2022

ANNUAL REPORT

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A QUINTET PRIVATE BANK

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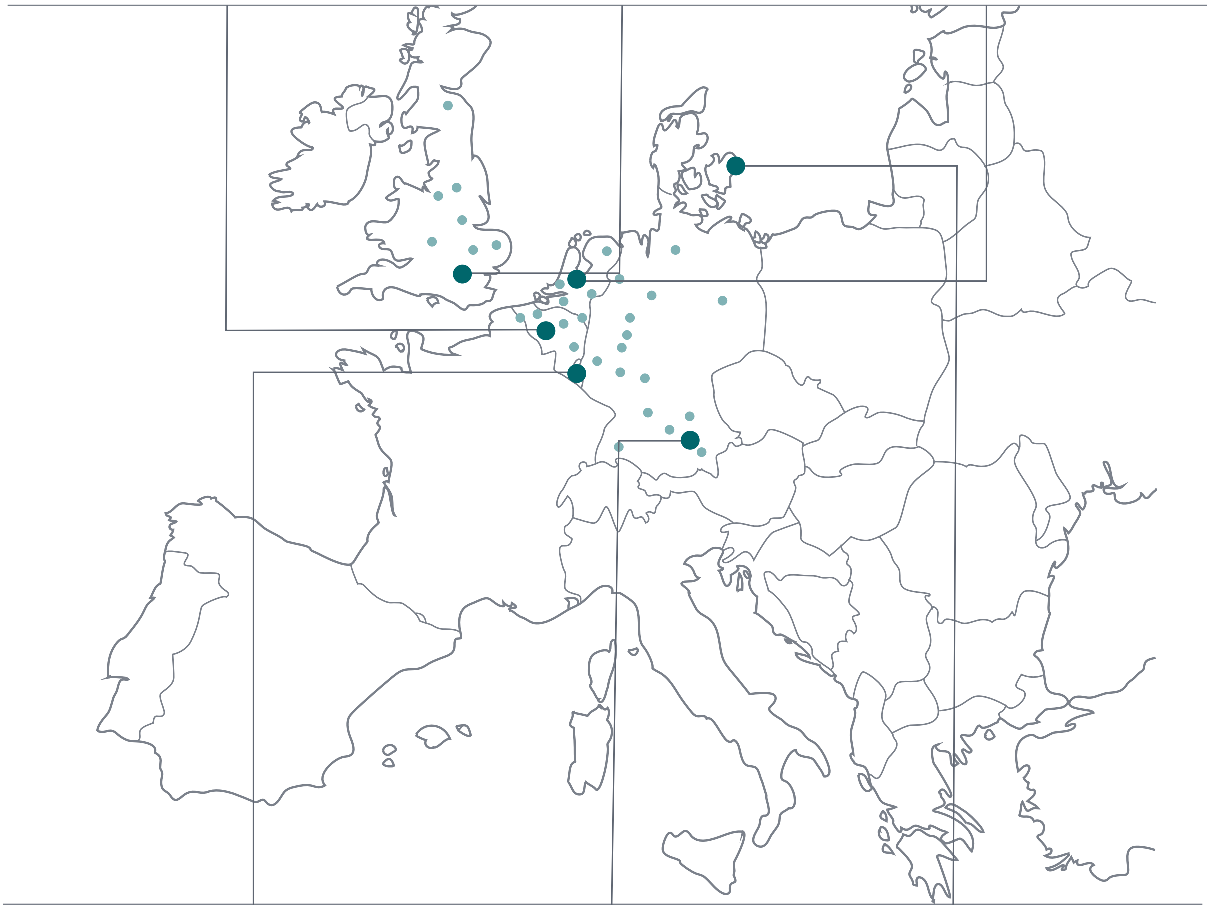

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This document is subject to approval at the Annual General Meeting of 26 April 2023.

MESSAGE FROM THE CHAIR

There was much to celebrate in 2022, in stark contrast to the disruption caused by Covid in 2020 and 2021. Quintet Private Bank benefited from improved, but still volatile, market conditions, particularly towards the end of the year, helping to deliver a net profit which contributes to the build-up of our own capital base. It was also a year of unpredictable external events, however, which will always cause a Board to worry about the response required to navigate choppy waters. In July, 2022, we took great comfort from the arrival of our new Group Chief Executive, Chris Allen, who immediately set about the task of reviewing our organisational structure whilst at the same time reflecting on the market positioning of Quintet – including in particular how we should best serve our clients in all the countries in which we operate.

I will not repeat here comments made in Chris's own message, which follows. However, I will state that the Board has been impressed with the speed and energy being brought to this critical exercise, and the obvious benefits that can be gained. Too often we are more complex than we need to be, especially since we espouse the benefits of being nimble and agile. And we must further develop a deeply rooted culture of "get it right the first time."

The performance of our underlying investments, and hence our client offering, did not meet our expectations in 2022; this was also in stark contrast to the long-term outperformance enjoyed by our clients. While much of this underperformance was driven by events in Ukraine – triggering sharp increases in the oil price, which did not sit easily with an investment proposition based on sustainable principles –we cannot claim the war in Eastern Europe was the only factor. We have learned lessons and are adapting our investment approach to ensure we are always perceived as a reliable wealth manager, which generates consistent investment performance irrespective of external circumstances and has protection of client wealth at the centre of its approach.

As expected, inflation has now become a focus point for all businesses, populations and economies. Whilst Quintet is present across different countries, we cannot escape the added pressure this brings to our own business, as well as those we serve. We hope that actions taken by central banks and governments will curb inflationary pressures quickly and without provoking a prolonged recession. Whilst most banks, including Quintet, will generally benefit from rising interest rates, this creates further financial uncertainty for our clients. We need to respond by providing advice, and regular contact, such that the impact of declining purchasing power of invested funds is managed appropriately.

We enter 2023 with a refreshed strategy – which is more evolution than revolution – and a refreshed leadership team. We have much to gain as a pure-play wealth manager, with all the focus and attention that brings to our core client offering.

The Board extends its thanks and appreciation to all our clients, staff and stakeholders for helping us navigate another year with more than its fair share of external shocks.

At the end of March 2023, George Nasra – CEO of Precision Capital and Deputy Chair of the Board – will retire. George has played a monumental role on the Board for the past 12 years, committing significant time and energy to our business and contributing his invaluable wisdom and experience. As Deputy Chair, he has been a tower of strength across a wide range of important committees and the principal point of contact with our shareholder. For all of this and more, the Board owes him our deepest gratitude and respect. I am sure that he will remain a great friend and ally of Quintet as we move forward.

RORY TAPNER
Chair of the Board of Directors

GROUP CEO WELCOME

Thank you for your interest in Quintet Private Bank.

I am writing this introductory letter, my first as Quintet's Chief Executive, some eight months after assuming my new role in July 2022. Upon joining Quintet, I addressed our staff and shared with them a few initial observations:

- Quintet has a unique geographical footprint, history and client base. Our colleagues have much to be proud of, but must also recognise the constant opportunity for change and improvement to maintain our strong market position and competitive edge
- Client-centricity is critical to our success. We can firmly establish ourselves as trusted advisors by putting client interests right where they belong: at the heart of our organisation
- Quintet has an opportunity to further leverage its core infrastructure; we can create economies of scale, reduce organisational complexity and increase collaboration in service to our clients
- By embracing positive change and working in collaboration, we can and will make Quintet a sustainably profitable and growing bank

During my first few months, I spent time understanding the current structure of the group – listening to colleagues, clients and other stakeholders about how we can be even better, and reflecting on market best practices to evaluate what a future Quintet can and should look like.

Those findings broadly reflected my early impressions; that Quintet can become a simpler, more agile organisation that continues to put client service – and sustainably profitable growth – at the forefront of its decision-making.

INVESTMENT & CLIENT SOLUTIONS

In July 2022, reflecting the above, I took the decision to reduce complexity in our investment value chain by merging two functions – the Chief Investment Office and Global Products & Solutions – into one, renamed "Investment & Client Solutions." Through ICS, we have already begun to simplify governance, create new synergies, speed up decision-making and enable greater collaboration between colleagues. All these changes aim at further improving the way we serve our clients, ensuring greater consistency in performance in line with each client's risk profile.

2022 was an extraordinary year for markets. Global portfolios suffered due to an unusually sharp and simultaneous decline in both equities and bond prices. Fixed-income markets saw the worst government and corporate bond returns in over 50 years and the worst US Treasury bond returns since the 18th century. Among equities, even historically strong performers such as the technology sector suffered.

At a time when we are seizing the opportunity to refresh our investment philosophy, 2023 has so far seen a stabilisation of markets generally and an uptick in our own investment performance – both on an absolute and relative basis.

STRATEGY REFRESH

In the fourth quarter of last year, we finalised our strategy refresh – a series of measures we will implement consistently over the course of this year and 2024 – and our new five-year business plan, subsequently approved by the Board of Directors early this year.

As part of the strategy refresh, we are reviewing our organisational design to create further consistency in our client service model. In addition, we will review and reduce management layers and spans of control, which will lead to quicker decision-making and enhanced client experience.

We will also introduce where possible standardised and digitised processes, from front to back, starting from the perspective of our clients. By doing so, we will become more consistently responsive, offering clients the opportunity to connect with us through the channel of their choice.

In the fourth quarter of last year, we took the very important decision to bring together all AML activities linked to client onboarding, account opening, periodic client file review, and transaction monitoring, sanctions review and negative news screening. This new "team," Client Lifecyle Management, is a fundamental part of our first line of defence against financial crime – helping to protect our clients, our employees, our shareholder and the stakeholders we serve, including society as a whole.

STRENGTHENING OUR FOUNDATION

In a post-Covid context, we are strengthening the foundation of our firm to support sustained growth. We intend to make further investments in the bank this year, including in areas such as client experience, digitization and staff training – leveraging our positive 2022 financial results and the long-term commitment of our shareholder, who has injected more than €350 million in additional capital since acquiring Quintet over a decade ago.

Despite unstable geopolitics, challenging macroeconomic conditions and significant inflationary pressure, we recorded a strong 2022. Last year, total group income rose to €524 million, up 14% compared to €460.8 million in 2021. Revenue growth was supported by increased lending, which reached €4.9 billion, up 10% from €4.5 billion in 2021. In 2022, group expenses remained largely stable at €493.2 million, a 2% decline compared to €504.6 million in 2021.

As detailed in this report, Quintet recorded a 2022 net profit of €18.1 million. That represents a turnaround from 2021, when one-off expenses weighed on the firm's bottom line.

As of December 31, 2022, total client assets stood at €86.7 billion, a 10.2% decline from the end of 2021 primarily due to a price impact linked to volatile financial markets. We expect total client assets to recover as markets stabilise.

Quintet's Basel III common equity tier 1 ratio stood at 18.4% at the end of 2022, well above the regulatory threshold and up from 18% at the end of the previous year. Our liquidity coverage ratio stood at 153.2% at the end of 2022, up from 138.5% at the end of 2021 and likewise well above the regulatory threshold. Current sources of funding and liquidity remain extremely stable.

We are pleased with these results, which reflect Quintet's many strengths. We have much to be proud of, as I told my colleagues on my first day, but must also recognise the constant opportunity for change and improvement.

A UNIQUE PRIVATE BANK

Quintet is uniquely positioned: privately owned, focused on private clients – as well as select professionals and institutions – with geographic coverage across Europe and the UK, and a rich heritage and strong position in each of our local markets. That delivers outstanding client experience as a trusted advisor. And that is increasingly agile and efficient, designed to meet client needs.

Eight months after joining the firm, I am convinced that we can and will tackle the challenges that lie ahead – working in collaboration with colleagues who share my belief in the overriding importance of client-centricity.

Whether you are an individual looking for a partner to secure your family's future or a professional seeking a new career opportunity, I invite you to learn more about our firm by visiting www.quintet.com or contacting us at any of our offices. We would be delighted to hear from you.

Best wishes,

CHRIS ALLEN
Group CEO

CONSOLIDATED MANAGEMENT REPORT

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

RORY TAPNER
Chair

ANNE RUTH HERKES
Director

GEORGE NASRA
Deputy Chair

ANTOINE MARCOLIN
Director

YVES FRANCIS
Director

MARCO MAZZUCCHELLI
Director

FRANK ERTEL
Employee Representative

MARIE-CHRISTINE SCHLAG
Employee Representative

[1]BAS GRADUSSEN
Employee Representative

JAN TOMASEK
Employee Representative

[1]As of August 17, 2022, replacing Willemien Dee

AUTHORIZED MANAGEMENT COMMITTEE

CHRIS ALLEN
Group CEO

SIEGFRIED MARISSENS
Secretary General

BRYAN CRAWFORD
Group Head of Investment & Client Solutions

SIMON SPILSBURY
Group Head of Compliance

NICHOLAS HARVEY
Group Chief Financial Officer

PHILIP TREMBLE
Group Chief Risk Officer

ELI LEENAARS
Group Chief Operating Officer

AFFILIATE & BRANCH MANAGEMENT

CALUM BREWSTER
United Kingdom

LUDIVINE PILATE
Belgium

THOMAS KLEIN
Luxembourg

MICHAEL SAVENAY
Germany

FRANK KOSTER
Netherlands

HENRIK WYRWIK
Denmark

COMPOSITION OF THE BOARD OF DIRECTORS

The Ordinary General Meeting of 20 April 2022 approved the renewal of the mandates of the following Directors:

- R. Tapner
- G. Nasra
- M. Mazzucchelli

which were due to expire and unanimously approved the renewal of their terms of office until the General Meeting of 2024.

The General Meeting also approved unanimously the appointment of T. Franzen as director of the bank until the General Meeting of 2024. T. Franzen had been coopted by the Board of Directors following the resignation of J. Stott as director as per 2 August 2021. T. Franzen subsequently resigned on 15 December 2022. A. Bashenko resigned on 31 December 2022. W. Dee resigned on 31 May 2022.

BUSINESS REVIEW AND EVOLUTION

2022 IN REVIEW

JANUARY

Puilaetco Luxembourg, founded in the Grand Duchy more than 30 years ago and operated as a wholly owned subsidiary of Quintet since 2004, is legally integrated into Quintet Luxembourg

Calum Brewster – previously Managing Director, Head of Private Banking & Client Solutions – is promoted to CEO of Brown Shipley, Quintet's UK subsidiary

Pierre-Jean Frognet, Head of Operations at Quintet Luxembourg since 2018, is promoted to Deputy Country Manager, Luxembourg

FEBRUARY

Copenhagen-headquartered Quintet Danmark opens its second office, in Aarhus, Denmark's second-largest city

MARCH

Quintet partners with The Royal Mint to pioneer the use of recycled gold in an exchange-traded commodity

Quintet publishes its second annual Active Ownership Report

Brown Shipley is named Best Credit Provider – UK Private Bank at the WealthBriefing European Awards

Quintet partners with the United Nations High Commission for Refugees to support Ukrainian refugee relief efforts, including through a firm-wide auction of employee-donated goods and services; Quintet also introduces paid leave for employees to volunteer at a recognized non-profit organization that assists refugees

Brown Shipley expands its presence in the East of England with the appointment of nine additional regionally based front-office colleagues, including Managing Director Simon Smith

Quintet Danmark makes a significant donation to JunkFood, a charity that delivers meals 365 days a year to Copenhagen's homeless

50 employees from Quintet Luxembourg participate in Relay For Life, a charity race in Luxembourg that raises funds for cancer research

InsingerGilissen wins "Best Private Bank in the Netherlands" for the fourth consecutive year at the prestigious IEX Gouden Stier Awards

APRIL

Quintet announces its 2021 financial results, highlighting growth in its core business

Brown Shipley names Mark Flynn as Managing Director & Head of Scotland

MAY

Chris Allen – former HSBC Head of Global Private Banking, EMEA – is named Group CEO of Quintet Private Bank, effective July 1, 2022

Staff at Puilaetco, Quintet's Belgian branch, come together for a day of volunteering in partnership with Goods2Give to support Ukrainian refugees

JUNE

Quintet unveils its 2022 midyear investment outlook: "The age of disruption"

Odile Mohan, an experienced professional with an international track record in HR transformation, is appointed Group Head of HR

Quintet publishes its first Corporate Sustainability Report

JULY/AUGUST

Brown Shipley develops a three-month campaign promoting "Top tips for selling your business" to support entrepreneurs

SEPTEMBER

Puilaetco, Quintet's Belgian branch, launches its "Richer Life Plan," a holistic strategy that aims to address all of its clients' wealth management and planning needs, with a new digital platform developed by Belgian startup Abbove

OCTOBER

Quintet is recognized for excellence at the Global Wealth Awards and named one of Europe's "Outstanding Private Banks" as well as one of the world's "Best Banks for Sustainability & ESG Leadership"

Merck Finck, Quintet's German branch, hosts a Next Gen Summit in Düsseldorf for founders and successors of family businesses, as well as forward thinkers

Meet the Manager, Puilaetco's annual event dedicated to Belgian regulated real estate companies, brings together more than a dozen industry CEOs and numerous clients

NOVEMBER

Simon Spilsbury – most recently Regional Chief Compliance Officer, Continental Europe, at HSBC in Paris – is appointed Group Chief Compliance Officer & member of the Authorized Management Committee

DECEMBER

Florian Kayl is appointed Chief Operating Officer & Deputy Country Manager at Merck Finck

Quintet unveils its 2022 investment outlook, "Shifting markets," and hosts a series of media and client events

Quintet Luxembourg organizes charity drives to support the Red Cross and Stëmm vun der Strooss, a non-profit organization that promotes the social and professional integration of disadvantaged people in the Grand Duchy

NOTE ON CORPORATE SUSTAINABILITY & SOCIAL RESPONSIBILITY

With the emergence of the importance of climate and environmental risks, Quintet has enhanced and clarified its ambitions with extended information provided in the Risk Management notes 39 and 37 of the Financial Statements (respectively for consolidated and statutory versions). In addition, Quintet will publish a non-financial report, Group Corporate Sustainability, presenting its strategy and approach to corporate social responsibility. It will be available on Quintet's website in the course of spring 2023.

Regarding our social commitment, with some 2,000 employees across 50 European cities, our firm has a unique opportunity to make a difference in local communities. Today, we continue to reinforce our commitment to corporate social responsibility, supporting various worthy causes throughout Europe.

At Quintet, we believe in doing well for our clients and doing good in our communities. By contributing resources, time and capital to laudable causes and important ideas, we serve as an agent of positive social change. Quintet provides ongoing funding for a broad range of non-profit cultural organizations. In addition to direct financial support, our bank strongly encourages staff to participate in initiatives that benefit local communities.

KEY CONSOLIDATED FIGURES

(Consolidated figures as of 31 December)	2021	2022
RESULTS (in EUR million)		
Operating income	460.8	**524.0**
Operating expenses	-504.6	**-493.2**
Impairments	-3.5	**-4.5**
Share in results of associated companies	0.8	**-**
Pre-tax profit (from continuing operations)	-46.5	**26.4**
Tax expense	-10.9	**-8.5**
Discontinued operations, net of tax[1]	-52.7	**0.3**
Net consolidated profit, Group share	-110.2	**18.1**
FINANCIAL RATIOS (in %)		
Common equity tier one ratio	18.0%	**18.4%**
Tier one ratio	21.9%	**22.7%**
Solvency ratio	21.9%	**22.7%**
Leverage ratio	4.8%	**4.5%**
Loan-to-deposit ratio	44.3%	**42.4%**
ROAE (Return on average equity)	-9.4%	**1.6%**
ROAA (Return on average assets)	-0.8%	**0.1%**
Cost/income ratio	109.5%	**94.1%**

[1] IFRS 5 application on Quintet Switzerland (see Notes 1 and 2e of the present Consolidated Financial Statements)

(Consolidated figures as of 31 December)	2021	2022
BALANCE SHEET TOTAL (in EUR billion)	14.1	**14.4**
ASSETS		
Cash, cash balances with central banks and other demand deposits	4.3	**5.7**
Loans and advances to credit institutions	0.7	**0.6**
Loans and advances to others than credit institutions	4.8	**5.1**
Equity and debt instruments	3.3	**2.0**
Other	1.1	**1.1**
EQUITY AND LIABILITIES		
Deposits from credit institutions	0.8	**0.4**
Deposits from others than credit institutions	11.4	**12.2**
of which, debt certificates and other deposits	0.5	**0.0**
of which, subordinated debt	-	**-**
Other	0.8	**0.7**
Total equity	1.1	**1.1**
of which, AT1	0.1	**0.1**
PRIVATE BANKING ASSETS UNDER MANAGEMENT[3] (in EUR billion)	65.4	**57.0**
Volume impact[2]	+4.5%	**+0.1%**
Price impact[2]	+13.9%	**-13.3%**
ASSETS UNDER CUSTODY[3] (in EUR billion)	22.1	**21.8**
OTHER CLIENT ASSETS[3] (in EUR billion)	9.1	**7.9**

[2] Volume / price impact excluding acquisitions and divestments
[3] Excluding Quintet Switzerland
The Pillar III disclosures report will be published in summer 2023 on www.quintet.com

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

PRELIMINARY COMMENTS

These consolidated financial statements were approved by the Board of Directors of Quintet on 16 March 2023 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The significant accounting policies are described in Note 2c of the Consolidated Financial Statements hereafter.

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

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

In December 2021, the group signed strategic partnerships with two reputable local financial institutions in Switzerland to allow a smooth transition for its Swiss clients by the end of March 2022. Quintet Switzerland has been in operational wind-down since the second quarter of 2022 and full liquidation is expected to be validated and completed in the course of the second quarter of 2023.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At the end of 2022, Quintet's consolidated balance sheet totaled EUR 14.4 billion. This slight increase compared to 2021 (EUR 14.1 billion) is primarily due to higher client deposits at almost all group entities (EUR +1.2 billion) partially compensated by reduced interbank activity (EUR -0.4 billion) and Euro Commercial Paper and Euro Medium Term Notes issuances (EUR -0.4 billion).

The investment portfolio decreased in 2022 (EUR -1.3 billion) due to the combined effects of profit taking in the first quarter and portfolio de-risking from the second quarter onwards. Most maturities were not renewed, and further sales were initiated to reduce exposure to volatile markets. Despite a lower-than-expected volume at year-end due to anticipated repayments and slower activity, particularly marked in the second half of the year, net new lending continued to increase by nearly EUR 0.5 billion, bringing the total loans and advances to others than credit institutions to EUR 5.1 billion.

The combined effect of higher customer deposits coming from both net new money and client assets' shift into cash given market circumstances, continuous lending book growth and a decrease in size of the investment portfolio led to a material increase of deposits with central banks by EUR 1.3 billion compared to the previous year.

Despite the movements described above, the structure of the group's financial position is largely comparable to the previous years and remains healthy.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

The 2022 consolidated net profit of Quintet Group is EUR 18.1 million, compared to a 2021 consolidated result of Quintet Group that was materially affected by the wind-down of its operations in Switzerland (EUR -110.2 million).

Gross income
Primarily impacted by better margins on deposits following the increase in the main currencies base rate, combined with higher loan volume, net interest income climbed by EUR 58.6 million compared to 2021, when the European Central Bank applied a negative interest rate on the replacement of excess liquidity.

The net gains from financial instruments at fair value, well above the 2022 budget, increased materially compared to the previous year (EUR 50.6 million in 2022 versus EUR 31.9 million in 2021). This was mainly driven by higher results on foreign exchange derivatives transactions and realised gains on the sale of equities.

Net fee and commission income decreased by almost 5% to reach EUR 331 million (EUR 348 million in 2021). This small contraction is primarily attributable to the negative market performance of asset-based fees (EUR -30.3 million) and secondly to transaction-based fees despite a robust performance in the first half of 2022 when the war in Ukraine began with its consequences on the markets.

At the end of 2022, consolidated dividend income amounted to EUR 1.6 million (EUR 3.7 million in 2021) mostly relating to a company offering securities settlement services.

As indicated previously in the balance sheet comments, Quintet took advantage of prevailing market conditions in early 2022 to realize capital gains on positions held in the investment portfolio, mainly on government bonds, of EUR 3.1 million (EUR 8.3 million in 2021), reported under the net realized gains category.

With other leading banks in the Grand Duchy, Quintet was one of the founding shareholders of European Fund Administration (EFA) when it opened its doors in 1996. In spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. This operation led Quintet to record a capital gain of EUR 16.3 million under the other income heading (EUR 19.2 million in 2022 versus EUR 9.1 million in 2021).

Operating Expenses
In 2022, operating expenses remained under control with a reduction of EUR 11.4 million (EUR -493.2 million in 2022, EUR -504.6 million in 2021). The increase in staff costs was mainly driven by mandatory indexations due to inflation and additional temporary staff which were offset by cost countermeasures applied across the Group. The latter, also applied to the general administrative expenses, result in a lower final amount versus previous year.

Over the year in review, the full-time equivalent (FTE) of Quintet remained stable (1,752 FTE in 2022 from 1,758 FTE in 2021). This does not include our Swiss operation in wind down.

Impairments
Impairment expenses totaled EUR -4.5 million in 2022 (EUR -3.5 million in 2021), reflecting a limited set of non-performing exposures.

Discontinued operations
As stated previously in the preliminary section about the IFRS5 application on Quintet Switzerland, its full-year contribution is presented within the 'Profit or (-) loss after tax from discontinued operations' category for an amount EUR 0.3 million (EUR -52.7 million in 2021). All restructuring provisions related to the wind-down activities being accounted in 2021, no impact on the profit and loss accounts is expected until the final closing (by end of first quarter 2023).

CONSOLIDATED SOLVENCY RATIO
Core equity tier 1 ratio (CET1) remained solid and well above the regulatory threshold imposed by the European Central Bank at 18.4% (2021: 18.0%). Despite a decrease in the CET1 capital over 2022, largely attributable to global market volatility since the beginning of the war in Ukraine, the ratio improved thanks to reduced risk-weighted assets (RWA) in credit and market risks.

As briefly mentioned above, the negative evolution of the CET1 (EUR 538 million as at 31 December 2022 versus EUR 565 million as at 31 December 2021) is the result of various effects, including the drop in the ALM revaluation reserve

(EUR -37.6 million, gross of deferred tax), the remeasurement of the defined benefit pension plan due to the increase of the discount rate (EUR 12.0 million) and the yearly AT1 coupon paid to investors (EUR -9.4 million), the foreign exchange reserve (EUR 4.4 million).

In 2022, Quintet reviewed its market risk strategies that resulted in a fall in RWA consumption by EUR 140.8 million in the interest rate market risk. This was accompanied with a slight decrease of RWA in credit risk, which is a combined effect of the sales in ALM portfolio (EUR -141 million) and the continuous increasing lending activity (EUR 47 million). The overall RWA at year-end 2022 was at EUR 2,916 million (EUR 3,141 million at year-end 2021).

For further detailed figures, please refer to the consolidated financial statements section.

RESEARCH & DEVELOPMENT

At Quintet Private Bank, we invest in innovation so we can serve our clients better, including by working together – as one firm – even more efficiently. While that effort is broad-based, our firm focused specifically on developing digital solutions in 2022.

DIGITAL SOLUTIONS

Last year, we focused on delivering a new digital platform for the bank. Starting with client file review (CFR), we developed an efficient workflow solution that allows our client advisors and FIMs to capture more systematically client data and documentation relevant to AML and KYC activities, routing this through appropriate authorization steps and storing it securely for use in future years to facilitate ongoing due diligence requirements.

This solution, while built initially around CFR, enables us to support many other processes across the bank, with client onboarding the next focus. This scalable new platform will allow us to deploy onboarding more efficiently and consistently, providing a framework on which to build client-facing elements.

In 2022, we also deployed a "Richer Life Plan," a digital wealth planning solution shared among clients, client advisors and wealth planners. It enables clients to connect with bank experts to deliver added value around financial planning, donation management and succession cost optimization. Moreover, we offer a digital vault where both Quintet and clients can store and share documents with each other securely. To date, this solution has been deployed in the Belgian market, but in 2023 we hope to extend this service to other Quintet entities, enabling us to leverage the significant potential of the "Richer Life Plan."

Today we have three core banking systems in place across our firm. While we are therefore unlikely to introduce a single application covering all functionalities across all of our markets, we now have a strong digital layer, initially developed for the Netherlands, that can be deployed more widely and a solid internal orchestration/integration layer to connect the different parts of the firm to each other and from there to clients.

Initiatives identified in 2021 around digital signature, electronic ID verification and a wider secure client communication platform remain priorities, and we have made progress in each area. Looking ahead, our aim is to consolidate and unify these into a set of tools that can be easily adopted by clients and client advisors in all markets, underpinned by tighter alignment of processes and organizational structures, even where underlying IT systems differ.

The ultimate value of any digital tool of course depends upon adoption. We are therefore redoubling our efforts to ensure that all clients are able to connect, and that clients and client advisors are fully supported in the onboarding and ongoing use of the technologies by investing in a dedicated team in each market. Further, for all new programmes, we actively seek client feedback to ensure that the voice of the customer is explicitly embedded in the design decisions we make.

STRATEGIC OUTLOOK

Quintet's purpose is to manage family wealth over generations, always focused on the long-term interests of the clients we have the opportunity to serve.

Founded in Luxembourg nearly 75 years ago, we are a privately owned, ECB-regulated, financially stable, pure-play private bank. We are deeply rooted in the communities we serve, which span Europe and the UK. We combine that local proximity and insight with broader perspective – facilitating the opportunity for our clients to live a Richer Life, no matter how they define it.

Our strategic outlook is firmly positive.

Despite unstable geopolitics, challenging macroeconomic conditions and significant inflationary pressure, we recorded a strong 2022. Income rose, lending activity increased and expenses declined. Quintet returned to profitability.

Today, we are focused on further strengthening our client-centric firm, including by reducing organizational complexity and increasing collaboration. We will achieve this through a series of ambitious measures, which will be introduced gradually and consistently over 2023 and 2024. In parallel, by leveraging our positive 2022 financial results and the commitment of our shareholder, we are making significant investments in areas such as client experience, digitization and staff training.

In combination, these structural enhancements will lead to greater productivity, increased revenues and lower expenses – ensuring Quintet's sustained profitability and long-term growth.

More specifically, we will make our organization more efficient by further standardizing and digitizing processes, from front to back, starting from the perspective of our clients. This will contribute to a significant improvement in client experience.

We will simultaneously realign our organization. We will ensure that every team of people – across all our offices – is lean, agile and designed to foster collaboration. Here, we will further leverage the synergies created by the 2020 merger of our EU subsidiaries, while also seizing post-Brexit opportunities between the UK and the EU.

Critically, we are sharpening our client focus, including through a review of our service models and client propositions. That is taking place at a time when we have introduced a new investment decision-making process and philosophy – reflecting our aspiration to deliver consistent risk-adjusted returns via core portfolio solutions as a trusted fiduciary of family wealth.

Backed by our deeply committed shareholder, we will continue to chart our path to sustained profitability and long-term growth. We will further establish Quintet as an employer of choice that promotes career progression and prizes entrepreneurial thinking. And we will cement our reputation as a firm that earns the trust of its clients by placing their interests right where they belong: at the very heart of our organization.

RISK MANAGEMENT

MISSION & ACHIEVEMENTS

Quintet's Group Risk Control function is a second line of defense (2LoD) function, headed by the Group Chief Risk Officer (CRO) and structured around the following four departments:

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

In addition, there is a close coordination with the Risk function in Quintet's UK subsidiary Brown Shipley (BSCo). In addition to the direct reporting lines in BSCo, to ensure alignment where appropriate with Quintet Group, the UK CRO & Risk function have indirect reporting lines to the respective Group functions.

The Group Chief Risk Control function ensures that appropriate risk arrangements are in place to allow all business units and functions to identify, measure, monitor, manage and duly report all of the risks in their respective areas to ensure that the Bank operates within its risk appetite.

