PILLAR III DISCLOSURE:

REPORT 2023

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GLOSSARY

ALCO | Asset-Liability Committee
ALM | Asset and Liability Management
AMC | Authorized Management Committee
AML | Anti-Money Laundering
AT1 | Additional Tier 1
AuM | Assets under Management
BRCC | Board Risk Compliance Committee
BRM | Business Risk Management
BRNC | Board Remuneration & Nomination Committee
BSCo | Brown Shipley
CCR | Counterparty Credit Risk
C&E | Climate-related and Environmental
CEO | Chief Executive Officer
CET1 | Common Equity Tier 1
CFO | Chief Finance Officer
CRO | Chief Risk Officer
CIO | Chief Investment Officer
CIU | Collective Investment Undertaking
COO | Chief Operating Officer
CQS | Credit Quality Step
CRD | Capital Requirements Directive Package
CRM | Credit Risk Mitigation
CRR | Capital Requirements Regulation
CSA | Credit Support Annex
CSR | Corporate Social Responsibility
CSSF | Commission de Surveillance du Secteur Financier
CVA | Credit Valuation Adjustment
EaD | Exposure at Default
EBA | European Banking Authority
ECAI | External Credit Assessment Institution
ECap | Economic Capital
ECB | European Central Bank
ESG | Environmental, Social and Governance
ExCo | Executive Committee
FVOCI | Fair Value through Other Comprehensive Income
FX | Foreign Exchange
GDPR | General Data Protection Regulation
GHG | Greenhouse gas
GMRA | Global Master Repurchase Agreement
GRC | Group Risk Committee (AMC level)
GORC | Group Operational Risk Control
HQLA | High-Quality Liquid Assets
HVaR | Historical Value at Risk
IC(L)AAP | Internal Capital (and Liquidity) Adequacy Assessment Process
ISDA | International Swaps and Derivatives Association
ITS | Implementing Technical Standards
KPI | Key Performance Indicator
KRI | Key Risk Indicator
LCR | Liquidity Coverage Ratio
LoD | Line of Defence
LR | Leverage Ratio
MRT | Material Risk Taker
NACE | Nomenclature of Economic Activities
NSFR | Net Stable Funding Ratio
OCI | Other Comprehensive Income
OTC | Over the Counter
P&L | Profit & Loss
PVR | Pledge Value Rate
RAF | Risk Appetite Framework
RAS | Risk Appetite Statement
RCSA | Risk Control Self-Assessment
RWA | Risk Weighted Assets
SFT | Securities Financing Transaction
STA | Standardised approach
VaR | Value at Risk
YtD | Year to Date

2. Declaration of the Management Body

Quintet's Management attests that the disclosures provided in accordance with Part Eight of the CRR (i.e. the present Pillar III Disclosure report) have been prepared in accordance with the formal policies and internal control processes, systems and controls it has established. The information presented in this report has not been audited.

The present Pillar 3 Disclosure Report was subject to an internal review and approval process. It was validated by the Chief Risk Officer for approval by the Authorized Management and by the Board Risk and Compliance Committee. The respective approvals were granted in June 2024.

Quintet's Management also declares that the risk management arrangements of Quintet Group are adequate with regard to the Group's risk profile and strategy.

3. Introduction

3.1 Regulatory background

This Pillar III Disclosure Report provides disclosures for Quintet Private Bank (Europe) S.A., hereinafter referred to as the 'Bank', the 'Group' or 'Quintet'. Quintet is a banking group headquartered in Luxembourg that provides private banking services through its network of European private banks. As a significant European banking institution incorporated in Luxembourg, Quintet is under direct prudential supervision by the European Central Bank (ECB).

This document follows the requirements put forward by the amended versions of Regulation (EU) 575/2013 known as the Capital Requirements Regulation (CRR), more specifically in Part Eight of this Regulation and related EBA implementing technical standards (ITS) such as ITS 2020/04 "on public disclosure by Institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013" and ITS 2021/07" on disclosure of information on exposure to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013". Quintet is not in the scope of ITS 2022/01 "on prudential disclosures on ESG risks in accordance with Article 449a CRR".

Appendix 1 includes a table that maps each CRR article to the relevant section(s) and/or annex(es) within the present report.

3.2 Structure of the report

The report is organized as follows:

Section 2
puts forward the declaration of the Management Body

Section 3
provides the regulatory background, an overview of the report and outlines the results and events of 2023

Section 4
presents the structure of the Bank and more precisely its entities in the accounting and prudential scopes of consolidation as of 31/12/2023

Section 5
describes the corporate governance structure

Section 6
describes the risk management approach and roles played by the departments involved in the risk management of the Bank at each of the levels of control

Section 7
focuses on own funds, capital adequacy and solvency

Section 8
focuses on the countercyclical capital buffer

Sections 9
focuses on the leverage ratio

Sections 10
focuses on credit risk, dilution and credit quality, with related credit risk management and mitigation

Section 11
focuses on asset encumbrance

Section 12
focuses on counterparty credit risk

Section 13
focuses on market risk (incl. interest rate risk on the banking book) and related risk management

Section 14
focuses on non-financial risk

Section 15
focuses on liquidity risk and liquidity risk management

Section 16
discloses the exposure to and management of sustainability, climate and environmental risks

Section 17
focuses on social and governance risks

Section 18
presents the remuneration policy of the Bank

Section 19
is dedicated to appendices and provides additional information related to the above-mentioned sections

All figures published in this report refer to Group consolidated figures, unless otherwise stated. When "Quintet Europe" is mentioned in this report, it refers to the Luxembourg Headquarters and its EU-based branches, but excluding the subsidiary Brown Shipley (BSCo) in the United Kingdom.

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

The figures shown in the quantitative tables are presented in EUR million unless another measure is specified.

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

3.3 Results and events in 2023

Despite unstable geopolitics, challenging macroeconomic conditions and significant inflationary pressure, Quintet recorded a strong 2023. Income rose significantly, expenses were largely stable and total client assets increased. Quintet posted a second consecutive year of robust profitability, remaining well positioned from a capital and liquidity perspective. The key prudential and liquidity ratios stood at the following levels as per 31 December 2023.

Figure 1 - High-level risk profile

Common Equity Tier 1 ratio (CET 1)	Risk weighted assets (RWA)	Leverage Ratio	Liquidity coverage ratio (LCR)
19.59% 2022: 18.43%	**2.9 bn** 2022: 2.9 bn	**5.73%** 2022: 4.54%	**148%** 2022: 153%

Net stable funding ratio (NSFR)	Own funds requirement for Operational risk
139% 2022: 153%	**69.2 million** 2022: 61.6 million

For additional information, please refer to the annual report on www.Quintet.com.

Strategy

At the beginning of 2023, Quintet approved its 5-year strategic plan under Group CEO Chris Allen which is built on the following key pillars:

- Review organisational design to create further consistency in the client service model and reduce management layers to enable quicker decision-making and enhanced client experience
- Restate house investment philosophy to deliver consistent, appropriate risk-adjusted returns with our core solution for discretionary portfolio management (DPM)
- Introduce standardized and digitized processes, from front to back, starting from the perspective of our clients
- Bring together anti money laundering (AML) activities in a new 'Client Lifecycle Management' (CLM) team, to help protect our clients, employees, our shareholder, and the stakeholders we serve, including society as a whole, against financial crime

The launch of this strategy refresh was accompanied by a granular 8-quarter transformation plan, which now goes into the second half of its implementation.

In 2023, Quintet entered into partnerships with BlackRock, the world's largest asset manager[1], and Moonfare, the private-markets investment platform. Reflecting Quintet's aspiration to deliver consistent risk-adjusted returns via core portfolio solutions, these strategic partnerships aim to support our ability to deliver robust client outcomes, superior client experience and ongoing investment innovation. As part of our growth agenda, Quintet embarked on a number of key initiatives, including a front-office excellence training program, the acceleration of the ongoing shift of smaller clients to a dedicated proposition that efficiently meets their needs, and the establishment of rigorous, data-driven analysis of client activity.

[1]As per volume of assets under management at 31 December 2023 (Source: US Securities and Exchange Commission (SEC) database)

Governance

The Ordinary General Meeting of 24 April 2023 approved the renewal of the mandates of the following Directors: Y. Francis, A.R. Herkes, A. Marcolin, which were due to expire and unanimously approved the renewal of their terms of office until the General Meeting of 2025.

The General Meeting also approved unanimously the appointments of I. de Dinechin and G. Fitzpatrick as directors of the bank until the General Meeting of 2025. S. Shabaz was appointed as a director on 23/08/23 and B. Coucke was appointed as a director on 03/11/23. G. Nasra resigned on 31/03/23 and Y. Francis resigned on 30/06/23.

Furthermore, the following appointments were made during the year:

- In January 2023 Michael Savenay was named CEO of Merck Finck, Quintet's German branch. Thomas Klein, was promoted to CEO of Quintet Luxembourg, succeeding Michael Savenay
- In September 2023, Anna Zakrzewski was named Group Chief Operating Officer and member of Quintet's Authorized Management Committee
- In November 2023, Marion Rinke was appointed Group Chief Legal Officer

Appointments post 2023:

- In January 2024, Christine Lynch joined as Group Chief Risk Officer, replacing Anthony Swings, who had served as interim Group CRO since the retirement of Phil Tremble in April 2023

Events after the statement of financial position date of 31/12/2023

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 2023.

4. Structure of Quintet Group

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.

On 15 December 2020, the Bank merged its European-Union based banking subsidiaries into the Luxemburg parent company. This legal merger resulted in the legal transformation of Puilaetco Private Bankers S.A. in Belgium, InsingerGilissen Bankiers N.V. (excluding its subsidiaries) in the Netherlands and Merck Finck Privatbankiers AG in Germany from subsidiaries into branches.

Table 1 - List of Branches, Subsidiaries & Affiliates

2023.12				
DENOMINATION	CAPITAL HELD	STATUTORY PRUDENTIAL SUPERVISION	PRUDENTIAL SCOPE OF CONSOLIDATION	DESCRIPTION
Quintet Private Bank (Europe) S.A.	**100.00%**	**Yes**	**Yes**	**Private banking, Luxembourg**
Branches				
Quintet Danmark	100.00%			Private banking, Danmark
Merck Finck	100.00%			Private banking, Germany
Puilaetco	100.00%			Private banking, Belgium
InsingerGilissen	100.00%			Private banking, The Netherlands
Fully Consolidated Subsidiaries				
Brown, Shipley & Co. Limited	100.00%	Yes	Yes	Private banking, United-Kingdom
Kredietrust Luxembourg S.A.	100.00%	Yes	Yes	Financial services, Luxembourg
Quintet Private (Switzerland) Ltd.	100.00%	Yes	Yes	In liquidation, Switzerland
InsingerGilissen Asset Management N.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Insingergilissen Philanthropy Trusts Estates B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
GIM Vastgoed Management B.V.	100.00%	Yes	Yes	Financial services, The Netherlands
Non-Consolidated Subsidiaries				
Forest & Biomass Holding S.A.	26.63%	No	No	SICAV-SIF, Luxembourg

The accounting scope of consolidation includes all entities with the exception of Forest & Biomass Holding S.A., which falls below the consolidation materiality threshold.

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

The mapping of financial statements categories with regulatory risk categories is shown in Appendix 2. There is no difference between accounting and regulatory scopes of consolidation.

5. Governance

The governance of Quintet is based on the principles of integrated and consolidated oversight and a management structure with a global scope. Corporate bodies and officers are, subject to applicable local laws, regulations and best practice standards, bound to ensure transparency and collaboration across the Group, in particular through the appropriate flow of information and cooperation within and across all businesses and organisational structures. In addition, it is an important principle that conflicts of interest shall, to the extent possible, be avoided, disclosed and aligned.

The governance structure of Quintet aims primarily at:

- Protecting the interest of Quintet's shareholders and all stakeholders including clients
- Enhancing the efficiency of corporate governance and compliance control
- Preventing fraud
- Creating an efficient mechanism for Quintet's employees to report and discuss potential issues
- Preventing illegal behavior

The Group and its subsidiaries ensure the governance arrangements, processes and mechanisms are consistent and well-integrated on a consolidated and sub-consolidated basis. Competent functions within the organisation and its subsidiaries interact and exchange data and information as appropriate. The subsidiary boards adopt and implement at an individual level the group-wide governance policies established at the consolidated level in a manner that complies with all specific requirements under EU and national law.

The Group ensures adherence to the Group-wide governance policies by all entities within the scope of the prudential consolidation. When implementing governance policies, the organisation ensures robust governance arrangements are in place for each subsidiary and considers specific arrangements, processes and mechanisms where business activities are organized not in separate legal entities but within a matrix of business lines that encompass multiple legal entities and branches.

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

This governance framework is based on the following main principles:

- Governance culture: principles all employees should strive for
- Board & Authorized Management Committee: structure and governance principles
- A robust governance framework group-wide, characterized notably by:
    - a clear allocation of responsibilities within the Group
    - the definition of decision delegation right per key domain
    - functional reporting lines between the Group and subsidiary functions

5.1 Board & Authorized Management Committees: structure and key governance principles

The appointment rules are further described in section 18 of the present document. The appointment of the members of the management bodies is subject to regulatory approval when the approval is ongoing and not yet granted.

5.2 Group Board

The Group Board sets the overall Quintet strategy and ensures that effective control mechanisms are put in place. This Board is composed of 12 directors, of which five independent directors. Since the 2020 merger, the Board also includes four employee representatives.

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

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

The Group Board of Directors meets at least on a quarterly basis and whenever required. The different sub- committees meet with the same frequency. In 2023, the Board met 4 times for ordinary meetings, and had 6 additional ad-hoc meetings.

5.3 Subsidiary Board of Directors

Subsidiaries have their own governance framework and related documentation. These comply with all applicable local laws and regulations and, to the extent possible from a regulatory and legal point of view, are consistent with the same principles and rules as stated in the present Governance Charter. The subsidiary board of directors have a minimum of two representatives of the Group among its members. Nominations to the subsidiary board of directors need to be pre-approved by the Group Board Remuneration & Nomination Committee. The local Chair ensures, together with the representatives of the Group, the information flow to and alignment with the Group Board. Committee Chairs are asked to do the same with their Group counterparts.

5.4 Authorized Management Committee and Subsidiary Management Team

The Authorized Management Committee (AMC) operates under the delegated authority of the Group Board to implement the Group strategy and objectives set by the Group Board by ensuring a robust set of guiding principles, policies and risk framework are developed and implemented.

The AMC defines an internal Code of Conduct applicable to all persons working within the Quintet Group.

The AMC is currently composed of 7 members, each with a focused individual mandate translating into clear accountability and separation between business and support/internal control roles.

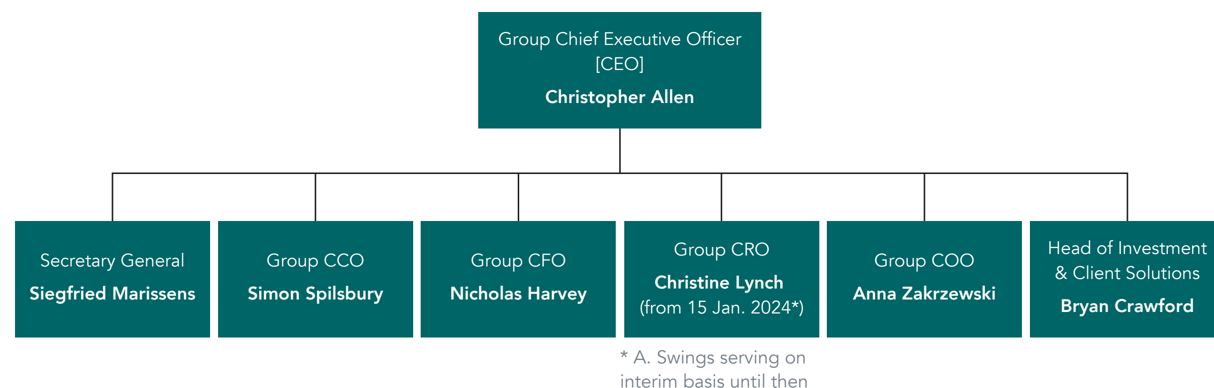
The Group CEO ensures communication with the shareholders, coordinates and steers discussion at AMC level and ensures that all actions undertaken individually by AMC members are aligned with the overall strategic and budgetary targets. He promotes risk-conscious behavior and individual accountability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

To further enhance the effectiveness on transversal topics that are either technical and/or require a specific emphasis, the AMC delegates certain decision-making powers to specialized committees, in which at least two Authorized Managers need to be present in order to be validly composed, among others:

- Group Credit Risk Committee
- Group Information Security Risk Committee
- Group Asset & Liability Management and Treasury Committee
- Group Reputational Risk and Client Selection Committee
- Group Investment & Product Committee when acting as New Product and Services Approval Committee
- Group Data Protection Committee

The AMC is kept informed on a regular basis about the workings of these committees. The composition, scope of responsibility and authority and functioning of these committees is laid down in the Terms of Reference of each committee.

Figure 2 - Authorized Management Committee Structure (as 31 December 2023)



The AMC is in charge of the effective, sound and prudent day-to-day business (and inherent risk) management. The management shall be exercised in compliance with the strategies and guiding principles laid down by the Board of Directors and existing regulations.

The AMC has in particular, the following authorities and responsibilities:

- Implement through internal policies and procedures all strategies and guiding principles laid down by the Group Board in relation to central administration and internal governance, in compliance with the legal and regulatory provisions and after having heard the internal control functions
- Verify the implementation of and compliance with internal policies and procedures
- Verify the robustness of the central administration and internal governance arrangements on a regular basis
- Define an internal code of conduct applicable to all the persons working in the Institution and in the Group
- Confirm on an annual basis compliance with the circular 12/552 and to a certain extent with the EBA guidelines of Internal Governance
- Consider the advice and opinions of the internal control functions in its day-to-day management
- Promptly and effectively implement corrective measures to address the weaknesses identified by the internal control functions, the réviseur d'entreprises or through the internal alerts, by considering the recommendations issued in this respect (including designating the business units or persons in charge of the implementation of corrective measures by allocating resources required for that purpose

Each subsidiary has an Authorized Management Committee[2], the composition of which must be in line with the local regulatory requirements.

Following the cross-border merger in 2020, Country Management Committees (CMC) have been set up in each booking branch. The composition of the country management team needs to be agreed with the Group CEO but includes at least the country manager, the local Head(s) of Private Banking where applicable, the local Head of ICS, a representative of the COO function, the local Head of Compliance and the local Head of HR.

[2] The precise terminology may be adjusted to the local requirements

6. Risk management approach

6.1 Risk culture

6.1.1 Our risk culture

At Quintet, we seek to create an environment where managing risk is front of mind in all business activity. We encourage all colleagues to take personal responsibility for doing the right thing and to act in our clients' best interest.

Underpinning our risk culture are:

- Values & Behaviors: Employees are expected to live our values and behaviors and maintain high ethical standards in accordance with our Code of Conduct.
- Tone from the top: A clear and consistent tone is set by the Management Body in respect of risk taking and risk avoidance. Leaders and line managers are expected to role model strong risk behaviors, to encourage speak-up and to actively seek to learn from mistakes.
- Accountability & ownership: Accountability for and ownership of risks is clear and roles and responsibilities for managing risk are understood by employees across the organisation.
- Training & awareness: The Internal Control functions provide regular training to the first line of defence on risk and compliance matters. Internal Control functions are properly resourced and have sufficient strength and stature to challenge.
- Incentives & rewards: Appropriate risk-taking behaviors are rewarded and encouraged and inappropriate behaviors are challenged and sanctioned.

The guiding principles related to risk culture are formalized in Quintet's Group Risk Management Framework which is accessible to all employees.

6.1.2 Roles & responsibilities for managing risk

The management of risk is supported by the 'three lines of defence' model, which defines and assigns responsibilities and accountabilities for the management of risk across the business and ensures a clear segregation between risk ownership (first line of defence), risk oversight (second line of defence) and independent assurance (third line of defence) to help support effective identification, assessment, management and reporting of risks.

The first line of defence has ultimate ownership for risk and controls. Named risk owners are accountable for identifying, assessing, managing, and reporting risks inherent in their business area, in line with the risk appetite set by the Board. They are responsible for ensuring that appropriate systems and controls are in place to effectively mitigate the day-to-day risks in the business. They are also responsible for compliance with policies and procedures and for the escalation of issues. They are supported by the Business Risk Management team who monitor and report on control effectiveness for non-financial risks.

The second line of defence provides subject matter expertise, advice, guidance and review and challenge of the first line of defence's activities to ensure that risk management decisions and actions are appropriate and adhere to the bank's approved risk appetite. The second line of defence is independent of the first line of defence and comprises the Chief Risk Officer and the Chief Compliance Officer and their teams, as well as the Data Privacy Officer. Other functions provide support to the second line of defence for certain risk types, including Legal, Finance and HR.

The third line of defence is Internal Audit who provide assurance that the first line of defence and the second line of defence accountabilities for managing risk are adequately discharged.

6.2 Risk appetite setting

Risk appetite defines the amount and type of risk that Quintet is able and willing to accept in the pursuit of its business objectives and strategy. The overall objective is to protect the Group from unacceptable levels of risk while supporting and enabling the overall business strategy (including the assessment of new business opportunities).

Risk appetite is articulated through the Risk Appetite Statement, which forms part of Quintet's Risk Appetite Framework. The Group Risk Appetite Statement is approved by the Quintet Group Board and sets out how much risk is acceptable in pursuing the firm's strategy and objectives. It provides the foundation for policies, limits and minimum control standards so that it is effectively embedded in day-to-day activities. It is incorporated into the planning and budgeting process, in order to ensure full alignment or define mitigating measures if needed. These form the basis of the process and decision making that the first line of defence undertakes in its management of risks.

Quintet's risk appetite is reviewed, updated and approved by the Quintet Group Board of Directors on at least an annual basis, considering the evolution of risk appetite, the regulatory and internal capital requirements and the evolution of the risk-bearing capacity of the firm. These updates may be more frequent if there is a material change in business structure, strategy or external environment.

6.3 Risk identification and assessment

6.3.1 Risk identification and materiality assessment process

The risk identification and materiality assessment process is performed on an annual basis and departs from Quintet's internal risk taxonomy. This process is conducted to verify whether the risk taxonomies are still relevant for the Bank and to determine which risk types are material and require an allocation of internal capital and/or liquidity.

More detailed information on each of the Quintet's identified material risks is provided in the subsequent sections.

6.3.2 Stress testing

Internal and regulatory stress testing is used to inform the level of adequate capital and liquidity required to withstand external shocks such as a global economic downturn or internal events such as a system failure or cyber attack. Stress testing results are used by management to inform risk mitigation actions and support the appropriate allocation of financial resources across the Bank.

6.4 Risk aggregation & risk reporting

Risks are measured, using quantitative and/or qualitative techniques, and on a consistent basis where feasible. Risk measurement focuses on the effectiveness of internal controls and risk mitigation techniques and risk reporting involves relevant, sufficient, accurate and timely information provided to all levels of risk governance.

Three types of risk metrics are used to measure the effectiveness of internal controls and risk mitigation techniques:

- Key Risk Indicators (KRI): The KRIs are monitored against risk appetite limits and triggers defined by the Board. They are periodically reported to AMC and BRCC and should interlink with the Bank's strategic decisions and ICLAAP. A subset of the KRIs, so called "bank-wide indicators" are also recovery indicators with a defined invocation trigger point (ITP) level as defined in the Group Risk Appetite Framework and Group Recovery Plan.
- Management Risk Indicators (MRI): Those indicators are monitored against thresholds defined by executive management, namely the AMC or a dedicated sub-committee, and in case of significant risk issue, also escalated to the Board. Whilst the KRI thresholds translate the macroscopic Board risk appetite, the MRIs allow a more granular monitoring and constitute relevant data for decision-making and risk management at a higher than quarterly frequency (e.g., on daily, weekly or monthly).
- In addition, specific liquidity risk indicators are defined and used as Early Warning Indicators (EWI) for the Liquidity Contingency Plan (LCP). These EWI indicators do not only include firm specific but also market based indicators, to reflect the risk of deteriorating market environment. These indicators are detailed in Group Liquidity Contingency Plan.
- Additional Risk Metrics (ARM): Additional metrics are reported to management and/or regulators in order to give more insight on the financial risk position of the Bank without being framed by any specific limits or triggers.

The Management Body monitors compliance with the limits set out in the risk appetite statement and lower-level key risk indicators and ensures adequate escalation.

7. Own funds, capital adequacy & group solvency

Quintet aims at maintaining a solid capital position in terms of both prudential and internal capital adequacy, with capital primarily formed of Common Equity Tier 1 (CET1) instruments and to a lesser extent Additional Tier 1 (AT1) instruments. The strategy in terms of capital buffers is expressed through the level of the management buffers (as defined in the Risk Appetite) and the early warning system built upon it to detect any potential capital depletion from an early stage. Quintet has a single private shareholder, Precision Capital, with a demonstrated long-term commitment to the Group.

7.1 Regulatory capital adequacy

The Bank monitors its solvency using rules and ratios issued by the Basel Committee on Banking Supervision and the European Union Capital Requirements Regulation.

The below table provides a quarterly view of key prudential metrics covering the Bank's available capital (including buffer requirements and ratios), its risk weighted assets (RWA), leverage ratio (LR), liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

Table 2 - Key metrics

	Key metrics template (Template EU KM1 – EBA/ITS/2020/04)	a	b	c	d	e
		2023-12-31	2023-09-30	2023-06-30	2023-03-31	2022-12-31
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	565.9	553.9	556.8	556.1	537.6
2	Tier 1 capital	689.4	677.4	680.3	679.6	661.1
3	Total capital	689.5	677.5	680.4	679.7	661.2
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2,888.3	2,883.7	2,890.9	2,901.2	2,916.1
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.59%	19.21%	19.26%	19.17%	18.43%
6	Tier 1 ratio (%)	23.87%	23.49%	23.53%	23.43%	22.67%
7	Total capital ratio (%)	23.87%	23.49%	23.54%	23.43%	22.67%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25%	3.25%	3.25%	3.25%	2.75%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.83%	1.83%	1.83%	1.83%	1.55%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.44%	2.44%	2.44%	2.44%	2.06%
EU 7d	Total SREP own funds requirements (%)	11.25%	11.25%	11.25%	11.25%	10.75%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.79%	0.77%	0.60%	0.37%	0.34%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.29%	3.27%	3.10%	2.87%	2.84%
EU 11a	Overall capital requirements (%)	14.54%	14.52%	14.35%	14.12%	13.59%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.62%	12.24%	12.29%	12.18%	11.92%

(continued) Table 2 - Key metrics

	Key metrics template (Template EU KM1 – EBA/ITS/2020/04)	a	b	c	d	e
		2023-12-31	2023-09-30	2023-06-30	2023-03-31	2022-12-31
	Leverage ratio					
13	Total exposure measure	12,027.5	12,654.4	13,159.5	13,190.3	14,565.3
14	Leverage ratio (%)	5.73%	5.35%	5.17%	5.15%	4.54%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity coverage ratio (figures based on 12-month rolling averages, as given in Table 34 (Template EU LIQ1) in this report)					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4,671.5	5,178.0	5,616.0	6,084.0	6,290.5
EU 16a	Cash outflows - Total weighted value	4,111.4	4,508.5	4,900.3	5,330.4	5,602.9
EU 16b	Cash inflows - Total weighted value	862.7	920.1	1,015.0	1,111.2	1,198.4
16	Total net cash outflows (adjusted value)	3,248.7	3,588.3	3,885.3	4,219.2	4,404.5
17	Liquidity coverage ratio (%)	144.13%	144.01%	144.62%	144.41%	142.96%
	Net stable funding ratio					
18	Total available stable funding	6,793.9	6,691.7	6,853.0	7,074.6	7,604.8
19	Total required stable funding	4,874.3	4,973.1	5,049.3	5,046.9	4,971.9
20	NSFR ratio (%)	139.38%	134.56%	135.72%	140.18%	152.96%

At the end of 2023, the total capital ratio stood at 23.87% (22.67% in 2022) and the Common Equity Tier 1 ratio (CET1) at 19.59% (18.43% in 2022). So, the Bank's solvency remained solid and well above the applicable regulatory thresholds. The minimum requirement for the total capital ratio stood at 14.54% and that for the CET1 ratio stood at 9.62% as at 31 December 2023.

The above regulatory minimum requirements include the so-called Pillar 2 Requirement (P2R), set by the ECB as part of the Supervisory Review and Evaluation Process (SREP) on an annual basis. The applicable P2R for Quintet was 3.25% as at 31 December 2023, and is 3.00% as from 1 January 2024.

7.1.1 Own funds instruments

With regard to ordinary shares – On 31 December 2023, the share capital of the Bank consisted of 27,339,716 ordinary shares without par value (31 December 2022: 27,339,716). No participation certificate or non-voting right share were issued.

In the context of preference shares – On 31 December 2023, 4,336 preference shares were outstanding (31 December 2022: 4,336). These shares are entitled to receive an initial dividend of EUR 0.248 per share. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any remaining profits, once this first dividend has been paid, are shared out between all shareholders.

