QUINTET
PRIVATE BANK

2023

ANNUAL REPORT

QUINTET
PRIVATE BANK
www.quintet.com

PUILAETCO
A QUINTET PRIVATE BANK

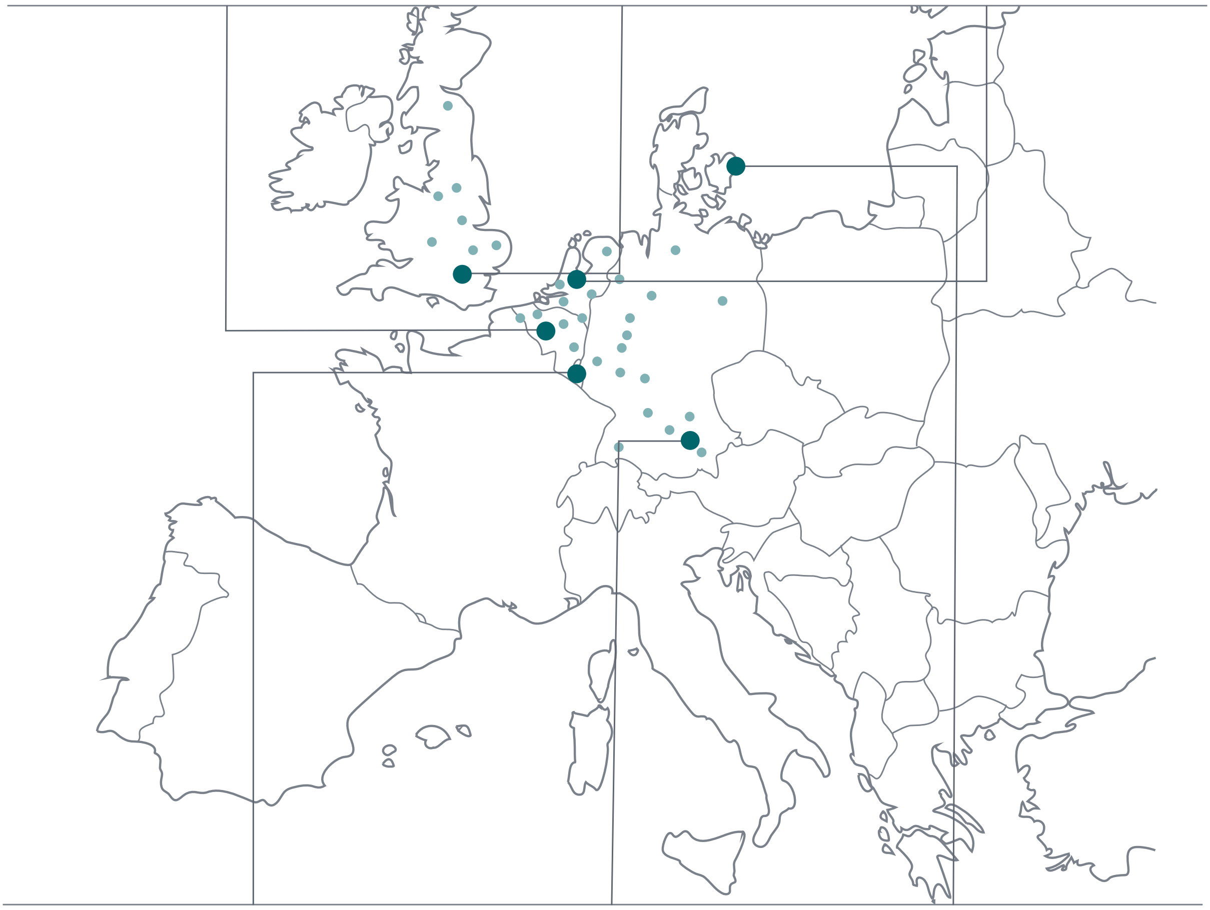
Boulevard du Souverain 25
B-1170 Brussels
Belgium
www.puilaetco.be

BROWN SHIPLEY
A QUINTET PRIVATE BANK

2 Moorgate
London EC2R 6AG
United Kingdom
www.brownshipley.com

INSINGER
GILISSEN
A QUINTET PRIVATE BANK

Herengracht 537
1017 BV Amsterdam
The Netherlands
www.insingergilissen.nl



QUINTET
LUXEMBOURG
PRIVATE BANK

43, boulevard Royal
L-2449 Luxembourg
Luxembourg
www.quintet.lu

MERCK FINCK
A QUINTET PRIVATE BANK

Pacellistrasse 16
D-80333 Munich
Germany
www.merckfinck.de

QUINTET
DANMARK
PRIVATE BANK

Sankt Annae Plads 13, 3 tv.
DK-1250 Copenhagen K
Denmark
www.quintet.dk

CONTENTS

This document is subject to approval at the Annual General Meeting of 24 April 2024

MESSAGE FROM THE CHAIR

In so many respects, 2023 should have been the year when some degree of normality returned to markets, and to our clients' financial aspirations becoming more predictable. However, the year saw a sustained reset of the interest-rate environment against a backdrop of stubbornly resilient inflation. Equity markets rallied surprisingly well, particularly in November and December, despite war in Eastern Europe and significant displacement and fighting in the Middle East, with trade routes being impacted and political uncertainty in so many parts of the world.

This year will see important elections in many of the world's largest economies, and nothing could be further from a settled picture of the future. But this is of course where a private bank becomes an important part of helping clients navigate uncertain times.

I am pleased to report that 2023 saw a return to the outstanding investment service Quintet offers. In addition, we announced and finalised a partnership agreement with BlackRock, the world's largest asset manager, which will become an integral part of our investment process going forward. We will of course remain the decision-maker on how our client assets are managed, including the suitability of invested assets for each particular circumstance. As we move forward, though, we will have access to the brightest and best investment professionals available – including both our own specialists and their BlackRock peers – while our clients will benefit from the significant buying power that our partner can bring.

Quintet remains on a journey to take full advantage of the merger of our EU subsidiaries, completed in 2020. This requires a significant transformation of many elements of the business, which was the major focus of management for all of 2023 and will also be the case for 2024. By fully delivering our transformation the benefits can then be harvested for clients and staff alike, as well as for our stakeholders. The Board continues with monthly meetings with management to review progress against an eight-quarter plan, with inevitable adjustments needed from time to time. We are pleased with the progress to date.

2023 saw the bank make a number of important new appointments, particularly at the Authorised Management Committee level. This now means that our CEO, Chris Allen, has a settled and highly professional team around him. The Board takes this opportunity to thank Chris and his team, and all colleagues who contribute on a daily basis to the progress of Quintet.

That progress is, in part, demonstrated by the financial performance of the group in 2023, with a healthy €46.9 million net profit reported. Net interest income played a meaningful role in this positive outcome, which is not something the bank can rely on looking to the future. As such, the restructuring work and further focus on areas of commercial momentum must remain at the forefront of our management teams going forward.

Finally, I should record my thanks to Yves Francis, who stepped down from the Board and as Chair of our Audit Committee. He provided a wonderfully reassuring and experienced voice around the boardroom table during his tenure with the bank.

We welcome Bernard Coucke, Inès de Dinechin, Giulia Fitzpatrick and Shahzad Shahbaz as new Board members.

RORY TAPNER
Chair of the Board of Directors

GROUP CEO WELCOME

Thank you for your interest in Quintet Private Bank.

2023 was a positive year for Quintet. Overall financial performance was robust over a 12-month period when we strengthened the foundation of our firm to support sustained growth, including by increasing organisational agility. We extended our investment capabilities through a refreshed philosophy and new partnerships, further enhancing our client proposition. And we started a long-term effort to standardise, simplify and accelerate our core processes, an essential part of our transformation efforts.

These actions will help us to simplify the organisation, reduce operational risk and allow us to spend more *time* doing the things that add the greatest value. More time for every Quintet colleague to do their job well and more time for all of us to dedicate to our clients, who value our proximity to them and our holistic approach. Most of all, our clients cherish the time we commit to them as we strive to protect and grow their family wealth.

STRATEGY REFRESH

Our vision for Quintet is to become a profitable, sustainable and growing bank. We aspire to be among the leading private banks for our core client segments in each of our markets, operating at benchmark profitability levels that allow us to continuously invest in a business differentiated by deep personal relationships and holistic advice.

We made good progress last year as part of our strategy refresh and eight-quarter transformation programme, a series of measures we are implementing over the course 2023-2024.

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

We have also begun introducing where possible standardised and digitised processes, from front to back, starting from the perspective of our clients. By doing so, we will become more consistently responsive, offering clients the opportunity to connect with us through the channel of their choice. Again, this is aligned with our focus on creating more time for our colleagues and the clients we serve.

In parallel, we defined a clear growth agenda, reflecting the importance of retaining and attracting clients in this highly competitive industry. This includes a number of key initiatives, including the introduction of a front-office excellence training programme, 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 all client activity so we can serve them even better.

We will also continue to target semi-organic growth opportunities where we can identify experienced, collaborative client advisors and teams of client advisors who share our values and who want to be part of our exciting journey.

In that regard, we have committed to further strengthening our corporate culture and people strategy, both of which are core to our transformation. In 2024, we will introduce a number of culture and employee engagement initiatives, including further enhancements to our approach to lifelong learning and development.

POWERFUL PARTNERSHIPS

Last summer, Quintet announced a new partnership with BlackRock, the world's largest asset manager. We selected BlackRock because of the depth and quality of their investment expertise, the scale of their investment reach and the strength of their risk-management platform. In addition, we were impressed by their collaborative approach to supporting how we can deliver better, consistent long-term outcomes for our clients.

This partnership will extend our investment capabilities, significantly strengthening our ability to meet the needs of our clients while also allowing us to retain full control of all our investment decision-making.

Last autumn, we also announced an investment partnership with Berlin-headquartered Moonfare, giving suitable clients access to an end-to-end digital investment platform offering top-tier private-market funds selected and approved by us. This platform provides our clients and client advisors with a wealth of tools and information, including product collaterals, client reporting and portfolio analytics.

The BlackRock and Moonfare partnerships will support and enhance our ability to deliver robust client outcomes, superior client experience and ongoing investment innovation.

FINANCIAL PERFORMANCE

As detailed in this report, Quintet recorded a 2023 net profit of €46.9 million, up from €18.1 million in 2022.

In 2023, total group income rose to €602.4 million, up 15% compared to €524 million in 2022 and supported by a favourable interest-rate environment. Group expenses remained largely stable at €522.1 million in 2023, compared to €493.2 million the previous year. Consequently, despite significant market volatility and sustained inflationary pressure, Quintet's 2023 cost-to-income ratio stood at 86.7%, down from 94.1% in 2022.

As of 31 December 2023, total client assets stood at €92 billion, up 6% from €86.7 billion at the end of 2022. This reflects increases in both private banking assets under management and institutional assets under custody.

Quintet's Basel III common equity tier 1 ratio stood at 19.6% at the end of 2023, up from 18.4% at the end of the previous year and well above the regulatory threshold. Our firm's liquidity coverage ratio stood at 147.9% at the end of 2023, compared to 153.2% at the end of 2022 and likewise well above the regulatory threshold. Current sources of funding and liquidity remain extremely stable.

While evolving macroeconomic conditions, including the next phase of the interest-rate cycle, will create new challenges, we remain confident about the future and are focused on delivering for our clients.

CELEBRATING OUR HERITAGE

Quintet is uniquely positioned as a privately owned wealth manager focused on private clients – as well as select professionals and institutions – with geographic coverage spanning Europe and the UK. We also have a distinct heritage that sets us apart.

In the UK and the Netherlands, our roots go back more than two centuries. In Belgium and Germany, we have been in business for over 150 years. And in May of this year, we will mark the 75th anniversary of the founding of our firm in Luxembourg.

On 23 May 1949, a small business was born in the Grand Duchy. With a staff of five and a mission to support domestic industry, commerce and the public sector, "Kredietbank Luxembourg" formed part of the country's much broader effort to spur post-war growth.

Over the subsequent decades – as a national economy dominated by steel began to diversify into other areas, including financial services – Kredietbank likewise entered new growth segments. Starting in the 1980s, the Luxembourg-based bank began its geographic expansion, acquiring a stake in UK-based Brown Shipley in 1986, then 100% of the company in 1992.

Over the next decade – as our firm focused ever more sharply on private banking – we acquired historically important wealth managers in Germany, the Netherlands and Belgium. Along the way, Kredietrust Luxembourg was set up to lead the bank's asset management activities and Asset Servicing & Financial Intermediaries introduced to meet the needs of a sophisticated client base.

Reflecting the bank's local roots and its European vision, our firm was renamed "KBL European Private Bankers" in 2008, just ahead of the global financial crisis that would lead, four years later, to the acquisition by Precision Capital.

The years since then have been marked by a series of landmark acquisitions and important mergers, in-depth transformation programmes, major IT projects and strategic realignments.

In 2020, to mark the start of a new era, we rebranded as "Quintet Private Bank" and introduced a shared corporate identity across our operations, including at our startup operations in Denmark, illustrated by five interlocking rings. Inspired by music's universal appeal and reflecting our collaborative approach, "Quintet" speaks to who we are as a firm and how we deliver value to the families we serve.

Today, some 75 years after our founding, we look back with pride at all that we have achieved, recognising that we carry on the work of the thousands of women and men who came before us.

Even as we celebrate this milestone, we keep our eyes firmly fixed on the realisation of our ambitious long-term goals. Building on our client-focused strategy, we will further strengthen our position in each of our local markets, reflecting our ability to deliver outstanding client experience as a trusted advisor. As a private bank that is increasingly agile and efficient. That creates more time for colleagues to do their job well and dedicate to the families we serve.

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

Regards,

CHRIS ALLEN
Group Chief Executive Officer

CONSOLIDATED MANAGEMENT REPORT

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

RORY TAPNER
Chair

ANNE RUTH HERKES
Director

[1]BERNARD COUCKE
Deputy Chair

ANTOINE MARCOLIN
Director

[2]INÈS DE DINECHIN
Director

MARCO MAZZUCCHELLI
Senior Independent Director

[3]GIULIA FITZPATRICK
Director

[4]SHAHZAD SHAHBAZ
Director

FRANK ERTEL
Employee Representative

MARIE-CHRISTINE SCHLAG
Employee Representative

BAS GRADUSSEN
Employee Representative

JAN TOMASEK
Employee Representative

[1]As of 03/11/23
[2]As of 15/03/23
[3]As of 15/03/23
[4]As of 23/08/23

AUTHORIZED MANAGEMENT COMMITTEE

CHRIS ALLEN
Group CEO

SIEGFRIED MARISSENS
Secretary General

BRYAN CRAWFORD
Group Head of Investment & Client Solutions

SIMON SPILSBURY
Group Chief Compliance Officer

NICHOLAS HARVEY
Group Chief Financial Officer

[2]ANNA ZAKRZEWSKI
Group Chief Operating Officer

[1]CHRISTINE LYNCH
Group Chief Risk Officer

[1]As of 15/01/24, replacing Anthony Swings, ad interim Group CRO as of 01/04/23 following resignation of Philip Tremble as of 03/03/23
[2]As of 25/09/23, replacing Eli Leenaars, who resigned as of 31/12/23

AFFILIATE & BRANCH MANAGEMENT

CALUM BREWSTER
United Kingdom

LUDIVINE PILATE
Belgium

OLE JENSBY
Nordics

MICHAEL SAVENAY
Germany

THOMAS KLEIN
Luxembourg

HENRIK WYRWIK
Denmark

FRANK KOSTER
Netherlands

COMPOSITION OF THE BOARD OF DIRECTORS

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.

2023 IN REVIEW

JANUARY

Michael Savenay – who served in a range of senior roles at Quintet in Luxembourg and Germany over the previous decade, including most recently as CEO of Quintet Luxembourg – is named CEO of Merck Finck, Quintet's German branch

Thomas Klein, who joined Quintet in Luxembourg in 2021 and heads its Europe-wide Asset Servicing business, is promoted to CEO of Quintet Luxembourg, succeeding Michael Savenay

Amsterdam-based Marc Baltus – who joined Quintet's Dutch branch, InsingerGilissen, in 2000 – is named Group Head of Client Lifecyle Management (CLM) and begins building dedicated CLM teams across Quintet locations

Thomas Chiché, who has more than 20 years of experience in information security and cybersecurity, is promoted to Group Chief Information Security Officer

Martijn Storsbergen, who earlier served for over two decades at ABN AMRO, is appointed Head of Wealth Management and member of the Country Management Committee at InsingerGilissen

FEBRUARY

Quintet launches an eight-quarter strategy refresh – a series of measures to create additional economies of scale, reduce organizational complexity and increase collaboration in service to its clients – and its new five-year business plan

MARCH

George Nasra retires after a long and distinguished career, including representing for the previous 12 years the interests of Quintet's shareholder as CEO of Precision Capital and Deputy Chair of the Quintet Board

Giulia Fitzpatrick – a subject-matter expert in technology, digitalization, data and risk management, having served at firms such as Bankers Trust, Merrill Lynch and UBS – is appointed to Quintet's Board of Directors

Inès de Dinechin – who served for 25 years at Société Générale Group and is the former CEO and Chair of Lyxor Asset Management and Aviva Investors – is appointed to Quintet's Board of Directors

Quintet announces its positive 2022 financial results, highlighting the ongoing growth of its core business over a 12-month period marked by the firm's return to profitability

Jeroen Stuart, who earlier served for more than a quarter-century at ING, is appointed Head of Marketing & Business Development and member of the Country Management Committee at InsingerGilissen

Brown Shipley, Quintet's UK subsidiary, is named "Best Credit Provider - UK Private Bank" for the fifth consecutive year at the WealthBriefing European Awards

More than 50 Quintet staff take part in the Relay For Life, a 24-hour charity run in Luxembourg that raises funds for cancer research

APRIL

Damien Wigny, who served as CEO of KBL (the forerunner of Quintet) from 1993-2002, passes away at the age of 80

Helena Bonsu is appointed Group Chief of Staff, supporting Group CEO Chris Allen in matters of strategic importance to the firm, including engagement with key stakeholders

Giulia Bruni Roccia is appointed Head of Corporate Sustainability with a mandate that includes development of the firm's corporate sustainability strategy and associated reporting

To mark World Autism Awareness Day, Quintet extends its continued support to the Luxembourg Autism Foundation, which helps people with autism and their families, promoting social inclusion

MAY

InsingerGilissen hosts its "NextGen Academy," a day-long series of talks by expert speakers on topics such as financial literacy and wealth planning for the adult children and grandchildren of clients

JUNE

Puilaetco moves into its new head office in Brussels, occupying the top two floors of the historic Royale Belge, an exclusive, sustainable mixed-use landmark offering stunning views of the Belgian capital and forest

Quintet publishes its annual Active Ownership Report, which highlights how and why the firm voted on nearly 12,000 management and shareholder proposals at more than 880 shareholder meetings worldwide

Quintet unveils its 2023 midyear investment outlook – "Peaks, pauses and pickups" – highlighting core dynamics that will drive the global economy, financial markets and key asset classes over the second half of 2023 and beyond

JULY/AUGUST

Quintet announces a strategic partnership with BlackRock, the world's largest asset manager, that will extend Quintet's investment capabilities, significantly strengthening its ability to meet the long-term needs of its clients while retaining full control of all its investment decision-making

Shahzad Shahbaz – a highly experienced investment professional who served for 25 years at Bank of America and in leadership roles such as CEO of QInvest, the Qatari private investment bank, and CEO of Emirates NBD Investment Bank in Dubai – is appointed to Quintet's Board of Directors

Daniele Antonucci, who joined Quintet in 2020 as Chief Economist & Macro Strategist, is promoted to Group Co-Head of Investment & Chief Investment Officer

Stefan Duderstedt – who has served at Merck Finck for over 22 years – is appointed Head of Investment & Client Solutions, Germany, and member of the Country Management Committee

Quintet publishes its second annual Corporate Sustainability Report, which details its commitment to putting sustainability at the heart of its business

InsingerGilissen organizes a clothing drive to benefit Dress for Success, a non-profit organization that provides professional clothing and personalized advice to job seekers on a minimum income; Quintet's Dutch branch also supports Pride Amsterdam 2023, including by decorating its facade with a pride flag

SEPTEMBER

Anna Zakrzewski is named Group Chief Operating Officer and member of Quintet's Authorized Management Committee. Zakrzewski earlier served for over two decades at Boston Consulting Group (BCG) as Managing Director & Partner, rising to member of BCG's global Financial Institutions Leadership team and leading the Wealth Management segment globally for many years

Puilaetco hosts a series of client and partner events at its new head office in Brussels, welcoming hundreds of its key stakeholders to the historic Royale Belge

Warren Hastings is appointed Group Co-Head of Investment & Head of Portfolio Management, bringing to Quintet some 30 years of international experience, spanning institutional and private wealth client segments

Andrew Kyle, who earlier served as Finance Director at Coutts, is named Chief Financial Officer designate and member of the Executive Committee at Brown Shipley

Ruth Post – an experienced compliance professional whose earlier roles span the private sector and the Dutch National Bank – is appointed Head of Compliance and member of the Country Management Committee at InsingerGilissen

Puilaetco introduces "Mobility Week" to highlight sustainable and healthy travel, including the organization of cycling afternoons and walking tours; Quintet's Belgian branch also supports "Les Voiles du Zoute," a sailing event and dinner on the Flemish coast

OCTOBER

Quintet signs a partnership agreement with Moonfare that will enhance Quintet's ability to extend private-market investment opportunities to appropriate clients, including via an end-to-end digital investment platform

Quintet is recognized among Europe's "Outstanding Private Banks" at the 33rd annual Private Banker International Global Wealth Awards

Brown Shipley hosts its first "Client Council" as part of its commitment to building its business around client needs

InsingerGilissen sponsors the International Documentary Film Festival Amsterdam, including by inviting more than 800 clients to attend films and relax between screenings at the bank's Amsterdam office, transformed into a grand café for the occasion

Puilaetco hosts more than 200 clients and prospects at a series of exclusive events across Belgium to introduce its "Richer Life Plan," an innovative digital wealth-planning platform

NOVEMBER

Marion Rinke is appointed Group Chief Legal Officer, bringing a quarter-century of experience to her new role. Rinke previously served at Credit Suisse Luxembourg, where she was Head of Legal, a role covering activities in the Grand Duchy and across that firm's EU branches

Bernard Coucke – whose career spans roles such as CEO of Edmond de Rothschild (Europe) and Global Head of ING Private Banking – joins the senior management of Precision Capital, which represents the private interests of Quintet's shareholder, and is appointed to Quintet's Board of Directors

Quintet is named among the best private banks in Luxembourg at the 2023 Global Private Banking Awards, hosted by *Professional Wealth Management* and *The Banker*

Puilaetco hosts a client event on sustainable investment in partnership with Sench, a community of eco-conscious citizens and ecopreneurs; Quintet's Belgian branch also hosts a client event on succession planning in partnership with *L'Éventail*, the lifestyle magazine

Brown Shipley hosts a webinar in partnership with WealthiHer on the "Power of Female and Finance"

Iris van de Looij – most recently Managing Director of DUFAS, the Dutch Fund and Asset Management Association – is appointed Head of Investment & Client Solutions (ICS) in the Netherlands and member of the ICS and InsingerGilissen management teams

DECEMBER

Quintet unveils its 2024 investment outlook, "Cutting through the noise," and highlights its forecast for the global economy, financial markets and key asset classes at a series of media and client events

EliteReport and *Handelsblatt* award Merck Finck "magna cum laude" status, ranking Quintet's German branch among best wealth managers in German-speaking countries

Puilaetco hosts a year-end reception for key stakeholders in partnership with B19, the Belgian business club for entrepreneurs

NOTE ON CORPORATE SUSTAINABILITY & SOCIAL RESPONSIBILITY

In 2023 Quintet introduced its first group-wide corporate sustainability strategy, which covers environmental, social and governance (ESG) pillars and is aligned with specific United Nations Sustainable Development Goals. That strategy – which reflects a materiality assessment based on extensive stakeholder engagement – defines long-term sustainability ambitions that encompass corporate culture, client service, workforce management and climate change.

Specifically in terms of climate and environmental risks, relevant information is provided in the Risk Management notes 38 and 37 of the Financial Statements (for the consolidated and statutory versions, respectively).

Additional information is available in Quintet's annual Corporate Sustainability Report, which reflects the requirements of the EU's Non-Financial Reporting Directive. The 2023 Corporate Sustainability Report will be published on Quintet's website in the summer of 2024. (As of 2025 and in line with the EU's Corporate Sustainability Reporting Directive, corporate sustainability reporting will be integrated into Quintet's annual report, beginning with the 2024 annual report.)

Quintet also annually publishes an Active Ownership Report that outlines how the firm exercises its active ownership vis-à-vis the companies in which it invests through voting at general meetings and dialogue with management on ESG topics. The 2023 Active Ownership Report will be published on Quintet's website in the first half of 2024.

Regarding its social commitment, Quintet embraces the opportunity to make a difference in the local communities it serves, including by supporting various worthy causes throughout Europe and the UK.

At Quintet, we believe in doing well for our clients and doing good in the communities we serve. By contributing resources, time and capital to laudable causes and important ideas, we serve as an agent of positive social change. That includes 2023 activities such as:

- To mark Breast Cancer Awareness Month, staff participation in Luxembourg in *Broschtkriibslaf*, an annual fundraising charity run, complemented by a donation to Europa Donna Luxembourg; further support for the Pink Ribbon Foundation in the UK, the Pink Ribbon section of the Dutch Cancer Society, *Brustkrebs Deutschland* in Germany, *Vivre comme Avant* in Belgium and the Danish Cancer Society
- Reflecting Quintet's longstanding support of *Stëmm vun der Strooss*, a non-profit that supports disadvantaged people in Luxembourg, staff help prepare and serve holiday meals for the less fortunate; Quintet also makes a financial donation earmarked for the purchase of several hundred sleeping bags
- Dutch staff participation in a wide range of charitable activities, including donating clothing and preparing meals for the homeless; the UK's annual Christmas jumper charity event to raise funds for Save the Children; and support for KidsAid, which helps sick and underprivileged children and young people in Denmark

- Staff participation in Luxembourg and Brussels in Run In The Dark, a worldwide fundraiser benefitting Collaborative Cures, a charity whose mission is to cure paralysis in our lifetime; staff in Luxembourg also participate in the Relay For Life, a 24-hour charity run that raises funds for cancer research
- Financial support for the Human Practice Foundation in Copenhagen, benefiting the Mbitini Primary School in Kenya; Gadens Boern, a non-profit that works to secure a brighter future for street children in Kolkata, India; and UNICEF to support the work of promoting children's rights around the world

KEY CONSOLIDATED FIGURES

(Consolidated figures as of 31 December)	2022	2023
RESULTS (in EUR million)		
Operating income	524.0	**602.4**
Operating expenses	-493.2	**-522.1**
Impairments	-4.5	**-20.6**
Share in results of associated companies	-	**-**
Pre-tax profit (from continuing operations)	26.4	**59.7**
Tax expense	-8.5	**-13.6**
Discontinued operations, net of tax[1]	0.3	**0.8**
Net consolidated profit, Group share	18.1	**46.9**
FINANCIAL RATIOS (in %)		
Common Equity Tier one ratio	18.4%	**19.6%**
Tier one ratio	22.7%	**23.9%**
Solvency ratio	22.7%	**23.9%**
Leverage ratio	4.5%	**5.7%**
Loan-to-Deposit ratio	42.4%	**48.4%**
ROAE (Return on average equity)	1.6%	**4.0%**
ROAA (Return on average assets)	0.1%	**0.4%**
Cost/Income ratio	94.1%	**86.7%**

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

(Consolidated figures as of 31 December)	2022	2023
BALANCE SHEET TOTAL (in EUR billion)	14.4	**12.0**
ASSETS		
Cash, cash balances with central banks and other demand deposits	5.7	**4.0**
Loans and advances to credit institutions	0.6	**0.4**
Loans and advances to others than credit institutions	5.1	**4.8**
Equity and debt instruments	2.0	**2.1**
Other	1.1	**0.8**
EQUITY AND LIABILITIES		
Deposits from credit institutions	0.4	**0.4**
Deposits from others than credit institutions	12.2	**9.9**
of which, debt certificates and other deposits	0.0	**0.1**
of which, subordinated debt	-	**-**
Other	0.7	**0.5**
Total equity	1.1	**1.2**
of which, AT1	0.1	**0.1**
PRIVATE BANKING ASSETS UNDER MANAGEMENT (in EUR billion)	57.0	**60.2**
Volume impact[2]	+0.1%	**-4.7%**
Price impact[2]	-13.3%	**+8.8%**
ASSETS UNDER CUSTODY (in EUR billion)	21.8	**25.1**
OTHER CLIENT ASSETS (in EUR billion)	7.9	**6.7**

[2] Volume/price impact excluding acquisitions and divestments.
The Pillar III disclosure report will be published in summer 2024 on www.quintet.com

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

PRELIMINARY COMMENTS

These consolidated financial statements were approved by the Board of Directors of Quintet on 26 March 2024 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The significant accounting policies are described in the Note 2c of the Consolidated Financial Statements hereafter.

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

Quintet Private Bank operates from two hubs: Europe and the UK.

Quintet announced its exit from the Swiss market in October 2021. Following this decision, Quintet Switzerland, which no longer holds a banking license and is not subject to regulatory supervision, has been in operational wind-down since the second quarter of 2022 and until full liquidation to be completed in the course of the second quarter of 2024.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At the end of 2023, Quintet's consolidated balance sheet totaled EUR 12.0 billion. This decrease compared to 2022 (EUR 14.4 billion) is primarily due to customers shifting from cash deposits into securities in a context of supportive financial markets, and to some extent driven by client deleveraging and net cash withdrawals. Regarding the loan book, the Bank observed a slight reduction (-7% from EUR 5.1 billion to EUR 4.8 billion) in customer loan volumes as clients have adjusted their leverage levels in a context of higher interest rates.

Quintet's balance sheet is highly liquid and the group operates at conservative loan-to-deposit ratio levels. Excess cash is held predominantly in the form of deposits with central banks and investments in high quality fixed income securities in the bank's investment portfolio. The investment portfolio size remained in line with 2022 levels, with a total position reaching slightly more than EUR 2 billion. In that regard, it is worth noting that the other comprehensive reserve recovered by EUR 14 million in 2023, reflecting the combined effect of the positive impact of timing of rates and a portfolio de-risking strategy (result taking).

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

The 2023 consolidated net profit of Quintet Group is EUR 46.9 million, compared to EUR 18.1 million in 2022.

Gross income

In 2023, gross income increased by 15% to reach EUR 602.4 million (EUR 524.0 million in 2022).

Net interest income increased by EUR 131.7 million compared to 2022, primarily supported by strong interest margins following the overall rise in interest rates. Most of the improvement observed in 2023 reflects faster market interest-rate pricing adjustments for loans and other interest-bearing assets notably central bank deposits than for deposits (liabilities).

Net gains from financial instruments at fair value decreased compared to the previous year (EUR 13.0 million in 2023 versus EUR 50.6 million in 2022). This was mainly driven by higher results on foreign exchange derivatives transactions and realised gains on the sale of equities last year.

Net fee and commission income increased slightly to EUR 339.4 million (EUR 331.1 million in 2022). This increase is primarily attributable to transaction-based fees and spread income on client foreign exchange activity.

Along with a number of other leading banks in the Grand Duchy, Quintet was one of the founding shareholders of European Fund Administration (EFA) since it opened its doors in 1996. In spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. This operation completed in 2022 leading Quintet to record a capital gain of EUR 16.3 million in the other income category (EUR 19.2 million in 2022 versus EUR 0.1 million in 2023).

