 2019, the share capital of the Bank consists of 25,069,878 of ordinary shares without par value. No participation certificate or non-voting right share has been issued.

Preference shares – On 31 December 2019, 4,336 preference shares were outstanding. These shares are entitled to receive an initial dividend of EUR 0.248 per share. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any remaining profits, once this first dividend has been paid, are shared out between all shareholders.

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

6.2 Own funds figures

Prudential Own Funds (EUR million)	**31/12/2019**	**31/12/2018**
Tier 1 Capital	**568.2**	**599.1**
Capital, share premium, reserves and retained earnings	1,149.1	1,091.1
Eligible Result	-43.7	0.8
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-44.9	-36.0
Fair value changes of instruments measured at fair value through other comprehensive income	13.3	5.7
Intangible assets and goodwill	-483.2	-438.4
Defined benefit pension fund assets	-	-0.3
Deferred tax assets	-18.6	-20.4
Asset Value Adjustment	-3.8	-3.3
Significant investments in relevant entities	-	-
Tier 2 Capital	**0.1**	**0.1**
Preference shares	0.1	0.1
Subordinated liabilities	0.0	0.1
Total Prudential Own Funds	**568.3**	**599.2**

6.3 Capital requirements

Complementary to the internal own funds adequacy, the Bank complies with supervisory capital requirements brought by the entry into force of the CRR as from 01/01/2014. These requirements are related to Credit Risk, Credit Valuation Adjustment (CVA), Market Risk (decomposed in Settlement Risk, Position Risk and Foreign Exchange Risk) and Operational Risk.

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

At the end of year 2019, the Overall Capital Ratio stands at 17.99% (17.21% in 2018) and the CET1 ratio at 17.98% (17.20% in 2018).

Overview of RWAs (Template 4 of EBA/GL/2016/11 Guidance)			RWAs		Minimum capital requirements
			2019.12	2019.09	2019.12
	1	**Credit risk (excluding CCR)**	**2,128.7**	**2,557.4**	**207.5**
Article 438(c)(d)	2	Of which the standardised approach	2,128.7	2,557.4	207.5
Article 107 Article 438(c)(d)	6	**CCR**	**132.0**	**178.4**	**12.9**
Article 438(c)(d)	7	Of which mark to market	118.6	159.9	11.6
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	0.8	0.6	0.1
Article 438(c)(d)	12	Of which CVA	12.6	17.9	1.2
Article 438(e)	**13**	**Settlement risk**	0.2	0.0	**0.0**
Article 438(e)	**19**	**Market risk**	**231.4**	**258.8**	**22.6**
	20	Of which the standardised approach	231.4	258.8	22.6
Article 438(e)	**22**	**Large exposures**	-	-	-
Article 438(f)	**23**	**Operational risk**	**667.5**	**678.9**	**65.1**
	25	Of which standardised approach	667.5	678.9	65.1
Article 437(2), Article 48 and Article 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-
	29	Total	3,159.8	3,673.5	308.1

6.4 Leverage ratio

Quintet's consolidated Leverage Ratio stands at 4.73% as at 31 December 2019. This figure stands comfortably above the 3% minimum Leverage Ratio of the Basel Committee on Banking Supervision.

Leverage ratio makes part of the risk appetite indicators defined by and quarterly reported to the Board Risk Committee.

In addition, the ratio has been integrated in the monitoring process of the Group Recovery Plan. Thresholds have been set as 'Early Warning Signal' and 'Invocation Trigger Point' (flagging that the Bank should decide on taking recovery actions).

Thanks to the Private Banking activity and its positive impact on liquidity (as explained in section 13), the Bank does not have to raise any interbank funding and when it does so, it is mainly for yield pick-up purposes. As a result, the structural leverage ratio is rather stable, and structural excessive leverage is not expected.

See appendix 7.

6.5 Countercyclical buffer

Credit institutions are required to hold, in addition to other own funds requirements, a countercyclical capital buffer to ensure that they accumulate, during periods of economic growth, a sufficient capital base to absorb losses in stressed periods.

The countercyclical capital buffer should be built up when aggregate growth in credit is judged to be associated with a build-up of system wide risk and drawn down during stressed period.

Quintet's group countercyclical capital buffer rate stands at 0.28% as at 31 December 2019. See

Appendix 8.

Internal own funds adequacy evaluation – Pillar II

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

Credit risk

7. Credit risk management

7.1 Business model and credit risk profile

As a Private Bank, the Bank's lending philosophy is to grant loans to maintain and/or develop a Private Banking relationship with its (new) clients. Therefore, the Bank provides Lombard loans or mixed loans as its core lending offer. The Bank also provides mortgage loans acknowledging that any loan granted by the Bank must be based on an existing Private Banking relationship or a real potential to develop, within a reasonable time period, a Private Banking relationship with a new client.

In addition to these private banking activities, proprietary credit risks within the Group also originate from:

- uncommitted lines covering counterparty exposures with banks, e.g. foreign exchange transactions, money markets, swaps, reverse repurchase agreements, securities lending, derivatives;
- bond positions in ALM portfolios in the form of liquid floating/fixed rate notes and synthetic asset swaps;
- uncommitted lines granted to clients of the Global Institutional & Professional Services' entity (mainly Collective Investment Undertakings) to cover temporary overdrafts or exposures on FX- operations;
- credit risk linked to the sub-custodian network.

It has to be noted that the Bank does not use any credit derivative.

7.2 Structure and organisation of credit risk management and control function.

The objectives of the credit risk management process can be described as follows: identify credit

- risk in due time, enabling to act adequately upon risks;
- translate the Quintet Group Risk Appetite Statement into a set of workable measures, ensuring that credit risk stays within the limits set;
- monitor the quality of the credit risk within the Group;
- deliver input for strategic decisions regarding credit risk through useful and timely information to senior management.

The first line of defence of the credit risk management process is composed by the business entities: Wealth Management ('commercial network'), the Lending Function, the ALM & Treasury Function, the Global Markets Function and Global Institutional & Professional Services.

Each entity/business unit relies on specific procedures and processes in order to assess the risks prior to and after accepting individual credit risk exposures.

The second line of defence is managed by the Risk Control entity whose tasks include:

(1) the development of credit risk policies and frameworks;

(2) the development of credit risk measurements and reporting to BRC, AMC (GRC) and any relevant risk committees.

(3) the monitoring of credit risk arising from the bank's portfolio (at the Group level).

(4) issuance of opinion on credit risk issues In

more details:

(1) Credit policy

The Quintet Credit Policy and Procedures provide the framework within which lending to customers and the related credit risk is managed in the Quintet Group. It encompasses the following:

Definition and identification of credit exposures Evaluation,

measurement and quantification of risks Criteria and

procedures for approval

Maximum prudent exposure: amount and maturity

Monitoring, reviewing and controlling credits Procedures for

taking and preserving security Procedures relating to

troubled credits

This Policy covers all bilateral relations between the Group and its clients with a lending activity, given that this lending activity remains within the framework set by the Group's Risk Appetite Statement (see (2) below).

The Credit Policy is occasionally updated in view of market evolutions, regulations, internal changes, innovations and local specificities of entities of the Group in addition to a full annual review, approved by the BRC.

The Credit Policy applies to every entity of the Group as a Group minimum standard to be complied with.

(2) Credit Risk measurements and reporting

The Board of Directors has expressed its risk appetite for credit risk through a set of limits and triggers applying to credit risk indicators: ratio of loan/bonds impairment charge, ratio of credits with a loan to pledge or loan to market value higher than a threshold, weighted average rating factor and several concentration measures related to the bond portfolio (single name, industry sector). Some of them are monthly monitored and reported to the Group Risk Committee, others are quarterly monitored and reported to both Group Risk Committee and Board Risk Committee.

In addition, Credit Risk Control produces a quarterly report of the consolidated loan portfolio, with a.o. a detailed view of outstanding by Group entity, type of credit, maturity, sector concentration, profitability, type of collateral, quality (watchlist), among others.

(3) Monitoring of credit risk generated by investment portfolios

Bond investment portfolios are managed by the ALM Function (see chapter 0). All proposals within the Group are subject to concentration limits defined by issuer type (Sovereigns, Corporates and Banks), as well as to country limits.

Risk Control department may advise against any investment based on its own credit risk assessment (based on international rating agencies' comments and analysis of the published financial statements).

Various types of standard or specific reports are drawn up in order to monitor any deterioration in the quality of the portfolio. A watchlist with issuers requiring a closer follow-up is also established and presented to the Group Risk Committee on a quarterly basis.

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

(4) Opinion on credit risk related topics

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

8. Credit Risk Exposures

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

8.1 Methodology

Quintet Private Bank (Europe) S.A. applies the Standardised Approach for weighting exposures to credit risk. This method uses a combination of exposure segregation by type of debtor/transaction (i.e. exposure classes) and a differentiation by creditworthiness in order to weight the exposure value that is used to compute the required corresponding own funds.

As stated under the CRR, the bank allocates its banking book credit risk and counterparty credit risk into seventeen exposure classes:

Central Governments or Central Banks Regional
Governments or Local Authorities Public Sector
Entities
Multilateral Development Banks
International Organisations
Institutions
Corporates Retail
Secured by Mortgages on Immovable Properties Exposures in
Default
Items Associated with Particularly High Risk
Covered Bonds
Claims on Institutions and Corporate with a Short-Term Credit Assessment Collective
Investment Undertakings (CIU)
Equity Exposures Other
items Securitisation

The prudential risk weight that is assigned to exposures in most classes depends on the credit assessment, published by an External Credit Assessment Institution (ECAI), related to the obligor Quintet Private Bank (Europe) S.A. is exposed to. ECAIs providing the Bank's credit assessments are the two following leading rating agencies: Moody's and Standard & Poor's Ratings. These assessments are used following the principle of the 'worst rating', which corresponds to picking the higher risk weight.

This treatment is used for determining the risk weights applicable to exposures belonging to the following credit risk classes: central governments or central banks, regional governments or local authorities, public sector entities, multilateral development banks, international organisations, institutions, corporates, covered bonds, claims on institutions and corporates with a short-term credit assessment, and finally securitisations.

For debt securities, if issue rating is available, it is applied; if issue rating is not available but issuer rating is provided, the latter is applied.

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

When by nature or by the rules, no external credit assessment can be used for weighting credit risk, the regulatory rules determine the risk weight to apply, e.g. under the Standardised Approach, exposures in default that are not secured by a mortgage on an immovable property receive a risk weight depending on their level of impairment.

Standardised approach – on and off balances' exposures by exposure class and by risk weight (net of provision, credit risk mitigation techniques and after credit conversion factor application)

	Standardised approach *(Template 20 of EBA/GL/2016/11 Guidance)*	Risk weight																TOTAL	Of which unrated
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**	**Deducted**		
1	Central governments or central banks	3,863.2	-	-	-	265.9	-	78.6	-	-	9.2	0.0	-	-	-	-	-	4,217.0	-
2	Regional government or local authorities	285.8	-	-	-	10.0	-	-	-	-	-	-	-	-	-	-	-	295.8	0.0
3	Public sector entities	158.6	-	-	-	162.8	-	55.1	-	-	-	-	-	-	-	-	-	376.5	-
4	Multilateral development banks	171.1	-	-	-	-	-	18.6	-	-	-	-	-	-	-	-	-	189.7	-
5	International organisations	40.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40.0	-
6	Institutions	-	74.3	-	-	307.3	-	328.0	-	-	80.4	0.0	-	-	-	-	-	790.0	174.4
7	Corporates	-	-	-	-	288.7	-	438.5	62.7	-	434.6	2.8	-	-	-	-	-	1,227.2	451.8
8	Retail	-	-	-	-	-	-	-	-	90.9	-	-	-	-	-	-	-	90.9	300.1
9	Secured by mortgages on immovable property	-	-	-	-	-	847.2	148.7	-	2.4	30.8	-	-	-	-	-	-	1,029.1	515.7
10	Exposures in default	-	-	-	-	-	-	-	-	-	47.9	1.1	-	-	-	-	-	49.0	35.1
11	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	33.0	-	-	-	-	-	33.0	33.0
12	Covered bonds	-	-	-	98.5	-	-	-	-	-	-	-	-	-	-	-	-	98.5	-
13	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	55.9	-	77.4	-	-	11.0	0.0	-	-	-	-	-	144.2	-
14	Collective investments undertakings	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1	0.1
15	Equity exposures	-	-	-	-	-	-	-	-	-	49.2	-	-	-	-	-	-	49.2	48.4
16	Other exposures	42.9	-	-	-	2.2	-	3.2	-	-	198.5	-	-	-	-	-	-	246.8	224.5
17	**Total**	**4,561.6**	**74.3**	**-**	**98.5**	**1,092.7**	**847.2**	**1,148.1**	**62.7**	**93.2**	**861.7**	**36.9**	**-**	**-**	**-**	**-**	**-**	**8,877.0**	1,783.1

8.2 Credit Risk Exposures Data

Unless otherwise specified, the figures reported in the tables presented hereafter take into account the relevant netting agreements and correspond to:

- on-balance sheet items accounting value net of specific credit risk adjustments;
- the prudential exposure value of derivative contracts following as applicable, the Mark-to- Market method or the Original Exposure method;
- pre-conversion factor value of off-balance sheet items, corresponding to the full commitment the Bank has agreed to undertake, after potential specific credit risk adjustments.

Comparison of Average and Year-End Credit Risk Exposures - 2019

The year-end total credit risk exposure net of provision reached EUR 14.04 billion, 0.2% upper than the 2019 average of the same measure based on quarterly data. The main credit risk classes composing the total exposure are Central Governments or Central Banks (29%), Corporate (23%) and Retail (18%).

Total and average net amount of exposures (*Template 7 of EBA/GL/2016/11 Guidance*)		a	b	2019.12	2019.09	2019.06	2019.03
		Net value of exposures as at 31/12/2019	Average net exposures over 2019	Net value of exposures at the end of the period			
16	Central governments or central banks	4,048.2	3,906.7	4,048.2	3,778.9	3,414.8	4,385.1
17	Regional governments or local authorities	290.7	232.1	290.7	210.0	200.8	226.8
18	Public sector entities	906.8	819.7	906.8	801.5	791.1	779.3
19	Multilateral development banks	189.7	150.9	189.7	135.3	136.4	141.9
20	International organisations	40.0	48.2	40.0	40.0	39.9	72.8
21	Institutions	896.6	1,023.7	896.6	1,003.3	1,126.1	1,068.7
22	Corporates	3,277.0	3,376.3	3,277.0	3,518.0	3,458.0	3,252.4
23	*Of which: SMEs*	282.8	356.3	282.8	365.9	403.6	373.0
24	Retail	2,593.0	2,529.1	2,593.0	2,504.8	2,540.2	2,478.2
25	*Of which: SMEs*	30.8	33.5	30.8	31.0	36.5	35.6
26	Secured by mortgages on immovable property	1,104.9	982.4	1,104.9	996.2	917.2	911.4
27	*Of which: SMEs*	225.2	188.7	225.2	175.1	184.5	170.1
28	Exposures in default	51.5	61.5	51.5	41.8	68.1	84.8
29	Items associated with particularly high risk	51.0	46.9	51.0	47.2	45.3	44.2
30	Covered bonds	98.5	99.4	98.5	98.6	98.2	102.2
31	Claims on institutions and corporates with a short-term credit assessment	181.2	410.4	181.2	390.7	578.1	491.4
32	Collective investments undertakings	0.1	0.1	0.1	0.1	0.1	0.1
33	Equity exposures	49.2	49.5	49.2	52.1	49.6	46.9
34	Other exposures	260.7	274.2	260.7	281.5	287.1	267.5
35	***Total standardised approach***	14,038.9	14,010.9	14,038.9	13,900.1	13,751.0	14,353.7
36	**Total**	**14,038.9**	**14,010.9**	**14,038.9**	**13,900.1**	**13,751.0**	**14,353.7**

Residual Maturity Distribution of Credit Risk Exposures – 2019

As at end of 2019, the Bank continued to show a relatively short-term profile of its exposures with 85% maturing prior to 5 years.

Maturity of exposures (*Template 10 of EBA/GL/2016/11 Guidance*)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year < = 5 years	> 5 years	No stated maturity	Total
7	Central governments or central banks	1,795.7	1,049.9	611.8	590.0	0.9	**4,048.2**
8	Regional governments or local authorities	0.0	101.3	127.5	61.9	-	**290.7**
9	Public sector entities	9.4	574.3	270.3	37.7	15.1	**906.8**
10	Multilateral development banks	-	31.1	134.9	23.7	-	**189.7**
11	International organisations	-	19.3	10.9	9.9	-	**40.0**
12	Institutions	183.0	306.4	296.7	75.0	35.5	**896.6**
13	Corporates	276.8	1,379.0	1,298.0	255.0	68.1	**3,277.0**
14	Retail	108.0	2,011.7	314.4	128.7	30.2	**2,593.0**
15	Secured by mortgages on immovable property	5.6	189.7	517.7	368.9	23.0	**1,104.9**
16	Exposures in default	18.6	18.4	14.3	0.2	0.0	**51.5**
17	Items associated with particularly high risk	-	3.1	24.7	-	23.2	**51.0**
18	Covered bonds	-	-	42.7	55.8	-	**98.5**
19	Claims on institutions and corporates with a short-term credit assessment	78.7	65.6	-	-	37.0	**181.2**
20	Collective investments undertakings	0.0	-	-	-	0.1	**0.1**
21	Equity exposures	0.0	12.3	-	1.5	35.3	**49.2**
22	Other exposures	18.9	12.4	-	-	229.4	**260.7**
23	***Total standardised approach***	2,495.8	5,773.5	3,663.5	1,608.3	497.8	**14,038.9**
24	***Total***	**2,495.8**	**5,773.5**	**3,663.5**	**1,608.3**	**497.8**	**14,038.9**

Geographical Breakdown of Credit Risk Exposure – 2019

The geographical structure of Quintet Private Bank (Europe) S.A. as well as its business model naturally implies a relatively high concentration of exposures in Europe globally (87%, supranational entities excluded) and especially in the Eurozone (74%).

		a	b	c	d	e	f	g	h	i	j	k	l	m	o	p
		Net value														
Geographical breakdown of exposures *(Template 8 of EBA/GL/2016/11 Guidance)*		**Eurozone**	of which Belgium	of which France	of which Germany	of which Luxembourg	of which the Netherlands	of which Spain	of which Italy	of which other Eurozone	**Rest of Europe**	of which United Kingdom	**North America**	**Asia**	**Supranational Entities**	**Rest of the World**
7	Central governments or central banks	**2,958.5**	181.5	61.8	238.6	898.1	376.9	332.0	384.8	484.7	**422.2**	210.1	95.4	153.6	26.6	391.9
8	Regional governments or local authorities	**213.7**	31.3	20.9	19.4	0.0	-	142.1	-	-	-	-	76.9	-	-	-
9	Public sector entities	**795.9**	-	125.2	96.3	-	434.5	139.9	-	-	-	-	-	110.9	-	-
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	189.7	-
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	40.0	-
12	Institutions	**594.0**	15.4	172.0	52.5	140.2	49.6	39.1	0.2	124.9	**244.4**	88.0	30.8	6.5	4.9	16.0
13	Corporates	**2,348.6**	420.3	142.8	169.0	304.4	1,085.0	111.4	2.4	113.3	**477.9**	318.4	138.0	53.0	-	259.4
14	Retail	**2,365.0**	290.2	11.8	131.5	12.8	1,888.3	10.5	1.4	18.5	**145.0**	112.6	1.6	11.4	-	70.0
15	Secured by mortgages on immovable property	**601.5**	43.8	145.7	2.8	23.4	296.6	27.4	-	61.8	**386.5**	338.9	3.3	5.6	-	108.0
16	Exposures in default	**31.9**	0.0	25.5	0.0	0.5	5.8	0.0	-	0.0	**12.1**	6.1	0.2	-	-	7.4
17	Items associated with particularly high risk	**24.6**	2.9	-	0.0	20.3	-	-	-	1.4	**26.3**	25.7	-	-	-	-
18	Covered bonds	**98.5**	-	66.8	-	-	6.5	-	-	25.2	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	**49.2**	2.8	7.8	0.3	-	0.8	24.1	0.8	12.5	**119.6**	92.6	5.1	6.6	-	0.8
20	Collective investments undertakings	**0.1**	-	-	0.0	0.1	-	-	-	-	**0.0**	-	-	-	-	-
21	Equity exposures	**23.4**	0.3	0.4	11.6	10.2	0.8	0.1	-	-	**23.4**	22.9	2.3	-	-	-
22	Other exposures	**240.6**	23.9	0.0	39.2	135.5	40.5	1.4	0.0	0.1	**19.4**	19.2	0.0	0.0	-	0.7
23	***Total standardised approach***	**10,345.5**	**1,012.6**	**780.8**	**761.2**	**1,545.6**	**4,185.2**	**828.0**	**389.6**	**842.6**	**1,876.7**	**1,234.5**	**353.6**	**347.6**	**261.2**	**854.2**
24	***Total***	**10,345.5**	**1,012.6**	**780.8**	**761.2**	**1,545.6**	**4,185.2**	**828.0**	**389.6**	**842.6**	**1,876.7**	**1,234.5**	**353.6**	**347.6**	**261.2**	**854.2**

Concentration of exposures by industry or counterparty types – 2019

Without significant year-on-year variation in the distribution of its exposures across sectors, in 2019, financial counterparties, public administrations and services to household accounted for 82% of the Bank's credit risk obligors or counterparties.