The regulatory capital follows the Basel III rules as defined in the Regulation (EU) 575/2013. The positive evolution of the CET1 (EUR 565.9 million as of 31 December 2023 versus EUR 537.6 million as of 31 December 2022) is the result of various effects:

- The allocation of 2022 positive result to the reserves (EUR 18.1 million)
- The increase in the ALM revaluation reserve (EUR 10.7 million, net of deferred tax)
- The decrease of intangible assets and purchased goodwill (EUR 10.2 million)
- The deferred tax assets (EUR 5.8 million)
- The defined benefit pension plans mainly due to the decrease of the applied discount rate (EUR -6.2 million)
- The yearly AT1 coupon paid to investors (EUR -9.4 million)

Table 3 - Own funds

(In EUR million)	31/12/2023	31/12/2022
Regulatory capital	**689.5**	**661.2**
Common Equity Tier 1 capital	**565.9**	**537.6**
Capital, share premium, reserves and retained earnings	1,048.9	1,041.6
Profit or loss eligible	-	-
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-29.4	-23.2
Defined benefit pension fund assets	-0.5	-0.2
Fair value changes of instruments measured at fair value through other comprehensive income	-4.5	-15.2
Intangible assets and goodwill	-422.1	-432.3
Deferred tax assets	-24.1	-29.9
Asset Value Adjustment	-1.2	-1.4
Additional deductions of CET1	-1.2	-1.7
Additional Tier 1 capital	**123.5**	**123.5**
Paid up capital instruments	123.5	123.5
Tier 2 Capital	**0.1**	**0.1**
Preference shares	0.1	0.1

More information concerning the disclosure of own funds and the prudent valuation adjustments is presented in Appendices 3, 4, 5 and 6.

More information concerning the reconciliation between the accounting own funds and the prudential own funds is shown in Appendix 7.

7.1.2 Capital requirements

Complementary to the internal own funds adequacy, the Bank complies with supervisory capital requirements brought by the entry into force of the "CRD-IV" package resulting from the 2010-11 recommendations of the Basel III Committee, including the following regulations:

- "Capital Requirements Regulation" (CRR Regulation (EU) No 575/2013 of the European Parliament and of the Council)
- "Capital Requirements Regulation" (CRR Regulation (EU) No 2019/876 of the European Parliament and of the Council), amending Regulation (EU) No 575/2013
- "Capital Requirements Directive" (CRD Regulation (EU) No 36/2013 of the European Parliament and of the Council) which set up the capital buffers
- "Liquidity Coverage Requirement" (Delegated Act EU No 2015/61)
- CSSF Regulation No 18-03 regarding the implementation of some national discretions included in the CRR Regulation (EU) No 575/2013
- Regulatory technical standards as defined by the European Banking Authority

These requirements are related to Credit Risk, Credit Valuation Adjustment (CVA), Market Risk (broken down in Settlement Risk, Position Risk and Foreign Exchange Risk) and Operational Risk.

Prudential ratios are computed as the quotients between the appropriate measure of own funds and the risk weighted assets equivalent of Minimum Capital Requirements.

The CET1 ratio improvement is due to the strengthening of Quintet's Common Equity Tier 1 capital and a slight reduction of risk-weighted assets (RWA) at year-end 2023.

The overall RWA at year-end 2023 stood at EUR 2.9 billion (EUR 2.9 billion at year-end 2022). On market risk RWA, Quintet continued to reduce its capital consumption on interest-rate market risk initiated in 2022 when it reviewed its market risk strategies. This was accompanied by a slight decrease of RWA in credit risk in line with the reduction in customer loans. Finally, operational risk RWA increased by EUR 94 million at year-end 2023 following the reflection of the strong 2023 gross income of EUR 865 million in the three-year time-series considered for operational risk RWA determination.

Table 4 - Overview of total risk exposure amounts

	Overview of total risk exposure amounts (Template EU OV1 – EBA/ITS/2020/04)	Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		2023-12-31	2023-09-30	2023-12-31
1	Credit risk (excluding CCR)	1,915.1	1,961.4	153.2
2	Of which the standardised approach	1,915.1	1,961.4	153.2
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	53.6	75.3	4.3
7	Of which the standardised approach	35.7	48.7	2.9
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	0.6	0.4	0.0
EU 8b	Of which credit valuation adjustment - CVA	8.4	10.5	0.7
9	Of which other CCR	9.0	15.8	0.7

(continued) Table 4 - Overview of total risk exposure amounts

	Overview of total risk exposure amounts (Template EU OV1 – EBA/ITS/2020/04)	Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		2023-12-31	2023-09-30	2023-12-31
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	54.8	76.4	4.4
21	Of which the standardised approach	54.8	76.4	4.4
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	864.8	770.6	69.2
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	864.8	770.6	69.2
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subjectto 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	2,888.3	2,883.7	231.1

7.2 Internal capital adequacy

The internal capital adequacy is determined under an economic internal perspective and a normative internal perspective. The economic internal perspective assumes a time horizon of one year (in contrast to the forward-looking normative perspective which considers a time horizon of three years), and a static balance sheet.

Under the economic internal perspective, Quintet identifies and quantifies material risks that may cause economic losses and deplete internal capital. Internal capital, also referred to available financial resources (AFR), is the risk-bearing component under the economic perspective and should be of sound quality and determined in a prudent and conservative manner. For the economic capital requirements, the Bank leverages internal models and stress testing modules. Where quantitative models are used, recourse to Monte Carlo simulation is made to estimate the loss distributions associated with the risk category; economic capital is then quantified as the value-at-risk (VaR) corresponding to a confidence level of 99.9%. This is equivalent to calibrating the capital demand to absorb losses that Quintet would face once every thousand years.

The normative internal perspective is a multi-year assessment of Quintet's ability to fulfil all of its capital- and liquidity-related regulatory minimum requirements on an ongoing basis, under baseline and adverse scenarios.

The ICLAAP is subject to an annual review and accompanied by a series of so-called 'management embedment sessions', ensuring the review, challenge and endorsement of the key assumptions and methodological choices by Quintet's senior management

The ICLAAP is integrated with management reporting via the monthly and quarterly risk appetite reporting, including key ratios as per the normative internal perspective (including CET1 ratio, TCR, LCR, NSFR) and economic internal perspective (including ICAAP ratio, ILER).

8. Countercyclical buffer

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

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

Quintet's group countercyclical capital buffer rate stands at 0.79% as of 31 December 2023 (2022: 0.34%). The increase of the countercyclical buffer rate is mainly related to the increase of 1.0% buffer on United Kingdom country put in place in July, the 0.5% buffer on France country put in place in April and the 1.00% buffer on The Netherlands put in place in May.

Table 5 - Amount of institution-specific countercyclical capital buffer

	Amount of institution-specific countercyclical capital buffer (Template EU CCyB2 – EBA/ITS/2020/04)	a
1	Total risk exposure amount	2,888.3
2	Institution specific countercyclical capital buffer rate	0.79%
3	Institution specific countercyclical capital buffer requirement	22.9

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

Table 6 - Geographical distribution of exposures for countercyclical capital buffer calculation

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Template EU CCyB1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own fund requirements						
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)
010	Breakdown by country:													
	AD	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.1	0.0%	-
	AE	55.6	-	-	-	-	55.6	1.2	-	-	1.2	15.1	0.8%	-
	AT	5.2	-	-	-	-	5.2	0.0	-	-	0.0	0.2	0.0%	-
	AI	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	AR	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	AU	11.9	-	-	-	-	11.9	0.2	-	-	0.2	2.4	0.1%	1.00%
	BE	164.3	-	-	-	-	164.3	9.7	-	-	9.7	121.3	6.6%	-
	BH	1.0	-	-	-	-	1.0	0.1	-	-	0.1	1.0	0.1%	-
	BL	2.3	-	-	-	-	2.3	0.1	-	-	0.1	0.8	0.0%	-
	BM	52.5	-	-	-	-	52.5	4.2	-	-	4.2	52.5	2.9%	-
	BS	1.0	-	-	-	-	1.0	0.0	-	-	0.0	0.5	0.0%	-
	CA	47.8	-	0.1	-	-	47.9	0.8	0.0	-	0.8	9.7	0.5%	-
	CG	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	CD	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	CH	80.9	-	-	-	-	80.9	3.3	-	-	3.3	41.2	2.3%	-
	CN	1.1	-	-	-	-	1.1	0.0	-	-	0.0	0.6	0.0%	-

(continued) Table 6 - Geographical distribution of exposures for countercyclical capital buffer calculation

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Template EU CCyB1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own fund requirements						
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)
	CW	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.1	0.0%	-
	CY	14.2	-	-	-	-	14.2	1.1	-	-	1.1	14.2	0.8%	0.50%
	DE	88.5	-	3.5	-	-	92.0	6.3	0.1	-	6.4	80.5	4.4%	0.75%
	DJ	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	DK	39.2	-	-	-	-	39.2	3.0	-	-	3.0	38.0	2.1%	2.50%
	EC	0.3	-	-	-	-	0.3	0.0	-	-	0.0	0.1	0.0%	-
	ES	53.5	-	-	-	-	53.5	2.4	-	-	2.4	30.2	1.7%	-
	FI	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.1	0.0%	-
	FR	504.4	-	-	-	-	504.4	20.1	-	-	20.1	251.8	13.8%	0.50%
	GB	770.9	-	6.4	-	-	777.4	27.0	0.1	-	27.1	338.4	18.5%	2.00%
	GD	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.1	0.0%	-
	GG	5.6	-	4.4	-	-	10.1	0.2	0.4	-	0.6	7.1	0.4%	-
	GR	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	HK	15.7	-	-	-	-	15.7	0.3	-	-	0.3	3.3	0.2%	1.00%
	ID	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	IE	7.2	-	0.0	-	-	7.3	0.6	0.0	-	0.6	7.3	0.4%	1.00%
	IL	1.1	-	-	-	-	1.1	0.0	-	-	0.0	0.4	0.0%	-
	IM	8.4	-	-	-	-	8.4	0.2	-	-	0.2	3.0	0.2%	-
	IN	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	IS	5.2	-	-	-	-	5.2	0.1	-	-	0.1	1.0	0.1%	2.00%
	IT	0.0	-	0.4	-	-	0.5	0.0	0.0	-	0.0	0.1	0.0%	-
	JP	8.4	-	-	-	-	8.4	0.3	-	-	0.3	3.3	0.2%	-
	JE	30.7	-	1.8	-	-	32.5	0.1	0.1	-	0.2	2.5	0.1%	-
	KE	0.1	-	-	-	-	0.1	0.0	-	-	0.0	0.0	0.0%	-
	KR	81.9	-	-	-	-	81.9	2.0	-	-	2.0	24.4	1.3%	-
	KY	21.1	-	-	-	-	21.1	0.8	-	-	0.8	10.2	0.6%	-
	LB	19.2	-	-	-	-	19.2	0.6	-	-	0.6	6.9	0.4%	-
	LI	49.0	-	-	-	-	49.0	3.9	-	-	3.9	49.0	2.7%	-
	LU	307.1	-	2.2	-	-	309.3	16.7	0.1	-	16.8	210.6	11.5%	0.50%
	MC	63.5	-	-	-	-	63.5	2.5	-	-	2.5	31.4	1.7%	-
	MG	0.4	-	-	-	-	0.4	0.0	-	-	0.0	0.4	0.0%	-
	MT	30.9	-	-	-	-	30.9	1.3	-	-	1.3	16.4	0.9%	-
	MU	1.2	-	-	-	-	1.2	0.0	-	-	0.0	0.4	0.0%	-
	MX	4.5	-	-	-	-	4.5	0.2	-	-	0.2	2.3	0.1%	-
	NL	676.1	-	25.4	-	-	701.5	28.0	0.5	-	28.4	355.2	19.4%	1.00%
	NO	0.2	-	-	-	-	0.2	0.0	-	-	0.0	0.0	0.0%	2.50%
	NZ	4.6	-	-	-	-	4.6	0.1	-	-	0.1	1.7	0.1%	-
	PA	3.2	-	-	-	-	3.2	0.3	-	-	0.3	3.2	0.2%	-
	PT	17.1	-	-	-	-	17.1	0.1	-	-	0.1	1.8	0.1%	-
	QA	8.4	-	-	-	-	8.4	0.1	-	-	0.1	1.7	0.1%	-
	RU	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	SE	4.5	-	-	-	-	4.5	0.2	-	-	0.2	2.5	0.1%	2.00%
	SG	10.2	-	-	-	-	10.2	0.2	-	-	0.2	2.9	0.2%	-
	SK	13.3	-	-	-	-	13.3	0.1	-	-	0.1	1.5	0.1%	1.50%
	TH	2.6	-	-	-	-	2.6	0.1	-	-	0.1	1.0	0.1%	-
	TR	1.2	-	-	-	-	1.2	0.0	-	-	0.0	0.4	0.0%	-
	TW	0.0	-	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0%	-
	US	112.7	-	-	-	-	112.7	4.4	-	-	4.4	55.5	3.0%	-

(continued) Table 6 - Geographical distribution of exposures for countercyclical capital buffer calculation

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Template EU CCyB1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own fund requirements						
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)
	VG	35.1	-	-	-	-	35.1	1.3	-	-	1.3	16.2	0.9%	-
	VN	1.2	-	-	-	-	1.2	0.1	-	-	0.1	1.2	0.1%	-
	ZA	4.1	-	-	-	-	4.1	0.2	-	-	0.2	2.4	0.1%	-
	VN	0.6	-	-	-	-	0.6	0.0	-	-	0.0	0.6	0.0%	-
	ZA	3.5	-	-	-	-	3.5	0.2	-	-	0.2	2.1	0.1%	-
	ZM	0.0		-			0.0	0.0	-		0.0	0.0	0.0%	-
020	TOTAL	3,451.2	-	44.2	-	-	3,495.4	144.8	1.3	-	146.1	1,826.2	100.0%	

9. Leverage ratio

The Basel III leverage ratio is defined as the capital measure divided by the exposure measure, with this ratio expressed as a percentage and having to exceed a minimum of 3%. While the capital measure for the leverage ratio is the Tier 1 capital, the total exposure measure corresponds to the sum of the following exposures: on-balance sheet exposures; derivative exposures; securities financing transaction (SFT) exposures; and off-balance sheet (OBS) items.

Quintet's consolidated leverage ratio stands at 5.73% as of 31 December 2023 (4.54% in 2022). This figure stands comfortably above the 3% regulatory minimum leverage ratio.

The evolution of this ratio (+119 bps) compared to last year can be explained by:

- Increase of Tier 1 capital (+19 bps): mainly due to the allocation to reserves of the 2022 profit, the reduction of the negative impact of fair value changes of instruments measured at fair value through other comprehensive income, and the depreciation of purchased goodwill. Those positive effects are partially compensated by the remeasurement of defined benefit pension plans mainly due to the decrease of the discount rate and the yearly AT1 coupon paid to investors.
- Decrease of the total leverage exposure (+100 bps): mainly related to the decrease of the on-balance sheet exposure (+77 bps), decrease of the derivatives (+16 bps) and a decrease of securities financing transaction (+7 bps). The variation of on-balance sheet exposure is mainly linked to a decrease in deposits, which led to less liquidity replaced at Central Banks. The decrease in securities financing activities reflects the lesser investment opportunities on the market.

The leverage ratio makes up part of the risk appetite indicators defined by and quarterly reported to the Board. In addition, the ratio has been integrated in the monitoring process of the Group Recovery Plan. Thresholds have been set as 'Early Warning Signal' and 'Invocation Trigger Point' (flagging that the Bank should decide on taking recovery actions).

9.1 Reconciliation of accounting assets and leverage ratio exposures (EU LR1)

The below table presents the reconciliation between the total assets as reported in the financial statements and the total exposure amount taken into account in the leverage ratio.

Table 7 - Summary reconciliation of accounting assets and leverage ratio exposures

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures. (Template EU LR1 – EBA/ITS/2020/04)		a
		Applicable amount
1	Total assets as per published financial statements	12,048.7
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	- 202.8
9	Adjustment for securities financing transactions (SFTs)	1.1
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	511.4
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	- 330.9
13	Total exposure measure	12,027.5

9.2 Leverage ratio common disclosure (EU LR2)

The below template discloses the different components of the leverage exposures.

Table 8 - Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2023-12-31	2022-12-31
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	11,512.1	13,557.0
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	Adjustment for securities received under securities financing transactions that are recognized as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 449.1	- 465.6
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	11,063.1	13,091.4
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	19.8	350.1
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	79.5	98.2
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-

(continued) Table 8 - Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2023-12-31	2022-12-31
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	99.4	448.3
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	352.5	512.4
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	1.1	0.0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	353.6	512.4
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	3,380.2	3,451.6
20	(Adjustments for conversion to credit equivalent amounts)	- 2,868.7	- 2,938.4
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	511.4	513.2
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	Tier 1 capital	689.4	661.1
24	Total exposure measure	12,027.5	14,565.3
Leverage ratio			
25	**Leverage ratio (%)**	**5.73%**	**4.54%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.73%	4.54%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.73%	4.54%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-

(continued) Table 8 - Leverage ratio common disclosure

LRCom: Leverage ratio common disclosure (Template EU LR2 – EBA/ITS/2020/04)		CRR leverage ratio exposures	
		a	b
		2023-12-31	2022-12-31
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	352.5	512.4
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,675.0	14,052.9
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,675.0	14,052.9
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.91%	4.70%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.91%	4.70%

9.3 Split-up of on balance sheet exposures (EU LR3)

Table 9 - Split-up of on balance sheet exposure

LRSpl: Split-up of on balance sheet exposures (excl. derivatives, SFTs and exempted exposures) (Template EU LR3 – EBA/ITS/2020/04)		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	11,512.1
EU-2	Trading book exposures	46.3
EU-3	Banking book exposures, of which:	11,465.8
EU-4	Covered bonds	80.6
EU-5	Exposures treated as sovereigns	4,799.7
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	186.4
EU-7	Institutions	393.7
EU-8	Secured by mortgages of immovable properties	1,888.1
EU-9	Retail exposures	510.8
EU-10	Corporates	2,619.2
EU-11	Exposures in default	109.1
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	878.1

10. Credit risk

Credit and asset quality risk at Quintet derives from the lending offering to clients (Lombard and real estate loans, auxiliary services to the core wealth management offering) as well as its exposures to the interbank market and ALM portfolio (high quality bond portfolio). The residual risk is managed through high level of collateralisation, conservative haircuts applied, and a thorough credit risk monitoring process. The overall risk appetite for credit risk is defined through prudential and internal capital allocation as well as a suite of credit quality metrics at portfolio level.

10.1 Credit risk, dilution risk and credit quality

10.1.1 Standardised approach to credit risk

Quintet applies the standardised approach (SA) for weighting exposures to credit risk. This method uses a combination of exposures' segregation by type of debtor/transaction (i.e., exposure classes) and a differentiation by creditworthiness in order to weight exposure values used to compute the required corresponding own funds.

As stated under the CRR, the Bank allocates its banking book credit risk and counterparty credit risk into 17 exposure classes: central governments or central banks; regional governments or local authorities; public-sector entities; multilateral development banks; international organisations; institutions; corporates; retail; secured by mortgages on immovable properties; exposures in default; items associated with particularly high risk; covered bonds; claims on institutions and corporates with a short-term credit assessment; collective investment undertakings (CIU); equity exposures; other items; securitisation.

The prudential risk weights assigned to exposures within most classes depends on the credit assessment, published by an External Credit Assessment Institution (ECAI), related to the obligor Quintet is exposed to. ECAIs informing the Bank's credit assessments are Moody's and Standard & Poor's Ratings. These assessments are used following the principle of the "worst rating", which corresponds to selecting the higher risk weight. This is relevant for determining the risk weight applicable to exposures belonging to the following credit risk classes: central governments or central banks, regional governments or local authorities, public-sector entities, multilateral development banks, international organisations, institutions, corporates, covered bonds, claims on institutions and corporates with a short-term credit assessment, and finally securitisations.

For debt securities, if an issue rating is available, it is applied. If an issue rating is not available, but the issuer rating is, the latter is applied. In the context of debt securities received as collateral, issue ratings are the only ones used, with issuer ratings being disregarded. If an issue rating for debt security received as collateral is not available, then it is treated as an unrated debt security received as collateral.

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

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

- On-balance sheet items accounting value net of specific credit risk adjustments
- The prudential exposure value of derivative contracts following the full standardised approach of counterparty credit risk
- Pre-conversion factor value of off-balance sheet items, corresponding to the full commitment the Bank has agreed to undertake, after potential specific credit risk adjustments

Table 10 - Standardised approach for on- and off-balances' exposures by exposure class and by risk weight (net of provision, credit risk mitigation techniques and after credit conversion factor application)

Standardised approach (Template EU CR5 – EBA/ITS/2020/04))		Risk weight															Total	Of which unrated
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	4,455.1	-	-	-	80.6	-	12.1	-	-	-	-	-	-	-	-	4,547.9	-
2	Regional government or local authorities	158.0	-	-	-	19.6	-	-	-	-	-	-	-	-	-	-	177.6	-
3	Public sector entities	126.1	-	-	-	58.4	-	-	-	-	-	-	-	-	-	-	184.5	1.9
4	Multilateral development banks	104.6	-	-	-	4.9	-	19.6	-	-	-	-	-	-	-	-	129.1	-
5	International organisations	19.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.4	-
6	Institutions	-	31.2	-	-	287.4	-	75.8	-	-	-	-	-	-	-	-	394.4	120.9
7	Corporates	-	47.3	-	-	200.9	35.5	116.7	50.7	-	539.7	0.0	-	-	-	-	990.8	605.4
8	Retail exposures	-	-	-	-	-	-	-	-	43.4	-	-	-	-	-	-	43.4	43.4
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	1,394.2	217.7	-	-	96.7	-	-	-	-	-	1,708.7	1,708.7
10	Exposures in default	-	-	-	-	-	-	-	-	-	78.9	7.1	-	-	-	-	86.0	86.0
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	8.2	-	-	-	-	8.2	8.2
12	Covered bonds	-	-	-	75.4	5.2	-	-	-	-	-	-	-	-	-	-	80.6	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	82.8	-	97.2	-	-	0.2	-	-	-	-	-	180.2	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-		-	-	-	0.0	-	0.0	0.0
15	Equity exposures	-	-	-	-	-	-	-	-	-	15.5	-	-	-	-	-	15.5	15.1
16	Other items	49.4	-	-	-	-	-	-	-	-	165.9	-	-	-	-	-	215.3	215.3
17	TOTAL	4,912.6	78.6	-	75.4	739.7	1,429.6	539.1	50.7	43.4	897.0	15.3	-	-	0.0	-	8,781.6	2,804.9

<u>Maturity of Exposures</u>

As at the end of 2023, the Bank continued to show a relatively short-term profile of its exposures with about 75% maturing prior to 5 years.

The table below presents the segmentation of the exposures by maturity.

Table 11 - Maturity of exposures

Maturity of exposures (Template EU CR1-A – EBA/ITS/2020/04)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,290.6	696.5	1,690.3	1,469.1	-	5,146.5
2	Debt securities	-	734.6	940.0	352.7	-	2,027.4
3	Total	1,290.6	1,431.2	2,630.3	1,821.8	-	7,173.9

10.1.2 Performing and non-performing exposures and related provisions

In 2023, EUR 160.2 million of exposures were considered as non-performing, representing 1% of the total exposures.

The counterparties making up the highest level of non-performing exposures are the non-financial corporations with EUR 72.3 million (45%) and the household with EUR 60.6 million (38%, of which EUR 56.2 million on-balance-sheet exposures and EUR 4.4 million off-balance-sheet exposures).

Table 12 - Performing and non-performing exposures and related provisions

Performing and non-performing exposures and related provisions. (Template EU CR1 – EBA/ ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	4,004.5	4,001.7	2.9	-	-	-	- 0.6	- 0.5	- 0.0	-	-	-	-	-	-
010	Loans and advances	5,038.2	5,008.2	30.1	155.8	-	155.8	- 0.8	- 0.7	- 0.0	- 46.7	-	- 46.7	-	4,791.0	104.1
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0.7	0.7	-	-	-	-	- 0.0	- 0.0	-	-	-	-	-	-	-
040	*Credit institutions*	378.8	378.8	-	-	-	-	- 0.0	- 0.0	-	-	-	-	-	346.7	-
050	*Other financial corporations*	1,123.6	1,123.5	0.2	27.2	-	27.2	- 0.3	- 0.3	-	- 5.0	-	- 5.0	-	984.5	18.2
060	*Non-financial corporations*	1,104.8	1,089.0	15.8	72.3	-	72.3	- 0.1	- 0.1	- 0.0	- 28.8	-	- 28.8	-	1,100.9	43.4
070	*Of which SMEs*	354.2	345.8	8.5	4.2	-	4.2	- 0.0	- 0.0	- 0.0	- 0.0	-	- 0.0	-	351.0	4.1
080	*Households*	2,430.4	2,416.3	14.1	56.2	-	56.2	- 0.4	- 0.3	- 0.0	- 12.8	-	- 12.8	-	2,359.0	42.5
090	Debt securities	1,982.3	1,982.3	-	-	-	-	- 1.1	- 1.1	-	-	-	-	-	104.2	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	1,154.4	1,154.4	-	-	-	-	- 0.6	- 0.6	-	-	-	-	-	55.9	-
120	*Credit institutions*	462.0	462.0	-	-	-	-	- 0.3	- 0.3	-	-	-	-	-	38.2	-
130	*Other financial corporations*	213.1	213.1	-	-	-	-	- 0.1	- 0.1	-	-	-	-	-	-	-
140	*Non-financial corporations*	152.8	152.8	-	-	-	-	- 0.1	- 0.1	-	-	-	-	-	10.2	-
150	Off-balance-sheet exposures	3,337.2	3,337.2	-	4.4	-	4.4	0.1	0.1	-	-	-	-		3,208.5	4.4
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	0.7	0.7	-	-	-	-	-	-	-	-	-	-		0.7	-
180	*Credit institutions*	0.3	0.3	-	-	-	-	-	-	-	-	-	-		0.1	-
190	*Other financial corporations*	960.0	960.0	-	-	-	-	0.0	0.0	-	-	-	-		950.0	-
200	*Non-financial corporations*	301.9	301.9	-	-	-	-	0.0	0.0	-	-	-	-		280.9	-
210	*Households*	2,074.4	2,074.4	-	4.4	-	4.4	0.0	0.0	-	-	-	-		1,976.8	4.4
220	*Total*	14,362.3	14,329.4	33.0	160.2	-	160.2	- 2.4	- 2.4	- 0.1	- 46.7	-	- 46.7	-	8,103.8	108.5

10.1.3 Changes in the stock of non-performing loans and advances

The below table refers to Article 442 (f) of Regulation No 575/2013. This template is related to the change in the stock of non-performing loans and advances during the year. The amount of EUR -14.1 million can be explained either by reimbursements or regularisations (i.e., taking possession of additional and/or different collaterals, risk transfer).[3]

[3] As the ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing is below 5%, the templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 have not to be displayed.

Table 13 - Changes in the stock of non-performing loans and advances

	Changes in the stock of non-performing loans and advances. (Template EU CR2 – EBA/ITS/2020/04)	a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	80.3
020	Inflows to non-performing portfolios	90.2
030	Outflows from non-performing portfolios	- 14.7
040	*Outflows due to write-offs*	*- 0.6*
050	*Outflow due to other situations*	*- 14.1*
060	Final stock of non-performing loans and advances	155.8

10.1.4 Credit quality of forborne exposures

According to the EBA definition: "Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting their financial commitments ("financial difficulties")". The template below refers to article 442 (c) of Regulation No 575/2013 and displays the credit quality of forborne exposures in 2023. In this context, 86% of the forborne exposures are non-performing. Non-performing forborne exposures relates to households (48%) and non-financial corporations counterparties (41%).

Table 14 - Credit quality of forborne exposures

Credit quality of forborne exposures (Template EU CQ1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	9.6	57.7	57.7	57.7	- 0.0	- 22.5	44.8	35.1
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	0.2	6.7	6.7	6.7	-	- 0.0	6.8	6.7
060	*Non-financial corporations*	4.4	23.5	23.5	23.5	- 0.0	- 13.0	15.0	10.6
070	*Households*	5.0	27.5	27.5	27.5	- 0.0	- 9.5	22.9	17.9
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	Total	9.6	57.7	57.7	57.7	- 0.0	- 22.5	44.8	35.1

10.1.5 Credit quality of performing and non-performing exposures by past due days

The below table presents the non-performing exposures by past due days as at end of the year 2023. 69% of the non-performing exposures have a number of past due days lower than 1 year; 6% have a number of past due days between 1 and 2 years and 25% have a number of past due days greater than 2 years.