Apart from its ongoing responsibilities under the Group governance framework and its continued efforts to meet regulatory requirements and supervisory expectations, the Group Risk Control function made the following key achievements in 2022:

- The Group Risk Control function led Quintet's response to any potential direct and indirect risks resulting from the invasion of Russia in Ukraine in February 2022, and made regular updates to this assessment and monitoring in the remainder of the year.
- The Group's Risk Appetite Framework was revamped during the year to strengthen ownership and embedment in the first and second LoD and to streamline the reporting & escalation process.
- Risk management capabilities for climate & environmental risk were reinforced. A Thematic Review conducted by the ECB on climate & environmental risk in 2022 confirmed that Quintet had made "substantial progress" in the advancement of its implementation plans. Further steps will be taken to advance these further in line with increased expectations in this area.
- Further progress was made on aligning with the BCBS 239 principles on effective risk data aggregation and risk reporting: data governance principles and the target operating model were refined (for instance by extending the scope to Compliance & MIS data, in addition to risk and regulatory reporting data).
- Risk policies and procedures for market, liquidity and counterparty risk were strengthened. The model governance framework, introduced in 2021, was applied more comprehensively during 2022.
- Group Credit Risk enhanced and standardized controls across the Group, increased consistency in the approach to credit structuring, and taken an active role in the redesign of Group Lending Strategy.
- The Enterprise Risk Management Framework & Operational Risk Event Procedure were strengthened and rolled out with training firmwide.
- The Risk Control Self-Assessment (RCSA) tool was improved within the integrated Enterprise Risk Inventory (ERI) and now includes controls testing. An Operational Risk Monitoring Program was launched to continuously assess robustness of the control environment.
- The IT Risk and Cybersecurity frameworks were strengthened and aligned with the evolution of the threat landscape, as well as with the regulatory environment of the Group. Regular analyses were conducted to prepare for new regulatory directives such as DORA and NIS2.
- The Group proceeded with the consolidation of two independent Security Operation

Center Service providers into a single NextGen Managed Detection & Response provider for the Group. The Threat Intelligence Framework was extended with new services covering brand protection.

- A new Security Assessment Program for the Group was launched in 2022.
- A third-party risk management (TPRM) solution that focuses on identifying and reducing risks related to the use of third parties was chosen and implemented for the Group.
- The UK risk function further improved local risk frameworks, factoring in PRA expectations and requirements, notably with improvements to prudential deliverables in the ICAAP and Recovery Plan, credit governance and management information, operational risk methodologies, and climate and environmental risk management.

STRUCTURE & ORGANIZATION

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

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

The department is also involved in defining the methodology for the calculation of pledge value and the criteria for accepting securities taken as collateral as well as other forms of collateral, such as real estate and other forms of security the Group receives in connection with credit facilities the Group offers to its clients. Credit Risk also defines and updates guidelines for different lending products giving rise to credit risk across the firm.

The Credit Risk function takes an active role in the identification, management and oversight of the bank's problem loan portfolio as well as providing advice and recommendations to the firm regarding the ongoing management of the credit book. The Credit Risk function also acts as secretary for the Group Credit Committee.

The **Financial Risk & Reporting** department is organized around three clusters:

- The **Market & Liquidity Risks** cluster is responsible for:
  - The identification, assessment, monitoring, reporting and escalation of market risk and liquidity risk arising from the entire balance sheet, and counterparty risks arising from the Private Banking, Asset Servicing and trading activities
  - The development and maintenance of the Risk data warehouse, tools related to country and counterparty risk, interest rate risk on the banking book, and liquidity reporting, as well as data-related projects

- The **Risk Modelling & Quantitative Analyzis** cluster is responsible for
  - The development, maintenance and validation of risk models (for example, IFRS9, Pillar II, behavioural model for non-maturity deposits) under the Group's model governance framework
  - Advising on model governance and providing quantitative support to other Group & local functions
- The **Risk Projects & Reporting** cluster is responsible for
  - Consolidated internal risk reporting, inter alia for the Authorized Management Committee (AMC), the Board Risk & Compliance Committee (BRCC) and for the competent authority (ECB/CSSF)
  - The maintenance and application of transversal risk management frameworks such as the Risk Appetite Framework, the Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP), or recovery and resolutions planning
  - Maintaining and further developing Quintet's climate and environmental risk management framework

The **Group Chief Information Security Officer** (GCISO) department's objective is to control IT and Cybersecurity risks related to digital/electronic information and assets. The department is in charge of developing and maintaining the Information Risk Control Framework, implementing related IT risk policies, monitoring control' implementation and ensuring adequate reporting of its activities in dedicated instances. It also includes the Cybersecurity Competence Center of the Group, in charge of monitoring our cybersecurity posture, managing the evolution of the threat landscape and driving the alignment with Security Operations (IT first line of defense).

Key activities are the following:

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

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

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

The key goals of the department are the following:

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

COMPLIANCE NORMS & POLICIES

Quintet Group, being Quintet Private Bank including all its branches and subsidiaries (hereafter "Quintet" or the "Group"), is committed to the protection of its clients, integrity of the markets and the fight against illicit activities in all locations in which it operates, by strictly adhering to relevant international as well as local laws, regulations and ethical standards. All staff are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential element of good corporate governance and sound and controlled operations.

As outlined in Appendix 2, Compliance Risk, the Compliance function is defined in the Compliance Policy as a permanent and independent function. Its main aim is to protect Quintet's clients, colleagues and shareholders against risks resulting from non-adherence with relevant regulatory environment and its translation into internal policies and procedures. Compliance function's objectives, responsibilities and powers are set out in its Charter, as approved by the Group's AMC and BoD.

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

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

- Recognizes Compliance's right to open investigations into any of the bank's activities
- Defines the responsibilities of the Chief Compliance Officer
- Describes the relationships with Risk Management and Internal Audit
- Defines the applicable conditions and circumstances for calling on external experts
- Establishes the right of the Chief Compliance Officer to contact directly and on his own initiative the Chair of the Board of Directors, members of the Audit Committee or the Compliance Committee, as well as the CSSF and any other regulator in the locations in which Quintet operates.

Compliance function's scope comprises all compliance risks related to the activities of the Group and its entities and primarily addresses the following items:

- Fight against money laundering and counter-terrorism financing
- Prevention of market abuse
- Monitoring of personal transactions
- Protection of the integrity of the financial markets in which it operates
- Observance of professional secrecy,
- Avoidance and management of conflicts of interest
- Management of compliance risks related to cross-border activities
- Promotion of a good regulatory culture and high ethic standards
- Fight against fraud (internal and external) and anti-bribery & corruption
- Involvement in Quintet's product governance
- Taking actions against internal or external fraudulent behaviors and breaches of discipline

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

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

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

COMPLIANCE: SPECIFIC RESPONSIBILITIES

- Compliance is part of Quintet's second line of defense and as such responsible for the oversight of the first line of defense
- Identify, evaluate and assess compliance risks through the Compliance Risk Assessment methodology
- Identify standards to which the Group and each of its branches and subsidiaries are subject to the exercise of their activities in the various markets and keep records of the main rules
- Establish, embed and monitor adherence to a set of policies and procedures that sufficiently mitigate compliance risks and are suitable to its business model, commercial activities as well as organisational and operational structure
- Define and execute a risk-based Compliance Monitoring Program to control the level of compliance of all relevant activities and how the identified compliance risks (Compliance Risk Assessment) have been mitigated. All relevant changes to the group/entity's compliance risk profile (e.g. reorganization, new strategic markets, etc) will be taken into account in the Compliance Risk Assessment and in the Compliance Monitoring Program
- Centralize all information on detected compliance issues. If this information is not a direct result of Compliance's own involvement, it will examine relevant internal documents (Internal Audit reports, Risk function reports, Legal department opinions, Executive and Management Committees' minutes/papers, Board of Directors' meeting minutes, etc.) or external documents
- Identify instance of non-compliance, recommend corrective measures and monitor their implementation
- Assist and advise senior management, report and advise the AMC and the Board of Directors as well as the members of the Specialized Board Committee (if any) in managing compliance risks and standards, including by informing them of developments which may have a subsequent impact on the area of Compliance
- Ensure staff members are well trained and have a sufficient level of compliance awareness by developing and implementing an ongoing compliance awareness program and by providing day-to-day advice as to compliance areas
- Be involved in the development of internal policies and procedures in Compliance areas
- Be open and cooperative with regulators by providing high-quality interactions in time and form
- Report on the above to the Authorized Management Committee and the Board of Directors/ Specialized Board Committee (if any), as appropriate. Furthermore, the Board Risk Committee (BRC) is informed of, and regularly monitors, the adequacy of Compliance measures

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

ADVICE AND PREVENTION

Compliance provides regulatory assistance to all functions within the Group as part of their BAU activities and interactions with clients. Compliance is also involved in the bank's client acceptance and revision for high-risk clients.

Compliance is responsible for the prompt identification of regulatory initiatives that may have a potential impact on the Group as well as for the oversight of their implementation.

Compliance provides technical assistance to projects and working groups set up by the business to ensure these can adopt regulatory compliant commercial decisions.

CONTROL

The Compliance control framework is part of the Bank's general internal control framework. The Compliance Monitoring teams execute its Compliance Monitoring Program (CMP). If necessary, suggestions for improving the plan are put forward. The Compliance Monitoring Program has been drawn up based on the results of a Compliance Risk Assessment exercise. This methodology for evaluating compliance risk targets a more refined and better documented risk analysis. This allows to better allocate compliance resources to the greatest risks.

Quintet has put in place specialized AML tools to prevent the Group from being used by criminals and wrongdoers as a vehicle for illicit or unethical activities. These solutions improve the review processes for the Group's clients, whether new or existing, both by analyzing client behavior and screening the client database and international lists of persons subject to legal action or restrictive measures.

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

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

OTHER LEGAL REQUIREMENTS

CHANGE IN SUBSCRIBED CAPITAL

As of 31 December 2022, the subscribed and paid-up capital is EUR 254.2 million (31 December 2021: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2021: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2021: 4,336). In 2022, the Bank did not hold any of its own shares.

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

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Following the failure of Silicon Valley Bank (SVB) in March 2023, Quintet can confirm having no exposure – either direct or indirect – to SVB or other US regional banks.

Furthermore, Quintet can confirm it has no material exposure to Credit Suisse Group.

There has been, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2022.

DEPOSIT GUARANTEE

Directive 2014/49/EU and Directive 2014/59/EU were transposed into Luxembourg law by the law of 18 December 2015.

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

The purpose of the FGDL is to protect clients of the member institutions if a bank goes bankrupt. Quintet Luxembourg (and its branches) is a member of the FGDL. This means that account holders (natural persons and legal entities) in Quintet Luxembourg and its branches (InsingerGilissen, Merck Finck, Puilaetco and Quintet Danmark) are protected by the FGDL up to a maximum of EUR 100,000 per person/account. (Additional guarantees are in place for temporary deposits, see the FGDL website for details).

In case of failure, the FGDL ensures that depositors are compensated within 7 days.

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

Each year, Quintet pays a contribution to the FGDL for its financing. The merger of Quintet's EU-based subsidiaries on 15 December 2020 materially affected Quintet's FGDL contribution in 2021 and Quintet's Luxembourg Resolution Fund in 2022.

In 2022, Quintet Luxembourg paid EUR 1,137,667 for the FGDL (2021: EUR 11,175,766) and EUR 9,066,301 for the Luxembourg Resolution Fund (2021: EUR 3,931,271).

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

Quintet and its branches are also members of the SIIL.

GROUP EMPLOYEES & TRAINING

As of December 31, 2022, Quintet, excluding Quintet Switzerland, employed 1,911 staff, compared to 1,915 at the end of 2021.

Of those 1,911 staff, approximately 65% work in branches and subsidiaries outside Luxembourg.

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

R.C.S. Luxembourg: B 006.395

Consolidated financial statements, Consolidated management report and
Report of the independent auditor
as at 31 December 2022

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the consolidated financial statements of the Group. Similarly, the value zero '0' in the following tables indicates the presence of a number after the decimal, while '-' represents the value nil.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Quintet Private Bank (Europe) S.A.
43 boulevard Royal
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Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income (comprising the consolidated statement of profit and loss and the consolidated statement of other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

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1. Impairment on loans and advances to customers

Description

At 31 December 2022, loans and advances to customers amount to EUR 4,069 million (gross amount) against which an impairment allowance of EUR 24 million is recorded (see Note 15 and 22 to the consolidated financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

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

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

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

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

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

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

How the matter was addressed in our audit

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

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

We also performed the following substantive audit procedures:

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

2. Provisions for litigations

Description

As at 31 December 2022, provisions for litigations amount to EUR 28 million (see Note 29 to the consolidated financial statements). A provision for litigation is recognized if (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

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

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel;
- we analyzed the responses to our confirmation requests obtained from external legal counsels of the Group as 31 December 2022;
- for each case we considered whether an obligation exists, we reviewed the assumptions made by the Group in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur;
- we reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- we considered the sufficiency of disclosures related to provisions and contingent liabilities in the Group's consolidated financial statements.

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Other information

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

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

Building a better working world

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Building a better working world

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders the Board of Directors on 17 March 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 years.

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

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 23 March 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2022	31/12/2021
Net interest income	4, 36	118,332	59,762
Dividend income	5	1,645	3,716
Net gains / losses on financial instruments measured at fair value through profit or loss	6	50,645	31,919
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	3,106	8,303
Net fee and commission income	8, 36	331,121	347,949
Other net income / (expenses)	9, 36	19,166	9,123
GROSS INCOME		524,015	460,771
Operating expenses	10, 36	-493,202	-504,596
Staff expenses	11, 30, 31	-321,810	-311,340
General administrative expenses	40	-137,852	-149,733
Other	27, 28, 29	-33,539	-43,523
Impairment	12, 21, 22, 27, 28	-4,459	-3,472
Share of profit of associates	13, 26	-	772
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		26,354	-46,524
Income tax (expenses) / income	14	-8,476	-10,884
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		17,878	-57,407
Discontinued operations, net of tax	2e	271	-52,748
PROFIT/(LOSS) AFTER TAX		18,149	-110,155

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2022	31/12/2021
PROFIT / (LOSS) AFTER TAX	18,149	-110,155
OTHER COMPREHENSIVE INCOME	-11,778	14,975
Items that may be reclassified subsequently to profit or loss	**-24,328**	**-10,117**
Debt instruments at fair value through other comprehensive income	-28,711	-981
Revaluation at fair value (including hedged items)	-34,586	6,667
Net realised gains / losses on sales	-3,665	-7,974
Income tax (expenses)	9,540	326
Exchange differences on translation of foreign operations	8,463	-5,683
Non-current assets and disposal groups held for sale	-4,080	-3,452
Revaluation at fair value	-4,080	-3,452
Items that will not be reclassified to profit or loss	**12,550**	**25,092**
Remeasurements of defined benefit pension plans	12,048	24,932
Remeasurements (gross)	13,696	18,770
Non-current assets and disposal groups held for sale	-	7,749
Income tax (expense)/income on remeasurements	-1,648	-1,587
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	502	160
Revaluation at fair value	669	217
Income tax (expenses) / income	-167	-57
TOTAL COMPREHENSIVE INCOME	6,370	-95,180

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2022	31/12/2021
Cash, cash balances with central banks and other demand deposits	18, 36, 38	5,652	4,251
Financial assets	15, 16, 17, 18, 19, 20, 36, 38	8,296	8,952
Held-for-trading	15, 17, 23	364	164
Non-trading mandatorily at fair value through profit or loss	15, 17	37	45
At fair value through other comprehensive income	15, 16, 17	959	2,152
At amortized cost	15, 16, 17	6,694	6,570
Hedging derivatives	15, 17, 23	243	20
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-211	-8
Tax assets	25, 38	33	26
Current tax assets		2	4
Deferred tax assets		30	23
Investments in associates	26	0	5
Investment properties	28	-	-
Property and equipment	28	72	82
Goodwill and other intangible assets	27	442	449
Other assets	24, 38	152	139
Non-current assets and disposal groups classified as held for sale	1, 2e, 38	5	240
TOTAL ASSETS		**14,441**	**14,137**

EQUITY AND LIABILITIES (In EUR million)	Notes	31/12/2022	31/12/2021
Financial liabilities	15, 16, 17, 18, 36	13,003	12,512
Held-for-trading	15, 17, 23	291	120
At amortized cost	15, 16, 17	12,701	12,310
Hedging derivatives	15, 17, 23	12	82
Tax liabilities	25	1	3
Current tax liabilities		1	3
Deferred tax liabilities		-	-
Provisions	29, 31	50	72
Other liabilities	30	240	292
Liabilities directly associated with assets held for sale	1, 2e	3	111
TOTAL LIABILITIES		**13,296**	**12,989**
TOTAL EQUITY		**1,145**	**1,148**
Equity attributable to the owners of the parent	32	1,145	1,148
Non-controlling interest		-	-
Out of which Common Equity Tier 1 instruments issued		*880*	*880*
TOTAL EQUITY AND LIABILITIES		**14,441**	**14,137**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity issued other than capital	Consolidated reserves	Revaluation reserve	Remeasurement of defined benefit pension plans	Currency translation differences	Profit/ Loss	**Total equity**
2022									
Balance as at 01/01/2022	**254.2**	**626.3**	**123.5**	**265.5**	**13.0**	**-35.2**	**10.7**	**-110.2**	**1,147.9**
Transfer of previous year result to the reserves (Note 32)	-	-	-	-110.2	-	-	-	110.2	-
Capital Increase (Note 32)	-	-	-	-	-	-	-	-	-
AT1 coupon payment	-	-	-	-9.4	-	-	-	-	-9.4
Total comprehensive income for the year	-	-	-	-	-28.2	12.0	4.4	18.1	6.4
Transfer remeasurement of defined benefit pension plan of discontinued operations to reserves	-	-	-	-	-	-	-	-	-
Other	-	-	-	0.1	-	-	-	-	0.1
Balance as at 31/12/2022	**254.2**	**626.3**	**123.5**	**146.1**	**-15.2**	**-23.2**	**15.1**	**18.1**	**1,144.9**
2021									
Balance as at 01/01/2021	**242.2**	**578.3**	**123.6**	**298.0**	**13.8**	**-60.2**	**19.9**	**-20.1**	**1,195.5**
Transfer of previous year result to the reserves (Note 32)	-	-	-	-20.1	-	-	-	20.1	**-**
Capital Increase (Note 32)	12.0	48.0	-	-	-	-	-	-	**60.0**
AT1 coupon payment	-	-	-	-7.0	-	-	-	-	**-7.0**
Total comprehensive income for the year	-	-	-	-	-0.8	24.9	-9.1	-110.2	**-95.2**
Transfer remeasurement of defined benefit pension plan of discontinued operations to reserves	-	-	-	-5.6	-	-	-	-	**-5.6**
Other	-	-	0.0	0.1	-	-	-	-	**0.1**
Balance as at 31/12/2021	**254.2**	**626.3**	**123.5**	**265.5**	**13.0**	**-35.2**	**10.7**	**-110.2**	**1,147.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2022	31/12/2021
Profit / (loss) before tax		26.4	-46.5
Profit / (Loss) from Discontinued operations before tax		0.3	-50.6
Adjustments for:		-0.4	30.5
Impairment on securities, amortisation and depreciation on property and equipment, intangible assets and investment properties	10, 12	33.2	33.7
Profit/loss on the disposal of investments	9	-18.7	-0.9
Change in impairment for losses on loans and advances	12	4.8	3.3
Change in other provisions	10	0.0	10.0
Unrealised foreign currency gains and losses and valuation differences		-19.7	-14.8
Income from associates	13	-	-0.8
Cash flows from / (used in) operating activities before tax and changes in operating assets and liabilities		**26.2**	**-66.6**
Changes in operating assets [(1)]		1,339.6	1,269.8
Changes in operating liabilities [(2)]		437.4	270.7
Income taxes		-8.5	-10.7
Net cash flows used in operations activities from discontinued operations		-144.5	117.4
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**1,650.1**	**1,580.6**
Purchase of subsidiaries		-	-
Proceeds from sale of subsidiaries	9	5.1	-
Proceeds from sale of associates	9	16.3	-
Purchase of intangible assets	27	-7.5	-5.3
Proceeds from sale of intangible assets	27	-	-
Purchase of property and equipment	28	-5.0	-5.5
Proceeds from sale of property and equipment	9, 28	-	0.0
Net cash flows from / used in investing activities from discontinued operations		-0.2	-3.2
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**8.6**	**-14.0**
Share capital increase	32	-	60.0
Issue of other equity instruments		-	-
Purchase/sale of treasury shares		-	-
Issue/(repayment) of non-subordinated debt	15	-428.3	-254.5
Issue/(repayment) of subordinated debts	15	-	-
Dividends paid and profit-sharing		-	-
AT1 yearly coupon payment		-9.4	-7.0
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-437.7**	**-201.5**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [(3)]		**1,221.0**	**1,365.0**
CASH AND CASH EQUIVALENTS AS AT 01/01		4,684.4	3,319.3
Net increase/decrease in cash and cash equivalents		1,221.0	1,365.0
CASH AND CASH EQUIVALENTS AS AT 31/12		**5,905.3**	**4,684.4**
ADDITIONAL INFORMATION			
Interest paid during the year		-88.3	-89.5
Interest received during the year		190.3	137.6
Dividends received (including equity method)	5	1.6	3.7
COMPONENTS OF CASH AND CASH EQUIVALENTS		**5,905.3**	**4,684.4**
Cash and balances with central banks (including mandatory reserves with the central banks)		5,232.6	4,082.1
Loans and advances to banks repayable on demand		972.0	927.3
Deposits from banks repayable on demand		-299.2	-325.0
Of which: not available [(4)]		*53.2*	*50.8*

(1) Including Loans and advances to banks and customers, securities, derivatives and other assets.
(2) Including deposits from banks and customers, bonds issued, derivatives and other liabilities.
(3) Cash includes cash and deposits payable on demand; cash equivalents are short-term investments that are very liquid easily convertible into a known cash amount and subject to a negligible risk of a change in value.
(4) Cash and cash equivalents not available for the Group mainly comprise of the mandatory reserve held with the Luxembourg Central Bank and the 'margin' accounts held with clearing houses (futures markets, etc.).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General

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

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

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

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

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

Puilaetco Luxembourg

On 1 January 2022, Puilaetco Luxembourg was absorbed into Quintet Luxembourg. Following a careful review of how we work together as one firm, it was concluded that integrating Puilaetco Luxembourg into Quintet's existing activities in the Grand Duchy would allow us to spend more time focused on clients, including by increasing operational efficiency.

Puilaetco Luxembourg was operating as a wholly owned subsidiary of Quintet since 2004 and employed some 22 staff.

European Fund Administration (EFA)

In Spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. Quintet was one of the founding shareholders of European Fund Administration (EFA) when it opened its doors in 1996. This operation led Quintet to record a capital gain of EUR 16.3 million in the other income (Note 9) for a cash received of EUR 21.5 million.

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

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

As at 31 December 2022, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg and KTL), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet as its head office at Luxembourg. The prices adjustment related to that sale that occurred in 2021 and 2022 are presented in Note 9.

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

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

On 17 December 2021, the Group signed strategic partnerships with two reputable local financial institutions in Switzerland to allow a smooth transition to its Swiss clients by the end of March 2022.

Quintet Switzerland, which does not hold a banking license anymore and which is not subject to regulatory supervisions, is in operational wind-down since the second quarter of 2022 until full liquidation, which is expected to be validated and completed in the course of the second quarter 2023.

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

Consequently, the following presentation is applied:

Balance sheet
For all periods presented, all assets related to Quintet Switzerland are reclassified and disclosed separately in a single line item as "Non-current assets and disposal groups classified as held for sale". Likewise, all liabilities are reclassified and disclosed separately in a single line item as "Liabilities directly associated with assets held for sale".

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

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

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

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

Note 2a – Statement of compliance

These consolidated financial statements were approved by the Board of Directors of Quintet on 16 March 2023.

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

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

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

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

Standards effective for Quintet Private Bank (Europe) S.A from 1 January 2022:

- Annual Improvements to IFRSs 2018-2020 Cycle (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (issued on 14 May 2020) and effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

The entry into force of these amendments to the IFRS had no impact on the Group's accounts.

New standards and interpretations issued for the annual periods beginning on or after 1 January 2022 or later, and whose adoption by the EU remains open or has been postponed:

- IFRS 17 Insurance Contracts (issued on 1 May 2017) including Amendments (issued on 25 June 2020) and effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (issued on 23 January 2020) and effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Issued in February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Definition of Accounting Estimates – Amendments to IAS 8 (Issued in February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (issue in May 2021 and effective for annual periods beginning on or after 1 January 2023).

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

Note 2c – Significant accounting policies

a. Consolidation criteria

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

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

Entities exclusively controlled by Quintet, either directly or indirectly, are consolidated using the full consolidation method.
For a joint operation, Quintet recognizes its share of assets, liabilities, income and expense according to the terms of the joint arrangement. Joint ventures and investments in associates (that is, where Quintet has significant influence) are accounted for using the equity method. Following the sale of the stake in EFA no more entities are consolidated through use of the equity method at the end of the year 2022.

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

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

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

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

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

b. Foreign currency translation

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

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

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

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

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

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

Annual average exchange rates in 2022

	1 EUR = ... CUR	Variation versus average 2021
GBP	0.852911	-0.88%
CHF	1.004035	-7.14%

Exchange rate as at 31/12/2022

	1 EUR = ... CUR	Variation versus 31/12/2021
GBP	0.887238	5.67%
CHF	0.987411	-4.71%

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

c. Financial assets and liabilities

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

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

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

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

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

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

Pursuant to the provisions of IFRS 9 on derecognition, the Group keeps securities lent in its securities portfolio, but securities borrowed are not recorded on the statement of financial position. Similarly, the securities transferred through repurchase agreements are kept in the securities portfolio but those under reverse repurchase agreements are not recorded on the statement of financial position.

Initial measurement of financial instruments

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

Day 1 profit or loss

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

c.2. Categories of financial assets and financial liabilities

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

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

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

c.2.1. Debt instruments

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

Classification and subsequent measurement of debt instrument depend on:

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

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

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

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

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

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

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

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets,
- The contractual terms of the financial asset meet the solely payments of principal and interest *(SPPI)* test (this criterion, also applicable to the "amortized cost" category, is defined below).

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

- Financial assets at amortized cost

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

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

The details of these conditions are outlined below.

These instruments are mainly composed of debt securities and loans and advances. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 39. Interest income from these financial assets is included in interest and similar income using the effective interest rate method.

Some financial assets measured at amortized cost are hedged under a fair value hedge strategy and in this case the fair value adjustment is recognised on the carrying amount of the financial asset.

Business model assessment

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

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

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

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

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

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

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

c.2.2. Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

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

c.2.3. Financial liabilities

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

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

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

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

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

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

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

c.2.4. Cash, cash balances with central banks and other demand deposits

Cash, cash balances with central banks and other demand deposits comprises cash on hand, non–restricted current accounts with central banks, amounts due from banks on demand as well as cash with brokers related to unsettled deals and margin accounts.

c.3. Evaluation of financial instruments

Financial assets and liabilities are initially recognised at fair value and are then measured in accordance with the principles governing the IFRS 9 category in which they are placed. *Assets measured* at amortized cost using the effective interest rate (hereinafter 'EIR') method, that is the rate that precisely discounts the future cash inflows or outflows to obtain the carrying amount. Instruments without a fixed maturity are measured at cost.

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

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

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

c.4. Impairment of financial assets

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

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

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

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

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

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

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

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

The calculation of ECLs

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

The calculation methodology of ECL is outlined in Note 39.

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

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

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

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

The calculation methodology is summarised below:

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

Debt instruments measured at fair value through OCI

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

Forward looking information

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

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

c.5. Hedge accounting

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

The group manages the interest rate risk arising from fixed-rate instruments by entering into interest rate swaps.

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

Macro fair value hedging is applied to a part of the fixed rate mortgages.

These fixed-rate loans are covered by generation. A generation represents the year of granting the loan or, when applicable, latest the renegotiation date. Loans' cash flows are simulated by generation in accordance with the ALM Models, including the impact of anticipated repayments in order to comply with the normative requirements.
The swaps used as hedging instruments are also classified by generation and the associated cash flows are simulated in accordance with the contractual terms. The efficiency test consists of comparing for each generation, the outstanding amounts of loans with the notional of the macro-hedging swaps per time bucket.

In the case where areas of over hedging are identified i.e. the notional amount of the swap exceeds the nominal amount of the loans on the same time band, IAS 39 (AG99G) permits the use of the swaps in loan portfolios initiated in prior periods. This approach is justified by the fact that an hedging swap covers the interest rate risk of the existing balance sheet at date and not the generation of fixed rate assets in progress.

In the context of this dynamic strategy, existing hedging swap can be allocated to loans originated to subsequent periods provided that the interest rate of the fixed leg of the swap is lower than the fixed rate of the loan portfolio in subsequent periods. Thus, only the part of the loan portfolio with an interest rate up to the fixed rate of the IRS is assigned as hedged item.

If a hedging derivative which generates over hedge cannot be reused it is immediately disqualified and reclassified as trading instrument.
In the case where the residual areas of over hedging don't lead to such full disqualification of the hedging instrument, the inefficiency amount is calculated using a net interest charge per generation approach, which corresponds to the loss suffered as a result of the disappearance of the hedged item.
The calculation methodology consists in selecting the hedging swaps whose notional amount is equal to the over-hedge areas for a given generation and to evaluate the loss of interest margin for each area as a proportion of the net present value on each time band for which an over-hedge area is observed.

The amount immediately recognized in P&L as a change in the macro hedge adjustment is then equal to the sum of partial net present value of the identified hedging items on the over-hedged buckets. In the case where no interest rate swap notional matches the over-hedging amount, a portion of a derivative is used to calculate the weighted sum of partial net present value of the over-hedged buckets.

In the balance sheet, the fair value remeasurement of the macro hedged loans is recognised in accordance under "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

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

Micro hedge accounting is also applied, using equity OTC derivatives, as part of the issuance of structured product activity. These derivatives allows to neutralise the equity component related risks of these instruments.

Micro hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold. In this case, and for debt instruments, the cumulative change to the carrying amount of the hedged instrument (relating to hedged risks) is transferred to the statement of profit and loss prorata temporis until the instrument expires.
Cash flow hedge accounting is used by the Group to recognise hedges of the exposure to variability in cash flows of highly probable forecast transactions. In this case:

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

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

Foreign currency financing of a net investment in a foreign entity is accounted for as a hedge of that net investment. Translation differences (taking account of deferred taxes) on the financing are recorded in equity, along with translation differences on the net investment.

However, the Group currently does not hold any net investment in a foreign entity to which this approach is applied.

d. Repurchase agreements and reverse repurchase agreements

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

e. Goodwill, badwill and other intangible assets

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

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

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

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

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

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

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

f. Software as a Service

In most cases, implementation costs related to Software as a Services (SaaS) do not met the IAS38 definition of a fixed intangible asset and have to be recognized in profit and loss as the group benefits from the expendire.
When a SaaS vendor performs a customisation service that is considered to be integral to the Group's ability to derive its intended benefit from the software, then, amounts paid are recognized as prepaid amounts and charged in the statement of profit and loss, as general administrative expenses, over the contractual period of access to the software.

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

Property and equipment are initially recognised at cost.

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

Overview of average depreciation rates

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

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

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

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

h. Investment properties

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

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

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

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

i. Leased assets (as lessee)

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

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

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

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

The Group also assesses the right-of-use asset for impairment when such indicators exist.
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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

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

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

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

j. Pensions

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

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

(i) Service cost and net interest on the net defined benefit liability / asset are recognized in the statement of profit and loss;
(ii) Remeasurements of the net defined benefit liability / asset are recognized in other comprehensive income. Remeasurements include:

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

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

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

k. Tax assets and tax liabilities

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

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

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

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

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

l. Provisions

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

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

m. Financial guarantees

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

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

n. Equity

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

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.
The acquisition cost of Quintet treasury shares that have been or are being purchased is deducted from equity. Gains and losses realised on sale or cancellation of treasury shares are recognised directly in equity.