Operating Expenses

In 2023, operating expenses increased by almost 6% (EUR -522.1 million in 2023 versus EUR -493.2 million in 2022). This increase was driven by inflation (including mandatory legal wage indexation), investments in the Bank's eight-quarter strategy refresh, and increased provisions for legal disputes.

Over the year in review, the average number of full-time equivalent (FTE) employees at Quintet decreased by 73 FTE from 1,774 in 2022 to 1,701 FTE in 2023, reflecting measures to create additional economies of scale and reduce organizational complexity.

Impairment

Impairment expenses totaled EUR -20.6 million in 2023 (EUR -4.5 million in 2022) reflecting predominantly the bank's decision to further provision a number of historical litigation cases in light of the lengthy recovery process experienced.

Discontinued operations

As explained above in the preliminary section regarding the IFRS5 application on Quintet Switzerland, its full-year contribution is presented within the 'Profit or (-) Loss after tax from discontinued operations' category for an amount of EUR 0.8 million (EUR 0.3 million in 2022). Given the advanced stage of the liquidation process, and the fact that restructuring provisions related to the wind-down of activities were accounted for in 2021, no material impact on the profit and loss accounts is expected until the final liquidation expected in the second quarter of 2024.

CONSOLIDATED SOLVENCY RATIO

Quintet Group's common equity tier 1 ratio (CET1) stood at 19.6% at the end of 2023 (end-2022: 18.4%), well above the European Central Bank requirement.

This improvement is due to the strengthening of Quintet's Common equity Tier 1 capital (EUR 566 million as at 31 December 2023 versus EUR 538 million as at 31 December 2022) and a slight reduction risk-weighted assets at year-end 2023. CET1 capital strengthening is due to the allocation to reserves of the 2022 profit (EUR 18 million), 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 and intangibles (EUR 10 million). Those positive effects are partially compensated by the remeasurement of defined benefit pension plans due to the decrease of the discount rate (EUR -6 million) and the yearly AT1 coupon paid to investors (EUR -9 million).

Overall risk-weighted assets at year-end 2023 stood at EUR 2,888 million (EUR 2,916 million 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 noted above. 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 (now 2021 to 2023 vs. 2020 to 2022 previously).

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

INVESTING IN INNOVATION

At Quintet Private Bank, we continually invest in innovation so we can serve our clients better. That effort is broad-based and supported by industry partnerships that help our firm unlock its full potential, including in areas such as digital and investment solutions.

DIGITAL SOLUTIONS

In 2023, Quintet's digital team focused on further developing our client lifecycle management (CLM) platform and rolling it out across the group, with an initial focus on client file review. In markets where the CFR platform was already more established, we recorded considerable time savings in Know Your Customer (KYC) reviews, with the full benefits materializing in 2024 for those files that require an annual KYC review. Having delivered this important functionality, we are now working to extend it to cover other areas such as client onboarding. In addition, we now have a strong workflow platform on which to support many other functions.

In parallel, we made progress in building out a similar digital lending platform, allowing much of the lending origination process to be undertaken via a streamlined and automated workflow tool.

Last year, we deepened our partnership with Abbove – our Belgian wealth planning partner with whom we introduced a "Richer Life Plan" in 2022 – continuing to satisfy the wealth planning needs of existing and new customers with this financial planning, donation management and succession cost-optimization service.

Turning to infrastructure, we completed our cloud migration and introduced Microsoft 365 across Quintet. This introduces exciting possibilities to leverage next-generation AI tools from Microsoft, such as Copilot, to increase productivity across the firm. We also successfully completed the rollout of our digital signature platform "DocuSign" in all markets. Clients and relevant colleagues can now electronically sign the majority of account-related documents.

In 2024, digital will continue to prove integral to Quintet's broader process simplification and standardization agenda as well as to the further enhancement of client experience, including through the ongoing development of Quintet's client lifecycle management platform and processes.

INVESTMENT SOLUTIONS

In 2023, Quintet established a strategic partnership with BlackRock, the world's largest asset manager, that will extend our investment capabilities, significantly strengthening our ability to meet the long-term needs of our clients while retaining full control of all our investment decision-making.

In the context of our 2024 Counterpoint Investment Outlook, we started to align to a new dynamic asset-allocation model, introducing additional flexibility to adapt to market conditions based on forward-looking measures of risk and return. We also reshaped our range of exchange-traded funds, primarily used in our tactical investment process, and introduced a new single-line sovereign-bond portfolio.

We expanded our asset-class research by introducing liquid hedge-fund strategies in our sterling portfolios. We also launched bespoke thematic portfolios, backed by solid research and due diligence. To provide further portfolio diversification and capture more specific regional and market dynamics, we added coverage of broad commodities, developed Pacific equities and European inflation-linked bonds, among others.

Last year, Quintet signed a partnership agreement with Berlin-headquartered Moonfare, covering private markets, an area we intend to develop further in the coming years. We also strengthened the input into our processes by important research firms and content providers such as Morningstar, Kepler Cheuvreux and CreditSights, and further enhanced investment communication by launching a series of digital blogs and an enhanced website for our flagship publications.

In 2024, we aim to launch a range of actively managed multi-manager funds spanning several asset classes and to develop several quantitative screens and market signals to support stock selection. In addition, we will embed Aladdin Risk, BlackRock's system for portfolio risk and performance analysis, in our discretionary portfolio management process.

STRATEGIC OUTLOOK

Quintet strives to be the most trusted fiduciary of family wealth, earning the trust of our clients by always placing their interests right where they belong: at the very heart of our organization.

Founded in Luxembourg 75 years ago, we are a privately owned, financially stable, leading private bank. We are deeply rooted in the communities we serve, which span Europe and the UK. We combine that local proximity and insight with broader perspective, working in collaboration to meet the needs of the families we serve.

Our strategic outlook is firmly positive.

Despite unstable geopolitics, challenging macroeconomic conditions and significant inflationary pressure, we 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 extremely well positioned from a capital and liquidity perspective.

Today, we are focused on further strengthening our client-centric firm, including by continuing to reduce organizational complexity and increase collaboration. We will continue to extend our investment capabilities through powerful new partnerships, further enhancing our client proposition. And we will continue our long-term effort to standardize, simplify and accelerate our processes, which is essential to our success.

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

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

Critically, we have sharpened our client focus, including through a review of our service models and client propositions. That follows the introduction an enhanced investment decision-making process and philosophy, supported by partnerships with BlackRock, the world's largest asset manager, and Moonfare, the private-markets investment platform. Reflecting our aspiration to deliver consistent risk-adjusted returns via core portfolio solutions, these strategic partnerships will support our ability to deliver robust client outcomes, superior client experience and ongoing investment innovation.

Backed by our deeply committed shareholder, we will continue to chart our path forward. We will further establish Quintet as an employer of choice that promotes lifelong learning and career progression for every colleague. Staffed by women and men of more than 50 different nationalities, we recognize that our diversity is a source of strength.

While evolving macroeconomic conditions, including the next phase of the interest-rate cycle, will create new challenges, we are confident about the future and focused on delivering for the families we serve.

RISK MANAGEMENT

MISSION & ACHIEVEMENTS

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

- Group Transversal Risk
- Group Financial Risk
- Group Operational Risk
- Group Information Security Risk

In addition, there is a local Risk function at Quintet's UK subsidiary, Brown Shipley, headed by the UK CRO. The UK CRO and UK Risk function have a direct reporting line to local UK management and indirect reporting lines to the respective Group functions to ensure alignment with Group processes.

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

In addition to its ongoing monitoring and oversight responsibilities under the Group governance and risk framework, the Group Risk Control function made the following key achievements in 2023:

- **Climate-related & environmental (C&E) risk management:** The risk identification and materiality assessment for C&E risks has been significantly extended, including a more thorough assessment of how C&E risks affect the business environment in which Quintet operates. A new risk management framework for C&E risks has been set up, governing the roles and responsibilities of 1st and 2nd LoD stakeholders and deploying a new set of C&E risk metrics and limits, covering all key business areas of the Group
- **Credit risk:** The Group Credit Policy has been updated to track more closely policy exceptions and deviations. Additional forward-looking assessment capabilities have been put in place to assess unlikely-to-pay criteria, notably through the more regular monitoring of covenants and early warning indicators
- **Transformation risk oversight:** The Group Risk function conducted an independent review of the Group's 5-year strategic plan – approved by the Board of Directors in February 2023 – identifying the key risks linked to the plan and its implications for the Bank's risk profile. Similarly, the Group Risk function provided a 2nd LoD review of the 2023 partnership entered into between Quintet and BlackRock, which comprised a process review as well as a risk review of contractual documentation
- **Threat Intelligence & detection:** A new framework has been implemented to extend Quintet's threat intelligence capabilities with regards to brand protection, credential compromise and data-leakage detection. Moreover, a NextGen Security Operations Center (SOC) has been set up to support the Group in its migration to the cloud and the extension of its threat-detection coverage
- Delivery on **tightened regulatory requirements and supervisory expectations**, such as the EU-wide stress test, C&E risk management practices, BCBS 239 and cyber resilience

In the context of the collapse of Credit Suisse and failure of Silicon Valley Bank in Q1 2023, the Group Risk Control function closely monitored financial markets and the behavior of clients and counterparties as part of its day-to-day risk management activities, leveraging tools in place.

STRUCTURE & ORGANIZATION

Group Transversal Risk Management is in charge of developing, implementing and maintaining transversal risk management frameworks and reporting throughout the Group, working in close collaboration with other 2nd LoD teams in Risk and Compliance and 1st LoD business and control functions.

The key activities of the department comprise:

- **Group risk appetite:** Maintaining the Group Risk Appetite Framework, preparing risk appetite reporting to internal governance bodies (Board of Directors, Board Risk & Compliance Committee, Authorized Management Committee, Country Management Committees), and launching and overseeing escalation processes in the event of risk appetite breaches
- **Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP):** Coordinating the annual risk identification and materiality assessment process; conducting the annual review and update of key assumptions pertaining to the economic and normative perspective of the ICLAAP; carrying out the 2nd LoD review of the multi-year financial plan and specifying adverse scenarios for stress testing
- **Recovery & resolution planning:** Maintaining governance and procedural arrangements for recovery and resolution planning; maintaining and regularly reviewing the set of recovery indicators and recovery options, including feasibility and impact assessments
- **Climate-related & environmental (C&E) risk management:** Maintaining the Group C&E Risk Management Framework; preparing C&E risk reporting to internal governance bodies; carrying out independent review and challenge of 1st LoD activities with regards to ESG and sustainability

Group Financial Risk is responsible for overseeing and managing capital, credit, market, liquidity and model risks in the Group, notably via internal and regulatory reporting of relevant risk indicators, the definition of risk policies and procedures for daily management of these risks, and 2nd LoD control of their application.

The key activities of the department comprise:

- **Credit risks:**
  - Defining and reviewing the Group's credit risk appetite and Group Credit Risk Policy as well as sanctioning and monitoring credit risk arising from Lombard and mortgage lending granted to private banking clients as well as from operational credit lines granted to investment fund clients
  - Defining the methodology for the calculation of pledge values and the criteria for collateral eligibility
  - Defining and updating guidelines for different lending products giving rise to credit risk (e.g. derivatives trading, real-estate financing solutions and other forms of lending against liquid and illiquid collateral)
- **Capital, market and liquidity risks:**
  - Identifying, assessing, monitoring, reporting and escalating (i) capital risks, (ii) liquidity risks, (iii) market risks induced by ALM and trading activities and (iv) country and counterparty risks arising from private banking, asset servicing, ALM and trading activities
  - Maintaining and further developing the risk data warehouse and tools related to these risk areas; coordinating internal and regulatory stress-testing initiatives such as the ECB's SSM stress test
  - Maintaining and further developing the 2nd LoD risk management framework around investment risk carried by discretionary portfolio management activities
- **Model risk:** Maintaining and overseeing the implementation of the Group Model Risk Policy, developing internal risk models, carrying out independent validation of financial models used throughout the Group

Group Operational Risk Control is responsible for identifying, assessing, mitigating, managing and reporting all operational risks, ensuring they remain within the defined Risk Appetite set by the Board. The function partners with the business to provide support and guidance to consistently improve operational risk management and processes, while keeping client and colleague experience at the forefront, ensuring that Quintet conducts its business in the most effective and sustainable way.

The key activities of the department comprise:

- **Developing & maintaining operational risk frameworks:** Drive the operational risk agenda at Quintet by developing, embedding and maintaining operational risk frameworks, policies, procedures and tools
- **2nd LoD independent operational risk challenge & oversight:** Independent review and challenge of operational risk-related components in the business to ensure adherence to the risk framework and within the risk appetite. This includes assessment of risk exposures, control environment, incidents, risk issues, reviews and assessments, processes, and transformation and change activity
- **Operational risk advice, support & guidance:** Provide independent risk opinion, support and value-added advice to all colleagues on any operational risk query or issue; partnering with colleagues across the firm to strengthen the operational risk culture by increasing risk-management awareness and recognition of its importance, providing effective training and best-practice sharing to foster an environment where risk management is fully understood and prioritized, and encourages escalation and effective resolution
- **Operational risk insights & reporting:** Develop operational risk intelligence and reporting that facilitates Group senior management taking appropriate decisions in the context of the Bank's operational risk profile and risk management; additionally, facilitate effective adaptation to changes in the control environment

Group Information Security Risk is responsible for controlling IT and cybersecurity risks related to digital/electronic information and assets.

The key activities of the department comprise:

- **Implementation & maintenance of information risk management framework:** Ensure effective information risk management governance and information risk appetite approach, and definition of information risk control policies aligned with the Bank's information risk appetite and regulatory requirements
- **Identification, review & measurement of information risks:** Drive, review, assess and follow-up on IT risk analysis conducted by the 1st LoD in the context of IT-related projects and environments as well as relationships with external IT providers and information risk control self-assessments (RCSA)
- **Monitoring, control assessments & follow-up on mitigation of information risks:** Ensure that information risks are regularly monitored, and relevant key risk indicators are assessed and adjusted, and mitigation action plans are followed up to ensure appropriate implementation
- **Information risk incident monitoring:** Incidents are reviewed and monitored to ensure resolution and adequate escalation to the dedicated instances as well as driving specific investigations
- **Escalation & internal reporting:** Indicators, direction proposals, exceptions and potential issues are regularly escalated and reported to dedicated governance bodies (e.g. Board Risk & Compliance Committee, Group Information Security & Risk Committee,) to ensure adequate information sharing, management and decision-making
- **Alignment & awareness programs:** Information risk and security culture (including policies) is highlighted across the Group through global communication to all staff, including at branches/subsidiaries, through multiple awareness programs

- **Cybersecurity strategy & cybersecurity posture monitoring:** Drive the Group Cybersecurity & IT Risk Strategy, monitor the Group's cybersecurity posture through assessment campaigns and a strong cybersecurity monitoring process. In addition, manage the Group's threat intelligence network to anticipate the evolution of the threat landscape and drive the implementation of the Group's third-party cybersecurity management framework

COMPLIANCE NORMS & POLICIES

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

As outlined in the Compliance Charter, Compliance is defined as a permanent and independent function that proactively identifies, assesses, reports and monitors compliance risks impacting Quintet and its clients. Compliance assists Quintet's senior management team in providing Quintet with measures to comply with the applicable laws, regulations and standards related to topics under Compliance's remit. The Compliance function's objectives, responsibilities and powers are set out in its Charter, as approved by the Group's AMC and BoD.

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

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

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

Compliance's scope comprises all compliance risks related to the activities of Quintet and primarily addresses the following categories:

- Promotion of a good regulatory culture and high ethical standards
- Fight against money laundering and counter-terrorism financing
- Adherence to international sanctions
- Prevention of market abuse and protection of the integrity of the financial markets in which Quintet operates
- Adherence to investor protection regulations
- Management of compliance risks related to cross-border activities
- Fight against fraud (internal and external), tax evasion and anti-bribery & corruption

The above mentioned areas are developed in the Group Compliance policy suite, which also inform Quintet's subsidiaries' Compliance policy framework.

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

COMPLIANCE: SPECIFIC RESPONSIBILITIES

Compliance is part of Quintet's second line of defense and as such responsible for the oversight of the first line of defense, with responsibilities that include:

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

ADVICE AND PREVENTION

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

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

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

CONTROL

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

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

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

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

OTHER LEGAL REQUIREMENTS

CHANGE IN SUBSCRIBED CAPITAL

As of 31 December 2023, the Quintet Group's subscribed and paid-up capital stood at EUR 254.2 million (31 December 2022: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2022: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2022: 4,336). In 2023, the Bank did not hold any of its own shares.

Please refer to Note 31 of the Consolidated Financial Statements for further details.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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.

DEPOSIT GUARANTEE

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

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

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

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

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

Each year, Quintet pays a contribution to the FGDL for its financing. In 2023, Quintet Luxembourg paid EUR 1,334,576 to the FGDL (2022: EUR 1,137,667) and EUR 7,043,649 to the Luxembourg Resolution Fund (2022: EUR 9,066,301).

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

Quintet and its branches are members of the SIIL.

GROUP EMPLOYEES & TRAINING

As of December 31, 2023, Quintet Private Bank employed 1,839 staff, compared to 1,911 at the end of 2022. Of those 1,839 staff, approximately 62% work at branches and subsidiaries outside Luxembourg.

At Quintet, training and development are central to both career progression and client experience. That is why we continually invest in the skills and development of our people, including based on each colleague's personal development plan as well as group-wide initiatives such as Learning Month. Featuring interactive web-based workshops on more than 20 different topics – ranging from driving change to collaboration & inclusion, and from reducing complexity to mental health – Learning Month is just one example how Quintet fosters a culture of lifelong training, learning and development.

Across the group's European and UK footprint, Quintet promotes internal mobility, creating opportunities for relevant staff to transfer their knowledge and skills within the organization. Likewise, we strongly encourage cross-border cooperation, organizing events that bring together staff from multiple markets, including virtually. Such meetings facilitate the sharing of local experience and insight – and the creation of shared strategies to better serve all our clients, no matter where they are based.

In addition to regularly hosting student interns, Quintet annually welcomes a small number of recent university graduates as participants in the firm's two-year Graduate Program that combines exposure to different roles, departments and markets, offering a unique on-the-job learning experience that may lead to permanent employment.

CONSOLIDATED FINANCIAL STATEMENTS

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

R.C.S. Luxembourg: B 006.395

Consolidated financial statements, Consolidated management report and
Report of the independent auditor
as at 31 December 2023

TABLE OF CONTENTS

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

Building a better working world

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income (comprising the consolidated statement of profit and loss and the consolidated statement of other comprehensive income) , the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

Building a better working world

1. Impairment on loans and advances to customers

Description

At 31 December 2023, loans and advances to customers amount to EUR 3,744 million (gross amount) against which an impairment allowance of EUR 40 million is recorded (see Note 14 and 21 to the consolidated financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

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

- Determine the loan classification criteria under stage 1, stage 2 or stage 3
- Estimate the amount of expected credit losses depending on the different stages
- Prepare macro-economic projections which are embedded in the expected credit losses measurement

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 38 "Risk management" to the consolidated financial statements.

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

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

Refer to the Notes 12, 14 and 21 to the consolidated financial statements.

How the matter was addressed in our audit

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

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

Building a better working world

We also performed the following substantive audit procedures:

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

2. Provisions for litigations

Description

As at 31 December 2023, provisions for litigations amount to EUR 25 million (see Note 28 to the consolidated financial statements). A provision for litigation is recognized if (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

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

How the matter was addressed in our audit

We performed the following main procedures:

- We obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel
- We analyzed the responses to our confirmation requests obtained from external legal counsels of the Group as 31 December 2023
- For each case we considered whether an obligation exists, we reviewed the assumptions made by the Group in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur
- We reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- We considered the sufficiency of disclosures related to provisions and contingent liabilities in the Group's consolidated financial statements

Building a better
working world

Other information

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

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

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

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

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

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

Building a better working world

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors on 17 March 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 19 years.

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

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 28 March 2024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2023	31/12/2022
Net interest income	4, 35	250,080	118,332
Dividend income	5	389	1,645
Net gains / losses on financial instruments measured at fair value through profit or loss	6	13,015	50,645
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	-581	3,106
Net fee and commission income	8, 35	339,370	331,121
Other net income / (expenses)	9, 35	121	19,166
GROSS INCOME		**602,393**	**524,015**
Operating expenses	10, 35	-522,144	-493,202
Staff expenses	11, 30	-320,774	-321,810
General administrative expenses	39	-153,507	-137,852
Other	26, 27, 28	-47,864	-33,539
Impairment	12, 20, 21, 26, 27	-20,565	-4,459
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**59,684**	**26,354**
Income tax (expenses) / income	13	-13,577	-8,476
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**46,107**	**17,878**
Discontinued operations, net of tax	2e	825	271
PROFIT/(LOSS) AFTER TAX		**46,932**	**18,149**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2023	31/12/2022
PROFIT / (LOSS) AFTER TAX	46,932	18,149
OTHER COMPREHENSIVE INCOME	3,005	-11,778
Items that may be reclassified subsequently to profit or loss	**9,055**	**-24,328**
Debt instruments at fair value through other comprehensive income	10,562	-28,711
Revaluation at fair value (including hedged items)	13,506	-34,586
Net realised gains / losses on sales	566	-3,665
Income tax (expenses)	-3,509	9,540
Exchange differences on translation of foreign operations	3,820	8,463
Non-current assets and disposal groups held for sale	-5,327	-4,080
Revaluation at fair value	-5,327	-4,080
Items that will not be reclassified to profit or loss	**-6,050**	**12,550**
Remeasurements of defined benefit pension plans	-6,186	12,048
Remeasurements (gross)	-6,530	13,696
Non-current assets and disposal groups held for sale	-	-
Income tax (expense)/income on remeasurements	343	-1,648
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	136	502
Revaluation at fair value	182	669
Income tax (expenses) / income	-45	-167
TOTAL COMPREHENSIVE INCOME	49,937	6,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2023	31/12/2022
Cash, cash balances with central banks and other demand deposits	17, 35, 37	4,008	5,652
Financial assets	14 to 19, 22, 35, 37	7,500	8,296
Held-for-trading		187	364
Non-trading mandatorily at fair value through profit or loss		23	37
At fair value through other comprehensive income		943	959
At amortized cost		6,186	6,694
Hedging derivatives		161	243
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-134	-211
Tax assets	24, 37	25	33
Current tax assets		1	2
Deferred tax assets		24	30
Investments in associates	25	-	0
Investment properties	27	-	-
Property and equipment	27	69	72
Goodwill and other intangible assets	26	436	442
Other assets	23, 37	142	152
Non-current assets and disposal groups classified as held for sale	1, 2e, 37	3	5
TOTAL ASSETS		**12,049**	**14,441**

EQUITY AND LIABILITIES (In EUR million)	Notes	31/12/2023	31/12/2022
Financial liabilities	14, 16, 17, 22, 35	10,579	13,003
Held-for-trading		153	291
At amortized cost		10,419	12,701
Hedging derivatives		7	12
Tax liabilities	24	3	1
Current tax liabilities		3	1
Deferred tax liabilities		0	-
Provisions	28, 30	53	50
Other liabilities	29	228	240
Liabilities directly associated with assets held for sale	1, 2e	-	3
TOTAL LIABILITIES		**10,863**	**13,296**
TOTAL EQUITY		**1,185**	**1,145**
Equity attributable to the owners of the parent	31	1,185	1,145
Non-controlling interest		-	-
Out of which Common Equity Tier 1 instruments issued		*880*	*880*
TOTAL EQUITY AND LIABILITIES		**12,049**	**14,441**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity issued other than capital	Conso-lidated reserves	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Currency translation differences	Profit/ Loss	**Total equity**
2023									
Balance as at 01/01/2023	**254.2**	**626.3**	**123.5**	**146.1**	**-15.2**	**-23.2**	**15.1**	**18.1**	**1,144.9**
Transfer of previous year result to the reserves (Note 32)	-	-	-	18.1	-	-	-	-18.1	-
AT1 coupon payment	-	-	-	-9.4	-	-	-	-	-9.4
Total comprehensive income for the year	-	-	-	-	10.7	-6.2	-1.5	46.9	49.9
Other	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2023	**254.2**	**626.3**	**123.5**	**154.8**	**-4.5**	**-29.4**	**13.6**	**46.9**	**1,185.5**
2022									
Balance as at 01/01/2022	**254.2**	**626.3**	**123.5**	**265.5**	**13.0**	**-35.2**	**10.7**	**-110.2**	**1,147.9**
Transfer of previous year result to the reserves (Note 32)	-	-	-	-110.2	-	-	-	110.2	-
AT1 coupon payment	-	-	-	-9.4	-	-	-	-	-9.4
Total comprehensive income for the year	-	-	-	-	-28.2	12.0	4.4	18.1	6.4
Other	-	-	-	0.1	-	-	-	-	0.1
Balance as at 31/12/2022	**254.2**	**626.3**	**123.5**	**146.1**	**-15.2**	**-23.2**	**15.1**	**18.1**	**1,144.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2023	31/12/2022
Profit / (loss) before tax		59.7	26.4
Profit / (Loss) from Discontinued operations before tax		0.8	0.3
Adjustments for:		67.3	-0.4
Impairment on securities, amortisation and depreciation on property and equipment, intangible assets and investment properties	10, 12	36.2	33.2
Profit/loss on the disposal of investments	9	0.4	-18.7
Change in impairment for losses on loans and advances	12	20.3	4.8
Change in other provisions	10	11.9	0.0
Unrealised foreign currency gains and losses and valuation differences		-1.5	-19.7
Cash flows from / (used in) operating activities before tax and changes in operating assets and liabilities		**127.8**	**26.2**
Changes in operating assets [(1)]		-1,795.7	1,339.6
Changes in operating liabilities [(2)]		-136.4	453.7
Income taxes		-6.1	-8.5
Net cash flows used in operations activities from discontinued operations		-2.3	-144.8
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**-1,812.7**	**1,666.3**
Purchase of subsidiaries		-	-
Proceeds from sale of subsidiaries	9	0.2	5.1
Proceeds from sale of associates	9	0.1	16.3
Purchase of intangible assets	26	-9.3	-7.5
Proceeds from sale of intangible assets	26	-	-
Purchase of property and equipment	27	-5.7	-5.0
Proceeds from sale of property and equipment	9, 27	0.0	-
Net cash flows from / used in investing activities from discontinued operations		-	-0.2
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**-14.7**	**8.6**
Share capital increase	31	-	-
Issue of other equity instruments		-	-
Purchase/sale of treasury shares		-	-
Issue/(repayment) of non-subordinated debt	14	21.9	-428.3
Issue/(repayment) of subordinated debts	14	-	-
Dividends paid and profit-sharing		-	-
Lease liabilities	27	-17.2	-16.3
AT1 yearly coupon payment		-9.4	-9.4
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-4.7**	**-454.0**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [(3)]		**-1,832.1**	**1,221.0**
CASH AND CASH EQUIVALENTS AS AT 01/01		5,905.3	4,684.4
Net increase/decrease in cash and cash equivalents		-1,832.1	1,221.0
CASH AND CASH EQUIVALENTS AS AT 31/12		**4,073.2**	**5,905.3**
ADDITIONAL INFORMATION			
Interest paid during the year		-223.7	-88.3
Interest received during the year		458.0	190.3
Dividends received (including equity method)	5	0.4	1.6
COMPONENTS OF CASH AND CASH EQUIVALENTS		**4,073.2**	**5,905.3**
Cash and balances with central banks (including mandatory reserves with the central banks)		3,740.7	5,232.6
Loans and advances to banks repayable on demand		646.0	972.0
Deposits from banks repayable on demand		-313.4	-299.2
Of which: not available [(4)]		*42.3*	*53.2*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General

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

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

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

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

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

Puilaetco Luxembourg

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

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

European Fund Administration (EFA)

In Spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. Quintet was one of the founding shareholders of European Fund Administration (EFA) when it opened its doors in 1996. This operation led Quintet to record a capital gain of EUR 16.3 million in the other income (Note 9) for a cash received of EUR 21.5 million. The price adjustment related to that sale that occurred in 2023 is presented in Note 9.

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

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

As at 31 December 2023, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg and KTL), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet as its head office at Luxembourg. The prices adjustment related to that sale that occurred in 2022 and 2023 are presented in Note 9.

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

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

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

Quintet Switzerland, which does not hold a banking license anymore and which is not subject to regulatory supervisions, is in operational wind-down since the second quarter of 2022 until full liquidation, which is expected to be completed in the course of the second quarter 2024.

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

Consequently, the following presentation is applied:

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

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

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

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

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

Note 2a – Statement of compliance

These consolidated financial statements were approved by the Board of Directors of Quintet on 26 March 2024.

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

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

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

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

Standards effective for Quintet Private Bank (Europe) S.A from 1 January 2023:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules, effective immediately

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

New standards and interpretations issued for the annual periods beginning on or after 1 January 2023 or later, and whose adoption by the EU remains open or has been postponed:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)

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

Note 2c – Material accounting policies

a. Consolidation criteria

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

Quintet controls an entity when Quintet is exposed, or has rights, to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. Quintet has power over an entity when it has existing rights that give it the current ability to direct relevant activities of the entity, i.e. those activities that significantly affect the entity's returns.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation (i.e. a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for liabilities, relating to the arrangement) or a joint venture (i.e. a joint arrangement whereby the parties sharing joint control have rights to the net assets of the arrangement).

Significant influence is the power to participate in the financial and operating policy decisions of an investee without being exclusive control or joint control.

Entities exclusively controlled by Quintet, either directly or indirectly, are consolidated using the full consolidation method.

For a joint operation, Quintet recognizes its share of assets, liabilities, income and expense according to the terms of the joint arrangement. Joint ventures and investments in associates (that is, where Quintet has significant influence) are accounted for using the equity method. Following the sale of the stake in EFA in 2022, no more entities are consolidated through use of the equity method at the end of the year 2023.

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

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

Finally, an internal Group policy has been set up to address the issue of interests in collective investment funds and more specifically in those funds which have a legal personality (e.g. a SICAV in Luxembourg) and for which power over the relevant activities (i.e. usually the selection and the management of the investments) is in fine in the hands of the shareholders (which have the power to appoint and revoke the Board of Directors which in turn can appoint and revoke the Investment Manager).

In order to address the specificities of the shareholding (usually highly fragmented) of this type of vehicles, the Group Management has defined the following thresholds to be considered when analysing whether the Group has power over the fund:

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

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

b. Foreign currency translation

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

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

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

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

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

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

Annual average exchange rates in 2023

	1 EUR = ... CUR	Variation versus average 2022
GBP	0.868679	1.85%
CHF	0.972469	-3.14%

Exchange rate as at 31/12/2023

	1 EUR = ... CUR	Variation versus 31/12/2022
GBP	0.866453	-2.34%
CHF	0.929670	-5.85%

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

c. Financial assets and liabilities

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

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

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

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

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

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

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

Initial measurement of financial instruments

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

Day 1 profit or loss

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

c.2. Categories of financial assets and financial liabilities

In accordance with IFRS 9, the Group classified its financial assets in the following categories (Note 14):

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

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

c.2.1. Debt instruments

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

Classification and subsequent measurement of debt instrument depend on:

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

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

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

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

Held-for-trading assets are those acquired principally for the purpose of selling them in the near term and those which are part of a portfolio with indications of recent short-term profit-taking. A gain or loss on a financial instrument measured at fair value through profit or loss that is not part of hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit and loss in the period in which it arises.