Table 15 - Credit quality of performing and non-performing exposure by past due days

Performing and non-performing exposures and related provisions. (Template EU CQ3 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due =< 30 days	Past due > 30 days =< 90 days		Unlikely to pay that are not past due or are past due =< 90 days	Past due > 90 days=< 180 days	Past due > 180 days=< 1 year	Past due > 1 year =< 2 years	Past due > 2 years =< 5 years	Past due > 5 years =< 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**4,004.5**	**4,004.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**5,038.2**	**5,010.1**	**28.2**	**155.8**	**47.5**	**40.9**	**17.7**	**10.3**	**36.4**	**0.3**	**2.7**	**155.8**
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	0.7	0.7	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	378.8	378.8	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	1,123.6	1,123.1	0.6	27.2	-	18.3	1.9	6.8	0.0	0.2	-	27.2
060	Non-financial corporations	1,104.8	1,095.7	9.1	72.3	32.1	6.9	4.5	3.4	25.4	0.0	-	72.3
070	Of which SMEs	354.2	352.5	1.7	4.2	1.5	2.7	-	-	-	-	-	4.2
080	Households	2,430.4	2,411.8	18.5	56.2	15.4	15.7	11.3	0.1	10.9	0.0	2.7	56.2
090	**Debt securities**	**1,982.3**	**1,982.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,154.4	1,154.4	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	462.0	462.0	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	213.1	213.1	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	152.8	152.8	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**3,337.2**			**4.4**								**4.4**
160	Central banks	-			-								-
170	General governments	0.7			-								-
180	Credit institutions	0.3			-								-
190	Other financial corporations	960.0			-								-
200	Non-financial corporations	301.9			-								-
210	Households	2,074.4			4.4								4.4
220	**Total**	**14,362.3**	**10,996.9**	**28.2**	**160.2**	**47.5**	**40.9**	**17.7**	**10.3**	**36.4**	**0.3**	**2.7**	**160.2**

10.1.6 Quality of non-performing exposures by geography

At year-end 2023, the geographical structure of Quintet as well as its business model naturally implies a relatively high concentration of exposure in Europe globally.

Table 16 - Quality of non-performing exposure by geography

Quality of non-performing exposures by geography (Template EU CQ4 – EBA/ITS/2020/04)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	**On-balance-sheet exposures**	**7,176.3**	**155.8**	**155.8**	**7,176.3**	**- 48.6**		-
020	The Netherlands	1,101.3	5.4	5.4	1,101.3	- 1.4		-
040	France	1,002.6	87.7	87.7	1,002.6	- 36.6		-
030	United Kingdom	902.2	27.2	27.2	902.2	- 3.6		-
050	Belgium	836.4	0.1	0.1	836.4	- 0.1		-
060	Denmark	243.7	6.7	6.7	243.7	- 0.1		-
070	Other countries	3,090.1	28.7	28.7	3,090.1	- 6.8		-
080	**Off-balance-sheet exposures**	**3,341.6**	**4.4**	**4.4**			**0.1**	
090	The Netherlands	1,957.3	-	-			-	
100	United Kingdom	350.5	0.0	0.0			0.0	
110	Denmark	272.1	-	-			0.0	
120	Belgium	132.9	-	-			0.0	
130	France	33.3	-	-			0.0	
140	Other countries	595.5	4.4	4.4			0.0	
150	**Total**	**10,517.9**	**160.2**	**160.2**	**7,176.3**	**- 48.6**	**0.1**	**-**

The *"Other countries"* mainly refer to exposures located in Germany (EUR 511.8 million of on- and off-balance-sheet exposures) and Luxembourg (EUR 505.2 million for on- and off-balance-sheet exposures).

10.1.7 Credit quality of loans and advances to non-financial corporations by industry

As at end of 2023, real estate activities, construction, professional, scientific and technical activities represented 86% of the credit of loans and advances to non-financial corporations. Of these activities, 7% are classified as non-performing (+2% in comparison to 2022).

Table 17 - Credit quality of loans and advances to non-financial corporations by industry

Credit quality of loans and advances to non-financial corporations by industry (Template EU CQ5 – EBA/ITS/2020/04)		a	b	c	d	e	f
		Gross carrying/nominal amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	0.9	-	-	0.9	- 0.0	-
020	Mining and quarrying	0.0	-	-	0.0	- 0.0	-
030	Manufacturing	13.0	0.0	0.0	13.0	- 0.0	-
040	Electricity, gas, steam and air conditioning supply	4.1	-	-	4.1	-	-
050	Water supply	-	-	-	-	-	-
060	Construction	94.6	9.9	9.9	94.6	- 3.5	-
070	Wholesale and retail trade	47.4	-	-	47.4	- 0.0	-
080	Transport and storage	0.2	-	-	0.2	-	-
090	Accommodation and food service activities	44.5	0.5	0.5	44.5	- 0.0	-
100	Information and communication	6.1	-	-	6.1	-	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	754.1	59.6	59.6	754.1	- 23.1	-
130	Professional, scientific and technical activities	166.2	2.3	2.3	166.2	- 2.3	-
140	Administrative and support service activities	22.1	-	-	22.1	- 0.0	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	2.1	-	-	2.1	-	-
170	Human health services and social work activities	2.4	-	-	2.4	- 0.0	-
180	Arts, entertainment and recreation	7.8	-	-	7.8	- 0.0	-
190	Other services	11.5	-	-	11.5	- 0.0	-
200	**Total**	**1,177.1**	**72.3**	**72.3**	**1,177.1**	**- 29.0**	**-**

In 2023, within non-financial corporation counterparties, the real estate activity sector shows the greatest exposure amount considered as non-performing (EUR 59.6 million, representing 82% of the total non-performing exposures), followed by the construction sector (EUR 9.9 million, representing 14% of the total non-performing exposures).

10.1.8 Additional disclosure related to the credit quality of assets

Quintet has aligned its definition of default and credit impairment with the relevant regulatory requirements, notably Article 178 of the CRR. In particular, a default of 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)

In all entities of the Group, the need for impairment on non-performing exposures is justified on a case-by-case analysis, ratified in management discussion (local credit committees and Group credit committee) and through the consolidation process.

Impairment levels take into account the expected future cash flows, including those from realisation of collateral, if any, less estimated foreclosure costs (reference to market valuation, discounted cash flow approach or percentage of residual exposure). The Credit

Risk department recommends impairment adjustments to the Group Credit Committee on the basis of proposals from lending entities of the Group and after discussion with the Accounting Department. For the first three quarters of the financial year, the Group Credit Committee decides the adjustments to perform. In the last quarter, impairments are decided by the Authorized Management Committee, relying on the opinion of the Group Credit Committee.

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

Impairments are also monitored in the risk appetite indicator reported to the Board, reflecting the non-performing exposure (NPE) ratio as well as part of the risk reporting. The NPE ratio tracks gross NPEs as a percentage of gross loans. The gross NPE figure includes exposures where the contract has been expired for 90 or more days, which while not being true non-performing exposure, are nonetheless included to reflect that these may be problematic exposures once the review is finalized. As a result of these inclusions, the NPE ratio could reflect breaches, which would correct once the respective review is completed. Gross NPE exposure is tracked in the context of the EBA thresholds for elevated level of NPEs, which is currently set at a ratio of 5%.

10.2 Credit risk management

10.2.1 Business strategy and credit risk profile

As a private bank, Quintet's lending philosophy is to grant loans to maintain and/or develop a wealth management relationship with its clients, existing and new. Quintet provides loans secured with liquid and diversified financial collateral as its core lending offer. Quintet also provides mortgage loans on high-quality real estate, acknowledging that any loan granted by the Bank must be based on an existing private banking relationship or a real potential to develop, within a reasonable time period, a private banking relationship with a new client. In addition to these private banking activities, proprietary credit risks within the Group also originate from:

- Uncommitted lines covering counterparty exposures with banks (e.g., foreign exchange transactions, money markets, swaps, reverse repurchase agreements, securities lending, derivatives)
- Bond positions in ALM portfolio in the form of liquid floating/fixed rate notes and synthetic asset swaps
- Uncommitted lines granted to clients of Asset Servicing & Financial Intermediaries (mainly Undertakings for Collective Investment) to cover temporary overdrafts or exposures on FX-operations
- Credit risk linked to the sub-custodian network

Quintet does not use any credit derivatives.

10.2.2 Structure and organisation of credit risk management function

The Credit Risk function sits within the second line of defence, managed by the Group Head of Financial Risk, reporting to the Group Chief Risk Officer. Credit related tasks include:

- The development of credit risk policies and frameworks
- The development of credit risk measurements and reporting to AMC, Board and any relevant risk committees
- The monitoring of credit risk arising from the bank's portfolio (at the Group level)
- Issuance of opinion on credit risk issues
- Delivery of credit risk related training

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

- Support the first line of defence in the identification of increased credit risk, enabling the Bank to act swiftly to protect the loan book when such issues arise (via e.g. taking additional collateral, tightening credit standards, de-risking exposures)
- Ensure that the credit related risk appetite limits as set under the Quintet Group Risk Appetite Statement are adhered to
- Deliver input for strategic decisions regarding credit risk through useful and timely information to senior management

The first line of defence of the credit risk management process is composed of the business teams: Wealth Management ("commercial network"), Lending, ALM & Treasury, Global Markets and Asset Servicing & Financial Intermediaries. Each entity/business unit relies on specific procedures and processes in order to assess the risks prior to and after accepting individual credit risk exposures.

10.2.3 Credit risk reporting and measurement

The Board of Directors has expressed its risk appetite for credit risk through a set of limits and triggers applying to credit risk indicators: credit risk VaR estimation, asset quality monitoring and several concentration measures of some relevant types of exposures in relation to the total credit book and to the Group Credit Policy. They are monitored quarterly and reported to both AMC and the Board.

In addition, Group Credit Risk produces regular and ad-hoc reporting of the consolidated loan portfolio, including a detailed view of outstanding exposures by Group entity, type of credit, maturity, sector concentration, profitability, type of collateral, and quality (watch list),

among others. Frequency is dependent on the governance forum to which these reports are submitted (as an example, the Watchlist is produced monthly).

Bond investment portfolios are managed by the ALM team. All proposals within the Group are subject to concentration limits defined by issuer type (Sovereign, Corporate and Bank), as well as country limits. Group Credit Risk may decline any investment based on its own credit risk assessment (based on international rating agencies' comments and analysis of the published financial statements).

Various standards or specific reports are generated to monitor any deterioration in the quality of the portfolio. A watch list with issuers requiring a closer follow-up is also established and presented to the Group Credit Committee on a quarterly basis. Finally, a set of risk appetite indicators completes this monitoring.

Group Credit Risk carries out analysis and issues opinions about credit files that are approved under delegated authorities and/or presented to the Local Country Credit Committees or the Group Credit Committee.

10.2.4 Credit risk policies

Quintet's Group Credit Policy provides the framework within which lending to customers and related credit risk is managed. It encompasses the following:

- Definition and identification of credit exposures
- Evaluation, measurement and quantification of risks
- Criteria and procedures for approval
- Maximum prudential exposure: amount and maturity
- Monitoring, reviewing and controlling credits
- Procedures for taking and preserving security
- Procedures relating to the management of watchlist exposures, including problem loan credits

Policies and procedures cover all bilateral relations between the Group and its clients with a lending activity, given that this lending activity remains within the framework set by the Group's Risk Appetite Statement.

The Group Credit Policy is updated on an annual basis in view of market evolutions, regulations, internal changes, innovations and local specificities of entities of the Group. It applies to every entity of the Group as a minimum standard to be complied with - should an entity require a deviation from the policy, such deviation is approved by the Group Credit Committee.

The Group Credit Policy is informed by the business lending strategy and ensures an appropriate balance between strategic growth objectives and prudent risk-taking. Following discussions with the front-line, the policy and risk measures are drafted, with the input of key stakeholders (Group Head of Lending, Group Head of Financial Risk, Group Chief Risk Officer). The outcome of these discussions is formalized into the Group Credit Policy, which is then endorsed by the Group Credit Committee to the Board for consideration and final approval. Once approved, and where deepening of the principles outlined in the policy is required, appropriate credit risk procedures are drafted and implemented.

10.3 Credit risk mitigations

10.3.1 Standardised approach - Credit risk exposure and CRM effect

The following table shows the credit risk exposure before credit conversion factor (CCF) and credit risk mitigation (CRM). The exposure is broken down by exposure class with a split of on and off-balance sheet items. The RWA density expresses the ratio between the RWAs of the respective exposure class by the amount of the respective exposures after taking into account CRM and CCF.

Table 18 - Standardised approach - Credit risk exposure and CRM effects

	Standardised approach – Credit risk exposure and CRM effects (Template EU CR4 – EBA/ITS/2020/04)	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	4,499.4	0.2	4,547.8	0.1	22.2	0.49%
2	Regional government or local authorities	177.6	0.5	177.6	-	3.9	2.21%
3	Public sector entities	189.6	48.7	184.4	0.0	11.7	6.33%
4	Multilateral development banks	100.1	-	129.1	-	10.8	8.36%
5	International organisations	19.4	-	19.4	-	-	0.00%
6	Institutions	393.7	38.9	355.5	38.8	96.0	24.34%
7	Corporates	2,619.2	1,498.4	940.4	50.4	687.0	69.34%
8	Retail	510.8	1,726.6	33.5	10.0	32.6	75.00%
9	Secured by mortgages on immovable property	1,888.1	60.7	1,687.0	21.7	693.6	40.59%
10	Exposures in default	109.1	4.4	85.2	0.9	89.6	104.12%
11	Exposures associated with particularly high risk	13.7	1.7	8.2	-	12.4	150.00%
12	Covered bonds	80.6	-	80.6	-	8.6	10.64%
13	Institutions and corporates with a short-term credit assessment	184.5	-	180.2	-	65.4	36.27%
14	Collective investment undertakings	0.0	-	0.0	-	0.0	1250.00%
15	Equity	15.5	-	15.5	-	15.5	100.00%
16	Other items	215.3	-	215.3	-	165.9	77.05%
17	TOTAL	11,016.8	3,380.1	8,659.8	121.8	1,915.1	21.81%

10.3.2 Use of credit risk mitigation techniques

The figures relating to the Bank's use of credit risk mitigation techniques in 2023 are presented hereunder. These figures correspond to two different regulatory approaches to credit risk mitigation, the substitution method and the financial comprehensive method. The first technique applied at Quintet Group is the substitution method for guaranteed exposures, occurring when exposures towards counterparties receive a guarantee from a third party. Under this technique, the risk weight actually applied to the exposure is the one assigned to the guarantor as if it was the original bearer of the debt. The second technique used to mitigate credit risk is the financial collateral comprehensive method (FCCM). Under this method, the exposure value towards counterparties is diminished by the prudentially corrected amount of the financial collateral (e.g., securities) received under each transaction.

Within the framework of Article 453 (f) and (g) of the Regulation EU No 575/2013 (CRR), the template below provides an overview of the credit exposure covered by eligible credit risk mitigation after regulatory haircuts. It includes all collateral and financial guarantees used as credit risk mitigation. The table also includes the carrying amounts of the defaulted exposures.

Table 19 - CRM techniques overview: disclosure of the use of credit risk mitigation techniques

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques. (Template EU CR3 – EBA/ITS/2020/04)		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	4,255.4	4,895.1	4,886.1	9.0	-
2	Debt securities	1,876.9	104.2	-	104.2	
3	Total	6,132.3	4,999.4	4,886.1	113.3	-
4	*Of which non-performing exposures*	5.0	104.1	104.0	0.1	-
EU-5	*Of which defaulted*	5.0	104.1			

<u>Eligible credit risk mitigation techniques</u>

The table below shows the credit risk mitigation techniques used at Quintet Group. As at 31/12/2023, Quintet Group achieved a reduction of EUR 2,760.9 million of its credit risk exposure, corresponding to the amount of prudentially eligible financial securities pledged by debtors after the application of prudential volatility haircuts. Furthermore, EUR 1,422.4 million and EUR 325.3 million were fully secured (maximum 100% loan-to-market value) - respectively - by mortgages on residential and commercial immovable properties. The "other eligible collateral" only relates to the pledge of life insurance policies for EUR 86.2 million. The eligible third-party guarantees amount to EUR 77.4 million.

Table 20 - CRM techniques used

CRM techniques used Exposure classes	Value of eligible financial collateral used after haircut	Eligible residential mortgage (up to 100% LTMV)	Eligible commercial mortgage (up to 100% LTMV)	Other eligible collateral (e.g. life insurance policies)	Exposures covered by eligible (third party) Guarantees (i.e. substitution CRM)	TOTAL
Central governments or central banks	-			-	-	-
Regional governments or local authorities	-			-	-	-
Public sector entities	5.2			-	-	5.2
Multilateral development banks	-			-	-	-
International organisations	-			-	-	-
Institutions	0.0			-	38.2	38.2
Corporates	1,993.9			70.3	39.1	2,103.3
Retail	531.2			11.6	-	542.8
Secured by mortgages on immovable property	201.2	1,422.4	325.3	-	-	1,948.8
Exposures in default	19.7			4.3	-	23.9
Items associated with particularly high risk	5.4			-	-	5.4
Covered bonds	-			-	-	-
Claims on institutions and corporates with a short-term credit assessment	4.4			-	-	4.4
Collective investments undertakings	-			-	-	-
Equity exposures	-			-	-	-
Other exposures	-			-	-	-
Total standardised approach	2,760.9	1,422.4	325.3	86.2	77.4	4,672.1

Within the framework of Article 444 (d), the eligible third-party guarantees are disclosed by counterparty types and gain of Credit Quality Step (CQS)[4] in the table here after.

Table 21 - Eligible third-party guarantees

Eligible Third Party Guarantees			Guarantor type		
			Central government		Multilateral development bank
Original exposure			CQS #1	CQS #2	CQS #1
Institutions	CQS #1	11.6	11.6		-
	CQS #2	26.6	-	26.6	-
Corporates	CQS #1	39.1	10.2		29.0
Total		77.4	21.7	26.6	29.0

The Bank, as at end of 2023, has no collateral obtained by foreclosure (no disclosure of template EU CQ7: Collateral obtained by taking possession and execution processes).

10.3.3 Netting agreements and netting policies

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

- (Reverse) Repurchase operations must be covered by a Global Master Repurchase Agreement (GMRA)
- Other OTC Derivatives must be covered by an ISDA Master Agreement (ISDA), completed with a Credit Support Annex (CSA) which enables the exchange of collateral

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

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

- Counterparty risk (pre-settlement/settlement risk)
- Debtor risk (borrower/issuer risk)
- Guarantor risk

[4]

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

10.3.4 Collateral with Private Customers

Lombard loans

The security types accepted as collateral and their pledge value rates (PVR) are provided within the Group Credit Policy validated by the Board. For the main security types, PVR - expressed as a percentage of their market value - are set according to the following criteria:

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

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

As a matter of principle, the pledge value of the portfolio (sum of all securities' pledge values) has to cover the amount of the loan. In other words, the Loan-to-Pledge-Value ratio has always to remain below 100%, meaning a Loan-to-Market Value significantly lower than 100%. This constraint is reported monthly to the Group Credit Committee. The Standard Pledge Value (SPV) of the collateral portfolio is calculated by using the applicable PVR, security by security. Additional haircuts may then be applied to the SPV, which may be justified by:

- Illiquidity (unreasonable time frame to liquidate the position in the market)
- Currency mismatch (between the currency of the loan and the currency of the pledged securities
- Concentration

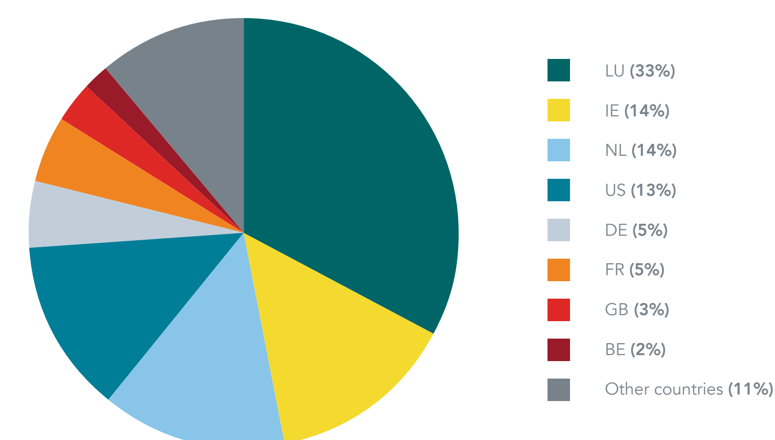
The proportion of a single security in the total pledged collateral is limited by the Group Credit Policy to a percentage of the adjusted pledged value. Additional haircuts may be imposed in case of concentration risk. Exceptions to this limit exist under strict conditions:

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

No additional country/sovereign concentration limits apply to the collateral accepted, the above-mentioned rules being considered as conservative enough. In the case of collateral portfolios managed by the bank under a discretionary mandate, the PVR may be applied - according to its investment risk profile - against the total portfolio value on a holistic basis.

For illustrative purposes, the following graph presents the breakdown of the collateral per country as at 31/12/2023. It highlights a high level of diversification, with the largest country exposures being to lower risk countries.

Figure 3 - Country risk of Lombard collateral by pledge value as of 31st December 2023



Mortgage loans

A first ranking mortgage on residential property located in the European markets is accepted as collateral. Commercial property may also be accepted in a more restricted list of areas.

As a matter of principle, the pledge value of the property collateral must cover the amount of the mortgage loan, with the pledge value calculation based on a significant haircut to the market value of the property, typically between 60% to 80% PVR, or 50% for commercial and/or high-value property. The market value of the property in question is determined by an external professional appraiser, qualified and recognized in the location in question. For mortgage loans associated with a property purchase, PVR are applied against the lower of purchase price and market value. The Group Credit Policy also describes the requirements for updated appraisals by an approved independent valuer throughout the life of the loan, every three years in minimum for properties securing mortgage lending. Similarly, the mortgage collateral location is diversified among European countries: ~1/3 in the UK, ~1/3 in the Netherlands, ~1/4 in France and the rest located in Monaco, Belgium, Spain, Luxembourg and Germany.

10.3.5 Collateral with Professional Counterparties

Criteria for securities used as collateral in (reverse) repurchase transactions are validated by the AMC upon request from the Global Markets function and opinion from the Group Financial Risk. In this context, the criteria used refer to the type of securities/issuers (e.g., sovereign, bank & corporate bonds, commercial papers and certificates of deposit), eligible countries, currencies and maximum residual maturities. Specific rules also apply to the concentration risk by counterparty (limit depending on their systemic/non-systemic nature and based on Quintet's own funds) and by security accepted as collateral (based on their rating), as well as correlation risk limits between debtors and the financial collaterals given as protection (depending on their systemic/non systemic nature).

The Dealing Room is the first line of defence regarding the quality of the securities bought and sold back in a reverse repurchase transaction (under GMRA contract). In addition, the respect of the rules is monitored weekly by Group Financial Risk, which has the responsibility to update the list of eligible collaterals based on risk evolution and market practices.

Collateral management is performed by the Collateral Management Department which is part of the Operations Function:

- Margin call: dedicated staff members are responsible for the daily monitoring of the margins (the amount of additional collateral that should be posted or received) and for contacting external counterparties from which collateral should be received as well as answering the counterparties' collateral requests. This entity is responsible for correct and complete upload of outstanding exposures to the collateral management application.
- Collateral Quality Control: such staff members constitute the first line of defence regarding collateral adequacy in ISDA-CSA and GMRA margin call process. On a day-to-day basis, monitoring is performed ex ante with regard to the quality of the collateral to be received, referring to the criteria agreed in the executed agreements and to the criteria approved by the AMC.

11. Asset encumbrance

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

Throughout 2023, Quintet Group operated transactions that required the pledge of assets to be considered as encumbered. These transactions generating encumbered assets were mainly:

- Repurchase agreements
- OTC derivative transactions
- Securities given as collateral (posted to ensure the settlement of transactions)

Compared to last year, the source of encumbrance remains the same.

As specified by the EBA in the Orientation GL/2014/03 and then later in the RTS (EBA/RTS/2017/03), the information below is based on median values of at least quarterly data on a rolling basis over the previous 12 months. The Bank's own assets encumbrance figures arising from such financial transactions are summarized as follows:

Table 22 - Encumbered and unencumbered assets

Encumbered and unencumbered assets (Template EU AE1 – EBA/ITS/2020/04)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	207.3	110.1			12,341.4	4,987.1		
030	Equity instruments	-	-	-	-	40.3	-	40.3	-
040	Debt securities	110.1	110.1	105.6	105.6	1,805.0	1,318.5	1,745.7	1,258.1
050	of which: covered bonds	-	-	-	-	62.1	62.1	58.7	58.7
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	110.1	109.9	105.6	105.4	1,020.7	993.4	971.6	943.5
080	of which: issued by financial corporations	-	-	-	-	636.5	222.5	628.8	211.8
090	of which: issued by non-financial corporations	-	-	-	-	145.6	117.4	145.0	116.8
120	Other assets	93.4	-			10,641.0	3,703.9		

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

Table 23 - Collateral received and own debt securities issued

Collateral received and own debt securities issued (Template EU AE2 – EBA/ITS/2020/04)		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**	-	-	491.0	143.7
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	491.0	143.7
170	of which: covered bonds	-	-	87.2	50.3
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	105.6	98.2
200	of which: issued by financial corporations	-	-	372.6	50.3
210	of which: issued by non-financial corporations	-	-	25.5	17.7
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-		
241	**Own covered bonds and asset-backed securities issued and not yet pledged**				
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	207.3	110.1		

This year, as last year, Quintet did not use any of the collateral it received.

Table 24 - Source of encumbrance

Sources of encumbrance (Template EU AE3 – EBA/ITS/2020/04)		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	77.4	172.4

In 2023, the main sources of encumbrance were the repurchase agreement activity, OTC derivatives transactions and securities given as collateral to ensure the settlement of transactions. There is no significant change on encumbrance level versus last year, both years marked by a low repurchase agreement activity.

12. Counterparty credit risk

12.1 Counterparty credit risk exposures

According to Article 439 (f) of Regulation (EU) No 575/2013 (CRR), the following table shows the methods used for computing the regulatory requirements for CCR exposure, including the main parameters for each method.

As at year-end 2023, the counterparty credit risk prudential exposure (excluding QCCP) amounts to EUR 80.1 million. This total CCR exposure is the basis for derivative and Securities Financial Transactions (SFT's) RWA calculation, which reached a total value of EUR 44.6 million. Compared to last year, this is a decrease of EUR 2.8 million.

Table 25 - Analysis of CCR exposure by approach

Analysis of CCR exposure by approach (Template EU CCR1 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	9.9	38.7		1.4	62.2	62.2	62.2	35.7
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					350.3	17.9	17.9	9.0
5	VaR for SFTs					-	-	-	-
6	Total					412.5	80.1	80.1	44.6

At year-end 2023, the derivatives exposure to Qualified Central Counterparty (QCCP) amounted to EUR 29.4 million, initial margin excluded.

Table 26 - Exposures to Qualified Central Counterparty

Exposures to CCPs (Template EU CCR8 – EBA/ITS/2020/04)		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		0.6
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	29.4	0.6
3	(i) OTC derivatives	29.4	0.6
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	52.4	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-

(continued) Table 26 - Exposures to Qualified Central Counterparty

Exposures to CCPs (Template EU CCR8 – EBA/ITS/2020/04)		a	b
		Exposure value	RWEA
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

According to Article 444 (e) of Regulation (EU) No 575/2013 (CRR), the following table shows the counterparty credit risk exposures under the standardised approach broken down by risk weights and regulatory exposure classes.

As of 31st December 2023, about 76% of exposures have a weight of 50% or less. Among those having a weight equal or lower than 50%, 31% comes from the Institutions exposure class and 47% of the exposures comes from the Corporates exposure class.

Table 27 - CCR exposures by regulatory exposure class and risk weights

Standardised approach – CCR exposures by regulatory exposure class and risk weights (Template EU CCR3 – EBA/ITS/2020/04)		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	0.1	-	-	-	-	-	-	0.1
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	0.0	-	-	25.9	0.1	-	-	-	-	-	26.1
7	Corporates	-	29.4	-	-	0.0	9.6	-	-	23.2	-	-	62.1
8	Retail	-	-	-	-	-	-	-	3.3	-	-	-	3.3
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	17.9	-	-	-	-	-	17.9
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	29.4	-	-	26.1	27.6	-	3.3	23.2	-	-	109.6

According to Article 439 (e) of Regulation (EU) No 575/2013 (CRR), the Bank has also to display the breakdown of collateral posted or received used in derivative transactions or SFTs.

Table 28 - Composition of collateral for CCR exposures

Composition of collateral for CCR exposures (Template EU CCR5 – EBA/ITS/2020/04)		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral type		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	134.8	8.0	-	17.4	-	-	-	-
2	Cash – other currencies	15.0	-	52.4	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	197.3	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	113.2	-	-
9	Total	149.8	8.0	52.4	17.4	-	310.5	-	-

The Bank, as at end of 2023, has no credit derivatives exposures. In consequence of this, no disclosure of template EU CCR6 is performed.

12.2 Counterparty credit risk governance and policies

The counterparty credit risk relating to professional market activities is managed through the interbank limit system that aims at managing Quintet's Dealing Room credit risk exposures. The following exposures are part of this sub-section:

- Treasury exposure (money-market loans, commercial papers, certificates of deposit, treasury portfolios, interest rate swaps, floating-rate notes, cross-currency interest rate swap, repurchase agreements, securities lending transactions, etc.)
- Foreign exchange (FX) exposure (outright, FX swaps, etc.)
- Structured products exposure (equity swaps, OTC options, etc.)