	Concentration of exposures by industry or counterparty types. *(Template 9 of EBA/GL/2016/11 Guidance)*	Agriculture, foresty and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial service activities, except insurance and pension funding	Insurance, reinsurance and pension funding, except compulsory social security	Activities auxiliary to financial services and insurance activities	Real estate activities	Professional, scientific and technical activities	Adminstrative & Support service activities	Public admnistration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Services to households	Extraterritorial organisations and bodies	Other	Total
		A	B	C	D	E	F	G	H	I	J	K64	K65	K66	L	M	N	O	P	Q	R	S	T	U	Z	
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	3,551.1	-	-	-	-	-	495.1	-	-	-	-	-	-	2.1	**4,048.2**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	275.3	-	-	-	-	-	15.4	-	-	-	0.0	-	-	-	**290.7**
9	Public sector entities	-	-	-	-	-	-	-	-	-	-	395.5	-	-	-	-	-	456.7	-	-	0.3	-	-	-	54.2	**906.8**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	72.8	-	-	-	-	-	2.5	-	-	-	-	-	114.4	-	**189.7**
11	International organisations	-	-	-	-	-	-	-	-	-	-	35.1	-	-	-	-	-	-	-	-	-	-	-	2.4	2.5	**40.0**
12	Institutions	-	-	-	-	-	-	-	-	-	-	834.4	-	57.0	-	-	-	5.1	-	-	-	-	-	-	-	**896.6**
13	Corporates	20.9	-	28.4	4.7	-	3.7	21.5	0.1	0.1	13.3	1,114.6	20.0	18.8	139.4	77.0	55.6	-	-	9.8	6.0	1,061.3	681.6	-	-	**3,277.0**
14	Retail	0.4	-	7.5	0.1	-	1.2	3.7	-	1.0	0.3	5.3	0.1	-	1.5	15.1	2.6	-	0.3	4.8	1.9	19.5	2,527.7	-	-	**2,593.0**
15	Secured by mortgages on immovable property	-	-	-	0.2	-	8.9	-	-	0.2	-	37.9	4.9	3.9	677.5	8.8	3.2	-	-	-	-	-	359.4	-	-	**1,104.9**
16	Exposures in default	-	-	-	-	-	3.2	-	-	-	-	5.6	0.4	0.0	18.6	0.0	-	-	-	-	-	0.0	23.5	-	0.2	**51.5**
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	23.2	-	-	27.7	-	-	-	-	-	-	-	-	-	-	**51.0**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	98.5	-	-	-	-	-	-	-	-	-	-	-	-	-	**98.5**
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	181.2	-	0.0	-	-	-	-	-	-	-	-	-	-	-	**181.2**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.1**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	33.5	0.0	1.5	-	1.1	-	-	-	-	-	-	-	-	13.1	**49.2**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	154.2	-	-	-	-	-	0.0	-	-	-	-	-	-	106.5	**260.7**
23	***Total standardised approach***	21.4	-	35.9	5.1	-	17.0	25.2	0.1	1.3	13.6	6,818.2	25.4	81.2	864.7	102.1	61.4	974.8	0.3	14.5	8.2	1,080.8	3,592.2	116.8	178.6	**14,038.9**
24	***Total***	**21.4**	**-**	**35.9**	**5.1**	**-**	**17.0**	**25.2**	**0.1**	**1.3**	**13.6**	**6,818.2**	**25.4**	**81.2**	**864.7**	**102.1**	**61.4**	**974.8**	**0.3**	**14.5**	**8.2**	**1,080.8**	**3,592.2**	**116.8**	**178.6**	**14,038.9**

9. Credit counterparty risk

9.1 Credit counterparty risk governance, policies…

The counterparty credit risk relating to professional market activities is managed through the interbank limit system that aims at managing Quintet Dealing Room's credit risk exposures.

The following exposures are part of this sub-section:

treasury exposures (money market loans, commercial papers, certificates of deposit, treasury portfolios, interest rate swaps, floating-rate notes, cross currency interest rate swap, repurchase agreements, securities lending transactions, etc.);

foreign exchange (FX) exposures (spot transactions, outright, FX swaps, etc.); structured

products' exposures (equity swaps, OTC options, etc.).

Additionally, the interbank limit system covers long and medium-term exposures on banking counterparties under the form of credit lines granted and securities (bonds and shares) held. The management of the credit risk related to banking counterparties is carried out on a consolidated basis, including all the Group's entities exposures and their related counterparties / groups of counterparties.

The interbank limit system defines ceilings which represent the maximum exposures the Bank deems acceptable to undertake upon banking counterparties and groups of banking counterparties given their size and credit quality. Ultimately, the system ensures compliance with the large exposures limit.

Large exposure limit: the largest theoretical limits have always to be lower than the regulatory Large Exposure limit (the standard case is 25% of Quintet's eligible own funds). The calculation of the Bank's internal eligible own funds, for the purpose of the interbank limit system, incorporates a buffer of +/- 10%.

Maximum limits are the maximum amount of risk Quintet is ready to take on a counterparty. Such limits are based on the quality of the counterparty as well as on the Bank's own funds.

Exposures have to be lower than internal limits. Exposures are charged against two distinct lines according to their maturity:

the outstanding exposure, which is the current exposure to every counterparty, weighted depending on the product type and the remaining tenor (also taking into account margin call process and/or netting agreement);

the settlement exposure, corresponding to exposures to counterparties on the due settlement date (delivery/payment).

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

The management and supervision of collateral received for secured transactions is handled by Collateral Management, which is part of the Operations Function. The respect of the eligibility of the collateral received, as well as of the concentration and correlation limits, is monitored on a daily basis by the Group Financial Risk and Reporting department.

9.2 Wrong-way risk

Quintet adopts a conservative policy towards the wrong-way risk, i.e. the risk that occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty.

Regarding the *specific wrong-way risk*, the Bank never enters into contracts with underlying instruments linked to the counterparty (i.e. derivative contracts based on the counterparty's own securities, reverse repo transactions with counterparty's securities used as collateral…).

Regarding the *systemic wrong-way risk* (i.e. the risk of exposure increasing due to market factors), it is mitigated on the one hand, by the use of cash margin call in euro for derivatives (all covered by CSA contracts) and on the other hand, by the use of correlation limits between counterparty and collateral per country for secured cash or securities lending and borrowing transactions.

9.3 Credit counterparty risk exposures

As at year-end 2019, the Counterparty Credit Risk related positive fair value arising from derivative transactions amounted to EUR 183.3 million. This amount was matched up to EUR 31.4 million by negative fair value transactions within eligible netting agreements and margin calls paid/received to/from counterparties.

Impact of netting and collateral held on exposure values *(Template 31 of EBA/GL/2016/11 Guidance)*		a	b	c	d	e
		Gross positive fair value or net carrying amount	**Netting benefits**	**Netted current credit exposure**	**Collateral held**	**Net credit exposure**
1	Derivatives	183.3	31.4	151.9	-	151.9

These transactions led to the recognition of a Counterparty Credit Risk prudential exposure of EUR 151.9 million. This total CCR exposure is the basis for derivative transactions RWA calculation, which reached the total value of EUR 92.2 million.

Analysis of CCR exposure by approach *(Template 25 of EBA/GL/2016/11 Guidance)*		b	c	f	g
		Replacement cost/current market value	Potential future credit exposure	EAD post CRM	RWAs
1	Mark to market	38.2	129.4	151.9	92.2

Nearly 46% of exposures are from institutions mainly with a weight of 50% or less.

Standardised approach – CCR exposures by regulatory portfolio and risk *(Template 28 of EBA/GL/2016/11 Guidance)*		**Risk weight**											**Total**	**of which unrated**
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	0.7	-	-	-	-	-	-	**0.7**	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	13.0	-	-	2.7	67.2	-	-	2.5	-	-	**85.4**	6.2
7	Corporates	-	-	-	-	-	4.2	-	-	30.3	-	-	**34.5**	30.3
8	Retail	-	-	-	-	-	-	-	29.5	-	-	-	**29.5**	29.5
9	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	12.0	0.9	-	-	24.1	-	-	**37.0**	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**13.0**	**-**	**-**	**15.5**	**72.3**	**-**	**29.5**	**56.9**	**-**	**-**	**187.2**	**66.1**

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

Composition of collateral for exposures to CCR *(Template 32 of EBA/GL/2016/11 Guidance)*	e	f
	Collateral used in SFTs	
	Fair value of collateral received	Fair value of posted collateral
Securities financing transactions - Repurchase agreement (Repo)	-	-
Securities financing transactions - Reverse Repurchase agreement (Reverse Repo)	1,179.0	1,097.5
Total	1,179.0	1,097.5

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

The exposure to Qualified Central Counterparty Clearing House (CCPs) is as follows:

Exposures to CCPs *(Template 27 of EBA/GL/2016/11 Guidance)*		a	b
		EAD post CRM	RWAs
1	**Exposures to QCCPs (total)**	**6.2**	**0.1**
4	(ii) Exchange-traded derivatives	6.2	0.1

Note about the potential impact of an external rating downgrade on Quintet's margins management:

In its framework agreements, Quintet's collateral activities (mainly CSA margining, repo margining, pledge agreement), do not include clauses that would trigger an increase of collateral to be provided in case of a rating downgrade. Collateral conditions in terms of financial direct impacts are therefore assessed as immaterial and are not quantified.

10. Defaulted exposures

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

exposure is more than 90 days past due and/or

the obligor is considered "unlikely to pay" its obligation(s) towards the Bank without taking actions such as the realisation of his collateral.

In all entities of the Group, the need for impairment is justified on a case by case analysis, ratified in management discussion (local Credit Committees) and through the consolidation process.

Impairment levels always take into account the expected future cash flows, including those from realisation of collateral, if any, less estimated foreclosure costs (reference to market valuation, discounted cash flow approach or percentage of residual exposure). The Credit Risk Control department recommends impairment adjustments to the Group Credit Committee on the basis of proposals from lending entities of the Group and after discussion with the Accounting Department. At the end of the first three quarters, the Group Credit Committee decides the adjustments to perform. In the last quarter, impairments are decided by the Executive Committee relying on the opinion of the Group Credit Committee.

Various elements can justify classification under the default exposure category and booking of specific impairments. Most of the indicators leading to recognition of impairments are derived from the permanent monitoring of the portfolio by the first line of defence. Potential triggers for classification under this category may also arise from formal review of credit files (including by the second line of defence), request for waiver or modifications of covenants, renegotiation of terms and conditions, late payments of interest and/or principal, decrease of the value of the pledged portfolio (for Lombard loans), 'downgrades' or 'credit watches' of external credit ratings, the price evolution of quoted assets, external information (press articles, published financial results)…

Impairments are also monitored via two risk appetite indicators reported to the Group Risk Committee or to the BRC, reflecting the gross specific loan/bond impairment charge, and the uncovered exposures to impaired or non-performing loans.

Geographic Distribution of Credit Risk Exposures in Default – 2019

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

Credit quality of exposures by geography *(Template 13 of EBA/GL/2016/11 Guidance)*		a	b	c	d	e	f	g
		Gross carrying value of		Specific credit risk adjustements	General credit risk adjustements	Accumulated write-offs	Credit risk adjustement charges of the	Net values (a+b-c-d)
		Defaulted exposures	Non-defaulted exposures					
1	**Eurozone**	50.8	10,315.9	21.2	-	-	0.2	**10,345.5**
2	of which Belgium	2.0	1,012.7	2.1	-	-	-	**1,012.6**
3	of which France	39.8	755.4	14.5	-	-	-	**780.8**
4	of which Germany	0.0	761.3	0.1	-	-	-	**761.2**
5	of which Luxembourg	1.0	1,545.4	0.8	-	-	0.2	**1,545.6**
6	of which the Netherlands	7.9	4,179.6	2.3	-	-	-	**4,185.2**
7	of which Spain	0.0	828.5	0.5	-	-	-	**828.0**
8	of which Italy	-	389.9	0.3	-	-	-	**389.6**
9	of which other Eurozone	0.1	843.2	0.7	-	-	-	**842.6**
10	**Rest of Europe**	12.1	1,865.5	0.9	-	-	0.0	**1,876.7**
11	of which United Kingdom	6.1	1,229.0	0.7	-	-	-	**1,234.5**
12	**North Amercia**	0.2	353.6	0.2	-	-	-	**353.6**
13	**Asia**	-	347.7	0.1	-	-	-	**347.6**
15	**Supranational Entities**	-	261.3	0.1	-	-	-	**261.2**
16	**Rest of the World**	7.5	846.9	0.2	-	-	-	**854.2**
17	**Total**	**70.5**	**13,991.0**	**22.6**	**-**	**-**	**0.2**	**14,038.9**

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

Changes in the stock of defaulted and impaired loans and debt securities *(Template 17 of EBA/GL/2016/11 Guidance)*		a Gross carrying value defaulted exposures
1	**Opening balance**	**35.5**
2	Loans and Debt securities that have defaulted or impaired since the last reporting period	84.2
3	Returned to non-defaulted status	-35.0
4	amounts written off	-3.7
5	Other changes	-10.4
6	**Closing balance**	**70.5**

Non-performing and forborne exposure

Non-performing and forborne exposures *(Template 15 of EBA/GL/2016/11 Guidance)*		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying value of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
			Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing		On non-performing exposures	On forborne exposures
						Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
010	Debt securities	4,607.1	-	-	-	-	-	-	-2.0	-	-	-	-	-
020	Loans and advances	6,489.6	32.8	40.1	66.5	66.5	66.5	14.0	-1.6	-0.0	-18.1	-3.4	47.7	50.5
030	Off-balance-sheet exposures	3,576.8	-		1.1	1.1	-	-	-0.2	-	-1.1	-	-	-

Credit quality of exposures by industry and exposure class – 2019

In 2019, the services to household activity sector was the most representative sector in terms of exposures for which an impairment is recognised (35%), followed by the real estate activity sector (31%) and the financial activity sector (19%).

The services to household activity sector and the real estate activity sector show the greatest amount of exposures which have not been repaid on due date (respectively 44% and 36%).

Distribution by NACE code

Credit quality of exposures by industry or counterparty types (*Template 12 of EBA/GL/2016/11 Guidance*)		a	b	c	d	e	f	g
		Gross carrying value of		Specific credit risk adjustements	General credit risk adjustements	Accumulated write-offs	Credit risk adjustement charges of the	Net values (a+b-c-d)
		Defaulted exposures	Non-defaulted exposures					
A	Agriculture, foresty and fishing	-	21.4	-	-	-	-	**21.4**
B	Mining and quarrying	-	-	-	-	-	-	**-**
C	Manufacturing	0.0	35.9	0.0	-	-	-	**35.9**
D	Electricity, gas, steam and air conditioning supply	-	5.1	0.0	-	-	-	**5.1**
E	Water supply	-	-	-	-	-	-	**-**
F	Construction	6.1	13.8	3.0	-	-	-	**17.0**
G	Wholesale and retail trade	-	25.2	0.0	-	-	-	**25.2**
H	Transport and storage	-	0.1	-	-	-	-	**0.1**
I	Accommodation and food service activities	-	1.3	-	-	-	-	**1.3**
J	Information and communication	-	13.6	0.0	-	-	-	**13.6**
K64	Financial service activities, except insurance and pension funding	6.8	6,815.5	4.1	-	-	0.2	**6,818.2**
K65	Insurance, reinsurance and pension funding, except compulsory social security	0.4	25.1	0.1	-	-	-	**25.4**
K66	Activities auxiliary to financial services and insurance activities	0.0	81.5		-	-	-	**81.2**
L	Real estate activities	25.6	846.2	7.1	-	-	0.0	**864.7**
M	Professional, scientific and technical activities	0.0	102.1	0.0	-	-	-	**102.1**
N	Adminstrative & Support service activities	-	61.4	-	-	-	-	**61.4**
O	Public admnistration and defence, compulsory social security	-	974.9	0.1	-	-	-	**974.8**
P	Education	-	0.3	-	-	-	-	**0.3**
Q	Human health services and social work activities	-	14.5	0.0	-	-	-	**14.5**
R	Arts, entertainment and recreation	-	8.2	0.0	-	-	-	**8.2**
S	Other services	0.0	1,080.8	0.0	-	-	-	**1,080.8**
T	Services to households	31.1	3,568.9	7.8	-	-	-	**3,592.2**
U	Extraterritorial organisations and bodies	-	116.8	0.0	-	-	-	**116.8**
Z	Other	0.3	178.4	0.1	-	-	0.0	**178.6**
	Total	**70.5**	**13,991.0**	**22.6**	**-**	**-**	**0.2**	**14,038.9**

Distribution by exposure class and instruments

	Credit quality of exposures by exposure class and instrument *(Template 11 of EBA/GL/2016/11 Guidance)*	a	b	c	d	e	f	g
		Gross carrying value of		Specific credit risk adjustements	General credit risk adjustements	Accumulated write-offs	Credit risk adjustement charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
16	Central governments or central banks	-	4,049.4	1.2	-	-	-	**4,048.2**
17	Regional governments or local authorities	-	290.8	0.1	-	-	-	**290.7**
18	Public sector entities	-	906.9	0.1	-	-	-	**906.8**
19	Multilateral development banks	-	189.7	0.0	-	-	-	**189.7**
20	International organisations	-	40.1	0.0	-	-	-	**40.0**
21	Institutions	-	897.6	1.0	-	-	-	**896.6**
22	Corporates	30.9	3,277.7	16.5	-	-	0.2	**3,292.1**
23	*Of which: SMEs*	-	282.8	0.0	-	-	-	**282.8**
24	Retail	2.8	2,593.1	2.2	-	-	0.0	**2,593.7**
25	*Of which: SMEs*	-	30.8	0.0	-	-	-	**30.8**
26	Secured by mortgages on immovable property	36.8	1,105.0	1.3	-	-	0.0	**1,140.5**
27	*Of which: SMEs*	-	225.2	0.0	-	-	-	**225.2**
28	Exposures in default							
29	Items associated with particularly high risk	-	51.0	0.0	-	-	-	**51.0**
30	Covered bonds	-	98.5	0.0	-	-	-	**98.5**
31	Claims on institutions and corporates with a short-term credit assessment	-	181.3	0.1	-	-	-	**181.2**
32	Collective investments undertakings	-	0.1	-	-	-	-	**0.1**
33	Equity exposures	-	49.2	-	-	-	-	**49.2**
34	Other exposures	-	260.7	-	-	-	-	**260.7**
35	***Total standardised approach***	**70.5**	**13,991.0**	**22.6**	**-**	**-**	**0.2**	**14,038.9**
36	***Total***	**70.5**	**13,991.0**	**22.6**	**-**	**-**	**0.2**	**14,038.9**
37	Of which: Loans	66.9	2,795.1	16.0	-	-	-	**2,845.9**
38	Of which: Debt securities	-	4,665.2	2.0	-	-	-	**4,663.2**
39	Of which: Off-balance-sheet exposures	1.1	3,716.7	1.2	-	-	-	**3,716.6**

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

2019	Defaulted Exposures (Gross) vs. Total Exposure (Gross)	Defaulted Exposures (Net) vs. Total Exposure (Net)
	0.50%	0.37%

Changes in the stock of general and specific credit risk adjustments

Changes in the stock of general and specific credit risk adjustments *(Template 16 of EBA/GL/2016/11 Guidance)*		a **Accumulated specific credit risk adjustment**	b **Accumulated general credit risk adjustment**
1	**Opening balance**	**12.1**	**-**
2	Increases due to amounts set aside for estimated loan losses during the period	16.7	-
3	Decreases due to amounts set aside for estimated loan losses during the period	-3.2	-
4	Decreases due to amounts taken against accumulated credit risk adjustment	-3.4	-
5	Transfers between credit risk adjustment	0.1	-
6	Impact of exchange rate differences	-0.1	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	0.4	-
9	**Closing balance**	**22.6**	**-**
10	Recoveries on credit risk adjustments recorded directly to the statements of profit and loss	0.4	-
11	Specific credit risk adjustments directly recorded to the statement of profit and loss	-	-

Ageing of past-due exposures

Ageing of past-due exposures *(Template 14 of EBA/GL/2016/11 Guidance)*		a	b	c	d	e	f
		Gross carrying values					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	21.5	9.5	23.3	3.9	43.5	16.6
2	Debt securities	-	-	-	-	-	-
3	**Total exposures**	**21.5**	**9.5**	**23.3**	**3.9**	**43.5**	**16.6**

11. Credit risk mitigation techniques

11.1 Netting policies

The Bank's policy is to enter into framework agreements (Master Agreements) in order to mitigate the default risk which encompasses the following risks:

Counterparty risk (pre-settlement / settlement risk) Debtor

risk (borrower / issuer risk)

Guarantor risk

Therefore, with few exceptions, most interbank loans are secured (as explained below).

Netting Agreements

All OTC transactions with market counterparties must be covered by an appropriate Master Agreement:

- securities lending operations must be covered by a Global Master Securities Lending (GMSLA) Agreement (or equivalent);
- (Reverse) Repurchase operations must be covered by a Global Master Repurchase Agreement (GMRA);
- other OTC Derivatives must be covered by an ISDA Master Agreement (ISDA), completed with a Credit Support Annex (CSA) which enables the exchange of collateral.

Legally, these framework agreements allow, in case of default of the counterparty ('event of default' or 'termination event' depending on the agreement's terminology), to consider all the operations with that counterparty, to close them all and apply one netted "close-out" amount due to the Bank by the counterparty and vice versa. Hence, in assessing the credit risk, they allow the calculation of an aggregated exposure amount per counterparty (or group of counterparties).

Those operations are in general subject to daily exposure calculations (aggregated exposure amount per counterparty involved in an agreement) and daily margin-calls mitigating the inherent credit risk.

Collateral with Private Customers - Lombard Loans

The security types accepted as collateral and their pledge value rates (PVR) are provided within the 'Quintet Credit Policy and Procedures' validated by the BRC.

For main security types, PVR - expressed as a percentage of their market value - are set according to the following criteria:

- Cash assets denominated in an approved currency benefit from the highest pledge value;
- For equities listed on the main market of an approved stock exchange, the PVR depends on the stock exchange itself;
- For bonds issued by an entity of an approved country and denominated in an approved currency, the PVR are determined in reference to the rating of the bond, whether it is senior or subordinated, and the remaining term to maturity of the instrument;
- PVR for Funds are determined according to the fund investment strategy/category.

Securities that are not given a PVR per default may also be accepted and valued as collateral on a case-by- case basis, in which case the Group Credit Risk Control team, will validate the applicable PVR.

As a matter of principle, the pledge value of the portfolio (sum of all securities' pledge values) has to cover the amount of the loan. In other words, the Loan-to-Pledge-Value ratio has always to remain below 100%, meaning a Loan-to-Market Value significantly lower than 100%. This constraint is reflected in a risk appetite indicator, reported monthly to the Group Risk Committee.

The Standard Pledge Value of the collateral portfolio is calculated by using the applicable PVR, security by security.

Additional haircuts may then be applied to the Standard Pledge Value, which may be justified by: illiquidity

- (unreasonable time frame to liquidate the position in the market);
- currency mismatch (between the currency of the loan and the currency of the pledged securities)
- concentration.

The proportion of a single security in the total pledged collateral is limited by the credit policy to a percentage of the adjusted pledged value. The Credit Committee may impose additional haircuts in case of concentration risk.