All derivative assets are considered as being held-for-trading unless designated as effective hedging instruments. Other assets initially designated at fair value through profit or loss are valued in the same way as held-for-trading assets, even if there is no intention of short-term profit taking. The designation at FVPL for financial assets may be used when application of this option reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

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

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

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

- Financial assets at amortized cost

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

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

The details of these conditions are outlined below.

These instruments are mainly composed of debt securities and loans and advances. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 38. Interest income from amortisation of these financial assets is included in interest and similar income using the effective interest rate method. Some financial assets measured at amortized cost are hedged under a fair value hedge strategy and in this case the fair value adjustment is recognised on the carrying amount of the financial asset.

Business model assessment

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

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

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

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

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

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

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

c.2.2. Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Bank's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the equity instrument. Dividends from such equity instruments continue to be recognised in profit or loss as other income/expense when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity instruments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 'Financial Instruments: Presentation' and are not held-for-trading. Such classification is determined on an instrument by instrument basis (Note 14).

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

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

c.2.3. Financial liabilities

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

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

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

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

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

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

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

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

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

c.3. Evaluation of financial instruments

Financial assets and liabilities are initially recognised at fair value and are then measured in accordance with the principles governing the IFRS 9 category in which they are placed in *Assets and liabilities measured at amortised cost*. Their carrying value includes accrued interest and is net of repayments of principal and interest made during the past periods.

Interests are calculated using the effective interest rate determined at inception of the contract. This rate is the one that ensures the discounted value of estimated future cash flows through the expected life of the financial instrument is equal to the carrying amount of the asset.

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

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

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

c.4. Impairment of financial assets

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 38.

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

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 38.

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

- Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved, and the financial instrument has been reclassified from Stage 2
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved, and the financial instrument has been reclassified from Stage 3
- Stage 3: Financial instruments considered credit-impaired (as outlined in Note 38). The Group records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted effective interest rate (EIR). ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses

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

The calculation of ECLs

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

The calculation methodology of ECL is outlined in Note 38.

When estimating the ECLs, the Group considers three scenarios as disclosed in Note 38. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

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

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 28. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities is explained below.

The calculation methodology is summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (hereinafter 'EAD') and multiplied by the expected loss given default (hereinafter 'LGD') and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The methodology is similar to the one explained above, including the use of multiple scenarios, but probability of defaults (hereinafter 'PDs') and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For financial instruments considered credit-impaired (as defined in Note 38), the Group recognises the lifetime expected credit losses for these loans. The impairment is decided upon by the Group Credit Committee.
- Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

Debt instruments measured at fair value through OCI

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

Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs (refer to Note 38 for further information).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 38.

c.5. Hedge accounting

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

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

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

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

These fixed-rate loans are covered by generation. A generation represents the year of granting the loan or, when applicable, latest the renegotiation date.

Loans' cash flows are simulated by generation in accordance with the ALM Models, including the impact of anticipated repayments in order to comply with the normative requirements.

The swaps used as hedging instruments are also classified by generation and the associated cash flows are simulated in accordance with the contractual terms. The efficiency test consists of comparing for each generation, the outstanding amounts of loans with the notional of the macro-hedging swaps per time bucket.

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

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

If a hedging derivative which generates over hedge cannot be reused it is immediately disqualified and reclassified as trading instrument.

In the case where the residual areas of over hedging don't lead to such full disqualification of the hedging instrument, the inefficiency amount is calculated using a net interest charge per generation approach, which corresponds to the loss suffered as a result of the disappearance of the hedged item.

The calculation methodology consists in selecting the hedging swaps whose notional amount is equal to the over-hedge areas for a given generation and to evaluate the loss of interest margin for each area as a proportion of the net present value on each time band for which an over-hedge area is observed.

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

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

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

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

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

The bank also recognized trading economic hedge transactions by which derivative positions, initially hedging bonds or loans as part of the former micro hedge process, had to be closed using mirror derivatives (with the same remaining maturity, nominal and rate) in the event of the sale of the hedged bonds or the anticipated payment of the hedged loans. Both the initial derivative instruments and the mirror derivative transactions belong to the economic hedge portfolio.

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

- Highly probable forecast transactions are anticipated sales of financial instruments recognised within assets (hedges may relate both to debt and equity instruments)
- Hedging instruments are forward sales
- Main hedged risk is interest rate risk

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

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

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

d. Repurchase agreements and reverse repurchase agreements

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

e. Goodwill, badwill and other intangible assets

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

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

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

An impairment loss is recognised if the carrying amount of the goodwill exceeds its recoverable amount. The recoverable amount may be estimated using various methods such as percentage of assets under management, a Dividend Discount Model or a price/earnings ratio multiple. The recoverable amount may be estimated using various methods such as a Dividend Discount Model, percentage of assets under management or a price/earnings ratio multiple. Impairment losses on goodwill cannot be reversed.

Badwill (negative goodwill) is the excess of Quintet's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate at the date of acquisition over the acquisition cost. Where negative goodwill exists after re-examination and re-estimation of the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture or associate, it is immediately recognised as a profit in the statement of profit and loss.

The purchase of a portfolio of customers generally includes the transfer of the client assets under management to the Group and the recruitment of all or part of the account officers in charge of client relationships.

This type of intangible assets is amortized on a straight-line basis over its estimated useful life, typically 15 years.

When the recognition criteria are met and when the amounts are not immaterial, software is recognised as an intangible asset.

Internal and external expenses incurred during the development phase of internally generated strategic software are recognised in assets and amortized using the straight-line method over the estimated useful life. The average annual rate is 25% but may be lower.

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

f. Software as a Service

In most cases, implementation costs related to Software as a Services (SaaS) do not met the IAS38 definition of a fixed intangible asset and have to be recognized in profit and loss as the group benefits from the expendire.

When a SaaS vendor performs a customisation service that is considered to be integral to the Group's ability to derive its intended benefit from the software, then, amounts paid are recognized as prepaid amounts and charged in the statement of profit and loss, as general administrative expenses, over the contractual period of access to the software.

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

Property and equipment are initially recognised at cost.

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

Overview of average depreciation rates

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

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

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

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

h. Investment properties

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

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

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

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

i. Leased assets (as lessee)

According IFRS16, the Group is required to decide whether a contract is (or contains) a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

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

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

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

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

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

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

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

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

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

j. Pensions

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

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

The components of the defined benefit cost are recognized according to the following principles:

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

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

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

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

k. Tax assets and tax liabilities

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

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

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

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

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

l. Provisions

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

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

m. Financial guarantees

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

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

n. Equity

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

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

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

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

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

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

o. Write offs

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

p. Non-current assets held-for-sale

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

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

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

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

q. Investment in associates

In the consolidated financial statements of the Group, investment in associates are accounted for using the equity method.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

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

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

Following the sale of the stake in EFA in 2022, no more entities are consolidated through use of the equity method at the end of the year 2023.

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

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

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

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

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

s. Dividend on ordinary shares

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

t. Revenue

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

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

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

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

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

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

Fee and commission income
The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Main fee and commission income from services where performance obligations are satisfied over time:

- Asset management fees
  - All-in management fees for discretionary management mandate
  - Advisory only fees for clients who can decide if they agree/disagree with the recommendations

- Custody fees (when not already included in the management fees): include the safekeeping of purchased securities and processing of any dividend income and interest payments

Main fee and commission income from providing services where performance obligations are satisfied at a point in time.

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Note 2d – Significant accounting estimates and judgements

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

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

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

- Estimation of claims and litigations (see Notes 2c and 28)
- Fair value of financial instruments not quoted in an active market (see Note 14)
- Impairment assessment of goodwill (see Notes 2c and 12)
- Measurement of the expected credit loss (ECL) allowance The explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 38

Going concern

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

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

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

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

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

(In EUR thousand)	31/12/2023	31/12/2022
Net interest income	-	-226
Net gains/losses on financial instruments measured at fair value through profit or loss	-	-38
Net fee and commission income	-	148
Other net income (expenses)	-	5,926
GROSS INCOME	-	5,810
Operating expenses	825	-5,579
Impairment	-	40
Negative goodwill recognised in profit or loss	-	-
Profit / (Loss) before tax for the discontinued operations	825	271
Income tax (expense) / income	-	-
Profit / (Loss) after tax for the discontinued operations	**825**	**271**

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

ASSETS (In EUR million)	31/12/2023	31/12/2022
Cash, cash balances with central banks and other demand deposits	3	5
Financial assets	-	-
Held-for-trading	-	-
At amortized cost	-	-
Other assets	-	-
TOTAL NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	3	5

LIABILITIES (In EUR million)	31/12/2023	31/12/2022
Financial liabilities	-	-
Held-for-trading	-	-
At amortized cost	-	-
Provisions	-	1
Other liabilities	-	1
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD-FOR-SALE	-	3

Note 3a – Segment reporting by business segment

Quintet Group distinguishes between the following primary segments:

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

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

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

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

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

Statement of profit and loss (In EUR million)	PRIVATE BANKING		ASSET SERVICING		OWN ACCOUNT & GROUP ITEMS		TOTAL GROUP	
	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	193.1	90.8	39.8	13.8	17.2	13.8	**250.1**	**118.3**
Dividend income	0.0	0.0	-	-	0.4	1.6	**0.4**	**1.6**
Net gains/losses on financial instruments measured at fair value through profit or loss	-2.2	28.6	-	3.9	15.2	18.1	**13.0**	**50.6**
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	0.0	0.0	-	0.0	-0.6	3.1	**-0.6**	**3.1**
Net fee and commission income	294.0	291.6	32.2	28.9	13.2	10.6	**339.4**	**331.1**
Other net income	-50.1	-45.4	-0.7	-0.6	50.9	65.2	**0.1**	**19.2**
GROSS INCOME	**434.8**	**365.5**	**71.3**	**46.1**	**96.3**	**112.4**	**602.4**	**524.0**
Operating expenses	-284.1	-291.6	-23.3	-20.1	-214.7	-181.5	**-522.1**	**-493.2**
Impairment	-20.8	-4.4	-	-	0.3	-0.1	**-20.6**	**-4.5**
Share of profit of associates	-	-	-	-	-	-	**-**	**-**
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**129.9**	**69.5**	**47.9**	**26.0**	**-118.1**	**-69.1**	**59.7**	**26.4**
Income tax (expense) / income	-5.6	-5.2	-	0.0	-8.0	-3.3	**-13.6**	**-8.5**
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**124.3**	**64.3**	**47.9**	**26.0**	**-126.1**	**-72.5**	**46.1**	**17.9**
Discontinued operations, net of tax	0.8	0.3	-	-	-	0.0	**0.8**	**0.3**
PROFIT/(LOSS) AFTER TAX	**125.1**	**64.6**	**47.9**	**26.0**	**-126.1**	**-72.5**	**46.9**	**18.1**

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

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

Note 3b – Operating segments by geographic sector

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

(In EUR million)	Domestic		Non-Domestic		Quintet Group	
	2023	2022	2023	2022	2023	2022
Gross income	313	177	289	347	602	524
Total assets	6,073	7,620	5,976	6,821	12,049	14,441
Total liabilities (excluding equity)	4,456	6,032	6,408	7,264	10,863	13,296

Note 4 – Net interest income

(In EUR thousand)	**31/12/2023**	**31/12/2022**
Interest income	**1,051,638**	**508,783**
Financial assets at fair value through other comprehensive income	19,498	24,975
Financial assets at amortized cost	218,788	125,943
Interest income on liabilities at amortized cost	45	12,424
Other	142,927	7,812
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*381,258*	*171,153*
Financial assets held-for-trading	593,620	318,321
Net interest on hedging derivatives	76,760	19,309
Interest expense	**-801,558**	**-390,451**
Financial liabilities at amortized cost	-203,243	-41,300
Interest expense on assets at amortized cost	-	-12,679
Other	-9	-2
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-203,252*	*-53,981*
Financial liabilities held-for-trading	-577,854	-302,233
Net interest on hedging derivatives	-19,261	-33,148
Interest expense for leasing arrangements	-1,191	-1,090
Net interest income	**250,080**	**118,332**

Note 5 – Dividend income

(In EUR thousand)	**31/12/2023**	**31/12/2022**
Non-trading financial assets mandatorily at fair value through profit or loss	388	1,645
Financial assets at fair value through other comprehensive income	1	-
Dividend income	**389**	**1,645**

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

(In EUR thousand)	31/12/2023	31/12/2022
Held-for-trading	7,769	36,968
Non-trading financial instruments mandatorily at fair value through profit or loss	4,163	7,288
Exchange differences	36	-11
Fair value adjustments in hedge accounting	1,046	6,399
Micro-hedging	775	-627
Fair value of hedged items	2,909	-105,119
Fair value of hedging items	-2,135	104,492
Macro-hedging	271	7,026
Fair value of hedged items	76,846	-107,406
Fair value of hedging items	-76,575	114,432
Net gains/losses on financial instruments measured at fair value through profit or loss	**13,015**	**50,645**

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

(In EUR thousand)	31/12/2023	31/12/2022
At fair value through other comprehensive income	-566	3,665
Debt securities	-566	3,665
At amortized cost	-	-
Debt securities	-	-
Financial liabilities	-16	-558
Debt securities	-16	-558
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**-581**	**3,106**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2023	31/12/2022
Fee and commission income	**373,009**	**367,998**
Asset management	293,154	313,648
Securities transactions	45,407	46,342
Other	34,448	8,008
Fee and commission expense	**-33,639**	**-36,876**
Asset management	-22,635	-24,850
Securities transactions	-7,148	-8,178
Other	-3,856	-3,849
Net fee and commission income	**339,370**	**331,121**

Note 9 – Other net income (expenses)

(In EUR thousand)	31/12/2023	31/12/2022
Total	121	19,166
of which:		
Refund of 2016 tax unduly collected (Puilaetco)	1,740	-
Singular Bank – referral fees	1,555	-
Gain on sale of portfolio of customers (Brown Shipley)	624	1,337
Sale of EFA participation (price adjustment, Note 1)	143	16,261
Disposal of KBL Immo (price adjustment, Note 1)	-457	3,295
Net wealth tax	-716	-760
Price adjustment on NWB deferred acquisition cost and insurance coverage on defined benefit pension transfer provision (Brown Shipley)	-2,954	777
Sale of Pension business (Brown Shipley)	-	469

Note 10 – Operating expenses

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

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

(In EUR thousand)	31/12/2023	31/12/2022
Staff expenses	-320,774	-321,810
General administrative expenses	-153,507	-137,852
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-35,946	-33,580
of which depreciation of right-of-use assets	*-14,039*	*-13,499*
Net provision allowances	-11,918	41
Operating expenses	**-522,144**	**-493,202**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2023	31/12/2022
Total average number of FTE	**1,701**	**1,774**
Breakdown by business segment [1]	**1,701**	**1,774**
Private Banking	1,337	1,412
Asset Servicing	80	79
Own Account and Group Items	284	282
Geographic breakdown	**1,701**	**1,774**
Domestic	611	635
Non-Domestic	1,090	1,139

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

Note 12 – Impairment

(In EUR thousand)	31/12/2023	31/12/2022
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	278	-114
At fair value through other comprehensive income	-107	343
Stage 1	-107	343
At amortized cost	-20,736	-4,688
Stage 1	7	-258
Stage 2	83	253
Stage 3	-20,827	-4,682
Goodwill and other intangible assets	-	-
Other	-	-
Impairment	**-20,565**	**-4,459**

More detailed information on impairment is provided in Note 38. No impairment on goodwill was booked in 2023 and 2022.

	Net carrying value of assets before 2023 impairment test	Current estimated recoverable values at year end	Impairment recognized in the 2023 statement of profit and loss	Net carrying value of assets after 2023 impairment test
Goodwill – Eurozone				
CGU - Private Banking Europe (In EUR million)	349.6	702.0	-	349.6
Goodwill - non Eurozone				
CGU - Private Banking UK (in GBP million)	53.0	244.3	-	53.0

The values of goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter. Impairment tests performed as at 31 December 2023 and 2022 did not reveal any losses to be recognized in the 2023 and 2022 consolidated accounts.

Goodwill recoverable values are primarily measured using market valuation multiples observed in recent transactions that occurred over the past 24 months within the PB industry of Quintets footprints (the related fair value estimates correspond to 'level 2' fair values under the fair value hierarchy described in IFRS 13) which, in practice, represents an estimation of fair value less costs of disposal.

Cash generating units (CGU)

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

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

Multiples of valuation of comparable companies methodology

Estimations are primarily made using multiples of valuation of comparable companies.

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

- Level 1: quoted price in active market for identical assets or liabilities
- Level 2: inputs other than quoted prices included with level 1 that are observable for the assets and liabilities, either directly or indirectly
- Level 3: unobservable inputs

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

Note 13 – Income tax (expenses) / income

(In EUR thousand)	31/12/2023	31/12/2022
Breakdown by type		
Current tax	-10,612	-8,035
Deferred tax	-2,965	-441
Income tax (expenses) / income	**-13,577**	**-8,476**
Breakdown by major components:		
Result before tax	59,684	26,354
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**-14,885**	**-6,573**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	-1,943	-2,274
Tax-free income	4,726	9,491
Other non-deductible expenses	-2,202	-5,862
Adjustments related to prior years	-81	7
Adjustments to opening balance due to tax rate change	94	381
Unused tax losses and tax credits	-3,327	-1,026
Other [1]	4,042	-2,620
Income tax adjustments	**1,308**	**-1,903**
Income tax (expenses) / income	**-13,577**	**-8,476**

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

The effective income tax rate for 2023 is 22.75% (2022: 32.16%).

Details of tax assets and liabilities are given in Note 24.

Note 14 – Classification of financial instruments: breakdown by portfolio and by product

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

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2023	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	**-**	**-**	**-**	**379**	**-**	**379**
Loans and advances other than with credit institutions	**-**	**-**	**-**	**4,768**	**-**	**4,768**
Consumer credits	-	-	-	16	-	**16**
Mortgage loans	-	-	-	2,234	-	**2,234**
Term loans	-	-	-	1,454	-	**1,454**
Current accounts	-	-	-	1,041	-	**1,041**
Other	-	-	-	23	-	**23**
Equity instruments	**0**	**23**	**1**	**-**	**-**	**24**
Debt instruments	**46**	**-**	**942**	**1,039**	**-**	**2,027**
Government bodies	-	-	486	668	-	**1,154**
Credit institutions	22	-	146	315	-	**484**
Corporates	24	-	310	56	-	**390**
Financial derivatives	**141**	**-**	**-**	**-**	**161**	**302**
Total	**187**	**23**	**943**	**6,186**	**161**	**7,500**
Of which reverse repos	-	-	-	350	-	**350**

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

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2023	Held-for-trading liabilities	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	-	-	425	425
Deposits from other than credit institutions	-	-	9,865	9,865
Current accounts/demand deposits	-	-	5,895	5,895
Time deposits	-	-	3,953	3,953
Other deposits	-	-	17	17
Debt securities issued (not subordinated)	-	-	72	72
Non-convertible debt securities	-	-	72	72
Lease liabilities	-	-	57	57
Financial derivatives	151	7	-	158
Short positions	2	-	-	2
Total	153	7	10,419	10,579
Of which repos	-	-	2	2

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

Fair value of financial instruments

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

	31/12/2023	31/12/2022	31/12/2023	31/12/2022
ASSETS				
Loans and advances to credit institutions	379	554	391	554
Loans and advances to other than credit institutions	4,768	5,144	4,787	5,144
Consumer credits	16	33	16	33
Mortgage loans	2,234	2,336	2,235	2,336
Term loans	1,454	1,677	1,463	1,677
Current accounts	1,041	1,074	1,050	1,074
Other	23	25	23	25
Debt instruments	1,039	995	998	924
LIABILITIES				
Deposits from credit institutions	425	439	431	439
Deposits from other than credit institutions	9,865	12,149	9,940	12,150
Current accounts/demand deposits	5,895	9,338	5,888	9,338
Time deposits	3,953	2,801	4,035	2,802
Other deposits	17	10	17	10
Debt securities issued (not subordinated)	72	50	71	48
Non-convertible debt securities	72	50	71	48

Fair value hierarchy

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

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

31/12/2023
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**4**	**182**	**2**	**187**
Equity instruments	-	0	0	0
Debt instruments	4	41	2	46
Derivatives	0	141	-	141
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**23**	**23**
Equity instruments	-	-	23	23
Debt instruments	-	-	-	-
At fair value through other comprehensive income	**469**	**473**	**1**	**943**
Equity instruments	-	-	1	1
Debt instruments	469	473	-	942
Hedging derivatives	**-**	**161**	**-**	**161**
LIABILITIES				
Held-for-trading	**1**	**152**	**-**	**153**
Debt instruments	-	2	-	2
Derivatives	1	150	-	151
Hedging derivatives	**-**	**7**	**-**	**7**

31/12/2022
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**363**	**0**	**364**
Equity instruments	-	-	0	0
Debt instruments	-	45	0	45
Derivatives	0	318	-	319
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**37**	**37**
Equity instruments	-	-	37	37
Debt instruments	-	-	-	-
At fair value through other comprehensive income	**355**	**586**	**17**	**959**
Equity instruments	-	-	17	17
Debt instruments	355	586	-	942
Hedging derivatives	**-**	**243**	**-**	**243**
LIABILITIES				
Held-for-trading	**0**	**290**	**-**	**291**
Debt instruments	-	-	-	-
Derivatives	0	290	-	291
Hedging derivatives	**-**	**12**	**-**	**12**

Transfers between the level 1 and level 2 categories

31/12/2023 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**2**
Equity instruments	-	-
Debt instruments	-	2
At fair value through other comprehensive income	**44**	**34**
Equity instruments	-	-
Debt instruments	44	34
LIABILITIES		
Held-for-trading	-	-
Equity instruments	-	-
Debt instruments	-	-

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

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

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

Level 3 financial instruments measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss [2]	At fair value through other comprehensive income [1]	Total
Balance as at 01/01/2023	**0**	**37**	**17**	**54**
Changes in fair value for the year recognised in	0	0	0	**0**
the statement of profit and loss	*0*	*0*	-	***0***
the other comprehensive income	-	-	*0*	***0***
Purchases / Capital increases	2	-	-	**2**
Sales / Capital decreases	0	-14	-16	**-31**
Transfers into / out of level 3	-	-	-	**-**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2023	**2**	**23**	**1**	**25**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	0	0	**0**

[1] Mainly includes the private equity position described here below.
[2] Includes all other positions (private equity & other participating interests) described here below.

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

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through P&L except equity investments for which the Group has elected to present fair value changes in other comprehensive income) are further commented here below.

Private Equity
At year end, the global fair value recognized in the statement of financial position for the private equity amounts to EUR 8.1 million.

The first investment[2] (EUR 2.7 million) is a structure which developed a portfolio of retail parks. Once these assets being fully operational, they are sold to long-term investors and proceeds are returned to shareholders. End of 2023 the structure reached an agreement for the disposal of the whole of its remaining assets and is going to initiate a liquidation process.

Therefore, the Bank decided to adjust the fair valuation of its interest in the company to reflect the amount of the estimated future cash distributions calculated and communicated by the company.

The second one[2] (EUR 5.4 million), made in 2019, is a structure investing in European Leverage Loans with a fixed maturity in 2024. As at year-end, unaudited NAV per share has a valuation of EUR 1,082.98.

The third one[1] concerns the shares hold by the Bank in a company that owned forests and a farm in Eastern Europe. This company sold its assets during the year and has distributed all the available cash to the shareholders. It is now under liquidation. Consequently, the fair value as at end of 2023 is EUR 0.0 million (EUR 16.3m in 2022).

Other participating interests

Following the sale during the year of the remaining shares in a company offering securities settlement services (carrying value of EUR 13.9 million in 2022), other participating interests mainly include a participating interest in a stock exchange Group (EUR 12.5 million)[2].

For this latter holding, the Bank retained the valuation performed by an independent valuer appointed by the company. Valuation estimates were computed using three different approaches: a discounted cash flow approach (DCF), a market multiple, and, for a part of its activity, transaction multiples. Average fair value stemming from the different models was then estimated to be EUR 3,326 per share; this figure has been used to fair value the position in the Bank's financial statements as of 31 December 2023.

Note 15 – Financial Assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(In EUR million)	At fair value through other comprehensive income		At amortized cost		TOTAL	
	2023	2022	2023	2022	2023	2022
Equity instruments	**1**	**17**	**-**	**-**	**1**	**17**
Debt securities	**942**	**942**	**1,039**	**995**	**1,981**	**1,937**
Stage 1	942	942	1,039	995	1,981	1,937
Gross amount	943	942	1,039	996	1,982	1,938
Expected Credit Losses	-1	-1	0	0	-1	-1
Loans and advances	**-**	**-**	**5,147**	**5,699**	**5,147**	**5,699**
Stage 1	**-**	**-**	**5,007**	**5,612**	**5,007**	**5,612**
Gross amount	**-**	**-**	**5,008**	**5,613**	**5,008**	**5,613**
Consumer credit	-	-	16	33	16	33
Mortgage loans	-	-	2,153	2,283	2,153	2,283
Term loans	-	-	1,447	1,704	1,447	1,704
Reverse repos	-	-	350	508	350	508
Current accounts	-	-	1,016	1,054	1,016	1,054
Other	-	-	26	31	26	31
Expected Credit Losses	**-**	**-**	**-1**	**-1**	**-1**	**-1**
Stage 2	**-**	**-**	**30**	**33**	**30**	**33**
Gross amount	**-**	**-**	**30**	**33**	**30**	**33**
Consumer credit	-	-	-	0	-	0
Mortgage loans	-	-	28	16	28	16
Term loans	-	-	1	1	1	1
Current accounts	-	-	0	16	0	16
Expected Credit Losses	**-**	**-**	**0**	**0**	**0**	**0**
Stage 3	**-**	**-**	**109**	**54**	**109**	**54**
Gross amount	**-**	**-**	**156**	**80**	**156**	**80**
Consumer credit	-	-	-	0	-	0
Mortgage loans	-	-	68	45	68	45
Term loans	-	-	55	29	55	29
Reverse repos	-	-	-	-	-	-
Current accounts	-	-	30	5	30	5
Other	-	-	2	2	2	2
Expected Credit Losses	**-**	**-**	**-47**	**-26**	**-47**	**-26**
Consumer credit	-	-	-	0	-	0
Mortgage loans	-	-	-15	-7	-15	-7
Term loans	-	-	-24	-16	-24	-16
Current accounts	-	-	-5	-1	-5	-1
Other	-	-	-2	-2	-2	-2
Total	943	959	6,186	6,694	7,128	7,652

Note 16 – Financial assets and liabilities: breakdown by portfolio and residual maturity

ASSETS (In EUR million)	Held-for-trading assets	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	At amortized cost	Hedging derivatives	Total
31/12/2023						
Less than or equal to 1 year	46	-	388	2,319	9	**2,761**
More than 1 but less than or equal to 5 years	118	-	477	2,122	48	**2,765**
More than 5 years	23	23	79	1,744	105	**1,973**
Total	**187**	**23**	**943**	**6,186**	**161**	**7,500**
31/12/2022						
Less than or equal to 1 year	177	-	390	2,609	3	**3,179**
More than 1 but less than or equal to 5 years	142	-	469	2,113	64	**2,789**
More than 5 years	45	37	99	1,972	176	**2,329**
Total	**364**	**37**	**959**	**6,694**	**243**	**8,296**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2023				
Less than or equal to 1 year	46	1	10,262	**10,309**
More than 1 but less than or equal to 5 years	85	3	146	**235**
More than 5 years	21	3	11	**35**
Total	**153**	**7**	**10,419**	**10,579**
31/12/2022				
Less than or equal to 1 year	136	8	12,571	**12,715**
More than 1 but less than or equal to 5 years	115	3	126	**244**
More than 5 years	40	1	4	**45**
Total	**291**	**12**	**12,701**	**13,003**

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

LEASE LIABILITIES (In EUR million)	31/12/2023	31/12/2022
Less than or equal to 1 year	18	16
More than 1 but less than or equal to 5 years	41	46
More than 5 years	2	3
Total	**60**	**65**

Note 17 – Offsetting of financial assets and liabilities

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

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

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

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

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

Similarly, the rights of set off relating to the cash and other financial instrument collateral are also conditional upon the default of the counterparty.

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

The effect of Master Netting Agreements relating to securities lending and borrowing is not reported because those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 18 and 19 give additional information on those activities and on the related financial collateral received / pledged.

31/12/2023 (In EUR million)	Gross amounts of financial assets presented on the statement of financial position	Impact of Master Netting Agreements: Netting potential / financial liabilities	Impact of Master Netting Agreements: Financial collateral received (securities and cash)	**Net amount**
ASSETS				
Cash, cash balances with central banks and other demand deposits	**4,008**	**-**	**-**	**4,008**
Financial assets				
Hedging and trading derivatives	302	-134	-157	10
Held-for-trading assets (excluding derivatives)	46	-	-	46
Non-trading mandatorily at fair value through profit or loss	23	-	-	23
At fair value through other comprehensive income	943	-	-	943
At amortized cost	6,186	-	-349	5,836
Total	**11,508**	**-134**	**-506**	**10,867**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	158	-134	-15	9
Held-for-trading liabilities (excluding derivatives)	2	-	-	2
Liabilities measured at amortized cost	10,419	-	-	10,419
Total	**10,579**	**-134**	**-15**	**10,430**

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

LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	302	-266	-24	12
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	12,701	-	-	12,701
Total	**13,003**	**-266**	**-24**	**12,713**

Note 18 – Securities lending and securities given in guarantee

The Group regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS 9. The related securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.

This mainly concerns the following operations:

- Repurchase agreements ('repo'), nil at the two ends of the financial year under review
- Securities given as collateral (posted to ensure the settlement of transactions)

These transactions can be broken down as follows:

(In EUR million)	Other than 'repo' Debt instruments
31/12/2023	
At amortized cost	105
At fair value through other comprehensive income	-
Total	**105**
31/12/2022	
At amortized cost	117
At fair value through other comprehensive income	-
Total	**117**

Note 19 – Securities received in guarantee

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

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

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

(In EUR million)	31/12/2023	31/12/2022
Reverse repurchase agreements	347	504
Total	**347**	**504**
Of which, transferred to:		
Collateralised deposits other than repurchase agreements	-	-

Note 20 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
(In EUR million)	Stage 1	Stage 2	Stage 3	TOTAL
2023				
Balance as at 01/01/2023	1	-	-	1
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2023	**1**	**-**	**-**	**1**
2022				
Balance as at 01/01/2022	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2022	**1**	**-**	**-**	**1**

`

Note 21 – Impairment of financial assets at amortized cost

	Financial assets at amortized cost			
Changes in the ECL amount (In EUR million)	Stage 1	Stage 2	Stage 3	TOTAL
2023				
Balance as at 01/01/2023	**1**	**0**	**26**	**28**
New assets originated or purchased	3	-	-	3
Assets derecognized or repaid	-3	-1	-1	-5
Change in credit risk	0	1	22	23
Amounts written off	-	-	-1	-1
Other	0	0	0	0
Balance as at 31/12/2023	**1**	**0**	**47**	**48**
2022				
Balance as at 01/01/2022	**1**	**0**	**22**	**23**
New assets originated or purchased	3	-	-	3
Assets derecognized or repaid	-3	0	0	-4
Change in credit risk	0	0	5	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2022	**1**	**0**	**26**	**28**

(In EUR million)	31/12/2023	31/12/2022
Breakdown by counterparty	**48**	**28**
Debt securities with credit institutions	0	0
Debt securities with other than credit institutions	0	0
Loans and advances with credit institutions	0	0
Loans and advances with other than credit institutions	47	27
Geographic breakdown	**48**	**28**
Domestic	46	26
Non-Domestic	2	2

Note 22 – Derivatives

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

	Held-for-trading					
	2023			2022		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total	**141**	**151**	**16,525**	**319**	**291**	**29,192**
Interest rate	**125**	**121**	**13,311**	**212**	**212**	**22,498**
OTC options	-	-	-	0	0	5
OTC other	125	121	13,311	212	212	22,493
Equity	**0**	**1**	**13**	**2**	**1**	**17**
OTC options	0	0	6	1	1	3
Organized market options	0	1	8	0	0	14
Foreign exchange and gold	**16**	**29**	**3,201**	**106**	**77**	**6,677**
OTC options	0	0	21	0	0	26
OTC other	16	29	3,180	105	77	6,651

	Hedging					
	2023			2022		
(In EUR million)	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
Total fair value hedges	**161**	**7**	**2,053**	**243**	**12**	**2,314**
Interest rate	**17**	**5**	**504**	**27**	**2**	**645**
OTC options	0	-	1	0	-	1
OTC other	17	5	503	27	2	644
Equity	**0**	**2**	**53**	**-**	**9**	**31**
OTC other	0	2	53	-	9	31
Foreign exchange and gold	**3**	**1**	**19**	**3**	**1**	**48**
OTC other	3	1	19	3	1	48
Portfolio Fair value hedges of Interest rate risk	**140**	**1**	**1,477**	**213**	**0**	**1,590**

There are no hedging operations designated as cash flow hedge in 2022 and 2023. The ineffective hedge amount is recognized in profit and loss as a change in the macro hedge adjustment (see note 6).