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

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

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

o. Write offs

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

p. Non-current assets held-for-sale

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

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

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

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

q. Investment in associates

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

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

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

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

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

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

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

Following the sale of the stake in EFA in 2022 no more entities are consolidated through use of the equity method at the end of the year 2022.

r. The effective interest rate method ('EIR')

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

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

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

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

s. Dividend on ordinary shares

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

t. Revenue

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

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

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

Net interest income

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

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

Dividends

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

Rendering of services

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

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

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

Note 2d – Significant accounting estimates and judgements

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

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

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

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

Going concern

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

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

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

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

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

(In EUR thousand)	31/12/2022	31/12/2021
Net interest income	-226	1,923
Net gains/losses on financial instruments measured at fair value through profit or loss	-38	344
Net fee and commission income	148	3,882
Other net income (expenses)	5,926	10,221
GROSS INCOME	5,810	16,371
Operating expenses	-5,579	-61,218
Impairment	40	-5,762
Negative goodwill recognised in profit or loss	-	-
Profit / (Loss) before tax for the discontinued operations	271	-50,609
Income tax (expense) / income	-	-2,139
Profit / (Loss) after tax for the discontinued operations	**271**	**-52,748**

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

ASSETS (In EUR million)	31/12/2022	31/12/2021
Cash, cash balances with central banks and other demand deposits	5	150
Financial assets	-	89
Held-for-trading	-	1
At amortized cost	-	88
Other assets	-	2
TOTAL NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	5	240

LIABILITIES (In EUR million)	31/12/2022	31/12/2021
Financial liabilities	-	68
Held-for-trading	-	0
At amortized cost	-	68
Provisions	1	8
Other liabilities	1	34
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD-FOR-SALE	3	111

Note 3a – Segment reporting by business segment

Quintet Group distinguishes between the following primary segments:

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

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

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

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

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

Statement of profit and loss (In EUR million)	PRIVATE BANKING		ASSET SERVICING		OWN ACCOUNT & GROUP ITEMS		TOTAL GROUP	
	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income	90.8	41.1	13.8	5.7	13.8	13.0	**118.3**	**59.8**
Dividend income	0.0	-	-	-	1.6	3.7	**1.6**	**3.7**
Net gains/losses on financial instruments measured at fair value through profit or loss	28.6	23.7	3.9	3.8	18.1	4.4	**50.6**	**31.9**
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	0.0	0.0	0.0	0.0	3.1	8.3	**3.1**	**8.3**
Net fee and commission income	291.6	306.7	28.9	24.0	10.6	17.2	**331.1**	**347.9**
Other net income	-45.4	-13.2	-0.6	-0.1	65.2	22.5	**19.2**	**9.1**
GROSS INCOME	**365.5**	**358.2**	**46.1**	**33.4**	**112.4**	**69.1**	**524.0**	**460.8**
Operating expenses	-291.6	-353.4	-20.1	-28.1	-181.5	-123.1	**-493.2**	**-504.6**
Impairment	-4.4	-7.2	-	0.2	-0.1	3.6	**-4.5**	**-3.5**
Share of profit of associates	-	-	-	-	-	0.8	**-**	**0.8**
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**69.5**	**-2.4**	**26.0**	**5.5**	**-69.1**	**-49.6**	**26.4**	**-46.5**
Income tax (expense) / income	-5.2	-6.8	0.0	0.0	-3.3	-4.1	**-8.5**	**-10.9**
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**64.3**	**-9.2**	**26.0**	**5.5**	**-72.5**	**-53.7**	**17.9**	**-57.4**
Discontinued operations, net of tax	0.3	-52.7	-	-	0.0	0.0	**0.3**	**-52.7**
PROFIT/(LOSS) AFTER TAX	**64.6**	**-62.0**	**26.0**	**5.5**	**-72.5**	**-53.7**	**18.1**	**-110.2**

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

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

Note 3b – Operating segments by geographic sector

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

(In EUR million)	Domestic		Non-Domestic		Quintet Group	
	2022	2021	2022	2021	2022	2021
Gross income	177	117	347	344	524	461
Total assets	7,620	7,567	6,821	6,570	14,441	14,137
Total liabilities (excluding equity)	6,032	5,945	7,264	7,044	13,296	12,989

Note 4 – Net interest income

(In EUR thousand)	31/12/2022	31/12/2021
Interest income	**508,783**	**213,442**
Financial assets at fair value through other comprehensive income	24,975	39,318
Financial assets at amortized cost	125,943	67,666
Interest income on liabilities at amortized cost	12,424	17,303
Other	7,812	111
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*171,153*	*124,398*
Financial assets held-for-trading	318,321	78,229
Net interest on hedging derivatives	19,309	10,815
Interest expense	**-390,451**	**-153,680**
Financial liabilities at amortized cost	-41,300	-12,775
Interest expense on assets at amortized cost	-12,679	-24,645
Other	-2	-
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-53,981*	*-37,420*
Financial liabilities held-for-trading	-302,233	-64,593
Net interest on hedging derivatives	-33,148	-50,473
Interest expense for leasing arrangements	-1,090	-1,193
Net interest income	**118,332**	**59,762**

Note 5 – Dividend income

(In EUR thousand)	31/12/2022	31/12/2021
Non-trading financial assets mandatorily at fair value through profit or loss	1,645	3,716
Dividend income	**1,645**	**3,716**

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

(In EUR thousand)	31/12/2022	31/12/2021
Held-for-trading	36,968	29,734
Non-trading financial instruments mandatorily at fair value through profit or loss	7,288	543
Exchange differences	-11	-48
Fair value adjustments in hedge accounting	6,399	1,689
Micro-hedging	-627	615
Fair value of hedged items	-105,119	-63,138
Fair value of hedging items	104,492	63,753
Macro-hedging	7,026	1,074
Fair value of hedged items	-107,406	-21,702
Fair value of hedging items	114,432	22,776
Net gains/losses on financial instruments measured at fair value through profit or loss	**50,645**	**31,919**

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

(In EUR thousand)	31/12/2022	31/12/2021
At fair value through other comprehensive income	3,665	7,974
Debt securities	3,665	7,974
At amortized cost	-	380
Debt securities	-	380
Financial liabilities	-558	-51
Debt securities	-558	-51
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**3,106**	**8,303**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2022	31/12/2021
Fee and commission income	**367,998**	**393,881**
Asset management	313,648	331,954
Securities transactions	46,342	54,264
Other	8,008	7,663
Fee and commission expense	**-36,876**	**-45,932**
Asset management	-24,850	-28,742
Securities transactions	-8,178	-11,761
Other	-3,849	-5,429
Net fee and commission income	**331,121**	**347,949**

Note 9 – Other net income

(In EUR thousand)	31/12/2022	31/12/2021
Total	**19,166**	**9,123**
of which:		
Sale of EFA participation (Note 1)	16,261	-
Disposal of KBL Immo (price adjustment, Note 1)	3,295	975
Gain on sale of portfolio of customers	1,337	-
Offsetting of defined benefit pension transfer provision of Brown Shipley due to insurance coverage and decrease of deferred acquisition cost NWB acquisition	777	2,059
Sale of Pension business by Brown Shipley	469	4,178
Net wealth tax	-760	-1,184
Net proceeds from precious metals transactions	-	1,240

Note 10 – Operating expenses

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

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

(In EUR thousand)	31/12/2022	31/12/2021
Staff expenses	-321,810	-311,340
General administrative expenses	-137,852	-149,733
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-33,580	-33,540
of which depreciation of right-of-use assets	*-13,499*	*-13,866*
Net provision allowances	41	-9,983
Operating expenses	**-493,202**	**-504,596**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2022	31/12/2021
Total average number of FTE	**1,774**	**1,861**
Breakdown by business segment [1]	**1,774**	**1,861**
Private Banking	1,412	1,552
Asset Servicing	79	161
Own Account and Group Items	282	148
Geographic breakdown	**1,774**	**1,861**
Domestic	635	678
Non-Domestic	1,139	1,183

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

Note 12 – Impairment

(In EUR thousand)	31/12/2022	31/12/2021
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	-114	-275
At fair value through other comprehensive income	343	139
Stage 1	343	139
At amortized cost	-4,688	-2,912
Stage 1	-258	1,537
Stage 2	253	-380
Stage 3	-4,682	-4,069
Goodwill and other intangible assets	-	-
Other	-	-423
Impairment	**-4,459**	**-3,472**

More detailed information on impairment is provided in Note 39. No impairment on goodwill was booked in 2022 and 2021.

	Net carrying value of assets before 2022 impairment test	Current estimated recoverable values at year end	Impairment recognized in the 2022 statement of profit and loss	Net carrying value of assets after 2022 impairment test
Goodwill – Eurozone				
CGU - Private Banking Europe (In EUR million)	355.5	672.3	-	355.5
Goodwill - non Eurozone				
CGU - Private Banking UK (in GBP million)	56.1	230.6	-	56.1

The values of goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter. Impairment tests performed as at 31 December 2022 and 2021 did not reveal any losses to be recognized in the 2022 and 2021 consolidated accounts.

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

Cash generating units

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

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

Multiples of valuation of comparable companies methodology

Estimations are made using multiples of valuation of comparable companies.

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

Level 1: quoted price in active market for identical assets or liabilities

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

Level 3: unobservable inputs

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

Note 13 – Share of profit of associates

(In EUR thousand)	31/12/2022	31/12/2021
European Fund Administration S.A. (Note 1)	-	772
Share of profit of associates	**-**	**772**

Note 14 – Income tax (expenses) / income

(In EUR thousand)	31/12/2022	31/12/2021
Breakdown by type		
Current tax	-8,035	-9,047
Deferred tax	-441	-1,837
Income tax (expenses) / income	**-8,476**	**-10,884**
Breakdown by major components:		
Result before tax	26,354	-46,524
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**-6,573**	**11,603**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	-2,274	19,021
Tax-free income	9,491	8,753
Other non-deductible expenses	-5,862	-1,822
Adjustments related to prior years	7	-261
Adjustments to opening balance due to tax rate change	381	-878
Unused tax losses and tax credits	-1,026	-4,536
Other (1)	-2,620	-42,764
Income tax adjustments	**-1,903**	**-22,487**
Income tax (expenses) / income	**-8,476**	**-10,884**

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

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

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

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

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	**-**	**-**	**-**	**554**	**-**	**554**
Loans and advances other than with credit institutions	**-**	**-**	**-**	**5,144**	**-**	**5,144**
Consumer credits	-	-	-	33	-	**33**
Mortgage loans	-	-	-	2,336	-	**2,336**
Term loans	-	-	-	1,677	-	**1,677**
Current accounts	-	-	-	1,074	-	**1,074**
Other	-	-	-	25	-	**25**
Equity instruments	**0**	**37**	**17**	**-**	**-**	**54**
Debt instruments	**45**	**-**	**942**	**995**	**-**	**1,982**
Government bodies	-	-	576	690	-	**1,266**
Credit institutions	33	-	102	273	-	**409**
Corporates	12	-	264	32	-	**307**
Financial derivatives	**319**	**-**	**-**	**-**	**243**	**562**
Total	**364**	**37**	**959**	**6,694**	**243**	**8,296**
Of which reverse repos	-	-	-	508	-	508

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

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading liabilities	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	**-**	**-**	**439**	**439**
Deposits from other than credit institutions	**-**	**-**	**12,149**	**12,149**
Current accounts/demand deposits	-	-	9,338	**9,338**
Time deposits	-	-	2,801	**2,801**
Other deposits	-	-	10	**10**
Debt securities issued (not subordinated)	**-**	**-**	**50**	**50**
Non-convertible debt securities	-	-	50	**50**
Lease liabilities	**-**	**-**	**63**	**63**
Financial derivatives	**291**	**12**	**-**	**302**
Total	**291**	**12**	**12,701**	**13,003**
Of which repos	-	-	4	4

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

Fair value of financial instruments

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

(In EUR million)	**Carrying amount**		**Fair value**	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
ASSETS				
Loans and advances to credit institutions	**554**	**653**	**554**	**653**
Loans and advances to other than credit institutions	**5,144**	**4,837**	**5,144**	**4,837**
Consumer credits	33	63	33	63
Mortgage loans	2,336	2,134	2,336	2,134
Term loans	1,677	1,676	1,677	1,676
Current accounts	1,074	801	1,074	801
Other	25	164	25	164
Debt instruments	**995**	**1,080**	**924**	**1,083**
LIABILITIES				
Deposits from credit institutions	**439**	**833**	**439**	**833**
Deposits from other than credit institutions	**12,149**	**10,926**	**12,150**	**10,926**
Current accounts/demand deposits	9,338	9,797	9,338	9,797
Time deposits	2,801	1,122	2,802	1,122
Other deposits	10	7	10	7
Debt securities issued (not subordinated)	**50**	**478**	**48**	**478**
Non-convertible debt securities	50	478	48	478

Fair value hierarchy

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

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

31/12/2022
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**363**	**0**	**364**
Equity instruments	-	-	0	0
Debt instruments	-	45	0	45
Derivatives	0	318	-	319
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**37**	**37**
Equity instruments	-	-	37	37
Debt instruments	-	-	-	-
At fair value through other comprehensive income	**355**	**586**	**17**	**959**
Equity instruments	-	-	17	17
Debt instruments	355	586	-	942
Hedging derivatives	**-**	**243**	**-**	**243**

LIABILITIES				
Held-for-trading	**0**	**290**	**-**	**291**
Debt instruments	-	-	-	-
Derivatives	0	290	-	291
Hedging derivatives	**-**	**12**	**-**	**12**

31/12/2021
(In EUR million)

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

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

Transfers between the level 1 and level 2 categories

31/12/2022 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-
At fair value through other comprehensive income	**148**	**-**
Equity instruments	-	-
Debt instruments	148	-
LIABILITIES		
Held-for-trading	-	-
Equity instruments	-	-
Debt instruments	-	-

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

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

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

Level 3 items measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss [2]	At fair value through other comprehensive income [1]	Total
Balance as at 01/01/2022	**1**	**45**	**16**	**62**
Changes in fair value for the year recognised in	0	3	1	**4**
the statement of profit and loss	*0*	*3*	-	***3***
the other comprehensive income	-	-	*1*	***1***
Purchases / Capital increases	0	-	-	**0**
Sales / Capital decreases	-1	-11	-	**-12**
Transfers into / out of level 3	-	-	-	**-**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2022	**0**	**37**	**17**	**54**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	3	1	**4**

[1] Mainly includes the private equity position described here below (EUR 16.3 million as at 31/12/2022).
[2] Includes all other positions (private equity & other participating interests) described here below.

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

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through P&L except equity investments for which the Group has elected to present fair value changes in other comprehensive income) are further commented here below. A sensitivity analysis on the most significant positions shows that a variation of 1% of the fair valuation would lead to an adjustment of +/- EUR 0.3 million, out of which EUR 0.2 million in the other comprehensive income and EUR 0.1 million in the P&L.

Private Equity

Private Equity holdings include three main positions whose global fair value recognized in the statement of financial position at year-end amounts to EUR 24.4 million.

The first one[1] (EUR 16.3 million) consists in shares in a company whose investment objective is to build a balanced portfolio of properties in order to derive benefits from changes in the demand for and supply of wood products and biomass. The company currently owns forests and a farm in Eastern Europe. Its net asset value (NAV) is measured on a yearly basis and published in audited financial statements. The valuation of the underlying assets of the fund (i.e. the biological and tangible assets) is performed by two independent appraisers appointed by the Board of Directors of the company (in accordance with the Private Placement Memorandum). Methodologies used by the appraisers to fair value the underlying assets range from 'market comparison' approaches (where fair value is derived from most recent valuations / transactions observed on similar assets in the same area, adjusted for the main differences identified between the proxy asset and the target asset to be fair valued) to pure 'income approaches' (DCF method). The DCF computation is based on the latest business plan prepared by the company managers and on assumptions, which include, among others, the discounting rate used, inflation rates, exit yield, sales growth targets, crop productivity levels and costs.

DCF Model is based on several assumptions among which (i) expectations that the biomass market will gradually reach maturity over the coming years and (ii) the liberalization of the gas market to take place in the area where the entity operates, and which should lead to significant increase of gas prices. Agriculture crop yields are also expected to record a gradual increase in productivity levels, following expected improvement of the soil quality through intensive sub-soiling and plowing activities. Energy crop yields have been estimated based on technical studies. Discount rates used by the appraiser to compute the DCF valuation are based on a weighted average cost of capital set at 9.0% for the forests and 8.7% for the farm activities. For the key assumptions of timber price, biomass price, food and energy crops productivity and discounting rates that have significant impact on fair value of forest properties and farm activities, sensitivity analyses were performed.

Those analyses led to company NAV per share estimates, which ranged from EUR 39.05 to EUR 49.12.

The business model being not fully mature, the break-even point is not yet reached by the company. Therefore, Quintet Group management decided to adjust the value of this investment to EUR 38.17 per share, which is, consistently with the valuation method applied in 2021, the low value of the DCF valuation performed by the external evaluator adjusted to take into accounts the financial impacts of 2022 events.

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

The second investment[(2)] (EUR 3.2 million) is a structure with a fixed maturity in 2026. Investment policy is to develop a portfolio of retail parks. Once these assets being fully operational, they are sold to long-term investors and proceeds are returned to shareholders. The majority of the parks currently held by the company are operational and generate revenues. Divestitures of last remaining assets are actively managed and pursued at attractive exit conditions.

This private equity holding is now fully invested and starting its divestment mode: up to now, eight retail parks have already been sold with substantial capital gains. Latest information received from the company indicates that business performance is very strong in terms of value creation. After reviewing those business developments, the Group management decided to adjust the fair valuation of its interest in the company to reflect the latest official external valuation (5.93 EUR per share March 2022, as per the NAV of 31/12/2021) adjusted by the subsequent dividends paid in 2022. This led to a fair value estimate per share of EUR 4.88 at year-end.

Regarding the third investment[(2)] (EUR 4.9 million), the Bank invested in 2019 into a structure investing in European Leverage Loans with a fixed maturity in 2024. As at year-end, unaudited NAV per share has a valuation of EUR 977.35.

Other participating interests

Other participating interests mainly include two holdings for a global fair value of EUR 26.8 million.

The first one[(2)] (EUR 13.9 million after the sale during the year of 42% of the shares hold) relates to an interest in a company offering securities settlement services The company periodically communicates information about the transactions on its shares concluded by its shareholders. In accordance with IFRS13 'Fair value measurement' which states that the use of relevant observable inputs should be maximized, and the use of unobservable inputs minimized, the average weighted price of the actual transactions is primarily used to define the fair value of this investment.

However, no transactions that can be considered as relevant to be used for a fair valuation of the shares occurred in 2022. Therefore, the market multiple calculated on the basis of the transactions 2021 has been applied to the latest available amount of the net asset value leading to a fair value of EUR 1,659.94 by share at year-end (EUR 1,593.90 in 2021).

The other position is a participating interest in a stock exchange Group[2] (EUR 12.9 million). For this holding, the Bank retained the valuation performed by an independent valuer appointed by the company.

Valuation estimates were computed using three different approaches: a discounted cash flow approach (DCF), a market multiple, and, for a part of its activity, transaction multiples. Average fair value stemming from the different models was then estimated to be EUR 3,426 per share; this figure has been used to fair value the position in the Bank's financial statements as of 31 December 2022.

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

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2022			
Equity instruments	**17**	**-**	17
Debt securities	**942**	**995**	1,937
Stage 1	942	995	1,937
Gross amount	942	996	1,938
Expected Credit Losses	-1	0	-1
Loans and advances	**-**	**5,699**	5,699
Stage 1	-	5,612	5,612
Gross amount	-	5,613	5,613
Expected Credit Losses	-	-1	-1
Stage 2	-	33	33
Gross amount	-	33	33
Expected Credit Losses	-	0	0
Stage 3	-	54	54
Gross amount	-	80	80
Expected Credit Losses	-	-26	-26
Total	**959**	**6,694**	**7,652**

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

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

ASSETS (In EUR million)	Held-for-trading assets	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	At amortized cost	Hedging derivatives	Total
31/12/2022						
Less than or equal to 1 year	177	-	390	2,609	3	**3,179**
More than 1 but less than or equal to 5 years	142	-	469	2,113	64	**2,789**
More than 5 years	45	37	99	1,972	176	**2,329**
Total	**364**	**37**	**959**	**6,694**	**243**	**8,296**
31/12/2021						
Less than or equal to 1 year	119	-	438	2,592	1	**3,149**
More than 1 but less than or equal to 5 years	36	-	1,263	2,243	6	**3,547**
More than 5 years	10	45	452	1,736	14	**2,255**
Total	**164**	**45**	**2,152**	**6,570**	**20**	**8,952**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2022				
Less than or equal to 1 year	136	8	12,571	**12,715**
More than 1 but less than or equal to 5 years	115	3	126	**244**
More than 5 years	40	1	4	**45**
Total	**291**	**12**	**12,701**	**13,003**
31/12/2021				
Less than or equal to 1 year	104	14	11,993	**12,111**
More than 1 but less than or equal to 5 years	8	45	308	**361**
More than 5 years	7	22	10	**39**
Total	**120**	**82**	**12,310**	**12,512**

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

LEASE LIABILITIES (In EUR million)	31/12/2022	31/12/2021
Less than or equal to 1 year	16	16
More than 1 but less than or equal to 5 years	46	52
More than 5 years	3	7
Total	**65**	**75**

Note 18 – Offsetting of financial assets and liabilities

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

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

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

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

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

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

The effect of Master Netting Agreements relating to securities lending and borrowing is not reported because those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 19 and 20 give additional information on those activities and on the related financial collateral received / pledged.

		Impact of Master Netting Agreements		
31/12/2022 (In EUR million)	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	**Net amount**
ASSETS				
Cash, cash balances with central banks and other demand deposits	**5,652**	**-**	**-**	**5,652**
Financial assets				
Hedging and trading derivatives	562	-266	-288	9
Held-for-trading assets (excluding derivatives)	45	-	-	45
Non-trading mandatorily at fair value through profit or loss	37	-	-	37
At fair value through other comprehensive income	959	-	-	959
At amortized cost	6,694	-	-508	6,186
Total	**13,948**	**-266**	**-796**	**12,887**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	302	-266	-24	12
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	12,701	-	-	12,701
Total	**13,003**	**-266**	**-24**	**12,713**

31/12/2021 (In EUR million)	Impact of Master Netting Agreements Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	**Net amount**
ASSETS				
Cash, cash balances with central banks and other demand deposits	**4,251**	**-**	**-**	**4,251**
Financial assets				
Hedging and trading derivatives	148	-106	-32	9
Held-for-trading assets (excluding derivatives)	37	-	-	37
Non-trading mandatorily at fair value through profit or loss	45	-	-	45
At fair value through other comprehensive income	2,152	-	-	2,152
At amortized cost	6,570	-	-568	6,002
Total	**13,203**	**-106**	**-601**	**12,496**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	201	-106	-85	10
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	12,310	-	-	12,310
Total	**12,512**	**-106**	**-85**	**12,320**

Note 19 – Securities lending and securities given in guarantee

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

This mainly concerns the following operations:

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

These transactions can be broken down as follows:

(In EUR million)	Other than 'repo' Debt instruments
31/12/2022	
At amortized cost	117
At fair value through other comprehensive income	-
Total	**117**
31/12/2021	
At amortized cost	231
At fair value through other comprehensive income	81
Total	**312**

Note 20 – Securities received in guarantee

The Group mainly receives securities as collateral in relation to its reverse repurchase agreement operations and securities lending operations.
These securities are generally transferred under full ownership and the Group is able to re-use them in other operations.

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

(In EUR million)	31/12/2022	31/12/2021
Reverse repurchase agreements	504	559
Total	**504**	**559**
Of which, transferred to:		
Collateralised deposits other than repurchase agreements	-	-

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

Changes in the ECL amount (In EUR million)	Financial assets at fair value through other comprehensive income Stage 1	Stage 2	Stage 3	TOTAL
2022				
Balance as at 01/01/2022	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2022	**1**	**-**	**-**	**1**
2021				
Balance as at 01/01/2021	1	-	-	1
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2021	**1**	**-**	**-**	**1**

Note 22 – Impairment of financial assets at amortized cost

Changes in the ECL amount (In EUR million)	Financial assets at amortized cost Stage 1	Stage 2	Stage 3	TOTAL
2022				
Balance as at 01/01/2022	**1**	**0**	**22**	**23**
New assets originated or purchased	3	-	-	3
Assets derecognized or repaid	-3	0	0	-4
Change in credit risk	0	0	5	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2022	**1**	**0**	**26**	**28**
2021				
Balance as at 01/01/2021	**3**	**0**	**18**	**20**
New assets originated or purchased	3	-	-	3
Assets derecognized or repaid	-5	0	0	-5
Change in credit risk	0	1	4	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2021	**1**	**0**	**22**	**23**

(In EUR million)	31/12/2022	31/12/2021
Breakdown by counterparty	**28**	**23**
Debt securities with credit institutions	0	0
Debt securities with other than credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances with other than credit institutions	27	23
Geographic breakdown	**28**	**23**
Domestic	26	22
Non-Domestic	2	2

Note 23 – Derivatives

The notional value of the foreign exchange contracts represents the nominal to be delivered.

	Held-for-trading					
	2022			2021		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total	**319**	**291**	**29,192**	**127**	**120**	**35,635**
Interest rate	**212**	**212**	**22,498**	**23**	**21**	**24,316**
OTC options	0	0	5	0	0	5
OTC other	212	212	22,493	23	21	24,310
Equity	**2**	**1**	**17**	**1**	**1**	**23**
OTC options	1	1	3	1	1	8
Organized market options	0	0	14	0	0	14
Foreign exchange and gold	**106**	**77**	**6,677**	**103**	**97**	**11,297**
OTC options	0	0	26	0	0	83
OTC other	105	77	6,651	102	97	11,213

	Hedging					
	2022			2021		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total fair value hedges	**243**	**12**	**2,314**	**20**	**82**	**2,953**
Interest rate	**27**	**2**	**645**	**6**	**48**	**1,655**
OTC options	0	-	1	0	-	1
OTC other	27	2	644	6	48	1,654
Equity	**-**	**9**	**31**	**0**	**2**	**38**
OTC other	-	9	31	0	2	38
Foreign exchange and gold	**3**	**1**	**48**	**3**	**24**	**440**
OTC other	3	1	48	3	24	440
Portfolio Fair value hedges of Interest rate risk	**213**	**0**	**1,590**	**11**	**7**	**819**

Note 24 – Other assets

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

Note 25 – Tax assets and liabilities

(In EUR million)	31/12/2022	31/12/2021
ASSETS		
Current tax assets	**2**	**4**
Deferred tax assets	**30**	**23**
Employee benefits	0	1
Losses carried forward	17	18
Tangible and intangible assets	0	-1
Provisions	1	1
Impairment for losses on loans and advances	0	0
Financial instruments at fair value	0	1
Financial instruments at fair value through other comprehensive income	5	-4
Other	7	7
Tax assets	**33**	**26**
Tax losses and tax credits not capitalised [1]	*200*	*192*
LIABILITIES		
Current tax liabilities	**1**	**3**
Deferred tax liabilities	**-**	**-**
Tangible and intangible assets	-	-
Impairment for losses on loans and advances	-	-
Other	-	-
Tax liabilities	**0**	**3**

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

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

Note 26 – Investments in associates

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

(In EUR million)	31/12/2022	31/12/2021
Total	0	5
Overview of investments in associates (including goodwill)		
European Fund Administration S.A. (Note 1)	-	5
Holland Immo Group (IdB Beheer, XI Retail Residential)	-	0
Germany Residential Fund Management BV (I,II,III,IV,V)	0	0

Changes	31/12/2022	31/12/2021
Opening balance	5	5
Share of profit for the year	-	1
Dividends paid	-	-
Changes in scope	-5	0
Other	0	0
Ending balance	0	5

Summary financial information (In EUR thousand)	Total assets	Total liabilities excluding equity	Net result
31/12/2021			
Germany Residential Fund Management BV (I,II,III,IV,V)	1,052	449	7

Note 27 – Goodwill and other intangible assets

Changes (In EUR million)	Goodwill arising in a business combination	Purchased Portfolio of customers	Software developed in-house	Software purchased	Other	Total
2022						
Balance as at 01/01/2022	375	51	8	15	0	449
Acquisitions	-	-	1	7	-	8
Disposals	-	-	-	-	-	-
Amortisation	-	-7	-3	-5	0	-15
Transfer to Assets Held-for-Sale	-	-	-	-	-	-
Other	-	-	-	0	-	0
Balance as at 31/12/2022	375	44	6	18	0	442
Of which cumulative amortisation and impairment	-25	-61	-11	-45	-3	-145
2021						
Balance as at 01/01/2021	375	57	10	16	0	459
Acquisitions	-	-	1	5	-	7
Disposals	-	-	-	-	-	-
Amortisation	-	-7	-3	-5	0	-14
Transfer to Assets Held-for-Sale	-	-	-	-2	-	-2
Other	-	-	0	0	0	0
Balance as at 31/12/2021	375	51	8	15	0	449
Of which cumulative amortisation and impairment	-25	-54	-8	-42	-3	-132

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

(In EUR million)	31/12/2022	31/12/2021
Property and equipment	72	82
of which right-of-use leased assets	48	57
Investment properties	-	-

Changes (In EUR million)	Land and buildings		IT equipment		Other equipment		**Total property and equipment**	
	Owned	Leased	Owned	Leased	Owned	Leased	**Owned**	**Leased**
2022								
Balance as at 01/01/2022	**3**	**55**	**7**	**0**	**16**	**2**	**25**	**57**
Acquisitions	0	3	2	2	3	0	**5**	**6**
Disposals	-	0	0	-	0	0	**0**	**0**
Amortization	0	-12	-3	-1	-2	-1	**-5**	**-13**
Impairment	-	-	-	-	-	-	**-**	**-**
Translation differences	-	-1	0	-	0	-	**0**	**-1**
Changes in scope	-	-	-	-	-	-	**-**	**-**
Other	-	0	-	-	-1	0	**-1**	**0**
Balance as at 31/12/2022	**3**	**44**	**6**	**2**	**16**	**2**	**24**	**48**
Of which cumulative depreciation and impairment	-1	-38	-38	-1	-31	-2	-70	-40
2021								
Balance as at 01/01/2021	**5**	**65**	**7**	**1**	**16**	**2**	**28**	**68**
Acquisitions	1	9	3	-	2	2	**5**	**11**
Disposals	-	-1	-	-	0	0	**0**	**-1**
Amortization	0	-13	-3	-1	-2	-1	**-5**	**-14**
Impairment	-	-	-	-	0	-	**0**	**-**
Translation differences	-	1	0	-	0	-	**0**	**1**
Changes in scope	-	-	-	-	-	-	**-**	**-**
Transfer to Assets Held-for-Sale	-2	-5	0	-	0	-	**-2**	**-5**
Other	-	-1	0	-	0	-1	**0**	**-2**
Balance as at 31/12/2021	**3**	**55**	**7**	**0**	**16**	**2**	**25**	**57**
Of which cumulative depreciation and impairment	0	-31	-38	-2	-30	-1	**-69**	**-34**

Note 29 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	**Total**
2022						
Balance as at 01/01/2022	**24**	**7**	**1**	**35**	**4**	**72**
Changes affecting the statement of profit and loss	2	1	0	0	0	**3**
Allowances	2	1	-	2	1	**6**
Reversals	0	-	-	-2	0	**-3**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Transfer to Assets Held-for-Sale	-	-	-	-	-	**-**
Other changes	-17	-1	0	-7	-1	**-26**
Balance as at 31/12/2022	**10**	**8**	**1**	**28**	**4**	**50**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	1	-	-	**1**
2021						
Balance as at 01/01/2021	**58**	**8**	**1**	**24**	**2**	**94**
Changes affecting the statement of profit and loss	3	-1	0	8	2	**12**
Allowances	3	2	-	10	3	**17**
Reversals	0	-3	-	-2	-1	**-6**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Transfer to Assets Held-for-Sale	-11	-	-	-	-	**-11**
Other changes	-25	0	0	3	0	**-22**
Balance as at 31/12/2021	**24**	**7**	**1**	**35**	**4**	**72**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	1	-	-	**1**

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

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

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

Note 30 – Other liabilities

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

Note 31 – Retirement benefit obligations

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

Luxembourg

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

Belgium

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

Germany

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

Other

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

DEFINED BENEFIT PLANS (In EUR million)	31/12/2022	31/12/2021
Defined benefit plan obligations		
Value of obligations as at 01/01	**194**	**205**
Current service cost	2	5
Interest cost	2	1
Past service cost and losses arising from settlements	0	-12
Actuarial (gains)/losses	-27	-11
stemming from changes in demographic assumptions	0	0
stemming from changes in financial assumptions	-30	-11
experience adjustments	3	-1
Benefits paid	-44	-14
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	0	17
Currency adjustment	-1	3
Business combinations and disposals	-	0
Other	0	0
Value of obligations as at 31/12	**126**	**194**
Fair value of plan assets		
Fair value of assets as at 01/01	**172**	**147**
Actual return on plan assets	-13	11
Interest income	1	1
Return on plan assets (excluding interest income)	-15	11
Employer contributions	4	7
Plan participant contributions	0	17
Benefits paid	-44	-14
Out of which: amounts paid in respect of settlements	-	-
Currency adjustment	0	2
Business combinations and disposals	-	0
Other	0	0
Fair value of assets as at 31/12	**118**	**172**

DEFINED BENEFIT PLANS (In EUR million)	31/12/2022	31/12/2021

Plan assets do not include any investment in transferable securities issued by the Group (2021: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2021: EUR 1.0 million).

Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-3**	**-1**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	1	-2
Other	-	-
Effect of the asset ceiling as at 31/12	**-1**	**-3**
Funded status		
Plan assets in excess of defined benefit obligations	-8	-22
Unrecognised assets	-1	-3
Unfunded accrued / prepaid pension cost	**-9**	**-24**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2022	31/12/2021
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-24**	**-58**
Net periodic pension cost recognized in the statement of profit and loss	-3	6
Remeasurements recognized in OCI (excl. change in tax provision)	14	20
Employer contributions	4	7
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Currency adjustment	0	0
Business combinations and disposals	-	-
Unfunded accrued / prepaid pension cost as at 31/12	**-9**	**-24**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	-	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-44**	**-64**
Remeasurement recognized in OCI	14	19
Transfers	7	-
Recognized reserve as at 31/12	**-23**	**-44**
Amounts recognized in comprehensive income		
Amounts recognised in the statement of profit and loss		
Current service cost	-2	-5
Net interest on the defined benefit liability/asset	0	0
Past service cost	0	12
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-3**	**6**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	27	11
Actual return on plan assets (excluding amounts included in interest income)	-15	11
Change in the effect of the asset ceiling	1	-2
Change in the tax provision	0	0
Currency adjustment	0	-1
Total other comprehensive income	**14**	**19**
Actual return on plan assets	**-7.79%**	**+7.61%**
Breakdown of plan assets	100%	100%
Fixed income		
Quoted market price in an active market	42%	17%
Unquoted	-	-
Equities		
Quoted market price in an active market	15%	26%
Unquoted	-	-
Alternatives		
Quoted market price in an active market	2%	5%
Unquoted	-	-
Cash	1%	3%
Real estate	8%	5%
Other	32%	44%

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2022	31/12/2021
Significant actuarial assumptions used:		
Defined benefit obligation		
The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	1.90% to 4.95%	0.25% to 1.90%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	+10	+20
Scenario DR +1%	-8	-16
Expected rate of salary increase (including inflation)	2.45% to 3.00%	1.50% to 3.00%
Scenario SR -1%	0	0
Scenario SR +1%	0	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	10	11
Expected contributions for next year	2	2

Defined contribution plans (In EUR million)	31/12/2022	31/12/2021
Amount recorded in the statement of profit and loss	-16	-15

Other long-term benefits

Some senior staff members participated to a new Long-Term Incentive Plan (LTIP) implemented in 2020 for selected senior management members.

Liability recognized as end of 2022 amounts to EUR 2 million (2021: EUR 2 million).

Note 32 – Equity attributable to the owners of the parent

As of 31 December 2022, the subscribed and paid-up capital is EUR 254.2 million (31 December 2021: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2021: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2021: 4,336). The share premium as at 31 December 2022 is EUR 626.3 million (31 December 2021: EUR 626.3 million).

On 21 October 2020, Quintet has successfully placed EUR 125 million in additional tier-1 (AT1) notes, which are listed on the Luxembourg Stock Exchange (Euro MTF). The placement of these AT1 notes, which qualify as additional tier-1 capital, complements the significant equity capital commitments already made and foreseen in future by Precision Capital, Quintet's shareholder. Quintet's AT1 notes, which are denominated in euros and pays semi-annually, are perpetual instruments with a first call date in 2026.

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for years 2019, 2020, 2021 and 2022

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

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

As at 31 December 2022 and before the proposed allocation of the 2022 result (Note 33), the legal reserve is EUR 23.3 million (31 December 2021: EUR 23.3 million) representing 9.2% of the paid-up capital.
The free reserves amount to EUR 312.9 million (31 December 2021: EUR 312.9 million). The retained earnings amount to EUR -194.3 million (31 December 2021: EUR -67.8 million).

In number of shares	31/12/2022	31/12/2021
Total number of shares issued	**27,344,052**	**27,344,052**
Ordinary shares	27,339,716	27,339,716
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	27,344,052
Of which: shares representing equity under IFRS	27,344,052	27,344,052

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2022	**27,339,716**	**4,336**	**27,344,052**
Movement	-	-	-
Balance as at 31/12/2022	**27,339,716**	**4,336**	**27,344,052**

Note 33 – Result allocation proposal

At its meeting on 16 March 2023, the Board of Directors proposes to allocate the 2022 net result of EUR 7,628,851 as follows:

(i) allocation of EUR 381,443 to the legal reserve which represent 5% of the profit of the year,
(ii) allocation of EUR 7,247,408 to the retained earnings.

On 26 April 2023, this allocation will be submitted for the approval of the Annual General Meeting.

Note 34 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2022	31/12/2021
Confirmed irrevocable credits, unused	600	417
Financial guarantees	18	27
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Off-balance sheet items	**618**	**444**

Note 35 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amounts to EUR 57.0 billion as at 31 December 2022 (2021: EUR 66.2 billion of which Quintet Switzerland EUR 0.9 billion).

Total 'Assets under Custody' (investment funds and institutional) amounts to EUR 21.8 billion as at 31 December 2022 (2021: EUR 22.3 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Group does not offer advice on how the assets should be invested) amounts to EUR 7.9 billion as at 31 December 2022 (2021: EUR 9.2 billion).

Note 36 – Related party transactions

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

(In EUR million)	31/12/2022	31/12/2021
Financial assets	0	0
of which with UBO [1]	0	0
At amortized cost	0	0
Financial liabilities	475	129
of which with UBO [1]	466	106
of which with Precision Capital	9	23
of which with Associates	-	0
At amortized cost	475	129
Income statement	2	-7
of which with UBO and Pioneer Holding[1]	2	0
of which with Precision Capital	0	0
of which with Associates	-	-7
Net interest income	1	0
Net fee and commission income	1	-7
Operating expenses	0	0
Nominal amount of loan commitments, financial guarantees and other commitments given	141	2
of which with UBO [1]	141	-
of which with Precision Capital	0	0
of which with Associates	-	2

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

With key management personnel (In EUR million)	31/12/2022 Amount	31/12/2022 Number of persons	31/12/2021 Amount	31/12/2021 Number of persons
Amount of remuneration to key management personnel of Quintet Group on the basis of their activity, including the amounts paid to former key management personnel	18	29	29	34
Credit commitments given (undrawn amount outstanding)	1	1	1	1
Loans outstanding	5	1	5	1
Expenses for defined contribution plans	1	20	2	25

Note 37 – Solvency

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

(In EUR million)	31/12/2022	31/12/2021
Regulatory capital	661	688
Common equity Tier 1 capital	**538**	**565**
Capital, share premium, reserves and retained earnings	1,042	1,157
Eligible Result	-	-110
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-23	-35
Fair value changes of instruments measured at fair value through other comprehensive income	-15	13
Intangible assets and goodwill	-432	-433
Deferred tax assets	-30	-23
Asset Value Adjustment	-1	-3
Defined benefit pension fund assets	0	-
Additional deductions of CET 1	-2	-1
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	2,916	3,141
Credit risk	2,059	2,197
Market risk	76	209
Credit value adjustment	11	26
Operational risk	771	709
Solvency ratios		
Common equity Tier 1 ratio (CET1)	**18.4%**	**18.0%**
Basic solvency ratio (Tier 1 ratio)	**22.7%**	**21.9%**
Overall Capital Ratio	**22.7%**	**21.9%**

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

(In EUR million)	31/12/2022	31/12/2021
Assets	**14,134**	**13,605**
Balances with central banks and other demand deposits	5,648	4,247
Financial assets	8,296	8,952
Held-for-trading	364	164
Non-trading mandatorily at fair value through profit or loss	37	45
At fair value through other comprehensive income	959	2,152
At amortized cost	6,694	6,570
Hedging derivatives	243	20
Tax assets	33	26
Other assets	152	139
Non-current assets held-for-sale	5	240
Off-balance sheet items	**618**	**444**
Confirmed irrevocable credits, unused	600	417
Financial guarantees	18	27
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Maximum credit risk exposure	14,752	14,049

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

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	31/12/2022	31/12/2021
Mortgage loans collateralized by immovable property	**2,201**	**2,001**
Residential	1,767	1,625
Commercial	434	376
Other collateralized loans	**3,105**	**2,921**
Cash	1,219	1,124
Rest (including securities received in reverse repo operations)	1,886	1,797
Financial guarantees received	**831**	**894**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	6,137	5,815

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

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

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

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

Note 39 – Risk Management

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

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

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

1.1.2. Credit allocation decision making process / governance

In Luxembourg, all lending/investment decisions, as all decisions to grant uncommitted lines, are the responsibility of the Credit Committee designated under delegation of authority from the Authorised Management Committee, based on specific criteria. This delegation of powers always requires the involvement of the first and second lines of defence, to ensure that there is no risk of conflict of interest.

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

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

1.1.3. Credit policy

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

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

1.1.4. Monitoring of credit risk

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

1.1.4.1. Loans

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

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

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

1.1.4.2. Investment portfolios

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

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

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

1.1.4.3. Interbank transactions

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

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

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

1.1.4.4 Collateral monitoring

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

1.1.4.5. Country limits

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

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

1.1.4.6. Concentration monitoring

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

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

1.1.5 Measurement of Credit Risk

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

1.1.5.1. IFRS 9 stages

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

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

1.1.5.2. Credit risk grading

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

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

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

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

1.1.5.3 Significant Increase in Credit Risk

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

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

The following indicators are considered:

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

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

1.1.6. Definition of default and credit impaired assets

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

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

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

1.2.1. Measurement of ECL

For the calculation of Expected Credit Loss (ECL) amounts and rates, three approaches are followed:

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

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

1.2.2. Forward-looking information incorporated in the ECL models

ECLs are computed using three main credit parameters: Exposure at Default (EaD), Probability of Default (PD) and Loss-Given-Default (LGD). At first, PD and LGD are estimated from TtC data (e.g., averages observed over historical data):

- PDs at various time horizons are observed on the term structure of the cumulative default probability constructed from a migration matrix. For professional counterparties, such matrix relates to migrations between credit ratings. For private banking clients, such matrix relates to migrations between IFRS stages.
- LGD is taken as the historical average for professional counterparties and derived from the valuation of collateral for private banking clients.

In a second time, these parameters are adjusted using PiT estimates to incorporate some forward-looking perspective:

- For professional counterparties, the average PDs derived from TtC data (as described above) are replaced by the weighted average of three PDs corresponding to favourable, baseline and unfavourable market conditions (the original TtC PDs correspond to the favourable case). The relative weights given to these scenarios, decided upon by the Macro Economic Scenario Committee (MESCo), are in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed.

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

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

- For private banking clients, the forward-looking perspective is incorporated within the LGD. Again, three scenarios are considered (and their respective weights determined by the MESCo) and applied to the valuation of financial and real estate collateral. The three scenarios consider favourable, baseline and unfavourable market conditions affecting the valuation of collateral at the time of default.

Weights assigning the forward-looking perspectives are refreshed on a quarterly basis by the MESCo.

1.2.3. Forward-looking information

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

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

1.2.4. Evolution of key risk metrics over 2022

Scenario parameters for the valuation of properties (see Table 1) were altered downwards over the course of 2022 considering the worsening of the economic outlook. In particular, the real estate outlook is considered more negative in the Netherlands and UK, as reflected in the weights of the respective scenarios.

Table 1: Scenario weights for the valuation of properties.

Scenario	2021 Q4	2022 Q4	Scenario	2021 Q4	2022 Q4
Belgium			Luxembourg		
Negative	20%	30%	Negative	20%	30%
Baseline	60%	60%	Baseline	60%	60%
Positive	20%	10%	Positive	20%	10%
1-yr shock, negative scenario	*-15%*	*-15%*	*1-yr shock, negative scenario*	*-15%*	*-15%*
France			FR/MC Riviera		
Negative	20%	30%	Negative	20%	30%
Baseline	60%	60%	Baseline	60%	60%
Positive	20%	10%	Positive	20%	10%
1-yr shock, negative scenario	*-13%*	*-13%*	*1-yr shock, negative scenario*	*-12%*	*-12%*
Great Britain			Netherlands		
Negative	20%	40%	Negative	20%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	20%	0%	Positive	20%	0%
1-yr shock, negative scenario	*-15%*	*-25%*	*1-yr shock, negative scenario*	*-15%*	*-15%*

Regarding weights allocated to the three scenarios related to default probabilities, they were as well adjusted during 2022 to reflect the worsening of the economic situation, especially on the Corporate and Bank sectors, and to a lesser extent for Sovereigns (see Table 2). The average rating score of the portfolio increased slightly over the course of 2022, while remaining in the Investment Grade area, and more precisely around A rating. The average PD at the 1-year horizon (sourced from Moody's CreditEdge) increases slightly as well, mostly within the Bank and Corporate sectors, in line with the weight allocation decided by the MESCo.

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

PD scenario	2021 Q4	2022 Q4
Banks		
Negative	30%	40%
Baseline	30%	30%
Positive	40%	30%
Avg. ptf. 1-yr PD [bps]	*7.3*	*9.4*
Avg. ptf. rating score	*81*	*130*
Corporates		
Negative	45%	50%
Baseline	40%	50%
Positive	15%	0%
Avg. ptf. 1-yr PD [bps]	*5.7*	*7.3*
Avg. ptf. rating score	*99*	*140*
Sovereigns		
Negative	25%	20%
Baseline	40%	50%
Positive	35%	30%
Avg. ptf. 1-yr PD [bps]	*2.8*	*2.8*
Avg. ptf. rating score	*98*	*120*

Finally, Table 3 provides the average ECL rate observed on non-defaulted credit exposures, respectively for: (i) debt securities (in the ALM portfolio), and (ii) loans, advances, and commitments. The average ECL rate increases in comparison to end-2021, in line with the increased average rating and PD of the ALM portfolio (see Table 2). On the contrary, the average ECL rate of the loans, advances and commitments portfolio decreased during 2022, translating the willingness of the Group to focus on highly secured credits (e.g., increased appetite for Lombard loans over loans secured by real estate properties).

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

	Scenario	Average ECL rate on portfolio [bps] Debt securities	Loans, advances & commitments
2021 Q4	Negative	6.91	5.13
	Baseline	2.89	2.16
	Positive	2.38	2.04
	Weighted	*3.90*	*2.96*
2022 Q4	Negative	10.46	3.33
	Baseline	4.46	1.63
	Positive	3.67	1.51
	Weighted	*5.87*	*2.09*

1.3 Quantitative information

1.3.1. Breakdown of credit risk exposures

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

Information on performing and non-performing exposures:

31/12/2022 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	**995**	**995**	**-**	**0**	**-**
Central banks	-	-	-	-0	-
General governments	690	690	-	-0	-
Credit institutions	274	274	-	-0	-
Other financial corporations	1	1	-	-0	-
Non-financial corporations	30	30	-	-	-
Loans and advances	**5,726**	**5,646**	**80**	**-27**	**-26**
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	554	554	-	-0	-
Other financial corporations	1,308	1,308	0	-1	-0
Non-financial corporations	1,212	1,155	57	-17	-17
Households	2,651	2,628	23	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	**12,370**	**12,290**	**80**	**-29**	**-26**
Debt securities	**942**	**942**	**-**	**-**	**-**
General governments	576	576	-	-	-
Credit institutions	102	102	-	-	-
Other financial corporations	120	120	-	-	-
Non-financial corporations	144	144	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	**942**	**942**	**-**	**-**	**-**
Debt securities	-	-	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	-	-	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FVTPL	-	-	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING	13,312	13,312	80	-29	-26
Loan commitments given	3,400	3,395	4	0	-
Financial guarantees given	18	17	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	3,418	3,412	6	1	1

31/12/2021 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	1,080	1,080	-	-0	-
Central banks	-	-	-	-	-
General governments	825	825	-	-0	-
Credit institutions	198	198	-	-0	-
Other financial corporations	14	14	-	-0	-
Non-financial corporations	43	43	-	-0	-
Loans and advances	5,513	5,421	92	-23	-22
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	653	653	-	-0	-
Other financial corporations	1,270	1,263	7	-1	-0
Non-financial corporations	1,049	1,005	44	-12	-12
Households	2,541	2,500	41	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	10,842	10,750	92	-24	-22
Debt securities	2,137	2,137	-	-1	-
General governments	1,357	1,357	-	-1	-
Credit institutions	292	292	-	-0	-
Other financial corporations	204	204	-	-0	-
Non-financial corporations	284	284	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,137	2,137	-	-1	-
Debt securities	1	1	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	1	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FVTPL	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING	12,980	12,888	92	-25	-22
Loan commitments given	4,011	4,011	0	0	-
Financial guarantees given	27	26	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	4,038	4,037	2	1	1

1.3.2. Specific loan impairment

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

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and Advances

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	5	1	-	-	28	0	-	-	37
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	1	-	-	-	17	-	-	-	0
Non-financial corporations	2	-	-	-	0	-	-	-	27
Households	3	1	0	-	11	-	-	-	10
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	1	-	-	-	15	-	-	-	0
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	4	1	-	-	13	-	-	-	37
Advances that are not loans	-	-	-	-	-	-	-	-	0
of which: Loans collateralized by immovable property	3	1	-	-	13	-	-	-	34
of which: other collateralized loans	1	-	-	-	-	-	-	-	2
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	1	1	-	-	9	-	-	-	9
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2022 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-2	-5	5	0	-	-1	-3
Debt securities	-1	-0	1	0	-	-1	-1
General governments	-1	-0	0	0	-	-0	-1
Credit institutions	-0	-0	0	0	-	0	-0
Other financial corporations	-0	-0	0	0	-	0	-0
Non-financial corporations	-0	-0	0	0	-	-0	-0
Loans and advances	-1	-3	3	0	-	0	-1
General governments	-0	-0	0	-	-	-	-0
Credit institutions	-0	-0	0	-0	-	0	-0
Other financial corporations	-0	-2	2	0	-	0	-0
Non-financial corporations	-0	-0	0	-0	-	-0	-0
Households	-0	-1	1	0	-	-0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-1	-	1	-0	-	0	0
Loans and advances	-0	-	0	-0	-	0	-0
Other financial corporations	-0	-	0	-0	-	-0	-0
Non-financial corporations	-0	-	0	0	-	-0	-0
Households	-0	-	0	-0	-	0	-0
Allowances for credit-impaired debt instruments (Stage 3)	-22	-	0	-5	0	1	-26
Loans and advances	-22	-	0	-5	0	1	-26
Other financial corporations	-0	-	0	-0	-	0	0
Non-financial corporations	-12	-	0	-5	-	-0	-17
Households	-10	-	0	-0	0	0	-10
Total allowance for debt instruments	-25	-5	6	-5	0	0	-29
Commitments and financial guarantees given (Stage 1)	0	0	-0	-0	-0	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	-0	0	-0	0	1

- Debt Securities

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

- Loans and Advances

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	41	5	-	-	6	-	-	-	70
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	17	5	-	-	0	-	-	-	7
Non-financial corporations	5	-	-	-	4	-	-	-	32
Households	19	-	-	-	2	-	-	-	31
Loans and advances by product. by collateral and by subordination									
On demand [call] and short notice [current account]	27	-	-	-	1	-	-	-	23
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	14	5	-	-	5	-	-	-	47
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	18	5	-	-	5	-	-	-	38
of which: other collateralized loans	4	-	-	-	0	-	-	-	14
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	7	-	-	-	-	-	-	-	10
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

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

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2022	2021
L&R from customers	13bps	8bps
Financial assets FVOCI	2.2bps	1.1bps

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

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value
(In EUR million)
31/12/2022

Rating	Total Watchlist	Standard	Total
BBB	0	-	0
TOTAL	**0**	**-**	**0**

Book value
(In EUR million)
31/12/2021

Rating	Total Watchlist	Standard	Total
BBB	1	-	1
Total	**1**	**-**	**1**

- Financial assets at fair value through other comprehensive income

Book value
(In EUR million)
31/12/2022

Rating	Total Watchlist	Standard	Total
AAA	-	32	32
AA+	-	56	56
AA	-	207	207
AA-	-	126	126
A+	-	53	53
A	-	69	69
A-	-	53	53
BBB+	-	162	162
BBB	-	48	48
BBB-	-	136	136
TOTAL	**-**	**942**	**942**

Book value
(In EUR million)
31/12/2021

Rating	Total Watchlist	Standard	Total
AAA	-	102	102
AA+	-	137	137
AA	-	395	395
AA-	-	542	542
A+	-	278	278
A	-	287	287
A-	-	166	166
BBB+	-	84	84
BBB	-	81	81
BBB-	-	65	65
TOTAL	**-**	**2,136**	**2,136**

- Financial assets at amortized cost (debt securities)

Book value
(In EUR million)
31/12/2022

Rating	NPL / Impaired	Standard	Total
AAA	-	202	202
AA+	-	114	114
AA	-	128	128
AA-	-	192	192
A+	-	150	150
A	-	40	40
A-	-	27	27
BBB+	-	56	56
BBB-	-	76	76
NR	-	10	10
TOTAL		**995**	**995**

Book value
(In EUR million)
31/12/2021

Rating	NPL / Impaired	Standard	Total
AAA	-	292	292
AA+	-	140	140
AA	-	126	126
AA-	-	150	150
A+	-	44	44
A	-	117	117
A-	-	40	40
BBB+	-	21	21
BBB	-	106	106
BBB-	-	43	43
TOTAL	**-**	**1,080**	**1,080**

- Loans and advances

Loans and advances positions are not rated

Book value (In EUR million) 31/12/2022	NPL / Impaired	Perfor-ming	Total
Banks and other Financial Institutions	0	1,848	1,848
Customers	53	3,797	3,850
TOTAL	**53**	**5,645**	**5,698**

Note that NPL/Impaired volumes in 2021 included all loans on which ECL where booked while 2022 volumes only relate to stage 3 impairments and non-performing loans.
Of which Banks and other Financial Institutions

Book value
(In EUR million)
31/12/2022

Rating	Total Loans	Reverse Repo	Total
AAA	-	-	-
	0	-	0
A+	39	146	177
A	13	50	63
A-	-	312	312
NR	1,289	-	1,289
TOTAL	**1,340**	**508**	**1,848**

Loans and advances

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

Of which Banks and Financial Institutions

Book value -
(In EUR million)
31/12/2021

Rating	Other L&R	Reverse Repo	Total
AAA	2	-	2
A+	43	62	105
A	18	-	18
A-	-	506	506
NR	905	-	905
TOTAL	**969**	**569**	**1,537**

1.3.3.2. Financial Securities by country

Book value 31/12/2022 (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRALIA	-	23	23	-	-	-	-	-	-
AUSTRIA	-	20	20	-	-	-	-	-	-
BELGIUM	-	92	92	-	12	12	-	-	-
BERMUDA	-	-	-	-	14	14	-	-	-
CANADA	-	83	83	-	24	24	-	-	-
CAYMAN ISLANDS	-	-	-	-	24	24	-	-	-
CHILE	-	-	-	-	30	30	-	-	-
FINLAND	-	36	36	-	-	-	-	-	-
FRANCE	-	159	159	-	9	9	-	-	-
GERMANY	-	60	60	-	38	38	-	-	-
IRELAND	-	65	65	-	-	-	-	-	-
ISRAEL	-	-	-	-	14	14	-	-	-
ITALY	-	77	77	-	99	99	-	-	-
JAPAN	-	-	-	-	24	24	-	-	-
JERSEY	-	-	-	-	28	28	-	-	-
REP. OF KOREA	-	-	-	-	129	129	-	-	-
LATVIA	-	10	10	-	-	-	-	-	-
LITHUANIA	-	11	11	-	-	-	-	-	-
LUXEMBOURG	-	11	11	-	18	18	-	-	-
MEXICO	-	-	-	-	14	14	-	-	-
NETHERLANDS	-	51	51	-	26	26	-	-	-
NORWAY	-	17	17	-	8	8	-	-	-
QATAR	-	-	-	-	49	49	-	-	-
SINGAPORE	-	-	-	-	5	5	-	-	-
SLOVAKIA	-	18	18	-	-	-	-	-	-
SPAIN	-	70	70	-	153	153	-	-	-
SUPRANATIONAL	-	96	96	-	24	24	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	81	81	-	-	-
UNITED KINGDOM	-	63	63	-	11	11	-	-	-
UNITED STATES OF AMERICA	-	33	33	-	92	92	-	-	-
Other below EUR 10 million	-	-	-	-	16	16	-	-	-
TOTAL	-	995	995	-	942	942	-	-	-

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

1.3.3.3. Loans and advance by country

Book value
(In EUR million)

31/12/2022	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRALIA	0	-	0	-
AUSTRIA	-	-	-	9
BELGIUM	16	-	16	799
BERMUDA	31	-	31	-
BRITISH VIRGIN ISLANDS	25	-	25	18
CANADA	0	-	0	0
CAYMAN ISLANDS	1	-	1	2
CYPRUS	9	-	9	54
CZECH REPUBLIC	0	-	0	0
DENMARK	175	-	175	68
FRANCE	43	196	239	526
GERMANY	42	-	42	288
GUERNSEY	18	-	18	2
IRELAND	0	-	0	4
ISRAEL	-	-	-	8
ITALY	0	-	0	3
JERSEY	26	-	26	0
LIECHTENSTEIN	0	-	0	39
LUXEMBOURG	359	-	359	85
MALTA	28	-	28	2
MAURITIUS	17	-	17	
MEXICO	-	-	-	0
MONACO	13	-	13	53
NETHERLANDS	290	-	290	790
NORWAY	-	-	-	0
QATAR	-	-	-	0
SINGAPORE	0	-	0	10
SLOVAKIA	-	-	-	0
SOUTH AFRICA	2	-	2	11
SPAIN	22	312	334	75
SWEDEN	0	-	0	40
SWITZERLAND	20	-	20	54
UNITED ARAB EMIRATES	-	-	-	25
UNITED KINGDOM	194	-	194	820
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	9	-	9	63
TOTAL	1,340	508	1,848	3,850

Book value [(1)]
(In EUR million)

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

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last update January 2021), based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

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

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

The credit quality downgrade is based on a list of criteria established based on both Corporate and Private clients' specificities, and the granting of a forbearance concession results in the exposure being recorded as Stage 3.

Certain other concessions, where the credit quality is not downgraded, may be granted, with the underlying exposures remaining performing / Stage 1 or 2 – for reporting purposes, a distinction is made between performing and non-performing forbearance.

- Viable versus non-viable forbearance

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

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

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

- Contagion of forborne exposures

The non-performing status of a loan exposure is extended to apply to all loan exposures of the same debtor. As a general rule, the non-performing status of a debtor is further applied to all debtors belonging to the same group. Exceptions to the general contagion may only arise where it can be reasonably evidenced that the creditworthiness of the debtor(s) and/or guarantor(s) in question remains intact.

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

- Cure from forborne status

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

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

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

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

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

1. an analysis of the financial condition of the debtor showed that the transactions no longer met the conditions to be considered as non-performing;
2. a minimum of two years has elapsed since the later of the date of the concession or the date of reclassification from non-performing;
3. the borrower has made regular payments of more than an insignificant aggregate amount of principal or interest during at least half of the probation period.

- Efficiency and effectiveness of forbearance

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

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

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

- Impacts on financial assets

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

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

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2022				
Loans and advances	32	1	31	-18
Other financial corporations	-	-	-	-
Non-Financial corporations	19	-	19	-9
Households	13	1	12	-9
Total Debt Instruments other than Held for Trading	32	1	31	-18
Loan commitments given	-	-	-	-
31/12/2021				
Loans and advances	30	0	30	-15
Other financial corporations	1	-	1	-
Non-Financial corporations	17	-	17	-7
Households	12	0	12	-9
Total Debt Instruments other than Held for Trading	30	0	30	-15
Loan commitments given	0	0	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

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

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

2.1.2. Trading risk policy

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

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

2.1.3. Trading decision making process / governance

Trading activities have been gradually concentrated in Luxembourg; no trading activities are allowed in the subsidiaries. This organisation enables subsidiaries to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.
Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is approximately EUR 3.8 million since beginning of 2022) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework:

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

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

2.1.4. Measurement and monitoring of trading risk

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

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

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

2.1.5. Concentration Risk

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

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

2.2. Quantitative information

As at 31 December 2022, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2021	Maximum observed in 2022	Average observed in 2022	Outstanding 31/12/2022
Treasury	10 bpv [1]	2.5	1.0	2.3	0.6	0.1
	HVar	7.5	1.0	3.4	1.5	0.4
	Stressed Hvar[2]	7.5	3.6	6.3	0.9	1.1

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

(In EUR million)	Limit in Nominal Amount	Outstanding 31/12/2021	Maximum observed in 2022	Average observed in 2022	Outstanding 31/12/2022
Forex (bullions included)	23.0	10.3	11.8	4.1	2.3
Structured Product	110.0	42.2	50.4	43.5	38.1

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

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

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

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

The equity risk contains two elements: one is the legacy equities/participations in ALM portfolios which are mostly unlisted. The currency ALM investment policy does not foresee any additional equity investment. The other is the equity positions in the pension fund assets, as the valuation of the pension fund portfolio could entail fluctuation in P&L and OCI reserve. The both components are in the scope of ALM/IRRBB risk management framework,

Quintet Group is not exposed to any ALM forex risk as no active foreign exchange exposure is taken (the residual FX positions are transferred in trading book).

3.1.2. ALM decision making process/governance

The ultimate responsibility for the ALM activity of Quintet Group is held by the monthly Group ALCO Committee which is an Executive Committee extended to the representatives of the Group ALM & Treasury Function, Financial Risk & Reporting, the Chief Investment Officer as well as representatives from each market.

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

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

Under this structure, the Financial Risk & Reporting Function endorses a role of second level control body, issuing opinions on the proposals and monitoring the risks through indicators related to the ALM activity on a regular basis.

3.1.3. ALM policy

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

3.1.4. Measurement and monitoring of ALM risks

In 2022, the revamped Risk Appetite Statement Framework has set up a new risk dashboard structure and limits. For the risks that are identified as material during the annual materiality assessment, risk metrics are implemented for monitoring and reporting.
Both Key Risk Indicators (KRI) and Management Risk Indicators (MRI) are set up for ALM interest rate risk, credit spread risk, equity risk. The metrics are computed as consolidated level only and include VaR measures, Sensitivity measure, Economic value measures as well as earning measures.

Regarding interest rate risk, the following KRI are implemented:

- The regulatory worst EVE impact of interest rate risk on EVE (basis point value) limit for all banking book positions is set up at 13.0% of Tier I which amounts to EUR 664.8 million.
- The Interest Rate Value at Risk 99.9% - 1 year amount to EUR 69.2 million for Quintet Group as at 31 December 2022 (31 December 2021: EUR 44.5 million based on a 99% confidence level or EUR 68.5 mln at 99.9%). The VaR confidence level has been reviewed during the year to be align with the ICAAP ratio, as well as the trigger/limit. The related risk appetite limit has been set to EUR 125 million.
- The Interest earning at risk indicator reflects the outcome of the worst case scenario (between parallel shifts by 100 bpv, 200 bpv, or scenarios of up, short up, down, short down, steepening, flattening movements) of the interest rate curve) of the interest rate curve. It amounts to EUR 44.8 million as at 31 December 2022 (31 December 2021: 14.3 million) for a risk appetite limit of EUR 60 million.