Additionally, the interbank limit system covers long and medium-term exposures on banking counterparties under the form of credit lines granted and securities held. The management of the credit risk related to banking counterparties is carried out on a consolidated basis, including all of the Group's entities exposures and their related counterparties/groups of counterparties. The interbank limit system defines ceilings that represent the maximum exposure the Bank deems acceptable to undertake upon banking counterparties and groups of banking counterparties given their size and credit quality. Ultimately, the system ensures compliance with the large exposure limit, where the largest theoretical limits must always be lower than the regulatory Large Exposure limit (the standard case is 25% of Quintet's eligible own funds). The calculation of the Bank's internal eligible own funds, for the purpose of the interbank limit system, incorporates a buffer of minimum 10%.

Maximum limits are the maximum amount of risk Quintet is ready to take on a counterparty. Such limits are based on the quality of the counterparty as well as on the Bank's own funds. Exposures are monitored against their respective counterparty and product specific limits which also include a maturity dimension. In addition to individual counterparty limits, the aggregated exposures per country also must stay below limits approved by the Board taking into consideration factors such as explicit/implicit rating and GDP.

OTC derivative transactions are concluded under standard ISDA/CSA agreements with daily margining requirements and no independent amount. CSA schedules do not specify the automated delivery of additional collateral upon rating downgrade. The same applies to market repo and reverse repo transactions which are concluded under GMRA agreements.

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

12.3 Wrong-way risk

Quintet adopts a conservative policy towards wrong-way risk, i.e., the risk that occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Regarding specific wrong-way risk, the Bank never enters contracts with

underlying instruments linked to the counterparty (i.e., derivative contracts based on the counterparty's own securities, reverse repo transactions with counterparty's securities used as collateral).

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

13. Market risk

Market risk in the banking book affects the asset side (loan book and ALM portfolio) and liability side (predominantly cash and short-term client deposits) and materialises in interest rate risk, credit spread risk, and equity risk. Interest rate risk is managed through internal limits on the residual risk exposure arising from the maturity transformation of assets vs. liabilities. Credit spread risk (mainly present in the ALM portfolio) and equity risk (mainly present in the own book equities) are equally managed via internal limits on the residual risk exposure. Quintet is exposed to trading risk through its limited trading operations (treasury, forex, and structured products) and managed through a granular limit framework.

13.1 Standardised approach to market risk

Market risk is treated under the Basel III standardised approach. Below the Bank's regulatory capital requirements are broken down by products. As at end of 2023, the interest rate risk was EUR 43.5 million composed of EUR 28.2 million of general interest rate risk and EUR 15.4 million of specific interest rate risk.

Table 29 - Market risk under the standardised approach

	Market risk under the standardised approach (Template EU MR1 – EBA/ITS/2020/04)	a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	43.5
2	Equity risk (general and specific)	0.3
3	Foreign exchange risk	11.0
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	Total	54.8

According to Article 439 (h) of the Regulation (EU) No 575/2013 (CRR), the table below indicates the exposure value and RWA of transactions subject to capital requirements for credit valuation adjustment (CVA). The standardised approach is used to calculate this capital charge. The exposure value for these transaction amounts to EUR 58.5 million in 2023 compared to EUR 71.8 million in 2022. This decrease is mainly due to lower foreign exchange derivatives volumes with financial counterparties (excluding QCCP).

Table 30 - Transactions subject to own funds requirements for CVA risk

	Transactions subject to own funds requirements for CVA risk (Template EU CCR2 – EBA/ITS/2020/04)	a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardized method	58.5	8.4
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**58.5**	**8.4**

13.2 Market risk management

13.2.1 Business strategy and market risk profile

Under the supervision of the Group ALCO, market risk management is split across two teams: trading activities led by the Group Treasury team and banking book management led by the Group ALM team. Both teams are directly managed by the Group Head of ALM & Treasury. While exposure to market risk arises both from trading and non-trading activities (banking book), market risk RWA (as detailed in the previous section) only applies to trading activities.

Trading book strategy

The Treasury management includes the operational liquidity (cash and collateral) management, the investment in short term bonds, currencies, precious metals, interest rate derivatives and the associated financial risk management. It also includes the intra group sales coverage for foreign exchange and precious metals spot, forward and swap products. The following business activities are prominent:

- Liquidity management: aimed at maximising the efficiency (income) of the cash management of the Group's cash position. Treasury is also responsible for actively managing the Nostri accounts balances in each different currency, squaring the various accounts in the market every day, respecting the cut-off times imposed by the counterparties.
- Foreign exchange & bullion: Group Treasury forex desk quotes FX and bullion prices to Quintet Luxembourg Wealth Management clients, branches and subsidiaries that are covered by the group. The products are all pairs of spot currencies, forwards, non-deliverable forward (NDF) and all bullions products. The branches and subsidiaries will hedge forex positions on a regular basis with Group Treasury with limited forex position locally. Clients Forex transactions are generally hedged soon after dealt with, Group Treasury Forex Desk can nevertheless decide to keep intraday and overnight FX positions as part of a proprietary trading activity for the bank within a strict risk and limit framework.
- Structured products: Regarding Structured Product activity, Quintet acts as private bank by offering a specialized service to 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. The Bank allows limited amounts of positions to be held on its own book as a benchmark or to offer a secondary market to clients.

For Treasury activities classified in the trading book, risk limits are set on specific risk drivers, which are based on:

- Notional amounts for activities exposed to currency risk (Forex)
- Notional amounts and Historical Value at Risk (HVaR and stressed HVaR) for activities exposed to price variation risk (e.g. structured products)
- Sensitivities (10 bpv), HVaR and stressed HVaR for activities exposed to interest rate risk

Non-trading book (ALM) strategy

ALM (Asset & Liability Management) is responsible for optimizing the management of the balance sheet, safeguarding long term funding and enhancing profitability, within acceptable and controllable levels of financial risks being mainly interest rate risk, credit default risk and credit spread risk. These exposures are bound by the Group's Risk Appetite.

The limit structure and risk framework define clear guidelines for the activities and investment decisions in the banking book. Within these guidelines, investments, disinvestments and macro hedges are being executed after the decision of the Group Head of ALM & Treasury and reported on a monthly basis to the Group ALCO.

- ALM portfolio: Investments in the ALM portfolio contribute to the Bank's strategic objective to diversify its asset composition by deploying a portion of its resources into various markets, sectors and instruments with distinctive risk return characteristics, which are not usually available in loans and advances and short-term money markets. When investing in the fixed-income instruments, issuers with various types and levels of risks are used within the overall limits as decided by ALCO. Investing in non-investment grade bonds/notes is not authorized and unrated securities are approved only on an exceptional basis by ALCO (they must contain some risk mitigating clauses). The overall policy is also to match maturities of assets with (economic) maturities of funding where possible and to hold sizeable liquid assets. Consequently, ECB eligible and Basel III eligible assets are vastly predominant (around 60% after haircut).

  As a result of this strategy, as at end of 2023 the investment bond portfolio reached a total value of EUR 2.0 billion, with an overall duration of 1.43 years, with EUR 0.5 billion (i.e. 26%) being hedged either with floating-rate notes or swaps. These bonds are the reinvestment of the Bank's free capital and available stable deposits from customers of the various Group entities. Around 70% of the straight

(non-swapped) bonds are maturing over the next three years. Cyclical strategies implemented also aim at smoothing the impact of interest rate movements.

The ALM portfolio exposes the bank to risks, most notably: credit risk, liquidity risk, market risk (market price risk, interest rate risk, credit spread risk, FX risk), capital risk, climate & environmental risk, concentration risk, fraud risk, reputation risk, execution risk. Although credit risk is outside of the scope of this ALM section, it is worth noting that the Weighted Average Rating Factor (WARF) of the investment bond portfolio is in the A- rating territory.

- ALM Hedging Policy: The opportunity to alter the interest rate exposure within the agreed limits is discussed monthly in the Group ALCO, who weighs the risks and rewards of hedging or not banking book positions. To manage interest rate risk exposure and ensure it remains within the limits of the risk appetite, different hedging strategies can be deployed, for example:
    - Fixed rate loan book: loans granted to customers are pooled and macro-hedged with interest rate swaps. The hedge efficiency test splits both loans and Interest Rate Swap (IRS) by generation (deal start 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.
    - Fixed rate bonds portfolio: Group ALM can decide to hedge risk induced by securities held in the portfolio. Reducing interest rate risk exposure can be achieved by hedging more bonds through interest rate swaps, while increasing the exposure would be achieved via more fixed rate, unhedged investments. It is Group ALM responsibility to decide on the duration of the bond portfolio, under Group ALCO supervision.

In addition to the above, a hedging relation may be put in place in the context of debt issued by the bank (through EMTN program). These hedging relations 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.

Hedging is mainly achieved via derivative instruments. Standard hedging instruments are IRS and Cross-Currency IRS, mitigating Interest Rate risk. The use of any other instrument is subject to prior approval from Group ALCO. Currency Risk is hedged via Treasury, funding the portfolio in congruent currency, if necessary, by entering into FX Swap contracts.

- Equities portfolio: Investments in equities have been significantly downscaled over the past years and the strategy has been revised so that this asset class is no longer core to the Bank's portfolio asset allocation. Equity risk lies in the few equity positions held in the ALM portfolio, being mostly participations, legacy private equity positions and seed money in Group investment funds. Most of equities in the portfolio have been recognized as "not SPPI" according to IFRS9, thus measured at FVPL. This applies to all investment in funds, and the majority of private equity positions.

In this context, the equity portfolio remained at a very low level in 2023, with a market value of EUR 23.6million as at 31/12/2023 (vs EUR 54million as at 31/12/2022). It includes:

- EUR 14.3million of strategic participations in the form of listed but illiquid or non-listed stocks.
- Private Equity positions for a book value of EUR 9.3million.

In addition to the Economic Value of Equity (EVE) and Net Interest Income (NII) interest rate sensitivities in accordance with the Supervisory Outlier Test (SOT), Value-at-Risk is a common indicator to assess equity, credit spread and interest rate risks. Therefore, the market risk on the banking book is globally assessed by means of Value-at-Risk approach based on a broad market scenario, with correlated shocks, which is notably used for the calculation of the Economic Capital in the context of the ICAAP.

13.2.2 Structure and organization of market risk management function

First line of defence

The ALM & Treasury department operates under the Group ALCO (which reports to the AMC) delegation on all Assets and Liabilities matters and is responsible for:

- Centrally managing investments decisions made by the ALM & Treasury function across the Group
- Defining guidelines and limits for investment proposals made by the Group Head of ALM & Treasury
- Assuming final accountability for managing the Group's financial risk, i.e., liquidity risk, funding risk, market risk (interest rate, equity risks), and credit risk (from ALM and Treasury portfolios)
- Ensuring that risk exposures remain within the risk limits as set by the bank's risk appetite
- Monitoring implementation of ALM portfolios and policies

The ALM & Treasury department hierarchically reports to the Group Chief Financial Officer. The department is led by the Group Head of Treasury & ALM and represents the first line of defence, having the responsibility as risk owner to define and implement effective supervisory controls, reporting and escalation procedures to ensure policy and procedures are applied consistently.

Global Markets Back Office and Market Middle Office (within Operations Function), independent from the Dealing Room, are in charge of computing and reporting the P&L and ensuring that all products are correctly reflected in the Front Office system and in the accounting system of the Bank.

Second line of defence

Group Financial Risk hierarchically reports to the Group Chief Risk Officer and is in charge of the second line of defence for financial risk related activities. It identifies, measures, monitors, and reports financial risks inherent to the consolidated and solo balance sheets. When Group Financial Risk is not the producer of the risk indicators as defined in Group Risk Appetite, it reviews as well as challenges the main variations and comments provided by the 1LoD or the dedicated producer.

The Group Financial Risk department is responsible for:

- Identifying, assessing, monitoring, reporting and escalating market risk arising both from trading book and non-trading (banking book) activities
- Transforming the overall principles included in the Group Risk Appetite Statement into detailed risk limits
- Overseeing the correct implementation of the Group ALCO's decisions by the ALM & Treasury department
- Monitoring the correct use of available limits and reporting exposures on a monthly basis to the Group ALCO
- Defining and implementing the models of risk measurement and stress tests
- Ensuring conformity with regulatory constraints
- Advising on all ALM subjects including (but not limited to) the implementation of policy

Developing and maintaining the risk data warehouse, risk monitoring tools, as well as data-related projects.

Third line of defence

As part of the audit plan's roll out, Group Internal Audit provides independent assurance over the Group's adherence to its policy framework, that policies are properly designed, effectively applied, and implemented, that controls foreseen in policies and procedures are designed and operated effectively.

13.2.3 Market risk reporting and measurement

Internal reporting

Group Financial Risk has developed reports for various internal stakeholders: business line, management, Board, and it oversees their updates on a regular basis. Internal indicators are reported by GFR to first line actors according to their needs. These reports include risk measures, exposures in breach or above a certain warning threshold that are used for the day-to-day risk management.

Specifically, for each activity (i.e., Forex, Treasury and Structured Products), a daily trading report is produced and addressed to the Head of each desk as well as to the Head of ALM & Treasury. In this context, a monthly Group Trading Risk Report is also produced and addressed to the Heads of each desk as well as to the CFO, CRO and Head of ICS, and presented to the AMC.

A monthly report to Group ALCO presents KRI and MRI indicators compared to their limits and triggers.

On a quarterly basis the level of market risk indicators (banking and trading book) is also reported to the Risk Committees (AMC, Board), with comments, analyses and/or proposals. Any breach of limits leads to a detailed analysis of the context / cause of the breach, in addition to the proposal of remedial actions with owner and deadline resulting from the escalation process.

External reporting

Group Financial Risk also provides external reports to regulators and external auditors, such as:

- Market Risk Short-Term Exercise (STE) including IRRBB and Trading risk
- CSSF IRRBB report
- BCL daily liquidity report
- Liquidity Contingency plan
- ECB stress testing exercise

13.2.4 Market risk policies

The Financial Risk policy describes the generic and high-level processes set up by Group Financial Risk to monitor, report and escalate, in case of breach, defined Key Risk Indicators (KRI), Management Risk Indicators and metrics providing additional information without thresholds. A formal production timeframe, monitoring, and escalation process are defined in this policy depending on the type of indicators.

13.3 Interest rate risk

Interest Rate Risk in the Banking Book (IRRBB) measures the sensitivity of the bank to changing interest rate market conditions. In line with the regulatory requirements, this risk is measured both in terms of Economic Value of Equity (EVE) (i.e., reflecting the fair value of the assets and liabilities) and in terms of Net Interest Income (NII) (i.e., reflecting the impact on future net cash flows).

The responsibility for IRRBB management lies with the Group ALM & Treasury department (under the delegation from the Group ALCO) which ensures the Bank's exposure to interest rate risk remains within the risk appetite limits. The Bank uses different risk measures to assess its exposure to IRRBB through KRI's and MRI's set in accordance with the Bank's Financial Risk policy.

The Bank runs these measurements based on different interest rate scenarios including:

- Various parallel shift shocks
- Monte-Carlo VaR scenarios
- The six supervisory shock scenarios
- Tailor-made ongoing management scenarios

These indicators are reported to the Group ALCO (monthly) and a selection of them to the Group Board (quarterly).

13.3.1 Impact on EVE and NII

The following table provides (a) the changes in the Economic Value of Equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU as well as (b) the changes in the Net Interest Income calculated under the two supervisory shock scenarios referred to in the same article. Both metrics are provided for the current (31/12/2023) and previous (31/12/2022) disclosure periods.

Table 31 - Impact on Economic Value of Equity and Net Interest Income under supervisory shock scenarios

	Supervisory shock scenarios	a	b	c	d
		Changes of the Economic Value of Equity		Changes of the Net Interest Income	
		Current period	Last period	Current period	Last period
1	Parallel up	-34.44	-46.74	24.89	29.42
2	Parallel down	7.85	19.94	-37.63	-44.78
3	Steepener	-5.10	-4.73		
4	Flattener	-8.62	-6.49		
5	Short rates up	-27.71	-18.43		
6	Short rates down	15.27	9.16		

The worst scenario in terms of changes in EVE remains the Parallel up scenario. The yearly decrease is mostly driven by the development of new models for non-maturity deposits (NMD) and the increase in term deposits volume over the year. At the same time, the positive impact on economic value metrics was partially offset by the reduced hedging of ALM positions and credit portfolio activities.

Changes to the NII remain exposed to a downshift scenario, with yearly decrease driven mainly by the reduced hedging of ALM positions and credit portfolio activities, partially offset by the development of the new NMD model.

13.3.2 Key modelling and parametric assumptions

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

1. Non-maturity deposits [NMD]: The current model has been implemented in December 2023 and considers the repricing behavior of the Bank regarding NMDs, i.e., the existence of a soft floor at 0% and the historical passthrough applied depending on the rate environment. The resulting model is non-linear i.e., the duration of the benchmark is scenario dependent and currently standing at 1.0 year (considering EVE's worst-case scenario).
2. Prepayment options: Quintet does not qualify loan prepayments risk as a material risk and therefore does not currently apply conditional prepayment rate in its IRRBB calculations. The effective maturity is set equal to the product contractual maturity. However, loan prepayments as well as callable bonds are identified, measured and its evolution is monitored and reported to give management a view on the related prepayment risk and its materiality.

As at the end of 2023, the volume of modelled non-maturity deposits amounted to EUR 1.652 million, equivalent to EUR 34.4 million of 200 bpv.

14. Non-financial and transversal risks

Non-financial risk captures the risk of loss resulting from people, inadequate or failed internal processes, (including those undertaken by a third party), data or systems, or external events. These risks arise during our day-to-day operations, while taking financial risks. Non-financial risks include, but are not limited to, those risks captured under the Basel definition for Operational Risk.

In addition to that, we are exposed to risks which have financial and non-financial components, such as business and strategic risks, climate & environmental, social and governance risks, or reputational risks.

14.1 Standardised approach to operational risk

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

As at end of 2023, the risk-weighted exposure amount for the operational risk amounts to EUR 864.8 million (2022: EUR 770.6 million). This increase of EUR 94 million is the reflection of the strong 2023 gross income.

Table 32 - Operational risk own funds and risk-weighted exposure amounts

	Operational risk own funds requirements and risk-weighted exposure amounts (Template EU OR1 – EBA/ITS/2020/04)	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches	461.3	504.8	597.0	69.2	864.8
3	*Subject to TSA:*	461.3	504.8	597.0		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

14.2 Non-financial risk management

14.2.1 Non-financial risk identification, measurement and mitigation

When assessing non-financial risk, we measure the likelihood of a risk occurring and the impact on our business against risk appetite. The outcome of the risk assessment should provide a forward-looking view that enables the prioritisation of appropriate management actions to mitigate the most material risks.

The Group Risk Assessment Matrix is used to ensure that there is a consistent, bank-wide approach to assessing the materiality of risks, issues and events/incidents based on 'likelihood' and potential 'impact'. The matrix is used for:

- Assessing the materiality of inherent and residual risks in a consistent manner across all non-financial risk types
- To enable differentiation in the treatment of risks based on their materiality
- To enable the prioritisation of control monitoring activities
- Assessing the materiality of incidents and outlining the appropriate escalation activity

The first line of defence are accountable, with oversight from the second line of defence, for identifying risks and assessing risk impacts and risk likelihood for key processes to understand the cost and potential consequences of risk materialising.

The Risk Control Self-Assessment (RCSA) process supports the first line of defence to identify risks within their business activities, assess the impact and likelihood of these risks (both inherent and residual), identify the key controls in place to mitigate these risks, define actions in relation to the residual risks or risk issues and measure and manage the residual risks within risk appetite. The RCSA process is completed by Risk Owners, facilitated by Business Risk Management and reviewed and challenged by the second line of defence. The RCSA process is set out in more detail in the Risk and Control Self-Assessment (RCSA) Procedure.

The Inherent Risk assesses the maximum plausible impact on the business over the next 12 months in the absence of key controls or actions management might take to alter the risk likelihood or impact. The inherent risk assessment results in a rating of Very High, High, Medium or Low based on the criteria detailed in the Risk Assessment Matrix. This rating results from the combination of the impact score of Very High, High, Medium or Low and the likelihood score of Rare, Unlikely, Likely or Expected for a specific risk. Relevant historical internal and external losses including near misses are considered when assessing the maximum plausible impact. The complexity of the process, the manual nature of the process, planned changes in business volumes and the level of business change are relevant factors for assessing the likelihood of a risk event taking place over the next 12 months.

Control effectiveness is assessed for inherently Very High and High risks. Controls can be assessed as Effective (i.e. the control is in place and delivers the intended risk mitigation), Needs Improvement (i.e. there is a deficiency in the control environment so only partial risk mitigation is achieved) or Ineffective (there is a material deficiency, or a key control is missing).

Residual Risk assesses the maximum plausible impact on the business over the next 12 months taking into consideration the effectiveness of the key controls in place to mitigate the risk. The Residual Risk assessment results in a rating of Very High, High, Medium or Low.

14.2.2 Material non-financial and transversal risks

The following non-financial and transversal risk types were considered material as per the risk identification and materiality assessment process conducted in 2023:

They are all:

- Subject to clear roles and responsibilities assigned to the respective risk owners and responsible second line of defence
- Measured by reference to risk appetite and a set of risk indicators, risk event assessments, and the judgement and assessment of the respective second line of defence
- Monitored against the first line of defence risk and control assessments, the results of the monitoring and control assurance activities of the second line of defence functions, and the results of internal and external audits and regulatory inspections
- Managed by creating and communicating appropriate policies, procedures and guidance, training colleagues in their application, and supervising their adoption to ensure operational effectiveness

Table 33 - Material risk types for Quintet as at 31 December 2023

Material risk type	Definition
Non-financial risks	
Investment	The risk of not meeting our clients' investment objectives, i.e., risks that could cause significant underperformance and losses that are not consistent with expected returns resulting in a negative client experience.
Model	The risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model.
ICT & cyber (incl. data protection)	The risk of information security incidents, including the loss, theft or misuse of data/information; this covers all types of data, e.g. client data, employee data, and the organisation's proprietary data, and can include the failure to comply to rules concerning information security and data privacy. The risk associated with the failure or outage of systems, including hardware, software and networks.
Execution, delivery, and process management (EDPM)	The risk of failing to process, manage and execute transactions and/or other processes (such as change program) correctly and/or appropriately.
Workforce management	The risk of breaching employment legislation, mismanaging employee relations, and failing to ensure a safe work environment.
Outsourcing	The risk of failing to manage third party relationships and risks appropriately, for example, not taking reasonable steps to identify and mitigate additional operational risks resulting from the outsourcing of services or functions.
Financial crime	The risk of money laundering, sanctions violations, bribery and corruption, and KYC failure.
Investor protection	The risk of failing to act in accordance with customers' best interests, fair market practices, and codes of conduct.
Regulatory & governance (incl. cross-border)	Regulatory risk (incl. cross-border): arising from changes in laws and regulations governing the company, its products and/or services and the sector in which it evolves. Governance risk: arising from violations or non-compliance within the firm with principles of good governance (regulatory, laws or expected market practices).
Fraud	External: Risk of fraud attempted or perpetrated against the organisation by an external party (i.e. a party without a direct relationship to the financial institution) without the involvement of an employee or affiliate of the organisation. Internal: Risk of fraud attempted or perpetrated by an internal party (or parties) against the organisation, i.e. an employee or affiliate of the organisation, including instances where an employee is acting in collusion with external parties.

(continued) Table 33 - Material risk types for Quintet as at 31 December 2023

Material risk type	Definition
Transversal risks	
Business & strategic	The risk of not meeting profitability targets, due to - Not meeting client's expectations. - Management's inability to adapt the company to a changing business environment - Unexpected worsening of demand and/or costs, for instance due to economic climate - Competitor actions, for instance by offering attractive services/products or by trying to poach key staff. - Concentration of profitability sources.
Sustainability, climate & environmental	The risk of economic costs and financial losses resulting from the increasing severity and frequency of climate-related developments and events (physical risk) as well as the risks related to the process of adjustment towards a low-carbon economy (transition risk).

15. Liquidity risk

Quintet's funding is primarily based on client deposits linked to the core service offering: wealth management & investment advice for Private Banking clients, as well as custody/ depositary banking services for institutional clients (investment funds, insurances etc.). These deposits have proven to be a stable source of funding, also in times of stress due to their operational need for the execution of transactions, trades etc. With this stable source of client funding, the use of and dependency on external funding on the market is limited but remains an effective liquidity contingency measure. Quintet aims at maintaining a high-quality buffer of liquid assets and performs regular stress testing on the outflow behavior of its deposit base (from both internal and prudential standpoint). The strategy in terms of liquidity buffers is expressed through the height of the management buffers (as defined in the Risk Appetite) and the early warning system built upon it to detect any potential liquidity/funding problems from an early stage.

15.1 Liquidity coverage ratio (LCR)

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

Table 34 - Template EU LIQ1 - Qualitative information on LCR as at 31/12/2023

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 December 2023	30 September 2023	30 June 2023	31 March 2023	31 December 2023	30 September 2023	30 June 2023	31 March 2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					4,671	5,178	5,616	6,084
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	4,185	4,366	4,494	4,509	442	486	527	542
3	*Stable deposits*	817	870	910	950	41	43	45	48
4	*Less stable deposits*	2,467	2,750	3,019	3,137	401	443	481	494
5	Unsecured wholesale funding	5,010	5,510	6,052	6,605	3,388	3,742	4,105	4,518
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	371	386	415	430	93	97	104	107
7	*Non-operational deposits (all counterparties)*	4,638	5,122	5,618	6,125	3,294	3,644	3,983	4,360
8	Unsecured debt	2	2	18	51	2	2	18	51
9	Secured wholesale funding					13	13	2	7

(continued) Table 34 - Template EU LIQ1 - Qualitative information on LCR as at 31/12/2023

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
10	Additional requirements	739	717	681	642	211	209	206	204
11	*Outflows related to derivative exposures and other collateral requirements*	92	92	92	92	92	91	91	89
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	647	625	589	550	119	117	116	115
14	Other contractual funding obligations	9	9	9	10	2	2	2	2
15	Other contingent funding obligations	2,742	2,790	2,809	2,839	56	57	58	58
16	TOTAL CASH OUTFLOWS					4,111	4,508	4,900	5,330
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	471	498	537	572	352	363	411	460
18	Inflows from fully performing exposures	527	579	634	683	487	534	584	632
19	Other cash inflows	25	24	20	19	25	24	20	19
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialized credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	1,023	1,101	1,190	1,273	863	920	1,015	1,111
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	1,023	1,101	1,190	1,273	863	920	1,015	1,111
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					4,671	5,178	5,616	6,084
22	TOTAL NET CASH OUTFLOWS					3,249	3,588	3,885	4,219
23	LIQUIDITY COVERAGE RATIO					144%	144%	145%	144%

The above LCR computation provides 12-month rolling averages based on periods ranging from 04/22 to 12/2023. Figures shown are stable: the decrease of deposits in 2023 reflects the evolution of the cash penetration in client's portfolio (supportive equity markets, loans reimbursement given higher rates, etc.) and its impact on LCR has been balanced by the migration of non-maturity deposits to term deposits as some clients are seeking for higher remuneration on their excess cash. The 31/12/2023 LCR of Quintet Group stood at 148%, and 147% for Quintet Europe, levels that stand significantly above the prudential limit.

15.1.1 High-level description of the composition of the institution's liquidity buffer

The Group liquidity buffer consists in significant withdrawable central bank reserves, diversified portfolios of HQLA assets to comply with Pillar 1 internal targets, as well as very liquid ECB eligible assets that can be quickly mobilized through the repo market. The HQLA portfolio consists largely in the investments of the Group's ALM portfolio while securities received from reverse repos transactions are usually of a lesser liquidity level.

15.1.2 Concentration of funding and liquidity sources

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

The Group's Core Business (Private Banking and Asset Servicing & Financial Intermediaries) is a natural cash provider. Consequently, the overall funding gap, which is nonetheless constantly monitored, is structurally and globally largely positive.

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

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

15.1.3 Derivative exposures and potential collateral calls

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

A dedicated liquidity buffer is allocated to this activity in order to cover the risk of increasing and unexpected collateral calls. It is calibrated to cover a period of 30 days and is revalued monthly, on the basis of the historical look-back approach. This liquidity buffer amounted to EUR 91.8 million as of 31 December 2023.

15.1.4 Currency mismatch

In the LCR as of 31 December 2023, EUR/USD/GBP were the Group's material currencies. Whereas the HQLA liquidity buffer mainly consists of EUR securities, the Group benefits from large USD deposits that are essentially replaced short term in the interbank market (through FX swaps) and, for the part considered as stable, in highly liquid USD securities.