Note 23 – Other assets

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

Note 24 – Tax assets and liabilities

(In EUR million)	31/12/2023	31/12/2022
ASSETS		
Current tax assets	**1**	**2**
Deferred tax assets	**24**	**30**
Employee benefits	0	0
Losses carried forward	18	17
Tangible and intangible assets	0	0
Provisions	1	1
Impairment for losses on loans and advances	0	0
Financial instruments at fair value	-	0
Financial instruments at fair value through other comprehensive income	2	5
Other	4	7
Tax assets	**25**	**33**
Tax losses and tax credits not capitalised (1)	*199*	*201*
LIABILITIES		
Current tax liabilities	**3**	**1**
Deferred tax liabilities	**0**	**-**
Employee Benefits	0	-
Tangible and intangible assets	0	-
Impairment for losses on loans and advances	0	-
Other	0	-
Tax liabilities	**3**	**0**

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

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

Note 25 – Investments in associates

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

At year-end 2023, the Group has no more investments in associates.

(In EUR million)	31/12/2023	31/12/2022
Total	**-**	**0**
Overview of investments in associates (including goodwill)	-	0
Germany Residential Fund Management BV (I,II,III,IV,V)	-	0

Changes	31/12/2023	31/12/2022
Opening balance	**0**	**5**
Changes in scope	**0**	**-5**
Other	**-**	**0**
Ending balance	**-**	**0**

Note 26 – Goodwill and other intangible assets

Changes (In EUR million)	Goodwill arising in a business combination	Purchased Portfolio of customers	Software developed in-house	Software purchased	Other	Total
2023						
Balance as at 01/01/2023	**375**	**44**	**6**	**18**	**0**	**442**
Acquisitions	-	-	1	9	-	**10**
Disposals	-	-	-	0	-	**0**
Amortisation	-	-6	-3	-6	0	**-16**
Transfer to Assets Held-for-Sale	-	-	-	-	-	**-**
Other	-	-	-	0	-	**0**
Balance as at 31/12/2023	**375**	**38**	**3**	**21**	**-**	**436**
Of which cumulative amortisation and impairment	-25	-67	-14	-52	-3	**-161**
2022						
Balance as at 01/01/2022	**375**	**51**	**8**	**15**	**0**	**449**
Acquisitions	-	-	1	7	-	**8**
Disposals	-	-	-	-	-	**-**
Amortisation	-	-7	-3	-5	0	**-15**
Transfer to Assets Held-for-Sale	-	-	-	-	-	**-**
Other	-	-	-	0	-	**0**
Balance as at 31/12/2022	**375**	**44**	**6**	**18**	**0**	**442**
Of which cumulative amortisation and impairment	-25	-61	-11	-45	-3	**-145**

Note 27 – Property, equipment, right-of-use assets and investment properties

(In EUR million)	31/12/2023	31/12/2022
Property and equipment	69	72
of which right-of-use leased assets	44	48
Investment properties	-	-

Changes (In EUR million)	Land and buildings		IT equipment		Other equipment		**Total property and equipment**	
	Owned	Leased	Owned	Leased	Owned	Leased	**Owned**	**Leased**
2023								
Balance as at 01/01/2023	3	44	6	2	16	2	24	48
Acquisitions	0	12	3	-	3	2	6	13
Disposals	-	-	0	-	0	-1	0	-1
Depreciation	0	-14	-3	0	-2	-	-6	-14
Impairment	-	-	-	-	-	-	-	-
Translation differences	-	0	0	-	0	-	0	0
Changes in scope	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-2	0	-2
Balance as at 31/12/2023	3	43	6	1	16	-	24	44
Of which cumulative depreciation and impairment	-1	-52	-41	-1	-33	-	-75	-53
2022								
Balance as at 01/01/2022	3	55	7	0	16	2	25	57
Acquisitions	0	3	2	2	3	0	5	6
Disposals	-	0	0	-	0	0	0	0
Depreciation	0	-12	-3	-1	-2	-1	-5	-13
Impairment	-	-	-	-	-	-	-	-
Translation differences	-	-1	0	-	0	-	0	-1
Changes in scope	-	-	-	-	-	-	-	-
Other	-	0	-	-	-1	0	-1	0
Balance as at 31/12/2022	3	44	6	2	16	2	24	48
Of which cumulative depreciation and impairment	-1	-38	-38	-1	-31	-2	-70	-40

The carrying amounts of lease liabilities and the movements during the period are described below.

(In EUR million)	Lease liabilities	
	2023	2022
Balance as at 01/01	63	73
Additions	10	5
Accretion of interest	1	1
Payments	-17	-16
Translation differences	0	-1
Balance as at 31/12	57	63

The total cash outflows for leases amounts to EUR 17 million in 2023 (2022: EUR 16 million).

Note 28 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	Total
2023						
Balance as at 01/01/2023	**10**	**8**	**1**	**28**	**4**	**50**
Changes affecting the statement of profit and loss	2	1	0	10	3	**17**
Allowances	2	1	-	13	5	**21**
Reversals	0	0	-	-3	-1	**-5**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Transfer to Assets Held-for-Sale	-	-	-	-	-	**-**
Other changes	1	0	-1	-13	0	**-14**
Balance as at 31/12/2023	**13**	**8**	**0**	**25**	**7**	**53**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	-	-	-	**-**
2022						
Balance as at 01/01/2022	**24**	**7**	**1**	**35**	**4**	**72**
Changes affecting the statement of profit and loss	2	1	0	0	0	**3**
Allowances	2	1	-	2	1	**6**
Reversals	0	-	-	-2	0	**-3**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Transfer to Assets Held-for-Sale	-	-	-	-	-	**-**
Other changes	-17	-1	0	-7	-1	**-26**
Balance as at 31/12/2022	**10**	**8**	**1**	**28**	**4**	**50**
Of which stage 1	-	-	0	-	-	**0**
Of which stage 3	-	-	1	-	-	**1**

- Pensions & other post-employment defined benefit obligation: The net liabilities related to staff pension funds (see Note 30)
- Other long-term employee benefits: it includes the restructuration plans
- ECL on guarantee and credit commitment: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Bank acts as sub-participant
- Pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees
- Other provisions: other provisions than the above-mentioned provisions

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

The Bank was involved in a dispute with a customer who had previously used it as a custodian. The Bank was unsuccessful in an appeal to the Supreme Court and the customer was compensated through a confidential settlement. Following the Supreme Court decision, 76 other former customers filed similar complaints with the Bank through their lawyers, all of which were settled. The process of implementing the settlements and paying the compensation is currently being finalised.

A former employee of the bank issued unauthorised Bank guarantees to investors to secure certain investments which subsequently were found to have been misappropriated. The investors have lodged claims against the Bank to be compensated for their losses. The Bank is cooperating in the ensuing investigation and is defending against the before-mentioned claims.

Note 29 – Other liabilities

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

Note 30 – Retirement benefit obligations

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

Luxembourg

The Group operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries of this denied benefits plan are only pre-retired or ex-employees.

Investment earnings applied to employee contributions that have been made some years ago are subject to a minimum guaranteed return so is accounted for as a defined benefits obligation.

Belgium

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

Germany

Quintet Group sponsors defined benefit plans in Germany which provide retirement, death and disability benefits. The whole of these defined benefit plans are closed to new entrants. Plans with active membership provide fixed amount pension promises and therefore are classified as defined contribution plans.

Other

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

DEFINED BENEFIT PLANS (In EUR million)	31/12/2023	31/12/2022
Defined benefit plan obligations		
Value of obligations as at 01/01	**126**	**194**
Current service cost	2	2
Interest cost	4	2
Past service cost and losses arising from settlements	-	0
Actuarial (gains)/losses	11	-27
stemming from changes in demographic assumptions	1	0
stemming from changes in financial assumptions	11	-30
experience adjustments	0	3
Benefits paid	-13	-44
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	0	0
Currency adjustment	0	-1
Business combinations and disposals	-	-
Other	0	0
Value of obligations as at 31/12	**132**	**126**
Fair value of plan assets		
Fair value of assets as at 01/01	**118**	**172**
Actual return on plan assets	10	-13
Interest income	4	1
Return on plan assets (excluding interest income)	6	-15
Employer contributions	6	4
Plan participant contributions	0	0
Benefits paid	-13	-44
Out of which: amounts paid in respect of settlements	-	-
Currency adjustment	0	0
Business combinations and disposals	-	-
Other	0	0
Fair value of assets as at 31/12	**121**	**118**

Plan assets do not include any investment in transferable securities issued by the Group (2022: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2022: EUR 1.0 million).

Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-1**	**-3**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	-1	1
Other	-	-
Effect of the asset ceiling as at 31/12	**-2**	**-1**
Funded status		
Plan assets in excess of defined benefit obligations	-10	-8
Unrecognised assets	-2	-1
Unfunded accrued / prepaid pension cost	**-12**	**-9**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2023	31/12/2022
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-9**	**-24**
Net periodic pension cost recognized in the statement of profit and loss	-2	-3
Remeasurements recognized in OCI (excl. change in tax provision)	-6	14
Employer contributions	6	4
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Currency adjustment	0	0
Business combinations and disposals	-	-
Unfunded accrued / prepaid pension cost as at 31/12	**-12**	**-9**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	-
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-23**	**-44**
Remeasurement recognized in OCI	-7	14
Transfers	0	7
Recognized reserve as at 31/12	**-30**	**-23**
Amounts recognized in comprehensive income		
Amounts recognised in the statement of profit and loss		
Current service cost	-2	-2
Net interest on the defined benefit liability/asset	0	0
Past service cost	-	0
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-2**	**-3**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	-11	27
Actual return on plan assets (excluding amounts included in interest income)	6	-15
Change in the effect of the asset ceiling	-1	1
Change in the tax provision	0	0
Currency adjustment	0	0
Total other comprehensive income	**-7**	**14**
Actual return on plan assets	**8.62%**	**-7.79%**
Breakdown of plan assets	100%	100%
Fixed income		
Quoted market price in an active market	37%	42%
Unquoted	-	-
Equities		
Quoted market price in an active market	20%	15%
Unquoted	-	-
Alternatives		
Quoted market price in an active market	2%	2%
Unquoted	-	-
Cash	3%	1%
Real estate	7%	8%
Other	31%	32%

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2023	31/12/2022
Significant actuarial assumptions used:		
Defined benefit obligation		
The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	3.10% to 4.50%	1.90% to 4.95%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	+12	+10
Scenario DR +1%	-10	-8
Expected rate of salary increase (including inflation)	2.45%	2.45% to 3.00%
Scenario SR -1%	-	0
Scenario SR +1%	-	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	11	10
Expected contributions for next year	-	2

Defined contribution plans (In EUR million)	31/12/2023	31/12/2022
Amount recorded in the statement of profit and loss	-12	-16

Other long-term benefits

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

Liability recognized as end of 2023 amounts to EUR 2 million (2022: EUR 2 million).

Note 31 – Equity attributable to the owners of the parent

As of 31 December 2023, the subscribed and paid-up capital is EUR 254.2 million (31 December 2022: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2022: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2022: 4,336). The share premium as at 31 December 2023 is EUR 626.3 million (31 December 2022: EUR 626.3 million).

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

Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods.

Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for each year between 2018 and 2023 both included.

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

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

As at 31 December 2023 and before the proposed allocation of the 2023 result (Note 32), the legal reserve is EUR 23.7 million (31 December 2022: EUR 23.3 million) representing 9.3% of the paid-up capital. The free reserves amount to EUR 312.9 million (31 December 2022: EUR 312.9 million). The retained earnings amount to EUR -196.4 million (31 December 2022: EUR -194.3 million).

In number of shares	31/12/2023	31/12/2022
Total number of shares issued	**27,344,052**	**27,344,052**
Ordinary shares	27,339,716	27,339,716
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	27,344,052
Of which: shares representing equity under IFRS	27,344,052	27,344,052

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2023	**27,339,716**	**4,336**	**27,344,052**
Movement	-	-	-
Balance as at 31/12/2023	**27,339,716**	**4,336**	**27,344,052**

Note 32 – Result allocation proposal

At its meeting on 26 March 2024, the Board of Directors proposes to allocate the 2023 net result of EUR 43,041,565 as follows:

(i) Allocation of EUR 1,728,723 to the legal reserve which reaches 10% of the issued capital

(ii) Allocation of EUR 41,312,842 to the retained earnings

On 24 April 2024, this allocation will be submitted for the approval of the Annual General Meeting.

Note 33 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2023	31/12/2022
Confirmed irrevocable credits, unused	665	600
Financial guarantees	22	18
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Off-balance sheet items	**686**	**618**

Note 34 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amounts to EUR 60.2 billion as at 31 December 2023 (2022: EUR 57.0 billion).

Total 'Assets under Custody' (investment funds and institutional) amounts to EUR 25.1 billion as at 31 December 2023 (2022: EUR 21.8 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Group does not offer advice on how the assets should be invested) amounts to EUR 6.7 billion as at 31 December 2023 (2022: EUR 7.9 billion).

Note 35 – Related party transactions

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

(In EUR million)	31/12/2023	31/12/2022
Financial assets	83	0
with UBO	**83**	**0**
Current accounts	0	0
Time deposits	83	-
Financial liabilities	314	475
with UBO	**307**	**466**
Current accounts	267	452
Time deposits	40	14
with Precision Capital	**7**	**9**
Current accounts	7	9
Income statement	-1	2
with UBO	**-1**	**2**
Net interest income	-2	1
Net fee and commission income	1	1
with Precision Capital	**0**	**0**
Net interest income	-	0
Net fee and commission income	0	0
Operating expenses	0	0
Notional amount of derivatives	-	-
Nominal amount of loan commitments, financial guarantees and other commitments given	41	141
with UBO	41	141
with Precision Capital	0	0

Time deposits towards the ultimate beneficial owner (UBO) deposited during the year (without the withdrawals) 2023 amounts to EUR 94 million (2022: EUR 14 million) and the loans granted towards the UBO during the year 2023 amounts to EUR 122 million (2022: EUR 141 million).

There is no outstanding commission with related parties in balance sheet in 2022 and 2023.

With key management personnel (In EUR million)	31/12/2023 Amount	31/12/2023 Number of persons	31/12/2022 Amount	31/12/2022 Number of persons
Amount of remuneration to key management personnel of Quintet Group on the basis of their activity, including the amounts paid to former key management personnel	16	32	18	29
Credit commitments given (undrawn amount outstanding)	0	1	1	1
Loans outstanding	5	1	5	1
Expenses for defined contribution plans	1	20	1	20
Outstanding payable amount	3	13	2	14

Note 36 – Solvency

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

(In EUR million)	31/12/2023	31/12/2022
Regulatory capital	689	661
Common equity Tier 1 capital	**566**	**538**
Capital, share premium, reserves and retained earnings	1,049	1,042
Eligible Result	-	-
Accumulated other comprehensive income/loss on remeasurement of defined benefit pension plans	-29	-23
Fair value changes of instruments measured at fair value through other comprehensive income	-5	-15
Intangible assets and goodwill	-422	-432
Deferred tax assets	-24	-30
Asset Value Adjustment	-1	-1
Defined benefit pension fund assets	-1	0
Additional deductions of CET 1	-1	-2
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	2,888	2,916
Credit risk	1,960	2,059
Market risk	55	76
Credit value adjustment	8	11
Operational risk	865	771
Solvency ratios		
Common equity Tier 1 ratio (CET1)	**19.6%**	**18.4%**
Basic solvency ratio (Tier 1 ratio)	**23.9%**	**22.7%**
Overall Capital Ratio	**23.9%**	**22.7%**

Note 37 – Maximum credit risk exposure and collateral received to mitigate the risk

(In EUR million)	31/12/2023	31/12/2022
Assets	**11,674**	**14,134**
Balances with central banks and other demand deposits	4,004	5,648
Financial assets	7,500	8,296
Held-for-trading	187	364
Non-trading mandatorily at fair value through profit or loss	23	37
At fair value through other comprehensive income	943	959
At amortized cost	6,186	6,694
Hedging derivatives	161	243
Tax assets	25	33
Other assets	142	152
Non-current assets held-for-sale	3	5
Off-balance sheet items	**686**	**618**
Confirmed irrevocable credits, unused	665	600
Financial guarantees	22	18
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Maximum credit risk exposure	12,361	14,752

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

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	**31/12/2023**	**31/12/2022**
Mortgage loans collateralized by immovable property	**2,149**	**2,201**
Residential	1,732	1,767
Commercial	417	434
Other collateralized loans	**2,737**	**3,105**
Cash	804	1,219
Rest (including securities received in reverse repo operations)	1,933	1,886
Financial guarantees received	**903**	**831**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	5,789	6,137

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

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

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

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital. The exposures on related parties are disclosed in Note 35.

Note 38 – Risk Management

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

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

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

1.1.2. Credit allocation decision making process / governance

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

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

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

1.1.3. Credit policy

The credit policy defines the framework within which credit activities to customers are managed in the Quintet Group. It is reviewed/updated on a regular basis. The last version was approved in March 2023 by the Board Risk & Compliance Committee ("BRCC"), a sub-Committee of the Board of Directors dedicated to risk issues.

1.1.4. Monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the BRCC. Therefore, specific indicators are monthly reported to the Group Credit Committee (GCC) and quarterly to the BRCC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries. Group Financial Risk has its own system for country and concentration limits, approved by the AMC and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Group and to its risk appetite.

At a regulatory level, Quintet Group uses the standardised Basel III methodology to calculate credit risk.

1.1.4.1. Loans

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

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

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

1.1.4.2. Investment portfolios

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

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

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

1.1.4.3. Interbank transactions

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

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

The monitoring of exposures and their compliance with operational limits is done daily by the Group Financial Risk department.

1.1.4.4 Collateral monitoring

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

1.1.4.5. Country limits

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

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

1.1.4.6. Concentration monitoring

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

The issuer concentration limits are updated and monitored by Group Financial Risk. Exception reports are escalated to the ALCO monthly and to the BRCC quarterly.

1.1.5 Measurement of Credit Risk

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

1.1.5.1. IFRS 9 stages

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

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

1.1.5.2. Credit risk grading

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

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

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

- For private banking counterparties, the assessment is based on the continuous monitoring of the loan book by the Credit Risk function and the concept of watchlist

1.1.5.3 Significant Increase in Credit Risk

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

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

The following indicators are considered:

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

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

1.1.6. Definition of default and credit impaired assets

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

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

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

1.2.1. Measurement of ECL

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

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

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

1.2.2. Forward-looking information incorporated in the ECL models

ECLs are computed using three main credit parameters: EaD, PD and LGD. At first, PD and LGD are estimated from TtC data (i.e., averages observed over historical data):

- PDs at various time horizons are observed on the term structure of the cumulative default probability constructed from a migration matrix. For professional counterparties, such matrix relates to migrations between credit ratings. For private banking clients, such matrix relates to migrations between IFRS 9 stages
- LGD is taken as the historical average for professional counterparties and derived from the valuation of collateral for private banking clients

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

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

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

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

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

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

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

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

1.2.3. Evolution of key risk metrics over 2023

Scenario parameters for the valuation of properties (see Table 1) were altered downwards over the course of 2023 considering the worsening of the global economy and the increase in interest rates, which pressured significantly the real estate market across Europe. It was agreed to align all countries to the same scenario weights. Moreover, it was decided to revise the scenario parameters as follows: (i) be more consistent among countries, (ii) account for negative short-term trends in the baseline scenario, and (iii) account for positive long-term trends in all scenarios. Also, it was recognized that the UK market is more volatile than others and subject to potential stronger shocks in the short to medium term.

Table 1: Scenario weights for the valuation of properties.

Scenario	2022 Q4	2023 Q4	Scenario	2022 Q4	2023 Q4
Belgium			Luxembourg		
Negative	30%	40%	Negative	30%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	10%	0%	Positive	10%	0%
1-yr shock, negative scenario	*-15%*	*-15%*	*1-yr shock, negative scenario*	*-15%*	*-15%*
France			FR/MC Riviera		
Negative	30%	40%	Negative	30%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	10%	0%	Positive	10%	0%
1-yr shock, negative scenario	*-13%*	*-15%*	*1-yr shock, negative scenario*	*-12%*	*-15%*
United Kingdom			Netherlands		
Negative	40%	40%	Negative	40%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	0%	0%	Positive	0%	0%
1-yr shock, negative scenario	*-25%*	*-25%*	*1-yr shock, negative scenario*	*-15%*	*-15%*

Regarding weights allocated to the three scenarios related to default probabilities, they were as well adjusted during 2023 to reflect the worsening of the economic situation, especially on the Sovereign and Bank sectors, [1] and to a lesser extent for Corporates (see Table 2).

The average rating score of the portfolio deteriorated slightly over 2023, while remaining in the Investment Grade area, with a WARF (weighted average rating factor) of 162 for 2023 and 145 for 2022. The deterioration of the rating score is mainly driven by the Sovereign sector, which experienced a large increase in the proportion of BBB- positions. This deterioration is dampened by the enhancement of the Bank sector, which improved from an average rating score of A to A+. However, the average PD at the 1-year horizon (sourced from Moody's CreditEdge[2]) decreased slightly for all sectors. This is due to the fact that those PDs are point-in-time; hence, for a same rating and sector, this 1-year PD might decrease between 2022 and 2023. In turn, the average PD of the portfolio can slightly decrease even though the average rating deteriorates to some extent.

[1] Taking into account bank defaults (SVB, Credit Suisse, etc.) observed in Q1 2023.

[2] Note that reported figures consist of positions covered by Moody's CreditEdge. The share of positions not covered by Moody's CreditEdge in the portfolio amounts to 4.02% (vs. 6.92% in 2022).

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

PD scenario	2022 Q4	2023 Q4
Banks		
Negative	40%	50%
Baseline	30%	30%
Positive	30%	20%
Avg. ptf. 1-yr PD [bps]	*9.4*	*8.8*
Avg. ptf. rating score	*130*	*84*
Corporates		
Negative	50%	55%
Baseline	50%	45%
Positive	0%	0%
Avg. ptf. 1-yr PD [bps]	*7.3*	*7.0*
Avg. ptf. rating score	*140*	*150*
Sovereigns		
Negative	20%	30%
Baseline	50%	50%
Positive	30%	20%
Avg. ptf. 1-yr PD [bps]	*2.8*	*2.5*
Avg. ptf. rating score	*120*	*184*

Finally, Table 3 provides the average ECL rate observed on non-defaulted credit exposures, respectively for: (i) debt securities (in the ALM portfolio), and (ii) loans, advances, and commitments. The average ECL rate slightly decreased in comparison to end-2022, in line with the decrease of PD of the ALM portfolio (see Table 2). The average ECL rate of the loans, advances and commitments portfolio remained stable during 2023.

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

		Average ECL rate on portfolio [bps]	
	Scenario	Debt securities	Loans, advances & commitments
2022 Q4	Negative	10.46	3.33
	Baseline	4.46	1.63
	Positive	3.67	1.51
	Weighted	*5.87*	*2.09*
2023 Q4	Negative	8.92	2.56
	Baseline	3.63	1.67
	Positive	3.02	1.63
	Weighted	*5.61*	*2.05*

1.3 Quantitative information

1.3.1. Breakdown of credit risk exposures

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

Information on performing and non-performing exposures:

31/12/2023 (In EUR million)	Total Amount	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	**1,039**	**1,039**	**-**	**0**	**-**
Central banks	-	-	-	-	-
General governments	668	668	-	0	-
Credit institutions	315	315	-	0	-
Other financial corporations	13	13	-	0	-
Non-financial corporations	43	43	-	0	-
Loans and advances	**5,194**	**5,038**	**156**	**-47**	**-47**
Central banks	-	-	-	-	-
General governments	1	1	-	0	-
Credit institutions	379	379	-	0	-
Other financial corporations	1,151	1,124	27	-5	-5
Non-financial corporations	1,177	1,105	72	-29	-29
Households	2,487	2,430	56	-13	-13
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	**10,238**	**10,082**	**156**	**-48**	**-47**
Debt securities	**943**	**943**	**-**	**-1**	**-**
General governments	486	486	-	0	-
Credit institutions	147	147	-	0	-
Other financial corporations	200	200	-	0	-
Non-financial corporations	110	110	-	0	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	**943**	**943**	**-**	**-1**	**-**
Debt securities	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	-	-	-	-	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENTS AT FVTPL	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING	**11,181**	**11,025**	**156**	**-49**	**-47**
Loan commitments given	3,320	3,315	4	0	-
Financial guarantees given	22	22	-	0	-
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	**3,342**	**3,337**	**4**	**0**	**-**

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

1.3.2. Specific loan impairment

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

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2023 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and Advances

31/12/2023 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	78	0	6	-	18	5	-	9	80
Central banks	-	-	-	-	-	-	-	-	-
General governments	0	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	3	-	1	-	0	0	-	-	22
Non-financial corporations	1	-	-	-	9	-	-	9	27
Households	75	0	5	-	8	5	-	-	31

Loans and advances by product, by collateral and by subordination

On demand [call] and short notice [current account]	66	0	-	-	0	0	-	-	15
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	13	-	6	-	17	5	-	9	65
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	-	-	5	-	17	4	-	9	56
of which: other collateralized loans	78	-	1	-	-	1	-	-	20
of which: credit for consumption	-	-	-	-	-	-	-	-	-
of which: lending for house purchase	-	-	5	-	8	4	-	-	23
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2023 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-3	-5	5	0	-	0	-2
Debt securities	-1	-1	0	0	-	0	-1
General governments	-1	0	0	0	-	0	-1
Credit institutions	0	0	0	0	-	0	0
Other financial corporations	0	0	0	0	-	0	0
Non-financial corporations	0	0	0	0	-	0	0
Loans and advances	-1	-3	3	0	-	0	-1
General governments	0	-	-	-	-	0	0
Credit institutions	0	0	0	0	-	0	0
Other financial corporations	0	-2	2	0	-	0	0
Non-financial corporations	0	0	0	0	-	0	0
Households	0	-1	1	0	-	0	0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	0	-	2	-1	-	0	0
Loans and advances	0	-	1	-1	-	0	0
Credit institutions	0	-	0	-	-	0	-
Other financial corporations	0	-	1	-1	-	0	0
Non-financial corporations	0	-	0	0	-	0	0
Households	0	-	0	0	-	0	0
Allowances for credit-impaired debt instruments (Stage 3)	-26	-	1	-22	1	0	-47
Loans and advances	-26	-	1	-22	1	0	-47
Other financial corporations	0	-	0	-5	-	0	-5
Non-financial corporations	-17	-	0	-12	-	0	-29
Households	-10	-	1	-5	1	0	-13
Total allowance for debt instruments	-29	-5	7	-23	1	0	-49
Commitments and financial guarantees given (Stage 1)	0	0	0	0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-1	0	0
Total provisions on commitments and financial guarantees given	1	0	0	0	-1	0	0

- Debt Securities

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

- Loans and Advances

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	5	1	-	-	28	0	-	-	37
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	1	-	-	-	17	-	-	-	0
Non-financial corporations	2	-	-	-	0	-	-	-	27
Households	3	1	0	-	11	-	-	-	10

Loans and advances by product, by collateral and by subordination

On demand [call] and short notice [current account]	1	-	-	-	15	-	-	-	0
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	4	1	-	-	13	-	-	-	37
Advances that are not loans	-	-	-	-	-	-	-	-	0
of which: Loans collateralized by immovable property	3	1	-	-	13	-	-	-	34
of which: other collateralized loans	1	-	-	-	-	-	-	-	2
of which: credit for consumption	-	-	-	-	-	-	-	-	0
of which: lending for house purchase	1	1	-	-	9	-	-	-	9
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

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

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2023	2022
L&R from customers	42bps	13bps
Financial assets FVOCI	2.4bps	2.2bps

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

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value
(In EUR million)
31/12/2023

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

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

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

- Financial assets at fair value through other comprehensive income

Book value
(In EUR million)
31/12/2023

Rating	Total Watchlist	Standard	Total
AAA	-	59	59
AA+	-	89	89
AA	-	148	148
AA-	-	106	106
A+	-	99	99
A	-	59	59
A-	-	39	39
BBB+	-	51	51
BBB	-	61	61
BBB-	-	231	231
TOTAL	**-**	**942**	**942**

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

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

- Financial assets at amortised cost (debt securities)

Book value (In EUR million) **31/12/2023** Rating	Total Watchlist	Standard	Total
AAA	-	197	197
AA+	-	110	110
AA	-	156	156
AA-	-	224	224
A+	-	110	110
A	-	39	39
A-	-	34	34
BBB+	-	79	79
BBB-	-	81	81
NR	-	10	10
TOTAL	**-**	**1,039**	**1,039**

Book value (In EUR million) **31/12/2022** Rating	Total Watchlist	Standard	Total
AAA	-	202	202
AA+	-	114	114
AA	-	128	128
AA-	-	192	192
A+	-	150	150
A	-	40	40
A-	-	27	27
BBB+	-	56	56
BBB	-	76	76
BBB-	-	10	10
TOTAL	-	**995**	**995**

- Loans and advances

Loans and advances positions are not rated

Book value (In EUR million) **31/12/2023**	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	22	1,489	1,511
Customers	97	3,538	3,635
TOTAL	**119**	**5,027**	**5,147**

Note that volumes only relate to stage 3 impairments and non-performing loans.