Regarding credit spread risk, a Credit Spread VaR 99.9% - 1 year is set up. The outcome amounts to EUR 46.7 million as at 31 December 2022 (31 December 2021: EUR 53.2 million based on a 99% confidence level or EUR 78.8 mln at 99.9%) for a risk appetite limit of EUR 125 million.

Regarding the equity price risk, the Risk Appetite is expressed in terms of maximum Value at Risk both on ALM portfolio equity positions and on Pension funds equity positions. The Equity VaR at 99.9% - 1 year amounts to EUR 42.8 million as at 31 December 2022 (31 December 2021: EUR 35.4 million based on a 99% confidence level or EUR 61.7% at 99.9%) for a risk appetite limit of EUR 85 million.

3.1.5. ALM Hedging policy.

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

- fixed rate loan book: Loans granted to customers in Luxembourg, Belgium, Netherlands and Germany are pooled and macro-hedged with interest rate swaps. The hedge efficiency test split both loans and IRS by generation (Deal stat or renegotiation date) and time buckets in order to control that the Bank does not get into an over-hedged situation, as required by regulation.
- according to ALM investment policy, the Bank may choose to secure the margin over floating rate funding with interest rate swaps or cross currency interest rate swaps either through the purchase of an Synthetic Asset Swap or in connection with an existing bond position. For these transaction, the hedging instrument perfectly match the cash flows of the hedged instrument and the efficiency of the hedging relation monitored on a monthly basis.
- in addition to the above, hedging relation may be put in place in the context of debt issued by the bank (either through EMTN program). These hedging relation can take the form of cross currency interest rate swaps or equity swaps in the case of structured notes where the optional pay-off of the note is swapped in the market against a floating rate.

3.2. Quantitative information

3.2.1. Interest rate

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

100 bpv (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total 100 bpv**	Carrying amount
Financial assets	-8	-5	-7	-11	-20	-51	8,296
Held for trading	0	0	0	1	0	1	364
Designated at fair value through p/L	0	0	0	0	0	-	37
Financial assets at fair value through OCI	0	-2	-5	-5	-5	-17	959
Financial assets at amortised cost	-5	-4	-11	-17	-75	-112	6,694
Hedging Derivatives	-3	1	9	12	59	78	243
Financial liabilities	4	6	2	1	3	15	13,004
Held for trading	0	0	0	0	0	0	291
Measured at amortised cost	4	6	2	1	1	13	12,701
Hedging Derivatives	0	0	0	0	2	2	12
Shareholders' equity				4		4	1,145
Gap	-5	1	-5	-6	-17	-31	

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

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

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2022						
Financial assets	75	7	9	8	11	110
Financial liabilities	-93	-4	0	0	-	-97
Net Impact	**-18**	**3**	**9**	**8**	**11**	**13**
31/12/2021						
Financial assets	64	14	27	27	29	161
Financial liabilities	-76	-5	-2	-9	-	-92
Net Impact	**-13**	**9**	**25**	**18**	**29**	**69**

3.2.2. Equity Risk

3.2.2.1. Sensitivity of equity risk

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

(In EUR thousand) **31/12/2022**	Current situation [1]	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	69,305	-17,326	51,979
Gain/Loss	9,798	-17,326	-7,528
Equity impact (gross FVOCI reserve)	-36	-4,241	-4,277
Statement of profit and loss impact (impairment)	9,834	-13,085	-3,251

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

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

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

3.2.2.2. Concentration of equity risk

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

Next to this strategic investment policy, the Bank also acts as seed investor when new home investment funds are launched.

The book value of the equity portfolio reached to EUR 69 million as at 31/12/2022. In more details:

(In EUR million) REGION / NATURE	31/12/2022	31/12/2021
Europe (Equity Funds + direct lines)	43	34
Europe (Diversified Funds)	1	2
Europe (Fixed Income Funds)	0	0
US (Equity Funds + direct lines)		
TOTAL	44	37
Other Equities	26	23
TOTAL Equities portfolios	69	60

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of liquidity risk

The Bank as a Group has a large and stable funding base due to the natural accumulation of deposits from its two core businesses: Private Banking and Asset Management Services whose liquidity resources consumption has gradually increased over the past years. The overall funding gap is structurally and globally positive and Quintet Group is a net lender recycling structural liquidity positions with central banks and, to a lesser extent, with the interbank market.

4.1.2. Liquidity decision making process/governance

Like for Assets and Liabilities Management, the Group ALCO has the final responsibility for the Liquidity Management of Quintet Group. The Group ALM Function proposes strategies – with the approval of the local Management/ALCO Committee - for the management of long-term liquidity (putting, a.o., a strong emphasis on ECB eligible as well as Basel III eligible bonds), while the short-term liquidity management is delegated to the Treasurer within strict limits (see trading risk above).

Financial Risk & Reporting acts as a second level control entity, issuing opinions on investment proposals and monitoring liquidity risk on a daily basis (through a set of indicators briefly described in section 4.1.4).

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralise the placement of all liquidity surpluses at the Head Office level. However, in the case of Brown Shipley, as regulatory large exposure constraint remains and given their access to local GBP market, the liquidity is managed locally and liquidity excess is reinvested in local short-term ALM portfolios under the supervision of both Group ALM and Group Financial Risk & Reporting.
At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions.

4.1.4. Measurement and monitoring of liquidity risk

The Board Risk Committee has expressed its Risk Appetite in terms of liquidity risk, by imposing limits for each entity of the Group on the Basel III ratios (LCR and NSFR), and on the Liquidity Excess resulting from internal stress tests. The latter are run on a monthly basis with the aim to assess the ability of Quintet Group to survive a severe liquidity crisis during a 3-month time period without affecting its business model.

As the liquidity excess throughout the Group is centralised at Quintet's Treasury Department (under regulatory constraints), Quintet's operational liquidity situation is daily monitored by Group Market Risk Control through operational liquidity indicators and reported to the Group Treasurer. Main operational indicators are:

- a contractual liquidity gap of up to five days, as if the activity was to be continued (no stress test). This report is also sent to the BCL;
- the stock of available liquid assets;
- a daily estimate of the statutory Basel III Liquidity Coverage Ratio is performed. The Group's ratio stood at 153.17% as at 31 December 2022 (for a regulatory limit of 100%);
- the value of quantitative indicators, which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis).

As far as structural indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis for Quintet' group. As at 31 December 2022, it stood at 42.4% (excluding Quintet Switzerland), confirming the excellent liquidity situation of the Group as natural deposit collector.

4.2.1. Maturity analyzis of liquid stock

The maturity analysis of financial assets held for managing liquidity risk (unencumbered marketable assets) is as follows:

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2022						
Initial stock of available assets		2,260	1,505	968	467	199
HQLA eligible	1,455	-304	-366	-393	-208	-184
Marketable securities	805	-451	-171	-108	-60	-15
TOTAL	2,260	-755	-537	-501	-268	-199
Residual stock of available assets	2,260	1,505	968	467	199	0
31/12/2021						
Initial stock of available assets		3,407	2,524	2,048	1,290	632
HQLA eligible	2,698	-498	-458	-649	-506	-587
Marketable securities	709	-385	-19	-109	-152	-45
TOTAL	3,407	-883	-477	-758	-658	-632
Residual stock of available assets	3,407	2,524	2,048	1,290	632	0

4.2.2. Maturity analyzis of financial assets and liabilities

The analyzis by remaining contractual maturity for financial assets and liabilities is as follows:

(In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Cash and balances with central banks and other demand deposits	5,652	-	-	-	-	-	5,652
Financial assets	2,215	964	1,554	1,234	2,275	54	8,296
Held-for-trading	127	50	57	85	45	0	364
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	37	37
Financial assets at fair value through other comprehensive income	61	329	311	158	82	17	959
Financial assets at amortised cost	2,027	582	1,153	960	1,972	-	6,694
Hedging derivatives	0	3	33	31	176	-	243
Other assets	-	-	-	-	-	493	493
TOTAL ASSETS	7,866	964	1,554	1,234	2,275	547	14,441

31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Financial liabilities	11,845	869	135	109	45	-	**13,003**
Held-for-trading	100	36	39	76	40	-	291
Measured at amortised cost (excluding subordinated liabilities)	11,745	826	95	30	4	-	12,701
Subordinated liabilities	-	-	-	-	-	-	-
Hedging derivatives	1	7	1	3	1	-	12
Other liabilities						293	293
Shareholders' equity	-	-	-	-	-	1,145	**1,145**
TOTAL LIABILITIES	11,845	869	135	109	45	1 437	**14,441**
GAP	**-3,979**	**95**	**1,420**	**1,125**	**2,230**	**-890**	

Of which derivatives

Cashflows by bucket (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total**	Net Present Value EUR million
Inflows	6,572	1,667	227	151	46	**8,663**	562
Interest rate	219	307	210	130	-	**911**	452
Equity	0	0	0	1	-	**3**	2
Currency	6,353	1,359	16	20	-	**7,748**	109
Outflows	-6,544	-1,660	-210	-129	-32	**-8,574**	302
Interest rate	-222	-301	-195	-108	-32	**-857**	214
Equity	-0	-0	-0	-0	-	**-1**	10
Currency	-6,322	-1,358	-15	-21	-	**-7,716**	78
Gap - Derivatives	28	7	16	23	14	**88**	

(In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	**Total**
Cash and balances with central banks and other demand deposits	4,251	-	-	-	-	-	**4,251**
Financial assets	2,183	966	1,905	1,642	2,196	60	**8,952**
Held-for-trading	48	70	23	13	9	0	**164**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	1	44	**45**
Financial assets at fair value through other comprehensive income	137	301	707	556	435	16	**2,152**
Financial assets at amortised cost	1,998	594	1,173	1,070	1,736	0	**6,570**
Hedging derivatives	0	1	2	4	14	-	**20**
Other assets	-	-	-	-	-	934	**934**
TOTAL ASSETS	6,435	966	1,905	1,642	2,196	994	**14,137**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter-mined	Total
Financial liabilities	11,484	627	268	93	39	-	**12,512**
Held-for-trading	48	56	4	4	7	-	**120**
Measured at amortised cost (excluding subordinated liabilities)	11,433	560	240	67	10	-	**12,310**
Subordinated liabilities	-	-	-	-	-	-	**-**
Hedging derivatives	3	11	24	21	22	-	**82**
Other liabilities	-	-	-	-	-	478	**478**
Shareholders' equity	-	-	-	-	-	1,148	**1,148**
TOTAL LIABILITIES	11,484	627	268	93	39	1,625	**14,137**
GAP	-5,049	339	1,637	1,549	2,156	-632	

Of which derivatives

Cashflows by bucket (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
31/12/2021							
Inflows	5,690	5,619	232	151	111	**11,803**	149
Interest rate	-16	8	24	45	28	**89**	40
Equity	0	0	1	2	-	**3**	2
Currency	5,706	5,610	207	104	83	**11,711**	106
Outflows	-5,695	-5,663	-287	-167	-96	**-11,908**	202
Interest rate	-15	-36	-68	-54	-12	**-184**	76
Equity	0	0	0	-0	-	**0**	4
Currency	-5,681	-5 628	-219	-113	-84	**-11,724**	122
Gap - Derivatives	-5	-44	-55	-16	15	**-106**	

The 2021 figures above include the Quintet CH cash representing a total inflow of EUR 35 million (NPV: 0.6) and a total outflow of EUR 15 million (NPV: 0.4).

4.2.3. Concentration risk

The concentration risk the Bank is facing in terms of liquidity is twofold:

- potential concentration in assets in which the excess liquidity is reinvested: this risk is monitored according to the credit risk limit system (as described above);
- potential concentration in funding sources: this risk is monitored through 2 indicators that are quarterly reported to the BRC:
  - relative weight of the top 20 private client deposits for Quintet' group,
  - list of all significant counterparties in terms of funding sources (>1% of total liabilities, according to Basel III definition).

5. Currency risk

The operations of the Group are mainly denominated In EUR, USD and GBP. The Group has very limited risk appetite for currency risk which translates into small forex limits of EUR 23 million at consolidated level. The Group's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency position is monitored on a daily basis against the above mentioned currency limits which are declined per entity.

6. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

In respect of its depositary and sub-custodians activities, the specific provision for year-ending 2022 is EUR 250k.

7. Climate-related and environmental risks

The European Commission and the European Central Bank (ECB) have identified climate-related and environmental risks as key risk factors for the European banking sector and highlighted the importance of understanding the company's view of how climate change impacts its business model and strategy, and how its activities can affect the climate.

Climate & environmental risk (or "C&E risk" hereafter) is defined as the risk of economic costs and financial losses arising from climate change, the efforts to mitigate climate change, environmental degradation or the loss of ecosystem services. C&E notably comprises physical risk and transition risk as key drivers:

- Physical risk is defined as the risk of economic costs and financial losses resulting from the increasing severity and frequency of:
  - extreme climate change-related weather events (e.g., heatwaves, landslides, floods, wildfires and storms).
  - longer-term gradual shifts of the climate (e.g., changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures).
  - indirect effects of climate change such as loss of ecosystem services (e.g., desertification, water shortage, degradation of soil quality or marine ecology).
- Transition risk comprises the risks related to the process of adjustment towards a low-carbon economy. Transition risk drivers include:
  - changes in government policies, legislation and regulation.
  - changes in technology.
  - changes in market and customer sentiment.

7.1. Governance

The Group Authorised Management Committee defines the Quintet's overall sustainability strategy and puts arrangements in place to implement that strategy through its service offering and to identify and manage the risks emerging from it. These efforts are steered by the so-called Group Sustainability Steering Committee. The ultimate oversight responsibility lies with Quintet's Board of Directors and the Board Risk and Compliance Committee (BRCC).

C&E risk management is embedded in all three lines of defence of the organisation. The relevant first LoD function are the following:

- The Sustainable Investing function, part of ICS, responsible for ensuring compliance of client discretionary and advisory investments with Group objectives from a C&E perspective.
- Group ALM & Treasury responsible for ensuring compliance of own account investments with Group objectives from a C&E perspective.
- Group Lending function, responsible for ensuring compliance of the lending activities with Group objectives from a C&E perspective.

The second LoD sets standards for control, compliance and risk management. The Group Risk Control function is in charge of developing, enhancing and applying a risk management framework, covering the identification, assessment, monitoring/reporting and mitigation of C&E risks. The Group Compliance function, supported by the Business Risk Management team in the first LoD, is in charge of controlling the compliance of Quintet's service offering with

MiFID/SFDR requirements, among others. The third LoD is made of the internal audit function which reviews the C&E risk management framework based on its risk assessment and multi-year audit plan.

7.2. Business strategy & service offering

Sustainability is a cornerstone of Quintet's investment offering, being considered a major factor driving positive performance for clients' assets. In this context, the ESG investment strategy was defined in 2021 and further enhanced throughout 2022. ESG drivers are believed to drive longer term investment performance, being perceived as an addition to the investment process rather than a constraint. In this regard, a new approach was introduced to incorporate environmental, social and corporate governance factors where large data sets are used to quantitatively assess a company's ESG materiality. This is integrated across the in-house equity and fixed income investment process including third party fund ESG analysis. Additionally, clients now benefit from a unique data set of quantitative analysis that generates proprietary ESG reports on all major listed companies. Quintet has defined a sustainable investment framework based on international sustainability frameworks and standards, best practices, and guidelines of industry bodies. It is also based on Quintet's internal expertise and views on sustainable development. This is expressed in minimum requirements that investments must adhere to and additional requirements that are incorporated in various aspects of Quintet's sustainable investment approach, such as engagement and voting.

As part of its strategy, Quintet partners with various asset managers to launch innovative sustainable investment solutions. At the beginning of 2022, the Group launched Quintet Earth, the first climate-neutral multi-asset investment fund, which combines exposure to green bonds with low-carbon equities, offsetting the associated greenhouse gas (GHG) emissions via a community reforestation project.

Quintet also acts as a responsible investor on behalf of its clients by engaging with counterparties on ESG matters. Quintet joined the 2020 Climate Action 100+ (CA100+) initiative, which seeks to ensure that the world's largest corporate GHG emitters take the necessary actions on climate change.

From a proprietary investments point of view, the Group minimizes exposure to investments that pose greater sustainability risks. For instance, Quintet has implemented a list of economic sectors banned from both its own investment portfolios and from client portfolios managed on a discretionary/advisory basis. A notable example of such a sector is the Thermal Coal energy production.

Serving as enabler to the sustainability strategy and a driver to private banking activities through tailored Lombard and structured lending solutions, the lending function includes broad-level sustainability and environmental considerations within the criteria governing the credit granting and collateral valuation processes (e.g., via Energy Performance Certificates for real estate). Valuations performed as part of the credit process are adhering to the Royal Institution of Chartered Surveyors standards which also cover C&E considerations.

7.3. Risk management

The Group has further developed its risk management capabilities in the field of C&E risks in the course of 2022. A Thematic Review conducted by the ECB on C&E risks confirmed that Quintet had made "substantial progress" in the advancement of its implementation plans. Further steps will be taken to advance these further in line with increased supervisory expectations in the field.

A cornerstone of Quintet's C&E risk management framework is the risk identification and materiality assessment process which is performed on an annual basis. As part of this process, C&E risk is overlayed to all other risk types in Quintet's internal risk taxonomy, and for each of these risk types, relevant C&E transmission channels are being identified. Then, qualitative and quantitative analyses are combined to determine the materiality of each C&E transmission channel, differentiated by physical and transition risk and different time horizons (short-/medium-/long-term).

Given Quintet's business model as wealth and asset manager, the transition risk dimension of C&E risk materialises through investment performance risk as well as reputational risk (coupled with legal and compliance risk factors). The physical risk dimension of C&E risk is relevant through the Group's facilities and proprietary assets (i.e., buildings, recovery centres etc.) as well as through the clients' collateral in the loan book. These material transmission channels for C&E risk attain a closer assessment and monitoring going forward.

7.4. Metrics and Targets

Quintet has an exclusion list in place for its client and own book investments, aimed at avoiding investments in companies deriving more than 10% of their revenues from thermal coal extraction or power generation, inter alia. Compliance with this exclusion list is closely monitored across the Group, and relevant indicators have been included in the Group's top-level risk appetite statement. They measure the number of non-authorised investments in the clients' discretionary portfolios as well as in the bank's own book.

In 2022, Quintet's carbon footprint during 2019 and 2021 was estimated in collaboration with myClimate, a leading Swiss climate consultancy, based on data collected across all locations about energy, transport, business travel, employee mobility, office materials, food and waste. Also, the simplified Green Asset Ratio, which represents the extent to which the Group's financing activities are aligned with the EU taxonomy (Regulation (EU) 2020/852)) was disclosed in the Corporate Sustainability report. The latter report also provides further details on the exposures to central governments, central banks, supranational issuers and derivative positions as well as the exposures towards companies not subject to the Non-Financial Reporting Directive.

Note 40 – Audit fees

The fees paid to the Group's independent auditors, Ernst & Young S.A., during the 2022 and 2021 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2022	31/12/2021
Statutory audit of the consolidated financial statements	1,351	1,632
Other assurance services	397	507
Tax consulting services	-	-
Other services	-	-
Total	**1,748**	**2,139**

Note 41 – Information country by country

The following table shows consolidated information distributed by European Members and third countries. It is worth to note that Quintet and its subsidiaries have not received any public subsidies.

Country	Location	Turnover (Gross income) (In EUR million)	Full-time equivalents
31/12/2022			
Belgium	Brussels	52	170
Germany	Munich	54	243
Luxembourg	Luxembourg	208	635
The Netherlands	Amsterdam	110	323
Denmark	Copenhagen	0	16
United Kingdom	London	100	387
31/12/2021			
Belgium	Brussels	55	175
Germany	Munich	55	259
Luxembourg	Luxembourg	149	678
The Netherlands	Amsterdam	108	318
Denmark	Copenhagen	0	10
United Kingdom	London	94	347
Switzerland	Zürich	-	75

Note 42 – List of significant branches, subsidiaries and associates

Company	Country	Capital held	Sector
Quintet Private Bank (Europe) S.A.	**Luxembourg**	**100.00%**	**Bank**
BRANCHES			
Quintet Danmark	Denmark	100.00%	Bank
Merck Finck	Germany	100.00%	Bank
Puilaetco	Belgium	100.00%	Bank
InsingerGilissen	The Netherlands	100.00%	Bank
FULLY CONSOLIDATED SUBSIDIARIES (global method)			
Brown, Shipley & Co. Limited	United Kingdom	100.00%	Bank
Fairmount Pension Trustee Limited	United Kingdom	100.00%	Other - financial
White Rose Nominees Ltd	United Kingdom	100.00%	Other - financial
NW Brown Ltd	United Kingdom	100.00%	Other - financial
NW Brown ISA Nominees	United Kingdom	100.00%	Other - financial
NW Brown Nominees	United Kingdom	100.00%	Other - financial
Kredietrust Luxembourg S.A.	Luxembourg	100.00%	Management
Quintet Private (Switzerland) Ltd.	Switzerland	100.00%	In liquidation
InsingerGilissen Asset Management N.V.	The Netherlands	100.00%	Management
Insingergilissen Philanthropy Trusts Estates B.V.	The Netherlands	100.00%	Other - financial
GIM Vastgoed Management B.V.	The Netherlands	100.00%	Management
ASSOCIATES			
GIM Vastgoed Management B.V.			
Germany Residential Fund Management BV (I, II, III, IV, V)	The Netherlands	50.00%	Real estate
NON-CONSOLIDATED COMPANIES			
Quintet Private Bank (Europe) S.A.			
Forest & Biomass Holding S.A.	Luxembourg	26.63%	

Note 43 – Main changes in the scope of consolidation

Company	Country	Capital held Before change	Sector
EXIT FROM SCOPE OF CONSOLIDATION			
Quintet Private Bank (Europe) S.A.			
FULLY CONSOLIDATED SUBSIDIARIES			
Bewaardbedrijf Ameuro N.V.	The Netherlands	100.00%	Other - financial
ASSOCIATES			
European Fund Administration S.A.	Luxembourg	31.51%	Fund administration
GIM Vastgoed Management B.V.			
Holland Immo Group (IdB Beheer, XI Retail Residential)	The Netherlands	50.00%	Real estate
MERGE IN SCOPE OF CONSOLIDATION			
Quintet Private Bank (Europe) S.A.			
Banque Puilaetco Dewaay Luxembourg S.A.	Luxembourg	100.00%	Bank

Note 44 – Events after the statement of financial position date

Following the failure of Silicon Valley Bank (SVB) in March 2023, Quintet can confirm having no exposure – either direct or indirect – to SVB or other US regional banks.

Furthermore, Quintet can confirm it has no material exposure to Credit Suisse Group.

There has been, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2022.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

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

R.C.S. Luxembourg: B 006.395

Financial statements, Management report and
Report of the independent auditor
as at 31 December 2022

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the financial statements of the Bank. Similarly, the value zero '0' in the following tables indicates the presence of a number after the decimal, while '-' represents the value nil.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income (comprising the statement of profit and loss and the statement of other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

Building a better working world

1. Impairment on loans and advances to customers

Description

At 31 December 2022, loans and advances to customers amount to EUR 3,517 million (gross amount) against which an impairment allowance of EUR 23 million is recorded (see Note 14 and 21 to the financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

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

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

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 37 "Risk management" to the financial statements.

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

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

Refer to the Notes 12, 14 and 21 to the financial statements.

How the matter was addressed in our audit

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

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

We also performed the following substantive audit procedures:

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

2. Impairment on investments in private banking subsidiaries

Description

As at 31 December 2022, the gross book value of investments in subsidiaries carrying out private banking activities amount to EUR 186 million against which an impairment of EUR 0 million is recorded (see Notes 12 and 39 to the financial statements). The basis of impairment of investment in subsidiaries is presented in the accounting policies in Note 2c to the financial statements.

We considered this to be a key audit matter because the determination of recoverable values of the Bank's investments in subsidiaries carrying out private banking activities relies on management's estimation of the 'Net Asset Value ("NAV") and the multiple of Assets under Management ("AuM") (NAV + AuM multiple) for each subsidiary.

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained and reviewed the assessment prepared by the Management of the carrying value of investments in subsidiaries, and the calculation of impairment allowances for the investments in subsidiaries where management believes that such impairment is required;
- with the assistance of our valuation specialists, we assessed the assumptions and methodology used by the Management to determine the recoverable amount of the investment in subsidiaries, including review of multiples for a selected comparable peer group and review of the derivation of the final multiple used in calculating the value of Assets under Management.
- we compared the carrying values of the Bank's investment in subsidiaries for which audited financial statements were available with their respective share of net asset values as at 31 December 2022;
- we tested the balances of the assets under management appearing at the level of the subsidiaries as at 31 December 2022; and
- we discussed with Management the subsidiaries' performance and their outlook.

3. Provisions for litigations

Description

As at 31 December 2022, the Bank's provisions for litigations amount to EUR 25 million (see Note 27 to the financial statements). A provision for litigation is recognized if (i) the Bank has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

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

How the matter was addressed in our audit

We performed the following main procedures:

- we obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel;
- we analysed the responses to our confirmation requests obtained from external legal counsels of the Bank as 31 December 2022;
- for each case we considered whether an obligation exists, we reviewed the assumptions made by the Bank in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur;
- we reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- we considered the sufficiency of disclosures related to provisions and contingent liabilities in the Bank's financial statements.

Other information

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

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

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

Building a better working world

Responsibilities of the Board of Directors for the financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors on 17 March 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 years.

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

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 23 March 2023

STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2022	31/12/2021
Net interest income	4, 34	98,054	49,744
Dividend income	5, 34	15,886	34,006
Net gains/losses on financial instruments measured at fair value through profit or loss	6	41,616	26,709
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	3,106	8,303
Net fee and commission income	8, 34	237,306	230,791
Other net income / (expenses)	9, 34	33,916	11,669
GROSS INCOME		**429,884**	**361,222**
Operating expenses	10, 34	**-412,656**	**-406,417**
Staff expenses	11, 29	-254,842	-237,069
General administrative expenses	38	-127,777	-132,665
Other	25, 26, 27	-30,037	-36,684
Impairment	12, 20, 21, 34	**-4,031**	**-88,762**
PROFIT / (LOSS) BEFORE TAX		**13,197**	**-133,958**
Income tax (expenses) / income	13	-5,568	-6,159
PROFIT / (LOSS) AFTER TAX	31	**7,629**	**-140,117**

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

STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2022	31/12/2021
PROFIT / (LOSS) AFTER TAX	7,629	-140,117
OTHER COMPREHENSIVE INCOME	-20,007	15,719
Items that may be reclassified subsequently to profit or loss	**-28,711**	**-1,017**
Debt instruments at fair value through other comprehensive income	-28,711	-981
Revaluation at fair value (including on hedged items)	-34,586	6,667
Net realised gains / losses on sales	-3,665	-7,974
Income tax (expenses)	9,540	326
Exchange differences on translation of foreign operations	-	-36
Other	-	-36
Items that will not be reclassified to profit or loss	**8,704**	**16,736**
Remeasurements of defined benefit pension plans	8,202	16,576
Remeasurements (gross)	8,325	16,745
Income tax (expense)/income on remeasurements	-123	-169
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	502	160
Revaluation at fair value	669	217
Income tax (expenses) / income	-167	-57
TOTAL COMPREHENSIVE INCOME	-12,378	-124,398

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

STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2022	31/12/2021
Cash and balances with central banks and other demand deposits	17, 34, 36	5,141	3,921
Financial assets	14, 15, 16, 17, 18, 19, 34, 36	7,265	8,135
Held-for-trading	14, 16, 22	366	164
Non-trading mandatorily at fair value through profit or loss	14, 16	37	44
At fair value through other comprehensive income	14, 15, 16	959	2,152
At amortized cost	14, 15, 16	5,661	5,754
Hedging derivatives	14, 16, 22	243	20
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-211	-8
Tax assets	24, 36	32	23
Current tax assets		2	2
Deferred tax assets		30	21
Investment in subsidiaries and associates	36, 39	186	231
Property and equipment	26	56	64
Intangible assets	25	379	346
Other assets	23, 36	146	124
Non-current assets held-for-sale	1, 36	15	14
TOTAL ASSETS		13,010	12,851

EQUITY AND LIABILITIES (In EUR million)		31/12/2022	31/12/2021
Financial liabilities	14, 16, 17, 34	11,638	11,418
Held-for-trading	22	297	122
At amortized cost		11,329	11,214
Hedging derivatives	22	12	82
Provisions	27, 29	46	58
Tax liabilities	24	0	3
Other liabilities	28	209	257
TOTAL LIABILITIES		11,894	11,737
TOTAL EQUITY	30	1,116	1,115
Out of which Common Equity Tier 1 instruments issued		*880*	*880*
TOTAL EQUITY AND LIABILITIES		13,010	12,851

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

STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity instruments issued other than capital	Revaluation reserve	Remeasurement of defined benefit pension plans	Currency translation differences	Reserves	Profit/ Loss	**Total equity**
2022									
Balance as at 01/01/2022	**254.2**	**626.3**	**123.5**	**13.0**	**-30.4**	**-0.2**	**268.4**	**-140.1**	**1,114.6**
Puilaeco Luxembourg's absorption (Note 1)	-	-	-	-	-	-	23.0	-	**23.0**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	-140.1	140.1	**-**
AT1 coupon payment	-	-	-	-	-	-	-9.4	-	**-9.4**
Total comprehensive income for the year	-	-	-	-28.2	8.2	-	-	7.6	**-12.4**
Capital increase (Note 30)	-	-	-	-	-	-	-	-	**-**
Other	-	-		-	-	-	-	-	**-**
Balance as at 31/12/2022	**254.2**	**626.3**	**123.5**	**-15.2**	**-22.2**	**-0.2**	**141.9**	**7.6**	**1,115.8**
2021									
Balance as at 01/01/2021	**242.2**	**578.3**	**123.6**	**13.8**	**-47.0**	**-0.2**	**375.1**	**-98.4**	**1,187.4**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	-98.4	98.4	**-**
Quintet Spain liquidation	-	-	-	-	-	-	-1.5	-	**-1.5**
AT1 coupon payment	-	-	-	-	-	-	-7.0	-	**-7.0**
Total comprehensive income for the year	-	-	-	-0.8	16.6	0.0	-	-140.1	**-124.4**
Capital increase (Note 30)	12.0	48.0	-	-	-	-	-	-	**60.0**
Other	-	-	0.0	-	-	-	0.2	-	**0.1**
Balance as at 31/12/2021	**254.2**	**626.3**	**123.5**	**13.0**	**-30.4**	**-0.2**	**268.4**	**-140.1**	**1,114.6**

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

STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2022	31/12/2021
Profit /(loss) before tax		13.2	-134.0
Adjustments for:			
Impairment of securities, amortisation and depreciation of property and equipment, intangible assets and investment properties	10, 12	28.9	113.9
Profit/loss on the disposal of investments	9	-20.4	-1.0
Change in impairment for losses on loans and advances	12	4.4	3.6
Change in other provisions	10	0.8	7.9
Unrealised foreign currency gains and losses		-17.0	-9.9
Cash flows from / (used in) operating activities, before tax and changes in operating assets and liabilities		**9.9**	**-19.4**
Changes in operating assets [1]		1,126.4	1,255.4
Changes in operating liabilities [2]		534.9	259.3
Income taxes		-8.0	-8.7
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		**1,663.1**	**1,486.6**
Purchase of subsidiaries or business units		-	-47.2
Proceeds from sale of subsidiaries or business units	1, 9	17.6	-
Proceeds from sale of associates	9	3.3	-
Purchase of intangible assets	25	-7.5	-5.3
Purchase of property and equipment	26	-3.6	-3.9
Proceeds from sale of property and equipment	9, 26	-	0.0
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**9.8**	**-56.3**
Share capital increase	30	-	60.0
Issue of other equity instruments	30	-	-
Purchase/sale of treasury shares		-	-
Issue/repayment of non-subordinated debt	14	-428.3	-254.5
Issue/repayment of subordinated debts	14	-	-
Dividends paid and profit-sharing		-	-
AT1 yearly coupon payment		-9.4	-7.0
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-437.7**	**-201.5**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**1,235.3**	**1,228.8**
CASH AND CASH EQUIVALENTS AS AT 01/01		**4,121.1**	**2,892.3**
Net increase/decrease in cash and cash equivalents		1,235.3	1,228.8
CASH AND CASH EQUIVALENTS AS AT 31/12 [3]		**5,356.3**	**4,121.1**
ADDITIONAL INFORMATION			
Interest paid during the year		-75.7	-86.2
Interest received during the year		158.5	122.4
Dividends received (including equity method)	5	15.9	34.0
COMPONENTS OF CASH AND CASH EQUIVALENTS		**5,356.3**	**4,121.1**
Cash and balances with central banks (including mandatory reserve with the central bank)		4,716.9	3,620.5
Loans and advances to banks repayable on demand		957.4	925.6
Deposits from banks repayable on demand		-318.0	-425.1
Of which: not available [4]		53.2	50.8

(1) Including Loans and advances to banks and customers, securities, derivatives and other assets.
(2) Including deposits from banks and customers, bonds issued, derivatives and other liabilities.
(3) Cash includes cash and deposits payable on demand; cash equivalents are short-term investments that are very liquid, easily convertible into a known cash amount and subject to a negligible risk of a change in value.
(4) Cash and cash equivalents not available mainly comprise of the mandatory reserve held with the Luxembourg Central Bank and the 'margin' accounts held with clearing houses (futures markets, etc.).