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

15.2 Net stable funding ratio (NSFR)

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

Table 35 - Template EU LIQ2 - Net stable funding ratio as at 31/12/2023

ASF

				a	b	c	d	e
C 81.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	Available stable funding (ASF) Items						
	See instructions	1	Capital items and instruments	1,138	-	-	0.1	1,139
21a,24d, 25a		2	Own funds	1,138	-	-	0.1	1,139
21b,24d,25a		3	Other capital instruments		-	-	-	-
		4	Retail deposits		3,907	209	26	3,772
21c,22		5	Stable deposits		808	18	4	788
21c,23		6	Less stable deposits		3,099	191	22	2,983
		7	Wholesale funding:		5,614	409	89	1,883
21c,24b,25a		8	Operational deposits		398	-	-	199
21c,24acd,25a		9	Other wholesale funding		5,215	409	89	1,684
45		10	Interdependent liabilities		-	-	-	-
		11	Other liabilities:	166	286	-	0.0	0.0
19,20,25c		12	*NSFR derivative liabilities*	166				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		286	-	0.0	0.0
		14	Total available stable funding (ASF)					6,794

RSF

				a	b	c	d	e
C 80.00		*(in currency amount)*		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	*Ref CRR2*			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					164
		EU 15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
40d		16	Deposits held at other financial institutions for operational purposes		-	-	-	-
		17	Performing loans and securities:		1,024	395	4,339	3,897
38,40c,43c		18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		-	-	-	-

(continued) Table 35 - Template EU LIQ2 - Net stable funding ratio as at 31/12/2023

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	Required stable funding (RSF) Items						
39b,40c,43c		19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		690	15	341	400
36c,40e,41b, 42b,43a		20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		138	148	2,270	2,073
36c,40e,41b,43a		21	With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk		-	-	-	-
40e,41a,42b,43a		22	Performing residential mortgages, of which:		82	115	1,400	1,027
40e,41a,43a		23	With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk		71	115	1,305	941
40e,42c,43a		24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		114	117	328	398
45		25	Interdependent assets		-	-	-	-
		26	Other assets:	No mapping to reporting	367		607	721
42d		27	Physical traded commodities				-	-
42a		28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		47		-	40
34,35,43b		29	NSFR derivative assets		22			22
19,43d		30	NSFR derivative liabilities before deduction of variation margin posted		166			8
36d,43c		31	All other assets not included in the above categories		131	-	607	650
46,47		32	Off-balance sheet items		3,244	11	86	92
		33	Total RSF					4,874

NSFR

9	Art451a(3a), Art428b	34	Net stable funding ratio (%)					139.38%

Similarly to LCR, figures shown for December 2023 reflects the normalization of cash penetration in portfolio (compared to the peak reached in 2022) driven by supportive equity markets and deleveraging in a context of higher rates. The 31/12/2023 NSFR of Quintet Group stood at 139%, and 131% for Quintet Europe, significantly above the prudential limit.

15.3 Liquidity risk management

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

15.3.1 Business strategy and liquidity risk profile

The Bank distinguishes between:

1. Operational (short-term) liquidity risk, i.e., the risk that the Bank does not have a liquidity buffer able to absorb the net effects of day-to-day transactions and changes in liquidity in the short term
2. Structural (long-term) liquidity risk, i.e., the risk that the Bank's structural, long-term assets cannot be funded adequately
3. Contingent liquidity risk, i.e., the risk that the Bank is unable to attract additional funds, replace maturing liabilities or generate sufficient liquidity by mobilising its liquid assets in stressed market conditions (while operational & structural liquidity risks are incurred in the normal course of business)

The Bank's policy in terms of operational liquidity is to manage liquidity surpluses centrally at the level of Head Office (within the limits of local regulatory constraints) and to limit maturities' transformations at local level. Short term/operational liquidity in the domestic currency of non-euro subsidiary is managed daily by the local Treasurer on its local market within group approved counterparty limits. Liquidity excesses in other currencies are up streamed to Quintet Europe according to the local needs and regulatory constraints.

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

Since the Bank is established in different geographical locations, the funding sources are diversified in terms of customer base. Through its branches and subsidiary, the Bank collects mainly retail and non-financial corporates funding while the headquarter has also access to the wholesale market thanks to the developed FIM and Assets Servicing business lines, and the issuance of ECP and EMTN as well. Finally, the Bank's reliance on long term funding remains rather limited given its highly liquid balance sheet and the proven stickiness of its long-lasting relationship clientele.

A liquidity crisis is managed through the Liquidity Contingency Plan and the conduct of liquidity stress tests as detailed in the following paragraphs.

15.3.2 Structure and organization of liquidity risk management function

In the Liquidity risk management process:

- Group ALM & Treasury is in charge of the first line of defence through the responsibility of operational and structural liquidity management (by respectively Group Treasury and Group ALM).
- Group Financial Risk is in charge of the second line of defence. In this role, it identifies, measures, monitors, mitigates and reports liquidity risks inherent to the consolidated and solo balance sheets of the Bank.

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

- The Board is informed of the evolution of liquidity risk, through the measure of risk appetite indicators compared to their limits, in addition to complementary recurrent or one-off analyses of liquidity matters.
- Group ALCO is responsible for the (strategic) management of (financial) risks including liquidity risks. It is responsible for establishing the ALM / liquidity policy in accordance with the Risk Appetite Statement. It makes all strategic ALM / liquidity decisions, except those that are formally delegated to Group ALM & Treasury.

15.3.3 Liquidity centralization and interaction between Group entities

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

Following the 2020 legal transformation of Quintet's entities in Belgium, Netherlands and Germany from subsidiaries into branches, the liquidity position of Quintet Europe has been reinforced and intragroup liquidity constraints existing between Quintet Luxembourg and its branched former subsidiaries have been waived. This corporate structure also has a positive impact on the Group's capacity to raise funding as liquidity from each local market benefits the whole Group. It is however worth mentioning that such restrictions still exist between Quintet Europe and Brown Shipley for which large exposure limitations still apply and restrict the size of liquidity excess that can be up-streamed to the Group.

15.3.4 Liquidity risk reporting and measurement

Liquidity risk is monitored through the following indicators:

- 5-day operating liquidity gaps are computed daily and escalated to the Central Bank of Luxembourg
- Weekly evolution of total deposits
- Daily collateral inventory (stock of securities, from Quintet portfolios or from the reverse repo/securities lending activity that are available for mobilisation in the event of liquidity needs)
- Daily indicators of the Liquidity Contingency Plan
- Daily assessment of the liquidity coverage ratio for Quintet Europe (according to the EU Delegated Act) which moreover constitutes a risk appetite indicator; and for Brown Shipley
- Daily assessment of the net stable funding ratio for Quintet Europe and Brown Shipley

Structural Liquidity Risk is reported monthly through standardized risk appetite indicators in local and Group Committees. These risk indicators include:

- Loan-to-deposit ratio
- Net deposits outflows
- Net stable funding ratio
- Asset encumbrance ratio

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

15.3.5 Liquidity policies

Liquidity policies are managed along with the financial risk policy which provides the framework for measuring, monitoring and mitigating the liquidity risk within the group. The financial risk framework has been validated by the Board and is reviewed on a yearly basis.

15.3.6 Liquidity Contingency Plan (LCP)

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

15.3.7 Liquidity stress tests

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

15.3.8 Liquidity risk mitigating measures

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

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

15.3.9 Management statement on the adequacy of liquidity risk management arrangements

The financial risk framework of the Group, covering liquidity risk among others, is built around the following key elements:

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

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

15.3.10 Management statement on the overall liquidity risk profile of the Group

The Management considers that the operational liquidity position of the Group is strong, which is evidenced by large Central Bank deposits (EUR 3.7 billion as of 31 December 2023) and ALM investment portfolio (EUR 2.0 billion of which 74% is HQLA as of 31 December 2023).

16. Climate and environmental risks

This section elaborates on the "environmental" component within the broader concept of ESG, providing a more detailed view of the current state of play of climate-related and environmental (C&E) risk management within Quintet, structured around the dimensions identified by the European Central Bank (ECB) in its "Guide to climate-related and environmental risks" (referred to as the "ECB Guide on C&E risks"). It also largely presents the information according to the guidance of the "Table 1 – Qualitative information on Environmental risk" of the ITS 2022/01 (however, Quintet is currently not subject to Article 449a of the CRR on the disclosure of ESG risks). C&E-related disclosure is also provided in Quintet's Corporate Sustainability report[5].

C&E risks are classified according to two broad categories:

- Physical risks: refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorized as "acute" when it arises from extreme events, such as droughts, floods, and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity.
- Transition risks: refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

16.1 Sustainability strategy and targets

The Group Corporate Sustainability Strategy was approved at the Board of Directors meeting on 14 December 2023. Climate change related objectives are part of this strategy. In order to define the Corporate Sustainability Strategy, Quintet performed a double materiality assessment (as presented to the AMC and Board in September 2023), based on an extensive stakeholder engagement exercise.

As a result, climate change was assessed as a material topic and has been set as one of the four sustainability focus areas of our Corporate Sustainability Strategy. As an ensuing step, clear objectives for each sustainability focus area were set out, which resulted in the following climate change targets:

- Scope 1, 2 and operational Scope 3 – near-term target: to reduce emissions by 50% by 2032 compared to a 2022 base year
- Scope 1, 2 and operational Scope 3 – long-term target: to reduce emissions by as close as possible to 100% by 2050

[5] The latest Corporate Sustainability report can be found on Our journey towards corporate sustainability (quintet.com)

- Scope 3 financed emissions - AuM: to reduce carbon intensity for Scope 3 financed emissions by 20% between 2024 and 2030, compared to a 2023 base year, for discretionary portfolio management
- Scope 3 financed emissions – AuM & Lending: to continue to measure the impact on climate change and the environment within assets under management and lending, with the aim to set further targets in 2024
- Scope 3 financed emissions - ALM: to reduce emissions by applying the Sustainable Investment Framework (SIF)[6] to the ALM portfolio by end of 2025

The main KPI to monitor the progress on these targets is based on GHG emissions, linked to Scope 1, Scope 2, operational Scope 3, and relevant financed Scope 3 (i.e., related to the financed Scope 3 where targets have for the time been set).

Moreover, ESG criteria have been embedded into Quintet's core service offering:

- If an issuer operates in violation of Quintet's defined exclusion criteria and either the desired changes related to resolving the violation cannot be achieved given the nature of the violation, or the issuer has not resolved the violation within the timeframe set by Quintet, such issuer is excluded from Quintet's investment universe. Exclusions include equities and bonds issued by companies i) directly and indirectly involved in controversial weapons; ii) deriving significant revenue from the extraction of thermal coal or thermal coal power generation; iii) that are non-compliant with the principles of the UN Global Compact (UNGC) when engagement is not or no longer considered feasible. Bonds issued by countries under an EU arms-embargo, as well as equities and bonds of companies owned by these countries are also excluded.[7]
- At least 85% of the investments in Article 8+ flagship funds are aligned with the environmental and social characteristics. The minimum proportion of sustainable investments in those funds is 20%, with maximum 15% allocated to "other" vehicles, or cash and commodities, which have no E&S goals (only allowed for hedging and diversification purposes).
- The Active Ownership policy[8] describes the engagement with new or existing counterparties (for direct line investments) on their strategies to mitigate and reduce environmental risks.

Further information on the strategy can be found in the Corporate Sustainability report.[9]

16.2 Business environment and business model

16.2.1 Strategic impact of C&E risk on the business model

In 2023, Quintet performed a comprehensive Business Environment Scan (BES) to assess the impact of C&E risks on the business environment Quintet will be operating in the short-term (<1 year), medium-term (1-5 years), and long-term (5-10 years). The following impact dimensions were considered:

- Macroeconomic variables
- Policy and regulation
- Competitive landscape
- Societal and demographic trends
- Technology

The Business Environment Scan (BES) has been performed for the key activities of the Group (i.e., Investment Management, Lending, Asset Servicing, ALM & Treasury & Corporate matters), taking into account the products and services, key sectors, and geographic areas Quintet is or will be exposed to based on the current business model and strategy. Based on the outcomes, follow-up actions have been defined by management and incorporated into the corporate sustainability strategy and the underlying initiatives.

The following sub-sections summarise the key observations from the BES for the key activities of the Group.

Investment management

The impact of new policies and regulations is expected to be high in the next five years due to the continuous reinforcement of policies and regulations impacting Quintet's product and service offering (e.g., SFDR). In the long-term, the regulatory landscape is expected to evolve more gradually as the topic matures, with high impact foreseen from the pressure of competitors enlarging their sustainable product offering (e.g., SFDR Article 8+ and Article 9 solutions) and committing to net zero targets, as well as increased restriction screening by investors. This is assumed to be accompanied by a higher sensibility and demand for sustainable investment products by private banking clients, expected to further increase with younger generations and inter-generational wealth transfer taking place.

Lending

Similarly to the investment management activity, the impact from new policies and regulations is expected to be high in the next five years due to the continuous reinforcements of policies and regulations aimed at improving the energy efficiency of buildings (e.g., EPBD and energy efficiency directive, part of the Fit-for-55 package), with material effects on real estate valuations. Moreover, technology will have a strong impact In the long-term on both real estate itself (e.g., energy consumption/efficiency measures, smart technologies, protection against physical risk) as well as on the lending process involving real estate collateral (e.g., screening process, risk assessment).

Asset servicing

The activity is not expected to observe high impacts in the short and medium time term. However, in the longer term, medium to low impacts will come from: 1) additional depositary duties around ESG as required by ESMA, 2) enhanced taxonomy or sustainable restrictions monitoring and 3) increased due diligence obligations. Those aspects will be linked to stronger emphasis on ESG-related data reporting capabilities.

[6] Sustainable Investment Framework
[7] Group Responsible Investment Policy
[8] Group Active Ownership Policy
[9] The latest Corporate Sustainability report can be found on Our journey towards corporate sustainability (quintet.com)

ALM & Treasury

Through the new banking package, the impact is expected to be high in the next five years due to the expected reinforced prudential treatment of securities' based on ESG characteristics (e.g., via higher capital requirements). This might further limit the set of investable securities. Additional medium impacts are expected across all time horizons due to the increased competitive pressure around carbon reduction objectives for own book investments and higher focus on investments' sustainability implications and transparency.

Corporate matters

In the short and medium time horizons, requirements regarding corporate sustainability and responsibility will have a high impact (e.g., CSRD, TCFD, ETS2, EPBD). In the long-term, competitors will increase commitments to net zero targets and carbon reduction objectives, notably including own operations. Additional medium impacts are expected from strengthening focus of internal and external stakeholders on ESG footprint of banks, leading to higher transparency requirements as well as compliance/reputational risks. The long-term business environment will likely observe a medium pressure from rising green ICT practices, although not yet considered a dominant topic in the (private) banking industry.

16.2.2 Potential impact of the business model on the climate

Quintet's direct impact on the climate stems from its carbon footprint, as disclosed within the Corporate Sustainability Report[10]. Moreover, being a private bank, Quintet has a relatively lower impact on the climate as compared to other institutions operating in commercial or retail banking. The most tangible impact could materialize through financing to the real estate sector in the form of mortgages to wealthy clients or loans to real estate companies, in case money flows towards energy-inefficient real estate assets. Indirectly, the institution could impact the climate through the assets under management, depending on the portion of client investments in sustainable/climate-friendly products (and vice versa). These can be steered through the Bank's investment proposition to clients. Stewardship duties, in the form of voting and engagement, could also steer investee companies towards more (or less) climate-friendly practices.

The *"Principal Adverse Sustainability Impacts"*[11] statements, published on Quintet website, provide further information on the impact of Quintet's investment decisions on sustainability factors.

16.3 Governance, risk appetite, and remuneration

16.3.1 Involvement of the Management Body

The Board of Directors is responsible for setting and approving Quintet's corporate sustainability strategy (including KPIs, targets and underlying initiatives) as well as overseeing its execution by management. The Board Risk & Compliance Committee (BRCC), as the Board sub-committee for risk & compliance matters, oversees the identification, measurement, monitoring, management, and reporting of climate & environmental risks.

[10] The latest Corporate Sustainability report can be found on Our journey towards corporate sustainability (quintet.com)
[11] The "statement on principal adverse impacts of investment decisions on sustainability factors – Quintet as Financial Market Participant" is published on Regulatory Affairs | Quintet Luxembourg

The Authorized Management Committee (AMC) is in charge of implementing the corporate sustainability strategy within the risk appetite boundaries while ensuring that climate & environmental risks are appropriately identified, measured, monitored, managed and reported. This is operationalized through the Group Climate & Environmental Risk Management Policy. Climate & environmental risks are also part of the Internal Audit plan and an internal audit mission was conducted in 2023.

Additionally, a monthly Sustainability Steering Committee with several AMC members is in place to oversee those topics, supported by lower-level working groups and forums.

16.3.2 Risk appetite and risk indicators

In 2023, the methodologies for risk identification and materiality assessment have been enhanced, with additional internal and external data sourced and leveraged. This has served as basis for further developing the ongoing risk measurement techniques and the definition of a new set of Climate & environmental risk indicators which have been reported on a quarterly basis since Q3 2023. These new indicators cover all key activities of the bank (Wealth Management, Lending, ALM & Treasury):

- Wealth management
  - Number of breaches of sustainability commitments in Article 8+ flagship sub-funds
  - Percentage of investments aligned with E&S characteristics in strategic funds and discretionary mandates
  - Percentage of shareholders' environmental and social proposal supported as compared to the industry average
  - Portion of AuM invested in assets within the exclusion list across DPM and in-house funds
- Lending
  - Percentage of mortgage book value covered by real estate collaterals with available reported EP level lower than D
  - Percentage of mortgage book value covered by real estate collaterals with no reported EP label collated/available
  - Concentration of real estate collaterals in "High Flood Risk" areas
  - Portion of financial collateral received included in the exclusion list
  - Portion of Loans & advances towards corporates active in "High C&E risk sectors"
- ALM & Treasury

- Mean weighted average carbon risk score
- Portion of ALM & Treasury assets invested in "High C&E risk" sectors and countries
- Portion of ALM & Treasury assets invested in the exclusion list
- Weighted average carbon intensity of the portfolio
- Green bond ratio

16.3.3 Remuneration

With the approval of the corporate sustainability strategy in December 2023, it was decided to integrate relevant considerations into the performance objectives of the AMC and Country CEOs. Concretely, the following objectives have been included in the personal leadership goals:

- Achieve the corporate sustainability objectives and fulfil the initiatives program
- Successful completion of training on sustainability (incl. ESG risks)

In addition, risk & compliance considerations are an integral part of the objectives setting of the AMC and Country Heads, hence any non-compliance with the risk appetite defined for C&E risks, the provisions of the C&E risk management framework, as well as any material C&E risk issues incurred could negatively impact the achievement of the risk & compliance goal and thus potentially impact the overall remuneration package.

16.4 Risk identification and materiality assessment

The following sections elaborate on the approach for the risk identification and materiality assessment for C&E risks, as well as on the outcome of the assessment conducted in the beginning of 2024, with reference to the year-end 2023 situation.

16.4.1 Approach

The risk identification and materiality assessment process for C&E risks was conducted during the annual review and update of Quintet's ICLAAP during Q4 2023 and Q1 2024 (with reference to the year-end 2023 situation), following a three-steps process:

1. Identification of so-called "transmission channels": leveraging on the guidance provided by the ECB Guide on C&E and by publicly available sources (e.g., EBA, Climate Financial Risk Forum – CFRF, UNEP FI, NGFS, etc.), relevant transmission channels have been identified. Each transmission channel materializes through risk drivers such as industry/sector, geographical location, tenor and concentration.
2. Blended quantitative and qualitative materiality assessment: given the intrinsic diverse nature of C&E risks, a tailored approach has been developed to assess the potential impact of each of those transmission channels. The appropriate methodologies were selected based on relevant risk drivers and the availability of meaningful data/estimates. Quantitative assessment was always the preferred option.
3. A potential top-down review/challenge of the bottom-up assessment, by the AMC or BRCC, with the outcome of the C&E risks' materiality assessment discussed as part of the management embedment sessions held for the ICLAAP during Q1 2024.

The materiality assessment for C&E risks has been performed across all (financial and non-financial) risk types included within Quintet's internal risk taxonomy, and differentiated by physical/transition risk as well as by the observation horizon: "short term" corresponds to "less than 1 year", "medium term" corresponds to "from 1 to 5 years", and "long term" corresponds to "more than 5 years and up to 10 years".

Methodologically, the materiality assessment leverages upon an in-house mapping of Nomenclature of Economic Activities ("NACE") codes to transition and physical risk drivers. The most common transition risk drivers have been considered: policy, technological and behavioral changes. Each NACE class has been given a transition risk flag and a transition risk sensitivity. Such assessment has been as much as possible based on reputable sources, limiting recourse to expert judgement.

Common physical risk drivers (e.g., floods, storms, heatwaves) as well as those more often overlooked (e.g., biodiversity loss, pollution, water stress) have been considered. As for transition risk factors, each NACE class has been given a physical risk sensitivity.

16.4.2 Materiality assessment outcome for year-end 2023: Summary

Figure 4 gives the overall results of the materiality assessment, with the following risk types found to be material:

- Legal, compliance (notably investor protection risk), regulatory and reputational risks assessed as material over all time horizons due to regulatory and legal requirements (SFDR, MiFID) and increased awareness by clients, counterparties, regulators, and the public.
- Operational risks (notably business continuity and execution, delivery, and process management risks), and ICT & cyber risks assessed as material over all time horizons due to expected increase in frequency and severity of physical hazards.
- Credit risk over the medium- and long-term due to physical risk to real estate, and transition policies requiring higher energy efficiency standards.
- Market risk over the medium- and long-term due to the repricing of securities vulnerable to C&E risk drivers in the trading and banking book.
- Profitability and investment risk over the long term due to expected lower returns on non-sustainable investments and loss of clients' assets.

Figure 4 - Materiality matrix

Risk types impacted by C&E risk drivers	Transition Risk			Physical Risk		
	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Capital Risk						
Liquidity Risk						
Investment performance Risk			✓			✓
Profitability Risk			✓			✓
Credit Risk & Asset Quality Risk		✓	✓		✓	✓
Market Risk		✓	✓		✓	✓
Model Risk						
Cyber & data risks (ICT risk)				✓	✓	✓
Operational Risks (BCM, EDPM)				✓	✓	✓
Legal risk	✓	✓	✓			
Compliance Risks (notably Inv. Protection risk)	✓	✓	✓			
Transversal risks (notably Reputational risk)	✓	✓	✓			
Other non-financial risks						

16.4.3 Materiality assessment outcome for year-end 2023: Deep dive per risk type

Investment and profitability risk

Investment and profitability risks driven by both transition and physical risk factors are deemed material in the long-term. A large part of the profitability of the Bank depends on the ability of the Group to maintain/increase the amount of assets under management ("AuM"). Built on the NACE mapping outlined above, Quintet has estimated the amount of AuM that is vulnerable (to different extents) to C&E risks and employed scenario analysis leveraging on available literature to define a progressive depreciation of such vulnerable assets. The stress factors are applied to Quintet's Strategic Asset Allocation (SAA) and Quintet's minimum sustainability targets to capture the forward-looking evolution of investments. Second-round effects due to negative market performance are also estimated by means of elasticities. Eventually, the estimated revenue loss is estimated according Quintet's fee structure, estimating the "missed fees" based on the type of mandate for each asset (e.g., discretionary portfolio management, advisory).

Market risk

C&E risks can drive market risk via sudden and/or progressive re-pricing of assets (e.g., following severe policy changes, technological breakthroughs, acute climate events) and are deemed material in the medium and long-term (both physical and transition risks). In determining the materiality of C&E risk factors in the context of market risk, both the banking book and the trading book have been considered. Within the ALM & Treasury portfolio, the assets vulnerable to C&E drives have been identified largely based on the in-house NACE mapping. For the fixed-income portion of those assets, an assessment has been performed by means of credit spread sensitivities, leveraging on publicly available studies and assuming different credit spread changes across maturities. Equities at C&E risk have been subject to a simplified Climate VaR instead. Structured products within the trading book have been also stressed according to their Greeks as well as available literature. FX exposures have been assessed by looking at the maximum exposures that the Group could observe based on the defined internal limits.

Credit risk

Counterparty defaults due to transition and physical factors will likely lead to material impacts in the medium and long-term, mostly due to the exposures to the real estate sector and real estate collaterals. Similarly, counterparty downgrades (to be also intended as general worsening in counterparties' creditworthiness) would have material consequences in the medium and long term in relation to transition and physical risks, once again mostly due to real estate exposures. Materiality in the medium term is justified by the fact that possible downgrades and general creditworthiness' deteriorations, prior to default, can likely materialize in a 3-year or 5-year horizon. More in details, the credit risk materiality assessment has been tailored on the different exposure types as outlined in the following sub-sections.

While not evident from an on-balance sheet perspective, it is worth noting that Lombard loans can hide C&E risks drivers, materializing in the depreciation of financial collaterals received. Financial collaterals were screened against the NACE mapping presented in the section 16.4.1. Given the level of diversification, the types of collaterals received as well as the average ratio between pledge values and market values, the risk is not perceived as material. Finally, as the collateral received is oftentimes based on investment made at Quintet, the Group's sustainable investment proposition could serve as further mitigating factor.

Sovereign exposures

Sovereign exposures represent approx. 40% of the assets, with a large focus on countries with limited economic reliance on fossil fuel sources. For this reason, transition risk is considered limited, as confirmed by the low average emission intensities of the sovereign exposures, standing at 0.13 $tCO_2eq/kEUR$ for Scope 1 emissions. Scope 2 and Scope 3 emissions intensities are, respectively, 0.01 $tCO_2eq/kEUR$ and 0.17 $tCO_2eq/kEUR$. GHG intensities of sovereign issuers are calculated as proposed by the PCAF Financed Emissions Standard. It should be noted, however, that the dataset used has two primary limitations: 1) a time lag (data from 2018) and 2) the scope limited to CO_2 emissions (and not extended to the others greenhouse gases). Both limitation have been addressed with extrapolations based on EDGAR (Emissions Database for Global Atmospheric Research). The figures incorporates adjustments for LULUCF (Land Use, Land-Use Change, and Forestry) based on other OECD data, as suggested by PCAF.

The same outcome is considered from a physical risk point of view in the short and medium term: the exposure analysis based on publicly available sources shows that ~87% of that is towards countries are labelled as "Very Low" and "Low" risk (according to INFORM Risk). Around 1% only of sovereign exposures is towards Japan, which is considered prone to physical risk. The Group has also developed a Sovereign Climate VaR stressing countries' ratings according to Representative Concentration Pathways (RCPs), performed across different future timeframes (i.e., every ten years, from 2030 to 2100), showing no significant impact.

Interbank exposures

Interbank exposures account for approx. 10% of the assets. The Group is exposed towards highly creditworthy financial counterparties, not expected to be materially impacted by C&E risk drivers in the short term. Most of the interbank counterparties are signatories of the Glasgow Financial Alliance for Net Zero (GFANZ) and have committed to achieve the goal of net zero emissions by 2050. Through a well-known investigative report on banks known as "Banking on Climate Chaos", the Group has also assessed counterparties could be impacted by a reputational hit. The Group exposures towards the most exposed counterparties (i.e., those referred to in the report as "dirty dozen") are, however, limited. Their creditworthiness coupled with their transition plans allow us to consider transition risk not material in the short, medium and long term, also under a forward-looking perspective.

From a physical risk perspective the geographical diversification of the Group's financial counterparties acts as a natural mitigation factor, thus limiting physical risk, which is deemed not material for interbank exposures in the short, medium and long term.

Corporate exposures

Overall, corporate exposures represent one third of the Group's exposures. Half of the exposures in the corporate class are classified within the NACE "T - Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use" followed by NACE "K- Financial and Insurance Activities". The real estate sector represents a limited, though material, portion of the balance sheet (~2%), with limited effects expected in the short-term form a credit risk perspective - as defaults and downgrades do take time, which will likely materially unfold in the medium and long-term.

From a physical risk point of view, in the areas where Quintet operates, floods are the most important source of physical risk. While the economy is expected to be resilient to physical hazards in the short term, medium and long term risks pose challenges, leading to deem C&E factors material for the real estate sector.

Mortgage exposures

Exposures secured by properties represent ~16% of the balance sheet, with real estate collaterals mostly located in the Netherlands, the United Kingdom and France.

Table 36 - Geographical distribution of exposures secured by real estate

Asset location	% of balance sheet (approx.)
Netherlands	5.3%
United Kingdom	5.2%
France	3.8%
Spain	0.5%
Belgium	0.4%
Monaco	0.3%
Luxembourg	0.2%
Germany	0.1%
Total	**15.8%**

Transition risk can materialize via the depreciation of real estate assets with low energy efficiency (or alternatively the increased renovation costs required for such assets) due to evolving policies, construction techniques and consumer behavior. Physical risk factors, especially in the form of acute physical events, could also play a role by damaging properties.

Real estate exposures are considered unlikely to suffer effects of new energy efficiency measures in the short-term. In the medium and long-term, increasingly stricter policies and regulations on energy performance will materially impact valuations, with energy-efficient properties appearing to command for higher sale/resale prices (and vice versa). This is largely (but not only) materially driven by the recast of the Energy Performance for Building Directive (EPDB).

A materiality assessment based on stress factors from the 2022 ECB Climate Stress Testing was performed, leading to an assessment of non-materiality in the short-term, based on the following distribution by energy efficiency of collaterals.