Of which Banks and other Financial Institutions

Book value (In EUR million) **31/12/2023** **Rating**	Total Loans	Reverse Repo	Total
AA-	25	-	25
A+	35	201	236
A-	0	149	149
NR	1,101	-	1,101
TOTAL	**1,161**	**350**	**1,511**

Loans and advances

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

Of which Banks and Financial Institutions

Book value - (In EUR million) **31/12/2022** Rating	Other L&R	Reverse Repo	Total
AA	0	-	0
A+	39	146	177
A	13	50	63
A-	-	312	312
NR	1,289	-	1,289
TOTAL	**1,340**	**508**	**1,848**

1.3.3.2. Financial Securities by country

Book value **31/12/2023** (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRALIA	-	24	24	-	-	-	-	-	-
AUSTRIA	-	20	20	-	-	-	-	-	-
BELGIUM	-	83	83	-	-	-	-	-	-
CANADA	-	91	91	-	55	55	-	-	-
CAYMAN ISLANDS	-	-	-	-	18	18	-	-	-
CHILE	-	-	-	-	31	31	-	-	-
DENMARK	-	23	23	-	-	-	-	-	-
FINLAND	-	49	49	-	5	5	-	-	-
FRANCE	-	167	167	-	57	57	-	-	-
GERMANY	-	54	54	-	27	27	-	-	-
ICELAND	-	5	5	-	13	13	-	-	-
IRELAND	-	21	21	-	-	-	-	-	-
ISRAEL	-	-	-	-	23	23	-	-	-
ITALY	-	77	77	-	195	195	-	-	-
JAPAN	-	-	-	-	66	66	-	-	-
REP. OF KOREA	-	17	17	-	121	121	-	-	-
LITHUANIA	-	10	10	-	-	-	-	-	-
LUXEMBOURG	-	18	18	-	9	9	-	-	-
MEXICO	-	-	-	-	12	12	-	-	-
NETHERLANDS	-	40	40	-	-	-	-	-	-
NORWAY	-	24	24	-	13	13	-	-	-
PORTUGAL	-	20	20	-	-	-	-	-	-
QATAR	-	-	-	-	17	17	-	-	-
SAUDI ARABIA	-	-	-	-	29	29	-	-	-
SLOVAKIA	-	18	18	-	-	-	-	-	-
SPAIN	-	83	83	-	44	44	-	-	-
SUPRANATIONAL	-	95	95	-	25	25	-	-	-
SWEDEN	-	12	12	-	8	8	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	55	55	-	-	-
UNITED KINGDOM	-	47	47	-	-	-	-	-	-
UNITED STATES OF AMERICA	-	37	37	-	110	110	-	-	-
Other below EUR 10 million	-	5	5	-	10	10	-	-	-
TOTAL	-	1,039	1,039	-	942	942	-	-	-

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

1.3.3.3. Loans and advance by country

Book value
(In EUR million)

31/12/2023	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
BELGIUM	10	-	10	743
BERMUDA	55	-	55	0
BRITISH VIRGIN ISLANDS	17	-	17	24
CYPRUS	5	-	5	42
DENMARK	124	-	124	96
FRANCE	33	201	235	501
GERMANY	32	-	32	208
GUERNSEY	18	-	18	2
IRELAND	7	-	7	4
LEBANON	-	-	-	22
LIECHTENSTEIN	0	-	0	40
LUXEMBOURG	305	-	305	70
MALTA	30	-	30	3
MONACO	13	-	13	53
NETHERLANDS	283	-	283	762
PANAMA	17	-	17	0
QATAR	0	-	0	83
SOUTH AFRICA	2	-	2	11
SPAIN	19	149	168	83
SWEDEN	1	-	1	38
SWITZERLAND	15	-	15	56
UNITED ARAB EMIRATES	-	-	-	35
UNITED KINGDOM	162	-	162	690
Other below EUR 10 million	12	-	12	70
TOTAL	**1,161**	**350**	**1,511**	**3,635**

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

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last updated May 2023), based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

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

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

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

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

- Viable versus non-viable forbearance

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

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

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

- Contagion of forborne exposures

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

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

- Cure from forborne status

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

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

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

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

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

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

- Efficiency and effectiveness of forbearance

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

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

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

- Impacts on financial assets

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

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

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2023				
Loans and advances	67	10	58	-22
Other financial corporations	7	0	7	0
Non-Financial corporations	28	4	24	-13
Households	32	5	27	-10
Total Debt Instruments other than Held for Trading	**67**	**10**	**58**	**-22**
Loan commitments given	-	-	-	-
31/12/2022				
Loans and advances	32	1	31	-18
Other financial corporations	-	-	-	-
Non-Financial corporations	19	-	19	-9
Households	13	1	12	-9
Total Debt Instruments other than Held for Trading	**32**	**1**	**31**	**-18**
Loan commitments given	-	-	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

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

The mission of the trading activity is mainly to grow activities along as a support activity of both Wealth Management and Asset Management Services. As such, the risk appetite for taking own position is limited and the overall positions are strictly controlled by a whole set of limits.

- As Liquidity Management Competence Centre for the Group, the Global Treasury is centralising (within regulatory constraints) and redistributing the (excess) liquidity generated by Wealth Management across the Group and Asset Management Services activities in Luxembourg. This activity is MiFID compliant and products are mainly non sophisticated products
- In principle, positions are taken with a view to support the 'customer business' of the Group and are monitored by Group Financial Risk. Positions taken for trading purposes rely on a conservative philosophy and are carried out on an accessory basis. They are subject to strict rules in terms of limits and products

2.1.2. Trading risk policy

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

- Treasury activity, oriented towards client service, is based on deposits and conventional linear derivatives (mostly currency swaps and interest rate swaps) and collateralized operations (mostly reverse repurchasing agreements). Treasury activity is driven by the interest rates (IR) volatility, the diversification and market opportunities
- FX and precious metal activity is also oriented towards client service and is mainly based on spot and forward transactions. Overall total limit for this activity is broadly limited to EUR 15 million (o/w EUR 13 million at Quintet level) - including Bullion's activity
- Regarding Structured Product activity, the Bank acts as private bank by offering a specialized service to the increasingly demanding customers. Before being marketed, all of these products must obtain the prior approval of the 'SPODAC' Committee of Authorization and Supervision of new products, whose primary role is to assess the various risks (market, credit, operational, legal, compliance, etc.) underlying the marketing of these structures.

  NB. The Bank is allowed to keep a limited number/amount of positions on its book as a benchmark or to offer a secondary market to client

2.1.3. Trading decision making process / governance

Trading activities are concentrated in Luxembourg; no trading activities are allowed in the subsidiaries / branches. This organisation enables subsidiaries / branches to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.

Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is about EUR 3.0 million since beginning of 2023) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework for the 3 activities:

- Group Financial Risk daily monitors the end of day exposures of the 3 desks using a set of primary (overall absolute exposure) and secondary limits (currency limits, counterparty limits) on nominal amount to ensure diversification of the risk. Currencies with high volatilities and too narrow FX markets are not allowed

- The intraday exposure is also monitored on a daily basis and limited to a dedicated intraday limit
- HVaR measures are also developed for Treasury, FX and Structured Products activities, and are used as a risk indicator

2.1.4. Measurement and monitoring of trading risk

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

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

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

2.1.5. Concentration Risk

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

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

2.2. Quantitative information

As of 31 December 2023, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2022	Maximum observed in 2023	Average observed in 2023	Outstanding 31/12/2023
Treasury	10 bpv [1]	2.5	0.1	0.4	0.1	0.05
	HVar	7.5	0.4	3.2	1.6	2.1
	Stressed Hvar[2]	7.5	1.1	3.1	1.3	1.6

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

(In EUR million)	Limit in Nominal Amount	Outstanding 31/12/2022	Maximum observed in 2023	Average observed in 2023	Outstanding 31/12/2023
Forex (bullions included)	15.0	2.3	14.3	3.0	1.7
Structured Products	70.0	38.1	47.7	43.3	45.1

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

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

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

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

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

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

3.1.2. ALM decision making process/governance

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

The ALCO validates a.o. strategies related to managing the gap between resources and utilisations, return on equity enhancement, management of the structural liquidity and mitigation of the related risks.

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

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

3.1.3. ALM policy

The documents entitled 'Group ALM Framework' and 'Group ALM Investment Policy' describe a.o. the ALM objectives, governance and constraints (credit risk, liquidity, among others). It is in line with the Risk Appetite Statement expressed by the Board of Directors (see below).

3.1.4. Measurement and monitoring of ALM risks

In 2023, the refresh of the Risk Appetite Statement Framework has set up a new risk dashboard structure and limits. For the risks that are identified as material during the annual materiality assessment, risk metrics are implemented for monitoring and reporting.

Key Risk Indicators (KRI) and Management Risk Indicators (MRI) are set up for ALM interest rate risk, credit spread risk, equity risk. The metrics are computed as consolidated level only and include VaR measures, Sensitivity measure, Economic value measures as well as earning measures.

Regarding market risks in the banking book, the following KRIs are implemented:

- The Economic Value of Equity (EVE) - regulatory shocks, worst case impact amount to 5.0% for Quintet Group as at 31 December 2023 (7.1% as at 31 December 2022). The risk appetite limit is set at 13.0% of Tier 1 Capital, which amounts to EUR 689,5 million. This indicator reflects the outcome of the worst case among the six regulatory prescribed scenarios (parallel shift of up and down, short rate shift up and down, steepening, flattening movements) of the interest rate curve
- The Interest Earning at Risk - regulatory shocks, worst case impact amount to 5.5% for Quintet Group as at 31 December 2023. The risk appetite limit is set at 7.5% of Tier 1 Capital. In 2023, the Group decided to change the KRI from a EUR value and start measuring it as a % of Tier 1 Capital, reflecting the management intention to converge to the regulatory prescribed large decline of 5.0%. This indicator reflects the outcome of the worst case among the two regulatory prescribed scenarios (parallel shift of up and down) of the interest rate curve
- The Diversified Market VaR 99.9% - 1 year amount to EUR 74.6 million for Quintet Group as at 31 December 2023. The related risk appetite limit has been set to EUR 145 million. In 2023, the Group decided to refer to Market Value at Risk as its key internal KRI covering interest rate, credit spread and equity risk factors, aligning with the ICAAP ratio metric

Regarding interest rate risk, an Interest Rate VaR 99.9% - 1 year is set up as an MRI. The outcome amounts to EUR 52.4 million as at 31 December 2023 (31 December 2022: EUR 66.3 million) for an MRI limit of EUR 115 million.

Regarding credit spread risk, a Credit Spread VaR 99.9% - 1 year is set up as an MRI. The outcome amounts to EUR 45.0 million as at 31 December 2023 (31 December 2022: EUR 47.0 million) for an MRI limit of EUR 115 million.

Regarding the equity price risk, the Risk Appetite is expressed in terms of maximum Value at Risk both on ALM portfolio equity positions and on Pension funds equity positions. The Equity VaR 99.9% - 1 year is set up as an MRI and amounts to EUR 26.1 million as at 31 December 2023 (31 December 2022: EUR 43.7 million) for an MRI limit of EUR 75 million.

3.1.5. 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:

- 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 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, which must be validated by Risk and Accounting before any transaction can occur. 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.

3.2. Quantitative information

3.2.1. Interest rate

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

100 bpv (In EUR million) **31/12/2023**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total 100 bpv**	Carrying amount
Financial assets	-8	-4	-8	-11	-28	**-60**	7,500
Held for trading	-1	0	2	2	0	**3**	187
Designated at fair value through p/L	-	-	-	-	-	**-**	23
Financial assets at fair value through OCI	0	-2	-6	-5	-5	**-18**	943
Financial assets at amortised cost	-5	-4	-11	-21	-69	**-110**	6,186
Hedging Derivatives	-3	1	8	13	47	**65**	161
Financial liabilities	5	7	5	2	13	**33**	10,579
Held for trading	1	0	-2	-2	0	**-3**	153
Measured at amortised cost	5	8	6	4	8	**30**	10,419
Hedging Derivatives	0	0	1	1	5	**6**	7
Shareholders' equity	-	-	3	-	-	**3**	1,185
Gap	-3	3	0	9	15	**-24**	

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

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

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2023						
Financial assets	55	6	13	9	10	93
Financial liabilities	-71	-6	-3	-1	0	-81
Net Impact	**-15**	**1**	**9**	**8**	**10**	**12**
31/12/2022						
Financial assets	75	7	9	8	11	110
Financial liabilities	-93	-4	0	0	-	-97
Net Impact	**-18**	**3**	**9**	**8**	**11**	**13**

The outcome of the bank's hedging strategies is as follows for Quintet Group in terms of Economic Value sensitivity (impact of a parallel increase by 1% of the interest risk curves):

Sensitivity 100 bpv Shift	31/12/2023			31/12/2022		
	Gains/losses attributable to the hedged risk		**Hedge ineffectiveness**	Gains/losses attributable to the hedged risk		**Hedge ineffectiveness**
(In EUR million)	Hedged items	Hedging instruments		Hedged items	Hedging instruments	
Financial assets	-92	71	**-21**	-99	80	**-18**
Micro fair value hedge relationships on ALM portfolio positions	-16	16	**-1**	-19	17	**-1**
Portfolio fair value hedges of interest rate risk on loan book positions	-76	56	**-20**	-80	63	**-17**
Financial liabilities	1	0	**1**	0	0	**0**
Micro fair value hedge relationships on debt issued	1	0	**1**	0	0	**0**

3.2.2. Equity Risk

3.2.2.1. Sensitivity of equity risk

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

(In EUR thousand)

31/12/2023	Current situation [(1)]	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	23,679	-5,920	17,759
Gain/Loss	4,893	-5,920	-1,026
Equity impact (gross FVOCI reserve)	146	-179	-33
Statement of profit and loss impact (impairment)	4,747	-5,741	-993

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

(In EUR thousand)

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

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

3.2.2.2. Concentration of equity risk

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

The book value of the equity portfolio decreased down to EUR 24 million as at 31/12/2023. In more details:

(In EUR million) REGION / NATURE	31/12/2023	31/12/2022
Europe (Equity Funds + direct lines)	13	43
Europe (Diversified Funds)	1	1
Europe (Fixed Income Funds)	-	0
US (Equity Funds + direct lines)	-	-
TOTAL	14	44
Other Equities	9	26
TOTAL Equities portfolios	24	69

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of liquidity risk

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

4.1.2. Liquidity decision making process/governance

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

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

4.1.3. Liquidity policy

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

4.1.4. Measurement and monitoring of liquidity risk

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

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

- A contractual liquidity gap of up to five days, as if the activity was to be continued (no stress test). This report is also sent to the BCL
- The stock of available liquid assets
- A daily estimate of the statutory Basel III Liquidity Coverage Ratio is performed. The Group's ratio stood at 147.9% as at 31 December 2023 (for a regulatory limit of 100%)
- A daily estimate of the Net Stable Funding Ratio is performed as well
- The value of quantitative indicators, which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis)

As far as structural liquidity indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis for Quintet' group. As at 31 December 2023, it stood at 48.4%, confirming the excellent liquidity situation of the Group as natural deposit collector.

4.2. Quantitative information

4.2.1. Maturity analysis of liquid stock

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

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2023						
Initial stock of available assets	-	2,163	1,632	1,090	551	322
HQLA eligible	1,327	-196	-345	-347	-157	-283
Marketable securities	835	-335	-197	-192	-72	-39
TOTAL	2,163	-531	-542	-539	-229	-322
Residual stock of available assets	2,163	1,632	1,090	551	322	0
31/12/2022						
Initial stock of available assets	-	2,260	1,505	968	467	199
HQLA eligible	1,455	-304	-366	-393	-208	-184
Marketable securities	805	-451	-171	-108	-60	-15
TOTAL	2,260	-755	-537	-501	-268	-199
Residual stock of available assets	2,260	1,505	968	467	199	0

4.2.2. Maturity analysis of financial assets and liabilities

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

(In EUR million) 31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Cash and balances with central banks and other demand deposits	4,008	-	-	-	-	-	**4,008**
Financial assets	1,795	966	1,647	1,118	1,950	24	**7,500**
Held-for-trading	17	29	59	59	23	0	**187**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	23	**23**
Financial assets at fair value through other comprehensive income	73	315	339	137	78	1	**943**
Financial assets at amortised cost	1,705	614	1,225	897	1,744	-	**6,186**
Hedging derivatives	0	8	24	24	105	-	**161**
Other assets	-	-	-	-	-	541	**541**
TOTAL ASSETS	**5,803**	**966**	**1,647**	**1,118**	**1,950**	**565**	**12,049**

31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Financial liabilities	9,108	1,201	181	54	35	-	**10,579**
Held-for-trading	30	17	35	51	21	-	**153**
Measured at amortised cost (excluding subordinated liabilities)	9,077	1,185	144	2	11	-	**10,419**
Subordinated liabilities	-	-	-	-	-	-	**-**
Hedging derivatives	1	0	3	1	3	-	**7**
Other liabilities	-	-	-	-	-	284	**284**
Shareholders' equity	-	-	-	-	-	1,185	**1,185**
TOTAL LIABILITIES	**9,108**	**1,201**	**181**	**54**	**35**	**1,469**	**12,049**
GAP	**-3,305**	**-235**	**1,466**	**1,064**	**1,915**	**-905**	

Of which derivatives:

Cashflows by bucket (In EUR million) 31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value EUR million
Inflows	3,206	1,362	290	139	38	**5,035**	302
Interest rate	372	516	277	133	38	**1,336**	282
Equity	0	1	5	-	-	**7**	1
Currency	2,834	845	8	6	-	**3,693**	19
Outflows	-3,208	-1,347	-252	-106	-28	**-4,942**	158
Interest rate	-360	-504	-244	-101	-28	**-1,237**	127
Equity	-1	-2	-1	-	-	**-4**	2
Currency	-2,847	-841	-7	-5	-	**-3,701**	30
Gap - Derivatives	-2	15	38	33	10	**94**	

The maturity profile of Quintet Group hedging instruments used in fair value hedge relationships is as follows:

Notional amounts (In EUR million) **31/12/2023**	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total**
Micro fair value hedge relationships on ALM portfolio positions	36	50	177	60	197	**520**
Portfolio fair value hedges of interest rate risk on loan book positions	27	156	286	300	709	**1,477**
Micro fair value hedge relationships on debt issued	57	-	2	-	-	**59**
TOTAL	**119**	**206**	**464**	**360**	**906**	**2,056**

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

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

Of which derivatives

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

Fair value hedge relationships:

Notional amounts (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total
Micro fair value hedge relationships on ALM portfolio positions	62	73	188	155	195	**672**
Portfolio fair value hedges of interest rate risk on loan book positions	19	101	349	224	890	**1,582**
Micro fair value hedge relationships on debt issued	43	-	-	-	-	**43**
TOTAL	**124**	**174**	**536**	**378**	**1,085**	**2,297**

4.2.3. Concentration risk

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

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

5. Currency risk

The operations of the Group are mainly denominated In EUR, USD and GBP. The Group has very limited risk appetite for currency risk which translates into small forex limits of EUR 15 million at consolidated level. The Group's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency positions are monitored on a daily basis against the above-mentioned currency limits which are declined per entity.

6. Operational risk

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

7. Climate-related and environmental risks

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

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

7.1. Business Strategy

In the course of 2023, Quintet has developed its Corporate Sustainability Strategy based on a thorough assessment of the business environment we are operating in as well as a comprehensive stakeholder engagement programme (incl. double materiality assessment).

In addition to the responsibilities vis-à-vis our staff and clients, the following goals in relation to climate change were set:

- Reducing absolute Scope 1, 2 and operational Scope 3 GHG emissions by 50% by 2032 and as close as possible to 100% by 2050, from a 2022 base year
- Reducing carbon intensity emissions for our financed Scope 3 emissions by 20% between 2024 and 2030 – compared to 2023 base year – for DPM (in-scope products and services are flagship discretionary funds and any other new sustainable solutions; excludes lending)
- Reducing Scope 3 financed emissions within ALM portfolios by applying our Sustainable Investment Framework
- Continuously improving our measurements to set further targets in 2024

The corporate sustainability strategy has been operationalised through a set of 14 corporate sustainability initiatives which will be closely monitored.

7.2. Governance and Risk Management

The Board is responsible for setting and ultimately approving the Bank's business strategy as well as overseeing its execution by management, within the risk appetite boundaries. It reviews and approves the risk appetite statement at least annually, which encompasses the Bank's risk appetite towards C&E risks including the respective KRIs and limit levels. The Board has delegated detailed oversight of risk and control matters to the Group Board Risk & Compliance Committee (BRCC). The BRCC, on behalf of the Board, is accountable for putting arrangements in place and overseeing the identification, measurement, monitoring, management, and reporting of C&E risks.

The Bank's Authorized Management Committee (AMC) receives a mandate from the Board to run the Bank within the limits of the risk appetite and to implement relevant risk identification, measurement, monitoring, and reporting capabilities for C&E risk management. The Chief Risk Officer (CRO), as a member of the AMC, is in charge of developing and formalising the risk management framework for C&E risks, in close collaboration with the relevant 1st LoD functions (notably Corporate Sustainability, Portfolio Management / Sustainable Investments, Lending Advisory, ALM & Treasury) and Compliance in the 2nd LoD. The 3rd LoD (Internal Audit) reviews the C&E risk management arrangements based on its risk assessment and multi-year audit plan.

In Q1 2023, the risk identification and materiality assessment process for C&E risks has been considerably improved, by overlaying C&E risks (physical and transition) to all financial and non-financial risks of our internal risk taxonomy and identifying relevant transmission channels. The assessment was performed across different time horizons (short/medium/long-term) and in a more quantitative fashion. Later in 2023, a structured data gap analysis has been conducted, covering various C&E-related regulations. Owners have been assigned, and remediations actions/ projects have been launched which already led to enhancements of our C&E data sourcing and aggregation capabilities.

Informed by the outcome of the risk identification and materiality assessment process as well as the data gap analysis, a comprehensive set of C&E risk metrics has been defined in 2023, comprising key risk indicators (KRIs) for the Board risk appetite, management risk indicators (MRIs) under management delegation, and additional risk metrics (used for monitoring only, no limits set). The following list presents some risk metrics defined by key activity of the bank:

- Wealth Management: number of breaches of sustainability commitments in Article 8+ flagship sub-funds; percentage of investments aligned with Environmental and Social (E&S) characteristics in strategic funds and discretionary mandates; etc.

- Lending: percentage of mortgage book value covered by real estate collaterals with available reported Energy Performance (EP) level lower than D; concentration of real estate collaterals in "High Flood Risk" areas; etc.
- ALM & Treasury: weighted average carbon intensity of the portfolio; portion of ALM & Treasury assets invested in "high C&E risk" sectors and countries; etc.

In Q4 2023, these risk indicators and the day-to-day risk management arrangements for C&E risks have been formalised in the Group Climate & Environmental Risk Management Policy. Apart from the governance principles and strategy / risk appetite arrangements, it covers:

- Credit risk management
- Market risk management
- Investment risk management
- Operational risk management
- Scenario analysis and stress testing, and integration into ICLAAP

The results of C&E risk monitoring metrics and relevant conclusions and escalations are discussed in relevant governance bodies and working groups and presented to the AMC & BRCC on a quarterly basis.

Note 39 – Audit fees

The fees paid to the Group's independent auditors, Ernst & Young S.A., during the 2023 and 2022 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2023	31/12/2022
Statutory audit of the consolidated financial statements	1,462	1,351
Other assurance services	492	397
Tax consulting services	-	-
Other services	-	-
Total	**1,954**	**1,748**

Note 40 – Information country by country

The following table shows consolidated information distributed by European Members and third countries. It is worth to note that Quintet and its subsidiaries have not received any public subsidies.

Country	Location	Turnover (Gross income) (In EUR million)	Full-time equivalents
31/12/2023			
Belgium	Brussels	45	174
Germany	Munich	35	219
Luxembourg	Luxembourg	346	611
The Netherlands	Amsterdam	80	316
Denmark	Copenhagen	0	16
United Kingdom	London	97	365
31/12/2022			
Belgium	Brussels	52	170
Germany	Munich	54	243
Luxembourg	Luxembourg	208	635
The Netherlands	Amsterdam	110	323
Denmark	Copenhagen	0	16
United Kingdom	London	100	387

Note 41 – List of significant branches, subsidiaries and associates

Company	Country	Capital held	Sector
Quintet Private Bank (Europe) S.A.	**Luxembourg**	**100.00%**	**Bank**
BRANCHES			
Quintet Danmark	Denmark	100.00%	Bank
Merck Finck	Germany	100.00%	Bank
Puilaetco	Belgium	100.00%	Bank
InsingerGilissen	The Netherlands	100.00%	Bank
FULLY CONSOLIDATED SUBSIDIARIES (global method)			
Brown, Shipley & Co. Limited	United Kingdom	100.00%	Bank
Fairmount Pension Trustee Limited	United Kingdom	100.00%	Other - financial
White Rose Nominees Ltd	United Kingdom	100.00%	Other - financial
NW Brown Ltd	United Kingdom	100.00%	Other - financial
NW Brown ISA Nominees	United Kingdom	100.00%	Other - financial
NW Brown Nominees	United Kingdom	100.00%	Other - financial
Kredietrust Luxembourg S.A.	Luxembourg	100.00%	Management
Quintet Private (Switzerland) Ltd.	Switzerland	100.00%	In liquidation
InsingerGilissen Asset Management N.V.	The Netherlands	100.00%	Management
Insingergilissen Bewind & Executele B.V.	The Netherlands	100.00%	Other - financial
GIM Vastgoed Management B.V.	The Netherlands	100.00%	Management
NON-CONSOLIDATED COMPANIES			
Quintet Private Bank (Europe) S.A.			
Forest & Biomass Holding S.A.	Luxembourg	26.63%	

Note 42 – Main changes in the scope of consolidation

Company	Country	Capital held before change	Sector	Comments
EXIT FROM SCOPE OF CONSOLIDATION				
Quintet Private Bank (Europe) S.A.				
ASSOCIATES				
GIM Vastgoed Management B.V.				
Germany Residential Fund Management BV (I, II, III, IV, V)	The Netherlands	50.00%	Real estate	Liquidated
CHANGE OF LEGAL NAME				
Quintet Private Bank (Europe) S.A.				
Before				
Insingergilissen Philanthropy Trusts Estates B.V.	The Netherlands	100.00%	Other - financial	
After				
Insingergilissen Bewind & Executele B.V.	The Netherlands	100.00%	Other - financial	

Note 43 – Events after the statement of financial position date

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.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

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

R.C.S. Luxembourg: B 006.395

Financial statements, Management report and
Report of the independent auditor
as at 31 December 2023

TABLE OF CONTENTS

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

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Building a better working world

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quintet Private Bank (Europe) S.A. (the "Bank") which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income (comprising the statement of profit and loss and the statement of other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

Building a better
working world

1. Impairment on loans and advances to customers

Description

At 31 December 2023, loans and advances to customers amount to EUR 3,317 million (gross amount) against which an impairment allowance of EUR 40 million is recorded (see Note 14 and 21 to the financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit losses (ECL) calculation model.

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

- Determine the loan classification criteria under stage 1, stage 2 or stage 3
- Estimate the amount of expected credit losses depending on the different stages
- Prepare macro-economic projections which are embedded in the expected credit losses measurement

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 37 "Risk management" to the financial statements.

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

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

Refer to the Notes 12, 14 and 21 to the financial statements.

How the matter was addressed in our audit

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

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

Building a better working world

We also performed the following substantive audit procedures:

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

2. <u>Impairment on investments in private banking subsidiaries</u>

Description

As at 31 December 2023, the gross book value of investments in subsidiaries carrying out private banking activities amount to EUR 190 million against which an impairment of EUR 0 million is recorded (see Notes 12 and 39 to the financial statements). The basis of impairment of investment in subsidiaries is presented in the accounting policies in Note 2c to the financial statements.

We considered this to be a key audit matter because the determination of recoverable values of the Bank's investments in subsidiaries carrying out private banking activities relies on management's estimation of the 'Net Asset Value ("NAV") and the multiple of Assets under Management ("AuM") (NAV + AuM multiple) for each subsidiary.

How the matter was addressed in our audit

We performed the following main procedures:

- We obtained and reviewed the assessment prepared by the Management of the carrying value of investments in subsidiaries, and the calculation of impairment allowances for the investments in subsidiaries where management believes that such impairment is required
- With the assistance of our valuation specialists, we assessed the assumptions and methodology used by the Management to determine the recoverable amount of the investment in subsidiaries, including review of multiples for a selected comparable peer group and review of the derivation of the final multiple used in calculating the value of Assets under Management
- We compared the carrying values of the Bank's investment in subsidiaries for which audited financial statements were available with their respective share of net asset values as at 31 December 2023
- We tested the balances of the assets under management appearing at the level of the subsidiaries as at 31 December 2023; and
- We discussed with Management the subsidiaries' performance and their outlook

3. Provisions for litigations

Description

As at 31 December 2023, the Bank's provisions for litigations amount to EUR 25 million (see Note 27 to the financial statements). A provision for litigation is recognized if (i) the Bank has a present obligation as a result of a past event, (ii) it is probable that an outflow will be required to settle the obligation and (iii) the amount can be reliably estimated. Management also uses external legal counsels to determine the probability of outflow and to quantify the potential financial impact.

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

How the matter was addressed in our audit

We performed the following main procedures:

- We obtained the details of all pending litigations, including supporting documents, and discussed the cases with internal legal counsel
- We analysed the responses to our confirmation requests obtained from external legal counsels of the Bank as 31 December 2023
- For each case we considered whether an obligation exists, we reviewed the assumptions made by the Bank in the calculation of the provision and we assessed the appropriateness of the provision recorded based on the probability that cash outflows are more likely than not to occur
- We reviewed the minutes of the meetings of the Board of Directors and Board Compliance and Legal Committee with specific attention on litigations discussions; and
- We considered the sufficiency of disclosures related to provisions and contingent liabilities in the Bank's financial statements

Other information

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

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

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

Building a better working world

Responsibilities of the Board of Directors for the financial statements

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

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

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

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

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

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

Building a better
working world

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

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

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors on 17 March 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 19 years.