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

Quintet Private Bank (Europe) S.A. (hereafter 'Quintet' or the 'Bank') is specialised in private banking. In support of and complementary to this activity, Quintet has also developed several niche activities specific to its various markets.

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

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

Quintet is a public limited liability company *(société anonyme)* incorporated in Luxembourg and having its registered office at: 43, boulevard Royal, L-2449 Luxembourg.

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

The Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as a consolidated management report, which are available at its head office.

As of 31 December 2022, Quintet's non-consolidated financial statements include:

- Quintet Danmark, the Danish branch,
- Merck Finck, the German branch,
- InsingerGilissen, the Dutch branch,
- Puilaetco, the Belgian branch.

Puilaetco Luxembourg

On 1 January 2022, Puilaetco Luxembourg was absorbed into Quintet Luxembourg. Following a careful review of how we work together as one firm, it was concluded that integrating Puilaetco Luxembourg into Quintet's existing activities in the Grand Duchy would allow us to spend more time focused on clients, including by increasing operational efficiency.

Puilaetco Luxembourg was operating as a wholly owned subsidiary of Quintet since 2004 and employed some 22 staff.

European Fund Administration (EFA)

In Spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. Quintet was one of the founding shareholders of European Fund Administration (EFA) when it opened its doors in 1996. This operation led Quintet to record a capital gain of EUR 17.6 million in the other income (Note 9) for a cash received of EUR 21.5 million.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet as its head office at Luxembourg. The prices adjustment related to that sale that occurred in 2021 and 2022 are presented in Note 9.

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

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

The financial position and results of operations of the merged subsidiaries have been incorporated in the financial statements with a retroactive effect of 1 January 2020. The merger accounting policy is described in Note 2b.

As at 31 December 2022, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg and KTL), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

Quintet Switzerland - Non-current assets held-for-sale (HFS) not qualifying as discontinued operations

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

On 17 December 2021, the Group signed strategic partnerships with two reputable local financial institutions in Switzerland to allow a smooth transition to its Swiss clients by the end of March 2022.

Quintet Switzerland, which does not hold a banking license anymore and which is not subject to regulatory supervisions, is in operational wind-down since the second quarter of 2022 until full liquidation, which is expected to be validated and completed in the course of the second quarter 2023.

Consequently, the participating interests related to Quintet Switzerland, is presented as discontinued operations in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued operations”.

There is no impact on the liability side, income statement or statement of cash flows.

Note 2 – Accounting principles and rules of the financial statements

The significant accounting policies (including changes since the previous annual publication that may impact Quintet) applying to the parent company's financial statements are explained in the Notes 2b and 2c of the consolidated financial statements herein except for specific information that applies solely to the parent's financial statements.

Note 2a – Statement of compliance

These financial statements were approved by the Board of Directors of Quintet on 16 March 2023.

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

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

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

Note 2b – Significant accounting policies

Specific information relating to the financial statements of the parent company:

a. Merger accounting policy

The legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. Hence, the values recognized in the consolidated financial statements become the cost of the net assets for the parent.

The acquired assets and assumed liabilities are recognized in the solo accounts at the carrying amounts in the merged financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognized when the subsidiary was originally acquired, less their subsequent related amortization, depreciation, impairment losses, as applicable.
The difference between (i) the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger including the associated goodwill, and (ii) the carrying amount of the investment in the merged subsidiary before the legal merger, is recognized directly in equity.

b. Investment in subsidiaries and associates

Subsidiaries and associates are measured at cost following IAS 27 and IAS 28. Impairment tests are performed once a year.

Note 2c – Significant accounting estimates and judgements

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

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

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

- Estimation of claims and litigations (see Notes 2c and 27).
- Fair value of financial instruments not quoted in an active market (see Note 14).
- Impairment assessment of goodwill and participations (see Notes 2c and 12).
- Measurement of the expected credit loss (ECL) allowance: the explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 37.

Going concern

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

Note 3a – Operating segments by business segment

Quintet Private Bank distinguishes between the following primary segments:

- The **'PRIVATE BANKING'** segment includes the wealth management activities provided to Quintet Europe private clients. Intermediation and portfolio management services for Insinger Gilissen and Quintet Luxembourg institutional clients are also part of that segment.
- The **'ASSET SERVICING'** segment includes services provided to institutional clients. This segment includes custodian bank, fund domiciliation and administration activities, paying agent activities, central securities depository Clearstream / Euroclear activities.

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

Revenue and costs attributed to a segment reflect direct and indirect income from clients as well as allocated costs linked to this segment business as implemented in accounting management.

Statement of profit and loss (In EUR million)	**PRIVATE BANKING**		**ASSET SERVICING**		**OWN ACCOUNT & GROUP ITEMS**		**Quintet**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net interest income	70.5	30.9	13.8	5.7	13.8	13.1	**98.1**	**49.7**
Dividend income	0.0	0.0	0.0	0.0	15.9	34.0	**15.9**	**34.0**
Net gains/losses on financial instruments measured at fair value through profit or loss	19.5	18.5	3.9	3.8	18.2	4.4	**41.6**	**26.7**
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	0.0	0.0	0.0	0.0	3.1	8.3	**3.1**	**8.3**
Net fee and commission income	224.1	223.5	28.9	24.0	-15.7	-16.7	**237.3**	**230.8**
Other net income (expenses)	-58.6	-28.6	-0.6	-0.1	93.1	40.4	**33.9**	**11.7**
GROSS INCOME	**255.5**	**244.3**	**46.1**	**33.4**	**128.3**	**83.5**	**429.9**	**361.2**
Operating expenses	-192.6	-248.1	-20.1	-28.1	-199.9	-130.2	**-412.7**	**-406.4**
Impairment	-4.3	-7.2	0.0	0.2	0.3	-81.8	**-4.0**	**-88.8**
Profit/LOSS before tax	**58.5**	**-11.1**	**26.0**	**5.5**	**-71.3**	**-128.4**	**13.2**	**-134.0**
Income tax (expense) / income	-3.3	-4.4	0.0	0.0	-2.3	-1.7	**-5.6**	**-6.2**
Profit/LOSS after tax	**55.3**	**-15.5**	**26.0**	**5.5**	**-73.6**	**-130.1**	**7.6**	**-140.1**

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

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

Note 3b – Operating segments by geographic sector

The Bank carries out most of its activities in Western Europe.

Note 4 – Net interest income

(In EUR thousand)	31/12/2022	31/12/2021
Interest income	**472,720**	**200,621**
Financial assets at fair value through other comprehensive income	24,975	39,318
Financial assets at amortized cost	100,487	55,221
Interest income on liabilities at amortized cost	12,527	17,542
Other	1,472	69
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*139,461*	*112,151*
Financial assets held-for-trading	313,950	77,655
Net interest on hedging derivatives	19,309	10,815
Interest expense	**-374,666**	**-150,876**
Financial liabilities at amortized cost	-29,345	-10,892
Interest expense on assets at amortized cost	-12,695	-24,499
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-42,039*	*-35,391*
Financial liabilities held-for-trading	-298,697	-64,160
Net interest on hedging derivatives	-33,148	-50,473
Interest expense for leasing arrangements	-782	-853
Net interest income	**98,054**	**49,744**

Note 5 – Dividend income

(In EUR thousand)	31/12/2022	31/12/2021
Participating interests (Note 1)	14,250	30,300
Non-trading financial assets mandatorily at fair value through profit or loss	1,636	3,706
Dividend income	**15,886**	**34,006**

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

(In EUR thousand)	31/12/2022	31/12/2021
Held-for-trading	28,336	24,473
Non-trading financial instruments mandatorily at fair value through profit or loss	6,872	557
Exchange differences	9	-10
Fair value adjustments in hedge accounting	6,399	1,689
Micro-hedging	-627	615
Fair value of hedged items	-105,119	-63,138
Fair value of hedging items	104,492	63,753
Macro-hedging	7,026	1,074
Fair value of hedged items	-107,406	-21,702
Fair value of hedging items	114,432	22,776
Net gains/losses on financial instruments measured at fair value through profit or loss	**41,616**	**26,709**

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

(In EUR thousand)	31/12/2022	31/12/2021
At fair value through other comprehensive income	3,665	7,974
Debt securities	3,665	7,974
At amortized cost	-	380
Debt securities	-	380
Financial liabilities	-558	-51
Debt securities	-558	-51
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**3,106**	**8,303**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2022	31/12/2021
Fee and commission income	**264,230**	**265,065**
Asset management	216,516	214,112
Securities transactions	40,045	44,140
Other	7,669	6,813
Fee and commission expense	**-26,924**	**-34,274**
Asset management	-16,018	-18,108
Securities transactions	-7,232	-10,956
Other	-3,675	-5,210
Net fee and commission income	**237,306**	**230,791**

Note 9 – Other net income (expenses)

(In EUR thousand)		31/12/2022	31/12/2021
Other net income (expenses)		**33,916**	**11,669**
Of which	Sale participation of EFA (Note 1)	17,648	-
	Group Transfer pricing	15,361	8,252
	Disposal of KBL Immo (price adjustment, Note 1)	3,295	975
	Net proceeds from precious metals transactions	1,131	1,240
	Net wealth tax	-652	-1,116

Note 10 – Operating expenses

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

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

(In EUR thousand)	31/12/2022	31/12/2021
Staff expenses	-254,842	-237,069
General administrative expenses	-127,777	-132,665
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-29,281	-28,738
of which depreciation of right-of-use assets	*-11,037*	*-10,963*
Net provision allowances	-755	-7,945
Operating expenses	**-412,656**	**-406,417**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2022	31/12/2021
Total average number of FTE	**1,387**	**1,417**
Breakdown by business segment [1]		
Private Banking	1,025	1,108
Asset Servicing	79	161
Own Account and Group items	282	148

[1] The breakdown of commercial, administrative and support staff has been made on the same basis than for drawing up Note 3a on operating segments by business segment.

Note 12 – Impairment

(In EUR thousand)	31/12/2022	31/12/2021
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	**-89**	**-248**
At fair value through other comprehensive income	**343**	**139**
Stage 1	343	139
At amortized cost	**-4,285**	**-3,175**
Stage 1	139	1,278
Stage 2	258	-381
Stage 3	-4,682	-4,072
Investments in subsidiaries	**-**	**-85,055**
Other	-	-423
Impairment	**-4,031**	**-88,762**

More detailed information on impairment is provided in Note 37.

Impairment on investments in subsidiaries

(In EUR thousand)	31/12/2022	31/12/2021
Impairment	**-**	**85,055**
Equity instruments	-	85,055
On participating interests	-	85,055
Goodwill	-	-

See also Note 20 – Impairment of financial assets at fair value through other comprehensive income

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

The goodwill reported in the accounts of the parent's company results from the merger with several former subsidiaries which occurred in 2020 (cf. merger accounting policy described in note 2b).

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

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

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

Multiples of valuation of comparable companies methodology

Estimations are primarily made using multiples of valuation of comparable companies.

This methodology has been assessed as giving the best estimation of the fair value less cost to sell compared to a more complex Discounted Dividend Model which would require the use of a number of non-observable parameters.

Such estimations are calculated in accordance with IFRS13 'Fair value measurement' that classifies into three levels the inputs to valuation techniques used to measure fair value:

- Level 1: quoted price in active market for identical asset or liabilities,
- Level 2: inputs other than quoted prices included with level 1 that are observable for the assets and liabilities, either directly or indirectly,
- Level 3: unobservable inputs.

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

For the impairment test on the goodwill these multiples shall be applied to the clients' Assets under Management. For the participating interests these multiples shall be applied to the clients' Assets under Management and adding to that result the percentage of ownership multiplied by the participating interest's Net Asset Value.

During 2021 a decision was taken to discontinue the Quintet Switzerland business. At the end of 2021 the value of the investment in that company was assessed using the multiples of valuation of comparable companies method as this gives the best estimate of the fair value of sale. The carrying amount of this CGU was determined to be higher than its recoverable amount by EUR 85.1m and an impairment loss for this amount was recognised in the statement of profit and loss.

At the end of 2022 the Swiss entity is still in the process of being liquidated. On that date, the recoverable amount of the CGU being higher than its carrying amount as impaired in 2021 no further impairment has been recognized.

Note 13 – Income tax (expenses) / income

(In EUR thousand)	31/12/2022	31/12/2021
Breakdown by type	-5,568	-6,159
Current tax	-4,840	-6,125
Deferred tax	-729	-35
of which: losses carried forward	-	-
Breakdown by major components:		
Result before tax	13,197	-133,958
Luxembourg income tax rate	24,94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**-3,291**	**33,409**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	52	772
Tax-free income	9,491	8,753
Other non-deductible expenses	-5,066	-1,788
Adjustments related to prior years	25	4
Unused tax losses and unused tax credits	-1,026	-4,579
Other [1]	-5,753	-42,730
Income tax adjustments	**-2,277**	**-39,569**
Total	**-5,568**	**-6,159**

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

Details of tax assets are given in Note 24.

In 2002, under Article 164 bis of the Luxembourg Income Tax Law (LIR), the Bank obtained approval for the fiscal consolidation of its subsidiary Kredietrust Luxembourg S.A..

Further to the approval of the Luxembourg tax authorities dated of 6 June 2017, Banque Puilaetco Dewaay Luxembourg S.A. has also joined the fiscal consolidation group of Quintet as from the year 2017. Banque Puilaetco Dewaay Luxembourg S.A. has been merged into Quintet Private Bank (Europe) S.A. as at 1 January 2022.

The deferred tax assets not recognised in the statement of financial position of the Bank as of 31 December 2022 amount to EUR 200.2 million (31 December 2021: EUR 191.9 million).

Note 14 – Classification of financial instruments: breakdown by portfolio and by product

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

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**540**	-	**540**
Loans and advances to others than credit institutions	-	-	-	**4,389**	-	**4,389**
Consumer credits	-	-	-	32	-	**32**
Mortgage loans	-	-	-	1,905	-	**1,905**
Term loans	-	-	-	1,557	-	**1,557**
Current accounts	-	-	-	872	-	**872**
Other	-	-	-	24	-	**24**
Equity instruments	**0**	**37**	**17**	**-**	**-**	**54**
Debt instruments issued by	**45**	**-**	**942**	**732**	**-**	**1,718**
Government bodies	-	-	576	635	-	**1,211**
Credit institutions	33	-	102	65	-	**200**
Corporates	12	-	264	32	-	**307**
Financial derivatives	**321**	**-**	**-**	**-**	**243**	**564**
Total	**366**	**37**	**959**	**5,661**	**243**	**7,265**
Of which reverse repos	-	-	-	508	-	**508**

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2021	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**796**	-	**796**
Loans and advances to others than credit institutions	-	-	-	**4,103**	-	**4,103**
Consumer credits	-	-	-	62	-	**62**
Mortgage loans	-	-	-	1,756	-	**1,756**
Term loans	-	-	-	1,486	-	**1,486**
Current accounts	-	-	-	636	-	**636**
Other	-	-	-	163	-	**163**
Equity instruments	**0**	**43**	**16**	**-**	-	**59**
Debt instruments issued by	**37**	**1**	**2,136**	**855**	-	**3,029**
Government bodies	-	-	1,356	720	-	**2,076**
Credit institutions	30	-	292	79	-	**401**
Corporates	6	1	488	57	-	**552**
Financial derivatives	**128**	**-**	**-**	**-**	**20**	**148**
Total	**164**	**44**	**2,152**	**5,754**	**20**	**8,135**
Of which reverse repos	-	-	-	569	-	**569**

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	**-**	**-**	**510**	**510**
Deposits from others than credit institutions	**-**	**-**	**10,719**	**10,719**
Current accounts/demand deposits	-	-	8,733	**8,733**
Time deposits	-	-	1,976	**1,976**
Other deposits	-	-	10	**10**
Debt securities issued (not subordinated)	**-**	**-**	**50**	**50**
Non-convertible debt securities	-	-	50	**50**
Lease liabilities	**-**	**-**	**50**	**50**
Financial derivatives	**297**	**12**	**-**	**309**
Total	**297**	**12**	**11,329**	**11,638**
Of which repos	-	-	4	**4**

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2021	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	**-**	**-**	**967**	**967**
Deposits from others than credit institutions	**-**	**-**	**9,710**	**9,710**
Current accounts/demand deposits	-	-	9,017	**9,017**
Time deposits	-	-	686	**686**
Other deposits	-	-	7	**7**
Debt securities issued (not subordinated)	**-**	**-**	**478**	**478**
Non-convertible debt securities	-	-	478	**478**
Lease liabilities	**-**	**-**	**59**	**59**
Financial derivatives	**122**	**82**	**-**	**204**
Total	**122**	**82**	**11,214**	**11,418**
Of which repos	-	-	3	**3**

Fair value of financial instruments

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

(In EUR million)	Carrying amount		Fair value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
ASSETS				
Loans and advances to credit institutions	**540**	**796**	**540**	**797**
Loans and advances to others than credit institutions	**4,389**	**4,103**	**4,389**	**4,103**
Consumer credits	32	62	32	62
Mortgage loans	1,905	1,756	1,905	1,756
Term loans	1,557	1,486	1,557	1,486
Current accounts	872	636	872	636
Other	24	163	24	163
Debt instruments	**732**	**855**	**668**	**860**
LIABILITIES				
Deposits from credit institutions	**510**	**967**	**511**	**968**
Deposits from others than credit institutions	**10,719**	**9,710**	**10,720**	**9,710**
Current accounts/demand deposits	8,733	9,017	8,733	9,017
Time deposits	1,976	686	1,977	686
Other deposits	10	7	10	7
Debt securities issued (not subordinated)	**50**	**478**	**48**	**478**
Non-convertible debt securities	50	478	48	478

Fair value hierarchy

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

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

31/12/2022

(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**365**	**0**	**366**
Equity instruments	-	-	0	**0**
Debt instruments	-	45	0	**45**
Derivatives	0	320	-	**321**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**37**	**37**
Equity instruments	-	-	37	**37**
Debt instruments	-	-	-	**-**
At fair value through other comprehensive income	**355**	**586**	**17**	**959**
Equity instruments	-	-	17	**17**
Debt instruments	355	586	-	**942**
Hedging derivatives	**-**	**243**	**-**	**243**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**297**	**-**	**297**
Debt instruments	-	-	-	**-**
Derivatives	0	297	-	**297**
Hedging derivatives	**-**	**12**	**-**	**12**

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(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**163**	**1**	**164**
Equity instruments	-	-	0	**0**
Debt instruments	-	35	1	**37**
Derivatives	0	127	-	**128**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**44**	**44**
Equity instruments	-	-	43	**43**
Debt instruments	-	-	1	**1**
At fair value through other comprehensive income	**1,128**	**1,008**	**16**	**2,152**
Equity instruments	-	-	16	**16**
Debt instruments	1,128	1,008	-	**2,136**
Hedging derivatives	**-**	**20**	**-**	**20**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**122**	**-**	**122**
Debt instruments	-	-	-	**-**
Derivatives	0	122	-	**122**
Hedging derivatives	**-**	**82**	**-**	**82**

Transfers between the level 1 and level 2 categories

31/12/2022 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-
At fair value through other comprehensive income	**148**	**-**
Equity instruments	-	-
Debt instruments	148	-
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

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

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

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

Level 3 financial instruments measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2022	**1**	**44**	**16**	**61**
Changes in fair value for the year recognised in	0	4	1	**4**
the statement of profit and loss	*0*	*4*	-	***4***
the other comprehensive income	-	-	*1*	***1***
Purchases / Capital increases	0	-	-	**0**
Sales / Capital decreases	-1	-11	-	**-12**
Transfers into / out of level 3	-	-	-	**-**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2022	**0**	**37**	**17**	**54**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	4	1	**4**

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2021	**1**	**43**	**16**	**60**
Changes in fair value for the year recognised in	0	1	0	**1**
the statement of profit and loss	*0*	*1*	-	***0***
the other comprehensive income	-	-	*0*	***0***
Purchases / Capital increases	1	-	-	**1**
Sales / Capital decreases	0	-	0	**0**
Transfers into / out of level 3	0	-	-	**0**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2021	**1**	**44**	**16**	**61**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	1	0	**1**

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through the statement of profit and loss except equity investments for which the Bank has elected to present fair value changes in other comprehensive income) are further commented in the Note 15 of the Consolidated Financial Statements above.

Note 15 – Financial assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2022			
Equity instruments	**17**	**-**	**17**
Debt securities	**942**	**732**	**1,673**
Stage 1	942	732	**1,673**
Gross amount	942	732	**1,674**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,929**	**4,929**
Stage 1	-	4,857	**4,857**
Gross amount	-	4,858	**4,858**
Expected Credit Losses	-	-1	**-1**
Stage 2	-	20	**20**
Gross amount	-	20	**20**
Expected Credit Losses	-	0	**0**
Stage 3	-	53	**53**
Gross amount	-	79	**79**
Expected Credit Losses	-	-26	**-26**
Total	**959**	**5,661**	**6,620**

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2021			
Equity instruments	**16**	**-**	**16**
Debt securities	**2,136**	**855**	**2,992**
Stage 1	2,136	855	**2,992**
Gross amount	2,137	856	**2,993**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,899**	**4,899**
Stage 1	-	4,814	**4,814**
Gross amount	-	4,815	**4,815**
Expected Credit Losses	-	-1	**-1**
Stage 2	-	17	**17**
Gross amount	-	17	**17**
Expected Credit Losses	-	0	**0**
Stage 3	-	68	**68**
Gross amount	-	90	**90**
Expected Credit Losses	-	-22	**-22**
Total	**2,152**	**5,754**	**7,907**

Note 16 – Financial assets and liabilities: breakdown by portfolio and residual maturity

ASSETS (In EUR million)	Held-for-trading assets	Non-trading at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
31/12/2022						
Less than or equal to 1 year	179	-	390	2,135	3	**2,707**
More than 1 but less than or equal to 5 years	142	-	469	1,596	64	**2,272**
More than 5 years	45	37	99	1,929	176	**2,286**
Total	**366**	**37**	**959**	**5,661**	**243**	**7,265**
31/12/2021						
Less than or equal to 1 year	119	-	438	2,367	1	**2,925**
More than 1 but less than or equal to 5 years	36	-	1,263	1,699	6	**3,003**
More than 5 years	10	44	452	1,689	14	**2,207**
Total	**164**	**44**	**2,152**	**5,754**	**20**	**8,135**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2022				
Less than or equal to 1 year	137	8	11,251	**11,396**
More than 1 but less than or equal to 5 years	118	3	77	**198**
More than 5 years	43	1	1	**45**
Total	**297**	**12**	**11,329**	**11,638**
31/12/2021				
Less than or equal to 1 year	105	14	10,910	**11,029**
More than 1 but less than or equal to 5 years	9	45	299	**353**
More than 5 years	8	22	6	**36**
Total	**122**	**82**	**11,214**	**11,418**

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

LEASE LIABILITIES (In EUR million)	31/12/2022	31/12/2021
Less than or equal to 1 year	14	13
More than 1 but less than or equal to 5 years	38	43
More than 5 years	0	4
Total	**52**	**60**

Note 17 – Offsetting of financial assets and liabilities

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

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

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

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

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

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

The effect of Master Netting Agreements relating to securities lending and borrowing is not reported because those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 18 and 19 give additional information on those activities and on the related financial collateral received / pledged.

		Impact of Master Netting Agreements		
31/12/2022 (In EUR million)	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**5,141**	**-**	**-**	**5,141**
Financial assets				
Hedging and trading derivatives	564	-268	-288	8
Held-for-trading assets (excluding derivatives)	45	-	-	45
Non-trading mandatorily at fair value through profit or loss	37	-	-	37
At fair value through other comprehensive income	959	-	-	959
At amortized cost	5,661	-	-508	5,153
Total	**12,406**	**-268**	**-796**	**11,342**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	309	-268	-29	12
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	11,329	-	-	11,329
Total	**11,638**	**-268**	**-29**	**11,342**

31/12/2021 (In EUR million)	Impact of Master Netting Agreements			
	Gross amounts of financial assets presented on the statement of financial position	Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**3,921**	**-**	**-**	**3,921**
Financial assets				
Hedging and trading derivatives	148	-106	-32	9
Held-for-trading assets (excluding derivatives)	37	-	-	37
Non-trading mandatorily at fair value through profit or loss	44	-	-	44
At fair value through other comprehensive income	2,152	-	-	2,152
At amortized cost	5,754		-568	5,186
Total	**12,057**	**-106**	**-601**	**11,349**

LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	204	-106	-87	10
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	11,214	-	-	11,214
Total	**11,418**	**-106**	**-87**	**11,225**

Note 18 – Securities lending and securities given in guarantee

The Bank regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS 9. The securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.

This mainly concerns the following operations:

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

These transactions can be broken down as follows:

(In EUR million)	Other than 'repo' Debt instruments
31/12/2022	
At amortized cost	117
At fair value through other comprehensive income	-
Total	**117**
31/12/2021	
At amortized cost	231
At fair value through other comprehensive income	81
Total	**312**

Note 19 – Securities received in guarantee

The Bank mainly receives securities as collateral in relation to its reverse repurchase agreement operations.

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

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

(In EUR million)	31/12/2022	31/12/2021
Reverse repurchase agreements	504	559
Total	504	559
Of which, transferred to:		
Collateralised deposits other than repurchase agreements	-	-

Note 20 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
(In EUR million)	Stage 1	Stage 2	Stage 3	TOTAL
2022				
Balance as at 01/01/2022	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2022	**1**	**-**	**-**	**1**
2021				
Balance as at 01/01/2021	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2021	**1**	**-**	**-**	**1**

See Note 12 – Impairment.

Note 21 – Impairment of financial assets at amortized cost

Changes in the ECL amount (In EUR million)	Financial assets at amortized cost Stage 1	Stage 2	Stage 3	TOTAL
2022				
Balance as at 01/01/2022	**1**	**0**	**22**	**23**
New assets originated or purchased	4	-	-	4
Assets derecognized or repaid	-4	0	0	-4
Change in credit risk	0	0	5	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2022	**1**	**0**	**26**	**28**
2021				
Balance as at 01/01/2021	**3**	**0**	**18**	**20**
New assets originated or purchased	4	-	-	**4**
Assets derecognized or repaid	-5	0	0	**-6**
Change in credit risk	0	1	4	**5**
Amounts written off	-	-	0	**0**
Other	0	-	-	**0**
Balance as at 31/12/2021	**1**	**0**	**22**	**23**

(In EUR million)	31/12/2022	31/12/2021
Breakdown by counterparty	**28**	**23**
Debt securities with credit institutions	0	0
Debt securities other than with credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances other than with credit institutions	27	23

Note 22 – Derivatives

The notional value of the foreign exchange contracts represents the nominal to be delivered.

	Held-for-trading					
	2022			2021		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total	**321**	**297**	**29,581**	**128**	**122**	**35,981**
Interest rate	**212**	**218**	**22,804**	**24**	**23**	**24,609**
OTC options	0	0	5	0	0	5
OTC other	212	218	22,798	24	23	24,604
Equity	**2**	**1**	**17**	**1**	**1**	**23**
OTC options	1	1	3	1	1	8
Organized market options	0	0	14	0	0	14
Foreign exchange and gold	**107**	**78**	**6,761**	**103**	**98**	**11,350**
OTC options	0	0	26	0	0	83
OTC other	107	77	6,735	102	98	11,266

	Hedging					
	2022			2021		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total Fair value hedges	**243**	**12**	**2,314**	**20**	**82**	**2,953**
Interest rate	**27**	**2**	**645**	**6**	**48**	**1,655**
OTC options	0	-	1	0	-	1
OTC other	27	2	644	6	48	1,654
Equity	**-**	**9**	**31**	**0**	**2**	**38**
OTC other	-	9	31	0	2	38
Foreign exchange and gold	**3**	**1**	**48**	**3**	**24**	**440**
OTC other	3	1	48	3	24	440
Portfolio Fair value hedges of Interest rate risk	**213**	**0**	**1,590**	**11**	**7**	**819**

Note 23 – Other assets

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

Note 24 – Tax assets and tax liabilities

(In EUR million)	31/12/2022	31/12/2021
ASSETS		
Current tax assets	**2**	**2**
Deferred tax assets	**30**	**21**
Losses carried forward	17	18
Provisions	1	0
Financial instruments at fair value through other comprehensive income	5	-4
Other	7	7
Tax assets	**32**	**23**
LIABILITIES		
Current tax liabilities	**0**	**3**
Deferred tax liabilities	**-**	**-**
Impairment for losses on loans and advances	-	-
Other	-	-
Tax liabilities	**0**	**3**

Details of tax assets are given in Note 13.