Exceptions to this limit exist under strict conditions:

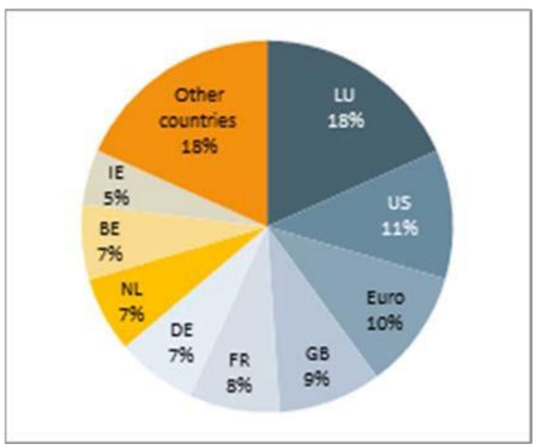
- for equities, a maximum PVR is set according to market factors such as the trading volume, the maximum daily loss, the stock exchange where the security is listed, the value of the collateral vs the total market value of the security...
- Bonds respecting minimum rating and maximum maturity criteria, and some other asset types (funds, gold, managed portfolios…) are exempt from these concentration risk restrictions.

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

In the case of collateral portfolios managed by the bank under a discretionary mandate the PVR may be applied, according to its investment risk profile, against the total portfolio value on a holistic basis.

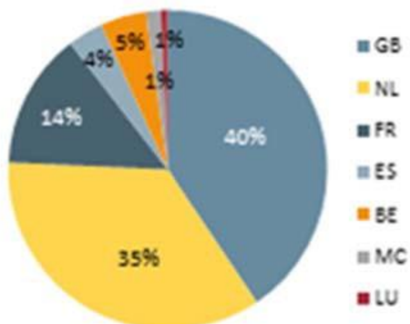
As illustration, the following graph presents the repartition of the collateral per country as at 31/12/2019. It highlights a high level of diversification, with the largest country exposures being on less risky countries.

Country risk of Lombard collateral by PV



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

Location of Mortgage Collateral by PV



Collateral with Private Customers - Mortgage Loans

A first ranking mortgage on residential property located in the European markets in which Quintet operates is accepted as collateral. Commercial property may also be accepted on an exceptional basis.

As a matter of principle, the pledge value of the property collateral has to cover the amount of the mortgage loan, with pledge value calculation based on a significant haircut to the market value of the property, typically between 60% to 80% loan-to-value, or 50% for commercial and/or high-value property. The Market Value of the property in question is determined by an external professional appraiser, qualified and recognised in the location in question. For mortgage loans associated with a property purchase, LTVs are applied against the lower of purchase price and Market Value. The 'Quintet Credit Policy and Procedures' also describes the requirements for updated appraisals throughout the life of the loan, typically every three years for properties securing mortgage lending of more than EUR 3 million.

Collateral with Professional Counterparties

Criteria for securities used as collateral in (reverse) repurchase transactions are validated by the AMC upon request from the Global Markets Function and opinion from the Risk Control Function.

The criteria used refer to the type of securities/issuers (e.g. sovereign, bank & corporate bonds, commercial papers and certificates of deposit...), eligible countries, currencies and maximum residual maturities. Specific rules also apply to the concentration risk by counterparty (limit depending on their systemic/non- systemic nature and based on Quintet own funds) and by security accepted as collateral (based on their rating), as well as correlation risk limits between debtors and the financial collaterals given as protection (depending on their systemic/non systemic nature).

These restrictions are considered as strict enough, so that no additional country/sovereign concentration limit is needed on the collateral accepted.

The Dealing Room, in particular the 'Repo' Desk, is the first line of defence regarding the quality of the securities bought and sold back in a reverse repurchase transaction (under GMRA contract).

In addition, the respect of the rules is monitored daily by the Credit Risk Control department. It is the responsibility of the Risk Control Function to update the list of eligible collaterals based on risk evolution and market practices.

Throughout the Group, the collateral management is performed by the Collateral Management Department which is part of the Operations Function.

The Collateral Management Department consists of several sections, of which the most important are:

Margin call: staff members are responsible for the daily monitoring of the margins (the amount of additional collateral that should be posted or received) and for contacting external counterparties from which collateral should be received as well as answering the counterparties' collateral requests. This entity is responsible for correct and complete upload of outstanding exposures to the collateral management application.

Collateral Quality Control: staff members constitute the first line of defence regarding collateral adequacy in ISDA-CSA, GMSLA and GMRA margin call process. On a day-to-day basis, the Collateral Management Department monitors *ex ante* the quality of the collateral to be received, referring to the criteria agreed in the executed agreements and to the criteria approved by the AMC.

11.2 Credit Risk Mitigation Data

Figures relating to the Bank's use of credit risk mitigation techniques in 2019 are presented hereunder. These figures correspond to two different regulatory approaches of credit risk mitigation, the substitution method and the financial comprehensive method.

The first technique applied at Quintet Group is the substitution method for guaranteed exposures, which occurs when exposures towards counterparties receive a guarantee from a third party. Under this technique, the risk weight actually applied to the exposure is the one assigned to the guarantor as if it was the original bearer of the debt.

The second technique used to mitigate credit risk is the financial collateral comprehensive method. Under this method, the exposure value towards counterparties is diminished by the prudentially corrected amount of the financial collateral (e.g. securities) received under each transaction. In order to compute the resulting value of exposure under each transaction, the value of both the exposure and the collateral are assigned a prudential haircut which raises the exposure value and diminishes the collateral one depending on the nature of the transaction and the securities involved.

	CRM techniques – Overview *(Template 18 of EBA/GL/2016/11 Guidance)*	a Exposures unsecured - Carrying amount	b Exposures secured - Carrying amount	c Exposures secured by collateral	d Exposures secured by guarantees	e Exposures secured by credit derivatives
1	Total loans	599.7	2,246.2	2,108.3	137.9	-
2	Total debt securities	4,463.6	199.6	-	199.6	-
3	Total exposures	**5,063.3**	**2,445.8**	**2,108.3**	**337.5**	-
4	Of which defaulted	34.4	17.1	17.1	-	-

Eligible Credit Risk Mitigation Techniques – 2019

As at 31/12/2019, Quintet Group globally achieved a reduction of EUR 1,644.1 million of its credit risk exposure, corresponding to the amount of prudentially eligible financial securities pledged by debtors after subtraction of applicable prudential volatility haircuts. Furthermore, EUR 858.6 million and EUR 180.1 million where fully secured (maximum 100% loan-to-market value) by respectively mortgages on residential and commercial immovable properties. The other eligible collateral only relates to the pledge of life insurance policies for EUR 66.0 million. The eligible third party guarantees amounts to EUR 281.3 million.

The eligible third-party guarantees are disclosed by counterparty types and gain of Credit Quality Step (CQS)[1] in the table here after.

Eligible Third Party Guarantees			Guarantor type					
			Central Gov.		Regional Gov.	Corporate	Institutions	
Original exposure			CQS #1	CQS #2	CQS #1	CQS #1	CQS #1	CQS #2
Institutions	**CQS #1**	90.5	90.5					
	CQS #2	16.4		16.4				
	CQS #3	10.2	2.2					8.0
Public sector entities	**CQS #1**	5.1			5.1			
	CQS #2	54.2	54.2					
Corporates	**CQS #2**	15.0		4.6		10.4		
	CQS #4	90.0					14.0	76.0
Total		**281.3**	**146.9**	**20.9**	**5.1**	**10.4**	**14.0**	**84.0**

An insight in the use of eligible financial collaterals is given hereunder through the decomposition of credit risk exposures pre- and post-subtraction of these collaterals across applicable Credit Quality Steps[1] (i.e. buckets that determine an applicable risk weight that depends on an exposure's characteristics, among which its rating, for a given credit risk class). These figures show that 98 % of eligible collaterals apply to exposures arising from debtors who cannot be assigned to a particular Credit Quality Steps (CQS), which is mainly explained by the Lombard loan activity of the Bank.

Credit Quality Steps	**Exposures** before impact of CRM	**Exposures** after CRM impact
CQS 1	4,269.7	4,254.6
CQS 2	1,330.0	1,330.0
CQS 3	1,182.4	1,182.3
CQS 4	173.8	163.8
CQS 5	4.6	3.4
CQS 6	0.0	0.0
No CQS	7,078.4	5,460.7
Total	**14,038.9**	**12,394.8**

1

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

Standardised approach – credit risk exposure and CRM effect:

	Standardised approach – Credit risk exposure and CRM effects *(Template 19 of EBA/GL/2016/11 Guidance)*	a	b	c	d	e	f
		Exposures before CCF and CRM		**Exposures post CCF and CRM**		**RWAs and RWA density**	
	Exposure classes	**on-balance-sheet amount**	**off-balance-sheet amount**	**on-balance-sheet amount**	**off-balance-sheet amount**	**RWAs**	**RWA density**
1	Central governments or central banks	4,048.2	-	4,217.0	-	101.7	2%
2	Regional government or local authorities	290.7	-	295.8	-	2.0	1%
3	Public sector entities	446.7	459.4	372.3	4.2	60.1	16%
4	Multilateral development banks	189.7	-	189.7	-	9.3	5%
5	International organisations	40.0	-	40.0	-	-	0%
6	Institutions	764.6	46.5	743.5	46.5	307.4	39%
7	Corporates	2,074.9	1,167.6	1,182.9	44.4	759.2	62%
8	Retail	556.2	2,007.2	69.3	21.6	67.6	74%
9	Secured by mortgages on immovable property	1,084.7	20.1	1,019.8	9.3	401.9	39%
10	Exposures in default	51.5	0.0	49.0	0.0	49.5	101%
11	Items associated with particularly high risk	47.5	3.5	32.1	0.9	49.5	150%
12	Covered bonds	98.5	-	98.5	-	9.8	10%
13	Claims on institutions and corporates with a short-term credit assessment	144.2	-	144.2	-	60.9	42%
14	Collective investments undertakings	0.1	-	0.1	-	0.1	100%
15	Equity exposures	36.8	12.3	36.8	12.3	49.2	100%
16	Other exposures	260.7	-	246.8	-	200.5	81%
17	**Total**	**10,135.1**	**3,716.6**	**8,737.8**	**139.2**	**2,128.7**	**24%**

CRM techniques used / **Exposure classes**	Eligible Financial Collateral (after haircut)	Eligible Residential Mortgage	Eligible Commercial Mortgage	Other Eligible Collateral	Eligible Third Party Guarantees
Central governments or central banks	-			-	-
Regional governments or local authorities	-			-	-
Public sector entities	24.2			-	59.3
Multilateral development banks	-			-	-
International organisations	-			-	-
Institutions	1.7			0.9	117.1
Corporates	945.4			52.5	105.0
Retail	574.7			12.6	-
Secured by mortgages on immovable property	66.1	858.6	180.1	-	0.0
Exposures in default	2.5			-	-
Items associated with particularly high risk	15.4			-	0.0
Covered bonds	-			-	-
Claims on institutions and corporates with a short-term credit assessment	-			-	-
Collective investments undertakings	-			-	-
Equity exposures	-			-	-
Other exposures	13.9			-	-
Total	**1,644.1**	**858.6**	**180.1**	**66.0**	**281.3**

Market risk (trading risk)

12. Strategies related to market risks

12.1 Treasury

Quintet Group trading activities are mainly operated by the Treasury department of the Head Office (Luxembourg), through the reinvestment of the substantial amount of excess liquidity collected with private banking clients.

This activity induces the main part of the market risk the Bank is exposed to, as reflected in the RWA corresponding to interest rate risk as at end of 2019 (standardised approach):

Market risk under the standardised approach *(Template 34 of EBA/GL/2016/11 Guidance)*		a	b
		RWAs	Capital requirements
	Outright products		
1	Interest rate risk (general and specific)	219.7	17.6
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	10.2	0.8
9	**Total**	**229.8**	**18.4**

CVA capital charge *(Template 26 of EBA/GL/2016/11 Guidance)*		a	b
		Exposure value	RWAs
4	All portfolios subject to the standardised method	74.1	12.6

Proprietary trading activities rely on a conservative philosophy. They are concentrated in Luxembourg (no trading activity is allowed in the subsidiaries) and are subject to strict rules in terms of limits and products.

Trading objectives in the context of the Treasury activity can be summarized as follows:

Managing client currency deposits taking limited interbank unsecured exposures (except on central banks)

Valuing liquidity premiums (basis swap) of clients' foreign currency deposits Maximizing

replacement through short term interest rate transformation

Diversifying interest rate risk and managing low yielding EUR market by looking at opportunities in other currencies

Hedging strategies are essentially based on hedge accounting, with the following principles:

Specific positions of the ALM positions are hedged (through IRS and ICS) on a one-to-one basis. Fixed rate

loans in EUR are hedged in pool.

The hedge effectiveness of the hedging pool is monitored on a weekly basis to ensure that global efficiency remains with the acceptable IAS39 range.

12.2 Other activities inducing trading risk

Quintet Dealing Room also acts as an intermediary to support the core business activities (i.e. client flows in terms of debt instruments, equity instruments, structured products, and forex), but this pure intermediation activity carries little trading risk.

In addition to those activities, some limited positions are authorized in structured products where Quintet offers a secondary market to its clients.

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

13. Market risk management processes

The AMC has approved a set of primary limits, which are based on notional amounts for activities exposed to currency risk and price variation risk (such as Forex, Structured Products) and on sensitivities (10 bpv), Historical Value at Risk (HVaR) and stressed HVaR for activities exposed to interest rate risk (Treasury and Bonds).

These primary limits are supplemented by a set of secondary limits setting more granular constraints on specific risk drivers. Secondary limits focus on risk concentration (bpv limits by currency/time bucket/product for Treasury, limits by currency for Forex and limits per issuer/rating category for Bonds). The respect of these primary and secondary limits is daily monitored and reported according to a detailed escalation process.

14. Market risk governance

14.1 Lines of defence

1. Dealing Room

In the control framework with 5 lines of defence (see chapter 3), the Dealing Room is devoted to the permanent monitoring of trading positions and to proposals of strategies with the aim of optimizing the risk/return ratio of the Bank.

Trading limits are prudently monitored. Each limit breach leads to an investigation carried out by the related risk owner in order to identify the root causes and define necessary corresponding corrective measures.

Limit breaches, as well as 'early warnings', are also reported immediately to the Risk Control Function and to the relevant corporate governance committee members (Board of Directors, Board Risk Committee, AMC or ‘Structured Products & OTC Derivatives Approval Committee’) depending on their severity.

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

2. Risk Control

The second independent level control is performed by the Financial Risk & Reporting department which is part of the Risk Control Function.

The entity daily performs independent controls on the Dealing Room activities in accordance to the primary and secondary limits’ framework summarised above.

The Financial Risk & Reporting department reports on a regular basis the Group’s exposures to the Dealing Room (daily), to the Group Trading Risk Meeting (GTRM), to the AMC (weekly), to the Group Risk Committee (monthly) and to the Board Risk Committee (quarterly).

The Group Trading Risk Meeting ensures a close monitoring of all trading activities within authorised limits. This meeting is held on a weekly basis and includes the following participants:

The Head of Group ALM & Treasury;

The Head of The Financial Risk & Reporting department; The

Head of Global Markets,

The Head of Group Treasury and Fixed Income

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

14.2 Ownership of definitions and methodologies

The ownership of the definitions and methodologies used for the group wide measurement of market risk lies with the Group Risk Control Function. New methodologies or changes in existing methodologies and/or limit framework are decided at the level of the AMC.

Operational risk

15. Governance of operational risk management

The line management of each of the Group's entity is expected to observe and implement the operational risk management framework and all decisions related thereto to the extent that such decisions are consistent with their own local obligations. Key principles have been defined and are applicable within the Group.

The key principle is that Operational Risk Management remains the responsibility of the Business. Line management is supported in its task to manage operational risk by Local Operational Risk Managers (LORMs) and Central Operational Risk Management (CORM).

The Operational Risk Committee completes the governance of the Operational Risk Management. Schematically speaking, the Operational Risk Management structure can be summarized as follows:

This structure is replicated at both local and Group levels:

The sub-Board Committee dedicated to risks in the subsidiaries is the Board Risk, Compliance and Legal Committee (BRCLC),

The Operational Risk Committee at Head Office level is the Group Operational Risk Committee (GORC), which monitors and addresses operational risk issues of the Group.

15.1 Entities in charge of Operational Risk Management

In due respect to CSSF 12/552 and Basel Committee on Banking Supervision regulations, the operational risk second line of defence is independent from the Business Units through its own reporting line and a direct access to the Board of Directors via the Chief Risk Office.

While all staff at Quintet Group are responsible for the identification and control of Operational Risk, there are two roles at Quintet Group that are specifically dedicated to the Operational Risk management as permanent control:

15.1.1 Local Operational Risk Managers (LORMs)

Local Operational Risk Managers (LORMs) are appointed in the different departments within a legal entity. Heads of department appoint LORMs based on strict criteria that can be found in a resume. They are responsible, along with other duties, for coordinating all Operational Risk management efforts within their department. LORMs are part-time risk managers and belongs to the first line of defence (LoD1). Their responsibilities include:

- Providing assistance in implementing the Operational Risk Management Framework,
- Coordinating and challenging operational risk activities
  - Incidents identification, recording, assessment and reporting,
  - RCSA and scenarios analysis completion and update,
- Following-up action plans behind schedule,
- Training and spreading risk culture within the department.

Ideally, the LORM is senior enough to challenge head of department and compel staff to execute Operational Risk activities. The LORM should, in principle, not be the Head of the department in order to allow sound and necessary constant challenge.

15.1.2 Central Operational Risk Management (CORM)

In every affiliate, a Central Operational Risk Control function is appointed with the following Group-wide standards:

- Providing tools, methodology and support regarding the operational risk framework,
- Challenging risks analyses from first line of defence (significant incidents, RCSA, outsourcing, new products among others),
- Monitoring the adherence to the Bank's risk appetite,
- Performing a permanent monitoring program,
- Action plans completion follow up,
- Providing regular trainings to the Local Operational Risk Managers,
- Reporting operational risk issues to the Board of Directors, Training and
- enhancing LORMs awareness of operational risk.

15.1.3 Group Operational Risk Control (GORC)

Group Operational Risk Control is responsible for ensuring consistency of Operational Risk management across the Group and for reporting consolidated figures to the Group Board of Directors and AMC. Group- wide, Operational Risk management aims to design tools and methodologies for operational risk management and formulate corporate frameworks and norms. For affiliates, it supervises operational risk management and also provides assistant and training.

15.1.4 Group Products and Services Approval Committee

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

15.2 Operational risk identification

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

15.2.1 Operational incident

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

- Identify the Bank weaknesses and setup preventive actions plans,
- Compute own fund requirement for operational risk.

LoD2 challenges all major incidents and performs analytical reviews on incidents occurrences (statistics).

15.2.2 Risk and Control Self-Assessment (RCSA)

The RCSA process ensures a prospective and adequate monitoring of operational risk. RCSA allows the analysis of the Group weaknesses and ease extreme events analyses. This process is based on the assessment of inherent risks to which the Bank is exposed to and on an inventory of controls in a dedicated tool. Risk identification is paramount for the subsequent development of a viable operational risk monitoring and control system. Indeed, the RCSA provides an actual view of risks contrary to incident collection that can only be historical. Both are complementary and required to elicit the operational risk model of the Bank. The RCSA exercise is defined in a proper procedure declined at the Group level.

15.2.3 Business Impact Analysis (BIA)

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

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

15.2.4 Operational Risk Mitigation Techniques

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

- Lines of responsibilities

The Bank has a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility. These responsibilities are visible on the intranet via flowcharts as well as a "who does what" document.

- Policies

A procedure of Policies has been drawn up by the Bank to set out rules related to the preparation, validation, formal adoption and on-going maintenance of the Bank set of policies and procedures which form part of the procedure manual.

The adoption and regular update of the Bank procedure manual is crucial for guaranteeing not only the compliance with all legal requirements including revised CSSF 12/552 applicable to the Bank, but also for ensuring that all staff members are aware of the controls in place, the process flows and the documentation used in each relevant process.

This procedure applies to all policies and procedures adopted/to be adopted by the Bank without exception.

This procedure is maintained by the process management department of the Bank, is made available to all staff members, and become effective upon validation from the authorised management and its publishing.

This procedure is reviewed on an annual basis or when required by major changes in the organization and operational processes of the Bank.

- Monitoring program

Instead of listing controls that are monitored by the OpRisk LoD2, Quintet Group uses principles. The

controls to monitor are the one respecting the following conditions:

- Controls associated with an inherent risk greater than medium,
- Controls with the highest adequate/efficient rating,
- At least one control per department,
- Other controls that are deemed relevant by the LoD2,

The programme is applied by the operational risk LoD2 across the Group. The results are regularly discussed with the executive committee of the Bank and reported to the Board Risk Committee.

The LoD2 monitoring is materialised within the OpRisk tool regarding the work performed, the follow-up of related actions plans as well as conversations with the LoD1.

- Key Risk Indicators (KRI)

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

- KRI identification

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

- Thresholds

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

- Reporting

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

- Reviewing and updating

The KRI are updated based on the input provided by the RCSA process. KRI can be added, deleted or updated to reflect an early warning of upcoming risks.

- Risk awareness

Risk culture is the set of values, beliefs, knowledge and understanding about risk shared by Quintet Group employees. It aims at encouraging risk taking within the frame of the Group risk tolerance.

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

- Recruiting,
- Promotion,
- Incentives,
- Trainings,
- Internal communication and setting the "tone at the top".

These levers lead to risk conscious day-to-day behaviour, which limits risk exposure and promotes adequate risk control.

In addition, LoD2 contributes to this continuous educational process by sending ad hoc awareness messages/reminders to employees.

- Action plan monitoring

Day to day operational risk management generates remediation actions to mitigate risks.

CORM and GORC track all of these actions and report completions to ORC and BRC, including information on:

- A description of the action,
- The deadline for completion,
- A responsible for the completion.

CORM regularly follow-up with LoD1 to check on the status of each action and update the deadlines. The completion of these actions delivers a stronger control environment across the Group.

16. Capital Requirements for Operational Risk

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

Risk Weighted Assets and Own Funds Requirements for Operational Risk – 2019

Operational Risk		
EUR million	RWA	Own Funds Requirements
Operational Risk	667.5	53.4
Total Operational Risk	**667.5**	**53.4**

ALM risks

17. ALM strategies

17.1 Definition of ALM risks

At Quintet, ALM risks are defined as the market risks induced by all the non-trading activities, either on- or off-balance sheet.

Those market risks are segregated according to the following internal conventions:

ALM Interest Rate Risk focuses on risk-free rates, credit spread risk being assessed separately. Interest rate risk is mainly induced by the investment bond portfolio and the loan book. The majority of loans & receivables to customers is granted on a floating rate basis, which considerably reduces the interest rate risk. The credit spread risk is also considered as limited on loans, given high collateral standards in place.