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

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 28 March 2024

STATEMENT OF PROFIT AND LOSS

(In EUR thousand)	Notes	31/12/2023	31/12/2022
Net interest income	4, 34	219,247	98,054
Dividend income	5, 34	14,901	15,886
Net gains/losses on financial instruments measured at fair value through profit or loss	6	15,206	41,616
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	7	-581	3,106
Net fee and commission income	8, 34	244,336	237,306
Other net income / (expenses)	9, 34	24,541	33,916
GROSS INCOME		**517,650**	**429,884**
Operating expenses	10, 34	**-443,626**	**-412,656**
Staff expenses	11, 29	-256,298	-254,842
General administrative expenses	38	-141,686	-127,777
Other	25, 26, 27	-45,642	-30,037
Impairment	12, 20, 21, 34	**-19,957**	**-4,031**
PROFIT / (LOSS) BEFORE TAX		**54,067**	**13,197**
Income tax (expenses) / income	13	-11,025	-5,568
PROFIT / (LOSS) AFTER TAX	31	**43,042**	**7,629**

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

STATEMENT OF COMPREHENSIVE INCOME

(In EUR thousand)	31/12/2023	31/12/2022
PROFIT / (LOSS) AFTER TAX	43,042	7,629
OTHER COMPREHENSIVE INCOME	4,608	-20,007
Items that may be reclassified subsequently to profit or loss	**10,562**	**-28,711**
Debt instruments at fair value through other comprehensive income	10,562	-28,711
Revaluation at fair value (including on hedged items)	13,506	-34,586
Net realised gains / losses on sales	566	-3,665
Income tax (expenses)	-3,509	9,540
Items that will not be reclassified to profit or loss	**-5,954**	**8,704**
Remeasurements of defined benefit pension plans	-6,090	8,202
Remeasurements (gross)	-6,407	8,325
Income tax (expense)/income on remeasurements	318	-123
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	136	502
Revaluation at fair value	182	669
Income tax (expenses) / income	-45	-167
TOTAL COMPREHENSIVE INCOME	47,650	-12,378

STATEMENT OF FINANCIAL POSITION

ASSETS (In EUR million)	Notes	31/12/2023	31/12/2022
Cash and balances with central banks and other demand deposits	17, 34, 36	3,390	5,141
Financial assets	14 to 19, 22, 34, 36	6,530	7,265
Held-for-trading		189	366
Non-trading mandatorily at fair value through profit or loss		22	37
At fair value through other comprehensive income		943	959
At amortized cost		5,215	5,661
Hedging derivatives		161	243
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-134	-211
Tax assets	24, 36	25	32
Current tax assets		1	2
Deferred tax assets		24	30
Investment in subsidiaries and associates	34, 36, 39	190	186
Property and equipment	26	56	56
Intangible assets	25	373	379
Other assets	23, 36	131	146
Non-current assets held-for-sale	1, 36	16	15
TOTAL ASSETS		**10,577**	**13,010**

EQUITY AND LIABILITIES (In EUR million)	Notes	31/12/2023	31/12/2022
Financial liabilities	14, 16, 17, 22, 34	9,168	11,638
Held-for-trading		158	297
At amortized cost		9,003	11,329
Hedging derivatives		7	12
Provisions	27, 29	53	46
Tax liabilities	24	2	0
Other liabilities	28	200	209
TOTAL LIABILITIES		**9,422**	**11,894**
TOTAL EQUITY	30	**1,154**	**1,116**
Out of which Common Equity Tier 1 instruments issued		*880*	*880*
TOTAL EQUITY AND LIABILITIES		**10,577**	**13,010**

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

STATEMENT OF CHANGES IN EQUITY

(In EUR million)	Issued and paid-up share capital	Share premium	Equity instruments issued other than capital	Revaluation reserve	Remeasu-rement of defined benefit pension plans	Currency translation differences	Reserves	Profit/ Loss	**Total equity**
2023									
Balance as at 01/01/2023	**254.2**	**626.3**	**123.5**	**-15.2**	**-22.2**	**-0.2**	**141.9**	**7.6**	**1,115.8**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	7.6	-7.6	-
AT1 coupon payment	-	-	-	-	-	-	-9.4	-	-9.4
Total comprehensive income for the year	-	-	-	10.7	-6.1	-	-	43.0	47.6
Balance as at 31/12/2023	**254.2**	**626.3**	**123.5**	**-4.5**	**-28.3**	**-0.2**	**140.1**	**43.0**	**1,154.1**
2022									
Balance as at 01/01/2022	**254.2**	**626.3**	**123.5**	**13.0**	**-30.4**	**-0.2**	**268.4**	**-140.1**	**1,114.6**
Puilaeco Luxembourg's absorption (Note 1)	-	-	-	-	-	-	23.0	-	**23.0**
Transfer of previous year result to the reserves (Note 30)	-	-	-	-	-	-	-140.1	140.1	**-**
AT1 coupon payment	-	-	-	-	-	-	-9.4	-	**-9.4**
Total comprehensive income for the year	-	-	-	-28.2	8.2	-	-	7.6	**-12.4**
Balance as at 31/12/2022	**254.2**	**626.3**	**123.5**	**-15.2**	**-22.2**	**-0.2**	**141.9**	**7.6**	**1,115.8**

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

STATEMENT OF CASH FLOWS

(In EUR million)	Notes	31/12/2023	31/12/2022
Profit /(loss) before tax		54.1	13.2
Adjustments for:			
Impairment of securities, amortisation and depreciation of property and equipment, intangible assets and investment properties	10, 12	31.7	28.9
Profit/loss on the disposal of investments	9	0.4	-20.4
Change in impairment for losses on loans and advances	12	19.8	4.4
Change in other provisions	10	14.1	0.8
Unrealised foreign currency gains and losses		-0.6	-17.0
Cash flows from / (used in) operating activities, before tax and changes in operating assets and liabilities		**119.4**	**9.9**
Changes in operating assets [(1)]		-1,905.7	1,126.4
Changes in operating liabilities [(2)]		-131.2	548.7
Income taxes		-5.3	-8.0
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES		**-1,922.7**	**1,677.0**
Purchase of subsidiaries or business units		-	-
Proceeds from sale of subsidiaries or business units	1, 9	-0.5	17.6
Proceeds from sale of associates	1, 9	0.1	3.3
Purchase of intangible assets	25	-9.3	-7.5
Purchase of property and equipment	26	-4.7	-3.6
Proceeds from sale of property and equipment	9, 26	0.0	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**-14.2**	**9.8**
Share capital increase	30	-	-
Issue of other equity instruments	30	-	-
Purchase/sale of treasury shares		-	-
Issue/repayment of non-subordinated debt	14	21.9	-428.3
Issue/repayment of subordinated debts	14	-	-
Dividends paid and profit-sharing		-	-
Lease liabilities	26	-14.7	-13.9
AT1 yearly coupon payment		-9.4	-9.4
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**-2.2**	**-451.5**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**-1,939.1**	**1,235.3**
CASH AND CASH EQUIVALENTS AS AT 01/01		**5,356.3**	**4,121.1**
Net increase/decrease in cash and cash equivalents		-1,939.1	1,235.3
CASH AND CASH EQUIVALENTS AS AT 31/12 [(3)]		**3,417.2**	**5,356.3**
ADDITIONAL INFORMATION			
Interest paid during the year		-176.0	-75.7
Interest received during the year		381.2	158.5
Dividends received (including equity method)	5	14.9	15.9
COMPONENTS OF CASH AND CASH EQUIVALENTS		**3,417.2**	**5,356.3**
Cash and balances with central banks (including mandatory reserve with the central bank)		3,128.6	4,716.9
Loans and advances to banks repayable on demand		620.5	957.4
Deposits from banks repayable on demand		-331.9	-318.0
Of which: not available [(4)]		42.3	53.2

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

Quintet Private Bank (Europe) S.A. (hereafter 'Quintet' or the 'Bank') is specialised in private banking. In support of and complementary to this activity, Quintet has also developed several niche activities specific to its various markets.

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

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

Quintet is a public limited liability company *(société anonyme)* incorporated in Luxembourg and having its registered office at: 43, boulevard Royal, L-2449 Luxembourg.

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

The Bank prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as a consolidated management report, which are available at its head office.

As of 31 December 2023, Quintet's non-consolidated financial statements include:

- Quintet Danmark, the Danish branch
- Merck Finck, the German branch
- InsingerGilissen, the Dutch branch
- Puilaetco, the Belgian branch

Puilaetco Luxembourg

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

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

European Fund Administration (EFA)

In Spring 2022, EFA's shareholders, including Quintet, announced the sale of the fund administrator to Universal Investment Group. Quintet was one of the founding shareholders of European Fund Administration (EFA) when it opened its doors in 1996. In 2022, this operation led Quintet to record a capital gain of EUR 17.6 million in the other income (Note 9) for a cash received of EUR 21.5 million. The price adjustment related to that sale that occurred in 2023 is presented in Note 9.

KBL Immo

On 5 August 2020, the Bank sold to Zenith Corp S.A. its former subsidiary KBL Immo S.A., a real estate company which owns the building occupied and rented by Quintet as its head office at Luxembourg. The prices adjustment related to that sale that occurred in 2022 and 2023 are presented in Note 9.

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

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

The financial position and results of operations of the merged subsidiaries have been incorporated in the financial statements with a retroactive effect of 1 January 2020. The merger accounting policy is described in Note 2b.

As at 31 December 2023, the Quintet Europe business unit incorporates the following markets: Luxembourg (including Quintet Luxembourg and KTL), Belgium, Germany, the Netherlands and Denmark. Quintet Private Bank now operates from two hubs: Europe and the UK.

Quintet Switzerland - Non-current assets held-for-sale (HFS) not qualifying as discontinued operations

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

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

Quintet Switzerland, which does not hold a banking license anymore and which is not subject to regulatory supervisions, is in operational wind-down since the second quarter of 2022 until full liquidation, which is expected to be completed in the course of the second quarter 2024.

Consequently, the participating interests related to Quintet Switzerland, is presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued operations".

There is no impact on the liability side, income statement or statement of cash flows.

Note 2 – Accounting principles and rules of the financial statements

The material accounting policies (including changes since the previous annual publication that may impact Quintet) applying to the parent company's financial statements are explained in the Notes 2b and 2c of the consolidated financial statements herein except for specific information that applies solely to the parent's financial statements.

Note 2a – Statement of compliance

These financial statements were approved by the Board of Directors of Quintet on 26 March 2024.

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

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

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

Note 2b – Material accounting policies

Specific information relating to the financial statements of the parent company:

a. Merger accounting policy

The legal merger is in substance the redemption of shares in the subsidiary, in exchange for the underlying assets of the subsidiary. Hence, the values recognized in the consolidated financial statements become the cost of the net assets for the parent. The acquired assets and assumed liabilities are recognized in the solo accounts at the carrying amounts in the merged financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognized when the subsidiary was originally acquired, less their subsequent related amortization, depreciation, impairment losses, as applicable.

The difference between (i) the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger including the associated goodwill, and (ii) the carrying amount of the investment in the merged subsidiary before the legal merger, is recognized directly in equity.

b. Investment in subsidiaries and associates

Subsidiaries and associates are measured at cost following IAS 27 and IAS 28. Impairment tests are performed once a year.

Note 2c – Significant accounting estimates and judgements

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

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

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

- Estimation of claims and litigations (see Note 2c of the consolidated financial statements and Note 27)
- Fair value of financial instruments not quoted in an active market (see Note 14)
- Impairment assessment of goodwill and participations (see Note 2c of the consolidated financial statements and Note 12)
- Measurement of the expected credit loss (ECL) allowance: the explanation of the inputs, assumptions and techniques used in measuring ECL is detailed in Note 37

Going concern

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

Note 3a – Operating segments by business segment

Quintet Private Bank distinguishes between the following primary segments:

- The **'PRIVATE BANKING'** segment includes the wealth management activities provided to Quintet Europe private clients. Intermediation and portfolio management services for InsingerGilissen and Quintet Luxembourg institutional clients are also part of that segment
- The **'ASSET SERVICING'** segment includes services provided to institutional clients. This segment includes custodian bank, fund domiciliation and administration activities, paying agent activities, central securities depository Clearstream / Euroclear activities
- The **'OWN ACCOUNT & GROUP ITEMS'** segment includes support activity provided by Quintet Group to the network of subsidiaries, acting in its capacity as parent company, all other elements not directly linked to the previous two segments, and extraordinary elements not directly linked to other business segments. 'Own Account' includes activities such as bullions, bond and structured products own account, ALM free capital portfolio revenues, etc. (not directly private client-related)

Revenue and costs attributed to a segment reflect direct and indirect income from clients as well as allocated costs linked to this segment business as implemented in accounting management.

Statement of profit and loss (In EUR million)	PRIVATE BANKING		ASSET SERVICING		OWN ACCOUNT & GROUP ITEMS		Quintet	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net interest income	163.0	70.5	39.8	13.8	16.5	13.8	**219.2**	**98.1**
Dividend income	0.0	-	-	-	14.9	15.9	**14.9**	**15.9**
Net gains/losses on financial instruments measured at fair value through profit or loss	0.0	19.5	-	3.9	15.2	18.2	**15.2**	**41.6**
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-	-0.6	3.1	**-0.6**	**3.1**
Net fee and commission income	222.0	224.1	32.2	28.9	-9.8	-15.7	**244.3**	**237.3**
Other net income (expenses)	-57.4	-58.6	-0.7	-0.6	82.7	93.1	**24.5**	**33.9**
GROSS INCOME	**327.5**	**255.5**	**71.3**	**46.1**	**118.8**	**128.3**	**517.7**	**429.9**
Operating expenses	-185.5	-192.6	-23.3	-20.1	-234.8	-199.9	**-443.6**	**-412.7**
Impairment	-20.2	-4.3	-	-	0.2	0.3	**-20.0**	**-4.0**
PROFIT/LOSS BEFORE TAX	**121.9**	**58.5**	**47.9**	**26.0**	**-115.7**	**-71.3**	**54.1**	**13.2**
Income tax (expense) / income	-3.1	-3.3	-	-	-7.9	-2.3	**-11.0**	**-5.6**
PROFIT/LOSS AFTER TAX	**118.7**	**55.3**	**47.9**	**26.0**	**-123.6**	**-73.6**	**43.0**	**7.6**

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

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

Note 3b – Operating segments by geographic sector

The Bank carries out most of its activities in Western Europe.

Note 4 – Net interest income

(In EUR thousand)	31/12/2023	31/12/2022
Interest income	**954,859**	**472,720**
Financial assets at fair value through other comprehensive income	19,498	24,975
Financial assets at amortized cost	169,665	100,487
Interest income on liabilities at amortized cost	51	12,527
Other	115,262	1,472
Sub-total of interest income from financial instruments not measured at fair value through profit or loss	*304,478*	*139,461*
Financial assets held-for-trading	573,621	313,950
Net interest on hedging derivatives	76,760	19,309
Interest expense	**-735,612**	**-374,666**
Financial liabilities at amortized cost	-155,836	-29,345
Interest expense on assets at amortized cost	-	-12,695
Other	-9	-
Sub-total of interest expense on financial instruments not measured at fair value through profit or loss	*-155,845*	*-42,039*
Financial liabilities held-for-trading	-559,573	-298,697
Net interest on hedging derivatives	-19,261	-33,148
Interest expense for leasing arrangements	-933	-782
Net interest income	**219,247**	**98,054**

Note 5 – Dividend income

(In EUR thousand)	31/12/2023	31/12/2022
Participating interests (Note 1)	14,520	14,250
Non-trading financial assets mandatorily at fair value through profit or loss	380	1,636
Financial assets at faire value through other comprehensive income	1	-
Dividend income	**14,901**	**15,886**

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

(In EUR thousand)	31/12/2023	31/12/2022
Held-for-trading	10,079	28,336
Non-trading financial instruments mandatorily at fair value through profit or loss	4,071	6,872
Exchange differences	11	9
Fair value adjustments in hedge accounting	1,046	6,399
Micro-hedging	775	-627
Fair value of hedged items	2,909	-105,119
Fair value of hedging items	-2,135	104,492
Macro-hedging	271	7,026
Fair value of hedged items	76,846	-107,406
Fair value of hedging items	-76,575	114,432
Net gains/losses on financial instruments measured at fair value through profit or loss	**15,206**	**41,616**

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

(In EUR thousand)	31/12/2023	31/12/2022
At fair value through other comprehensive income	-566	3,665
Debt securities	-566	3,665
At amortized cost	-	-
Debt securities	-	-
Financial liabilities	-16	-558
Debt securities	-16	-558
Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	**-581**	**3,106**

Note 8 – Net fee and commission income

(In EUR thousand)	31/12/2023	31/12/2022
Fee and commission income	**270,823**	**264,230**
Asset management	202,859	216,516
Securities transactions	40,010	40,045
Other	27,955	7,669
Fee and commission expense	**-26,487**	**-26,924**
Asset management	-16,163	-16,018
Securities transactions	-6,635	-7,232
Other	-3,689	-3,675
Net fee and commission income	**244,336**	**237,306**

Note 9 – Other net income (expenses)

(In EUR thousand)		31/12/2023	31/12/2022
Total		**24,541**	**33,916**
of which:	Group Transfer pricing (with KTL and Brown Shipley)	17,163	15,361
	Fund management centralisation (with KTL)	4,656	-
	Refund of 2016 tax unduly collected (Puilaetco)	1,740	-
	Singular Bank – referral fees	1,555	-
	Sale participation of EFA (price adjustment, Note 1)	143	17,648
	Disposal of KBL Immo (price adjustment, Note 1)	-457	3,295
	Net wealth tax	-606	-652
	Net proceeds from precious metals transactions	-751	1,131

Note 10 – Operating expenses

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

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

(In EUR thousand)	31/12/2023	31/12/2022
Staff expenses	-256,298	-254,842
General administrative expenses	-141,686	-127,777
Depreciation and amortisation of property and equipment, intangible assets and investment properties	-31,510	-29,281
of which depreciation of right-of-use assets	*-11,469*	*-11,037*
Net provision allowances	-14,133	-755
Operating expenses	**-443,626**	**-412,656**

Note 11 – Staff

(In full-time equivalents – FTE)	31/12/2023	31/12/2022
Total average number of FTE	**1,336**	**1,387**
Breakdown by business segment [(1)]		
Private Banking	972	1,025
Asset Servicing	80	79
Own Account and Group items	284	282

[(1)] The breakdown of commercial, administrative and support staff has been made on the same basis than for drawing up Note 3a on operating segments by business segment.

Note 12 – Impairment

(In EUR thousand)	31/12/2023	31/12/2022
(Impairment)/reversal of impairment of:		
Cash balances with central banks and other demand deposits	**304**	**-89**
At fair value through other comprehensive income	**-107**	**343**
Stage 1	-107	343
At amortized cost	**-20,155**	**-4,285**
Stage 1	114	139
Stage 2	86	258
Stage 3	-20,355	-4,682
Investments in subsidiaries	**-**	**-**
Other	**-**	**-**
Impairment	**-19,957**	**-4,031**

More detailed information on impairment is provided in Note 37.

Impairment on investments in subsidiaries

(In EUR thousand)	31/12/2023	31/12/2022
Impairment	-	-
Equity instruments	-	-
On participating interests	-	-
Goodwill	-	-

See also Note 20 – Impairment of financial assets at fair value through other comprehensive income.

	Net carrying value of assets before 2023 impairment test	Current estimated recoverable values at year end	Impairment recognized in the 2023 statement of profit and loss	Net carrying value of assets after 2023 impairment test
Goodwill – Eurozone				
CGU - Private Banking Europe (In EUR million)	349.6	702.0	-	349.6

The values of participating interests, goodwill and purchased portfolios of customers are subject to an impairment test which is performed at least annually, in the course of the fourth quarter. Impairment tests performed as at 31 December 2023 and 2022 did not reveal any losses to be recognized.

The goodwill reported in the accounts of the parent's company results from the merger with several former subsidiaries which occurred in 2020 (cf. merger accounting policy described in note 2b).

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

Cash generating units (CGU)

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

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

Multiples of valuation of comparable companies methodology

Estimations are primarily made using multiples of valuation of comparable companies.

This methodology has been assessed as giving the best estimation of the fair value less cost to sell compared to a more complex Discounted Dividend Model which would require the use of a number of non-observable parameters.

Such estimations are calculated in accordance with IFRS13 'Fair value measurement' that classifies into three levels the inputs to valuation techniques used to measure fair value:

- Level 1: quoted price in active market for identical assets or liabilities
- Level 2: inputs other than quoted prices included with level 1 that are observable for the assets and liabilities, either directly or indirectly
- Level 3: unobservable inputs

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

For the impairment test on the goodwill these multiples shall be applied to the clients' Assets under Management. For the participating interests these multiples shall be applied to the clients' Assets under Management and adding to that result the percentage of ownership multiplied by the participating interest's Net Asset Value.

Note 13 – Income tax (expenses) / income

(In EUR thousand)	31/12/2023	31/12/2022
Breakdown by type		
Current tax	-8,719	-4,840
Deferred tax	-2,306	-729
of which: losses carried forward	-	-
Income tax (expenses) / income	**-11,025**	**-5,568**
Breakdown by major components:		
Result before tax	54,067	13,197
Luxembourg income tax rate	24.94%	24.94%
Income tax calculated at the Luxembourg income tax rate	**-13,484**	**-3,291**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	366	52
Tax-free income	4,726	9,491
Other non-deductible expenses	-1,146	-5,066
Adjustments related to prior years	87	25
Unused tax losses and unused tax credits	-3,327	-1,026
Other [1]	1,753	-5,753
Income tax adjustments	**2,459**	**-2,277**
Income tax (expenses) / income	**-11,025**	**-5,568**

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

The effective income tax rate for 2023 is 20.39% (2022: 42.19%).

Details of tax assets are given in Note 24.

In 2002, under Article 164 bis of the Luxembourg Income Tax Law (LIR), the Bank obtained approval for the fiscal consolidation of its subsidiary Kredietrust Luxembourg S.A..

The deferred tax assets not recognised in the statement of financial position of the Bank as of 31 December 2023 amount to EUR 198.9 million (31 December 2022: EUR 200.9 million).

Note 14 – Classification of financial instruments: breakdown by portfolio and by product

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

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2023	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**362**	-	362
Loans and advances to others than credit institutions	-	-	-	**4,120**	-	4,120
Consumer credits	-	-	-	15	-	**15**
Mortgage loans	-	-	-	1,862	-	**1,862**
Term loans	-	-	-	1,400	-	**1,400**
Current accounts	-	-	-	820	-	**820**
Other	-	-	-	23	-	**23**
Equity instruments	**0**	**22**	**1**	**-**	**-**	**23**
Debt instruments issued by	**46**	**-**	**942**	**733**	**-**	**1,721**
Government bodies	-	-	486	612	-	**1,098**
Credit institutions	22	-	146	65	-	**233**
Corporates	24	-	310	56	-	**390**
Financial derivatives	**142**	**-**	**-**	**-**	**161**	**304**
Total	**189**	**22**	**943**	**5,215**	**161**	**6,530**
Of which reverse repos	-	-	-	350	-	**350**

ASSETS CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
Loans and advances to credit institutions	-	-	-	**540**	-	**540**
Loans and advances to others than credit institutions	-	-	-	**4,389**	-	**4,389**
Consumer credits	-	-	-	32	-	**32**
Mortgage loans	-	-	-	1,905	-	**1,905**
Term loans	-	-	-	1,557	-	**1,557**
Current accounts	-	-	-	872	-	**872**
Other	-	-	-	24	-	**24**
Equity instruments	**0**	**37**	**17**	**-**	**-**	**54**
Debt instruments issued by	**45**	**-**	**942**	**732**	**-**	**1,718**
Government bodies	-	-	576	635	-	**1,211**
Credit institutions	33	-	102	65	-	**200**
Corporates	12	-	264	32	-	**307**
Financial derivatives	**321**	**-**	**-**	**-**	**243**	**564**
Total	**366**	**37**	**959**	**5,661**	**243**	**7,265**
Of which reverse repos	-	-	-	508	-	**508**

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2023	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	-	-	540	540
Deposits from others than credit institutions	-	-	8,345	8,345
Current accounts/demand deposits	-	-	5,297	5,297
Time deposits	-	-	3,031	3,031
Other deposits	-	-	17	17
Debt securities issued (not subordinated)	-	-	72	72
Non-convertible debt securities	-	-	72	72
Lease liabilities	-	-	47	47
Financial derivatives	156	7	-	163
Short positions	2	-	-	2
Total	158	7	9,003	9,168
Of which repos	-	-	2	2

LIABILITIES CARRYING AMOUNTS (In EUR million) 31/12/2022	Held-for-trading	Hedging derivatives	Financial liabilities at amortized cost	Total
Deposits from credit institutions	-	-	510	510
Deposits from others than credit institutions	-	-	10,719	10,719
Current accounts/demand deposits	-	-	8,733	8,733
Time deposits	-	-	1,976	1,976
Other deposits	-	-	10	10
Debt securities issued (not subordinated)	-	-	50	50
Non-convertible debt securities	-	-	50	50
Lease liabilities	-	-	50	50
Financial derivatives	297	12	-	309
Total	297	12	11,329	11,638
Of which repos	-	-	4	4

Fair value of financial instruments

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

(In EUR million)	Carrying amount		Fair value	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
ASSETS				
Loans and advances to credit institutions	362	540	374	540
Loans and advances to others than credit institutions	4,120	4,389	4,119	4,389
Consumer credits	15	32	15	32
Mortgage loans	1,862	1,905	1,849	1,905
Term loans	1,400	1,557	1,408	1,557
Current accounts	820	872	824	872
Other	23	24	23	24
Debt instruments	733	732	692	668
LIABILITIES				
Deposits from credit institutions	540	510	548	511
Deposits from others than credit institutions	8,345	10,719	8,405	10,720
Current accounts/demand deposits	5,297	8,733	5,289	8,733
Time deposits	3,031	1,976	3,099	1,977
Other deposits	17	10	17	10
Debt securities issued (not subordinated)	72	50	71	48
Non-convertible debt securities	72	50	71	48

Fair value hierarchy

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

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

31/12/2023
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**4**	**183**	**2**	**189**
Equity instruments	-	0	0	**0**
Debt instruments	4	41	2	**46**
Derivatives	0	142	-	**142**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**22**	**22**
Equity instruments	-	-	22	**22**
Debt instruments	-	-	-	**-**
At fair value through other comprehensive income	**469**	**473**	**1**	**943**
Equity instruments	-	-	1	**1**
Debt instruments	469	473	-	**942**
Hedging derivatives	**-**	**161**	**-**	**161**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**1**	**157**	**-**	**158**
Debt instruments	-	2	-	**2**
Derivatives	1	155	-	**156**
Hedging derivatives	**-**	**7**	**-**	**7**

31/12/2022
(In EUR million)

ASSETS	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**365**	**0**	**366**
Equity instruments	-	-	0	**0**
Debt instruments	-	45	0	**45**
Derivatives	0	320	-	**321**
Non-trading mandatorily at fair value through profit or loss	**-**	**-**	**37**	**37**
Equity instruments	-	-	37	**37**
Debt instruments	-	-	-	**-**
At fair value through other comprehensive income	**355**	**586**	**17**	**959**
Equity instruments	-	-	17	**17**
Debt instruments	355	586	-	**942**
Hedging derivatives	**-**	**243**	**-**	**243**

LIABILITIES	Level 1	Level 2	Level 3	Total
Held-for-trading	**0**	**297**	**-**	**297**
Debt instruments	-	-	-	**-**
Derivatives	0	297	-	**297**
Hedging derivatives	**-**	**12**	**-**	**12**

Transfers between the level 1 and level 2 categories

31/12/2023 (In EUR million)	From Level 1 to Level 2	From Level 2 to Level 1
ASSETS		
Held-for-trading	**-**	**2**
Equity instruments	-	-
Debt instruments	-	2
At fair value through other comprehensive income	**44**	**34**
Equity instruments	-	-
Debt instruments	44	34
LIABILITIES		
Held-for-trading	**-**	**-**
Equity instruments	-	-
Debt instruments	-	-

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

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

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

Level 3 financial instruments measured at fair value

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	Total
Balance as at 01/01/2023	**0**	**37**	**17**	**54**
Changes in fair value for the year recognised in	0	0	0	**0**
the statement of profit and loss	*0*	*0*	-	***0***
the other comprehensive income	-	-	*0*	***0***
Purchases / Capital increases	2	-	-	**2**
Sales / Capital decreases	0	-14	-16	**-31**
Transfers into / out of level 3	-	-	-	**-**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2023	**2**	**22**	**1**	**25**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	0	0	**0**

(In EUR million)	Held-for-trading	Non-trading mandatorily at fair value through profit or loss	At fair value through other comprehensive income	**Total**
Balance as at 01/01/2022	**1**	**44**	**16**	**61**
Changes in fair value for the year recognised in	0	4	1	**4**
the statement of profit and loss	*0*	*4*	-	***4***
the other comprehensive income	-	-	*1*	***1***
Purchases / Capital increases	0	-	-	**0**
Sales / Capital decreases	-1	-11	-	**-12**
Transfers into / out of level 3	-	-	-	**-**
Transfer of IFRS category	-	-	-	**-**
Balance as at 31/12/2022	**0**	**37**	**17**	**54**
Total gains / losses recognised in the statement of profit and loss, that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period	0	4	1	**4**

Level 3 positions mainly include investments in Private Equity structures, holdings in unlisted equity instruments and other participating interests. Most significant positions (which are mandatorily at fair value through the statement of profit and loss except equity investments for which the Bank has elected to present fair value changes in other comprehensive income) are further commented in the Note 14 of the Consolidated Financial Statements above.

Note 15 – Financial assets at fair value through other comprehensive income and at amortized cost: breakdown by portfolio and quality

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2023			
Equity instruments	**1**	**-**	**1**
Debt securities	**942**	**733**	**1,675**
Stage 1	942	733	**1,675**
Gross amount	943	733	**1,676**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,482**	**4,482**
Stage 1	-	4,371	**4,371**
Gross amount	-	4,372	**4,372**
Expected Credit Losses	-	-1	**-1**
Stage 2	-	20	**20**
Gross amount	-	20	**20**
Expected Credit Losses	-	0	**0**
Stage 3	-	91	**91**
Gross amount	-	137	**137**
Expected Credit Losses	-	-46	**-46**
Total	**943**	**5,215**	**6,157**

(In EUR million)	At fair value through other comprehensive income	At amortized cost	TOTAL
31/12/2022			
Equity instruments	**17**	**-**	**17**
Debt securities	**942**	**732**	**1,673**
Stage 1	942	732	**1,673**
Gross amount	942	732	**1,674**
Expected Credit Losses	-1	0	**-1**
Loans and advances	**-**	**4,929**	**4,929**
Stage 1	-	4,857	**4,857**
Gross amount	-	4,858	**4,858**
Expected Credit Losses	-	-1	**-1**
Stage 2	-	20	**20**
Gross amount	-	20	**20**
Expected Credit Losses	-	0	**0**
Stage 3	-	53	**53**
Gross amount	-	79	**79**
Expected Credit Losses	-	-26	**-26**
Total	**959**	**5,661**	**6,620**

Note 16 – Financial assets and liabilities: breakdown by portfolio and residual maturity

ASSETS (In EUR million)	Held-for-trading assets	Non-trading at fair value through profit or loss	At fair value through OCI	At amortized cost	Hedging derivatives	Total
31/12/2023						
Less than or equal to 1 year	47	-	388	1,784	9	**2,227**
More than 1 but less than or equal to 5 years	118	-	477	1,709	48	**2,352**
More than 5 years	23	22	79	1,722	105	**1,951**
Total	**189**	**22**	**943**	**5,215**	**161**	**6,530**
31/12/2022						
Less than or equal to 1 year	179	-	390	2,135	3	**2,707**
More than 1 but less than or equal to 5 years	142	-	469	1,596	64	**2,272**
More than 5 years	45	37	99	1,929	176	**2,286**
Total	**366**	**37**	**959**	**5,661**	**243**	**7,265**

LIABILITIES (In EUR million)	Held-for-trading liabilities	Hedging derivatives	Liabilities at amortized cost	Total
31/12/2023				
Less than or equal to 1 year	47	1	8,848	**8,896**
More than 1 but less than or equal to 5 years	87	3	146	**237**
More than 5 years	23	3	9	**35**
Total	**158**	**7**	**9,003**	**9,168**
31/12/2022				
Less than or equal to 1 year	137	8	11,251	**11,396**
More than 1 but less than or equal to 5 years	118	3	77	**198**
More than 5 years	43	1	1	**45**
Total	**297**	**12**	**11,329**	**11,638**

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

LEASE LIABILITIES (In EUR million)	31/12/2023	31/12/2022
Less than or equal to 1 year	15	14
More than 1 but less than or equal to 5 years	34	38
More than 5 years	0	0
Total	**49**	**52**

Note 17 – Offsetting of financial assets and liabilities

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

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

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

The Bank however frequently enters into Master Netting Agreements ("MNA") with its counterparties to manage the credit risks associated primarily with (i) repurchase and reverse repurchase transactions, (ii) securities borrowing / lending and (iii) over-the-counter derivatives.

These arrangements may also be supplemented by collateral agreements.

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

Similarly, the rights of set off relating to the cash and other financial instrument collateral are also conditional upon the default of the counterparty.

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

The effect of Master Netting Agreements relating to securities lending and borrowing is not reported because those transactions are not recognized on the statement of financial position (i.e. securities lent are not derecognized from the statement of financial position and securities borrowed are not recognized within assets). Notes 18 and 19 give additional information on those activities and on the related financial collateral received / pledged.