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

Note 25 – Intangible assets

CHANGES (In EUR million)	Goodwill	Purchased portfolio of customers	Software developed in-house	Software purchased	Other intangible assets	Total
2022						
Balance as at 01/01/2022	**274**	**49**	**8**	**15**	**0**	**346**
Acquisitions	-	-	1	7	-	**8**
Disposals	-	-	-	-	-	**-**
Depreciation	-	-6	-3	-5	0	**-14**
Impairment	-	-	-	-	-	**-**
Puilaetco Luxembourg's absorption (Note 1)	38	-	-	-	-	38
Other	-	-	-	-	-	-
Balance as at 31/12/2022	**312**	**43**	**6**	**18**	**0**	**379**
Of which: cumulative amortisation and impairment	-23	-56	-11	-45	-3	**-138**
2021						
Balance as at 01/01/2021	**274**	**55**	**10**	**15**	**0**	**354**
Acquisitions	-	-	1	5	-	**7**
Disposals	-	-	-	-	-	**-**
Depreciation	-	-6	-3	-5	0	**-14**
Impairment	-	-	-	-	-	**-**
Other	-	-	0	0	-	**0**
Balance as at 31/12/2021	**274**	**49**	**8**	**15**	**0**	**346**
Of which: cumulative amortisation and impairment	-23	-50	-8	-40	-3	**-124**

Note 26 – Property, equipment, right-of-use assets and investment properties

(In EUR million)	31/12/2022	31/12/2021
Property and equipment	56	64
of which right-of-use leased assets	36	43
Investment properties	-	-

CHANGES (In EUR million)	Land and buildings		IT equipment		Other equipment		Total	
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
2022								
Balance as at 01/01/2022	3	41	6	0	13	2	22	43
Acquisitions	0	2	2	2	2	0	4	5
Disposals	-	0	-	-	-	0	-	0
Depreciation	0	-10	-3	-1	-1	-1	-4	-11
Impairment	-	-	-	-	-	-	-	-
Other	-	0	-	-	-1	0	-1	0
Balance as at 31/12/2022	3	32	5	2	13	2	20	36
Of which: cumulative amortisation and impairment	-1	-31	-37	-1	-29	-2	-66	-33
2021								
Balance as at 01/01/2021	3	46	6	1	13	2	22	49
Acquisitions	1	4	2	-	1	2	4	6
Disposals	-	-	-	-	-	0	-	0
Depreciation	0	-10	-3	-1	-1	-1	-4	-11
Impairment	-	-	-	-	0	-	0	-
Other	0	0	0	-	0	-1	0	-1
Balance as at 31/12/2021	3	41	6	0	13	2	22	43
Of which: cumulative amortisation and impairment	0	-22	-36	-2	-28	-1	-64	-25

Note 27 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	**Total**
2022						
Balance as at 01/01/2022	**19**	**7**	**1**	**27**	**4**	**58**
Changes affecting the statement of profit and loss	2	1	0	0	0	**4**
Allowances	2	1	-	1	1	**5**
Reversals	0	-	-	-1	0	**-1**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	-12	0	0	-3	-1	**-16**
Balance as at 31/12/2022	**10**	**7**	**1**	**25**	**3**	**46**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	1	-	-	**1**
2021						
Balance as at 01/01/2021	**38**	**8**	**1**	**24**	**2**	**72**
Changes affecting the statement of profit and loss	2	-1	0	6	2	**9**
Allowances	3	2	-	8	3	**15**
Reversals	0	-2	-	-2	-1	**-6**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	-21	0	0	-3	0	**-23**
Balance as at 31/12/2021	**19**	**7**	**1**	**27**	**4**	**58**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	1	-	-	**1**

- The net liabilities related to staff pension funds (see Note 29) and restructuration plans are included in this item.
- Specific impairment for credit commitments: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Bank acts as sub-participant.
- Provisions for pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.
- Other provisions: other provisions than the above-mentioned provisions.
- For most of the provisions recorded, no reasonable estimate can be made of when they will be used.

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

Note 28 – Other liabilities

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

Note 29 – Long-term employees benefits

Retirement benefit obligations

Quintet and its branches sponsor a number of defined benefit plans for their employees. Most of them are closed to new participants. Quintet also operates defined contribution plans.

Luxembourg

The Bank operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries are only pre-retired or ex-employees.

Investment earnings applied to employee contributions are subject to a minimum guaranteed return. The plans are funded via insurance arrangement with a third party to which the company pays regular premiums.

Belgium

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

Germany

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

The Netherlands

The Bank also has various retirement plans in The Netherlands. Most of these plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts or insurance vehicles.

DEFINED BENEFIT PLANS (In EUR million)	31/12/2022	31/12/2021
Defined benefit plan obligations		
Value of obligations as at 01/01	**139**	**140**
Current service cost	2	3
Interest cost	1	1
Past service cost and gains / losses arising from settlements	0	0
Actuarial (gains)/losses	-20	-11
stemming from changes in demographic assumptions	0	0
stemming from changes in financial assumptions	-23	-8
experience adjustments	2	-3
Benefits paid	-12	-6
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	0	0
Business combinations	0	13
Other	0	0
Value of obligations as at 31/12	**111**	**139**
Fair value of plan assets		
Fair value of assets as at 01/01	**123**	**104**
Actual return on plan assets	-12	10
Interest income	1	0
Return on plan assets (excluding interest income)	-13	10
Employer contributions	4	4
Plan participant contributions	0	0
Benefits paid	-12	-6
Out of which: amounts paid in respect of settlements	-	-
Business combinations	0	11
Other	0	0
Fair value of assets as at 31/12	**103**	**123**

Plan assets do not include any investment in transferable securities issued by the Bank (2021: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2021: 1.0 million).

Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-3**	**-1**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	1	-2
Other	0	-
Effect of the asset ceiling as at 31/12	**-1**	**-3**
Funded status		
Plan assets in excess of defined benefit obligations	-8	-16
Unrecognised assets	-1	-3
Unfunded accrued / prepaid pension cost	**-9**	**-19**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2022	31/12/2021
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-19**	**-37**
Net periodic pension cost recognized in the statement of profit and loss (excl. tax impact arising from settlements)	-2	-2
Remeasurements recognized in OCI (excl. change in tax provision)	8	19
Employer contributions	4	4
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Business combinations	0	-2
Unfunded accrued / prepaid pension cost as at 31/12	**-9**	**-19**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-30**	**-47**
Remeasurement recognized in OCI	8	17
Transfers	0	-
Recognized reserve as at 31/12	**-22**	**-30**
Amounts recognized in comprehensive income		
Amounts recognised in the statement of profit and loss		
Current service cost	-2	-3
Net interest on the defined benefit liability/asset	0	0
Past service cost	0	0
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-2**	**-2**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	20	9
Actual return on plan assets (excluding amounts included in interest income)	-13	10
Change in the effect of the asset ceiling	1	-2
Change in the tax provision	0	0
Total other comprehensive income	**8**	**17**
Actual return on plan assets	**-5.25%**	**+4.99%**
Breakdown of plan assets	100%	100%
Fixed income		
Quoted market price in an active market	39%	21%
Unquoted	-	-
Equities		
Quoted market price in an active market	13%	34%
Unquoted	-	-
Alternatives	-	-
Cash	1%	3%
Real estate	9%	8%
Other	37%	36%

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2022	31/12/2021
Significant actuarial assumptions used: Defined benefit obligation The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	1.90% to 3.80%	0.25% to 1.18%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	8	17
Scenario DR +1%	-7	-13
Expected rate of salary increase (including inflation)	2.45% to 3.00%	1.50% to 3.00%
Scenario SR -1%	0	0
Scenario SR +1%	0	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	10	13
Expected contributions for next year	7	7

DEFINED CONTRIBUTION PLANS (In EUR million)	31/12/2022	31/12/2021
Amount recorded in the statement of profit and loss	-10	-9

Other long-term benefits

Some senior staff members participated to a new Long-Term Incentive Plan (LTIP) implemented in 2020 for selected senior management members.

Liability recognized as end of 2022 amounts to EUR 2 million (2021: EUR 2 million).

Note 30 – Equity

As of 31 December 2022, the subscribed and paid-up capital is EUR 254.2 million (31 December 2021: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2021: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2021: 4,336). The share premium as at 31 December 2022 is EUR 626.3 million (31 December 2021: EUR 626.3 million).

On 21 October 2020, Quintet has successfully placed EUR 125 million in additional tier-1 (AT1) notes, which are listed on the Luxembourg Stock Exchange (Euro MTF). The placement of these AT1 notes, which qualify as additional tier-1 capital, complements the significant equity capital commitments already made and foreseen in future by Precision Capital, Quintet's shareholder. Quintet's AT1 notes, which are denominated in euros and pays semi-annually, are perpetual instruments with a first call date in 2026.

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for years 2019, 2020,2021 and 2022

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

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

As at 31 December 2022 and before the proposed allocation of the 2022 result (Note 31), the legal reserve is EUR 23.3 million (31 December

2021: EUR 23.3 million) representing 9.2% of the paid-up capital. The free reserves amount to EUR 312.9 million (31 December 2021: EUR 312.9 million). The retained earnings amount to EUR -194.3 million (31 December 2021: -67.8 million).

In number of shares	31/12/2022	31/12/2021
Total number of shares issued	**27,344,052**	**27,344,052**
Ordinary shares	27,339,716	27,339,716
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	27,344,052
Of which: shares representing equity under IFRS	27,344,052	27,344,052

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2022	**27,339,716**	**4,336**	**27,344,052**
Movement	-	-	-
Balance as at 31/12/2022	**27,339,716**	**4,336**	**27,344,052**

Note 31 – Result allocation proposal

At its meeting on 16 March 2023, the Board of Directors proposes to allocate the 2022 net result of EUR 7.628.851 as follows:

(i) allocation of EUR 381,443 to the legal reserve which represent 5% of the profit of the year;

(ii) allocation of EUR 7,247,408 to the retained earnings.

On 26 April 2023, this allocation will be submitted for the approval of the Annual General Meeting.

Note 32 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2022	31/12/2021
Confirmed irrevocable credits, unused	639	445
Financial guarantees given	53	92
Off-balance sheet items	**692**	**537**

Note 33 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amount to EUR 48.0 billion as at 31 December 2022 (2021: EUR 53.6 billion).

Total 'Assets under Custody' (investment funds and institutional) related to asset servicing clients as at 31 December 2022 amount EUR 21.4 billion (2021: EUR 22.3 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Bank does not offer advice on how the assets should be invested) amount to EUR 6.8 billion as at 31 December 2022 (2021: EUR 7.7 billion).

Note 34 – Related party transactions

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

(In EUR million)	31/12/2022	31/12/2021
Cash, cash balances with central banks and other demand deposits	18	3
of which with Quintet Group	*18*	*3*
Financial assets	28	184
of which with UBO [1]	*0*	*0*
of which with Quintet Group	*28*	*184*
Held-for-trading	2	0
At amortized cost	26	184
Investment in subsidiaries and associates	186	231
Non-current assets held-for-sale	15	14
Financial liabilities	616	327
of which with UBO [1]	*466*	*106*
of which with Precision Capital	*9*	*23*
of which with Quintet Group	*140*	*198*
Held-for-trading	7	2
At amortized cost	609	324
Hedging derivatives	-	-
Statement of profit and loss	51	-27
of which with UBO and Pioneer Holding [1]	*2*	*0*
of which with Precision Capital	*0*	*0*
of which with Quintet Group	*49*	*-26*
Net interest income	0	0
Dividends	14	30
Net fee and commission income	33	32
Other net income (expenses)	15	8
Operating expenses	-12	-12
Impairment of financial assets not measured at fair value through profit or loss	0	0
Impairment of investments in subsidiaries	-	-85
Nominal amount of loan commitments, financial guarantees and other commitments given	261	350
of which with UBO [1]	*141*	-
of which with Quintet Group	*119*	*350*
of which with Precision Capital	*0*	*0*

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

With key management personnel (In EUR million)	31/12/2022		31/12/2021	
	Amount	Number of persons	Amount	Number of persons
Amount of remuneration to key management personnel of Quintet on the basis of their activity, including the amounts paid to former key management personnel	17	28	23	29
Credit commitments given (undrawn amount outstanding)	1	1	1	1
Loans outstanding	5	1	5	1
Expenses for defined contribution plans	1	20	1	21

Note 35 – Solvency

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

(In EUR million)	31/12/2022	31/12/2021
Regulatory capital	707	759
Common equity Tier 1 capital	**583**	**636**
Capital and reserves	1,022	1,149
Intangible assets and goodwill	-369	-331
Profit or loss eligible	-	-140
Remeasurement of defined benefit plans	-22	-30
Fair value changes of instruments measured at fair value through other comprehensive income	-15	13
Deferred tax assets	-29	-21
Asset value adjustment	-1	-3
Additional deductions of CET 1	-2	-1
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	2,708	2,998
Credit risk	2,038	2,258
Market risk	75	205
Credit value adjustment	11	25
Operational risk	584	510
Solvency ratios		
Common equity Tier 1 ratio (CET1)	**21.5%**	**21.2%**
Basic solvency ratio (Tier 1 ratio)	**26.1%**	**25.3%**
Overall Capital Ratio	**26.1%**	**25.3%**

Note 36 – Maximum credit risk exposure and collateral received to mitigate the risk

Maximum credit risk exposure (In EUR million)	31/12/2022	31/12/2021
Assets	**12,782**	**12,445**
Balances with central banks and other demand deposits	5,137	3,917
Financial assets	7,265	8,135
Held-for-trading	366	164
Non-trading mandatorily at fair value through profit or loss	37	44
At fair value through other comprehensive income	959	2,152
At amortized cost	5,661	5,754
Hedging derivatives	243	20
Investment in subsidiaries and associates	186	231
Tax assets	32	23
Other assets	146	124
Non-current assets held-for-sale	15	14
Off-balance sheet items	**692**	**537**
Confirmed irrevocable credits, unused	639	445
Financial guarantees	53	92
Maximum credit risk exposure	13,474	12,982

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

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	31/12/2022	31/12/2021
Mortgage loans collateralized by immovable property	**1,661**	**1,540**
Residential	1,270	1,212
Commercial	391	327
Other collateralized loans	**2,909**	**2,664**
Cash	1,185	919
Rest (including securities received in reverse repo operations)	1,724	1,745
Financial guarantees received	**831**	**893**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	5,401	5,097

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

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

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

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital. The exposures on related parties are disclosed in Note 34.

Note 37 – Risk management

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

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

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

1.1.2. Credit allocation decision-making process / governance

In Luxembourg, all lending/investment decisions, as all decisions to grant uncommitted lines, are the responsibility of the Credit Committee designated under delegation of authority from the Authorised Management Committee, based on specific criteria. This delegation of powers always requires the involvement of the first and second lines of defence, to ensure that there is no risk of conflict of interest.

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

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

1.1.3. Credit policy

The credit policy defines the framework within which credit activities to customers are managed in the Quintet Group. It is reviewed/updated on an regular basis. The last version was approved in December 2021 by the Board Risk Committee ("BRC"), a sub-committee of the Board of Directors dedicated to risk issues.

1.1.4. Monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the Board Risk Committee. Therefore, specific indicators are monthly reported to the Group Credit Committee (GCC) and quarterly to the BRC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries. Group Financial risk and Reporting has its own system for country and concentration limits, approved by the Executive Committee and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Bank and to its risk appetite.

At a regulatory level, Quintet Group uses the standardised Basel III methodology to calculate credit risk.

1.1.4.1. Loans

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

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

The files for which a specific monitoring is requested are included in the Watchlist that is discussed monthly in the local and Group Credit Committees.

1.1.4.2. Investment portfolios

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

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

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

1.1.4.3. Interbank transactions

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

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

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

1.1.4.4. Collateral monitoring

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

1.1.4.5. Country limits

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

Lines are allocated to the Bank for credit activities, bonds investments and trading room activities as and when required. As for counterparty risk, Financial Risk & Reporting is responsible for independent monitoring, on a daily basis, of the respect of the country limits.

1.1.4.6. Concentration monitoring

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

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

1.1.5 Measurement of Credit Risk

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

1.1.5.1. IFRS 9 stages

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

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

1.1.5.2. Credit risk grading

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

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

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

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

Note for Intragroup IFRS 9 approach:

The same Financial Institution approach is used for intragroup IFRS9 exposures valuation. All Group entities are considered as BBB external rating for computation purposes.

1.1.5.3 Significant Increase in Credit Risk

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

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

The following indicators are considered:

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

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

1.1.6. Definition of default and credit impaired assets

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

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

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

1.2.1. Measurement of ECL

For the calculation of Expected Credit Loss (ECL) amounts and rates, three approaches are followed:

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

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

1.2.2. Forward looking information incorporated in the ECL models

ECLs are computed using three main credit parameters: Exposure at Default (EaD), Probability of Default (PD) and Loss-Given-Default (LGD). At first, PD and LGD are estimated from TtC data (e.g., averages observed over historical data):

- PDs at various time horizons are observed on the term structure of the cumulative default probability constructed from a migration matrix. For professional counterparties, such matrix relates to migrations between credit ratings. For private banking clients, such matrix relates to migrations between IFRS stages.
- LGD is taken as the historical average for professional counterparties and derived from the valuation of collateral for private banking clients.

In a second time, these parameters are adjusted using PiT estimates to incorporate some forward-looking perspective:

- For professional counterparties, the average PDs derived from TtC data (as described above) are replaced by the weighted average of three PDs corresponding to favourable, baseline and unfavourable market conditions (the original TtC PDs correspond to the favourable case). The relative weights given to these scenarios, decided upon by the MacroEconomomic Scenario Committee (MESCo), are in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed.

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

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

- For private banking clients, the forward-looking perspective is incorporated within the LGD. Again, three scenarios are considered (and their respective weights determined by the MESCo) and applied to the valuation of financial and real estate collateral. The three scenarios consider favourable, baseline and unfavourable market conditions affecting the valuation of collateral at the time of default.

Weights assigning the forward-looking perspectives are refreshed on a quarterly basis by the MESCo.

1.2.3. Forward-looking information

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

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

1.2.4. Evolution of key risk metrics over 2022

Scenario parameters for the valuation of properties (see Table 1) were altered downwards over the course of 2022 considering the worsening of the economic outlook. In particular, the real estate outlook is considered more negative in the Netherlands and UK, as reflected in the weights of the respective scenarios.

Table 1: Scenario weights for the valuation of properties.

Scenario	2021 Q4	2022 Q4
Belgium		
Negative	20%	30%
Baseline	60%	60%
Positive	20%	10%
1-yr shock, negative scenario	*-15%*	*-15%*
France		
Negative	20%	30%
Baseline	60%	60%
Positive	20%	10%
1-yr shock, negative scenario	*-13%*	*-13%*
Great Britain		
Negative	20%	40%
Baseline	60%	60%
Positive	20%	0%
1-yr shock, negative scenario	*-15%*	*-25%*

Scenario	2021 Q4	2022 Q4
Luxembourg		
Negative	20%	30%
Baseline	60%	60%
Positive	20%	10%
1-yr shock, negative scenario	*-15%*	*-15%*
FR/MC Riviera		
Negative	20%	30%
Baseline	60%	60%
Positive	20%	10%
1-yr shock, negative scenario	*-12%*	*-12%*
Netherlands		
Negative	20%	40%
Baseline	60%	60%
Positive	20%	0%
1-yr shock, negative scenario	*-15%*	*-15%*

Regarding weights allocated to the three scenarios related to default probabilities, they were as well adjusted during 2022 to reflect the worsening of the economic situation, especially on the Corporate and Bank sectors, and to a lesser extent for Sovereigns (see Table 2). The average rating score of the portfolio increased slightly over the course of 2022, while remaining in the Investment Grade area, and more precisely around A rating. The average PD at the 1-year horizon (sourced from Moody's CreditEdge) increases slightly as well, mostly within the Bank and Corporate sectors, in line with the weight allocation decided by the MESCo.

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

PD scenario	2021 Q4	2022 Q4
Banks		
Negative	30%	40%
Baseline	30%	30%
Positive	40%	30%
Avg. ptf. 1-yr PD [bps]	*7.3*	*9.4*
Avg. ptf. rating score	*81*	*130*
Corporates		
Negative	45%	50%
Baseline	40%	50%
Positive	15%	0%
Avg. ptf. 1-yr PD [bps]	*5.7*	*7.3*
Avg. ptf. rating score	*99*	*140*
Sovereigns		
Negative	25%	20%
Baseline	40%	50%
Positive	35%	30%
Avg. ptf. 1-yr PD [bps]	*2.8*	*2.8*
Avg. ptf. rating score	*98*	*120*

Finally, Table 3 provides the average ECL rate observed on non-defaulted credit exposures, respectively for: (i) debt securities (in the ALM portfolio), and (ii) loans, advances, and commitments. The average ECL rate increases in comparison to end-2021, in line with the increased average rating and PD of the ALM portfolio (see Table 2). On the contrary, the average ECL rate of the loans, advances and commitments portfolio decreased during 2022, translating the willingness of the Group to focus on highly secured credits (e.g., increased appetite for Lombard loans over loans secured by real estate properties).

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

	Scenario	Average ECL rate on portfolio [bps] Debt securities	 Loans, advances & commitments
2021 Q4	Negative	6.91	5.13
	Baseline	2.89	2.16
	Positive	2.38	2.04
	Weighted	*3.90*	*2.96*
2022 Q4	Negative	10.46	3.33
	Baseline	4.46	1.63
	Positive	3.67	1.51
	Weighted	*5.87*	*2.09*

1.3. Quantitative information

1.3.1. Breakdown of credit risk exposures

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

Information on performing and non-performing exposures

31/12/2022 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	732	732	-	-0	-
Central banks	-	-	-	-	-
General governments	635	635	-	-0	-
Credit institutions	65	65	-	-0	-
Other financial corporations	1	1	-	-0	-
Non-financial corporations	30	30	-	-0	-
Loans and advances	4,957	4,877	79	-27	-26
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	540	540	-	-0	-
Other financial corporations	1,249	1,249	0	-1	-0
Non-financial corporations	1,065	1,008	57	-17	-17
Households	2,102	2,080	22	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	10,826	10,747	79	-28	-26
Debt securities	942	942	-	-1	-
General governments	576	576	-	-0	-
Credit institutions	102	102	-	-0	-
Other financial corporations	120	120	-	-0	-
Non-financial corporations	144	144	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	942	942	-	-	-
Debt securities	-	-	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	-	-	-	-	-
Loans and advances			-	-	-
TOTAL DEBT INSTRUMENTS AT FVTPL	-	-	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	11,769	11,689	79	-29	-26
Loan commitments given	3,269	3,264	5	0	-
Financial guarantees given	53	52	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	3,322	3,317	6	1	1

31/12/2021 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	856	856	-	-0	-
Central banks	-	-	-	-	-
General governments	720	720	-	-0	-
Credit institutions	79	79	-	-0	-
Other financial corporations	14	14	-	-0	-
Non-financial corporations	43	43	-	-0	-
Loans and advances	4,922	4,832	90	-23	-22
Central banks	-	-	-	-	-
General governments	1	1	-	-0	-
Credit institutions	797	797	-	-0	-
Other financial corporations	1,197	1,190	7	-0	-0
Non-financial corporations	898	853	44	-12	-12
Households	2,030	1,992	39	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	9,696	9,606	90	-24	-22
Debt securities	2,137	2,137	-	-1	-
General governments	1,357	1,357	-	-1	-
Credit institutions	292	292	-	-0	-
Other financial corporations	204	204	-	-0	-
Non-financial corporations	284	284	-	-0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	2,137	2,137	-	-1	-
Debt securities	1	1	-	-	-
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	1	1	-	-	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FVTPL	1	1	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING OR TRADING	11,834	11,744	90	-25	-22
Loan commitments given	4,009	4,009	-	0	-
Financial guarantees given	92	91	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	4,101	4,100	1	1	1

1.3.2. Specific loan impairment

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

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and advances

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	1	-	-	-	15	0	-	-	36
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	0	-	-	-	13	-	-	-	0
Non-financial corporations	0	-	-	-	0	0	-	-	27
Households	1	-	-	-	2	0	-	-	9
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	0	-	-	-	14	0	-	-	0
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	-	-	-	-	1	-	-	-	36
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	-	-	-	-	0	-	-	-	33
of which: other collateralized loans	-	-	-	-	11	-	-	-	2
of which: credit for consumption	-	-	-	-	0	-	-	-	0
of which: lending for house purchase	-	-	-	-	1	-	-	-	8
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2022 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-3	-6	6	1	-	0	-2
Debt securities	-1	-0	1	0	-	0	-1
General governments	-1	-0	0	-0	-	-0	-1
Credit institutions	-0	-0	0	-0	-	0	-0
Other financial corporations	-0	-0	0	0	-	-	-0
Non-financial corporations	-0	-0	0	0	-	-	-0
Loans and advances	-1	-3	3	0	-	0	-1
General governments	-0	-0	0	-	-	-	-0
Credit institutions	-0	-1	1	-0	-	-0	-0
Other financial corporations	-0	-2	2	0	-	-0	-0
Non-financial corporations	-0	-0	0	0	-	0	-0
Households	-0	-1	1	0	-	-0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-1	-	1	-0	-	-0	-0
Loans and advances	-0	-	0	-0	-	-0	-0
Other financial corporations	-0	-	0	-0	-	0	-0
Non-financial corporations	-	-	0	0	-	-0	-0
Households	-0	-	0	0	-	-0	-0
Allowances for credit-impaired debt instruments (Stage 3)	-22	-	0	-5	0	0	-27
Loans and advances	-22	-	0	-5	0	-0	-27
Other financial corporations	-0	-	0	-0	-	0	-0
Non-financial corporations	-12	-	0	-5	-	-0	-17
Households	-10	-	0	-0	0	-0	-10
Total allowance for debt instruments	-25	-6	7	-5	-	0	-29
Commitments and financial guarantees given (Stage 1)	0	0	-0	0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	-0	0	-	0	1

- Debt Securities

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

- Loans and advances

31/12/2021 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	22	-	-	-	4	-	-	-	68
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	15	-	-	-	0	-	-	-	7
Non-financial corporations	1	-	-	-	4	-	-	-	32
Households	6	-	-	-	0	-	-	-	29
Loans and advances by product, by collateral and by subordination									
On demand [call] and short notice [current account]	22	-	-	-	1	-	-	-	22
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	1	-	-	-	3	-	-	-	46
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	0	-	-	-	4	-	-	-	37
of which: other collateralized loans	1	-	-	-	0	-	-	-	12
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	-	-	-	-	-	-	-	-	9
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2021 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other adjustments	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-4	-6	7	1	-	0	-3
Debt securities	-1	-0	1	0	-	0	-1
General governments	-1	-0	1	-0	-	-0	-1
Credit institutions	-0	-0	0	-0	-	0	-0
Other financial corporations	-0	0	0	0	-	-	-0
Non-financial corporations	-0	-0	0	0	-	-	-0
Loans and advances	-2	-4	5	-0	-	-0	-1
General governments	-0	-0	0	-	-	-0	-0
Credit institutions	-0	-1	1	-0	-	-0	-0
Other financial corporations	-1	-2	3	0	-	-0	-0
Non-financial corporations	-0	-0	0	0	-	0	-0
Households	-0	-0	0	0	-	-0	-0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-0	-	1	-2	-	-0	-1
Loans and advances	-0	-	0	-1	-	-0	-0
Other financial corporations	-0	-	0	-0	-	0	-0
Non-financial corporations	-	-	-	-0	-	0	-0
Households	-0	-	0	-0	-	-0	-0
Allowances for credit-impaired debt instruments (Stage 3)	-18	-	0	-4	0	-0	-22
Loans and advances	-18	-	0	-4	0	-0	-22
Other financial corporations	-0	-	0	-0	-	-0	-0
Non-financial corporations	-8	-	0	-3	-	0	-12
Households	-9	-	0	-1	0	-0	-10
Total allowance for debt instruments	-22	-6	8	-5	-	0	-25
Commitments and financial guarantees given (Stage 1)	0	0	0	-0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	0	-0	-	0	1

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2022	2021
L&R from customers	10bps	8bps
Financial assets FVOCI	<0%	<0%

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

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value
(In EUR million)
31/12/2022

Rating	Total Watchlist	Standard	Total
BBB	0	-	0
TOTAL	0	-	0

Book value
(In EUR million)
31/12/2021

Rating	Total Watchlist	Standard	Total
BBB	1	-	1
TOTAL	1	-	1

- Financial assets at fair value through other comprehensive income

Book value
(In EUR million)
31/12/2022

Rating	Total Watchlist	Standard	Total
AAA	-	32	32
AA+	-	56	56
AA	-	207	207
AA-	-	126	126
A+	-	53	53
A	-	69	69
A-	-	53	53
BBB+	-	162	162
BBB	-	48	48
BBB-	-	136	136
TOTAL	-	942	942

Book value
(In EUR million)
31/12/2021

Rating	Total Watchlist	Standard	Total
AAA	-	102	102
AA+	-	137	137
AA	-	395	395
AA-	-	542	542
A+	-	278	278
A	-	287	287
A-	-	166	166
BBB+	-	84	84
BBB	-	81	81
BBB-	-	65	65
TOTAL	-	2,136	2,136

- Financial assets at amortized cost (debt securities)

(In EUR million)
31/12/2022

Rating	NPL / Impaired	Standard	Total
AAA	-	80	80
AA+	-	109	109
AA	-	117	117
AA-	-	130	130
A+	-	86	86
A	-	40	40
A-	-	27	27
BBB+	-	56	56
BBB	-	-	-
BBB-	-	76	76
NR	-	10	10
TOTAL	-	732	732

(In EUR million)
31/12/2021

Rating	NPL / Impaired	Standard	Total
AAA	-	106	106
AA+	-	119	119
AA	-	126	126
AA-	-	139	139
A+	-	37	37
A	-	117	117
A-	-	40	40
BBB+	-	21	21
BBB	-	106	106
BBB-	-	43	43
TOTAL	-	855	855

- Loans and advances

Loans and advances positions are not rated

Loans and advances (In EUR million) 31/12/2022	NPL/ Impaired	Performing	Total
Banks and other Financial Institutions	0	1,762	1,762
Customers	52	3,089	3,141
Sub_total	52	4,851	4,903
Other L&R and intercompanies	-	26	26
TOTAL	52	4,877	4,929

Book value
(In EUR million)

Note that NPL/Impaired volumes in 2021 included all loans on which ECL where booked while 2022 volumes only relate to stage 3 impairments and non-performing loans.