The ALM policy, in line with the Risk Appetite statement of the Board, is to have no active Foreign Exchange Risk. All assets are funded in matched currencies.

Inducing equity price risk, the equity exposure results from an opportunistic strategy decided by Group ALMSG. Its size can vary within a defined limit framework.

The medium or long term Liquidity Risk (risk that the Bank would not have enough resources to fund its assets) is managed by Group ALM, while the short-term (or operational) liquidity risk is managed by the Treasury department on a day-to-day basis.

17.2 ALM strategies

Bond portfolio

The ALM strategy – conducted by the Group ALM Functions - aims at: Managing the

structural liquidity of the Group

Managing the interest rate risk at Group level

Providing a positive and stable contribution to the P&L of the Bank

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

ALM investments also contribute to the strategic objective of the Bank to diversify its asset composition by deploying a portion of its resources into various markets, sectors and instruments with distinctive risk return characteristics, which are not usually available in loans and advances and short-term money markets. In the fixed income instruments, issuers with various types and levels of risks are used within the overall limits as decided by ALMSG. In particular, in accordance with the '*Group Investment Policy and ALM Framework*', investing in non-investment grade Bonds/Notes is not authorized. In addition, unrated securities are approved only on an exceptional basis by ALMSG (they must contain some risk mitigating clauses).

The overall policy is also to match maturities of assets with (economic) maturities of funding where possible and to hold sizeable liquid assets. Consequently, ECB eligible and Basel III eligible assets are vastly predominant (above 60% after haircut).

As a result of this strategy, the investment bond portfolio reaches a total value of EUR 4.5 billion (including swap values) as at end of 2019, with an overall duration of 1.26 years. 41% is hedged either with floating- rate notes or swap. These bonds are the reinvestment of the Bank's free capital and available stable deposits from customers of the various Group entities. Around 42% of the straight (non swapped) bonds are maturing over the next three years. Cyclical strategies implemented (called Ladder approach) also aim at smoothing the impact of interest rate movements.

A parallel shift of the curve by 1% is estimated to have a negative impact on the value of the bond portfolio of EUR -57 million.

Although credit risk is outside of the scope of this ALM section, it is worth noting that the Weighted Average Rating Factor of the investment bond portfolio is stable in A- rating territory;

As at 31/12/2019, the proportion of Basel III LCR eligibility is 73.5%.

Equities portfolio

Equities are expected to bring added value in terms of profits and diversification (contra-cyclical feature of equity vs. interest rate).

Exposures are allowed on the main markets (US, Europe and less developed markets) with a sizable European bias. A strict investment policy including constraints in terms of diversification, liquidity and stop- loss is implemented.

As opposed to the bond investment portfolio, which is meant to be cyclically and permanently invested, the equity portfolio may be fully divested if the analysis concludes that risks outweigh expected returns.

In this context, the equity portfolio remained at a very low level in 2019, with a market value of EUR 60,5 million as at 31/12/2019 (vs EUR 55,3 million as at 31/12/2018). It includes:

- listed equity holdings with a book value amounting to EUR 0.2 million. They are valuated at market value, thus there is no difference between the booking and the market value,
- EUR 37.1 million of alternative investments (listed but illiquid or non-listed stocks and funds). Key assumptions and practices affecting the valuation of such assets are developed in the Annual Report of the Bank (see note 15 of the consolidated accounts).
- Private Equity positions for a book value of EUR 23,2million.

The presentation and measurement of equity instruments are driven by the Business Model analysis performed at IFRS 9 opening balance (01/01/2018). Most of equities in portfolio have been recognized as "not SPPI", thus measured at FVPL.

For example, this is the case of all investment in funds, private equity positions (unless FVOCI option for very limited cases of unlisted equities).

The cumulative realised gains or losses arising from sales and liquidations represent for 2019 a realised gain of +58.866 EUR. The total unrealised gains or losses and the total latent revaluation gains or losses, represent a potential gain of: +2.303.433 EUR. Those gains/losses, as part of the global audited profit and loss accounts are included in CET1 at year-end closing.

18. ALM risks measurement

18.1 Interest rate risk

In line with the regulatory requirements of the 'Interest Rate Risk in the Banking Book' or 'IRRBB', risk appetite indicators reflect the sensitivity of both Economic Value and Net Interest Income (NII) of the Bank to interest rate curves' changes. All of those risk appetite indicators are reported to the ALMSG (monthly), and a selection of them to the BRC (quarterly).

Impact on Economic Value

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

Impact on Economic Value
Quintet Group (€ mln)

IR VaR as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-218,6	-170,8	-0,2	-8,6	-33,0	-5,9
Financial liabilities	166,6	123,2	0,2	7,4	30,3	5,6
Net Impact	**-51,9**	-47,6	-0,1	-1,2	-2,7	-0,4

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

Impact on Economic Value
Quintet Group (€ mln)

+200 bps as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-339.7	-248.2	-0.6	-20.0	-61.0	-9.9
Financial liabilities	268.0	182.9	0.4	20.2	55.1	9.5
Net Impact	**-71.6**	-65.4	-0.2	0.3	-5.9	-0.4

-200 bps as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	169.4	78.3	0.1	17.4	70.3	3.4
Financial liabilities	-146.6	-63.2	0.0	-16.2	-63.7	-3.5
Net Impact	**22.8**	15.1	0.0	1.2	6.6	-0.1

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

// Up (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-345.2	-250.5	-0.3	-24.8	-61.3	-8.3
Financial liabilities	271.7	183.7	0.2	24.7	55.2	7.9
Net Impact	**-73.5**	-66.8	-0.1	-0.1	-6.1	-0.4

Short Up (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-142.7	-99.4	-0.2	-13.9	-24.8	-4.4
Financial liabilities	84.3	52.7	0.1	6.6	20.6	4.3
Net Impact	**-58.4**	-46.7	-0.1	-7.2	-4.3	-0.1

// Down (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	169.9	78.6	0.1	17.4	70.5	3.4
Financial liabilities	-146.7	-63.3	0.0	-16.2	-63.7	-3.5
Net Impact	**23.2**	15.4	0.0	1.2	6.7	-0.1

Short Down (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	100.0	58.3	0.1	12.6	26.3	2.7
Financial liabilities	-68.1	-37.5	0.0	-6.3	-21.5	-2.8
Net Impact	**31.9**	20.8	0.0	6.3	4.8	-0.1

Steepening (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-40.3	-26.3	-0.1	1.6	-15.7	0.2
Financial liabilities	59.9	36.9	0.0	7.1	16.0	-0.2
Net Impact	**19.6**	10.5	0.0	8.7	0.3	0.0

Flattening (REG) as at end of year 2019	TOTAL	EUR	CHF	GBP	USD	Other
Financial assets	-31.5	-25.0	-0.1	-6.2	1.5	-1.8
Financial liabilities	-12.2	-7.1	0.0	-3.1	-3.7	1.8
Net Impact	**-43.7**	-32.1	0.0	-9.4	-2.1	0.0

Impact on Net Interest Income

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

Pillar III - Impact on Net Interest Income
Quintet Group (€ mln)

+200 bps as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	163,8	126,7	16,6	19,4	0,6	0,5
Financial liabilities	-151,9	-89,0	-42,0	-16,3	-1,2	-3,5
Net Impact	**11,9**	37,7	-25,4	3,1	-0,5	-3,0

-200 bps as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-70,2	-36,2	-16,9	-16,6	-0,1	-0,4
Financial liabilities	60,1	13,2	37,0	7,2	0,1	2,6
Net Impact	**-10,1**	-23,0	20,0	-9,4	0,0	2,1

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

Pillar III - Impact on Net Interest Income
Quintet Group (€ mln)

// Up (REG) as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	168,9	127,1	16,6	24,2	0,3	0,7
Financial liabilities	-157,6	-89,8	-42,0	-21,5	-0,5	-3,7
Net Impact	**11,3**	37,3	-25,4	2,7	-0,2	-3,1

// Down (REG) as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-70,5	-36,3	-16,9	-16,6	-0,1	-0,7
Financial liabilities	60,9	13,5	37,0	7,2	0,1	3,2
Net Impact	**-9,6**	-22,9	20,1	-9,4	0,0	2,5

Steepening (REG) as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	-55,7	-34,5	-9,2	-11,5	-0,1	-0,4
Financial liabilities	46,3	13,5	24,8	5,7	0,1	2,2
Net Impact	**-9,4**	-21,1	15,6	-5,7	0,1	1,8

Flatenning (REG) as at end of year 2019	TOTAL	EUR	USD	GBP	CHF	Other
Financial assets	114,0	84,6	12,8	15,8	0,2	0,6
Financial liabilities	-108,0	-55,8	-35,4	-13,2	-0,4	-3,1
Net Impact	**6,1**	28,9	-22,6	2,5	-0,2	-2,6

Note about approach on non-maturity products:

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

Prepayment options: QUINTET Group does not face significant loan prepayments in the course of the lending activities offered as part of its Private Banking business; as such, the conditional prepayment rate is set to 0 in all IRRBB-related calculations and the effective maturity is set equal to the product contractual maturity. However, loan prepayments as well as callable bonds are identified, monitored and reported via the ALM Risk dashboard to give management a view on the related prepayment risk and its materiality.

Non-maturity deposits [NMD]: As per end of September 2019, a new NMD Model has been introduced. The new model considers the repricing behaviour of the Bank regarding NMDs in euros, i.e. the existence of a soft floor at 0% and the historical path through applied depending on the rate environment. The resulting model is non-linear (i.e. the duration of the benchmark is scenario dependent) and currently ranges from 2 to 2,5 y.

As of end of 2019, the volume of modelled non-maturity deposits amounts to EUR 700.7 million, equivalent to EUR 16.1 million of 100 bpv.

18.2 Foreign Exchange Risk

Forex risk exposure is not allowed in the Banking Book. Hence all forex exposures of the Banking Book are transferred to the Trading Book, where residual FX exposures are managed and monitored against a set of primary and secondary nominal limits. The risk is monitored through a dedicated risk appetite indicator (limit set at 0).

18.3 Equity Risk

The structural equity risk measurement used at Quintet is based on a VaR measure according to a Monte Carlo methodology (99% - 1 Year). This risk appetite indicator is complemented by the market value of listed equities portfolio and alternative investments.

18.4 Global ALM Risk

Value-at-Risk is a common indicator to assess equity, foreign exchange and interest rate risks. Therefore, ALM risk is globally assessed by mean of Value-at-Risk approach based on a broad market scenario, which is notably used for the calculation of the Economic Capital (in the context of the Internal Capital Adequacy Assessment Process - ICAAP).

19. ALM Governance

Based on the Global Risk Appetite Statement validated by the Board, the ALMSG monitors and decides the ALM strategy of the Group in terms of risk, balance sheet gaps, solvency and liquidity upon recommendation from Group ALM department. ALMSG meetings are held monthly.

Group ALM is in charge of:

- presenting/recommending ALM strategies and actions to the ALMSG in terms of risk, balance sheet gaps, solvency and liquidity;
- providing the necessary support to group entities so that they can operate within their own individual interest rate risk constraints
- the day-to-day implementation of ALMSG decisions including the management of investments in the ALM books throughout the Group, via functional responsibility *vis-à-vis* local ALM actors taking part in local ALCO/ALM meetings;
- the reporting to the ALMSG of actions which have been undertaken (e.g. investments and divestments in portfolios);
- the necessary alert to ALMSG and ALMSG members if urgent action is required outside of monthly ALMSG meetings;

Group Treasury department is in charge of :

- the operational liquidity management;
- providing the money market products required by the Group entities
- advising on all ALM subjects including (but not limited to) the execution of all transactions decided by ALMSG or Group ALM.

Asset Management departments of the Group are in charge of advising on all ALM subjects including (but not limited to) the global market trends and their possible impacts on the Group.

QUINTET Group Risk Control is in charge of:

- transforming the overall principles included in the Risk Appetite Statement into detailed risk limits (to be approved by the ALMSG);
- the control of the correct implementation of the ALMSG's decisions by the ALM department;
- monitoring correct use of available limits and reporting on a monthly basis to the ALMSG;
- defining and implementing the models of risk measurement and stress tests;
- gathering all needed information regarding risk exposures in Group members and report accordingly to the ALMSG;
- ensuring conformity with the regulatory constraints;
- advising on all ALM subjects including (but not limited to) the implementation of the risk policy;
- Risk Control hierarchically reports to the CRO who is an AMC member.

Liquidity risk

The following section is provided as per Annex 1 of the EBA Guidelines 'on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of regulation (EU) No 575/2013 (EBA/GL/2017/01)'.

20. Risk management objective and policies for liquidity risk

Liquidity risk is induced by the natural activity of the Bank: collection of deposits (funding) and reinvestment of these deposits in assets such as loans and bonds portfolios.

The Group's Core Business (Private Banking, and Institutional & Professional Services in Luxembourg) is a natural cash provider and leaves most entities in the Group with a comfortable liquidity cushion. As a consequence, the overall funding gap, which is nonetheless constantly monitored, is structurally and globally largely positive.

20.1 Liquidity risk management process and strategy

The Bank distinguishes between:

Operational (short-term) liquidity risk, i.e. the risk that the Bank does not have a liquidity buffer able to absorb the net effects of day-to-day transactions and changes in liquidity in the short- term.

Structural (long term) liquidity risk, i.e. the risk that the Bank's structural, long-term assets cannot be funded adequately.

Contingent liquidity risk i.e. the risk that the Bank is unable to attract additional funds, replace maturing liabilities or generate sufficient liquidity by mobilizing its liquid assets in stressed market conditions (while operational & structural liquidity risks are incurred in the normal course of business).

The Bank's policy in terms of operational liquidity management is to centralise liquidity surpluses at the Head Office (within the limits of local regulatory constraints) and to limit maturities' transformations at local levels. Therefore, short term/operational liquidity risk is not considered as significant in the subsidiaries and is managed daily by the local Treasurer who adapts the excess liquidity to be up-streamed to Quintet Luxembourg according to the local needs and regulatory constraints. He relies on the Group Treasurer if necessary for short term money market transactions.

In terms of structural liquidity management, stable deposits are firstly used to support Core Business growth (e.g. loan book), then are reinvested in ALM portfolios having strict liquidity constraints (ECB and Basel III eligibility). Non stable deposits are invested with Central Bank or through short term Money Market transactions (mostly secured).

The event of a liquidity crisis is managed through the Contingency Funding Plan and the conduct of liquidity stress tests.

Contingency Funding Plan (CFP)

The procedure defines qualitative (reputation issue, among others) and quantitative indicators (based on both market and Quintet specific metrics: evolution of cash curves, clients deposits, among others), alerting to a potential liquidity crisis. These metrics are daily monitored. In case of breach, the procedure foresees an escalation process: from Risk Control (for analysis) to the Heads of Group ALM & Treasury and Global Markets or, in case of major crisis, to the ALMSG Committee. The CFP is tested on a yearly basis.

Stress tests

Stress tests analyse the capacity of the Bank to resist a potential liquidity crisis. The impact of a combination of a market and of a specific stress scenario on the liquidity buffer is assessed. The results reflect among others the need for additional funding or the free available buffer for a further extension of the loan book or investments in less liquid assets.

20.2 Liquidity risk governance

In the Liquidity Risk management process:

Group ALM & Treasury is in charge of the first line of defence through the responsibility of operational and structural liquidity management (by respectively Group Treasury and Group ALM).

Group Risk Control is in charge of the second line of defence.

In this role, it identifies, measures, monitors, mitigates and reports liquidity risks inherent to the consolidated and solo balance sheets of the Bank.

The following bodies also play an important role in the liquidity management process:

The Board Risk Committee is informed of the evolution of liquidity risk, through the measure of risk appetite indicators compared to their limits, in addition to complementary recurrent or punctual analyses on liquidity matters.

Group ALMSG is responsible for the (strategic) management of (financial) risks among which liquidity risks. It is responsible for establishing the ALM / liquidity policy in accordance with the Risk Appetite Statement. It makes all strategic ALM / liquidity decisions, except those that are formally delegated to

Local ALCO's are responsible for the management of ALM and liquidity risks at local entity level. They are responsible for the local implementation of Group ALM / liquidity policies and for ensuring risks remain within the Group's risk appetite.

20.3 Liquidity risk measurement systems

Liquidity risk is monitored through the following indicators:

5-day operating liquidity gaps are computed daily and escalated to the Central Bank of Luxembourg;

The weekly evolution of total deposits (monthly basis for subsidiaries);

The daily collateral inventory (stock of securities, from Quintet portfolios or from the reverse repo/securities lending activity that are available for mobilization in the event of liquidity needs).

Daily indicators of the Contingency Funding Plan

Daily assessment of the Liquidity Coverage Ratio for Quintet Luxembourg (according to the EU Delegated Act) which moreover constitutes a risk appetite indicator.

As the liquidity excesses of the group entities are centralized and managed at the Head Office in Luxembourg, Group Risk Control focuses its monitoring of the operational liquidity of Quintet Luxembourg. On the contrary, structural Liquidity Risk in the subsidiaries needs more attention and is monthly reported through standardised risk appetite indicators in the ad-hoc local and Group Committees. These risk indicators include:

Private Banking Customer Loan-to-Deposit ratio Net

deposits outflows

Net Stable Funding Ratio (not yet binding) Asset

Encumbrance ratio

These metrics are further complemented by internal stress testing measures that assess the robustness of the liquidity position of the Bank in case of different stress scenarios. The outcome of these stress tests is summarized in an Internal Liquidity Excess Ratio, which compares (i) the post stress internal liquidity excess (i.e. the surplus of the liquidity buffer vs. the net funding gap under stress conditions), with (ii) the amount of the gross client (private and institutional) potential deposit outflows under stress conditions.

20.4 Liquidity risk mitigating measures

The stock of available collateral in Luxembourg Head Office represents the principal counterbalancing capacity of the Group that can be swiftly repo-ed or sold to cover unexpected liquidity outflows that would materialize in a crisis situation. The size, quality, and availability of this stock is monitored on an ongoing basis.

Next to the availability of the collateral stock, the ongoing monitoring of the contingency funding plan (CFP) indicators ensures that external or internal factors that may affect the liquidity position of the Group are swiftly spotted, analysed and reported the management body. The CFP provides guidelines for the handling of minor and major liquidity crisis events, defines clear responsibilities and escalation processes and includes a list of recovery options that can be directly activated to restore the liquidity situation of the Group

20.5 Management statement on the adequacy of liquidity risk management arrangements

The liquidity risk framework of the Group is built around the following key elements:

- A set of risk appetite indicators with limits and triggers which provide the Management with a view of the evolution of the liquidity risk profile of the Group.
- A Contingency Funding Plan (including the monitoring of a set of internal and external early warning risk indicators and the escalation process to deal with liquidity crisis events), used as risk detection tool that enables the Management to promptly react to any liquidity event which could potentially affect the liquidity position of the Group.
- Internal stress test scenarios performed at the Head Office level that provide information on the robustness of the Bank under severe global market and firm specific scenarios.

Given its strong operational liquidity, its large, diversified and historically stable funding sources and the highly liquid profile of the Group 's investments, the Management considers that its liquidity risk framework provides an adequate response to liquidity risks the Group is exposed to. The risk framework includes risk measures and early warning system that are proportionate to the Group's risk profile and strategy.

20.6 Management statement on the overall liquidity risk profile of the Group.

The Management considers that the operational liquidity position of the Group is strong, which is evidenced by large Central Bank deposits (EUR 1.8 billion as per 31 December 2019) and ALM investment portfolio (EUR 4.6 billion as at 31 December 2019).

The Management acknowledges the intragroup liquidity flows' restrictions that are imposed in some countries and that limit the capacity of the Head Office to provide funding support to its affiliates. The Management however considers that, even under this stringent environment, the Group has the ability to sustain a further growth of the loan book.

21. Disclosure of quantitative & qualitative information on LCR

The following section is provided as per annex 2 of EBA Guidelines 'on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of regulation (EU) No 575/2013'.

21.1 Quantitative information on LCR

	Scope of consolidation (consolidated)	Total unweighted value				Total weighted value			
	Currency and units (XXX million)								
	Quarter ending on (DD Month YYY)	31/03/2019	30/06/2019	30/09/2019	31/12/2019	31/03/2019	30/06/2019	30/09/2019	31/12/2019
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					4 938	4 854	4 655	4 441
	CASH-OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	-	4 408	4 527	4 536	480	504	520	528
3	*Stable deposits*	1 392	1 389	1 392	1 350	70	69	70	68
4	*Less stable deposits*	2 866	3 019	3 135	3 186	411	434	450	461
5	Unsecured wholesale funding	5 986	6 126	6 163	6 066	4 310	4 354	4 323	4 194
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	662	665	676	703	165	166	169	176
7	*Non-operational deposits (all counterparties)*	5 322	5 458	5 481	5 348	4 143	4 185	4 148	4 003
8	*Unsecured debt*	2	3	5	15	2	3	5	15
9	Secured wholesale funding					3	7	11	10
10	Additional requirements	355	367	370	368	149	150	157	153
11	*Outflows related to derivative exposures and other collateral requirements*	117	116	122	123	117	116	122	123
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	238	251	248	245	33	35	35	30
14	Other contractual funding obligations	47	58	61	65	23	28	28	33
15	Other contingent funding obligations	205	397	1 045	1 717	82	50	33	30
16	**TOTAL CASH OUTFLOWS**					5 048	5 094	5 071	4 948
	CASH-INFLOWS								
17	Secured lending (eg reverse repos)	682	984	1 307	1 516	181	407	613	745
18	Inflows from fully performing exposures	822	681	654	643	788	648	625	617
19	Other cash inflows	29	26	24	33	28	25	23	33
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	1 533	1 691	1 985	2 192	998	1 080	1 261	1 395
EU-20a	***Fully exempt inflows***	-	-	-	-	-	-	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-	-	-	-	-	-	-
EU-20c	***Inflows Subject to 75% Cap***	1 773	1 938	2 256	2 478	998	1 080	1 261	1 395
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**4 938**	**4 854**	**4 655**	**4 441**
22	**TOTAL NET CASH OUTFLOWS**					**4 050**	**4 013**	**3 810**	**3 554**
23	**LIQUIDITY COVERAGE RATIO (%)**					122%	121%	122%	125%

Note that LCR figures have been restated in early 2020 to take account of specific margin accounts and overdrafts that had not been properly considered in previous reporting.