31/12/2023 (In EUR million)	Gross amounts of financial assets presented on the statement of financial position	Impact of Master Netting Agreements Netting potential / financial liabilities	Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**3,390**	**-**	**-**	**3,390**
Financial assets				
Hedging and trading derivatives	303	-136	-157	10
Held-for-trading assets (excluding derivatives)	46	-	-	46
Non-trading mandatorily at fair value through profit or loss	22	-	-	22
At fair value through other comprehensive income	943	-	-	943
At amortized cost	5,215	-	-349	4,865
Total	**9,920**	**-136**	**-506**	**9,277**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	163	-136	-18	9
Held-for-trading liabilities (excluding derivatives)	2	-	-	2
Liabilities measured at amortized cost	9,003	-	-	9,003
Total	**9,168**	**-136**	**-18**	**9,015**

31/12/2022 (In EUR million)	Gross amounts of financial assets presented on the statement of financial position	Impact of Master Netting Agreements: Netting potential / financial liabilities	Impact of Master Netting Agreements: Financial collateral received (securities and cash)	Net amount
ASSETS				
Cash and balances with central banks and other demand deposits	**5,141**	**-**	**-**	**5,141**
Financial assets				
Hedging and trading derivatives	564	-268	-288	8
Held-for-trading assets (excluding derivatives)	45	-	-	45
Non-trading mandatorily at fair value through profit or loss	37	-	-	37
At fair value through other comprehensive income	959	-	-	959
At amortized cost	5,661	-	-508	5,153
Total	**12,406**	**-268**	**-796**	**11,342**
LIABILITIES				
Financial liabilities				
Hedging and trading derivatives	309	-268	-29	12
Held-for-trading liabilities (excluding derivatives)	-	-	-	-
Liabilities measured at amortized cost	11,329	-	-	11,329
Total	**11,638**	**-268**	**-29**	**11,342**

Note 18 – Securities lending and securities given in guarantee

The Bank regularly carries out transactions in which the assets transferred do not qualify for derecognition under IFRS 9. The related securities are generally transferred under full ownership and the counterpart is thus able to re-use them in other operations.
This mainly concerns the following operations:

- Repurchase agreements ('repo'), nil at the two ends of the financial year under review
- Securities given as collateral (posted to ensure the settlement of transactions)

These transactions can be broken down as follows:

(In EUR million)	Other than 'repo' Debt instruments
31/12/2023	
At amortized cost	105
At fair value through other comprehensive income	-
Total	**105**
31/12/2022	
At amortized cost	117
At fair value through other comprehensive income	-
Total	**117**

Note 19 – Securities received in guarantee

The Bank mainly receives securities as collateral in relation to its reverse repurchase agreement operations.

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

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

(In EUR million)	31/12/2023	31/12/2022
Reverse repurchase agreements	347	504
Total	**347**	**504**
Of which, transferred to:		
Collateralised deposits other than repurchase agreements	-	-

Note 20 – Impairment of financial assets at fair value through other comprehensive income

Changes in the ECL amount	Financial assets at fair value through other comprehensive income			
(In EUR million)	Stage 1	Stage 2	Stage 3	TOTAL
2023				
Balance as at 01/01/2023	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	0	-	-	0
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2023	**1**	**-**	**-**	**1**
2022				
Balance as at 01/01/2022	**1**	**-**	**-**	**1**
New assets originated or purchased	0	-	-	0
Assets derecognized or repaid	-1	-	-	-1
Change in credit risk	0	-	-	0
Amounts written off	-	-	-	-
Other	0	-	-	0
Balance as at 31/12/2022	**1**	**-**	**-**	**1**

See Note 12 – Impairment.

Note 21 – Impairment of financial assets at amortized cost

Changes in the ECL amount (In EUR million)	Financial assets at amortized cost			
	Stage 1	Stage 2	Stage 3	TOTAL
2023				
Balance as at 01/01/2023	**1**	**0**	**26**	**28**
New assets originated or purchased	3	-	-	**3**
Assets derecognized or repaid	-3	-1	-1	**-5**
Change in credit risk	0	1	21	**22**
Amounts written off	-	-	-1	**-1**
Other	0	0	0	**0**
Balance as at 31/12/2023	**1**	**0**	**46**	**47**
2022				
Balance as at 01/01/2022	**1**	**0**	**22**	**23**
New assets originated or purchased	4	-	-	4
Assets derecognized or repaid	-4	0	0	-4
Change in credit risk	0	0	5	5
Amounts written off	-	-	0	0
Other	0	0	0	0
Balance as at 31/12/2022	**1**	**0**	**26**	**28**

(In EUR million)	31/12/2023	31/12/2022
Breakdown by counterparty	**47**	**28**
Debt securities with credit institutions	0	0
Debt securities with other than credit institutions	0	0
Loans and advances with credit institutions	-	0
Loans and advances with other than credit institutions	47	27

See Note 12 – Impairment.

Note 22 – Derivatives

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

(In EUR million)	Held-for-trading 2023 Fair value Assets	Held-for-trading 2023 Fair value Liabilities	2023 Notional value	2022 Fair value Assets	2022 Fair value Liabilities	2022 Notional value
Total	**142**	**156**	**16,962**	**321**	**297**	**29,581**
Interest rate	**126**	**126**	**13,660**	**212**	**218**	**22,804**
OTC options	-	-	-	0	0	5
OTC other	126	126	13,660	212	218	22,798
Equity	**0**	**1**	**13**	**2**	**1**	**17**
OTC options	0	0	6	1	1	3
Organized market options	0	1	8	0	0	14
Foreign exchange and gold	**16**	**29**	**3,288**	**107**	**78**	**6,761**
OTC options	0	0	21	0	0	26
OTC other	16	29	3,268	107	77	6,735

(In EUR million)	Hedging 2023 Fair value Assets	Hedging 2023 Fair value Liabilities	2023 Notional value	2022 Fair value Assets	2022 Fair value Liabilities	2022 Notional value
Total Fair value hedges	**161**	**7**	**2,053**	**243**	**12**	**2,314**
Interest rate	**17**	**5**	**504**	**27**	**2**	**645**
OTC options	0	-	1	0	-	1
OTC other	17	5	503	27	2	644
Equity	**0**	**2**	**53**	**-**	**9**	**31**
OTC other	0	2	53	-	9	31
Foreign exchange and gold	**3**	**1**	**19**	**3**	**1**	**48**
OTC other	3	1	19	3	1	48
Portfolio Fair value hedges of Interest rate risk	**140**	**1**	**1,477**	**213**	**0**	**1,590**

There are no hedging operations designated as cash flow hedge in 2022 and 2023. The ineffective hedge amount is recognized in profit and loss as a change in the macro hedge adjustment (see note 6).

Note 23 – Other assets

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

Note 24 – Tax assets and tax liabilities

(In EUR million)	31/12/2023	31/12/2022
ASSETS		
Current tax assets	**1**	**2**
Deferred tax assets	**24**	**30**
Losses carried forward	18	17
Provisions	1	1
Financial instruments at fair value through other comprehensive income	2	5
Other	4	7
Tax assets	**25**	**32**
LIABILITIES		
Current tax liabilities	**2**	**0**
Tangible and intangible assets	-	-
Impairment for losses on loans and advances	-	-
Other	-	-
Deferred tax liabilities	**-**	**-**
Tax liabilities	**2**	**0**

Details of tax assets are given in Note 13.

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

Note 25 – Goodwill and other intangible assets

CHANGES (In EUR million)	Goodwill arising in a business combination	Purchased portfolio of customers	Software developed in-house	Software purchased	Other	Total
2023						
Balance as at 01/01/2023	**312**	**43**	**6**	**18**	**0**	**379**
Acquisitions	-	-	1	9	-	**10**
Disposals	-	-	-	-	-	**-**
Amortisation	-	-6	-3	-6	0	**-16**
Impairment	-	-	-	-	-	**-**
Puilaetco Luxembourg's absorption (Note 1)	-	-	-	-	-	-
Other	-	-	-	-	-	**-**
Balance as at 31/12/2023	**312**	**37**	**3**	**21**	**-**	**373**
Of which: cumulative amortisation and impairment	-23	-61	-14	-51	-3	**-153**
2022						
Balance as at 01/01/2022	**274**	**49**	**8**	**15**	**0**	**346**
Acquisitions	-	-	1	7	-	**8**
Disposals	-	-	-	-	-	**-**
Amortisation	-	-6	-3	-5	0	**-14**
Impairment	-	-	-	-	-	**-**
Puilaetco Luxembourg's absorption (Note 1)	38	-	-	-	-	**38**
Other	-	-	-	-	-	-
Balance as at 31/12/2022	**312**	**43**	**6**	**18**	**0**	**379**
Of which: cumulative amortisation and impairment	-23	-56	-11	-45	-3	**-138**

Note 26 – Property, equipment, right-of-use assets and investment properties

(In EUR million)	31/12/2023	31/12/2022
Property and equipment	56	56
of which right-of-use leased assets	35	36
Investment properties	-	-

CHANGES (In EUR million)	Land and buildings Owned	Land and buildings Leased	IT equipment Owned	IT equipment Leased	Other equipment Owned	Other equipment Leased	Total Owned	Total Leased
2023								
Balance as at 01/01/2023	3	32	5	2	13	2	20	36
Acquisitions	0	12	2	-	3	2	5	13
Disposals	-	-	-	-	0	-1	0	-1
Depreciation	0	-11	-2	0	-2	-	-4	-11
Impairment	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-2	-	-2
Balance as at 31/12/2023	3	33	5	1	14	-	21	35
Of which: cumulative depreciation and impairment	-1	-42	-39	-1	-30	-	-70	-43
2022								
Balance as at 01/01/2022	3	41	6	0	13	2	22	43
Acquisitions	0	2	2	2	2	0	4	5
Disposals	-	0	-	-	-	0	-	0
Depreciation	0	-10	-3	-1	-1	-1	-4	-11
Impairment	-	-	-	-	-	-	-	-
Other	-	0	-	-	-1	0	-1	0
Balance as at 31/12/2022	3	32	5	2	13	2	20	36
Of which: cumulative depreciation and impairment	-1	-31	-37	-1	-29	-2	-66	-33

The carrying amounts of lease liabilities and the movements during the period are described below.

(In EUR million)	Lease liabilities 2023	Lease liabilities 2022
Balance as at 01/01	50	59
Additions	10	4
Accretion of interest	1	1
Payments	-15	-14
Balance as at 31/12	47	50

The total cash outflows for leases amounts to EUR 15 million in 2023 (2022: EUR 14 million).

Note 27 – Provisions

Changes (In EUR million)	Pensions & other post-employment defined benefit obligation	Other long-term employee benefits	ECL on guarantee and credit commitment	Pending legal disputes	Other provisions	**Total**
2023						
Balance as at 01/01/2023	**10**	**7**	**1**	**25**	**3**	**46**
Changes affecting the statement of profit and loss	2	1	0	13	4	**19**
Allowances	2	1	-	13	5	**21**
Reversals	0	0	-	0	-1	**-2**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	1	0	-1	-12	0	**-13**
Balance as at 31/12/2023	**13**	**8**	**0**	**25**	**7**	**53**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	-	-	-	**-**
2022						
Balance as at 01/01/2022	**19**	**7**	**1**	**27**	**4**	**58**
Changes affecting the statement of profit and loss	2	1	0	0	0	**4**
Allowances	2	1	-	1	1	**5**
Reversals	0	-	-	-1	0	**-1**
New assets originated or purchased	-	-	0	-	-	**0**
Assets derecognized or repaid	-	-	0	-	-	**0**
Change in credit risk	-	-	0	-	-	**0**
Other changes	-12	0	0	-3	-1	**-16**
Balance as at 31/12/2022	**10**	**7**	**1**	**25**	**3**	**46**
Of which, Stage 1	-	-	0	-	-	**0**
Stage 3	-	-	1	-	-	**1**

- Pensions & other post-employment defined benefit obligation: The net liabilities related to staff pension funds (see Note 29)
- Other long-term employee benefits: it includes the restructuration plans
- ECL on guarantee and credit commitment: provisions accounted for to cover risk on given guarantees, more precisely on credits for which the Bank acts as sub-participant
- Pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees
- Other provisions: other provisions than the above-mentioned provisions

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

The Bank was involved in a dispute with a customer who had previously used it as a custodian. The Bank was unsuccessful in an appeal to the Supreme Court and the customer was compensated through a confidential settlement. Following the Supreme Court decision, 76 other former customers filed similar complaints with the Bank through their lawyers, all of which were settled. The process of implementing the settlements and paying the compensation is currently being finalised.

A former employee of the bank issued unauthorised Bank guarantees to investors to secure certain investments which subsequently were found to have been misappropriated. The investors have lodged claims against the Bank to be compensated for their losses. The Bank is cooperating in the ensuing investigation and is defending against the before-mentioned claims.

Note 28 – Other liabilities

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

Note 29 – Long-term employees benefits

Retirement benefit obligations

Quintet and its branches sponsor a number of defined benefit plans for their employees. Most of them are closed to new participants. Quintet also operates defined contribution plans.

Luxembourg

The Bank operates several plans in Luxembourg comprising employer-funded and employee-funded plans. The employer-funded plans provide retirement benefits linked to service and final salary. Beneficiaries are only pre-retired or ex-employees.

Investment earnings applied to employee contributions that have been made some years ago are subject to a minimum guaranteed return. The plans are funded via insurance arrangement with a third party to which the company pays regular premiums.

Belgium

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

Germany

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

The Netherlands

The Bank also has various retirement plans in The Netherlands. Most of these plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts or insurance vehicles.

DEFINED BENEFIT PLANS (In EUR million)	31/12/2023	31/12/2022
Defined benefit plan obligations		
Value of obligations as at 01/01	**111**	**139**
Current service cost	2	2
Interest cost	4	1
Past service cost and gains / losses arising from settlements	-	0
Actuarial (gains)/losses	11	-20
stemming from changes in demographic assumptions	1	0
stemming from changes in financial assumptions	10	-23
experience adjustments	0	2
Benefits paid	-12	-12
Out of which: amounts paid in respect of settlements	-	-
Plan participant contributions	0	0
Business combinations	-	0
Other	0	0
Value of obligations as at 31/12	**116**	**111**
Fair value of plan assets		
Fair value of assets as at 01/01	**103**	**123**
Actual return on plan assets	9	-12
Interest income	4	1
Return on plan assets (excluding interest income)	6	-13
Employer contributions	6	4
Plan participant contributions	0	0
Benefits paid	-12	-12
Out of which: amounts paid in respect of settlements	-	-
Business combinations	-	0
Other	0	0
Fair value of assets as at 31/12	**105**	**103**

Plan assets do not include any investment in transferable securities issued by the Bank (2022: nil). A property is partially used by the Group for administrative purposes. The fair value of the portion of the property held for own use, as estimated at year-end, is EUR 1.0 million (2022: EUR 1.0 million).

Effect of the asset ceiling		
Effect of the asset ceiling as at 01/01	**-1**	**-3**
Interest on the effect of asset ceiling	0	0
Change in the effect of asset ceiling	-1	1
Other	-	0
Effect of the asset ceiling as at 31/12	**-2**	**-1**
Funded status		
Plan assets in excess of defined benefit obligations	-11	-8
Unrecognised assets	-2	-1
Unfunded accrued / prepaid pension cost	**-13**	**-9**

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2023	31/12/2022
Changes in net defined benefit pension liability or asset		
Unfunded accrued / prepaid pension cost as at 01/01	**-9**	**-19**
Net periodic pension cost recognized in the statement of profit and loss (excl. tax impact arising from settlements)	-2	-2
Remeasurements recognized in OCI (excl. change in tax provision)	-6	8
Employer contributions	5	4
Pension payments by employer	0	0
Out of which: amounts paid in respect of settlements	0	0
Business combinations	-	0
Unfunded accrued / prepaid pension cost as at 31/12	**-13**	**-9**
Changes in the tax provision relating to current deficits on external plans		
Recognized provision as at 01/01	**0**	**0**
Change in the provision recognized through OCI	0	0
Pension payments by employer	0	0
Gains and losses arising from settlements	-	-
Recognized provision as at 31/12	**0**	**0**
Changes in the remeasurement reserve in equity		
Recognized reserve as at 01/01	**-22**	**-30**
Remeasurement recognized in OCI	-6	8
Transfers	0	0
Recognized reserve as at 31/12	**-28**	**-22**
Amounts recognized in comprehensive income		
Amounts recognised in the statement of profit and loss		
Current service cost	-2	-2
Net interest on the defined benefit liability/asset	0	0
Past service cost	-	0
Gains and losses arising from settlements	-	-
Other	-	-
Net pension cost recognized in the statement of profit and loss	**-2**	**-2**
Amounts recognized in other comprehensive income		
Actuarial gains/losses on the defined benefit obligation	-11	20
Actual return on plan assets (excluding amounts included in interest income)	5	-13
Change in the effect of the asset ceiling	0	1
Change in the tax provision	0	0
Total other comprehensive income	**-6**	**8**
Actual return on plan assets	**4.68%**	**-5.25%**
Breakdown of plan assets	**100%**	**100%**
Fixed income		
Quoted market price in an active market	34%	39%
Unquoted	-	-
Equities		
Quoted market price in an active market	19%	13%
Unquoted	-	-
Alternatives	-	-
Cash	3%	1%
Real estate	8%	9%
Other	36%	37%

DEFINED BENEFIT PLANS (continued) (In EUR million)	31/12/2023	31/12/2022
Significant actuarial assumptions used: Defined benefit obligation The rate used to discount the post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds with similar maturities than the pension commitments.		
Discount rate	3.10% to 3.25%	1.90% to 3.80%
DBO sensitivity to changes in discount rate		
Scenario DR -1%	10	8
Scenario DR +1%	-8	-7
Expected rate of salary increase (including inflation)	2.45%	2.45% to 3.00%
Scenario SR -1%	-	0
Scenario SR +1%	-	0
Maturity profile of the DBO		
Weighted average duration of the DBO (in years)	11	10
Expected contributions for next year	6	7

DEFINED CONTRIBUTION PLANS (In EUR million)	31/12/2023	31/12/2022
Amount recorded in the statement of profit and loss	-8	-10

Other long-term benefits

Some senior staff members participated to a new Long-Term Incentive Plan (LTIP) implemented in 2020 for selected senior management members. Liability recognized as end of 2023 amounts to EUR 2 million (2022: EUR 2 million).

Note 30 – Equity

As of 31 December 2023, the subscribed and paid-up capital is EUR 254.2 million (31 December 2022: EUR 254.2 million), represented by 27,339,716 ordinary shares without par value (31 December 2022: 27,339,716) and by 4,336 non-voting preference shares without par value (31 December 2022: 4,336). The share premium as at 31 December 2023 is EUR 626.3 million (31 December 2022: EUR 626.3 million).

On 21 October 2020, Quintet has successfully placed EUR 125 million in additional tier-1 (AT1) notes, which are listed on the Luxembourg Stock Exchange (Euro MTF). The placement of these AT1 notes, which qualify as additional tier-1 capital, complements the significant equity capital commitments already made and foreseen in future by Precision Capital, Quintet's shareholder. Quintet's AT1 notes, which are denominated in euros and pays semi-annually (coupon payments are fully discretionary), are loss-absorbing perpetual instruments with a first call date in 2026.
Holders of preference shares are entitled to receive an initial dividend of EUR 0.25 per share, as established in the Bank's articles of incorporation, and are therefore guaranteed a minimum annual return. If there are no profits, this dividend entitlement is carried forward to subsequent periods. Any profits remaining once this first dividend has been paid are shared out between all shareholders, whether they hold ordinary or preference shares, in such a way that both categories of shareholders ultimately receive an identical dividend. The Bank is indebted towards preference shareholders for each year between 2018 and 2023 both included.

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

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

As at 31 December 2023 and before the proposed allocation of the 2023 result (Note 31), the legal reserve is EUR 23.7 million (31 December 2022: EUR 23.3 million) representing 9.3% of the paid-up capital. The free reserves amount to EUR 312.9 million (31 December 2022: EUR 312.9 million). The retained earnings amount to EUR -196.4 million (31 December 2022: -194.3 million).

In number of shares	31/12/2023	31/12/2022
Total number of shares issued	**27,344,052**	**27,344,052**
Ordinary shares	27,339,716	27,339,716
Preference shares	4,336	4,336
Of which: those that entitle the holder to a dividend payment	27,344,052	27,344,052
Of which: shares representing equity under IFRS	27,344,052	27,344,052

CHANGES	Ordinary shares	Preference shares	Total
Balance as at 01/01/2023	**27,339,716**	**4,336**	**27,344,052**
Movement	-	-	-
Balance as at 31/12/2023	**27,339,716**	**4,336**	**27,344,052**

Note 31 – Result allocation proposal

At its meeting on 26 March 2024, the Board of Directors proposes to allocate the 2023 net result of EUR 43,041,565 as follows:

(i) Allocation of EUR 1,728,723 to the legal reserve which reaches 10% of the issued capital

(ii) Allocation of EUR 41,312,842 to the retained earnings

On 24 April 2024, this allocation will be submitted for the approval of the Annual General Meeting.

Note 32 – Loans commitments, financial guarantees and other commitments

(In EUR million)	31/12/2023	31/12/2022
Confirmed irrevocable credits, unused	711	639
Financial guarantees given	31	53
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Off-balance sheet items	**741**	**692**

Note 33 – Client assets

'Private Banking AuM', which includes assets under management of clients in the core private banking sector and financial intermediaries, amounts to EUR 51.3 billion as at 31 December 2023 (2022: EUR 50.1 billion).

Total 'Assets under Custody' (investment funds and institutional) related to asset servicing clients as at 31 December 2023, amounts to EUR 24.7 billion (2022: EUR 21.4 billion).

'Other client assets' (includes institutional asset management and other client assets for which the Bank does not offer advice on how the assets should be invested) amounts to EUR 6.5 billion as at 31 December 2023 (2022: EUR 6.9 billion).

Note 34 – Related party transactions

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

(In EUR million)	31/12/2023	31/12/2022
Cash, cash balances with central banks and other demand deposits	13	18
with Quintet Group	**13**	**18**
Financial assets	94	28
with UBO	**83**	**0**
Current accounts	0	0
Time deposits	83	-
with Quintet Group	**11**	**28**
Current accounts	1	1
Time deposits	9	26
Derivatives	2	2
Investment in subsidiaries and associates	190	186
Non-current assets held-for-sale	16	15
Financial liabilities	480	616
with UBO	**307**	**466**
Current accounts	267	452
Time deposits	40	14
with Precision Capital	**7**	**9**
Current accounts	7	9
with Quintet Group	**166**	**140**
Current accounts	64	69
Time deposits	98	65
Derivatives	5	7
Income statement	52	51
with UBO	**-1**	**2**
Net interest income	-2	1
Net fee and commission income	1	1
with Precision Capital	0	**0**
Net interest income	-	0
Net fee and commission income	0	0
Operating expenses	0	0
with Quintet Group	**53**	**49**
Net interest income	-5	-1
Net fee and commission income	30	33
Dividends	15	14
Other net income (expenses)	22	15
Operating expenses	-8	-12
Impairment of financial assets not measured at fair value through profit or loss	0	0
Nominal amount of loan commitments, financial guarantees and other commitments given	136	261
with UBO	*41*	141
with Quintet Group	*95*	119
with Precision Capital	*0*	0

Time deposits towards the ultimate beneficial owner (UBO) deposited during the year (without the withdrawals) 2023 amounts to EUR 94 million (2022: EUR 14 million) and the loans granted towards the UBO during the year 2023 amounts to EUR 122 million (2022: EUR 141 million).

With key management personnel (In EUR million)	31/12/2023 Amount	Number of persons	31/12/2022 Amount	Number of persons
Amount of remuneration to key management personnel of Quintet on the basis of their activity, including the amounts paid to former key management personnel	15	29	17	28
Credit commitments given (undrawn amount outstanding)	0	1	1	1
Loans outstanding	5	1	5	1
Expenses for defined contribution plans	1	18	1	20
Outstanding payable amount	3	12	2	13

Note 35 – Solvency

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

(In EUR million)	**31/12/2023**	**31/12/2022**
Regulatory capital	725	707
Common equity Tier 1 capital	**602**	**583**
Capital and reserves	1,020	1,022
Intangible assets and goodwill	-359	-369
Profit or loss eligible	-	-
Remeasurement of defined benefit plans	-28	-22
Fair value changes of instruments measured at fair value through other comprehensive income	-5	-15
Deferred tax assets	-24	-29
Asset value adjustment	-1	-1
Additional deductions of CET 1	-1	-2
Additional Tier 1 capital	**124**	**124**
Paid up capital instruments	124	124
Tier 2 capital	**0**	**0**
Preference shares	0	0
Risk weighted assets	2,695	2,708
Credit risk	1,932	2,038
Market risk	53	75
Credit value adjustment	8	11
Operational risk	702	584
Solvency ratios		
Common equity Tier 1 ratio (CET1)	**22.3%**	**21.5%**
Basic solvency ratio (Tier 1 ratio)	**26.9%**	**26.1%**
Overall Capital Ratio	**26.9%**	**26.1%**

Note 36 – Maximum credit risk exposure and collateral received to mitigate the risk

Maximum credit risk exposure (In EUR million)	31/12/2023	31/12/2022
Assets	**10,278**	**12,782**
Balances with central banks and other demand deposits	3,386	5,137
Financial assets	6,530	7,265
Held-for-trading	189	366
Non-trading mandatorily at fair value through profit or loss	22	37
At fair value through other comprehensive income	943	959
At amortized cost	5,215	5,661
Hedging derivatives	161	243
Investment in subsidiaries and associates	190	186
Tax assets	25	32
Other assets	131	146
Non-current assets held-for-sale	16	15
Off-balance sheet items	**741**	**692**
Confirmed irrevocable credits, unused	711	639
Financial guarantees	31	53
Maximum credit risk exposure	11,020	13,474

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

Collateral and guarantee received to mitigate the maximum exposure to credit risk (In EUR million)	31/12/2023	31/12/2022
Mortgage loans collateralized by immovable property	**1,667**	**1,661**
Residential	1,299	1,270
Commercial	368	391
Other collateralized loans	**2,577**	**2,909**
Cash	762	1,185
Rest (including securities received in reverse repo operations)	1,815	1,724
Financial guarantees received	**855**	**831**
Collateral and guarantee received to mitigate the maximum exposure to credit risk	5,099	5,401

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

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

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

Following the Bank's request, the CSSF has approved an exemption from including in its calculation of the large risks exposures, in accordance with Part IV, article 400 of the EU No 575/2013, the risks to which the Bank is exposed towards its subsidiaries. This exemption is not eligible towards Precision Capital. The exposures on related parties are disclosed in Note 34.

Note 37 – Risk management

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

1. Credit risk

1.1. Qualitative information

1.1.1. Origin of credit risk

The credit risks arising from financial instruments mainly originate from:

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

1.1.2. Credit allocation decision making process / governance

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

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

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

1.1.3. Credit policy

The credit policy defines the framework within which credit activities to customers are managed in the Quintet Group. It is reviewed/updated on a regular basis. The last version was approved in March 2023 by the Board Risk & Compliance Committee ("BRCC"), a sub-Committee of the Board of Directors dedicated to risk issues.

1.1.4. Monitoring of credit risk

Credit risk related to lending activities, investment portfolios or trading activities has to remain within the general framework set in the Risk Appetite Statement validated by the BRCC. Therefore, specific indicators are monthly reported to the Group Credit Committee (GCC) and quarterly to the BRCC. Special attention is set on concentration risk, being on single issuers, single banking counterparties or countries. Group Financial Risk has its own system for country and concentration limits, approved by the AMC and by the Board Risk Committee. This system allows the definition of limits adapted to the size of the Bank and to its risk appetite.

At a regulatory level, Quintet Group uses the standardised Basel III methodology to calculate credit risk.

1.1.4.1. Loans

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

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

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

1.1.4.2. Investment portfolios

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

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

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

1.1.4.3. Interbank transactions

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

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

The monitoring of exposures and their compliance with operational limits is done daily by the Group Financial Risk department.

1.1.4.4. Collateral monitoring

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

1.1.4.5. Country limits

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

Lines are allocated to the Bank and exposures include credit activities, bonds investments and trading room activities. As for counterparty risk, Group Financial Risk is responsible for independent monitoring, on a daily basis, of the respect of the country limits.

1.1.4.6. Concentration monitoring

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

The issuer concentration limits are updated and monitored by Group Financial Risk. Exception reports are escalated to the Group ALCO monthly and to the BRCC quarterly.

1.1.5 Measurement of Credit Risk

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

1.1.5.1. IFRS 9 stages

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

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

1.1.5.2. Credit risk grading

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

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

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

- For private banking counterparties, the assessment is based on the continuous monitoring of the loan book by the Credit Risk function and the concept of watchlist

Note for Intragroup IFRS 9 approach:

The same Financial Institution approach is used for intragroup IFRS9 exposures valuation. All Group entities are considered as BBB external rating for computation purposes.

1.1.5.3 Significant Increase in Credit Risk

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

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

The following indicators are considered:

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

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

1.1.6. Definition of default and credit impaired assets

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

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

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

1.2.1. Measurement of ECL

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

- For the most material exposures (investment portfolio and loan portfolio), the ECL is calculated by decomposing the cashflow structure of the exposure and postulating a number of defaults along its lifetime; that is, the Exposure at Default (EaD), Probability of Default (PD) and Loss-Given-Default (LGD) are assessed for each of the postulated default scenarios along the lifetime of the exposure

- For exposures with undefined maturities, ECL is estimated by postulating a maturity horizon of 12 months, on the basis of the exposure at the reporting date
- For revolving exposures, a loss rate approach is followed

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

1.2.2. Forward-looking information incorporated in the ECL models

ECLs are computed using three main credit parameters: EaD, PD and LGD. At first, PD and LGD are estimated from TtC data (i.e., averages observed over historical data):

- PDs at various time horizons are observed on the term structure of the cumulative default probability constructed from a migration matrix. For professional counterparties, such matrix relates to migrations between credit ratings. For private banking clients, such matrix relates to migrations between IFRS 9 stages
- LGD is taken as the historical average for professional counterparties and derived from the valuation of collateral for private banking clients

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

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

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

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

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

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

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

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

1.2.3. Evolution of key risk metrics over 2023

Scenario parameters for the valuation of properties (see Table 1) were altered downwards over the course of 2023 considering the worsening of the global economy and the increase in interest rates, which pressured significantly the real estate market across Europe. It was agreed to align all countries to the same scenario weights. Moreover, it was decided to revise the scenario parameters as follows: (i) be more consistent among countries, (ii) account for negative short-term trends in the baseline scenario, and (iii) account for positive long-term trends in all scenarios. Also, it was recognized that the UK market is more volatile than others and subject to potential stronger shocks in the short to medium term.

Table 1: Scenario weights for the valuation of properties.

Scenario	2022 Q4	2023 Q4	Scenario	2022 Q4	2023 Q4
Belgium			Luxembourg		
Negative	30%	40%	Negative	30%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	10%	0%	Positive	10%	0%
1-yr shock, negative scenario	*-15%*	*-15%*	*1-yr shock, negative scenario*	*-15%*	*-15%*
France			FR/MC Riviera		
Negative	30%	40%	Negative	30%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	10%	0%	Positive	10%	0%
1-yr shock, negative scenario	*-13%*	*-15%*	*1-yr shock, negative scenario*	*-12%*	*-15%*
United Kingdom			Netherlands		
Negative	40%	40%	Negative	40%	40%
Baseline	60%	60%	Baseline	60%	60%
Positive	0%	0%	Positive	0%	0%
1-yr shock, negative scenario	*-25%*	*-25%*	*1-yr shock, negative scenario*	*-15%*	*-15%*

Regarding weights allocated to the three scenarios related to default probabilities, they were as well adjusted during 2023 to reflect the worsening of the economic situation, especially on the Sovereign and Bank sectors[1], and to a lesser extent for Corporates (see Table 2).