Assets with label lower than E represent a limited but signification portion of real estate collaterals received, leading the bank to considering the transmission channel material in the medium and long term (see table below). Despite improvements in the data collection and capabilities of the Group, more than half of the mortgage exposure of the Group has no EP label available. Therefore, Quintet has worked on continuously enhancing the data collection capabilities as well as on developing further its extrapolation capabilities. When missing, energy efficiency labels/scores of properties located in UK and France have been estimated based on a first version of the "K-Nearest Neighbors [KNN] model". The model leverages on expected similarities between neighboring buildings taken from publicly available datasets. For other countries, where the model could not be employed due to data limitations, the Group has employed a sampling approach method, with exposures being split across EP labels based on percentages based on internal or external statistics.

Table 37 - Distribution of mortgage exposures by EPC rating of the real estate properties given as collateral to mortgage loans

EPC label	% unweighted by exposure (reported)	% weighted by exposure (reported)	% weighted by exposure (reported & estimated)
A	14.9%	7.9%	20.1%
B	6.5%	5.7%	6.4%
C	11.8%	10.7%	16.3%
D	10.6%	11.1%	28.9%
E	7.0%	5.6%	14.7%
F	4.8%	2.9%	5.8%
G	5.5%	2.1%	7.8%
Unknown	38.8%	54.0%	-

From a physical risk perspective, a quantitative flood risk RWA stress test was performed. The scenario assumes that the EU is hit by a severe flood, causing shocks to real estate prices of different magnitudes depending on the properties' locations. The methodology and the flood risk levels per location are those from the 2022 ECB Climate Stress Test (2022 ECB CST),

with the exception of the United Kingdom, for which publicly available information published by the UK Government are used. The result of the short-term stress test shows non-material impacts for Quintet, reinforcing the initial assessment. In this context, approx. 4% of the real estate collateral is located in "High risk" areas, with exposures being strongly over-collateralized.

Financed emissions

The table below discloses information on Quintet's exposures towards non-financial corporates operating in carbon-related sectors. It includes on-balance sheet exposures stemming from lending and investment activities. Four methodologies from PCAF (Global GHG Accounting & Reporting Standard for Financed Emissions (Part A)) are relevant for Quintet:

1. Listed equities and corporate bonds: Absolute emissions (Scope 1, 2 and 3 of counterparties), when not available, have been estimated based on economic activity-based proxies. Emission factors are revenue-based (i.e. emission intensity per revenue) and sector-based, estimated from reported or estimated (by a third-party data provider) based on similar companies.

2. Business loans and unlisted equity: When not available, GHG financed emissions (Scope 1, 2 and 3 of counterparties) have been estimated based on economic activity-based proxies. Emission factors are revenue-based (i.e. emission intensity per revenue) and sector-based, estimated from reported or estimated (by a third-party data provider) based on similar companies. In this context, the estimation differentiates 3 cases:

    - The attribution factor is the ratio of outstanding amount in the company and equity plus debt (proxied by the balance sheet size). Company's emissions are estimated from company's known revenues using an emission factors per sector per unit of revenue.

    - The attribution factor is the ratio of outstanding amount in the company and equity plus debt (proxied by the balance sheet size). However, revenues are unknown for any reason. In this case, a sectoral revenue-to-asset ratio is computed to estimate the company's revenues. Subsequently, company's emissions are estimated from company's estimated revenues using an emissions factor per sector per unit of revenue.

    - In some instances, the outstanding amount in the company is known, but financial data of the companies are unavailable (both balance sheet and revenues). In this context, an average ratio of total balance sheet to the outstanding gross carrying amount is computed over the counterparties where the balance sheet information is available. This ratio is then used to estimate the balance sheet for those cases where direct information is not available.

3. Commercial real estate and 4) Mortgage: Scope 1 and Scope 2 building emissions are estimated using the PCAF European Building Emission Factor database (i.e. physical activity-based emission factors). Scope 3 (embodied and construction emissions) are not included in the estimation. The attribution factor is computed based on the outstanding amount and the property value. Emission factors used vary based on the country, energy performance labels, and floor area (when available) as defined in the "PCAF European building emission factor database – Methodology".

Table 38 - Financed emissions as at 31/12/2023

Sector/subsector	0010	0090	0100
	Gross carrying amount (Mln EUR)	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
			Of which Scope 3 financed emissions
Exposures towards sectors that highly contribute to climate change*	1,069	78,387	37,860
A - Agriculture, forestry and fishing	1	229	99
B - Mining and quarrying	27	18,679	14,646
B.05 - Mining of coal and lignite	0	0	0
B.06 - Extraction of crude petroleum and natural gas	27	18,678	14,646
B.07 - Mining of metal ores	0	0	0
B.08 - Other mining and quarrying	0	0	0
B.09 - Mining support service activities	0	0	0
C - Manufacturing	69	35,007	14,569
C.10 - Manufacture of food products	10	11,788	4,724
C.11 - Manufacture of beverages	0	0	0
C.12 - Manufacture of tobacco products	0	0	0
C.13 - Manufacture of textiles	0	0	0
C.14 - Manufacture of wearing apparel	0	0	0
C.15 - Manufacture of leather and related products	0	0	0
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0	0	0
C.17 - Manufacture of pulp, paper and paperboard	5	5,107	2,140
C.18 - Printing and service activities related to printing	0	1	1
C.19 - Manufacture of coke oven products	0	0	0
C.20 - Production of chemicals	0	0	0
C.21 - Manufacture of pharmaceutical preparations	0	0	0
C.22 - Manufacture of rubber products	0	0	0
C.23 - Manufacture of other non-metallic mineral products	0	0	0
C.24 - Manufacture of basic metals	0	0	0
C.25 - Manufacture of fabricated metal products, except machinery and equipment	0	0	0
C.26 - Manufacture of computer, electronic and optical products	38	205	203
C.27 - Manufacture of electrical equipment	3	3,396	1,423
C.28 - Manufacture of machinery and equipment n.e.c.	13	14,510	6,079
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	0	0	0
C.30 - Manufacture of other transport equipment	0	0	0

(continued) Table 38 - Financed emissions as at 31/12/2023

Sector/subsector	0010	0090	0100
	Gross carrying amount (Mln EUR)	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	
			Of which Scope 3 financed emissions
C.31 - Manufacture of furniture	0	0	0
C.32 - Other manufacturing	0	0	0
C.33 - Repair and installation of machinery and equipment	0	0	0
D - Electricity, gas, steam and air conditioning supply	6	189	43
D35.1 - Electric power generation, transmission and distribution	6	189	43
D35.11 - Production of electricity	5	89	20
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	0	0	0
D35.3 - Steam and air conditioning supply	0	0	0
E - Water supply; sewerage, waste management and remediation activities	0	0	0
F - Construction	102	3,318	2,523
F.41 - Construction of buildings	93	2,892	2,174
F.42 - Civil engineering	8	327	302
F.43 - Specialized construction activities	1	99	47
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	47	2,952	2,700
H - Transportation and storage	16	1,087	202
H.49 - Land transport and transport via pipelines	0	0	0
H.50 - Water transport	0	0	0
H.51 - Air transport	16	1,087	202
H.52 - Warehousing and support activities for transportation	0	0	0
H.53 - Postal and courier activities	0	0	0
I - Accommodation and food service activities	45	3,152	714
L - Real estate activities	757	13,774	2,365
Exposures towards sectors other than those that highly contribute to climate change*	2,739		
K - Financial and insurance activities	2,339		
Exposures to other sectors (NACE codes J, M - U)	400		
TOTAL	3,808	78,387	37,860

*In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Operational risks (incl. ICT, BCM and EDPM risks)

Business continuity could be threatened by acute and chronic physical risk events happening across the locations where Quintet operates (e.g., Luxembourg, the UK, the Netherlands, Belgium). Across the different physical risk factors that are widely considered in the risk management of C&E at the level of the Group, flood risk (also stemming from storms) is the most relevant for Quintet's premises. Other physical risk factors such as heat and drought, biodiversity loss or water stress are currently considered not material, not having the potential to materially disrupt operations and staff productivity.

Given the lack of historical evidence within the Group's internal dataset as well as the expected increased in frequency and severity of physical hazards, this transmission channel has been considered material (for conservativeness) across all timeframes. For this reason, a scenario has been defined accordingly - as part of the operational risk economic capital requirement assessment under the ICAAP. The scenario considers an acute flood event that damages buildings, furniture and fine arts of the Group's premises and disrupts operations across the impacted locations.

Reputational risk, regulatory & governance risk, legal risk and investor protection risk

C&E risks can be linked to legal claims (i.e. liability risk) and reputational losses whenever the institution is associated to adverse environmental impacts (incl. those related to counterparties and clients). Generally speaking, sustainable investments are still a relatively new phenomenon, with the market still maturing. For this reason, historical instances aren't considered a good proxy leading to qualitative consideration of several risks (i.e., Investor protection risk, Legal risk, Regulatory & governance risk, Reputational risk) as material in the short, medium and long-term due to 1) signature of key partnerships with counterparties making sustainability a cornerstone of their propositions, 2) sale of Art. 8 SFDR investment sub-funds and 3) MIFID requiring collecting and complying with sustainability preferences.

Reputational risks from C&E drivers can arise quickly if Quintet is not perceived to take due consideration of environmental aspects in its business activities & partners, own investment as well as those managed on behalf of clients. Due to the evolving regulatory landscape as well as the increased scrutiny of financial industry actors (from clients to regulators), Quintet could also be accused of not living up public statements and promises in the remit of sustainability.

As sustainability is not deemed a static and unquestioned definition, it could thus lead, even if backed by good faith, towards regulatory fines. Similarly, legal and/or litigation risks can arise from controversies in connection with products and their compliance with international or EU best practices, most likely in the form of second-round effects. The risk is intensified by the latest amendments to the MIFID II (i.e. "investor protection risk").

Therefore, the institution has designed a hypothetical C&E transition risk scenario, run as part of the Economic Capital (ECap) non-financial risk model, which assumes that unsustainable/ unsuitable investments are included into clients' portfolios, due to control failures driven by inadequate communication and governance. The scenario results in impacts to the Bank's reputation, with a portion of clients fleeing the institution and triggering litigations processes.

In this context, exposures to sectors perceived as contributing to climate change could also lead to reputational risk. Indeed, according to available data[12], greenhouse gas (GHG) emissions primarily come from energy, industry, transport, agriculture and changes in land use (e.g., as deforestation and the degradation of forests). The institution does not target direct financing of the above-mentioned sectors, which mostly contribute to climate change. However, the real estate sector within the Group's lending activities plays an important role.

[12] Emissions by sector - Our World in Data

Moreover, reputational risk could also arise, in a more limited manner, from the investment made as part of the ALM activities. Details on exposures to the most sensitive sectors to climate change (oil & gas, mining and metal, transports, shipping, real estate, water supply, agriculture), which may create a reputational risk, is presented in section 16.4.3.

From an indirect perspective, the exposure to sectors perceived as contributing to climate change might arise from investments made as part of the wealth management activities. However, Quintet has defined an exclusion list when active ownership has proven unsuccessful, or is not feasible, and further investment would be incompatible with the Group's principles and the best interests of clients. Such list includes counterparties significantly involved in thermal coal extraction or power generation.

For the same reason, flagships funds are subject to the Group's sustainable investment framework to ensure that the investments labelled as sustainable adhere to Quintet's proprietary framework[13]. As an additional risk management tool to mitigate reputational risk, in order to be deemed as suitable for investment, third-party funds are assessed against a range of factors to make sure they meet the Group's standards. The Group's fund sustainable due diligence process is built on a principles-based philosophy maximising its expertise to structurally assess the sustainability of funds. More details are presented in the *"Quintet Fund Sustainability Assessment Summary"*[14].

Liquidity risk

Liquidity risk driven by C&E risks is not considered material in the short, medium and long-term.

Liquidity risk can be impacted in many different ways by C&E risk drivers. From an asset-side perspective, C&E-induced liquidity risk might arise following a sudden re-pricing of securities considered as High Quality Liquid Assets ("HQLA") for the Group, impairing the liquidity coverage ratio ("LCR"). Market risk driven by C&E factors would also eventually determine liquidity risks.

Largely based on the NACE mapping outlined in section 16.4.1, Quintet has estimated the amount of HQLA which is vulnerable (to different extents) to C&E risks and applied a simplified Climate VaR-like approach to define the potential decrease in value of HQLA assets and related economic impact.

On the liability side, liquidity risk might arise in case of sudden cash outflows from client portfolios, resulting - for instance - from a need of cash in the aftermath of an acute climate event, thus impacting the stock of available stable funding and the NSFR. To assess the materiality of this transmission channel, the Group has assumed that clients impacted by negative market performance induced by C&E risk drivers would leave the Group, zeroing both their assets under investment mandates and their cash deposits. Cash outflows have been translated into a reduction of Available Stable Funding (ASF) resources.

[13] As detailed in the "Sustainable Investment Framework", which can be found here Regulatory Affairs | Quintet Luxembourg
[14] Regulatory Affairs | Quintet Luxembourg

16.5 Day-to-day risk management arrangements

The day-to-day risk management arrangements in place to identify, measure, monitor, report, and manage C&E risks were formalized in the Group Climate & Environmental Risk Management Framework approved by the Board at the end of 2023. C&E risks are transversal to existing risk taxonomies and thus are overlaid to the existing risk management arrangements in place for these taxonomies, overlaid by specific measurement and guidance to factor in C&E-specific risk drivers.

Investment risk management

The Group Investment Policy defines "Sustainability" as one of the Group's investment principles. The investment risk stemming from both transition and physical risk drivers, is mitigated through the consideration of C&E factors (and broader sustainability) within the wealth management activities, as presented in the Group Sustainability Risks in Investment Policy, which summarises the processes relating to the integration of sustainability risks in the investment decision-making and investment advisory processes. Quintet manages sustainability risks in the following ways, as appropriate for the relevant risks:

- Adherence to international standards: both Quintet and investee companies.
- Active ownership: across single line equities, fixed income securities and with third-party fund managers, through such actions as proxy voting and collective and individual engagement with a company's management, as detailed in Quintet's Group Active Ownership.
- Exclusion: As detailed in the Group Responsible Investment Policy, Quintet applies exclusions across single line equities and fixed income securities. Quintet executes this approach through the Quintet Group Investment Universe (GIU).
- Controversy monitoring as detailed in the Group Responsible Investment Policy.
- ESG Integration: incorporating the assessment of sustainability risk into opportunity identification, investment assessment, investment decision making, and portfolio construction process.

Moreover, the investment risk driven by C&E risks is monitored, managed and reported according to risk indicators approved by the AMC (KRIs, MRIs, ARMs) and BRCC (KRIs), including relevant escalation in case of limit breaches. C&E-related investment risk indicators are also presented on a monthly basis to the Investment Risk Forum (reporting to the investment & product committee) chaired by the Head of Investment Risk.

Market risk management

The most material source of C&E-driven market risk is represented by the ALM & Treasury portfolio. The ALM & Treasury team, before investments are made, assesses (if C&E-data is available) the embedded C&E risks within the assets. The assessment considers existing guidance and limits on C&E risks. Group Risk Control receives the analysis performed by ALM & Treasury, and provides obstat/nihil obstat, if necessary. The market risk stemming from both transition and physical risk drivers is further mitigated through the application of the Sustainable Investment Framework (SIF).

The market risk driven by C&E risks is primarily monitored, managed and reported according to risk indicators approved by the AMC (KRIs, MRIs, ARMs) and BRCC (KRIs), including relevant escalation in case of limit breaches. C&E-related market risk indicators are also presented on a monthly basis to the ALCO, an AMC sub-committee.

Credit risk management

Serving as an enabler to the 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. The decision on credit granting remains the prerogative of the approving committee (Local Credit Committee or Group Credit Committee), accounting for ESG criteria, if deemed relevant.

The lending strategy articulates the Group's ambition to transition towards a more sustainable lending book across lending and credit risk dimensions (e.g., energy performance of real estate collaterals). The Group Credit Policy explicitly requires accounting for C&E factors in the lending origination, as part of the appraisal process. Engagement letters used to request the provision of valuation reports to external valuers, for both new clients and regular reviews, shall ask for the collection of energy performance certificates (if available).

The credit risk driven by C&E risks is primarily monitored, managed and reported according to risk indicators approved by the AMC (KRIs, MRIs, ARMs) and BRCC (KRIs), including relevant escalation in case of limit breaches.

Operational risk

In the context of C&E risks, C&E-related operational risk management includes, among others:

- The management of C&E events that could have an adverse impact on business continuity (e.g., BCM risk).
- The management of operational risk stemming from activities and products that could increase reputational and/or liability risks (i.e., reputational, legal and liability/litigation risks).

The operational risk management departs from estimation of the impact of identified risk events on a scale from "Low" to "Very High" - across different dimensions (e.g., financial, reputational, regulatory). Once the impact has been estimated, an escalation matrix is used to appropriately and timely escalate the risk event. Additional risk management tools are available to record, investigate (to establish root causes and impacts) and ensure proper follow-up.

Beyond the above operational risk management tools, the management of operational risk stemming from activities and products that could increase reputational and/or liability risks is addressed with the following activities:

- Product review: Each new product is proposed to the Group Investment & Product Committee (GIPC), which shall confirm that the product/service proposed is in line with the latest risk appetite and with additional risk & regulatory assessments (incl. Sustainability).
- Adverse media check: the Group systematically screens media publications on a daily basis that could lead to reputational risk. All media coverage about the Group is captured and analysed (both positive, neutral and negative), including those related to ESG/C&E risks.
- MIFID sustainability preferences: where clients have articulated their sustainability preferences, those additional investment restrictions are accounted for and monitored.

For the BCM domain, two additional elements are worth highlighting:

- Crisis committee procedure: As defined in the Group BCM Policy, a Crisis Committee is in charge of deciding whether the BCM incident can be managed by a technical intervention or needs to be considered as a potential crisis - leading to launch of BCP procedures.
- Critical supplier survey: The Quintet critical supplier survey is sent to critical suppliers (covering critical outsourced services and IT activities) to assess suppliers' Business Continuity/Disaster Recovery Management & Processes. The survey requires the critical supplier to provide information on whether the materialisation of C&E risks is includes as part of the set of scenarios covered by their business continuity arrangements.

Eventually, scenario analysis complements the operational risk management tool-kit:

- Scenario analysis for operational risk/non-financial risks: a simultaneous realization of non-financial risk scenarios is engineered, factoring in internal (RCSA, ERI, functional risk assessments, risk events, KRIs) and external information, where each scenario is characterized by the worst loss the Bank would face at a 5-year, 20-year, 50-year frequency, plus a maximum loss, and cross-scenario correlations. C&E-related scenarios are included, such as (1) a BCM scenario assuming floods impacting Quintet's premises and (2) a scenario where the reputation of the Group is hit by greenwashing allegations and their second-round effects (e.g., legal risk, regulatory and governance risk and investor protection risk).

Scenario analysis and stress testing

The vulnerabilities to C&E risks are regularly assessed through scenario analysis and stress testing. The aim is to estimate how the Bank could be affected by current and future C&E risks (both physical and transition), accounting for the fact that historical observations do not completely reflect the future expected C&E risks, with particular regards to the medium- and long-term. The assumptions used for scenario analysis and stress testing reflect the Group's business model and exposures.

Transition risk is captured by:

- Stress testing baseline projections with a science-based climate change transition pathway as provided by the Central Banks and Supervisors Network for Greening the Financial System (NGFS).
- Considering a transition risk scenario (e.g., a greenwashing allegations scenario with reputational risk impact and second-round effects) as part of the set of non-financial risk scenarios for operational risk economic capital estimation.

Physical risk is captured by:

- Stress testing baseline projections with acute and chronic physical risk impacts as provided by the NGFS.
- Considering a physical risk scenario (e.g., a BCM scenario where Quintet's premises are flooded and damaged) as part of the set of non-financial risk scenarios for operational risk economic capital estimation.

In the context of the normative perspective of the Internal Capital/Liquidity Adequacy Assessment Process (ICLAAP), stress testing (physical and transition risk) is applied as follows: For the business planning horizon, a climate risk scenario is considered as part of the set of adverse scenarios for stress testing the financial plan baseline projections. The considered climate risk scenario blends two kinds of climate risk, namely transition and physical risks. More specifically, it includes a scientific climate change transition pathway (e.g., provided by the NGFS); and severe yet plausible chronic and acute physical risk impacts from flood hazards (also provided by the NGFS). Floods are considered the most prominent physical hazard for the Group as per the latest materiality assessment.

In the context of the economic perspective of the ICLAAP, non-financial risks scenario analysis (physical and transition risk) is applied as follows: C&E risk scenarios (e.g., BCM and reputational/liability risks) are included as part of the set of scenarios used for estimating the Economic Capital ("ECap") allocated to cover losses due to non-financial risks (leading to additional economic capital requirements).

17. Social and Governance risks

Social risks are defined as the risk of any negative financial impact on an institution stemming from the current or prospective impact of social factors on its counterparties or invested assets. Governance risk means the risk of any negative financial impact on an institution stemming from the current or prospective impact of governance factors on counterparties or invested assets.

Social and governance risks are addressed and mitigated differently, depending on counterparty types and/or activities:

17.1 Investment management

The development of the Quintet Responsible Investment Policy is based on the organisation's views of what constitutes being a good corporate citizen and internationally recognized standards such as the United Nations (UN) Global Compact principles. Since the investment process and applicability differs per asset class and investment method, the application of the requirements will differ between investments, e.g., in the case of direct investments compared to externally managed assets.

Beyond what has already been presented in the previous section for C&E risks, sustainability risks (incl. social & governance risks) are mitigated as follows:

- Adherence to international standards: Quintet adheres to multiple international standards in favor of sustainable practices, such as the Principles for Responsible Investment. In addition, it encourages investee entities to adopt the same level of standards (such as the United Nations' Global Compact Principles).
- Active ownership: Quintet operates a policy of active ownership across single line equities, fixed income securities and with third-party fund managers, through proxy voting and collective and individual engagement with a company's management. When analysing social proposals, Quintet considers the communities and broader stakeholders in the areas in which companies conduct business. Through its active engagement according to the Active Ownership Policy, Quintet supported proposals requesting that companies provide greater disclosure about their impact on local stakeholders, as well as employee and human rights. Quintet votes in favor of proposals seeking increased disclosure on public health and safety issues, including those related to product responsibility. Quintet supports diversity and equity-related proposals:
    - Urging companies to oversee a racial equity audit by analysing the adverse impact on non-white stakeholders and communities of color
    - Asking for investigation into alleged racism in company culture
    - Focusing on creating a median gender and racial pay equity report
    - Asking for investigations on alleged workplace sexual harassment
- Exclusion: As detailed in the Group Responsible Investment Policy, Quintet applies exclusions across single line equities and fixed income securities.
    - Equities and bonds issued by companies directly and indirectly involved in controversial weapons

- Bonds issued by countries under an EU arms-embargo, as well as equities and bonds of companies owned by these countries
    - Equities and bonds issued by companies deriving significant revenue from the extraction of thermal coal or thermal coal power generation
    - Equities and bonds issued by companies that are non-compliant with the principles of the UN Global Compact (UNGC) when engagement is not or no longer considered feasible
- Controversy monitoring: As detailed in the Group Responsible Investment Policy, a process of controversy monitoring across single line equities and fixed income securities is operated, using third-party data suppliers. This ongoing process enables to detect potential sustainability risks and to trigger further actions (e.g., active ownership or exclusion) wherever needed.
- ESG integration: ESG integration is the process of analysing and assessing sustainability risks and incorporating the assessment into opportunity identification, investment assessment, investment decision making, and portfolio construction process. It takes two forms:
    - Individual securities: Quintet's Sustainable Investment Framework (SIF) is applied to investments in equities and bonds (including sovereign bonds, though Quintet for the time being will only consider sovereign bonds that are Green Bonds as potentially eligible to be sustainable investments). The SIF is composed of 3 pillars:
        1. Contribution to an environmental or social objective: As there is limited quantitative market data available on this topic, Quintet has opted for using various ''lenses'' to evidence such contribution by leveraging on different data sets, each capturing potential contributions in different ways. The following data sets have been selected for that purpose: 1. EU Taxonomy alignment; 2. Sustainable activities or Transition themes; 3. Strong performance on carbon emissions and risks; and 4. Companies active in healthcare and education. 5. UN Sustainable Development Goal alignment (SDG). Companies are considered to meet the requirements of the first pillar if they have significant revenue alignment with the EU Taxonomy alignment (>=25%), or significant revenue involvement in sustainable activities (>= 25%), or significant revenue alignment to at least one transition theme (>=33% for equities/corporate bonds or >=75% for impact bonds) or low carbon intensity combined with low carbon risks and good performance on ESG factors, or derive a majority of their revenues from healthcare or education, or significant revenue alignment to at least one SDG (>=25%).
        2. Do no significant harm (DNSH): In line with the requirements described in the SFDR Delegated Regulation, our framework relies on two key elements to assess whether companies do no significant harm: 1) Compliance with the UN Global Compact principles, including compliance with the OECD guidelines for SMEs and UN Guiding Principles for Business & Human Rights; 2) Taking into account the Principal Adverse Impacts (PAIs) listed in Annex I of the SFDR Delegated Regulation that are considered relevant to assess potential significant harm. A prudent approach is to set quantitative thresholds for relevant PAIs, which need to be met to demonstrate no significant harm. Where sufficient robust data is available, Quintet has set PAI-specific thresholds. For some PAIs where currently data is limited and/or considered insufficiently reliable - which does not allow to set meaningful thresholds for the indicators themselves – Quintet considers an appropriate proxy, which also has a PAI-specific threshold. In cases where an appropriate proxy is not available, Quintet does not set a threshold for the PAI at this point and will continue to review the availability of (reliable) data or proxies, as well as regulatory guidance on how to address such cases. The do no significant harm (DNSH) requirement is also applied to green bonds either through the index construction[15] by the index provider or through additional checks conducted by Quintet.
        3. Good governance: Quintet uses external research related to governance controversies to identify companies that do not meet good governance practices. The good governance requirement is considered to be met when companies are not involved in severe controversies related to governance matters such as sound management structures, employee relations, remuneration of staff and tax compliance. In addition, Quintet expects the companies to comply with the UN Global Compact principles, which include commitments to anti-corruption and labor relations to satisfy the good governance pillar. For green bonds, these holdings also need to satisfy the good governance requirement either through the index construction by the index provider or through additional checks by Quintet. This does not apply to sovereign green bonds as the good governance requirement only applies to investments in companies.
    - Collective investment vehicles: When we assess the level of sustainability within funds and ETFs, we do not just rely on the self-proclaimed EU Sustainable Finance Disclosure Regulation (SFDR) classification. We also apply our analysis to give a more nuanced indication of how much a fund has incorporated environmental, social and governance (ESG) factors. Funds that themselves claim to have a relatively high sustainable profile are assessed against a range of factors to make sure they meet our high standards. The Quintet investment universe includes funds and ETFs with Article 6, 8 and 9 classifications. Before selecting a fund, we conduct due diligence on various elements, including: the robustness of the investment process, the individuals running the strategy, the risk-adjusted return characteristics, the asset manager, and the fund's ESG practices.

[15] Bloomberg MSCI Global Green Bond Index

All funds – regardless of their SFDR classification – have to demonstrate basic responsible practices, such as using a minimum set of exclusions, including a process to avoid exposure to cluster munitions, and a willingness to engage with the companies they invest in. SFDR Article 8 and 9 funds must fulfil not only investment risk-adjusted return criteria but also a more rigorous assessment of the level of incorporation of ESG factors. We have developed a rating system to give further insight into the ESG characteristics of funds and ETFs. To assess third-party funds, we operate a three-step process comprising interviews, questionnaires and holdings analysis:

1. Interview: an interview with the fund manager enables us to understand how sustainability is embedded in the fund.
2. Questionnaire: asset managers answer a questionnaire about sustainability. There are dozens of questions on subjects such as United Nations (UN) Global Compact compliance, the fund's investment process, the use of exclusions, the availability of resources and transparency of reporting.
3. Holdings: we analyse the fund holdings using both quantitative and qualitative methods. Considerations include whether the holdings have links to the UN Sustainable Development Goals (SDGs) or are exposed to substantial sustainability risks, controversies and carbon intensity.

With passive funds or exchange-traded-funds there is no need to interview the manager as the fund is following a specified index. The questionnaire is partly answered by the asset manager and partly by the underlying index provider.

17.2 Clients

Quintet monitors the following risks stemming from its clients:

- Money Laundering (ML) & Terrorist Financing (TF): the risk based initial due diligence, ongoing due diligence and monitoring in order to comply with regulations to combat ML/TF
- Sanctions: controls-standards to comply with relevant sanctions regulations
- Anti-corruption & bribery: principal standards and minimum requirements pertaining to Quintet's risk appetite in terms of accepting profiles that may represent bribery and corruption risk
- Reputational risk: consistent standards to effectively identify, assess and escalate issues related to Clients and their associated Parties that may represent a reputational risk for Quintet

The above is complemented by the Group Risk Appetite Framework, which further outlines that Quintet (i) has defined a list of general exclusions related to negative news, client nature and client occupation, (ii) is committed to not accepting any operation or transaction whose purpose would be breaching sanctions (iii) considers the risk linked to controversial weapons, drugs, prostitution, sects and the sulphurous adult entertainment industry as unacceptable and (iv) limits geographic risk by putting in place target, restricted and excluded markets including a limited set of strict exceptions. Quintet regularly screens its complete Client database.