Additional qualitative information on LCR Concentration of

funding and liquidity source

The Group's principal funding sources come from the residual cash share of Private Banking client assets deposited and or managed by the Bank. As such, the Group benefits form a very large and widely diversified deposit base both in terms of client concentration and geographical breakdown (the principal contributors being the Netherlands, Belgium and Germany).

A certain level of concentration exists however in the funding raised from the institutional clients (funds in custody) at the Luxembourg Head Office. This is however mitigated by the fact that a significant part of these deposits are operational deposits linked to the investment activities of the funds and therefore have proven to remain very stable during the recent financial crisis.

Derivative exposures and potential collateral calls

The Luxembourg Head Office acts as Hub for most 'OTC' derivative activities within the Group. All derivative transactions of Quintet Luxembourg are contracted through ISDA CSA contracts with daily margin calls.

A dedicated liquidity buffer is allocated to this activity in order to cover the risk of increasing and unexpected collateral calls. It is calibrated to cover a period of 30 days and is monthly revalued, on the basis of the historical look back approach. This liquidity buffer amounted to EUR 100.03 million as of 31 December 2019.

Currency mismatch in the LCR

As at 31 December 2019, EUR/USD/GBP were the material currencies of the Group.

Whereas the HQLA liquidity buffer mainly consists in EUR securities, the Group benefits from large USD deposits that are essentially replaced short term in the interbank market (through FX swaps) and, for the part considered as stable, in highly liquid USD securities.

Any shortfall in USD could therefore be swiftly covered by maturing short term money market transactions and/or repo operations on our USD investment positions. Eventually, additional access to USD would also be available through the master swap agreement tender of the ECB to which the Bank has access.

Liquidity centralisation and interaction between group entities

As mentioned above, the Group strategy is to upstream all the Group's liquidity excesses to the Head Office (Luxembourg) where they are centrally managed. With this strategy, the Group acts as lender of last resort for all entities, reallocating liquidity where it is needed.

This strategy is however constrained by regulatory and legal constrains that limits the flow of liquidity that can be moved from one entity to the other within the Group. To deal with these additional constraints, intragroup exposures to the Head Office are secured by the pledge of securities in favour of the entity providing the liquidity. Insinger Gillissen, Puilaetco Dewaay Belgium and Merck Finck & Co are involved in these intragroup collateral exchanges.

22. Encumbered Assets

An asset is considered as encumbered if it is pledged or subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance or off-balance sheet transaction from which it cannot be freely withdrawn (for instance, to be pledged for funding purposes). Assets pledged that are subject to any restrictions in withdrawal – e.g. requiring prior approval before withdrawal or replacement by other assets
-, are considered encumbered.

Throughout 2019, Quintet group operated transactions that required the pledge of assets to be considered as encumbered. These transactions generating encumbered assets were:

Repurchase agreements Securities

lending transactions OTC derivative

transactions

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

Template A - Encumbered and unencumbered assets					
EUR million		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
010	**Assets of the reporting institution**	582,7		12.486,3	
030	Equity instruments	0,0		56,0	
040	Debt securities	338,1	340,2	4.220,1	4.237,0
050	of which: covered bonds	1,6	1,7	71,9	73,7
060	of which: asset-backed securities	0,0	0,0	0,0	0,0
070	of which: issued by general governments	260,1	262,0	2.246,3	2.255,1
080	of which: issued by financial corporations	51,1	51,2	1.267,8	1.272,7
090	of which: issued by non-financial corporations	20,1	20,2	654,4	657,0
120	Other assets	237,2		8.362,4	
121	of which: loans on demand	69,8		2.420,0	
122	of which: Loans and advances other than loans on demand	168,4		4.550,6	

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

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

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

Template B-Collateral received			
EUR million		Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	**Collateral received by the reporting institution**	1.4	2,029.3
140	Loans on demand	0.0	0.0
150	Equity instruments	0.0	0.0
160	Debt securities	1.4	2,029.3
170	of which: covered bonds	0.0	0.0
180	of which: asset-backed securities	0.0	0.0
190	of which: issued by general governments	1.4	882.8
200	of which: issued by financial corporations	0.0	1,076.5
210	of which: issued by non-financial corporations	0.0	73.8
220	Loans and advances other than loans on demand	0.0	0.0
230	Other collateral received	0.0	0.0
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	0.0	0.0
241	**Own covered bonds and asset-backed securities issued and not yet pledged**		0.0
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	584.0	

Compared to last year, the bank had very few uses of the collateral received. Mostly, the bank used the collateral as a pledge in a repurchase agreement.

Template C-Sources of encumbrance			
EUR million		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	498.5	464.0
011	of which: Derivatives	250.1	270.5
012	of which: Deposits	267.6	250.5

In comparison with 2018, the encumbered assets have decreased significantly, mainly due to a lower volume of repurchase agreement transaction. In 2019, the main sources of encumbrance were the repurchase agreement and repos activity.

Other risks

Other risks not reflected in previous sections are managed through a set of sound procedures by dedicated entities.

The Board has expressed its Risk Appetite through limits applied to appropriate indicators, which are monthly reported to the Group Risk Committee and quarterly to the BRC:

Business risk represents the volatility of revenues and costs due to the impact of changes in the market environment and/or strategic decisions.

Business risk is monitored by the Financial Control & MIS department - in charge of the budgetary exercise and of its follow-up – as the deviation of the current gross income versus the budget.

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

The various aspects of reputation risk are managed by different entities:

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

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

Regulatory risk is the risk of non-compliance with existing regulation, rule or law. Regulatory issues and correspondences with the authorities (local and Group) are monitored centrally by the Group Corporate Center.

Client risk is the risk of client's dissatisfaction, while the Bank is failing to meet his expectations. It is generally the consequence of the occurrence of another specific risk type: suitability or misselling risk, poor level of service offered, inadequacies in the end-to-end design, development and commercialisation of a product or service (including design, pricing, marketing)…

Corresponding risk appetite indicators are based a.o. on the result of suitability controls, on AUM outflows, client complaints and performance of in-house funds.

People risk can be a source of operational risk (lack of professional know-how due to resignation of key people, high turnover level, absentee rate…). It is monitored through the number of resignations of key people.

Remuneration Policy

23. Context and Principles

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

23.1 The Board of Directors and the Authorized Management Committee

The remuneration policy related to the Board and to the AMC members is based on the prevailing legislation, the Corporate Governance Memorandum and market data. This policy is monitored and regularly reviewed by the Board Remuneration & Nomination Committee with the assistance of specialist members of the staff in order to ensure its continuous compliance with the law, the aforementioned code, and the prevailing market practices and trends. The Chairman of the Board Remuneration & Nomination Committee informs the Board of the Committee's activities and submits any changes to be made to the Group Remuneration Policy and its practical implementation. The Board may also make its own proposal to the Remuneration & Nomination Committee in order to examine potential changes to the Group Remuneration Policy and advise it accordingly.

23.2 Material Risk Takers

The allocation mechanism and the acquisition rule of the variable remuneration of those defined as Material Risk Takers (risk taking employees, control functions and members of executive bodies) are determined primarily in accordance with the Law of 5 April 1993 (as amended), the CSSF Circulars 15/622, 11/505, or any prevailing local regulation. Where the variable compensation of these employees may exceed EUR 100,000 in gross terms[2] (*proportionality principle*), this variable remuneration is i) at least composed of 50% of shares or equivalent instruments, and ii) is partly (minimum 40%) deferred over a minimum of 3 years; the subsequent vesting of remuneration being thereafter subject to performance conditions and ex-post risk adjustments.

24. The Board Remuneration & Nomination Committee

24.1 Mission

The mission of the Board Remuneration & Nomination Committee is to define, implement and maintain a remuneration policy in accordance with the Law of 5 April 1993 (as amended). This Committee has decision- making authority regarding notably the nomination and remuneration of the members of the Executive Committees (Group-wide) and of the Board of Directors, particularly with regard to the structure and the level of the individual remuneration.

The Board Remuneration & Nomination Committee is authorised to undertake any activity within its Terms of Reference, and provides any additional advice or support within the Group that is required in the scope of its duties. The Board Remuneration & Nomination Committee shall carry out the duties for the parent company, subsidiary undertakings and the Group as a whole, as appropriate. The Board Remuneration & Nomination Committee may however delegate some duties to Local Remuneration & Nomination Committees.

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[2] Or any lower threshold if applicable according to local regulation.

24.2 Composition

The composition of the Group Board Remuneration & Nomination Committee as at 31/12/2019 is as follows:

Name	Responsibility
George NASRA	Chairman
Anne-Ruth HERKES	Member
Jan Maarten de JONG	Member
Marco MAZZUCCHELLI	Member

The shareholder's deputy CEO as well as the Group CEO, the Group Head of Human Resources and the General Secretary of Quintet Private Bank (Europe) are invited as permanent guests to the meetings of the Group Board Remuneration & Nomination Committee.

24.3 Role and responsibilities

The role and responsibilities of the Board Remuneration & Nomination Committee are defined by the regulations approved by the Board. The tasks of the Board Remuneration & Nomination Committee are the following ones (non-exhaustive list).

Remuneration Responsibilities:

Propose a Group-wide remuneration policy to the Board that is aligned with the Bank's long-term business strategy, its business objectives, its risk appetite and values, whilst recognising the interests of relevant stakeholders.

Advise the Board on any material exemption or change to the principles of the Group Remuneration Policy.

Approve bonus pools (Group-wide).

Advise and approve remuneration of the Board of Director members, the CEOs, the AMC members, the ExCo members (Group-wide) and other Material Risk Takers.

Advise the Board on retention/incentive bonuses in exceptional circumstances.

Monitor the application of the authority on remuneration issues delegated to the AMC and Local Remuneration & Nomination Committees to ensure that policies and principles are being consistently and effectively applied, seeking support and input from Control Functions (especially Group Risk) and Group Human Resources.

Liaise as required with the other Board Specialised Committees and with the Group Risk function in relation to risk-adjusted performance measure.

Ensure that all provisions regarding disclosure of remuneration are fulfilled and approve the contents of the annual Remuneration Policy Statement for Pillar III external disclosure.

Review major changes in remuneration and/or governance regulations as well as in Labour Law when deemed necessary.

Approve all occupational pension plans of the Bank and any change in the terms and conditions of any current pension plan, including any winding up in whole or in part.

Nomination Responsibilities:

Define the specific profile to be met by a candidate to be (i) a member of the Board of Directors,
(ii) Chairman of each Board Specialised Committee or (iii) a member of the AMC or ExCo (Group- wide), included the CEOs.

Define and review as necessary, subject to approval by the Board of Directors, the criteria which shall be used in selecting new Board of Directors members.

Draw up and review as necessary, subject to approval by the Board of Directors, the succession plan for members of the Board of Directors, the AMC members and the ExCo members (Group- wide).

Draw up and review, as necessary, subject to approval by the Board of Directors, the evaluation process of the Board of Directors members.

Draw up and review as necessary the training program for newly appointed members of the Board of Directors and the training sessions for current members.

Other Responsibilities:

Review the Terms of References of the Board Remuneration & Nomination Committee as necessary and recommend any amendments, as appropriate, to the Board of Directors for approval.

Recommend any amendments to the Board Remuneration & Nomination Committee's membership to the Board of Directors for approval.

Perform annual self assessment on the effectiveness and efficiency of the Bank's Board Remuneration & Nomination Committee.

24.4 Activity in 2019

In the course of 2019, the Group Board Remuneration & Nomination Committee met seven (7) times and the attendance rate of members stood at 96%. The Chairman of the Board Remuneration & Nomination Committee reported to the Board on the work of the Committee after each meeting and presented his proposals on matters subject to a decision of the council.

The main topics handled by the Board Remuneration & Nomination Committee during the year 2019 were the following:

Review of fixed remuneration and performance bonuses granted to the members of the AMC and the ExCo (Group-wide), to the Material Risk Takers and key performers in 2019;

Evaluation of the activities and Key Performance Indicators (KPI) of the AMC and ExCo members (Group-wide) throughout 2018 (based on which 2018 bonus have been awarded in 2019);

Assessment of previous years unvested bonus before vesting and pay-out to Material Risk Takers;

Review of the bonus process for 2020 award and pre-approval of the related bonus pools per location;

2019 revision of the Material Risk Takers' list within the Group; Material

Risk Takers recruitment, appointment, new role or exit (2019);

Appointment and suitability assessment of new AMC members or ExCo members within the Group;

Revision of AMC structure and roles;

Recruitments of senior management roles group wide in the context of the Quintet new strategic and transformation plan;

Implementation of a Swiss Occupational Pension scheme; Agreement for

the implementation of a Partner Equity Plan (PEP); Assessment of the

suitability of the Board of Directors' members.

25. Information on the Management Body

The Bank strives to represent in its workforce the diversity of the communities in which it is based and recognises its talented and diverse workforce as a key competitive advantage. As part of its Group Diversity Policy, in the selection of the Management Body members (supervisory function and management function), the Bank seeks a balance in age, nationality, gender, seniority. In addition, the Bank seeks a balance in experience and affinity with the nature and the culture of the different businesses of the Bank. In this context, statistics are monitored and presented to the Board Remuneration and Nomination Committee.

For 2019 those statistics evidenced at the level of the management body Group-wide a proper balance in nationalities reflecting locations where Quintet Private Bank (Europe) is present and around 18% of female versus 82% of male (which is a major focus of attention for the Board Remuneration and Nomination Committee). Educational background of the Management Body - while mainly deriving from business administration, economics, and commercial - also showed diversity.

When assessing the relevance of a Management Body member's candidature (recruitment or appointment), the Bank pays specific attention to the need to include and assess candidates from diverse backgrounds as well as to their individual performance, competencies and potential. In addition and as part of the suitability assessment, the following criteria are assessed: reputation, experience, managerial abilities, governance and independence, as appropriate.

These criteria are assessed according to the recommendations provided jointly by the ESMA and the EBA (EBA/GL/2017/12/ESMA71-99-598) on the assessment of the suitability of members of the management body and key function holders.

Assessing the initial and ongoing suitability of the members of the Management Body is the ultimate responsibility of the Bank and this assessment is performed according to the Group' Suitability Policy for key function holders and board members.

Quintet Private Bank (Europe) AMC (Authorized Management Committee)

The Quintet AMC members have business administration, law, regulatory or/and finance knowledges and all have a wide and strong experience in the banking sector, including at international level. Most AMC members held senior executive or/and director positions before joining the AMC and all members have strong multi-cultural competencies.

Board members

Non-executive members of the Board of Directors bring demonstrated experience at senior level within the financial sector as well as in different fields such as law, consulting, politics, diplomacy or auditing. The balance within the Board of Directors of different experiences and backgrounds facilitates independent thinking and constructive challenging in the process of decision making.

Individual profiles are available on Quintet website.

The number of commercial directorships held by the members of the Management Body is as follows (2019 year-end):

Quintet Private Bank (Europe) AMC

Name	Position	Executive Directorship*	Non Executive Directorship
Jürg ZELTNER**	Group CEO	1	0
Jakob STOTT**	CEO Wealth Management Group CEO *ad interim*	1	0
Colin PRICE***	Group COO	1	0
Nicholas HARVEY	Group CFO	1	0
Anthony SWINGS	Group CRO	1	0
Maria LEISTNER****	Group Chief Legal Officer	1	0
Siegfried MARISSENS	Secretary General & Regulatory Affairs	1	0

** Directorship as defined in CRD IV regulations (article 91)*
*** From August 2019 onwards. However, Jürg Zeltner died in March 2020.*
**** From September 2019 onwards*
***** From December 2019 onwards*

Board members

Name	Executive Directorship*	Non Executive Directorship
Jan Maarten de JONG	0	1
George NASRA	1	0
Alfred BOUCKAERT	0	4
Anne-Ruth HERKES	0	1
Maurice LAM	0	3
Anne REULAND	0	1
Albert WILDGEN	0	2
Marco MAZZUCCHELLI	0	2
Antoine MARCOLIN	0	1
Peter VANDEKERCKHOVE	0	2
Jürg ZELTNER**	1	0

** Directorship as defined in CRD IV regulations (article 91)*
*** died in March 2020*

26. Identification of the Material Risk Takers

In accordance with the Law of 5 April 1993 (as amended), the population of Material Risk Takers has been determined based on a Bank's Risk Management self-assessment.

The Material Risk Takers' list has been revised in 2019 based on the definition criteria set by the EU delegated Regulation n°604/2014. Additionally, the Bank has assessed in 2019 its staff members against AIFMD/UCITS sectorial definition of Material Risk Takers[3]. The Bank updates the list at least on an annual basis.

[3] 2014/91/EU directive and 2011/61/UE directive.

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

- Members of the Boards and of the AMC and ExCos Group wide, including CEOs;
- Heads of control functions (i.e. Risk Management, Audit, Compliance) as well as assimilated roles i.e. Heads of Finance and Human Resources;
- Heads of function responsible at Group level for Legal Affairs, IT, Remuneration Policy;
- Business Units Head members (Luxembourg and foreign locations) and General Management based in Luxembourg (“Group Head” / “Head of Luxembourg”);
- Some staff members of credit and trading departments.

Apart from three individuals, staff members who were presumed as Material Risk Takers based only on their remuneration level (quantitative criteria) have been excluded from the final Material Risk Takers’ list given their limited impact on the Bank’s risk profile.

A thorough risk analysis by the Bank led to the following figures[4] for 2019:

Material Risk Taker category	Number of employees
Total number of identified Material Risk Takers* based on qualitative and quantitative criteria (Group-wide):	133*
o/w Quintet AMC and General Management**	31

** apart from independent non-executive Board members*
*** as per definition used in the context of the 2019 MRT annual assessment i.e. “Group Head” / “Head of Luxembourg”*

27. The remuneration process

An overall remuneration governance process is in place to cover all remuneration practices within the Group. The approach, principles and objectives of compensation schemes are disclosed to the relevant stakeholders, regulators and to the public, if requested and based upon the governance rules and codes in force.

27.1 Compensation per management level

Compensation of the Board members

The compensation of the Board members is ruled by a system of fixed remuneration and attendance fees (*'jetons de présence'*). The fixed part of the remuneration as well as attendance fees are both charged as expenses.

Finally, the Bank is allowed to grant loans or guarantees to Board members.

Employees of the Bank who hold a mandate in any Group’s entity board are not compensated for this specific role unless otherwise decided by the Board of Directors for serious grounds.

Compensation of the Members of the Authorized Management Committee

The Board determines the remuneration of the members of the AMC on the basis of advice obtained from the Board of Remuneration & Nomination Committee.

In accordance with the Group Remuneration Policy, the total individual remuneration paid to the members of the AMC comprises a fixed and, if any, a variable component.

[4] As assessed and approved by the Board mid-2019.

Fixed compensation

Decisions related to the fixed compensation of the members of the AMC are taken by the Board based on a proposal made by the Board Remuneration & Nomination Committee. This proposal is itself based on analyses related to market practices and compensations observed for similar functions in the same type of companies.

Variable compensation

The principles determining the annual variable compensation of the members of the AMC are based on the achievement of objectives that are set by the Board at the beginning of the year on the basis of the advice provided by the Board Remuneration & Nomination Committee. Those pre-agreed objectives are balanced between economic and financial objectives (Quantitative Key Performance Indicators) on the one hand and non-economic objectives (Qualitative Key Performance Indicators) on the other hand.

Those elements are based on the combination of ”Firm-wide impact”, ”People/Continuous Improvement”, “Risk/Control/Governance” and “Commercial” criteria, e.g.:

adjusted net profit-based measures (assessed at Group and entity levels); risk

measures: CET 1 ratio, total capital ratio;

the Assets under Management (AuM) fluctuations;

individual performance-based measures such as: the compliance with applicable rules and risk standards, managerial behaviours/skills, ethical behaviour, management of incidents, internal audit results follow-up, planning and organisation.

In addition, an assessment of the AMC members against their role model of Quintet shared value system (eight behaviour criteria) has been added in the course of the year 2019.

Currently, a proportion of 50% of the annual variable compensation is deferred over a period of 5 years, the vesting of which is delayed proportionally and gradually over this period and subject to the achievement of performance objectives as well as risk adjustments.

A minimum 50% of the annual variable compensation is awarded in Phantom Shares (or/and any other equity-like instruments where appropriate).

In addition, some AMC members may participate to a Long Term Incentive Plan (“LTIP”) set up for selected senior management members. The target group of beneficiaries is defined by the Board Remuneration Committee. This LTIP rewards senior management for the value created over an extended period (up to 10 years). Until end 2019, rewards are based on the total return to shareholders above a hurdle value of 6%. In order to ensure appropriate balance, the maximum payout to management is limited to a percentage of the excess value created and capped at a multiple of annual salary.

Control Functions Compensation

In order to prevent conflicts of interests, the variable compensation devoted to Control Functions and assimilated roles (i.e. Finance and Human Resources) is not based on the specific financial results of the underlying businesses being controlled.

When profit-based variable compensation is being considered for Control Functions, the level of such compensation is based on the results of the Group, or on the results of an entity, which is at least one organisational level higher than the level of the control function entity.

The remuneration of the senior staff responsible for managing the Control Functions is not solely left to direct superiors; instead, it is directly overseen by the Board Remuneration & Nomination Committee.

Unless the proportionality principle[5] applies, the variable compensation of these employees is at least composed by 50% of phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

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

Compensation of other Material Risk Takers

The total compensation follows the same principles as the ones followed for the AMC members' compensation; however, quantitative and qualitative objectives only reflect their scope of responsibilities.

Unless the proportionality principle[6] applies, the variable compensation of these employees is at least composed by 50% of phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

27.2 Remuneration, Performance and Risk Appetite

The total amount available for granting variable compensation is determined on the basis of a 'bonus pool', which is capped to represent a reasonable portion (i.e. it should not prevent the Bank from strengthening its capital base) of the entity's reported profit of the ongoing period.

The bonus pool calculation depends on the Adjusted Net Profit of the current year and the CET1 and total capital ratios over the last business/risk cycle (i.e. 3 years).

The global bonus pool to be distributed for all entities of Quintet Group is reviewed and validated at the level of the Board Remuneration & Nomination Committee. Once the amount of the global bonus pool has been defined at the level of the Board Remuneration & Nomination Committee, envelopes are allocated to business lines that, in turn, allocate them to departments, sub-departments, etc. until the individual level is reached.

Over a year, if the performance assessed at the level of the Group or at the entity level or both, is more than 20% lower than the budgeted performance, then the Quintet AMC and the Board Remuneration & Nomination Committee will adjust the bonus.