Of which Banks and Financial Institutions

(In EUR million) 31/12/2022 **Rating**	Total Loans	Reverse Repo	Total
AAA	-	-	-
AA	0		0
A+	39	146	185
A	-	50	50
A-	13	312	325
NR	1,202	-	1,202
TOTAL	1,254	508	1,762

Loans and advances (In EUR million) 31/12/2021	NPL/ Impaired	Performing	Total
Banks and other Financial Institutions	206	1,204	1,409
Customers	739	2,567	3,306
Sub_total	945	3,770	4,715
Other L&R and intercompanies	168	15	183
TOTAL	1,113	3,786	4,898

Of which Banks and Financial Institutions

Book value (In EUR million) 31/12/2021 Rating	Total Loans	Reverse Repo	Total
AAA	2	-	2
A+	43	62	105
A	18	-	18
A-	-	506	506
NR	777	-	777
TOTAL	841	569	1,409

1.3.3.2. Financial Securities by country

31/12/2022 (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRIA	-	15	15	-	-	-	-	-	-
BELGIUM	-	92	92	-	11	11	-	-	-
BERMUDA	-	-	-	-	14	14	-	-	-
CANADA	-	61	61	-	24	24	-	-	-
CAYMAN ISLANDS	-	-	-	-	24	24	-	-	-
CHILE	-	-	-	-	30	30	-	-	-
FINLAND	-	24	24	-	-	-	-	-	-
FRANCE	-	158	158	-	9	9	-	-	-
GERMANY	-	10	10	-	38	38	-	-	-
IRELAND	-	65	65	-	-	-	-	-	-
ISLAND	-	-	-	-	16	16	-	-	-
ISRAEL	-	-	-	-	14	14	-	-	-
ITALY	-	76	76	-	99	99	-	-	-
JAPAN	-	-	-	-	24	24	-	-	-
JERSEY	-	-	-	-	28	28	-	-	-
REP. OF KOREA	-	-	-	-	129	129	-	-	-
LATVIA	-	10	10	-	-	-	-	-	-
LITHUANIA	-	10	10	-	-	-	-	-	-
LUXEMBOURG	-	11	11	-	18	18	-	-	-
MEXICO	-	-	-	-	14	14	-	-	-
NETHERLANDS	-	51	51	-	26	26	-	-	-
QATAR	-	-	-	-	48	48	-	-	-
SINGAPORE	-	-	-	-	5	5	-	-	-
SLOVAKIA	-	18	18	-	-	-	-	-	-
SPAIN	-	70	70	-	153	153	-	-	-
SUPRANATIONAL	-	25	25	-	24	24	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	80	80	-	-	-
UNITED KINGDOM	-	-	-	-	11	11	-	-	-
UNITED STATES OF AMERICA	-	33	33	-	92	92	-	-	-
Other below EUR 10 million	-	-	-	-	8	8	-	-	-
TOTAL	-	732	732	-	942	942	-	-	-

31/12/2021 (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRIA	-	15	15	-	-	-	-	-	-
BELGIUM	-	94	94	-	43	43	-	-	-
BERMUDA	-	-	-	-	9	9	-	-	-
CANADA	-	58	58	-	56	56	-	-	-
CAYMAN ISLANDS	-	-	-	-	35	35	-	-	-
CHILE	-	-	-	-	66	66	-	-	-
CHINA	-	-	-	-	20	20	-	-	-
CZECH REPUBLIC	-	10	10	-	152	152	-	-	-
FINLAND	-	26	26	-	-	-	-	-	-
FRANCE	-	168	168	-	221	221	1	-	1
GERMANY	-	10	10	-	98	98	-	-	-
IRELAND	-	72	72	-	21	21	-	-	-
ISRAEL	-	-	-	-	53	53	-	-	-
ITALY	-	43	43	-	16	16	-	-	-
JAPAN	-	-	-	-	64	64	-	-	-
JERSEY	-	-	-	-	53	53	-	-	-
REP. OF KOREA	-	6	6	-	195	195	-	-	-
KUWAIT	-	-	-	-	39	39	-	-	-
LATVIA	-	10	10	-	5	5	-	-	-
LITHUANIA	-	16	16	-	47	47	-	-	-
LUXEMBOURG	-	11	11	-	29	29	-	-	-
MEXICO	-	-	-	-	52	52	-	-	-
NETHERLANDS	-	89	89	-	72	72	-	-	-
NEW ZEALAND	-	-	-	-	20	20	-	-	-
NORWAY	-	4	4	-	10	10	-	-	-
POLAND	-	-	-	-	64	64	-	-	-
QATAR	-	-	-	-	159	159	-	-	-
SINGAPORE	-	-	-	-	12	12	-	-	-
SLOVAKIA	-	23	23	-	36	36	-	-	-
SPAIN	-	146	146	-	161	161	-	-	-
SUPRANATIONAL	-	13	13	-	29	29	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	143	143	-	-	-
UNITED KINGDOM	-	4	4	-	36	36	-	-	-
UNITED STATES OF AMERICA	-	37	37	-	100	100	-	-	-
Other below EUR 10 million	-	-	-	-	19	19	-	-	-
TOTAL	-	855	855	-	2,136	2,136	1	-	1

1.3.3.3. Loans and advances by Country

Book value (In EUR million) 31/12/2022	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRIA	0	-	-	9
BELGIUM	16	-	16	799
BERMUDA	31	-	31	-
BRITISH VIRGIN ISLANDS	19	-	19	17
CANADA	0	-	0	0
CAYMAN ISLANDS	0	-	0	-
CHILI	-	-	-	-
CYPRUS	-	-	-	54
DENMARK	175	-	175	68
FRANCE	43	196	239	522
GERMANY	42	-	42	288
GUERNSEY	18	-	18	2
IRELAND	0	-	0	4
ISLAND	-	-	-	-
ISRAEL	-	-	-	8
ITALY	0	-	0	3
JERSEY	26	-	26	-
LIECHTENSTEIN	0	-	0	39
LUXEMBOURG	359	-	359	71
MALTA	28	-	28	1
MAURITIUS	17	-	17	-
MEXICO	-	-	-	0
MONACO	13	-	13	42
NETHERLANDS	290	-	290	790
QATAR	-	-	-	0
SINGAPORE	0	-	0	7
SLOVAKIA	-	-	-	0
SOUTH AFRICA	2	-	2	11
SPAIN	22	312	334	75
SWEDEN	0	-	0	40
SWITZERLAND	20	-	20	39
UNITED ARAB EMIRATES	-	-	-	20
UNITED KINGDOM	126	-	126	197
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	6	-	6	36
TOTAL	1,254	508	1,762	3,141

Book value (In EUR million) 31/12/2021	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRIA	-	-	-	6
BELGIUM	29	-	29	681
BERMUDA	-	-	-	55
BRITISH VIRGIN ISLANDS	0	-	0	38
CANADA	-	-	-	0
CAYMAN ISLANDS	0	-	0	0
CHINA	-	-	-	0
CYPRUS				50
CZECH REPUBLIC	0	-	0	0
DENMARK	139	-	139	53
FRANCE	47	62	109	436
GERMANY	35	-	35	251
GUERNSEY	20	-	20	25
IRELAND	9	-	9	11
ISRAEL	-	-	-	6
ITALY	0	-	0	1
JERSEY	-	-	-	0
LIECHTENSTEIN	2	-	2	41
LUXEMBOURG	286	-	286	81
MALTA	0	-	0	28
MEXICO	-	-	-	0
MONACO	0	-	0	62
NETHERLANDS	0	-	0	973
NORWAY	-	-	-	0
PANAMA	0	-	0	19
POLAND	-	-	-	0
QATAR	-	-	-	0
SINGAPORE	-	-	-	2
SOUTH AFRICA	0	-	0	12
SPAIN	31	506	538	67
SWITZERLAND	17	-	17	39
UNITED ARAB EMIRATES	-	-	-	4
UNITED KINGDOM	221	-	221	328
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	4	-	4	36
TOTAL	841	569	1,409	3,306

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last update January 2021) based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

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

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

The credit quality downgrade is based on a list of criteria established based on both Corporate and Private clients' specificities, and the granting of a forbearance concession results in the exposure being recorded as Stage 3.

Certain other concessions, where the credit quality is not downgraded, may be granted, with the underlying exposures remaining performing / Stage 1 or 2 – for reporting purposes, a distinction is made between performing and non-performing forbearance.

- Viable versus non-viable forbearance

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

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

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

- Contagion of forborne exposures

The non-performing status of a loan exposure is extended to apply to all loan exposures of the same debtor. As a general rule, the non-performing status of a debtor is further applied to all debtors belonging to the same group. Exceptions to the general contagion may only arise where it can be reasonably evidenced that the creditworthiness of the debtor(s) and/or guarantor(s) in question remains intact.

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

- Cure from forborne status

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

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

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

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

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

1. an analysis of the financial condition of the debtor showed that the transactions no longer met the conditions to be considered as non-performing;
2. a minimum of two years has elapsed since the later of the date of the concession or the date of reclassification from non-performing;
3. the borrower has made regular payments of more than an insignificant aggregate amount of principal or interest during at least half of the probation period.

- Efficiency and effectiveness of forbearance

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

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

- Impacts on financial assets

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

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

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2022				
Loans and advances	32	1	31	-18
Other financial corporations	-	-	-	-
Non-Financial corporations	19	-	19	-9
Households	13	1	12	-9
Total Debt Instruments other than Held for Trading	32	1	31	-18
Loan commitments given	-	-	-	-
31/12/2021				
Loans and advances	30	0	30	-15
Other financial corporations	1	-	1	-
Non-Financial corporations	17	-	17	-7
Households	12	0	12	-9
Total Debt Instruments other than Held for Trading	30	0	30	-15
Loan commitments given	-	-	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

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

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

2.1.2. Trading risk policy

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

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

2.1.3. Trading decision making process / governance

Trading activities are concentrated in Luxembourg, no trading activities are allowed in the subsidiaries. This organisation enables subsidiaries to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.

Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is about EUR 3.8 million since beginning of 2022) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework:

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

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

2.1.4. Measurement and monitoring of trading risk

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

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

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

2.1.5. Concentration Risk

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

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

2.2. Quantitative information

As at 31/12/2022, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2021	Maximum observed in 2022	Average observed in 2022	Outstanding 31/12/2022
Treasury	10 bpv [(1)]	2.5	1.0	2.3	0.6	0.1
	HVar	7.5	1.0	3.4	1.5	0.4
	Stressed Hvar[(2)]	7.5	3.6	6.3	0.9	1.1

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

(In EUR million)	Limit in Nominal Amount	Outstanding 31/12/2021	Maximum observed in 2022	Average observed in 2022	Outstanding 31/12/2022
Forex (bullions included)	20.0	9.3	11.6	3.8	1.5
Structured Product	70.0	42.2	50.4	43.5	38.1

Limits are unchanged vs previous years, confirmed through the framework as it has been discussed and validated in BRC March and December 2021, except for Structured Products for which limits have been discussed and validated in BRC September 2022.

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

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

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

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

The equity risk contains two elements: one is the legacy equities/participations in ALM portfolios which are mostly unlisted. The currency ALM investment policy does not foresee any additional equity investment. The other is the equity positions in the pension fund assets, as the valuation of the pension fund portfolio could entail fluctuation in P&L and OCI reserve. The both components are in the scope of ALM/IRRBB risk management framework,

Quintet Group is not exposed to any ALM forex risk as no active foreign exchange exposure is taken (the residual FX positions are transferred in trading book).

3.1.2. ALM decision making process/governance

The ultimate responsibility for the ALM activity of Quintet Group is held by the monthly Group ALCO Committee which is an Executive Committee extended to the representatives of the Group ALM & Treasury Function, Financial Risk & Reporting, the Chief Investment Officer as well as representatives from each market.

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

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

Under this structure, the Financial Risk & Reporting Function endorses a role of second level control body, issuing opinions on the proposals and monitoring the risks through indicators related to the ALM activity on a regular basis.

3.1.3. ALM policy

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

3.1.4. Measurement and monitoring of ALM risks

In 2022, the revamped Risk Appetite Statement Framework has set up a new risk dashboard structure and limits. For the risks that are identified as material during the annual materiality assessment, risk metrics are implemented for monitoring and reporting.
Both Key Risk Indicators (KRI) and Management Risk Indicators (MRI) are set up for ALM interest rate risk, credit spread risk, equity risk. The metrics are computed as consolidated level only and include VaR measures, Senstivity measure, Economic value measures as well as earning measures.

Regarding interest rate risk, the following KRI are implemented:

- The regulatory worst EVE impact of interest rate risk on EVE (basis point value) limit for all banking book positions is set up at 13.0% of Tier I which amounts to EUR 664.8 million.
- The Interest Rate Value at Risk 99.9% - 1 year amount to EUR 69.2 million for Quintet Group as at 31 December 2022 (31 December 2021: EUR 44.5 million based on a 99% confidence level or EUR 68.5 mln at 99.9%). The VaR confidence level has been reviewed during the year to be align with the ICAAP ratio, as well as the trigger/limit. The related risk appetite limit has been set to EUR 125 million.
- The Interest earning at risk indicator reflects the outcome of the worst case scenario (between parallel shifts by 100 bpv, 200 bpv, or scenarios of up, short up, down, short down, steepening, flattening movements) of the interest rate curve) of the interest rate curve. It amounts to EUR 44.8 million as at 31 December 2022 (31 December 2021: 14.3 million) for a risk appetite limit of EUR 60 million.

Regarding credit spread risk, a Credit Spread VaR 99.9% - 1 year is set up. The outcome amounts to EUR 46.7 million as at 31 December 2022 (31 December 2021: EUR 53.2 million based on a 99% confidence level or EUR 78.8 mln at 99.9%) for a risk appetite limit of EUR 125 million.

Regarding the equity price risk, the Risk Appetite is expressed in terms of maximum Value at Risk both on ALM portfolio equity positions and on Pension funds equity positions. The Equity VaR at 99.9% - 1 year amounts to EUR 42.8 million as at 31 December 2022 (31 December 2021: EUR 35.4 million based on a 99% confidence level or EUR 61.7% at 99.9%) for a risk appetite limit of EUR 85 million.

3.1.5. ALM Hedging policy.

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

- fixed rate loan book: Loans granted to customers in Luxembourg, Belgium, Netherlands and Germany are pooled and macro-hedged with interest rate swaps. The hedge efficiency test split both loans and IRS by generation (Deal stat or renegotiation date) and time buckets in order to control that the Bank does not get into an over-hedged situation, as required by regulation.
- according to ALM investment policy, the Bank may choose to secure the margin over floating rate funding with interest rate swaps or cross currency interest rate swaps either through the purchase of an Synthetic Asset Swap or in connection with an existing bond position. For these transaction, the hedging instrument perfectly match the cash flows of the hedged instrument and the efficiency of the hedging relation monitored on a monthly basis.
- in addition to the above, hedging relation may be put in place in the context of debt issued by the bank (either through EMTN program). These hedging relation can take the form of cross currency interest rate swaps or equity swaps in the case of structured notes where the optional pay-off of the note is swapped in the market against a floating rate.

3.2. Quantitative information

3.2.1. Interest rate

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

100 bpv (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-8	-4	-4	-8	-19	-44	7,265
Held for trading	0	0	0	0	0	0	366
Designated at fair value through P&L	0	0	-	-	-	0	37
Financial assets at fair value through OCI	0	-2	-5	-5	-5	-17	959
Financial assets at amortised cost	-5	-3	-9	-15	-74	-106	5,661
Hedging Derivatives	-3	1	9	12	59	79	243
Financial liabilities	3	4	1	1	3	13	11,638
Held for trading	0	0	0	0	0	0	297
Measured at amortised cost	3	4	1	1	1	11	11,329
Hedging Derivatives	0	0	0	0	2	2	12
Shareholders' equity	-	-	-	4		4	1,116
Gap	-4	0	-3	-4	-16	-27	

100 bpv (In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total 100 bpv	Carrying amount
Financial assets	-7	-5	-18	-27	-63	-120	8,135
Held for trading	-1	0	3	8	52	62	164
Designated at fair value through P&L	-	0	-	-	-	0	44
Financial assets at fair value through OCI	0	-2	-14	-20	-26	-62	2,152
Financial assets at amortised cost	-5	-3	-9	-18	-95	-130	5,754
Hedging Derivatives	0	0	2	3	6	10	20
Financial liabilities	0	8	19	20	30	78	11,418
Held for trading	-1	0	3	3	10	16	122
Measured at amortised cost	4	7	5	9	4	29	11,214
Hedging Derivatives	-2	1	11	8	15	33	82
Shareholders' equity	-	-	-	6		6	1,115
Gap	-6	4	1	-1	-33	-36	

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

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2022						
Financial assets	68	5	7	6	11	98
Financial liabilities	-82	-3	0	0	-	-86
Net Impact	**-14**	**2**	**7**	**6**	**11**	**12**
31/12/2021						
Financial assets	50	10	19	19	28	126
Financial liabilities	-66	-2	-2	-9	-	-79
Net Impact	**-16**	**7**	**17**	**10**	**28**	**47**

3.2.2. Equity risk

3.2.2.1. Sensitivity of equity risk

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

(In EUR thousand)	Current situation	Impact of a markets' decrease by 25%	Stock after decrease
31/12/2022			
Marked-to-Market value	68,901	-17,225	51,676
Gain/Loss	10,959	-17,225	-6,266
Equity impact (gross FVOCI reserve)	-36	-4,241	-4,277
Statement of profit and loss impact (impairment)	10,995	-12,984	-1,989
31/12/2021			
Marked-to-Market value	59,064	-14,766	44,298
Gain/Loss	11,571	-14,766	-3,195
Equity impact (gross FVOCI reserve)	-704	-4,074	-4,778
Statement of profit and loss impact (impairment)	12,276	-10,692	1,584

3.2.2.2. Concentration of equity risk

The decision to increase/decrease the proportion of equity in the ALM portfolio is taken at the ALCO level (within the limits agreed by the BRC) taking into consideration macro and fundamental analysis as well as convictions from the Group Asset Allocation Committee.
Such analysis also influences the relative weights of Europe, USA and Emerging Markets. Within the various regions, an adequate sectorial diversification is looked for. Concentration limits are expressed in absolute amounts and in percentage of daily volume traded.

Next to the strategic investment policy, the Bank also acts as seed investor when new home investment funds are launched.

The equity portfolio represents a total exposure of EUR 69 million as at 31/12/2022 (EUR 59 million as at 31/12/2021). In more details:

(In EUR million)

REGION / NATURE	31/12/2022	31/12/2021
Europe (Equity Funds + direct lines)	43	34
Europe (Diversified Funds)	1	2
Europe (Fixed Income Funds)	0	0
TOTAL	-	36
Other Equities	25	23
Total Equities portfolios	69	59

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of Liquidity risk

The Bank as a Group has a large and stable funding base due to the natural accumulation of deposits from its two core businesses: Private Banking and Asset Management Services whose liquidity resources consumption has gradually increased over the past years. The overall funding gap remains structurally and globally positive and Quintet Group is a net lender recycling structural liquidity positions with central banks and, to a lesser extent, with the interbank market.

4.1.2. Liquidity decision making process/governance

Like for Assets and Liabilities Management, the Group ALCO Committee has the final responsibility for the Liquidity Management of the Bank. The Group ALM Function proposes strategies for the management of long-term liquidity (putting. a.o. a strong emphasis on ECB eligible as well as Basel III eligible bonds) while the short-term liquidity management is delegated to the Treasurer within strict limits (see trading risk above).

The Financial Risk & Reporting Function acts as a second level control entity, issuing opinions on investment proposals and monitoring liquidity risk on a daily basis (through a set of indicators briefly described in section 4.1.4).

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralise the placement of all liquidity surpluses from branches and subsidiaries at the Head Office level.

At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions.

4.1.4. Measurement and monitoring of liquidity risk

The Board Risk Committee has expressed its Risk Appetite in terms of liquidity risk by imposing limits on the Basel III ratios (LCR and NSFR), on deposits outflows and on the Liquidity Excess resulting from internal stress tests. The latter are run on a monthly basis with the aim to assess the ability of Quintet Group to survive a severe liquidity crisis during a 3-month time period without affecting its business model.

As the liquidity excess throughout the Group is centralised at Quintet's Treasury Department (under regulatory constraints), Quintet's operational liquidity situation is daily monitored by the Market Risk Control department through operational liquidity indicators and reported to the Treasurer. Main operational indicators are:

- a contractual liquidity gap of up to five days as if the activity was to be continued (no stress test). This report is also sent to the BCL;
- the stock of available liquid assets;
- a daily estimate of the Basel III Liquidity Coverage Ratio is performed. The Bank's ratio stood at 152.61% as at 31 December 2022 (for a regulatory limit of 100%);
- the value of quantitative indicators which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis).

As far as structural liquidity indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis. As at 31 December 2022, it stood at 41%, confirming the excellent liquidity situation of Quintet as natural deposit collector.

4.2. Quantitative information

4.2.1. Maturity analyzis of liquid stock

The maturity analysis of financial assets held for managing liquidity risk (unencumbered marketable assets) is as follows:

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2022						
Initial stock of available assets		2,072	1,340	923	476	199
HQLA eligible	1,399	-304	-355	-338	-217	-184
Marketable securities	673	-428	-62	-108	-60	-15
TOTAL	2,072	-732	-417	-447	-277	-199
Residual stock of available assets	2,072	1340	923	476	199	0
31/12/2021						
Initial stock of available assets		3,311	2,460	1,997	1,270	632
HQLA eligible	2,602	-466	-445	-618	-486	-587
Marketable securities	709	-385	-19	-109	-152	-45
TOTAL	3,311	-851	-463	-727	-638	-632
Residual stock of available assets	3,311	2,460	1,997	1,270	632	0

4.2.2. Maturity analyzis of financial assets and liabilities

The analyzis by remaining contractual maturity for financial assets and liabilities is as follows:

(In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter-mined	Total
Cash and balances with central banks and other demand deposits	5,141	-	-	-	-	-	**5,141**
Financial assets	1,939	805	1,268	1,004	2,232	17	**7,265**
Held-for-trading	128	51	57	85	45	0	**366**
Non-trading financial assets mandatorily at fair value through profit or loss	37	0	0	0	0	0	**37**
Financial assets at fair value through other comprehensive income	61	329	311	158	82	17	**959**
Financial assets at amortised cost	1,713	422	866	730	1,929	0	**5,661**
Hedging derivatives	0	3	33	31	176	0	**243**
Other assets	-	-	-	-	-	604	**604**
TOTAL ASSETS	**7,080**	**805**	**1,268**	**1,004**	**2,232**	**621**	**13,010**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter-mined	Total
Financial liabilities	10,707	689	90	107	45	0	**11,638**
Held-for-trading	100	37	40	77	43	0	**297**
Measured at amortised cost (excluding subordinated liabilities)	10,606	645	49	28	1	0	**11,329**
Hedging derivatives	1	7	1	3	1	0	**12**
Other liabilities	-	-	-	-	-	256	**256**
Shareholders' equity	-	-	-	-	-	1,116	**1,116**
TOTAL LIABILITIES	**10,707**	**689**	**90**	**107**	**45**	**1,371**	**13,010**
GAP	**-3,627**	**116**	**1,177**	**897**	**2,187**	**-751**	

Of which derivatives:

Cashflows by bucket (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
Inflows	5,872	1,205	156	138	36	7,406	564
Interest rate	96	218	139	117	36	606	452
Equity	0	1	0	1	-	3	2
Currency	5,776	985	16	20	-	6,798	110
Outflows	-5,844	-1,197	-140	-115	-22	-7,317	309
Interest rate	-99	-213	-124	-95	-22	-552	220
Equity	0	0	0	-0	-	-1	10
Currency	-5,745	-984	-15	-21	-	-6,765	79
Gap - Derivatives	28	8	16	23	14	89	

(In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter-mined	**Total**
Cash and balances with central banks and other demand deposits	3,921	-	-	-	-	-	**3,921**
Financial assets	1,937	988	1,658	1,345	2,148	59	**8,135**
Held-for-trading	49	70	23	13	9	0	**164**
Non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	0	1	43	**44**
Financial assets at fair value through other comprehensive income	137	301	707	556	435	16	**2,152**
Financial assets at amortised cost	1,751	615	926	773	1,689	0	**5,754**
Hedging derivatives	0	1	2	4	14	0	**20**
Other assets						795	**795**
TOTAL ASSETS	**5,858**	**988**	**1,658**	**1,345**	**2,148**	**854**	**12,851**

	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undeter mined	**Total**
Financial liabilities	10,516	513	263	91	36	0	**11,418**
Held-for-trading	49	57	4	5	8	0	**122**
Measured at amortised cost (excluding subordinated liabilities)	10,465	445	234	65	6	0	**11,214**
Hedging derivatives	3	11	24	21	22	0	**82**
Other liabilities	-	-	-	-	-	318	**318**
Shareholders' equity	-	-	-	-	-	1,115	**1,115**
TOTAL LIABILITIES	**10,516**	**513**	**263**	**91**	**36**	**1,433**	**12,851**

GAP	**-4,658**	**475**	**1,396**	**1,254**	**2,112**	**-579**

Of which derivatives:

Cashflows by bucket (In EUR million) 31/12/2021	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
Inflows	5,678	5,650	233	151	111	11,824	148
Interest rate	-16	9	25	45	28	92	40
Equity	0	0	1	2	-	3	2
Currency	5,694	5,640	207	104	83	11,729	106
Outflows	-5,712	-5,686	-287	-168	-96	-11,950	204
Interest rate	-15	-37	-69	-54	-12	-187	78
Equity	0	0	0	-0	-	0	4
Currency	-5,698	-5,649	-219	-113	-84	-11,763	122
Gap - Derivatives	-34	-36	-55	-16	15	-126	

4.2.3. Concentration risk

The concentration risk the Bank is facing in terms of liquidity is twofold:

- potential concentration in assets in which the excess liquidity is reinvested: this risk is monitored according to the credit risk limit system (as described above).
- potential concentration in funding sources: this risk is monitored through 2 indicators that are quarterly reported to the BRC:
  - relative weight of the top 20 private client deposits for Quintet Group;
  - list of all significant counterparties in terms of funding sources (>1% of total liabilities, according to Basel III definition).

5. Currency risk

The operations of the Bank are for the most part denominated in EUR and USD. The Bank has very limited risk appetite for currency risk which translates into small forex limits of EUR 23 million at consolidated level (or EUR 20 million at Quintet Lux Level). The Bank's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency position is monitored on a daily basis for Quintet Lux and on a weekly basis for the other entities against the above mentioned currency limits which are declined per entity.

6. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

In respect of its depositary and sub-custodians activities, the specific provision for year-ending 2022 is EUR 250k.

7. Climate-related and environmental risks

The European Commission and the European Central Bank (ECB) have identified climate-related and environmental risks as key risk factors for the European banking sector and highlighted the importance of understanding the company's view of how climate change impacts its business model and strategy, and how its activities can affect the climate.

Climate & environmental risk (or "C&E risk" hereafter) is defined as the risk of economic costs and financial losses arising from climate change, the efforts to mitigate climate change, environmental degradation or the loss of ecosystem services. C&E notably comprises physical risk and transition risk as key drivers:

- Physical risk is defined as the risk of economic costs and financial losses resulting from the increasing severity and frequency of:
  - extreme climate change-related weather events (e.g., heatwaves, landslides, floods, wildfires and storms).
  - longer-term gradual shifts of the climate (e.g., changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures).
  - indirect effects of climate change such as loss of ecosystem services (e.g., desertification, water shortage, degradation of soil quality or marine ecology).
- Transition risk comprises the risks related to the process of adjustment towards a low-carbon economy. Transition risk drivers include:
  - changes in government policies, legislation and regulation.
  - changes in technology.
  - changes in market and customer sentiment.

7.1. Governance

The Group Authorised Management Committee defines the Quintet's overall sustainability strategy and puts arrangements in place to implement that strategy through its service offering and to identify and manage the risks emerging from it. These efforts are steered by the so-called Group Sustainability Steering Committee. The ultimate oversight responsibility lies with Quintet's Board of Directors and the Board Risk and Compliance Committee (BRCC).

C&E risk management is embedded in all three lines of defence of the organisation. The relevant first LoD function are the following:

- The Sustainable Investing function, part of ICS, responsible for ensuring compliance of client discretionary and advisory investments with Group objectives from a C&E perspective.
- Group ALM & Treasury responsible for ensuring compliance of own account investments with Group objectives from a C&E perspective.
- Group Lending function, responsible for ensuring compliance of the lending activities with Group objectives from a C&E perspective.

The second LoD sets standards for control, compliance and risk management. The Group Risk Control function is in charge of developing, enhancing and applying a risk management framework, covering the identification, assessment, monitoring/reporting and mitigation of C&E risks. The Group Compliance function, supported by the Business Risk Management team in the first LoD, is in charge of controlling the compliance of Quintet's service offering with MiFID/SFDR requirements, among others.

The third LoD is made of the internal audit function which reviews the C&E risk management framework based on its risk assessment and multi-year audit plan.

7.2. Business strategy & service offering

Sustainability is a cornerstone of Quintet's investment offering, being considered a major factor driving positive performance for clients' assets. In this context, the ESG investment strategy was defined in 2021 and further enhanced throughout 2022. ESG drivers are believed to drive longer term investment performance, being perceived as an addition to the investment process rather than a constraint. In this regard, a new approach was introduced to incorporate environmental, social and corporate governance factors where large data sets are used to quantitatively assess a company's ESG materiality. This is integrated across the in-house equity and fixed income investment process including third party fund ESG analysis. Additionally, clients now benefit from a unique data set of quantitative analysis that generates proprietary ESG reports on all major listed companies. Quintet has defined a sustainable investment framework based on international sustainability frameworks and standards, best practices, and guidelines of industry bodies. It is also based on Quintet's internal expertise and views on sustainable development. This is expressed in minimum requirements that investments must adhere to and additional requirements that are incorporated in various aspects of Quintet's sustainable investment approach, such as engagement and voting.

As part of its strategy, Quintet partners with various asset managers to launch innovative sustainable investment solutions. At the beginning of 2022, the Group launched Quintet Earth, the first climate-neutral multi-asset investment fund, which combines exposure to green bonds with low-carbon equities, offsetting the associated greenhouse gas (GHG) emissions via a community reforestation project.

Quintet also acts as a responsible investor on behalf of its clients by engaging with counterparties on ESG matters. Quintet joined the 2020 Climate Action 100+ (CA100+) initiative, which seeks to ensure that the world's largest corporate GHG emitters take the necessary actions on climate change.

From a proprietary investments point of view, the Group minimizes exposure to investments that pose greater sustainability risks. For instance, Quintet has implemented a list of economic sectors banned from both its own investment portfolios and from client portfolios managed on a discretionary/advisory basis. A notable example of such a sector is the Thermal Coal energy production.

Serving as enabler to the sustainability strategy and a driver to private banking activities through tailored Lombard and structured lending solutions, the lending function includes broad-level sustainability and environmental considerations within the criteria governing the credit granting and collateral valuation processes (e.g., via Energy Performance Certificates for real estate). Valuations performed as part of the credit process are adhering to the Royal Institution of Chartered Surveyors standards which also cover C&E considerations.

7.3. Risk management

The Group has further developed its risk management capabilities in the field of C&E risks in the course of 2022. A Thematic Review conducted by the ECB on C&E risks confirmed that Quintet had made "substantial progress" in the advancement of its implementation plans. Further steps will be taken to advance these further in line with increased supervisory expectations in the field.

A cornerstone of Quintet's C&E risk management framework is the risk identification and materiality assessment process which is performed on an annual basis. As part of this process, C&E risk is overlayed to all other risk types in Quintet's internal risk taxonomy, and for each of these risk types, relevant C&E transmission channels are being identified. Then, qualitative and quantitative analyses are combined to determine the materiality of each C&E transmission channel, differentiated by physical and transition risk and different time horizons (short-/medium-/long-term).

Given Quintet's business model as wealth and asset manager, the transition risk dimension of C&E risk materialises through investment performance risk as well as reputational risk (coupled with legal and compliance risk factors). The physical risk dimension of C&E risk is relevant through the Group's facilities and proprietary assets (i.e., buildings, recovery centres etc.) as well as through the clients' collateral in the loan book. These material transmission channels for C&E risk attain a closer assessment and monitoring going forward.

7.4. Metrics and Targets

Quintet has an exclusion list in place for its client and own book investments, aimed at avoiding investments in companies deriving more than 10% of their revenues from thermal coal extraction or power generation, inter alia. Compliance with this exclusion list is closely monitored across the Group, and relevant indicators have been included in the Group's top-level risk appetite statement. They measure the number of non-authorised investments in the clients' discretionary portfolios as well as in the bank's own book.

In 2022, Quintet's carbon footprint during 2019 and 2021 was estimated in collaboration with myClimate, a leading Swiss climate consultancy, based on data collected across all locations about energy, transport, business travel, employee mobility, office materials, food and waste. Also, the simplified Green Asset Ratio, which represents the extent to which the Group's financing activities are aligned with the EU taxonomy (Regulation (EU) 2020/852)) was disclosed in the Corporate Sustainability report. The latter report also provides further details on the exposures to central governments, central banks, supranational issuers and derivative positions as well as the exposures towards companies not subject to the Non-Financial Reporting Directive.

Note 38 – Audit fees

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2022 and 2021 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2022	31/12/2021
Statutory audit of the financial statements - Standard audit services	967	994
Other assurance services	237	168
Tax consulting services	-	-
Other services	-	-
Total	1,204	1,162

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2022 and 2021 fiscal years in relation with other services provided to controlled undertakings of Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2022	31/12/2021
Other assurance services	160	339
Tax consulting services	-	-
Other services	-	-
Total	160	339

Note 39 – Significant subsidiaries and associate

As at 31 December 2022, the list of the consolidated companies in which the Bank has a significant holding of at least 20% of the capital is as follows:

Name and head office	Capital held	Equity Excluding result of the year (1)		Result (1)	
Brown, Shipley & Co, Ltd – U.K. (2)	100.00%	129,570,351	GBP	1,110,712	GBP
Kredietrust Luxembourg S.A. – Luxembourg (2)	100.00%	7,175,604	EUR	14,519,607	EUR
Quintet Private Bank Switzerland AG	100.00%	15,786,002	CHF	1,675,170	CHF
InsingerGilissen Asset Management N.V. (2)	100.00%	11,723,637	EUR	3,024,274	EUR
GIM Vastgoed Management B.V. (2)	100.00%	2,487,359	EUR	-28,897	EUR
InsingerGilissen Philantrophy Trusts Estates B.V. (2)	100.00%	3,331,555	EUR	-2,172	EUR

(1) provisional, social, local GAAP figures.
(2) Local GAAP = IFRS; equity excluding reserves on the portfolio evaluated at fair value through other comprehensive income and cash flow hedge effects.

Note 40 – Events after the statement of financial position date

Following the failure of Silicon Valley Bank (SVB) in March 2023, Quintet can confirm having no exposure – either direct or indirect – to SVB or other US regional banks.

Furthermore, Quintet can confirm it has no material exposure to Credit Suisse Group.

There has been, after the closing date, no significant event requiring an update to the notes, or adjustments that would have a material impact on the financial statements as at 31 December 2022.

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OTC Derivatives	+352 4797-2802

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Forex Activities	+352 2621-0333
Bullion Activities	+352 2621-0355
Repos & Securities Lending	+352 2621-0322
Fiduciary Deposits	+352 2621-0344

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FX Sales Execution	+352 2621-0144
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