17.3 Counterparties

17.3.1 Procurement

As part of the Supplier General Terms & Conditions, Quintet favors suppliers who share our principles and values, and requires them to be familiar and comply with the Supplier Code of Conduct in accordance with applicable international and local laws and regulations, as well as applicable industry standards (more details can be found within Quintet's Corporate Sustainability Report in *"Procurement"*).

17.3.2 Outsourcing

Along the same lines, Quintet's request for proposal (for outsourcing purposes) requires counterparties to answer a set of questions, covering the following dimensions:

- Social sustainability: companies should respect the human rights of workers, and treat all people with dignity as recognized by the international community and framed by international conventions and frameworks on human rights. Examples of social topics to address include non-discrimination, freedom of association, health and safety.
- Business conduct: companies are expected to uphold the highest standards of integrity and to cooperate honestly and equitably throughout the supply chain in accordance with local laws. Examples of unethical business practice include corruption, unfair competition, conflicts of interest.
- Environmental sustainability: companies are expected to support a proactive approach to environmental responsibility by protecting the environment, conserving natural resources and reducing the environmental footprint of their production, products and services throughout their life-cycle. Examples of company practices include greenhouse gas emissions, waste reduction programs.

17.4 Employees

Finally, social risks stemming from employees are addressed as follows (more details can be found within Quintet's Corporate Sustainability Report in "Management of employee matters"):

- Trade unions: involved in discussion pertaining to transformation initiatives, remote working learning plans, corporate titles, benefits, and variable remuneration;

- Labor law and international labor conventions: within their local labor-related legislation, Quintet has ratified and implemented the fundamental conventions of the International Labor Organisation
- Social protection: when there is no specific loss of income protection covered by the local public system, entities have in place a policy or insurance to guarantee a minimum income
- Adequate wage: through its Group Remuneration Policy, Quintet ensures it provides adequate wages for its employees

18. Remuneration Policy

18.1 Context and Principles

Compensation schemes are designed to take into account competences required, evaluations, skills and performance. These schemes aim at aligning long-term shareholder's interests and long-term group-wide profitability while taking account into the Bank's Risk Framework (including the Solvency ratio). Moreover, they should be compatible with the relevant stakeholders' interests and the Bank's Corporate Social Responsibility Policy.

The Board of Directors and the Authorized Management Committee

The remuneration policy related to the Board of Directors and Authorized Management Committee ("AMC") members is based on the prevailing legislation, the Corporate Governance Memorandum and industry benchmarks. This policy is monitored and regularly reviewed by the Group Board Remuneration & Nomination Committee ("BRNC") with the assistance of specialist members of staff (with all safeguards implemented to prevent any conflicts of interest) in order to ensure its continuous compliance with the law, the aforementioned code, and the prevailing market practices and trends. The Chairperson of the BRNC informs the Board of Directors of the Group of the Committee's activities and submits for approval by the Board any changes to be made to the Group Remuneration Policy and its practical implementation as recommended by the BRNC. The Board may also make its own proposal to the Remuneration & Nomination Committee in order to examine potential changes to the Group Remuneration Policy and advise it accordingly.

Material Risk Takers

The allocation mechanism and the acquisition rule of the variable remuneration of those defined as Material Risk Takers (risk taking employees, control functions and members of executive bodies) are determined primarily in accordance with the Law of 5 April 1993 (as amended), CSSF Circulars 15/622, 11/505, the regulation issued by the European Banking Authority ("EBA") (including the Regulatory Technical Standard or RTS) or any prevailing local regulation. Where the variable compensation of these employees may exceed EUR 50,000 in gross terms[16] (proportionality principle), this variable remuneration is i) composed of 50% of shares or equivalent instruments (phantom-shares at Quintet), and ii) is partly (minimum 40%) deferred over a minimum of 4 years; the subsequent vesting of remuneration being thereafter subject to performance conditions and ex-post risk adjustments.

18.2 The Group Board Remuneration & Nomination Committee

Mission

The mission of the BRNC is to define, implement and maintain a remuneration policy in accordance with the Law of 5 April 1993 (as amended). The BRNC makes recommendations to the Board regarding notably the nomination and remuneration of the members of the Group Authorized Management Committee and the local Executive Committees as well as of the Board of Directors of the parent company and the subsidiaries, particularly with regard to the structure and the level of the individual remuneration.

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

The BRNC is authorized to undertake any activity within its Terms of Reference and provide any additional advice or support within the Group that is required in the scope of its duties. The BRNC shall carry out the duties for the Group, the parent company and each subsidiary of the Group, as appropriate and in order to assure the alignment of the standards across the Group. The BRNC may, however, delegate some duties to Local Remuneration & Nomination Committees.

Composition

Table 39 - Composition of the Group BRNC as at 31/12/2023

Name	Responsibility
Antoine MARCOLIN	Chairman a.i.
Anne Ruth HERKES	Member
Marco MAZZUCCHELLI	Member
Rory TAPNER	Member
Frank ERTEL	Member
Giulia FITZPATRICK	Member

The Group CEO, the Group Head of Human Resources and the Secretary General of Quintet Private Bank (Europe) are invited as permanent guests to the meetings of the Group BRNC but are excluded for discussions where they are potentially conflicted.

Role and responsibilities

The role and responsibilities of the BRNC are defined by the regulations approved by the Board. The main tasks of the BRNC are the following (non-exhaustive list):

Remuneration responsibilities:

- Recommend for approval by the Board a Group-wide remuneration policy that is aligned with the Bank's long-term business strategy, its business objectives, its risk appetite and values, whilst recognising the interests of relevant stakeholders.
- Advise the Board on any material exemption or change to the principles of the Group Remuneration Policy.
- Review and deliberate on the bonus pools (Group-wide) and the allocation to each branch and subsidiary of the Group, for subsequent recommendation to the Board.
- Recommend for approval by the Board the remuneration of the Group CEO, the AMC members, the Group ExCo members, the local ExCo members (Group-wide) and other Material Risk Takers.
- Recommend for approval by the Shareholder Assembly the remuneration of the members of the Group BoD and the members of the local Board of Directors.
- Advise the Board on retention/incentive bonuses in exceptional circumstances.
- Monitor the implementation of the remuneration-related matters delegated to the AMC and Local Remuneration & Nomination Committees to ensure that policies and principles are being consistently and effectively applied across the Group, seeking support and input from Control Functions (especially Group Risk) and Group Human Resources.
- Liaise as required with the other Board Specialized Committees and with the Group Risk function and Group Human Resources in relation to risk-adjusted performance measures.
- Ensure that all provisions regarding disclosure of remuneration are fulfilled and approve the contents of the annual Remuneration Policy Statement for Pillar III external disclosure.
- Review major changes in remuneration and/or governance regulations as well as in Labor Law when deemed necessary.
- Approve all occupational pension plans of the Bank and any change in the terms and conditions of any current pension plan, including any winding up in whole or in part.

Nomination responsibilities:

- Define the specific profile to be met by a candidate, run the recruitment process, make the selection and recommend to the Board - for approval - the appointment of (i) a member of the Group Board, (ii) Chairman of a Board Specialized Committee, (iii) a member of a Board of Directors of a Group's subsidiary, (iii) a member of the AMC, Group ExCo or local ExCo, including the Group CEOs, Head of Control Functions.
- Define and review as necessary, subject to approval by the Board, the criteria which shall be used in selecting new member of the Board or new member of management (AMC, ExCo, Head of Control Functions).
- Draw up and review as necessary, subject to approval by the Board of Directors, the succession plan for members of the Board of Directors, the AMC members, the Group ExCo and the local ExCo members (Group wide).
- Draw up and review, as necessary, subject to approval by the Board of Directors, the evaluation process of the members of the Board.
- Draw up and review as necessary the training program for newly appointed members of the Board of Directors and the training sessions for current members.
- Propose to the Board for approval dismissal of members of 1) the Board, 2) the Board of Directors of subsidiary, 2) AMC, 3) Group ExCo, 4) Local ExCo or 5) Head of Control Functions.

Other responsibilities:

- Review the Terms of Reference of the BRNC as necessary and recommend any amendments, as appropriate, to the Board for approval;
- Carry out annual self-assessment on the effectiveness and efficiency of the Board and AMC.

18.3 Activity in 2023

In the course of 2023, the Group BRNC met six (6) times and the attendance rate was 100%. The Chairman of the BRNC reported to the Board on the work of the Committee after each meeting and presented his proposals on matters subject to a decision by the Committee.

The main topics handled by the BRNC during 2023 were the following:

- Review of fixed remuneration and performance bonuses granted to the members of the AMC, the Group ExCo and local ExCo (Group-wide), to the Material Risk Takers and key performers in 2023
- Evaluation of the activities and Key Performance Indicators (KPI) of the AMC and ExCo members (Group-wide) throughout 2022 (based on which 2022 bonuses were awarded in 2023)
- Definition of Key Performance Indicators (KPI) of the AMC members and Country Heads for 2023 (based on which 2023 bonuses were awarded in 2024)
- Assessment of previous years unvested bonus before vesting and pay-out to Material Risk Takers
- 2023 revision of the Material Risk Takers list within the Group; Material Risk Takers recruitment, appointment, new role or exit (2023)
- Appointment and suitability assessment of new AMC members or ExCo members, Group Board members and local Board members within the Group
- Recruitment of senior management roles (AMC, EXCO, Head of Control Functions) group wide in the context of the Quintet new strategic and transformation plan
- Approval and implementation of several retention plans within the Group
- Review and approval of the Group Remuneration Policy and the Terms of Reference
- Regular review of people management and compensation topics in line with industry standards and regulatory provisions
- Assessment of the suitability of the members of the Board of Directors

18.4 Information on the Management Body

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

For 2023, those statistics evidenced at the level of the Management Body Group-wide a proper balance in nationalities, reflecting locations where Quintet Private Bank (Europe) is present. The educational background of the Management Body - while mainly deriving from business administration, economics, and commercial - also showed diversity.

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

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

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

Group AMC

The Quintet AMC members have significant experience in strategy, business administration, legal, regulatory and finance and all have broad experience in the banking sector, including at the international level. Most AMC members held senior executive or/and director positions before joining the AMC and all members have strong multicultural competencies.

Group Board of Directors

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

The number of commercial directorships held by the members of the Management Body is as follows (2023 year-end):

Table 40 - Composition of Group AMC as of 31 December 2023

Name	Position	Executive Directorship[17]	Non-Executive Directorship	
			Group Mandate	External Mandate
Chris ALLEN	Group CEO	1	1	0
Nicholas HARVEY	Group CFO	1	1	0
Siegfried MARISSENS	Secretary General	1	0	0
Simon SPILSBURY	Chief Compliance Officer	1	0	0
Bryan CRAWFORD	Group Head GPS	1	0	0
Anthony SWINGS	Interim Group CRO	1	0	0
Anna ZAKRZEWSKI	Group COO	1	0	0

[17] Directorship as defined in CRD regulations (Article 91) onwards.

Table 41 - Composition of the Group Board as of 31 December 2023

Name	Executive Directorship[18]	Non-Executive Directorship	
		Group mandate	External Mandate
Inès De Dinechin	0	1	2
Anne-Ruth HERKES	0	1	1
Marco MAZZUCCHELLI	0	1	2
Antoine MARCOLIN	1	1	0
Giulia FITZPATRICK	0	1	3
Rory TAPNER (Chairman)	0	1	1
Bas GRADUSSEN*	0	1	0
Marie-Christine SCHLAG*	0	1	0
Frank ERTEL*	0	1	0
Shahzad SHAHBAZ	1	1	0
Bernard COUCKE	0	1	1
Jan TOMASEK*	0	1	0

* Employee Directors

18.5 Identification of the Material Risk Takers

In accordance with the Law of 5 April 1993 (as amended), the population of Material Risk Takers has been determined based on the Bank's risk management self-assessment. The Material Risk Takers' list was revised in 2023 based on the definition criteria set by the EU delegated Regulation No 604/2014. Additionally, in 2023 the Bank assessed its staff members against AIFMD/UCITS sectorial definition of Material Risk Takers. The Bank updates the list at least on an annual basis. The following staff members (non-exhaustive list) are considered to be Material Risk Takers based on qualitative criteria; therefore, their remuneration is subject to a supplementary set of rules:

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

Apart from 5 individuals, staff members who were presumed to be Material Risk Takers based only on their remuneration level (quantitative criteria) were excluded from the final Material Risk Takers' list given their limited impact on the Bank's risk profile. A thorough risk analysis by the Bank led to the following figures[19] for 2023:

[18] Directorship as defined in CRD regulations (Article 91) onwards.
[19] As assessed and approved by the Board end-2023.

Table 42 - Material Risk Takers as of the 31/12/2023

Material Risk Taker category	Number of employees
Total number of identified Material Risk Takers based on qualitative and quantitative criteria (Group-wide):	76[20]
o/w Quintet AMC and Group Exco	15

18.6 The remuneration process

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

Compensation of the Board members

The compensation of the Board members is ruled by a system of fixed remuneration (incl. coverage of expenses).

Employees of the Bank who hold a mandate in any board of directors of a subsidiary are not compensated for this specific role unless otherwise decided by the Board of Directors.

Compensation of the Members of the AMC

The Board determines the remuneration of the members of the AMC upon recommendation from the BRNC. In accordance with the Group Remuneration Policy, the total individual remuneration paid to the members of the AMC comprises a fixed and a variable component, if any.

Fixed *compensation*

Decisions related to the fixed compensation of the members of the AMC are taken by the Board based on a proposal made by the BRNC. This proposal is itself based on analyses related to market practices and compensations observed for similar functions and level of seniority in the industry.

Variable *compensation*

The principles determining the annual variable compensation of the members of the AMC are based on the achievement of objectives that are set by the Board at the beginning of the year on the basis of the advice provided by the BRNC. Those pre-agreed objectives are balanced between economic and financial objectives (Quantitative Key Performance Indicators) on the one hand and non-economic objectives (Qualitative Key Performance Indicators) on the other hand and in line with the Group's risk appetite statement. Those elements are based on the combination of "Firm-wide impact", "People/Continuous Improvement", "Risk/Control/ Governance" and "Commercial" criteria, e.g.:

- Profitability (e.g., adjusted net profit-based measures - assessed at Group and entity levels)

[20] Apart from independent non-executive Board members.

- Risk measures: solvency (e.g., CET 1 ratio, total capital ratio)
- Individual performance-based measures such as: compliance with applicable rules and risk standards, managerial behaviors/skills, ethical behavior, management of incidents, internal audit results follow-up, planning and organization

In addition, an assessment of the AMC members against their role model of the Quintet shared value system (eight behavior criteria) was added in the course of 2021.

Currently, a proportion of 60% of the annual variable compensation is deferred over a period of 5 years, the vesting of which is delayed proportionally and gradually over this period and subject to the achievement of performance objectives as well as risk adjustments. 50% of the annual variable compensation is awarded in Phantom Shares (or/and any other equity-like instruments as per regulation).

In addition, AMC members may participate to a Long Term Incentive Plan ("LTIP") which aims at incentivizing the senior management with long-term shareholders' interests. The group of beneficiaries (including AMC members) is approved by the Board upon recommendation by the BRNC. The LTIP rewards the senior management with a percentage of the value creation between the fair market value of Quintet at a certain point in time and the hurdle value defined at the beginning of the LTIP. In order to ensure an appropriate balance of the plan, the pay-out awarded to the management is capped.

Control functions compensation

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

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

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

Unless the proportionality principle[21] applies, the variable compensation of these employees comprises at least 50% phantom shares and is partly (40%) deferred over a minimum of 3 years, the vesting of which is subject to ex-post risk adjustments.

Compensation of other Material Risk Takers

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

[21] Proportionality principle may apply to staff members having less impact on the Banks' risk profile and whose variable remuneration may never exceed EUR 50,000 gross (or any lower threshold if applicable according to local regulation).

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

18.7 Remuneration, Performance and Risk Appetite

The total amount available for granting variable compensation is determined on the basis of a 'bonus pool', which is determined in accordance with the strategy of the bank and the impact of such pool on both the solvency and the liquidity position of the bank.

The bonus pool for the Group to be allocated to each entity is reviewed and validated by Board upon recommendation by the BRNC. Once the amount of the global bonus pool has been defined at the level of the Board, envelopes are allocated to business lines that, in turn, allocate them to departments, sub-departments, etc. until the individual level is reached.

In any case, the Board (upon recommendation of the BRNC) in consultation with AMC may revise significantly the bonus pool if the economic situation of the Group or macro-economic conditions justify such revision.

Individual performance is assessed annually based on an appropriate balance between quantitative objectives (based on Group or/and Business entity or/and individual components) on the one hand and qualitative objectives (non-economic) on the other.

The variable compensation related to qualitative objectives is based on the evaluation of a number of pre-agreed criteria including a risk and compliance awareness goal acting as a "circuit breaker"/"modifier". For 2023, these qualitative criteria were for example: compliance with applicable rules and risk standards, managerial behaviors/skills, ethical behavior, management of incidents, internal audit results follow-up, planning & organisation, communication & transparency, quality of reporting and proactivity & initiative.

The BRNC has the sole discretion to recommend to the Board a revision of variable performance for specific individuals in case they have not acted in compliance with the Group's qualitative objective (especially on compliance and risk awareness objectives) and core values.

18.8 Level of remuneration

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

Table 43 - Maximum variable-to-fixed remuneration ratio by function

Function	Maximum variable-to-fixed remuneration ratio
AMC, Group ExCo, Local ExCos, other Material Risk Takers (excluding Control Functions)	100% each individual. A ratio above 100% must be specifically approved during the shareholders' annual meeting
Control Functions and assimilated roles	100% (50%-75% max recommended for MRT)
All other roles	100% each individual. A ratio above 100% must be specifically approved during the shareholders' annual meeting

18.9 Risk-Adjusted Remuneration, Malus and Clawback Provisions

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

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

- Quantitative: solvency (CET1 and total capital ratios over the last business/risk cycle.) and liquidity (liquidity coverage ratio)
- Qualitative: risk and compliance goal acting as a "circuit breaker"/"modifier"

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

A malus will be applied in particular:

- In case of evidence of serious misbehavior or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risk and compliance)
- If Quintet Private Bank (Europe) or an underlying entity suffers a significant downturn in its financial performance
- If Quintet Private Bank (Europe) or an underlying entity suffers a significant failure of risk management
- In case of significant changes in the Bank's economic or regulatory capital base

A clawback will be applied[22] for example in the case of:

- Established and proven serious fraud by the staff member; dissemination or use of misleading information by the staff member
- Situations where the individual directly participated in actions that caused substantial losses for the Bank or did not comply with applicable rules in terms of reputation and competences
- Regulatory sanction of the Bank where the deliberate conduct of the staff member contributed directly to the sanction

The BRNC has the sole discretion to recommend to the Board a malus/clawback on specific individual cases.

18.10 Remuneration figures

The remuneration structure of identified Material Risk Takers was as follows in 2023. In addition, 7 employees were granted in 2023 a total remuneration exceeding EUR 1 million: five in the "payment" band [1 million to below EUR 1.5 million], one in the "payment" band [1.5 million to below EUR 2 million] and one in the "payment" band [2 million to below EUR 2.5 million]. These categories include all types of fixed remuneration and variable compensation, including exceptional variable compensation granted in the hiring context and individuals are categorized accordingly. The remuneration data are reported in: Templates on remuneration EU REM1 to EU REM5.

Notes:

- All amounts are expressed in EUR
- Fixed and Variable Remuneration are defined as per EBA guidelines and cover full year 2023
- MRT headcount and FTE are assessed end of 2023

Quintet did not benefit from the derogation as listed in Article 94(3) of CRD as per Article 450(1)(k) CRR.

[22] Without prejudice to contract or labor laws.

19. Appendix

Appendix 1 – CRR Mapping

The table below makes the link between the Bank's table of contents and Part 8 of Regulation (EU) No 575/2013, as amended.

Table 44 - CRR mapping

CRR Article	Theme	Quintet Pillar 3 location	Template(s)
431	Disclosure requirements	Pillar 3 published on Quintet's website	-
432	Non-material, proprietary od confidential information	-	-
433	Frequency of disclosure	-	-
433a	Disclosures by large institutions	N/A	N/A
433b	Disclosures by small and non-complex institutions	N/A	N/A
433c	Disclosures by other institutions	Pillar 3 published on Quintet's website	N/A
434	Means of disclosures	Pillar 3 published on Quintet's website	N/A
434a	Uniform disclosure formats	Pillar 3 aligned with EBA ITS	All relevant templates
435	Disclosure of risk management objectives and policies	Sections 4, 5, 6, Sub-sections 10.2 12.2, 13.2, 14.2, 15.3, 16.3, 16.4, 17	N/A
436	Disclosure of the scope of application	Appendix 2	LI1, LI2
437	Disclosure of own funds	Appendix 4, Appendix 5, Appendix 8, Appendix 9	CC1, CC2
437a	Disclosure of own funds and eligible liabilities	Appendix 8, Appendix 9	N/A
438	Disclosure of own funds requirements and risk-weighted exposure amounts	Section 7, Appendix 4, Appendix 5	KM1, OV1
439	Disclosure of exposures to counterparty credit risk	Section 12	CCR1, CCR3, CCR5, CCR6, CCR8
440	Disclosure of countercyclical capital buffers	Section 8	CCYB1, CCYB2
441	Disclosure of indicators of global systemic importance	N/A	N/A
442	Disclosure of exposures to credit risk and dilution risk	Section 10	CR1, CR1-A, CR2, CQ1, CQ3, CQ4, CQ5
443	Disclosure of encumbered and unencumbered assets	Section 11	AE1, AE2, AE3
444	Disclosure of the use of the Standardised approach	Sub-sections 10.1, 10.3	CR4, CR5
445	Disclosure of exposure to market risk	Sub-sections 13.1	MR1
446	Disclosure of operational risk management	Section 14.1	OR1

(continued) Table 44 - CRR mapping

CRR Article	Theme	Quintet Pillar 3 location	Template(s)
447	Disclosure of key metrics	Sub-sections 7.1	KM1
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Sub-sections 13.3	IRRBB1
449	Disclosure of exposures to securitisation positions	N/A	N/A
449a	Disclosure of environmental, social and governance risks (ESG risks)	While Art. 449a does not apply to Quintet, ESG risks are covered in sections 16 and 17	N/A
450	Disclosure of remuneration policy	Section 18, Appendix 11	REM1, REM2, REM3, REM4, REM5
451	Disclosure of the leverage ratio	Section 9	LR1, LR2, LR3
451a	Disclosure of liquidity requirements	Section 15, Appendix 10	LIQ1, LIQ2
452	Disclosure of the use of the IRB Approach to credit risk	N/A	N/A
453	Disclosure of the use of credit risk mitigation techniques	Sub-sections 10.3	CR3, CR4
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	N/A	N/A
455	Use of internal market risk models	N/A	N/A

Appendix 2 – Differences between accounting and regulatory scopes

There is no difference between accounting and regulatory scopes of consolidation (see point 3. Structure of Quintet Group). The following table provides information about the linkage between the carrying values presented in the financial statements and the regulatory exposures of the Bank.

Table 45 - Accounting and regulatory scope of consolidation

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories. (Template EU LI1 – EBA/ITS/2020/04)	a	b	c	d	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset clases according to the balance sheet in the published financial statements						
Cash and balance at central banks	3,740.7	3,740.7	3,740.7	-	-	-
Items in the course of collection from other banks	267.4	267.4	267.4	-	-	-
Financial assets	7,499.8	7,499.8	6,801.0	652.5	46.3	-
Held-for-trading	187.3	187.3	-	141.0	46.3	-
o/w derivatives trading	141.0	141.0	-	141.0	-	-
o/w trading portfolio assets	46.3	46.3	-	-	46.3	-
Mandatorily at fair value through profit or loss	22.9	22.9	22.9	-	-	-
At fair value through profit or loss	-	-	-	-	-	-
At fair value through OCI	942.9	942.9	942.9	-	-	-
At amortized cost	6,185.5	6,185.5	5,835.2	350.3	-	-
o/w Debt securities	1,039.0	1,039.0	1,039.0	-	-	-

(continued) Table 45 - Accounting and regulatory scope of consolidation

Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories. (Template EU LI1 – EBA/ITS/2020/04)	a	b	c	d	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
o/w Loans and advances to banks excluding reverse repurchase agreements	28.5	28.5	28.5	-	-	-
o/w Loans and advances to customers excluding reverse repurchase agreements	4,767.8	4,767.8	4,767.8	-	-	-
o/w Reverse repurchase agreements and other similar secured lending	350.3	350.3	-	350.3	-	
Investment in consolidated subs	-	-	-	-	-	-
Hedging derivatives	161.2	161.2	-	161.2	-	
Fair value changes of the hedged items in portfolio hedge of interest rate risk	- 134.2	- 134.2	-	-	-	- 134.2
Tax assets	24.7	24.7	0.6	-	-	24.1
Current tax assets	0.6	0.6	0.6	-	-	-
Deferred tax assets	24.1	24.1	-	-	-	24.1
Investments in associates	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Property and Equipment	24.4	24.4	24.4	-	-	-
Leased tangible assets (IFRS16 - right of use asset)	44.4	44.4	44.4	-	-	-
Goodwill and other intangible assets	435.7	435.7	13.6	-	-	422.1
Other assets	142.4	142.4	142.4	-	-	-
Assets held for sale	3.5	3.5	3.5	-	-	-
Total assets	**12,048.7**	**12,048.7**	**11,037.9**	**652.5**	**46.3**	**312.0**
Breakdown by liability classes according to the balance sheet in the published financial statements						
Financial liabilities	10,579.2	10,579.2	-	160.7	2.1	10,416.5
Held-for-trading	153.1	153.1	-	151.0	2.1	-
o/w derivatives trading	151.0	151.0	-	151.0	-	-
o/w trading portfolio liabilities	2.1	2.1	-	-	2.1	-
At fair value through profit or loss	-	-	-		-	
At amortized cost	10,418.7	10,418.7	-	2.2		10,416.5
o/w deposits from banks excluding repurchase agreements	422.4	422.4	-	-	-	422.4
o/w customer accounts excluding repurchase agreements	9,848.0	9,848.0	-	-	-	9,848.0
o/w repurchase agreements and other similar secured borrowings	2.2	2.2	-	2.2	-	-
o/w debt securities issued	71.8	71.8	-	-	-	71.8
o/w lease liabilities and other	74.2	74.2	-	-	-	74.2
Hedging derivatives	7.5	7.5	-	7.5	-	-
Tax liabilities	2.8	2.8	-	-	-	2.8
Current tax liabilities	2.8	2.8	-	-	-	2.8
Deferred tax liabilities	0.0	0.0	-	-	-	0.0
Provisions	53.2	53.2	-	-	-	53.2
Other liabilities	227.9	227.9	-	-	-	227.9
Liabilities directly associated with assets held for sale	-	-	-	-	-	-
Total equity	1,185.5	1,185.5	-	-	-	1,185.5
Total liabilities	**12,048.7**	**12,048.7**	**-**	**160.7**	**2.1**	**11,885.9**

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

Table 46 - Main source of differences between regulatory exposure amounts and carrying values in financial statements

	Main sources of differences between regulatory exposure amounts and carrying values in financial statements (Template EU LI2 – EBA/ITS/2020/04)	a	b	d	e
		Total	Items subject to		
			Credit risk framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	11,736.7	11,037.9	652.5	46.3
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	162.8	-	160.7	2.1
3	**Total net amount under the scope of prudential consolidation**	**11,573.9**	**11,037.9**	**491.8**	**44.2**
4	Off-balance-sheet amounts	2,976.2	121.8	-	-
5	*Differences in valuations*	-	-	-	-
6	*Differences due to different netting rules, other than those already included in row 2*	- 403.4	- 21.1	- 382.3	-
7	*Differences due to consideration of provisions*	-	-	-	-
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	- 2,357.0	- 2,357.0	-	-
9	*Differences due to credit conversion factors*	-	-	-	-
10	*Differences due to Securitisation with risk transfer*	-	-	-	-
11	*Other differences*	-	-	-	-
12	**Exposure amounts considered for regulatory purposes**	**11,789.7**	**8,781.6**	**109.6**	**44.2**

Appendix 3 – Prudent Valuation Adjustments (PVA)

As mentioned in EBA/RTS/2014/06, the Bank has to calculate "additional valuation adjustments" (AVA). The purpose of calculating AVAs is to define a prudential valuation of all items which are fair valued on the balance sheet. The Bank uses the simplified approach as the absolute values of all items fair valued on the balance sheet is less than EUR 15 bn.