In any case, the Quintet AMC and the Board Remuneration & Nomination Committee may decide that bonuses be adjusted to zero for either the Group as a whole, or for a specific entity, according to the financial health and sustainability of the Group (or a specific entity), the economic situation or any external event.

Individual performance is assessed each year based on an appropriate balance between quantitative objectives (based on Group or/and Business entity or/and individual components) on the one hand and qualitative objectives (non-economic) on the other hand. Rating range from level 1 ("*does not meet expectations*") to level 5 ("*outstanding*").

The variable compensation related to qualitative objectives is based on the evaluation of a number of agreed criteria including a risk and compliance awareness goal acting as a "circuit breaker"/"modifier". For 2019, these qualitative criteria were for example: compliance with applicable rules and risk standards, managerial behaviours/skills, ethical behaviour, management of incidents, internal audit results follow-up, planning & organisation, communication & transparency, quality of reporting and proactivity & initiative.

In the case of individual performance with specific areas for improvement (less than rating 3) based on qualitative objectives (especially the risk and compliance awareness goal) the Quintet AMC and the Board Remuneration & Nomination Committee will adjust the related bonus accordingly (even to zero).

27.3 Level of Remuneration

For the members of the AMC, ExCos Group wide, the Senior Management of the Bank ("Group ExCo"), the Material Risk Takers (MRT) and the staff as a whole, the variable compensation is capped at a certain level of the fixed remuneration, depending on the nature of the function:

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

Function	Maximum variable-to-fixed remuneration ratio
AMC, GroupExCo, Local ExCos, , other Material Risk Takers (excluding Control Functions)	100%* (up to 200% upon specific shareholder's approval**)
Control Functions and assimilated roles	100%* (50%-75% max recommended for MRT)
All other roles	200%*

** or lower maximum ratio allowed under the prevailing local regulation (e.g. 20% in the Netherlands)*
***such higher ratio has been approved by the shareholder's general meeting in April 2019 for some senior executives or private bankers.*

27.4 Risk-Adjusted Remuneration, Malus and Clawback Provisions

The profit-based variable compensation paid out to Material Risk Takers is subject to ex-ante and to ex- post risk adjustment measures.

Ex-ante risk adjustments measures are based on two main criteria:

Quantitative: CET1 and total capital ratios over the last business/risk cycle (i.e. 3 years). Qualitative: risk

and compliance awareness goal acting as a "circuit breaker"/"modifier".

Ex-post risk adjustments can be operated either by reducing deferred (but not yet vested) amounts of compensation (malus) or by re-claiming ownership of upfront amounts or deferred amounts already vested (clawback).

A malus will be applied in particular:

in case of evidence of serious misbehaviour or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risk and compliance);

if Quintet Private Bank (Europe) or an underlying entity suffers a significant downturn in its financial performance;

if Quintet Private Bank (Europe)or an underlying entity suffers a significant failure of risk management;

in case of significant changes in the Bank's economic or regulatory capital base.

A clawback will be applied[7] for example in case of:

established and proven serious fraud by the staff member; dissemination or

use of misleading information by the staff member;

situations where the individual directly participated in actions that caused substantial losses for the Bank or did not comply with applicable rules in terms of reputability and competences;

regulatory sanction of the Bank where the deliberate conduct of the staff member contributed directly to the sanction.

28. Remuneration figures – 2019

The remuneration structure of identified Material Risk Takers was as follows in 2019. In addition, five employees were granted in 2019 a total remuneration exceeding EUR 1 million: two in the "payment" band [1 million to below EUR 1.5 million], two in the "payment" band [2 million to below EUR 2.5 million] and one in the "payment" band [3.5 million to below EUR 4 million].

[7] Without prejudice to contract or labor laws.

All staff remuneration data

Business areas:	MB Management function	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other
Number of members (headcount end of 2019)	39	-	-	-	-	-	-
Total number of staff in FTE end of 2019	0	51.75	26.95	119.06	567.42	136.53	893.07
Total remuneration (in EUR)	24,931,139	6,426,605	2,684,214	16,601,185	56,497,334	15,070,799	113,594,741
Of which: variable remuneration (in EUR)	*8,790,206*	*475,028*	*173,484*	*1,553,159*	*2,901,966*	*673,494*	*11,489,182*

Material Risk Takers remuneration data

	MB Management function	Other Material Risk Takers
Members (headcount)	**39**	
MRT FTE		**106**
Fixed and variable remuneration		
Total fixed remuneration	**16,140,934**	**20,014,922**
Total variable remuneration	**8,790,206**	**3,428,999**
Of which: variable in cash	*6,857,858*	*2,497,139*
Of which: variable in shares and share-linked instruments	*1,932,348*	*931,860*
Of which: variable in other types instruments	*0*	*0*
Total amount of variable remuneration awarded in year N which has been deferred	**3,412,004**	**752,988**
Of which: deferred variable in cash in year N	*2,593,502*	*376,494*
Of which: deferred variable in shares and share-linked instruments in year N	*818,502*	*376,494*
Of which: deferred variable in other types of instruments in year N	*0*	*0*
Additional information regarding the amount of total variable remuneration		
Total amount of deferred variable remuneration awarded in previous periods and paid out in year N	**3,344,473**	**1,145,994**
Number of beneficiaries of guaranteed variable remuneration (new sign on payments)	**4**	
Total amount of guaranteed variable remuneration (new sign on payments)	**3,848,282**	
Number of beneficiaries of severance payments	**1**	
Total amount of severance payments paid in year N	**262,882**	
Highest severance payment to a single person	**262,882**	
Number of beneficiaries of contributions to discretionary pension benefits in year N	**0**	**0**
Total amount of discretionary pension benefits in year N	**0**	**0**
Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually	**293,750**	**437,367**
Unvested/Blocked rights		
Total amount of outstanding deferred variable remuneration awarded in previous periods which are still unvested/blocked	**2,436,366**	**1,131,383**

Notes:

- All amounts are expressed in EUR.
- Fixed and Variable Remuneration are defined as per EBA guidelines and cover full year 2019.
- MRT headcount and FTE are assessed end of 2019.

APPENDIX

Appendix 1 – Declaration of the Management Body

The Management attests that the disclosures provided according to Part Eight of the CRR (i.e. the present Pillar III 2019 document) have been prepared in accordance with the internal control processes it agrees on.

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

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

In particular, as stated in *sections 20.5 and 20.6* of the present Pillar III document, the Management considers that the liquidity risk framework provides an adequate response to liquidity risks the Group is exposed to, and that Quintet has the ability to sustain further loan book growth budgeted.

Appendix 2 – Mapping of risks and measurement systems

The following table details how relevant and significant risks are:

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

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

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

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

Risk Type	Mitigation Process	Risk	Measurement – Risk Appetite Indicator
	Expertise within Legal department, handling litigation, following legislative developments, drawing up legal advice and opinions.	Legal Risk	Maintain relationships with unacceptable or doubtful clients (suspicious reported cases)
	Prevention: implementation of AML procedure and provision of training by Compliance department. Monitoring: the "Compliance Monitoring Program" with controls re. AML. If needed, appropriate action plans are implemented.	AML Risk	Number of new lawsuits against KBL over last 3 months
Regulatory	Monitoring of the respect of the CSSF circular 12/552 as amended *'Central administration, internal governance and risk management'*	Non adherence	Number of regulatory breaches flagged by the regulator over last 3 months
	AMC Member in charge of Regulatory Affairs Close monitoring of exchanges with the regulators Compliance Monitoring Program Roll out of the Compliance Awareness Program	Deterioration of regulatory communication	Number of unanswered written inquiries from regulatory bodies past the deadline over last 3 months
Client	Prevention: implementation by Compliance of internal codes of ethics (Conflict of interest policy, Policy for the Conduct of Business, MiFID II project, …), validation of internal procedures and provision of training (awareness). Monitoring: the "Compliance Monitoring Program" includes a number of regular controls with regard to investor protection, ethics, market abuse, … If needed, appropriate action plans are implemented.	Mis-selling risk	% of discretionary managed portfolios in suitability breach
			Number of non-suitable advice for advised clients – sample based
		Non updated relationship documentation	Delay in client risk profile review based on % not updated accounts according to the minimum review cycle
		Complaints	Number of new complaints over last 3 months
		Inadequate investor protection	Breach linked to content / delivery / timing of reporting to clients
		Performance risk	Number of in-house funds underperforming significantly their Peer Group (1Y rolling period)
			Number of recommended third party funds underperforming significantly their benchmark (1Y rolling period)
Operational	Operational Risk Framework based on a "Risk and Control Self-Assessment" (RCSA), an incident database "Loss	Operational losses	$\frac{\text{YtD Operational losses \& provisions (absolute values)}}{\text{YtD Gross income}}$
		RCSA assessment	Identification and assessment of operational processes with rating 'High' risk

Risk Type	Mitigation Process	Risk	Measurement – Risk Appetite Indicator
	Event Reporter", an Operational Risk Committee. Monitoring of IT security policy (a.o. accesses). Business Continuity Management including testing	Operational controls performance	Identification of poorly designated operational controls
			Identification of non-performed operational controls
		Operational losses	NAV computation failures in EFA over last 3 months
		Fraud incidents	Number of internal fraud incidents over last 3 months
			Amount of external fraud incidents over last 3 months
Credit	Credit policy: credit offer is limited to secured transactions.	PB loans: credit losses	<u>Gross specific loan impairment charge (annualized)</u> Average total loans
	Limit framework for interbank exposures (set by counterparty, country, duration, type of product). Monitoring of counterparty risk through dedicated application	Bonds: credit losses	<u>Gross specific bond impairment charge (annualized)</u> Average total bonds
	Monitoring of respect of Credit Policy (pledge values), of correlation and concentration limits regarding collateral	PB loans: insufficient collateral	% Lombard loans with loan-to-market value > 100%
			% Lombard loans with loan-to-pledge value > 100%
			% Mortgage & Mixed loans with loan-to-market value > 100% (excl. TGB)
		PB loans: defaults	<u>Uncovered expos. to impaired or non-performing loans (90d past due)</u> Total loans
	Investment policy & ALM framework (with limits on non rated/non-investment grade bonds) Monitoring process of rating migrations. Monitoring process of sovereign concentration limits	Bonds: default risk	Weighted average rating factor (WARF)
			<u>Investment in non-rated bonds</u> Total bonds portfolio
			<u>Investment in non-investment grade bonds</u> Total bonds portfolio
		Bonds: sector concentration risk	Number of industry sector concentrations in breach of their limit
	Monitoring of respect of Counterparty & country risk Framework (with concentration limits on individuals or groups) Monitoring process of country limits	Country: concentration risk	Number of country concentrations in breach of their limit
		Name concentration risk	Number of single name concentrations in breach of their limit
ALM	Monitoring of respect of ALM IRRBB risk framework Monitoring of Risk Appetite indicators	Losses from equity price changes	Equity Value at Risk (99% - 1 year) stand alone
		Losses from interest rate changes	Interest Rate Value at Risk (99% - 1 year) stand alone
		Losses from credit spread changes	Credit Spreads Value at Risk (99% - 1 year) stand alone
		Losses from interest rate changes	Interest Earning at Risk – Worst Case Scenario

Risk Type	Mitigation Process	Risk	Measurement – Risk Appetite Indicator
		Breach of regulatory IR limits	Regulatory worst impact of interest rate risk on EVE (Economic Value Equity) - % of Tier 1 Capital
		Losses from interest rate changes	IR sensitivity– 50 bps EVE
		Losses from credit spread changes	CS sensitivity – 20 bps EVE
		Losses from listed equity price changes	Listed equity portfolios market value
		Losses from alternative investments	Alternative investments market value
		Losses from FX rate changes	Banking book open currency position
		Loss from OCI reserve	CET1 sensitivity to ongoing management business scenario (OCI only)
Trading	Monitoring of primary limits in line with the Trading risk framework	Losses from trading activities	Cumulative 1 month stop-loss
			10 bpv Treasury IR sensitivity
			Structured products exposure (nominal)
			FX risk exposure (open amount in c/v €m)
		Losses from Treasury activity	Treasury Stress HVaR (99% - 10 days)
			Treasury Non Stress HVaR (99% - 10 days)
			Market risk on the Treasury activity- prudential RWA
Business	Board Strategic Committee in charge of a.o. reviewing the multiyear strategic plan and deviation from it, of approving strategic decision (partnerships, extension/stop of activities …) AMC actively monitors the Bank's financial performance with key KPIs, make strategic proposals to the Board.	Income volatility	YtD gross income Budget gross income
People	Prevention: Strong hiring process with extensive	Resignation of key people	Number of resignations of key people over last 3 month
		Turnover	Staff turnover over a quarter

Risk Type	Mitigation Process	Risk	Measurement – Risk Appetite Indicator
	background and skills checks Security procedures (reaction in case of fire, bomb alert, … including emergency evacuation), access to the Bank premises. Information of new employees and regular training of security delegates Monitoring: talent development with a focus on development opportunities, identifying key talents, performance management; Retaining: e-learning, lifelong learning and an attractive remuneration policy for targeted key individuals.	Sickness rate	% of Absentee due to illness over a quarter
GDPR	Prevention: enforcing the provisions of the European regulation on the protection of personal data ("GDPR") within the Group; Informing, providing independent advice and guidance to the Quintet entities and functions; Monitoring compliance with regulation; compliance with best standards in terms of data protection information	High Risk personal data breach	The number of failure to notify or overdue notification to Data Protection Authority of high risk personal data breaches
		Data protection heatmap non compliance	Percentage of key GDPR controls scored as unsatisfactory [CARPA key controls]
		No notification to Data Protection Authority of the new & high risk processing	The number of missing notification to Data Protection Authority related to new & high risk processing activities detected when analyzing processing activities.
		Overdue response to the data subject exercise requests or complaints	The number of overdue response to data subjects exercising their right to access, rectification, erasure, restriction, portability, object, profiling object
		High risk 3rd parties not provide sufficient data protection guarantees	The number of high-risk 3rd parties related to processing personal data who could not provide sufficient data protection guarantees: i.e technical and organizational measures to ensure information security or data processing agreement…
Sustainability	Ad-hoc committee and internal policy to be applied in Quintet day-to-day processes	Responsible investment policy non-compliance	number of non-authorised securities in clients' portfolios (discretionary and advisory) and Bank's portfolio
Pension Risk			Considered into the ICAAP ratio
Property Risk			Considered into the ICAAP ratio

Appendix 3 – Differences between accounting and regulatory scopes

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

Differences between accounting and regulatory scopes of consolidation and the mapping of financial statements categories with regulatory risk categories *(Template 1 of EBA/GL/2016/11 Guidance)*	a	c	d	e	f	g
		Carrying values of items				
	Carrying values as reported in published financial statements and under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balance at central banks	*1,799.7*	*1,799.7*	-	-	-	-
Items in the course of collection from other banks	*266.9*	*265.8*	*1.1*	-	-	-
Financial assets	*9,325.5*	*7,978.6*	*1,279.2*	-	*67.8*	-
Held-for-trading	247.2	-	179.4	-	67.8	-
o/w derivatives trading	179.4	-	179.4	-	-	-
o/w trading portfolio assets	67.8	-	-	-	67.8	-
Mandatorily at fair value through profit or loss	44.2	44.2	-	-	-	-
At fair value through profit or loss	-	-	-	-	-	-
At fair value through OCI	3,118.0	3,118.0	-	-	-	-
At amortized cost	5,912.2	4,816.3	1,095.8	-	-	-
o/w Debt securities	1,503.1	1,503.1	-	-	-	-
o/w Loans and advances to banks excluding reverse repurchase agreements	169.9	169.9	-	-	-	-
o/w Loans and advances to customers excluding reverse repurchase agreements	3,143.4	3,143.4	-	-	-	-
o/w Reverse repurchase agreements and other similar secured lending	1,095.8	-	1,095.8	-	-	-
Hedging derivatives	4.0	-	4.0	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	*4.2*	*4.2*	-	-	-	-
Tax assets	*21.4*	*2.7*	-	-	-	*18.7*
Current tax assets	2.7	2.7	-	-	-	-
Deferred tax assets	18.7	-	-	-	-	18.7
Investments in associates	*5.9*	*5.9*	-	-	-	-
Investment properties	*10.5*	*10.5*	-	-	-	-
Property and Equipment	*69.2*	*69.2*	-	-	-	-
Leased tangible assets (IFRS16 - right of use asset)	*45.0*	*45.0*	-	-	-	-
Goodwill and other intangible assets	*483.2*	-	-	-	-	*483.2*
Other assets	*117.4*	*117.4*	-	-	-	-
Assets held for sale	*6.5*	*6.5*	-	-	-	-
Total assets	**12,155.3**	**10,305.4**	**1,280.3**	**-**	**67.8**	**501.9**
Liabilities						
Financial liabilities	*10,701.4*	-	*340.7*	-	*14.6*	*10,346.1*
Held-for-trading	232.8	-	218.2	-	14.6	-
o/w derivatives trading	218.2	-	218.2	-	-	-
o/w trading portfolio liabilities	14.6	-	-	-	14.6	-
At fair value through profit or loss	-	-	-	-	-	-
At amortised cost	10,346.1	-	-	-	-	10,346.1
o/w deposits from banks excluding repurchase agreements	593.3	-	-	-	-	593.3
o/w customer accounts excluding repurchase agreements	9,498.6	-	-	-	-	9,498.6
o/w repurchase agreements and other similar secured borrowings	-	-	-	-	-	-
Hedging derivatives	122.5	-	122.5	-	-	-
Tax liabilities	*1.1*	-	-	-	-	*1.1*
Current tax liabilities	1.0	-	-	-	-	1.0
Deferred tax liabilities	0.1	-	-	-	-	0.1
Provisions	*57.7*	-	-	-	-	*57.7*
Other liabilities	*320.5*	-	-	-	-	*320.5*
Liabilities directly associated with assets held for sale	-	-	-	-	-	-
Total equity	*1,074.6*	-	-	-	-	*1,074.6*
Total liabilities	**12,155.3**	**-**	**340.7**	**-**	**14.6**	**11,800.0**

The main source of differences between regulatory exposure amounts and carrying values in financial statement is presented hereunder. The main differences refer to the application of the credit conversion factors on off-balance sheet exposures, the application of the credit risk mitigation techniques and the exposure value computed according to the netting contracts (credit support agreement for derivatives and securities financing transactions).

	Main sources of differences between regulatory exposure amounts and carrying values in financial statements *(Template 2 of EBA/GL/2016/11 Guidance)*	a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**11,653.5**	**10,305.4**	**1,280.3**		**67.8**
2	Liabilities carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	355.3	-	340.7		14.6
3	Total net amount under the regulatory scope of consolidation	11,298.1	10,305.4	939.6	-	53.2
4	Off-balance-sheet amounts	3,469.9	139.2	-	-	-
5	*Differences in valuations*	64.3	41.8	21.5	-	1.0
6	*Differences due to different netting rules, other than those already included in row 2*	-985.4	-211.5	-773.9	-	-
7	*Differences due to consideration of provisions*	-	-	-	-	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	*CRM application*	-1,397.3	-1,397.3	-	-	-
10	Intercos elimination	-				
11	Other variation	-0.6	-0.6	-		-
12	**Exposures amounts considered for regulatory purposes**	**12,449.0**	**8,877.0**	**187.2**		**54.2**

Appendix 4 – Own funds disclosure

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

	Common Equity Tier 1 capital: instruments and reserves ([1])	31 DEC 2019 EUR mln	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
1	Capital instruments and the related share premium accounts	770.4	26 (1), 27, 28, 29
	of which: shares of a public limited liability company	770.4	EBA list 26 (3)
2	Retained earnings	320.4	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	-17.0	26 (1)
3a	Funds for general banking risk	-	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)
5	Minority interests (amount allowed in consolidated CET1)		84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,073.8**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3.8	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-483.2	36 (1) (b), 37
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-18.6	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	-	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1) (g), 44
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU	-	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	-	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)	-	48 (1)
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary difference	-	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	-	36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-505.6**	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**
29	**Common Equity Tier 1 (CET1) capital**	**568.2**	Row 6 minus row 28

	Common Equity Tier 1 capital: instruments and reserves ([1])	31 DEC 2019 EUR mln	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	51, 52
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	-	85, 86
35	of which: instruments issued by subsidiaries subject to phase-out	-	486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	Sum of rows 30, 33 and 34.
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	56 (d), 59, 79
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (ie. CRR residual amounts)	-	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	Sum of rows 37 to 42
44	**Additional Tier 1 (AT1) capital**		**Row 36 minus row 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**568.2**	Sum of row 29 and row 44
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	0.1	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	486 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	-	87, 88
49	of which: instruments issued by subsidiaries subject to phase-out	-	486 (4)
50	Credit risk adjustments	-	62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustment**	**0.1**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63 (b) (i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	-	66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	66 (c), 69, 70, 79
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-	66 (d), 69, 79
56	Empty set in the EU	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	Sum of rows 52 to 56
58	**Tier 2 (T2) capital**	**0.1**	Row 51 minus row 57
59	**Total capital (TC = T1 + T2)**	**568.3**	Sum of row 45 and row 58
60	**Total risk-weighted assets**	**3,159.8**	

	Common Equity Tier 1 capital: instruments and reserves ([1])	31 DEC 2019 EUR mln	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	***17.98%***	92 (2) (a)
62	Tier 1 (as a percentage of risk exposure amount)	***17.98%***	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount	***17.99%***	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus systemic risk buffer, plus systemically important institution buffer (G-SII or O-SII buffer) expressed as a percentage of risk exposure amount)	7.28%	CRD 128, 129, 130, 131,133
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.28%	
67	of which: systemic risk buffer requirement	no current requirement	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	no current requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**10.70%**	CRD 128
69	[non-relevant in EU regulation]	N/A	
70	[non-relevant in EU regulation]	N/A	
71	[non-relevant in EU regulation]	N/A	
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct, indirect and synthetic holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	24.7	36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (i), 45, 48
74	Empty set in the EU	-	
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	-	36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	- Current cap on CET1 instruments subject to phase-out arrangements	N/A	484 (3), 486 (2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (3), 486 (2) & (5)
82	- Current cap on AT1 instruments subject to phase-out arrangements	N/A	484 (4), 486 (3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (4), 486 (3) & (5)
84	- Current cap on T2 instruments subject to phase-out arrangements	N/A	484 (5), 486 (4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	484 (5), 486 (4) & (5)

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

Appendix 5 – Balance sheet reconciliation

Balance Sheet Reconciliation Methodology

CONSOLIDATED BALANCE SHEET, as of December 31st, 2019

Disclosure according to Article 2 in Commission implementing regulation (EU) No 1423/2013