Table 47 - Prudential valuation adjustments

	Prudent valuation adjustments (PVA) (Template EU PV1 – EBA/ITS/2020/04)	a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty			Total category level post-diversification	
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	-	-	-	-	-	-	-	-	-	-
2	Not applicable										
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
5	Early termination	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
6	Model risk	-	-	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
8	Not applicable										
9	Not applicable										
10	Future administrative costs	-	-	-	-	-	[Not applicable]	[Not applicable]	-	-	-
11	Not applicable										
12	**Total Additional Valuation Adjustments (AVAs)**								**1.2**	**-**	**-**

Appendix 4 – Composition of regulatory own funds

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

Table 48 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	880.4	a
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	154.8	b
3	Accumulated other comprehensive income (and other reserves)	- 20.3	c
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,014.9**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 1.2	d
8	Intangible assets (net of related tax liability) (negative amount)	- 422.1	e
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where	- 24.1	f
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitized assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	- 0.5	g
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	

(continued) Table 48 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	- 1.2	h
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**- 449.1**	
29	**Common Equity Tier 1 (CET1) capital**	**565.9**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	123.5	i
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**123.5**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**123.5**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**689.4**	

(continued) Table 48 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0.1	a
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**0.1**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**0.1**	
59	**Total capital (TC = T1 + T2)**	**689.5**	
60	**Total Risk exposure amount**	**2,888.3**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	19.59%	
62	Tier 1 capital	23.87%	
63	Total capital	23.87%	
64	Institution CET1 overall capital requirements	9.62%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.79%	
67	of which: systemic risk buffer requirement	-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.83%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**12.62%**	

(continued) Table 48 - Composition of regulatory own funds

	Composition of regulatory own funds (Template EU CC1 – EBA/ITS/2020/04)	(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0.0	j
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2023)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Appendix 5 – Reconciliation of regulatory own funds to balance sheet

As there are no differences between accounting and regulatory scopes of consolidation (see chapter "Structure of Quintet"), the Bank only presents the balance sheet figures in the template EU CC2.

Table 49 - Reconciliation of regulatory own funds to balance sheet

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Template EU CC2 – EBA/ITS/2020/04)	a	c
	Balance sheet as in published financial statements	Reference
	As at period end	
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements		
Total assets	**12,048.7**	
Cash, cash balances at central banks and other demand deposits	4,008.0	
Financial assets held for trading	187.3	
of which AVA computation	*0.1*	d
Non-trading financial assets mandatorily at fair value through profit or loss	22.9	
of which AVA computation	*0.0*	d
of which unsignificant holdings in FSE	*0.0*	j
Financial assets designated at fair value through profit or loss	-	
Financial assets at fair value through other comprehensive income	942.9	
of which AVA computation	*0.9*	d
Financial assets at amortized cost	6,185.5	
*of which additional capital deductions linked to insufficient coverage for non-performing exposures**	*1.2*	h
Derivatives – Hedge accounting	161.2	
of which AVA computation	*0.2*	d
Fair value changes of the hedged items in portfolio hedge of interest rate risk	- 134.2	
of which AVA computation	*- 0.1*	d
Investments in subsidiaries, joint ventures and associates	-	
Tangible assets	68.8	
Intangible assets	435.7	
of which goodwill	*374.6*	e
of which other intangible assets including the new prudential treatment of sofware assets	*47.5*	e
Tax assets	24.7	
of which deferred tax assets	*24.1*	f
Other assets	142.4	
of which defined benefit pension plan assets	*0.5*	g
Non-current assets and disposal groups classified as held for sale	3.5	

* including Pilar II and Pilar II stock requirements for non-performing exposures originated before 26/04/2019

(continued) Table 49 - Reconciliation of regulatory own funds to balance sheet

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Template EU CC2 – EBA/ITS/2020/04)	a	c
	Balance sheet as in published financial statements	Reference
	As at period end	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements		
Total liabilities	**10,863.2**	
Financial liabilities held for trading	153.1	
of which AVA computation	*0.1*	d
Financial liabilities measured at amortized cost	10,418.7	
Derivatives – Hedge accounting	7.5	
of which AVA computation	*0.0*	d
Provisions	53.2	
Tax liabilities	2.8	
Other liabilities	227.9	
Liabilities included in disposal groups classified as held for sale	-	

Shareholders' Equity		
Total shareholders' equity	**1,185.5**	
Capital	254.2	a
Share Premium	626.3	a
Equity instruments issued other than capital	123.5	i
Accumulated other comprehensive income	- 20.3	c
Retained earnings	- 196.4	b
Other reserves	351.3	b
Profit or loss attributable to owners of the parent	46.9	

Appendix 6 – Balance sheet reconciliation

Table 50 - Balance sheet reconciliation methodology

CONSOLIDATED BALANCE SHEET, as of December 31st, 2023

Disclosure according to Article 2 in Commission implementing regulation (EU) No 1423/2013
(references in square brackets correspond to lines in the 'own funds disclosure template EU CC1')

		€ mln		ofw. Non-significant investments in Financial sector entities	ofw. Significant investments in Financial sector entities	ofw. Group T2 issues / subordinated debts(after amortization / CRR Art.64)	ofw. Goodwill and other intangible assets deducted from CET1	ofw. Deferred tax assets deducted from CET1
Cash, cash balances at central banks and other demand deposits		4,008.0						
Financial assets		7,499.8		0.0	-	(**)		
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-134.2						
Tax assets		24.7						
Current tax assets	*0.6*							
Deferred tax assets	*24.1*							24.1
Investments in associates		0.0						
Investments properties								
Property & Equipment		21.0						
Leased tangible assets		47.8						
Goodwill & Other intangible assets		435.7					422.1	
Other assets		142.4						
Non-current assets held-for-sale		3.5						
TOTAL ASSETS	14,440.8							
Financial liabilities		10,579.2		(*)	-			
Tax liabilities		2.8						
Current tax liabilities	*2.8*							
Deferred tax liabilities	*0.0*							
Provisions		53.2						
Other liabilities		227.9						
Non-current Liabilities held-for-sale								
TOTAL LIABILITIES		10,863.2						
Ordinary shares issued (including share premium)		880.4	[1]					
Equity component of compound financial instruments		123.5	[30]					
Preference shares issued (including share premium)		0.1		-	-	0.1		
Retained earnings		154.8	[2]					
ofw. Reserves excluded from own funds	[2]							
Net result of the year		46.9						
Treasury shares								
Non-controlling interests								
Accumulated other comprehensive income		-20.3	[3]					
Currency translation reserve	13.6							
FVOCI revaluation reserve	-4.5							
Defined benefit pension plans reserve	-29.4							
Minority Interest		-						
TOTAL EQUITY		1,185.5						
TOTAL EQUITY AND LIABILITIES	12,048.7							
			Total	0.0	-	0.1	-422.1	-24.1
(*) Short positions to be net with long positions				[72]	[73]	*ofw. Amounts issued* 0.1	[8]	[10]
(**) Own T2 instruments held						*ofw. Own issues held* -		

Appendix 7 – Reconciliation between accounting and prudential own funds

Table 51 - Reconciliation between accounting and prudential own funds

			2023.12
	Issued capital		254.2
	Share premium		626.3
	Equity component of compound financial instruments		123.5
	Revaluation reserves		
A		OCI reserve	-4.5
C		Foreign currency translation	13.6
C		IAS 19R	-29.4
O	Reserves (including retained earnings)		
U		Retained earnings	-196.4
N		Consolidated reserves	-101.8
T		Other reserves	453.1
I	(Treasury shares)		-
N	Income from current year		46.9
G	Result of previous year not yet allocated		-
	Minority interests		-
	EQUITY [accounting]		**1,185.5**
	- Not eligible result		-46.9
	- Estimated payout		-
	- Minority interests		-
	- Capital increase - CET1 - pending approval		-
	- Intangible assets and goodwill		-422.1
	- Deferred tax assets		-24.1
	- Additional capital requirement on non-performing exposures		-1.2
	- AGDL reserve		-
	+ Eligible subordinated liabilities		-
	- Defined benefit pension fund assets		-0.5
	- Asset Value Adjustment		-1.2
	- Significant investments in relevant entities (art. 48)		-
	Sum of RETREATMENTS		-496.0
PRUDENTIAL	**ELIGIBLE OWN FUNDS [prudential]**		**689.5**
	TIER 1		689.4
	TIER 2		0.1

Appendix 8 – CET 1 instrument full terms and conditions

Name, registered office, object and duration of the company

ARTICLE 1:

Article 1.- This document constitutes the articles of association (the "Articles") of QUINTET PRIVATE BANK (EUROPE) S.A. (the "Company"), a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg ("Luxembourg Law") including the law of 10 August 1915 on commercial companies as amended from time to time (the "1915 Law") and the financial sector law of 5 April 1993 as amended from time to time (the "FSL").

ARTICLE 2:

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

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

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

ARTICLE 3:

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

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

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

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

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

In addition, the Company shall be permitted to carry out all such commercial, advisory, movable or real estate activities relating directly or indirectly to the Company's object or which may help to develop its fulfilment. The Company may be interested by means of subscription, of contribution, of participation or in any other manner in any company or undertaking having a similar, connected or supplementary activity to its own activity and capable to develop one or several areas of its activity, in the Grand Duchy of Luxembourg or abroad. The Company may amalgamate, merge, consolidate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any such company or undertaking.

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

ARTICLE 4:

The Company is formed for an unlimited period of time.

Share capital, contributions, shares and payments

ARTICLE 5:

The subscribed share capital is fixed at EUR 254,205,377.60 (two hundred and fifty-four million two hundred and five thousand three hundred and seventy-seven euro and sixty cents) divided into twenty-seven million three hundred and thirty-nine thousand seven hundred and sixteen (27,339,716) ordinary shares without nominal value and four thousand three hundred thirty-six (4,336) fully paid up preference shares without nominal value and with no voting rights, all of these shares having the respective rights and obligations set forth in these Articles and in Luxembourg Law.

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

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

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

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

ARTICLE 6:

In addition to the issued and subscribed corporate capital of two hundred and fifty-four million two hundred and five thousand three hundred and seventy-seven euro and sixty cents (EUR 254,205,377.60), the Company also has an authorized, but unissued and unsubscribed share capital set at one billion four hundred and thirty-two million nine hundred and ninety-seven thousand eight hundred and seven Euro and thirty-six cents (EUR 1,432,997,807.36,-) (the "Authorized Capital").

The Board of Directors is authorized and empowered within the limits of the Authorized Capital to (i) realize any increase of the share capital or equity of the Company with or without the issuance of new shares it being understood that the Board of Directors is authorized to issue such new shares in one or several issues and (ii) issue bonds, notes, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments, it being understood that (a) if such instruments are issued before or during the period set forth in the paragraph below, the new shares upon the conversion or exercise of such instruments may be issued after the expiry of said period and (b) the Board of Directors is authorized to issue such new shares in one or several issues. Any increase of the share capital or equity of the Company, as well as any issue of bonds, notes preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board of Directors prior to December 20, 2019, under the authorized share capital of the Company in place at the time of such increase or issue but not realized, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new Authorized Capital.

The authorisation conferred to the Board of Directors will expire five (5) years after the date of the General Meeting held on December 20, 2019, and can be renewed in accordance with the 1915 Law, it being understood that the Board of Directors can proceed to an increase of share capital or issue of the abovementioned instruments as of the date of the General Meeting held on December 20, 2019.

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

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

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

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

bonds, notes, preferred equity certificates, warrants, options or instruments and to do all things necessary to amend Articles 5 and 6 of the present Articles in order to record the change of issued and authorized share capital following any increase pursuant to the present article.

ARTICLE 7:

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

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

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

ARTICLE 8:

The Company shall recognize only one owner per share.

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

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

ARTICLE 9:

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

Management and supervision

ARTICLE 10:

The Company shall be managed by a board of directors (the "Board of Directors") composed of at least three directors (each a "Director"), who need not be shareholders. The Board of Directors shall be composed of two-thirds (2/3) equity representatives (the "Equity Directors" and each an "Equity Director") and of one-third (1/3) employee representatives (the "Employee Directors" and each an "Employee Director").

The Equity Directors will be appointed by the General Meeting for a term not exceeding four (4) years.

The Employee Director(s) will be allocated between the countries in which the Company employs employees either directly or through branches. The allocation of Employee Director(s) between countries will be made proportionally by reference to the number of employees employed per country by the Company or its branches. Each Employee Director will be appointed/elected in accordance with the national laws and/or regulations applicable in the country of employment of the Employee Director.

In case the number of employees per country changes to such an extent that the allocation between countries of the Employee Director(s) would be impacted, the existing allocation between countries shall be upheld until, and only effectively change as of, the end of the term – for whatever reason – of the concerned acting Employee Director(s).

The Employee Director(s)' status will be governed pursuant to article L.444-4 of the Luxembourg Labor Code.

A Director may be re-elected. In case a Director is elected without mention of the term of his mandate, he is deemed to be elected for 4 years from the date of his election.

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

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

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

The Board of Directors may also establish internal committees which may include non-board members chosen in particular for their technical skills. The Board of Directors shall ensure that each member of a committee who is not a Director will keep confidential all information received in relation to the Company or any of its related companies (comprised in the widest sense). The Board of Directors shall determine the composition, powers and functioning of any committee it establishes in accordance with the rules set out in the applicable Terms of Reference and the PASM.

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

ARTICLE 11:

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

ARTICLE 12:

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

ARTICLE 13:

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

ARTICLE 14:

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

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

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

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

The use of video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director shall be authorized and these means must have technical features which ensure an effective participation in the meeting allowing all the persons taking part in the meeting to hear one another on a continuous basis and allowing an effective participation of such persons in the meeting. Directors or Equity Directors' Representatives or Employee Directors' Representatives using video-conference, telephone conference facilities or telecommunication means allowing the identification of each participating Director will be deemed to be present at the meeting and shall be entitled to take part in the voting via the video or telephone link and shall be counted in the quorum. Subject to Luxembourg Law, all business transacted in this way by the Directors shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board of Directors, notwithstanding that fewer than the number of Directors (or their representatives) required to constitute a quorum are physically present in the same place. A meeting held in this way is deemed to be held at the Registered Office.

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

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

ARTICLE 15:

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

ARTICLE 16:

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

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

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

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

ARTICLE 17:

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

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

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

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

ARTICLE 18:

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

- any two (2) Directors of the Company together, of which at least one signature shall be that of the chairman or the deputy chairman of the Board of Directors;
- any two members of the Executive Committee or any two managing directors, to the extent powers have been delegated to them under article 17;
- any other person to whom such a power has been delegated in accordance with article 17 to the extent such a power has been delegated to him, and whose name has been published in accordance with Luxembourg Law.

ARTICLE 19:

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

The Auditors are re-eligible.

General meeting of shareholders ("General Meeting")

ARTICLE 20:

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

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

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

ARTICLE 21:

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

ARTICLE 22:

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

ARTICLE 23:

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

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

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

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

ARTICLE 24:

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

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

ARTICLE 25:

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

ARTICLE 26:

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

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

ARTICLE 27:

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

ARTICLE 28:

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

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

majority of the votes cast by the shareholders present or represented, regardless of the proportion of capital represented.

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

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

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

ARTICLE 29:

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

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

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

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

ARTICLE 30:

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

Accounts, distribution of profits, reserves

ARTICLE 31:

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

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

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

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

ARTICLE 32:

The net profits shall be distributed as follows:

At least five percent (5%) shall be allocated to the statutory reserve; such deduction shall cease to be required once that reserve has reached one tenth of the Company's share capital, but shall become applicable once again as soon as the reserve falls below that level of one tenth of the share capital.

Such sum as is necessary in order to allocate to the preference shares with no voting rights an initial preferential, recoverable dividend of 2.68% of the accounting par value of nine point three euro (EUR 9.3), it being understood that any increase in the accounting par value which does not result from new contributions shall entail the proportional reduction of that percentage.

The remainder shall be shared out between all the shares, without any distinction being made between preference shares with no voting rights and ordinary shares, subject to deduction, in relation to the preference shares with no voting rights, of the initial preferential, recoverable dividend already received by them.

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

ARTICLE 33:

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

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

Dissolution and liquidation

ARTICLE 34:

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

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

ARTICLE 35:

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

Special provisions

ARTICLE 36:

Any shareholder, Director or liquidator domiciled outside the Grand Duchy of Luxembourg shall be required to specify an address for service within the Grand Duchy for the purposes of his relations with the Company; if he fails to do so, he shall be deemed to have elected domicile at the Registered Office, whither all communications, notifications and summonses shall be validly addressed or served, as well as all notices and/or letters that may be sent to him.

ARTICLE 37:

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

Appendix 9 – Main features of regulatory own funds instruments and eligible liabilities instruments

Commission Implementing Regulation (EU) No 1423/2013.

Capital instruments main feature template

1	Issuer	KBL epb S.A.	KBL epb S.A.	Quintet Private Bank (Europe)
2	Unique Identifier	LU0092281103	LU0092281442	XS2244811019
3	Governing law(s) of the instrument	Luxembourg	Luxembourg	Luxembourg
Regulatory Treatment				
4	Transitional CRR rules	CET1	T2	AT1
5	Post-transitional CRR rules	CET1	T2	AT1
6	Eligible at solo/(sub)-consolidated/ solo & (sub-consolidated)	Solo & sub-consolidated	Solo & sub-consolidated	Solo & sub-consolidated
7	Instrument type	Shares of a public limited liability company	Preference shares	Fixed rate resettable callable perpetual debt
8	Amount recognized in regulatory capital (currency in million, as of most recent reporting date)	EUR 880 mln	EUR 0.07 mln	EUR 124 mln
9	Nominal amount of instrument	n/a	n/a	n/a
9a	Issue price	n/a	n/a	100%
9b	Redemption price	n/a	n/a	100%
10	Accounting classification	Shareholder's equity	Shareholder's equity	Liability - amortized cost
11	Original date of issuance	from 1949	from 1986	October 2020
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption	n/a	n/a	Optional call within 3 months preceding January 2026
16	Subsequent call dates, if applicable	n/a	n/a	Every 6 months post January 2026
Coupon/dividends				
17	Fixed or floating dividend / coupon	n/a	Initial preference dividend (fixed)	Fixed until January 2026. Re-set afterwards every 5 years
18	Coupon rate and any related index	n/a	EUR 0,25 per share	7.25%. Reset at mid swap rate plus 8.121%
19	Existence of a dividend stopper	Profit Allocation rules contained in the articles of association	Profit Allocation rules contained in the articles of association	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Partially discretionary (fully discretionary beyond the initial preference dividend)	Mandatory, subject to capital threshold
21	Existence of a step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
30	Write-down features	No	No	Yes
31	If write-down, write-down trigger(s)	n/a	n/a	5.125% CET 1 ratio
32	If write-down, full or partial	n/a	n/a	Partial
33	If write-down, permanent or temporary	n/a	n/a	Temporary
34	If temporary write-down, description of write-up mechanism	n/a	n/a	Write-up commensurate with recovery of CET1 ratio above the write-down trigger
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference shares	Senior unsubordinated	Unsecured subordinated
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a

Appendix 10 – The tables EU LIQ2 on NSFR as at 31 March 2023, 30 June 2023 & 30 September 2023

Table 52 - Template EU LIQ2 - Net stable funding ratio as at 31/03/2023

ASF

C 81.00		(in currency amount)		a	b	c	d	e
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	**Available stable funding (ASF) Items**						
	See instructions	1	Capital items and instruments	1,142	-	-	0.1	1,142
21a,24d, 25a		2	*Own funds*	1,142	-	-	0.1	1,142
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		4,132	164	9	3,920
21c,22		5	*Stable deposits*		878	5	0.2	838
21c,23		6	*Less stable deposits*		3,255	159	9	3,082
		7	Wholesale funding:		6,284	402	96	1,983
21c,24b,25a		8	*Operational deposits*		376	-	-	188
21c,24acd,25a		9	*Other wholesale funding*		5,908	402	96	1,795
45		10	Interdependent liabilities		-	-	-	-
		11	Other liabilities:	245	260	35	12	30
19,20,25c		12	*NSFR derivative liabilities*	245				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		260	35	12	30
		14	Total available stable funding (ASF)					7,075

RSF

C 80.00		(in currency amount)		a	b	c	d	e
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					159
		EU 15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		-	-	-	-
40d		16	Deposits held at other financial institutions for operational purposes		-	-	-	-
		17	Performing loans and securities:		1,689	311	4,626	4,188
38,40c,43c		18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		125	-	-	-

(continued) Table 52 - Template EU LIQ2 - Net stable funding ratio as at 31/03/2023

C 80.00		(in currency amount)		a	b	c	d	e
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		1,095	6	345	432
36c,40e,41b, 42b,43a		20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		191	173	2,607	2,581
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		12	10	115	292
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		118	87	1,366	801
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		106	78	1,284	721
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		159	46	309	374
45		25	Interdependent assets		-	-	-	-
		26	Other assets:	No mapping to reporting	504	2	475	617
42d		27	*Physical traded commodities*				-	-
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		69	-	-	59
34,35,43b		29	*NSFR derivative assets*		22			22
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		245			12
36d,43c		31	*All other assets not included in the above categories*		168	2	475	524
46,47		32	Off-balance sheet items		2,799	7	561	83
		33	Total RSF					5,047

NSFR

Ref BCBS NSFR	Ref CRR2			a	b	c	d	e
9	Art451a(3a), Art428b	34	**Net Stable Funding Ratio (%)**					140.18%

Table 53 - Template EU LIQ2 - Net stable funding ratio as at 30/06/2023

ASF

				a	b	c	d	e
C 81.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	**Available stable funding (ASF) Items**						
	See instructions	1	Capital items and instruments	**1,142**	**-**	**-**	**0.1**	**1,142**
21a,24d, 25a		2	*Own funds*	1,142	-	-	0.1	1,142
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		**3,949**	**204**	**18**	**3,799**
21c,22		5	*Stable deposits*		869	7	0.2	832
21c,23		6	*Less stable deposits*		3,080	197	18	2,967
		7	Wholesale funding:		**6,289**	**310**	**85**	**1,882**
21c,24b,25a		8	*Operational deposits*		373	-	-	187
21c,24acd,25a		9	*Other wholesale funding*		5,916	310	85	1,696
45		10	Interdependent liabilities		-	-	-	-
		11	Other liabilities:	**245**	**229**	**31**	**13**	**29**
19,20,25c		12	*NSFR derivative liabilities*	245				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		229	31	13	29
		14	**Total available stable funding (ASF)**					6,853

RSF

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					**160**
		EU 15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		-	-	-	-
40d		16	Deposits held at other financial institutions for operational purposes		-	-	-	-
		17	Performing loans and securities:		**1,553**	**317**	**4,608**	**4,160**
38,40c,43c		18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		97	-	-	-
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		1,040	12	353	445

(continued) Table 53 - Template EU LIQ2 - Net stable funding ratio as at 30/06/2023

				a	b	c	d	e
C 80.00		(in currency amount)		Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36c,40e,41b, 42b,43a		20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		219	133	2,571	2,548
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		7	12	92	274
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		111	68	1,334	769
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		105	62	1,248	690
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		85	103	350	397
45		25	Interdependent assets		-	-	-	-
		26	Other assets:	No mapping to reporting	**497**	**2**	**498**	**649**
42d		27	*Physical traded commodities*				-	-
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**59**	-	-	51
34,35,43b		29	*NSFR derivative assets*		**23**			23
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		**245**			12
36d,43c		31	*All other assets not included in the above categories*		170	2	498	564
46,47		32	Off-balance sheet items		**3,328**	**1**	**73**	**80**
		33	**Total RSF**					**5,049**

NSFR

9	**Art451a(3a), Art428b**	**34**	**Net stable funding ratio (%)**					135.72%

Table 54 - Template EU LIQ2 - Net stable funding ratio as at 30/09/2023

ASF

C 81.00		(in currency amount)		a	b	c	d	e
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	**Available stable funding (ASF) Items**						
	See instructions	1	Capital items and instruments	**1,138**	**-**	**-**	**0.1**	**1,138**
21a,24d, 25a		2	*Own funds*	1,138	-	-	0.1	1,138
21b,24d,25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		**3,860**	**196**	**16**	**3,708**
21c,22		5	*Stable deposits*		819	8	2	787
21c,23		6	*Less stable deposits*		3,041	188	15	2,921
		7	Wholesale funding:		**5,959**	**331**	**82**	**1,818**
21c,24b,25a		8	*Operational deposits*		339	-	-	169
21c,24acd,25a		9	*Other wholesale funding*		5,620	331	82	1,648
45		10	Interdependent liabilities		-	-	-	-
		11	Other liabilities:	**273**	**250**	**28**	**13**	**27**
19,20,25c		12	*NSFR derivative liabilities*	273				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		250	28	13	27
		14	**Total available stable funding (ASF)**					**6,692**

RSF

(continued) Table 54 - Template EU LIQ2 - Net stable funding ratio as at 30/09/2023

C 80.00		(in currency amount)		a	b	c	d	e
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c	**Required stable funding (RSF) Items**						
36ab,37,39a, 40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					**169**
		EU 15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		-	-	-	-
40d		16	Deposits held at other financial institutions for operational purposes		-	-	-	-
		17	Performing loans and securities:		**1,386**	**392**	**4,474**	**4,068**
38,40c,43c		18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		55	-	-	-
39b,40c,43c		19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		939	20	396	476
36c,40e,41b, 42b,43a		20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		205	162	2,404	2,393
36c,40e,41b,43a		21	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		15	14	83	252
40e,41a,42b,43a		22	*Performing residential mortgages, of which:*		120	84	1,316	790
40e,41a,43a		23	*With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk*		109	83	1,235	715
40e,42c,43a		24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		67	126	360	409
45		25	Interdependent assets		-	-	-	-
		26	Other assets:	No mapping to reporting	**523**	-	**505**	**659**
42d		27	*Physical traded commodities*				-	-
42a		28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		**59**	-	-	50
34,35,43b		29	*NSFR derivative assets*		**20**			20
19,43d		30	*NSFR derivative liabilities before deduction of variation margin posted*		**273**			14
36d,43c		31	*All other assets not included in the above categories*		171	-	505	575
46,47		32	Off-balance sheet items		**3,293**	**7**	**62**	**78**
		33	**Total RSF**					**4,973**

NSFR

Ref BCBS NSFR	Ref CRR2			a	b	c	d	e
9	**Art451a(3a), Art428b**	**34**	**Net stable funding ratio (%)**					134.56%

Appendix 11 – Templates on remuneration EU REM1 to EU REM5

Table 55 - Template EU REM1 – Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	14.00	20.00	-	42.80
2		Total fixed remuneration	2,205,935.65	12,146,168.16	-	11,212,716.83
3		Of which: cash-based	2,205,935.65	12,146,168.16	-	11,212,716.83
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	3.00	18.00	-	38.80
10		Total variable remuneration	12,594.00	5,639,494.62	-	4,710,956.89
11		Of which: cash-based	12,594.00	2,873,071.71	-	3,256,911.83
12		Of which: deferred	-	1,556,603.59	-	990,367.16
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	2,766,422.91	-	1,454,045.06
EU-14b		Of which: deferred	-	1,556,603.59	-	628,953.52
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)		2,218,529.65	17,785,662.77	-	15,923,673.71

Table 56 - Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	6.00
2	Guaranteed variable remuneration awards -Total amount	-	-	-	303,653.79
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-

(continued) Table 56 - Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	1.00	-	1.00
7	Severance payments awarded during the financial year - Total amount	-	106,648.80	-	95,500.00
8	Of which paid during the financial year	-	106,648.80	-	95,500.00
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	106,648.80	-	95,500.00

Table 57 - Template EU REM3 - Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	10,632,075.28	4,267,180.90	6,364,894.38	-	-	61,257.40	3,874,461.64	1,833,826.64
8	Cash-based	6,166,698.54	2,433,354.27	3,733,344.27	-	-	-	2,433,354.27	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	4,465,376.74	1,833,826.64	2,631,550.11	-	-	61,257.40	1,441,107.38	1,833,826.64
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	5,976,142.54	3,107,141.59	2,869,000.95	-	-	57,059.85	3,043,814.78	1,250,736.09
20	Cash-based	3,543,805.72	1,856,405.50	1,687,400.22	-	-	-	1,876,405.50	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	2,432,336.83	1,250,736.09	1,181,600.73	-	-	57,059.85	1,167,409.28	1,250,736.09
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	16,608,217.83	7,374,322.50	9,233,895.33	-	-	118,317.25	6,918,276.42	3,084,562.73

Table 58 - Template EU REM4 - Remuneration of 1 million EUR or more per year

		a
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	5.00
2	1 500 000 to below 2 000 000	1.00
3	2 000 000 to below 2 500 000	1.00
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

Table 59 - Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (unit: EURO)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										76.80
2	Of which: members of the MB	14.00	20.00	34.00							
3	Of which: other senior management				-	-	-	-	-	-	
4	Of which: other identified staff				6.00	1.00	5.00	10.00	10.80	10.00	
5	Total remuneration of identified staff	2,218,529.65	17,785,662.77	20,004,192.42	2,135,417.73	297,249.06	1,643,290.23	2,915,046.85	3,027,843.69	5,904,826.16	
6	Of which: variable remuneration	12,594.00	5,639,494.62	5,652,088.62	526,917.00	40,000.00	430,014.62	628,210.78	606,261.00	2,479,553.49	
7	Of which: fixed remuneration	2,205,935.65	12,146,168.16	14,352,103.80	1,608,500.73	257,249.06	1,213,275.60	2,286,836.07	2,421,582.68	3,425,272.68	

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