(references in square brackets correspond to lines in the 'own funds disclosure template)

		€ mln		ofw. Non-significant investments in Financial sector entities	ofw. Significant investments in Financial sector entities	ofw. Group T2 issues / subordinated debts(after amortization / CRR Art.64)	ofw. Defined benefit pension fund assets	ofw. Deferred tax assets deducted from CET1
Cash, cash balances at central banks and other demand deposits		2,066.6						
Financial assets		9,325.5		*24.7*	-	(**)		
Tax assets		21.4						
Current tax assets	*2.7*							
Deferred tax assets	*18.7*							*18.7*
Investments in associates		5.9						
Investments properties		10.5						
Property & Equipment		69.2						
Leased tangible assets		45.0						
Goodwill & Other intangible assets		483.2	[8]					
Other assets		121.5						
Non-current assets held-for-sale		6.5						
TOTAL ASSETS		**12,155.3**						
Financial liabilities		10,701.4		(*)	-	*0.0*		
Tax liabilities		1.1						
Current tax liabilities	*1.0*							
Deferred tax liabilities	*0.1*						(***)	*0.1*
Provisions		57.7						
Other liabilities		320.5						
TOTAL LIABILITIES		**11,080.7**						
Ordinary shares issued (including share premium)		770.4	[1]					
Preference shares issued (including share premium)		0.1		-	-	*0.1*		
Retained earnings		364.9	[2]					
ofw. Reserves excluded from own funds	*0.7* [2]							
Net result of the year		-43.7	[2]					
Treasury shares								
Non-controlling interests								
Accumulated other comprehensive income		-17.0	[3]					
Currency translation reserve	14.6							
FVOCI revaluation reserve	13.3							
Defined benefit pension plans reserve	-44.9							
Minority Interest		-						
TOTAL EQUITY		**1,074.6**						
TOTAL EQUITY AND LIABILITIES		**12,155.3**						
			Total	24.7	-	0.1	-	18.6
				[72]	[73]	*ofw. Amounts issued* 0.1 [46]	[15]	[10]
						ofw. Own issues held - [52]		

(*) Short positions to be net with long positions

(**) Own T2 instruments held

(***) Deferred tax liabilities which relate to DB assets

Appendix 6 – Reconciliation between accounting and prudential own funds

		2019.12
ACCOUNTING	Issued capital	233.1
	Share premium	537.4
	Revaluation reserves	
	OCI reserve	13.3
	Foreign currency translation	14.6
	IAS 19R (IFRS5 not applied to this note)	-44.9
	Reserves (including retained earnings)	
	Retained earnings	-
	Consolidated reserves	-86.7
	Other reserves	451.5
	(Treasury shares)	-
	Income from current year	-43.7
	Result of previous year not yet allocated	-
	Minority interests	-
	EQUITY [accounting]	**1,074.6**
	- Not eligible result	-
	- Estimated payout	-
	- Minority interests	-
	- Intangible assets and goodwill	-483.2
	- Deferred tax assets	-18.6
	- AGDL reserve	-0.7
	- Capital increase - CET1 - pending approval	-
	+ Eligible subordinated liabilities	0.0
	- Defined benefit pension fund assets	-
	- Asset Value Adjustment	-3.8
	- Significant investments in relevant entities (art. 48)	-
	Sum of RETREATMENTS	**-506.3**
PRUDENTIAL	**ELIGIBLE OWN FUNDS [prudential]**	**568.3**
	TIER 1	568.2
	TIER 2	0.1

Appendix 7 – Leverage ratio

Quintet group's consolidated Leverage Ratio stands at 4.73% as at 31 December 2019, according to the transitional definition of own funds. This figure stands comfortably above the 3% minimum Leverage Ratio recommendation of the Basel Committee on Banking Supervision.

EUR million	31/12/2019
Total assets as per published financial statements	12,155.3
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-
Adjustments for derivative financial instruments	-38.2
Adjustments for securities financing transactions "SFTs"	2.7
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	582.1
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
Other adjustments	-688.1
Total leverage ratio exposure	12,013.8

Leverage ratio common disclosure

EUR million	31/12/2019
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduc iary assets, but including collateral)	10,693.6
(Asset amounts deducted in determining Tier 1 capital)	-505.6
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	10,188.1
Derivative exposures	
Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	38.2
Add-on amounts for PFE associated with *all* derivatives transa ctions (mark-to-market method)	129.4
Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-22.5
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivative exposures	145.1
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusti ng for sales accounting transactions	1,097.5
(Netted amounts of cash payables and cash receivables of gro ss SFT assets)	1.0
Counterparty credit risk exposure for SFT assets	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	1,098.5
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	3,727.6
(Adjustments for conversion to credit equivalent amounts)	-3,145.5
Other off-balance sheet exposures (sum of lines 17 to 18)	582.1
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
(Exposures exempted in accordance with Article 429 (14) of R egulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposures	
Tier 1 capital	599.1
Total leverage ratio exposures	12,013.8
Leverage ratio	4.99%
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	fully phased-in
Amount of derecognised fiduciary items in accordance with Ar ticle 429(11) of Regulation (EU) NO 575/2013	-

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

EUR million	31/12/2019
Total on-balance sheet exposures (excluding derivatives, SFTs, and e xempted exposures), of which:	10,693.6
Trading book exposures	53.0
Banking book exposures, of which:	10,640.6
Covered bonds	98.5
Exposures treated as sovereigns	4,394.6
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	620.7
Institutions	764.6
Secured by mortgages of immovable properties	1,084.7
Retail exposures	556.2
Corporate	2,074.9
Exposures in default	51.5
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	994.9

Appendix 8 - Countercyclical capital buffer

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

Countercyclical Capital Buffer (EUR million) - 31/12/2019														
		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements						
Row	Breakdown by country	Exposure value for SA	Exposure value IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	of which : general credit exposures	of which : trading book exposures	of which : securitisation exposures	Total	Own funds requirement weights	Countercyclical capital buffer rate	Countercyclical capital rate
010	AD	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AE	80.7	-	-	-	-	-	2.4	-	-	2.4	1.7%	-	-
	AG	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AI	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AR	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	AT	11.5	-	-	-	-	-	0.5	-	-	0.5	0.3%	-	-
	AU	8.3	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	BE	178.8	-	-	-	-	-	11.1	-	-	11.1	8.0%	-	-
	BG	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	0.50%	0.00%
	BH	2.4	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	BL	4.2	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	BM	73.1	-	-	-	-	-	3.5	-	-	3.5	2.5%	-	-
	BQ	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	BR	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	BS	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	BZ	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CA	10.0	-	0.8	-	-	-	0.4	0.0	-	0.4	0.3%	-	-
	CH	58.7	-	-	-	-	-	2.5	-	-	2.5	1.8%	-	-
	CL	4.6	-	-	-	-	-	0.2	-	-	0.2	0.1%	-	-
	CN	1.9	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CR	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CW	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	CY	32.2	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	CZ	1.3	-	-	-	-	-	0.1	-	-	0.1	0.1%	1.50%	0.00%
	DE	146.0	-	2.3	-	-	-	10.1	0.1	-	10.2	7.3%	-	-
	DK	0.2	-	-	-	-	-	0.0	-	-	0.0	0.0%	1.00%	0.00%
	DZ	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	EC	0.6	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	EG	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	ES	86.1	-	-	-	-	-	5.6	-	-	5.6	4.0%	-	-
	FI	11.9	-	-	-	-	-	0.2	-	-	0.2	0.1%	-	-
	FR	305.9	-	0.9	-	-	-	10.4	0.0	-	10.4	7.4%	0.25%	0.02%
	GB	696.2	-	17.2	-	-	-	32.8	0.2	-	33.0	23.7%	1.00%	0.24%
	GD	5.6	-	-	-	-	-	0.4	-	-	0.4	0.3%	-	-
	GE	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	GG	14.1	-	-	-	-	-	0.4	-	-	0.4	0.3%	-	-
	GI	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	GR	2.4	-	-	-	-	-	0.2	-	-	0.2	0.2%	-	-
	HK	4.3	-	0.5	-	-	-	0.1	0.0	-	0.1	0.1%	2.00%	0.00%
	HU	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	ID	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IE	23.5	-	1.3	-	-	-	1.2	0.0	-	1.3	0.9%	1.00%	0.01%
	IL	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IM	14.9	-	-	-	-	-	0.5	-	-	0.5	0.3%	-	-
	IN	1.2	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	IS	-	-	-	-	-	-	-	-	-	-	-	1.75%	-
	IT	0.8	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	JP	7.2	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	JE	37.9	-	1.8	-	-	-	1.1	0.1	-	1.3	0.9%	-	-
	KE	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	KR	30.3	-	-	-	-	-	0.5	-	-	0.5	0.3%	-	-
	KY	43.6	-	-	-	-	-	1.5	-	-	1.5	1.0%	-	-
	LB	3.9	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	LI	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	LR	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	LT	-	-	-	-	-	-	-	-	-	-	-	1.00%	0.00%
	LU	348.5	-	14.0	-	-	-	23.9	0.3	-	24.2	17.4%	-	-

Countercyclical Capital Buffer (EUR million) - 31/12/2019														
		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements						
Row	Breakdown by country	Exposure value for SA	Exposure value IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	of which : general credit exposures	of which : trading book exposures	of which : securitisation exposures	Total	Own funds requirement weights	Countercyclical capital buffer rate	Countercyclical capital rate
	LV	0.7	-	-	-	-	-	0.1	-	-	0.1	0.0%	-	-
	MC	41.1	-	-	-	-	-	2.4	-	-	2.4	1.7%	-	-
	MG	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	MT	28.9	-	-	-	-	-	1.3	-	-	1.3	0.9%	-	-
	MU	2.0	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	MX	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	MY	0.6	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	NG	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	NL	492.1	-	12.6	-	-	-	16.2	0.2	-	16.4	11.7%	-	-
	NO	3.8	-	-	-	-	-	0.2	-	-	0.2	0.1%	2.50%	0.00%
	NZ	25.3	-	-	-	-	-	1.0	-	-	1.0	0.7%	-	-
	OM	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PA	3.8	-	-	-	-	-	0.2	-	-	0.2	0.1%	-	-
	PF	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PH	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PL	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	PT	2.2	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	QA	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	RU	4.2	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
	RW	0.3	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	SA	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	SE	9.0	-	-	-	-	-	0.2	-	-	0.2	0.2%	2.50%	0.00%
	SG	16.6	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	SI	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	SK	25.4	-	-	-	-	-	0.2	-	-	0.2	0.2%	1.50%	0.00%
	SR	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	SX	0.5	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TC	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TH	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TN	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TR	1.2	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TW	0.1	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	TZ	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	UA	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	US	122.4	-	0.3	-	-	-	3.5	0.0	-	3.5	2.5%	-	-
	VC	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	VE	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	VG	29.0	-	-	-	-	-	1.0	-	-	1.0	0.7%	-	-
	VN	3.4	-	-	-	-	-	0.3	-	-	0.3	0.2%	-	-
	VI	0.0	-	-	-	-	-	0.0	-	-	0.0	0.0%	-	-
	ZA	3.2	-	-	-	-	-	0.1	-	-	0.1	0.1%	-	-
020	**TOTAL**	**3,069.5**	**-**	**52.9**	**-**	**-**	**-**	**138.4**	**0.9**	**-**	**139.3**	**100.0%**		**0.276%**

Amount of institution-specific countercyclical capital buffer		
Row		**31/12/2019**
010	Total risk exposure amount	3,160
020	Institution specific countercyclical buffer rate	0.276%
030	Institution specific countercyclical buffer requirement	8.7

Appendix 9 – CET 1 instrument full terms and conditions

I. Name, registered office, object and duration of the company

ARTICLE 1:

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

ARTICLE 2:

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

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

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

ARTICLE 3:

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

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

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

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

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

In addition, the Company shall be permitted to carry out all such commercial, advisory, movable or real estate activities relating directly or indirectly to the Company's object or which may help to develop its fulfilment.

The Company may be interested by means of subscription, of contribution, of participation or in any other manner in any company or undertaking having a similar, connected or supplementary activity to its own activity and capable to develop one or several areas of its activity, in the Grand Duchy of Luxembourg or abroad.

The Company may amalgamate, merge, consolidate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any such company or undertaking.

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

ARTICLE 4:

The Company is formed for an unlimited period of time.

II. Share capital, contributions, shares and payments

ARTICLE 5:

The subscribed share capital is fixed at two hundred twenty-one million two hundred forty-six thousand four hundred fifty-one Euro and seventy-three cents (EUR 221,246,451.73.-), divided into twenty-three million seven hundred ninety-four thousand four hundred thirty-one (23,794,431.-) fully paid up ordinary shares without nominal value and four thousand three hundred thirty-six (4,336) fully paid up preference shares without nominal value and with no voting rights, all of these shares having the respective rights and obligations set forth in these Articles and in Luxembourg Law.

The Company may establish a share premium account (the "Share Premium Account") into which any premium paid on any share is to be transferred. Decisions as to the use of the Share Premium Account are to be taken by the Board of Directors subject to the 1915 Law and these Articles.

Without prejudice to the authorisation given to the Board of Directors under article 6, the subscribed share capital and the authorised share capital may be increased or reduced by a shareholders' resolution adopted at a General Meeting, in accordance with the conditions required for the amendment of the Articles provided in article 29 and in accordance with Luxembourg Law.

Without prejudice to the authorisation given to the Board of Directors under article 6, where the Company's capital is increased by an issue of new shares for cash, those new shares shall be offered for subscription on a pre-emptive basis to the holders of existing shares, in proportion to the number of shares held by them at that time. However should the Company's share capital be divided into different categories or classes of shares, in the event of a capital increase resulting from an issue of new shares in a given class or category, only the shareholders holding shares in this specific class or category shall have a pre-emptive right to subscribe for such new shares to be issued in their class or category.

The General Meeting called upon to resolve, at the conditions prescribed for amendments to the Articles, either upon an increase of capital or upon the authorisation granted to the Board of Directors to increase the capital under article 6, may limit or cancel the pre-emptive subscription rights of the shareholders or authorise the board of directors to do so.

ARTICLE 6:

In addition to the issued and subscribed corporate capital of two hundred twenty-one million two hundred forty-six thousand four hundred fifty-one Euro and seventy-three cents (EUR 221,246,451.73.-), the Company also has an authorized, but unissued and unsubscribed share capital set at one billion four hundred sixty-five million nine hundred forty-six thousand seven hundred thirty-three Euro and twenty- three cents (EUR 1,465,946,733.23.-) (the “Authorised Capital”).

The Board of Directors is authorised and empowered within the limits of the Authorised Capital to (i) realize any increase of the share capital or equity of the Company with or without the issuance of new shares it being understood that the Board of Directors is authorised to issue such new shares in one or several issues and (ii) issue bonds, notes, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments, it being understood that (a) if such instruments are issued before or during the period set forth in the paragraph below, the new shares upon the conversion or exercise of such instruments may be issued after the expiry of said period and (b) the Board of Directors is authorised to issue such new shares in one or several issues.

Any increase of the share capital or equity of the Company, as well as any issue of bonds, notes preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board of Directors prior to 15th January 2015 under the authorised share capital of the Company in place at the time of such increase or issue but not realised, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new Authorised Capital.

The authorisation conferred to the Board of Directors will expire five (5) years after the date of the General Meeting held on 15th January 2015 and can be renewed in accordance with the 1915 Law, it being understood that the Board of Directors can proceed to an increase of share capital or issue of the above mentioned instruments as of the date of the General Meeting held on 15,h January 2015.

The new shares and the instruments to be issued in accordance with the above provisions may be paid up through contributions in cash or in kind, by the incorporation of reserves, share premiums or retained earnings, including in the three latter cases in favor of new shareholders. The new shares to be issued in accordance with the provisions of this article 6 may be issued with or without share premium, it being understood that (i) such shares shall not be issued at a price below the par value and (ii) if the consideration payable to the Company for such newly issued shares exceeds their par value, the excess is to be treated as share premium in respect of such shares in the books of the Company.

The Board of Directors is specially authorised to issue such new shares and where applicable, new instruments, without reserving (i.e. by cancelling or limiting) for the existing shareholders the pre-emptive right to subscribe for such shares and instruments.

The Board of Directors is authorised to determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new shares (referred to in this article 6) and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid instruments (referred to in this article
6) as well as all the other conditions and terms of such instruments including as to their subscription, issue and payment.

The Board of Directors is authorised to do all things necessary to amend this article 6 and article 5 of the present Articles in order to record the change of issued and authorised share capital following any increase pursuant to the present article. The Board of Directors is empowered to take or authorise the actions required for the execution and publication of such amendment in accordance with the 1915 Law. Furthermore, the Board of Directors may delegate to any duly authorised person, the duties of accepting subscriptions, conversions or exchanges and receiving payment for shares, bonds, notes, preferred equity certificates, warrants, options or instruments and to do all things necessary to amend articles 5 and 6 of the present Articles in order to record the change of issued and authorised share capital following any increase pursuant to the present article.

ARTICLE 7:

The shares, all of which must be fully paid up, are and shall remain in registered form.

In accordance with the 1915 Law, a shareholders' register shall be kept at the Registered Office. Ownership of registered shares shall be established by an entry in such shareholders' register.

The existing preference shares without voting rights may be converted into ordinary shares or into any other class or category of shares.

ARTICLE 8:

The Company shall recognise only one owner per share.

If there are several holders of a share, the Company shall have the right to suspend the exercise of the rights attaching to such share until such time where all holders of that share notify the Company in writing as to which of them is to be regarded as their representative.

The Company may have a sole shareholder. The death or dissolution of a sole shareholder will not result in the dissolution of the Company.

ARTICLE 9:

The Company may purchase its own shares, on the conditions provided by the 1915 Law.

III. Management and supervision

ARTICLE 10:

The Company shall be managed by a board of directors (the "Board of Directors") composed of at least three directors (each a "Director"), who need not to be shareholders, appointed by the General Meeting for a term not exceeding four (4) years. A Director may be re-elected. In case a Director is elected without mention of the term of his mandate, he is deemed to be elected for 4 years from the date of his election.

A Director may, at any time, be removed with or without cause from his office by the General Meeting. The mandate of a Director shall also cease at the end of the General Meeting of the calendar year following that in which the Director in question reaches the age of seventy-five (75).

The effectiveness of any appointment of a Director shall be subject to the prior approval of the Commission de Surveillance du Secteur Financier (the "CSSF") and other regulatory authorities in accordance with Luxembourg Law.

In addition, one or more Directors representing the employees of the Company shall compose the Board of Directors if required by Luxembourg Law, their number and the modalities of their designation and removal being determined by Luxembourg Law.

The Board of Directors shall comply with applicable terms of reference (the "Terms of Reference") and policy for the assessment of the suitability of the members of the Board of Directors (the "PASM") which may be applicable within the Company from time to time, and the appointment of the members of the Board of Directors shall be subject to applicable Terms of Reference and PASM.

The Board of Directors may also establish internal committees which may include non board members chosen in particular for their technical skills. The Board of Directors shall ensure that each member of a committee who is not a Director will keep confidential all information received in relation to the Company or any of its related companies (comprised in the widest sense).

The Board of Directors shall determine the composition, powers and functioning of any committee it establishes in accordance with the rules set out in the applicable Terms of Reference and the PASM.

The remuneration ("émoluments") of the Directors shall be fixed by the General Meeting and allocated between each Director by the Board of Directors in accordance with the provisions of the Terms of Reference.

ARTICLE 11:

In the event of vacancy of a position on the Board of Directors among the Directors appointed by the General Meeting because of death, retirement or otherwise, the remaining Directors appointed by the General Meeting may meet and elect, by majority vote and in compliance with the composition and other rules set out in article 10, a Director to fill such vacancy until the next General Meeting which will be asked to ratify such election, subject however to obtaining anyrequired CSSF or other regulatory authority approvals.

ARTICLE 12:

The Board of Directors shall appoint from amongst its members a chairman, a deputy chairman and a secretary who need not to be a Director who shall be responsible for taking the minutes of the meetings of the Board of Directors. The Board of Directors may allocate other functions to members of the Board of Directors.

ARTICLE 13:

The Board of Directors shall meet whenever the interests of the Company so require, upon being convened by the chairman, the deputy chairman or two directors. The convening notices of a meeting shall state the date and time thereof and shall specify the agenda. The meeting shall be held at the Registered Office or at such place as may be specified in the convening notice. It shall be chaired by the chairman or, in his absence, by the deputy chairman or, in the latter's absence, by the longest-serving Director.

ARTICLE 14:

The Board of Directors can only validly deliberate and take decisions if at least half of the Directors are present or represented.

The Board of Directors may validly deliberate and take decisions at a meeting of the Board of Directors without complying with all or any of the convening requirements and formalities if all the Directors have waived the relevant convening requirements and formalities either in writing or, at the relevant meeting of the Board of Directors, in person or by an authorised representative.

A Director may appoint, by means of a written proxy given by letter, fax or electronic mail, any other Director (but not any other person) to act as his representative (a "Director's Representative") at a meeting of the Board of Directors to attend, deliberate, vote and perform all his functions on his behalf at that meeting. A Director can act as representative for more than one other Director at a meeting provided that (without prejudice to any quorum requirements) at least two Directors are physically present at a meeting of the Board of Directors held in person or participate in person in a meeting of the Board of Directors held by video- conference or telephone conference facilities as described below.

Decisions shall be taken by a simple majority of the votes of the Directors present or represented at such meeting. In case of a tie vote, the vote of the chairman of the meeting shall be prevailing.

The use of video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director shall be authorized and these means must have technical features which ensure an effective participation in the meeting allowing all the persons taking part in the meeting to hear one another on a continuous basis and allowing an effective participation of such persons in the meeting.

Directors or Directors' Representatives using video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director will be deemed to be present at the meeting and shall be entitled to take part in the voting via the video or telephone link and shall be counted in the quorum. Subject to Luxembourg Law, all business transacted in this way by the Directors shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board of Directors, notwithstanding that fewer than the number of directors (or their representatives) required to constitute a quorum are physically present in the same place. A meeting held in this way is deemed to be held at the Registered Office.

Resolutions of the Board of Directors may be validly adopted in writing by circular resolutions if they are signed and-approved in writing by all the Directors personally. Such approval may result from one or more separate documents sent by fax or electronic mail. Those resolutions shall have the same effect and the same validity as resolutions voted at a duly convened meeting of the Board of Directors. The date of such resolutions shall be the date of the last signature.

Votes may also be cast by any other means of whatever kind, such as fax or electronic mail. ARTICLE 15:

Decisions of the Board of Directors shall be recorded in minutes that will be kept at the Registered Office of the Company and signed by the chairman and secretary of the meeting. The successive pages of the minutes shall be numbered consecutively and bound together at the end of each financial year. Copies and extracts shall be signed by the chairman of the Board of Directors, the secretary of the Board of Directors, or by any other persons to whom such signing powers have been delegated by the Board of Directors without prejudice to the provisions hereinafter contained.

ARTICLE 16:

The Board of Directors shall be empowered to act in the name and on behalf of the Company in all circumstances and to do all such acts, including administration acts (actes d'administration) and disposition acts (actes de disposition), as may be necessary or expedient for the realisation of the Company's object.

All powers not expressly reserved by the 1915 Law or the present Articles to the General Meeting fall within the competence of the Board of Directors.

The Board of Directors is authorised to transfer, assign and dispose of the assets of the Company in such manner as the Board of Directors deems appropriate.

Any Director having an interest in a transaction submitted for approval to the Board of Directors conflicting with that of the Company shall advise the Board of Director thereof and cause a record of his statement to be included in the minutes of the meeting. Such Director may not take part in these deliberations. At the next following General Meeting, before voting on any matter, a special report shall be made on any transactions in which of the Director has an interest conflicting with that of the Company.

ARTICLE 17:

The Board of Directors may confer any powers and special mandates to one or more ad hoc agents who need not to be Directors and may remove any such agent and determine any such agent's powers and responsibilities and remuneration (if any), the duration of the period of representation and any other relevant conditions of his appointment.

The Board of Directors may delegate its powers to conduct the daily management and affairs of the Company and the representation of the Company for such daily management and affairs, as well as the implementation of decisions of the Board of Directors to an executive committee (comité de direction) (the "Executive Committee") and/or one or more managing directors, the appointment of any such members of the Executive Committee or managing directors being subject to the approval of the CSSF and other regulatory authorities, in accordance with Luxembourg Law. The Board of Directors may appoint one or more executive officers, under such terms and with such powers as the Board of Directors shall determine.

The appointment and removal, powers, duties and emoluments of the Executive Committee, the managing director(s) and the executive officer(s) will be determined by the Board of Directors.

The Executive Committee may, within the limits of its respective powers and responsibilities, confer special powers of any kind to such agents and may grant such delegated powers as it thinks fit, with a view to the signature of deeds and documents relating to current operations and correspondence pertaining thereto.

Decisions of the Executive Committee as well as copies and extracts of such decisions shall be signed by two members of the Executive Committee or by any other persons to whom such signing powers have been delegated by the Executive Committee without prejudice to the provisions hereinafter contained.

ARTICLE 18:

Toward third parties, in all circumstances, the Company shall be bound by the signature of:

a) any three (3) Directors of the Company together, of which at least one signature shall be that of the chairman or the deputy chairman of the Board of Directors;
b) any two members of the Executive Committee or any two managing directors, to the extent powers have been delegated to them under article 17;
c) any other person to whom such a power has been delegated in accordance with article 17 to the extent such a power has been delegated to him, and whose name has been published in accordance with Luxembourg Law.

ARTICLE 19:

In compliance with Luxembourg Law, the auditing of the annual accounting documents of the Company shall be entrusted to one or more approved independent auditors (réviseur(s) d'entreprises agréé(s)) appointed by the Board of Directors (the "Auditors"), the effectiveness of the appointment and/or replacement of such Auditors being subject to the prior approval by the CSSF and other regulatory authorities in accordance with the FSL. The number of Auditors, the duration of their mandate and their fees shall be determined by the Board of Directors.

The Auditors are re-eligible.

IV. General meeting of shareholders ("General Meeting")

ARTICLE 20:

The annual General Meeting will be held on the last Wednesday of April at 11.00 a.m. of each year at the Registered Office, unless the convening notices indicates another place. If that day is a public holiday, the annual General Meeting will be held on the first business day thereafter, at the same time.

The Board of Directors may convene a General Meeting. It shall be obliged to convene it so that it is held within a period of one month if shareholders representing one-tenth of the capital require this in writing with an indication of the agenda.

One or more of the shareholders who together hold at least ten percent of the subscribed capital may request that one or more additional items be put on the agenda of any General Meeting. Such a request shall be sent to the Registered Office by registered mail, at least five days prior to the meeting.

ARTICLE 21:

The General Meeting shall be convened in accordance with the requirements of Luxembourg Law. ARTICLE 22:

The shareholders shall be required to announce in advance their intention to participate in the General Meeting; such announcement shall be made in writing, at least five days before the date fixed for the General Meeting and addressed to the Registered Office or the place specified in the notice convening the General Meeting. This period of five days shall include Sundays and public holidays, but not the day of the General Meeting, nor the day of sending of the announcement.

ARTICLE 23:

The General Meeting shall be composed of shareholders who have fulfilled the requirements laid down in article 22 and those who have not been disqualified from voting pursuant to the provisions of article 24.

Any shareholder may arrange to be represented by a proxy-holder who must be himself a shareholder having the right to participate in the General Meeting. Representatives of legal persons do not need to be shareholders and are entitled to represent other shareholders at the General Meeting pursuant to a proxy.

Co-owners of, or persons having a joint interest in, one or more shares must be represented by one person alone, as stated in article 8.

Proxies must be delivered at the Registered Office at least five days before the General Meeting. ARTICLE

24:

Upon request by a shareholder participating in the General Meeting, the Bureau shall be required to disqualify from voting any shareholders and/or proxy-holders who have not fulfilled the requirements provided in articles 22 and 23. In the absence of any such request, and provided that the Bureau does not disqualify them of its own motion, such persons may validly participate in the deliberations and vote in the General Meeting.

The Bureau of the General Meeting may grant exemptions from the deadline for delivering proxies. ARTICLE 25:

Before being permitted to participate in the deliberations and to vote at the General Meeting, each participant shall be required to sign an attendance list specifying the names of the shareholders present or represented together with the number of shares held by each of them.

ARTICLE 26:

Any General Meeting of the Company will be presided by a bureau (the "Bureau") which will be composed of (i) a chairman, being the chairman of the Board of Directors who will chair the General Meeting, (ii) a secretary who does not need to be a shareholder and will be freely appointed by the chairman of the General Meeting and (iii) a scrutineer, shareholder or not who shall be appointed by the General Meeting.

In the absence of the chairman of the Board of Directors, the Bureau shall be presided over by the deputy chairman or, in the latter's absence, by the longest- serving Director. If none of them is present at the meeting, the chairman of the General Meeting shall be appointed by the General Meeting.

ARTICLE 27:

Subject to any applicable legal requirements, in particular those governing preference shares with no voting rights, each share shall entitle its holder to one vote.

ARTICLE 28:

If there is only one shareholder, that sole shareholder shall assume all powers conferred to the General Meeting and shall take the decision in writing. In the event of a plurality of shareholders, the General Meeting shall represent the entire body of shareholders of the Company. It shall have the broadest powers to order, carry out or ratify acts relating to the operations of the Company.

The General Meetings shall be held and shall deliberate in accordance with the legal provisions relating thereto. Unless otherwise provided by Luxembourg Law or by these Articles, the General Meeting shall validly deliberate regardless of the number of shares present or represented, and decisions at such General Meeting shall be taken by simple majority of the votes cast by the shareholders present or represented, regardless of the proportion of capital represented.

Votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote. Voting shall generally take place by a show of hands, or else by a roll-call vote or by any other procedure approved by the General Meeting. However, a secret ballot shall be required (a) if this is requested by one or more participants and (b) in case of appointments or removals of members of the Board of Directors.

The shareholders are entitled to participate in a General Meeting by videoconference or by telecommunications means allowing their identification and are deemed to be present for the calculation of quorum and majority conditions and voting. These means must have technical features which ensure an effective participation in the meeting where deliberations shall be online without interruption.

The Board of Directors shall have the powers and obligations to adjourn a General Meeting as set out in the 1915 Law.

ARTICLE 29:

The General Meeting may amend the Articles, provided that (a) at least one half of the share capital is present or represented and (b) the agenda indicates the proposed amendments to the Articles.

If the first of the conditions in the above paragraph is not satisfied, a second meeting may be convened in the manner prescribed by the Articles and by the 1915 Law. That convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting. The second meeting shall validly deliberate regardless of the proportion of the share capital present or represented.

At both meetings, resolutions, in order to be adopted, must be adopted by at least two-third of the votes cast. Votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote.

Shareholders may not change the nationality of the Company or oblige any of the shareholders to increase their commitment to the Company otherwise than by unanimous vote of the Shareholders.

ARTICLE 30:

The minutes of the General Meeting shall be signed by the members of the Bureau thereat. The successive pages of the minutes shall be numbered consecutively and bound together at the end of each financial year. Copies and extracts shall be signed by the chairman of the Board of Directors, by two Directors or by any other persons to whom such signing powers have been delegated by the Board of Directors and within the limits of such powers.

V. Accounts, distribution of profits, reserves

ARTICLE 31:

The Company's financial year starts on the 1st of January and ends on 31st of December of each year.

The Board of Directors shall, at the end of each financial year, prepare the inventory, draw up the annual accounts and close the books.

The Board of Directors shall value all moveable and immoveable assets and liabilities of the Company provided in the accounts and inventories. It may set aside provisions and may determine the sums in respect of depreciation which are deemed to be necessary.

The annual General Meeting shall review the report of the Board of Directors and resolve on the approval of the annual accounts. It shall resolve, by a special vote, on the discharge to be granted to the Directors. Voting shall take place on that point even if it is not an item of the agenda of the annual General Meeting.

ARTICLE 32:

The net profits shall be distributed as follows:

1. At least five percent (5%) shall be allocated to the statutory reserve; such deduction shall cease to be required once that reserve has reached one tenth of the Company's share capital, but shall become applicable once again as soon as the reserve falls below that level of one tenth of the share capital.
2. Such sum as is necessary in order to allocate to the preference shares with no voting rights an initial preferential, recoverable dividend of 2.68% of the accounting par value of nine point three euro (EUR 9.3), it being understood that any increase in the accounting par value which does not result from new contributions shall entail the proportional reduction of that percentage.
3. The remainder shall be shared out between all the shares, without any distinction being made between preference shares with no voting rights and ordinary shares, subject to deduction, in relation to the preference shares with no voting rights, of the initial preferential, recoverable dividend already received by them.

However, the General Meeting may allocate the profits, either wholly or in part, with the exception of the proportion intended for the statutory reserve and subject to the rights of holders of preference shares with no voting rights, to exceptional depreciation items or to one or more special reserves, or may reserve them for carrying forward to the next financial year.

ARTICLE 33:

The payment of dividends shall take place at such times and in such places as may be specified by the Board of Directors.

The Board of Directors may, on the conditions prescribed by Luxembourg Law, proceed to make a payment of interim dividends.

VI. Dissolution and liquidation

ARTICLE 34:

The liquidation of the Company shall be decided by a General Meeting by a resolution adopted in accordance with the conditions required for the amendment of the Articles and in accordance with Luxembourg Law.

In the event of dissolution of the Company, for whatever reason, the General Meeting of shareholders shall, unless otherwise provided by Luxembourg Law, appoint one or more liquidators who may be natural or legal persons and shall determine their powers and their remuneration.

ARTICLE 35:

Unless otherwise provided by Luxembourg Law, the net proceeds of the liquidation, after settlement of charges, shall be used to reimburse, on a preferential basis, the amount of the contributions corresponding to the preference shares with no voting rights. The remaining balance shall be apportioned equally amongst the ordinary shares.

VII. Special provisions

ARTICLE 36:

Any shareholder, Director or liquidator domiciled outside the Grand Duchy of Luxembourg shall be required to specify an address for service within the Grand Duchy for the purposes of his relations with the

Company; if he fails to do so, he shall be deemed to have elected domicile at the Registered Office, whither all communications, notifications and summonses shall be validly addressed or served, as well as all notices and/or letters that may be sent to him.

ARTICLE 37:

In case of discrepancies between the English and the French version of these Articles of Association, the English version shall prevail.

Appendix 10 – Tier 2 instrument full terms and conditions (subordinated notes)

Kredietbank S.A. Luxembourgeoise

43, boulevard Royal L-2955 Luxembourg

Société Anonyme
R.C. Luxembourg B 6395

Acte constitutif

La société a été constituée suivant acte reçu par Maître Ernest KOX, remplaçant Maître Tony NEUMANN, en date du 23 mai 1949, publié au Mémorial, Recueil Spécial C, numéro 50 en date du 22 juin 1949.

Dénomination, siège, objet, durée de la société

La société a la forme juridique d'une société anonyme. Elle porte la dénomination: KREDIETBANK S.A. LUXEMBOURGEOISE.

Le siège social est établi à Luxembourg. Il peut être transféré ailleurs au Grand-Duché de Luxembourg, par simple décision du Conseil d'Administration, publiée au Mémorial.

La société a pour objet toutes opérations bancaires et financières généralement quelconques.

La durée de la société est illimitée.

Capital social

Le capital social souscrit est fixé à cent quatre-vingt-huit millions neuf cent quatre-vingt-sept mille cinq cent vingt-quatre euros et treize cents (EUR 188.987.524,13) représenté par dix-huit millions trois cent cinquante-trois mille trois cent quatre-vingt-sept (18.353.387) parts sociales ordinaires sans désignation de valeur nominale et un million neuf cent soixante-quinze mille trois cent vingt (1.975.320) parts sociales privilégiées sans droit de vote et sans désignation de valeur nominale, entièrement libérées.

En plus du capital social souscrit, le Conseil d'Administration est autorisé à augmenter en une ou plusieurs fois le capital social à concurrence de maximum quatre cent quatre-vingt-quinze millions sept cent quatre-vingt-sept mille quarante-neuf euros et cinquante-cinq cents (EUR 495.787.049,55) pour le porter de 161.694.377,03 euros à maximum 657.481.426,58 euros.

Titre subordonné

Le présent bon de caisse est un titre subordonné. Cela signifie qu'en cas de liquidation de la société, les titres subordonnés seront remboursés à un prix égal au pair; leur remboursement n'interviendra toutefois qu'après désintéressement complet de tous les créanciers, privilégiés ou chirographaires.

Ces titres subordonnés seront remboursés au même rang que tous les autres titres subordonnés qui ont été émis ou qui pourraient être émis ultérieurement par la société.

Caractéristiques des bons de caisse

Tous les bons de caisse sont émis au pair. Il en va de même lors du remboursement à l'échéance. Les bons de caisse remboursables cessent de produire intérêt à compter du jour de leur échéance.

Aucune garantie spéciale n'est attachée à ces bons de caisse.

Les bons de caisse ne sont pas des obligations et les porteurs ne sont pas investis des droits conférés aux obligataires suivant les articles 85 à 98 de la loi du 10 août 1915.

Les bons de caisse sont signés par deux administrateurs et par une personne déléguée par le conseil d'administration. La signature du délégué est manuscrite. La liste des signataires peut être consultée aux siège et agences de la Kredietbank S.A. Luxembourgeoise.

D'autre part, le Conseil d'Administration est autorisé à émettre des droits de souscription à des parts sociales ordinaires sans désignation de valeur nominale dans le cadre d'un capital autorisé réservé au Plan de stock options en faveur du personnel de la société et de Kredietrust Luxembourg S.A., à concurrence d'un montant maximum de huit millions cinq cent trente-quatre mille deux cent quatre-vingt-quatre euros cinquante cents (EUR 8.534.284,50).

Service financier

Le service financier s'effectue au siège et dans les agences de la Kredietbank S.A. Luxembourgeoise.

Lois applicables et compétence juridictionnelle

Le présent bon de caisse est régi par le droit luxembourgeois. Les litiges éventuels seront soumis aux tribunaux de l'arrondissement de Luxembourg.

La Kredietbank S.A. Luxembourgeoise assure la conservation gratuite de ce bon de caisse.

Naamloze Vennootschap
H.R. Luxemburg B 6395

Oprichtingsakte

De vennootschap werd opgericht overeenkomstig een akte opgemaakt door Meester Ernest KOX, vervanger van Meester Tony NEUMANN, op 23 mei 1949 en gepubliceerd in de Mémorial, Recueil Spécial C, nummer 50 van 22 juni 1949.

Benaming, zetel, doel, duur van de vennootschap

De vennootschap heeft de rechtsvorm van een naamloze vennootschap met de benaming: KREDIETBANK S.A. LUXEMBOURGEOISE.

De maatschappelijke zetel is in Luxemburg gevestigd. Hij kan naar een andere plaats in het Groothertogdom Luxemburg worden overgebracht bij gewone beslissing van de Raad van Bestuur, die in de Mémorial wordt gepubliceerd.

De vennootschap heeft als doel het uitvoeren van alle bank- en financiële verrichtingen.

De vennootschap is voor onbepaalde duur opgericht.

Maatschappelijk kapitaal

Het voltekend maatschappelijk kapitaal bedraagt honderd achtentachtig miljoen negenhonderd zevenentachtigduizend vijfhonderd vierentwintig euro en dertien cent (EUR 188.987.524,13), verdeeld over achttien miljoen driehonderd drieënvijftigduizend driehonderdzevenentachtig (18.353.387) gewone maatschappelijke aandelen zonder opgave van nominale waarde, en een miljoen negenhonderd vijfenzeventig duizend driehonderd twintig (1.975.320) bevoorrechte maatschappelijke aandelen zonder stemrecht en zonder opgave van nominale waarde. De aandelen zijn volledig vrijgegeven.

Daarnaast is de Raad van Bestuur bevoegd om het maatschappelijk kapitaal in één of meerdere keren te verhogen met ten hoogste vierhonderd vijfennegentig miljoen zevenhonderd zevenentachtig duizend negenenveertig euro en vijfenvijftig cent (EUR 495.787.049,55) om het van 161.694.377,03 euro op maximum 657.481.426,58 euro te brengen.

Achtergesteld effect

Deze kasbon is een achtergesteld effect. Ingeval van liquidatie van de maatschappij, worden achtergestelde effecten a pari terugbetaald; deze terugbetaling zal echter pas geschieden nadat aan alle bevoorrechte en gewone schulden is voldaan.

Deze achtergestelde effecten nemen bij een eventuele terugbetaling dezelfde rang in als alle andere achtergestelde effecten die uitgegeven zijn of eventueel later door de maatschappij worden uitgegeven.

Kenmerken van de kasbons

Alle kasbons worden a pari uitgegeven en zijn a pari terugbetaalbaar op de vervaldag. De terugbetaalbare kasbons dragen vanaf hun vervaldag geen rente meer.

Aan deze kasbons is geen bijzondere waarborg verbonden.

De kasbons zijn geen obligaties en de houders hebben niet de rechten die volgens artikel 85 tot 98 van de wet van 10 augustus 1915 aan obligatiehouders worden verleend.

De kasbons worden getekend door twee bestuurders en door een persoon die door de Raad van Bestuur is gedelegeerd. De handtekening van de gedelegeerde is handgeschreven. De lijst van de ondertekenaars ligt ter inzage bij de zetel en de agentschappen van de Kredietbank S.A. Luxembourgeoise.

Anderzijds is de Raad van Bestuur gerechtigd inschrijfrechten uit te geven voor gewone maatschappelijke aandelen zonder vermelding van de nominale waarde in het kader van een toegestaan kapitaal, ten belope van een maximum bedrag van acht miljoen vijfhonderdvierendertigduizend tweehonderdvierentachtig euro en vijftig cent (EUR 8.534.284,50), dat is gereserveerd voor een Stockoptieplan ten gunste van het personeel van de maatschappij en dat van Kredietrust Luxembourg S.A.

Financiële dienst

De financiële dienst wordt verricht bij de zetel en de agentschappen van de Kredietbank S.A. Luxembourgeoise.

Toepasselijke wet en bevoegde rechtbanken

Het Luxemburgs recht is van toepassing op deze kasbon. Eventuele geschillen zullen worden voorgelegd aan de rechtbanken van het arrondissement Luxemburg.

De Kredietbank S.A. Luxembourgeoise staat in voor de kosteloze bewaring van deze kasbon.

De franstalige versie is de officiële versie van deze tekst.

Appendix 11 – Main features of capital instruments

Commission Implementing Regulation (EU) No 1423/2013.

Capital instruments main feature template

		Ordinary shares	Preference shares	Subordinated certificates
1	Issuer	KBL epb S.A.	KBL epb S.A.	KBL epb S.A.
2	Unique identifier	LU0092281103	LU0092281442	different for each certificat
3	Governing law(s) of the instrument	Luxembourg	Luxembourg	Luxembourg
	Regulatory treatment			
4	Transitional CRR rules	CET1	T2	T2
5	Post-transitional CRR rules	CET1	T2	T2
6	Eligible at solo/(sub)-consolidated/ solo & (sub-consol ida	Solo & sub-consolidated	Solo & sub-consolidated	Solo & sub-consolidated
7	Instrument type	Shares of a public limited liability company	Preference shares	Subordinated debt
8	Amount recognized in regulatory capital (currency in mln, as of most recent reporting date)	EUR 708 mln	EUR 0,07 mln	EUR 0,9 mln
9	Nominal amount of instrument	n/a	n/a	EUR 3,0 mln
9a	Issue price	n/a	n/a	100%
9b	Redemption price	n/a	n/a	100%
10	Accounting classification	Shareholder's equity	Shareholder's equity	Liability - amortized cost
11	Original date of issuance	from 1949	from 1986	from 2005 to 2010
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	Up to 03 Mar 2020
14	Issuer call subject to prior supervisaory approval	No	No	n/a
15	Optional call date, contingent call dates and redemptio	n/a	n/a	n/a
16	Subsequent call dates if applicable	n/a	n/a	n/a
	Coupons / dividends			
17	Fixed or floating dividend / coupon	n/a	Initial preference dividend (fixed)	Fixed
18	Coupon rate and any related index	n/a	EUR 0,25 per share	from 1,65% To 5,30%
19	Existence of a dividend stopper	Profit Allocation rules contained in the articles of association	Profit Allocation rules contained in the articles of association	No
20a	Fully discretionary, partially discretionary or mandator y (i	Fully discretionary	Fully discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandator y (i	Fully discretionary	Partially discretionary (fully discretionary beyond the initial preference dividend)	Mandatory
21	Existence of a step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	n/a
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts int	n/a	n/a	n/a
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a
34	If temporary write-down, description of write-up mec han	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference shares	senior unsubordinated	senior unsubordinated
36	Non-compliant transitioned features	No	No	No
37	If yes, specifiy non-compliant features	n/a	n/a	n/a