The average rating score of the portfolio deteriorated slightly over 2023, while remaining in the Investment Grade area, with a WARF (weighted average rating factor) of 162 for 2023 and 145 for 2022. The deterioration of the rating score is mainly driven by the Sovereign sector, which experienced a large increase in the proportion of BBB- positions. This deterioration is dampened by the enhancement of the Bank sector, which improved from an average rating score of A to A+. However, the average PD at the 1-year horizon (sourced from Moody's CreditEdge[2]) decreased slightly for all sectors. This is due to the fact that those PDs are point-in-time; hence, for a same rating and sector, this 1-year PD might decrease between 2022 and 2023. In turn, the average PD of the portfolio can slightly decrease even though the average rating deteriorates to some extent.

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

PD scenario	2022 Q4	2023 Q4
Banks		
Negative	40%	50%
Baseline	30%	30%
Positive	30%	20%
Avg. ptf. 1-yr PD [bps]	*9.4*	*8.8*
Avg. ptf. rating score	*130*	*84*
Corporates		
Negative	50%	55%
Baseline	50%	45%
Positive	0%	0%
Avg. ptf. 1-yr PD [bps]	*7.3*	*7.0*
Avg. ptf. rating score	*140*	*150*
Sovereigns		
Negative	20%	30%
Baseline	50%	50%
Positive	30%	20%
Avg. ptf. 1-yr PD [bps]	*2.8*	*2.5*
Avg. ptf. rating score	*120*	*184*

[1] Taking into account bank defaults (SVB, Credit Suisse, etc.) observed in Q1 2023.
[2] Note that reported figures consist of positions covered by Moody's CreditEdge. The share of positions not covered by Moody's CreditEdge in the portfolio amounts to 4.02% (vs. 6.92% in 2022).

Finally, Table 3 provides the average ECL rate observed on non-defaulted credit exposures, respectively for: (i) debt securities (in the ALM portfolio), and (ii) loans, advances, and commitments. The average ECL rate slightly decreased in comparison to end-2022, in line with the decrease of PD of the ALM portfolio (see Table 2). The average ECL rate of the loans, advances and commitments portfolio remained stable during 2023.

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

		Average ECL rate on portfolio [bps]	
	Scenario	Debt securities	Loans, advances & commitments
2022 Q4	Negative	10.46	3.33
	Baseline	4.46	1.63
	Positive	3.67	1.51
	Weighted	*5.87*	*2.09*
2023 Q4	Negative	8.92	2.56
	Baseline	3.63	1.67
	Positive	3.02	1.63
	Weighted	*5.61*	*2.05*

1.3. Quantitative information

1.3.1. Breakdown of credit risk exposures

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

Information on performing and non-performing exposures

31/12/2023 (In EUR million)	Total Amount	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	**733**	**733**	**-**	**0**	**-**
Central banks	-	-	-	-	-
General governments	612	612	-	0	-
Credit institutions	65	65	-	0	-
Other financial corporations	13	13	-	0	-
Non-financial corporations	43	43	-	0	-
Loans and advances	**4,529**	**4,392**	**137**	**-47**	**-46**
Central banks	-	-	-	-	-
General governments	1	1	-	0	-
Credit institutions	362	362	-	-	-
Other financial corporations	1,098	1,070	27	-5	-5
Non-financial corporations	1,043	974	70	-29	-29
Households	2,025	1,984	40	-13	-12
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	**8,649**	**8,512**	**137**	**-48**	**-46**
Debt securities	**943**	**943**	**-**	**-1**	**-**
General governments	486	486	-	0	-
Credit institutions	147	147	-	0	-
Other financial corporations	200	200	-	0	-
Non-financial corporations	110	110	-	0	-
Loans and advances	-	-	-	-	-
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	**943**	**943**	**-**	**-1**	**-**
Debt securities	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	-	-	-	-	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENTS AT FVTPL	-	-	-	-	-
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING	**9,592**	**9,455**	**137**	**-48**	**-46**
Loan commitments given	3,085	3,081	4	0	-
Financial guarantees given	31	31	-	0	-
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	**3,116**	**3,111**	**4**	**0**	**-**

31/12/2022 (In EUR million)	Total Amounts	Performing	Non-performing	Total impairment and provisions	of which: N-P impairment
Debt securities	**732**	**732**	**-**	**0**	**-**
Central banks	-	-	-	-	-
General governments	635	635	-	0	-
Credit institutions	65	65	-	0	-
Other financial corporations	1	1	-	0	-
Non-financial corporations	30	30	-	0	-
Loans and advances	**4,957**	**4,877**	**79**	**-27**	**-26**
Central banks	-	-	-	-	-
General governments	1	1	-	0	-
Credit institutions	540	540	-	0	-
Other financial corporations	1,249	1,249	0	-1	0
Non-financial corporations	1,065	1,008	57	-17	-17
Households	2,102	2,080	22	-10	-10
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	**10,826**	**10,747**	**79**	**-28**	**-26**
Debt securities	**942**	**942**	**-**	**-1**	**-**
General governments	576	576	-	0	-
Credit institutions	102	102	-	0	-
Other financial corporations	120	120	-	0	-
Non-financial corporations	144	144	-	0	-
Loans and advances	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI	**942**	**942**	**-**	**-**	**-**
Debt securities	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	-	-	-	-	-
Other financial corporations	-	-	-	-	-
Non-financial corporations	-	-	-	-	-
Loans and advances			**-**	**-**	**-**
TOTAL DEBT INSTRUMENTS AT FVTPL	**-**	**-**	**-**	**-**	**-**
TOTAL DEBT INSTRUMENT OTHER THAN HELD FOR TRADING	**11,769**	**11,689**	**79**	**-29**	**-26**
Loan commitments given	3,269	3,264	5	0	-
Financial guarantees given	53	52	1	1	1
Other Commitments given	-	-	-	-	-
Off Balance Sheet Exposures	**3,322**	**3,317**	**6**	**1**	**1**

1.3.2. Specific loan impairment

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

Below are listed the IFRS9 impairments:

- Debt Securities

31/12/2023 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
DEBT SECURITIES	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-

- Loans and advances

31/12/2023 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	14	0	1	0	16	1	-	9	62
Central banks	-	-	-	-	-	-	-	-	-
General governments	0	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	3	-	1	-	0	0	-	-	22
Non-financial corporations	0	-	-	0	7	-	-	9	25
Households	11	0	-	-	8	1	-	-	16

Loans and advances by product, by collateral and by subordination

On demand [call] and short notice [current account]	11	0	-	0	0	0	-	-	10
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	3	-	1	-	16	1	-	9	53
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	-	-	-	-	16	-	-	9	44
of which: other collateralized loans	14	-	1	-	-	1	-	-	15
of which: credit for consumption	-	-	-	-	-	-	-	-	-
of which: lending for house purchase	-	-	-	-	8	-	-	-	13
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2023 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to derecognition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-2	-5	5	0	-	0	-2
Debt securities	-1	-1	2	0	-	0	0
Central banks	-1	-1	0	0	-	0	-1
General governments	-1	0	0	0	-	0	-1
Credit institutions	0	0	0	0	-	-	0
Other financial corporations	0	0	0	0	-	-	0
Non-financial corporations	0	0	0	0	-	-	0
Loans and advances	-1	-3	3	0	-	0	-1
General governments	0	-	-	-	-	0	0
Credit institutions	-	-	-	-	-	-	-
Other financial corporations	0	-2	2	0	-	0	0
Non-financial corporations	0	0	0	0	-	0	0
Households	0	-1	1	0	-	0	0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	0	-	2	-1	-	0	0
Debt securities	-	-	-	-	-	-	-
Loans and advances	0	-	1	-1	-	0	0
Credit institutions	0	-	0	-	-	0	-
Other financial corporations	0	-	1	-1	-	0	-
Non-financial corporations	0	-	0	0	-	0	0
Households	0	-	0	0	-	0	0
Allowances for credit-impaired debt instruments (Stage 3)	-27	-	1	-21	1	0	-46
Loans and advances	-27	-	1	-21	1	0	-46
Other financial corporations	0	-	0	-5	-	0	-5
Non-financial corporations	-17	-	0	-12	-	0	-29
Households	-10	-	1	-4	1	0	-12
Total allowance for debt instruments	-29	-5	7	-22	1	0	-48
Commitments and financial guarantees given (Stage 1)	0	0	0	0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-1	-	-
Total provisions on commitments and financial guarantees given	1	0	0	0	-1	0	0

- Debt Securities

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

- Loans and advances

31/12/2022 (In EUR million)	Assets without significant increase in credit risk since initial recognition (Stage 1)			Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Credit-impaired assets (Stage 3)		
	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days	<= 30 days	> 30 days <= 90 days	> 90 days
LOANS AND ADVANCES	1	-	-	-	15	0	-	-	36
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	0	-	-	-	13	-	-	-	0
Non-financial corporations	0	-	-	-	0	0	-	-	27
Households	1	-	-	-	2	0	-	-	9

Loans and advances by product. by collateral and by subordination

On demand [call] and short notice [current account]	0	-	-	-	14	0	-	-	0
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repurchase loans	-	-	-	-	-	-	-	-	-
Other term loans	-	-	-	-	1	-	-	-	36
Advances that are not loans	-	-	-	-	-	-	-	-	-
of which: Loans collateralized by immovable property	-	-	-	-	0	-	-	-	33
of which: other collateralized loans	-	-	-	-	11	-	-	-	2
of which: credit for consumption	-	-	-	-	0	-	-	-	0
of which: lending for house purchase	-	-	-	-	1	-	-	-	8
of which: project finance loans	-	-	-	-	-	-	-	-	-

Main variations are explained as follows:

31/12/2022 (In EUR million)	Opening Balance	Increase due to origination and acquisition	Decrease due to dereco-gnition	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Other	Closing balance
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	-3	-6	6	1	-	0	-2
Debt securities	-1	0	1	0	-	0	-1
General governments	-1	0	0	0	-	0	-1
Credit institutions	0	0	0	0	-	0	0
Other financial corporations	0	0	0	0	-	-	0
Non-financial corporations	0	0	0	0	-	-	0
Loans and advances	-1	-3	3	0	-	0	-1
General governments	0	0	0	-	-	-	0
Credit institutions	0	-1	1	0	-	0	0
Other financial corporations	0	-2	2	0	-	0	0
Non-financial corporations	0	0	0	0	-	0	0
Households	0	-1	1	0	-	0	0
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-1	-	1	0	-	0	0
Loans and advances	0	-	0	0	-	0	0
Other financial corporations	0	-	0	0	-	0	0
Non-financial corporations	-	-	0	0	-	0	0
Households	0	-	0	0	-	0	0
Allowances for credit-impaired debt instruments (Stage 3)	-22	-	0	-5	0	0	-27
Loans and advances	-22	-	0	-5	0	0	-27
Other financial corporations	0	-	0	0	-	0	0
Non-financial corporations	-12	-	0	-5	-	0	-17
Households	-10	-	0	0	0	0	-10
Total allowance for debt instruments	-25	-6	7	-5	-	0	-29
Commitments and financial guarantees given (Stage 1)	0	0	0	0	-	0	0
Commitments and financial guarantees given (Stage 3)	1	-	-	0	-	0	1
Total provisions on commitments and financial guarantees given	1	0	0	0	-	0	1

The loan/loss ratio is as follows:

Loan/Loss ratio (*)	2023	2022
L&R from customers	47bps	10bps
Financial assets FVOCI	2bps	<0bps

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

1.3.3. Concentration of risks

1.3.3.1. By rating

- Financial assets designated at fair value through profit or loss

Book value
(In EUR million)
31/12/2023

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

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

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

- Financial assets at fair value through other comprehensive income

Book value
(In EUR million)
31/12/2023

Rating	Total Watchlist	Standard	Total
AAA	-	59	59
AA+	-	89	89
AA	-	148	148
AA-	-	106	106
A+	-	99	99
A	-	59	59
A-	-	39	39
BBB+	-	51	51
BBB	-	61	61
BBB-	-	231	231
TOTAL	**-**	**942**	**942**

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

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

- Financial assets at amortised cost (debt securities)

Book value
(In EUR million)
31/12/2023

Rating	NPL / Impaired	Standard	Total
AAA	-	84	84
AA+	-	106	106
AA	-	151	151
AA-	-	136	136
A+	-	36	36
A	-	39	39
A-	-	11	11
BBB+	-	79	79
BBB-	-	81	81
NR	-	10	10
TOTAL	**-**	**733**	**733**

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

Rating	NPL / Impaired	Standard	Total
AAA	-	80	80
AA+	-	109	109
AA	-	117	117
AA-	-	130	130
A+	-	86	86
A	-	40	40
A-	-	27	27
BBB+	-	56	56
BBB	-	-	-
BBB-	-	76	76
NR	-	10	10
TOTAL	**-**	**732**	**732**

- Loans and advances

Loans and advances positions are not rated

Book value
(In EUR million)

31/12/2023	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	22	1,423	1,445
Customers	70	2,958	3,027
Sub-total	**92**	**4,381**	**4,472**
Other L&R and intercompanies	-	9	**9**
TOTAL	**92**	**4,390**	**4,482**

Note that volumes only relate to stage 3 impairments and non-performing loans.

Of which Banks and other Financial Institutions

(In EUR million)
31/12/2023

Rating	Total Loans	Reverse Repo	Total
A+	35	201	236
A-	0	149	149
NR	1,060	-	1,060
TOTAL	**1,095**	**350**	**1,445**

Loans and advances

Book value (In EUR million) 31/12/2022	NPL/Impaired	Performing	Total
Banks and other Financial Institutions	0	1,762	1,762
Customers	52	3,089	3,141
Sub-total	**52**	**4,851**	**4,903**
Other L&R and intercompanies	-	26	26
TOTAL	**52**	**4,877**	**4,929**

Of which Banks and Financial Institutions

Book value (In EUR million) 31/12/2022 Rating	Other L&R	Reverse Repo	Total
AAA	-	-	-
AA	0	-	0
A+	39	146	185
A	-	50	50
A-	13	312	325
NR	1,202	-	1,202
TOTAL	**1,254**	**508**	**1,762**

1.3.3.2. Financial Securities by country

Book value 31/12/2023 (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRIA	-	15	15	-	-	-	-	-	-
BELGIUM	-	83	83	-	-	-	-	-	-
CANADA	-	55	55	-	55	55	-	-	-
CAYMAN ISLANDS	-	-	-	-	18	18	-	-	-
CHILE	-	-	-	-	31	31	-	-	-
FINLAND	-	26	26	-	5	5	-	-	-
FRANCE	-	167	167	-	57	57	-	-	-
GERMANY	-	10	10	-	27	27	-	-	-
ICELAND	-	5	5	-	13	13	-	-	-
IRELAND	-	21	21	-	-	-	-	-	-
ISRAEL	-	-	-	-	23	23	-	-	-
ITALY	-	77	77	-	195	195	-	-	-
JAPAN	-	-	-	-	66	66	-	-	-
REP. OF KOREA	-	17	17	-	121	121	-	-	-
LITHUANIA	-	10	10	-	-	-	-	-	-
LUXEMBOURG	-	18	18	-	9	9	-	-	-
MEXICO	-	-	-	-	12	12	-	-	-
NETHERLANDS	-	40	40	-	-	-	-	-	-
NORWAY	-	-	-	-	13	13	-	-	-
PORTUGAL	-	20	20	-	-	-	-	-	-
QATAR	-	-	-	-	17	17	-	-	-
SAUDI ARABIA	-	-	-	-	29	29	-	-	-
SLOVAKIA	-	18	18	-	-	-	-	-	-
SPAIN	-	83	83	-	44	44	-	-	-
SUPRANATIONAL	-	26	26	-	25	25	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	55	55	-	-	-
UNITED STATES OF AMERICA	-	37	37	-	110	110	-	-	-
Other below EUR 10 million	-	5	5	-	17	17	-	-	-
TOTAL	**-**	**733**	**733**	**-**	**942**	**942**	**-**	**-**	**-**

Book value 31/12/2022 (in EUR Million)	Financial assets at amortised cost (debt securities)			Financial assets at fair value through other comprehensive income			Financial assets designated at fair value through profit or loss		
Country	On watchlist	Standard	Total	On watchlist	Standard	Total	On watchlist	Standard	Total
AUSTRIA	-	15	15	-	-	-	-	-	-
BELGIUM	-	92	92	-	11	11	-	-	-
BERMUDA	-	-	-	-	14	14	-	-	-
CANADA	-	61	61	-	24	24	-	-	-
CAYMAN ISLANDS	-	-	-	-	24	24	-	-	-
CHILE	-	-	-	-	30	30	-	-	-
FINLAND	-	24	24	-	-	-	-	-	-
FRANCE	-	158	158	-	9	9	-	-	-
GERMANY	-	10	10	-	38	38	-	-	-
IRELAND	-	65	65	-	-	-	-	-	-
ISLAND	-	-	-	-	16	16	-	-	-
ISRAEL	-	-	-	-	14	14	-	-	-
ITALY	-	76	76	-	99	99	-	-	-
JAPAN	-	-	-	-	24	24	-	-	-
JERSEY	-	-	-	-	28	28	-	-	-
REP. OF KOREA	-	-	-	-	129	129	-	-	-
LATVIA	-	10	10	-	-	-	-	-	-
LITHUANIA	-	10	10	-	-	-	-	-	-
LUXEMBOURG	-	11	11	-	18	18	-	-	-
MEXICO	-	-	-	-	14	14	-	-	-
NETHERLANDS	-	51	51	-	26	26	-	-	-
QATAR	-	-	-	-	48	48	-	-	-
SINGAPORE	-	-	-	-	5	5	-	-	-
SLOVAKIA	-	18	18	-	-	-	-	-	-
SPAIN	-	70	70	-	153	153	-	-	-
SUPRANATIONAL	-	25	25	-	24	24	-	-	-
UNITED ARAB EMIRATES	-	-	-	-	80	80	-	-	-
UNITED KINGDOM	-	-	-	-	11	11	-	-	-
UNITED STATES OF AMERICA	-	33	33	-	92	92	-	-	-
Other below EUR 10 million	-	-	-	-	8	8	-	-	-
TOTAL	**-**	**732**	**732**	**-**	**942**	**942**	**-**	**-**	**-**

1.3.3.3. Loans and advance by country

Book value (In EUR million) 31/12/2023	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
BELGIUM	10	-	10	743
BERMUDA	55	-	55	0
BRITISH VIRGIN ISLANDS	14	-	14	23
CYPRUS	0	-	0	42
DENMARK	124	-	124	96
FRANCE	33	201	235	496
GERMANY	32	-	32	208
GUERNSEY	18	-	18	2
IRELAND	7	-	7	4
LEBANON	-	-	-	16
LIECHTENSTEIN	0	-	0	40
LUXEMBOURG	305	-	305	65
MALTA	30	-	30	1
MONACO	13	-	13	41
NETHERLANDS	283	-	283	762
PANAMA	17	-	17	0
QATAR	0	-	0	83
SOUTH AFRICA	2	-	2	11
SPAIN	19	149	168	83
SWEDEN	1	-	1	38
SWITZERLAND	15	-	15	41
UNITED ARAB EMIRATES	-	-	-	25
UNITED KINGDOM	107	-	107	160
Other below EUR 10 million	8	-	8	48
TOTAL	1,095	350	1,445	3,027

Book value (In EUR million) 31/12/2022	L&R Banks and other Financial Institutions			L&R Customers
Country	Other L&R	Reverse Repo	Total	Total
AUSTRIA	0	-	-	9
BELGIUM	16	-	16	799
BERMUDA	31	-	31	-
BRITISH VIRGIN ISLANDS	19	-	19	17
CANADA	0	-	0	0
CAYMAN ISLANDS	0	-	0	-
CHILI	-	-	-	-
CYPRUS	-	-	-	54
DENMARK	175	-	175	68
FRANCE	43	196	239	522
GERMANY	42	-	42	288
GUERNSEY	18	-	18	2
IRELAND	0	-	0	4
ISLAND	-	-	-	-
ISRAEL	-	-	-	8
ITALY	0	-	0	3
JERSEY	26	-	26	-
LIECHTENSTEIN	0	-	0	39
LUXEMBOURG	359	-	359	71
MALTA	28	-	28	1
MAURITIUS	17	-	17	-
MEXICO	-	-	-	0
MONACO	13	-	13	42
NETHERLANDS	290	-	290	790
QATAR	-	-	-	0
SINGAPORE	0	-	0	7
SLOVAKIA	-	-	-	0
SOUTH AFRICA	2	-	2	11
SPAIN	22	312	334	75
SWEDEN	0	-	0	40
SWITZERLAND	20	-	20	39
UNITED ARAB EMIRATES	-	-	-	20
UNITED KINGDOM	126	-	126	197
UNITED STATES OF AMERICA	1	-	1	2
Other below EUR 10 million	6	-	6	36
TOTAL	**1,254**	**508**	**1,762**	**3,141**

1.3.3.4. Modification of financial assets

- Forborne exposures management

Group Credit Risk sets and maintains an internal procedure for forborne and non-performing exposures (last updated in May 2023), based on the relevant EBA guidelines (October 2019).

- Recognition of forborne exposures

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

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

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

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

- Viable versus non-viable forbearance

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

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

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

- Contagion of forborne exposures

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

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

- Cure from forborne status

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

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

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

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

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

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

- Efficiency and effectiveness of forbearance

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

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

- Impacts on financial assets

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

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

(In EUR million)	Exposures with forbearance measures	Performing exposures with forbearance measures	Non-performing exposures with forbearance measures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions
31/12/2023				
Loans and advances	47	1	46	-22
Other financial corporations	7	0	7	0
Non-Financial corporations	21	-	21	-13
Households	19	1	18	-9
Total Debt Instruments other than Held for Trading	**47**	**1**	**46**	**-22**
Loan commitments given	-	-	-	-
31/12/2022				
Loans and advances	32	1	31	-18
Other financial corporations	-	-	-	-
Non-Financial corporations	19	-	19	-9
Households	13	1	12	-9
Total Debt Instruments other than Held for Trading	**32**	**1**	**31**	**-18**
Loan commitments given	-	-	-	-

2. Market Risk: Trading Risk

2.1. Qualitative information

2.1.1. Origin of trading risk

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

The mission of the trading activity is mainly to grow activities along as a support activity of both Wealth Management and Asset Management Services. As such, the risk appetite for taking own position is limited and the overall positions are strictly controlled by a whole set of limits.

- As Liquidity Management Competence Centre for the Group, the Global Treasury is also centralising (within regulatory constraints) and redistributing the (excess) liquidity generated by Wealth Management across the Group and Asset Management Services activities in Luxembourg. This activity is MiFID compliant and products are mainly non sophisticated products
- In principle, positions are taken with a view to support the "customer business" of the Group and are monitored by Group Financial Risk. Positions taken for trading purposes rely on a conservative philosophy and are carried out on an accessory basis. They are subject to strict rules in terms of limits and products

2.1.2. Trading risk policy

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

- Treasury activity, oriented towards client service, is based on deposits and conventional linear derivatives (mostly currency swaps and interest rate swaps) and collateralized operations (mostly reverse repurchasing agreements). Treasury activity is driven by the interest rates (IR) volatility, the diversification and market opportunities
- FX and precious metal activity is also oriented towards client service and is mainly based on spot and forward transactions. Overall total limit for this activity is broadly limited to EUR 15 million (o/w EUR 13 million at Quintet level) - including Bullion's activity
- Regarding Structured Product activity, the Bank acts as private bank by offering a specialized service to the increasingly demanding customers. Before being marketed, all of these products must obtain the prior approval of the "SPODAC" Committee of Authorization and Supervision of new products, whose primary role is to assess the various risks (market, credit, operational, legal, compliance, etc.) underlying the marketing of these structures.

  NB. The Bank is allowed to keep a limited number/ amount of positions on its book as a benchmark or to offer a secondary market to client.

2.1.3. Trading decision making process / governance

Trading activities are concentrated in Luxembourg; no trading activities are allowed in the subsidiaries / branches. This organisation enables subsidiaries / branches to focus on commercial operations and hence limits the risks at their level. Professional lines available to subsidiaries on non-group counterparties have been curtailed to an absolute minimum. According to the Risk Appetite Statement, the primary limits are granted by the Board Risk Committee.

Foreign exchange and bullion trading activities are oriented towards client service. Small residual forex positions (average the daily outstanding FX and bullion is about EUR 3.0 million since beginning of 2023) are tolerated and monitored against nominal overnight and intraday limits.

Mitigation and control framework for the 3 activities:

- Group Financial Risk daily monitors the end of day exposures of the 3 desks using a set of primary (overall absolute exposure) and secondary limits (currency limits, counterparty limits) on nominal amount to ensure diversification of the risk. Currencies with high volatilities and too narrow FX markets are not allowed

- The intraday exposure is also monitored on a daily basis and limited to a dedicated intraday limit
- HVaR measures are also developed for Treasury, FX and Structured Products activities, and are used as a risk indicator

2.1.4. Measurement and monitoring of trading risk

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

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

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

2.1.5. Concentration Risk

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

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

2.2. Quantitative information

As of 31 December 2023, the usage of limits in the Trading activities is as follows (Quintet Group):

(In EUR million)		Limit	Outstanding 31/12/2022	Maximum observed in 2023	Average observed in 2023	Outstanding 31/12/2023
Treasury	10 bpv [1]	2.5	0.1	0.4	0.1	0.05
	HVar	7.5	0.4	3.2	1.6	2.1
	Stressed Hvar[2]	7.5	1.1	3.1	1.3	1.6

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

(In EUR million)	Limit in Nominal Amount	Outstanding 31/12/2022	Maximum observed in 2023	Average observed in 2023	Outstanding 31/12/2023
Forex (bullions included)	13.0	1.5	14.3	3.0	0.9
Structured Products	70.0	38.1	47.7	43.3	45.1

3. Market Risk: ALM Risk

3.1. Qualitative information

3.1.1. Origin of ALM risks

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

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

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

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

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

3.1.2. ALM decision making process/governance

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

The ALCO validates a.o. strategies related to managing the gap between resources and utilisations, return on equity enhancement, management of the structural liquidity and mitigation of the related risks.

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

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

3.1.3. ALM policy

The documents entitled 'Group ALM Framework' and 'Group ALM Investment Policy' describe a.o. the ALM objectives, governance and constraints (credit risk, liquidity, among others). It is in line with the Risk Appetite Statement expressed by the Board of Directors (see below).

3.1.4. Measurement and monitoring of ALM risks

In 2023, the refresh of the Risk Appetite Statement Framework has set up a new risk dashboard structure and limits. For the risks that are identified as material during the annual materiality assessment, risk metrics are implemented for monitoring and reporting.

Key Risk Indicators (KRI) and Management Risk Indicators (MRI) are set up for ALM interest rate risk, credit spread risk, equity risk. The metrics are computed as consolidated level only and include VaR measures, Sensitivity measure, Economic value measures as well as earning measures.

Regarding market risks in the banking book, the following KRIs are implemented:

- The Economic Value of Equity (EVE) - regulatory shocks, worst case impact amount to 5.0% for Quintet Group as at 31 December 2023 (7.1% as at 31 December 2022). The risk appetite limit is set at 13.0% of Tier 1 Capital, which amounts to EUR 689,5 million. This indicator reflects the outcome of the worst case among the six regulatory prescribed scenarios (parallel shift of up and down, short rate shift up and down, steepening, flattening movements) of the interest rate curve
- The Interest Earning at Risk - regulatory shocks, worst case impact amount to 5.5% for Quintet Group as at 31 December 2023. The risk appetite limit is set at 7.5% of Tier 1 Capital. In 2023, the Group decided to change the KRI from a EUR value and start measuring it as a % of Tier 1 Capital, reflecting the management intention to converge to the regulatory prescribed large decline of 5.0%. This indicator reflects the outcome of the worst case among the two regulatory prescribed scenarios (parallel shift of up and down) of the interest rate curve
- The Diversified Market VaR 99.9% - 1-year amount to EUR 74.6 million for Quintet Group as at 31 December 2023. The related risk appetite limit has been set to EUR 145 million. In 2023, the Group decided to refer to Market Value at Risk as its key internal KRI covering interest rate, credit spread and equity risk factors, aligning with the ICAAP ratio metric

Regarding interest rate risk, an Interest Rate VaR 99.9% - 1 year is set up as an MRI. The outcome amount to EUR 52.4 million as at 31 December 2023 (31 December 2022: EUR 66.3 million) for an MRI limit of EUR 115 million.

Regarding credit spread risk, a Credit Spread VaR 99.9% - 1 year is set up as an MRI. The outcome amount to EUR 45.0 million as at 31 December 2023 (31 December 2022: EUR 47.0 million) for an MRI limit of EUR 115 million.

Regarding the equity price risk, the Risk Appetite is expressed in terms of maximum Value at Risk both on ALM portfolio equity positions and on Pension funds equity positions. The Equity VaR 99.9% - 1 year is set up as an MRI and amounts to EUR 26.1 million as at 31 December 2023 (31 December 2022: EUR 43.7 million) for an MRI limit of EUR 75 million.

3.1.5. 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:

- 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 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, which must be validated by Risk and Accounting before any transaction can occur. 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.

3.2. Quantitative information

3.2.1. Interest rate

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

100 bpv (In EUR million) 31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total 100 bpv**	Carrying amount
Financial assets	-7	-3	-6	-10	-27	**-54**	6,530
Held for trading	-1	0	2	2	0	**3**	189
Designated at fair value through P/L	-	-	-	-	-	**-**	22
Financial assets at fair value through OCI	0	-2	-6	-5	-5	**-18**	943
Financial assets at amortised cost	-4	-2	-10	-19	-69	**-104**	5,215
Hedging Derivatives	-3	1	8	13	47	**65**	161
Financial liabilities	4	6	6	2	13	**31**	9,168
Held for trading	1	0	-2	-2	0	**-3**	158
Measured at amortised cost	4	6	7	4	8	**28**	9,003
Hedging Derivatives	0	0	1	1	5	**6**	7
Shareholders' equity	-	-	3	-	-	**3**	1,154
Gap	-3	3	2	-7	-14	**-20**	

100 bpv (In EUR million) 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	**Total 100 bpv**	Carrying amount
Financial assets	-8	-4	-4	-8	-19	**-44**	7,265
Held for trading	0	-	-	-	0	**0**	366
Designated at fair value through P/L	-	-	-	-	-	**-**	37
Financial assets at fair value through OCI	0	-2	-5	-5	-5	**-17**	959
Financial assets at amortised cost	-5	-3	-9	-15	-74	**-106**	5,661
Hedging Derivatives	-3	1	9	12	59	**79**	243
Financial liabilities	3	4	1	1	3	**13**	11,638
Held for trading	-	-	-	-	-	**-**	297
Measured at amortised cost	3	4	1	1	1	**11**	11,329
Hedging Derivatives	0	0	0	0	2	**2**	12
Shareholders' equity	-	-	-	4	-	**4**	1,116
Gap	-4	0	-3	-4	-16	**-27**	

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

Sensitivity 100 bpv Shift (In EUR million)	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total Impact
31/12/2023						
Financial assets	48	5	11	7	10	81
Financial liabilities	-60	-4	-3	-1	0	-69
Net Impact	**-12**	**0**	**8**	**6**	**10**	**12**
31/12/2022						
Financial assets	68	5	7	6	11	98
Financial liabilities	-82	-3	0	0	-	-86
Net Impact	**-14**	**2**	**7**	**6**	**11**	**12**

The outcome of the bank's hedging strategies is as follows for Quintet in terms of Economic Value sensitivity (impact of a parallel increase by 1% of the interest risk curves):

Sensitivity 100 bpv Shift	31/12/2023 Gains/losses attributable to the hedged risk			31/12/2022 Gains/losses attributable to the hedged risk		
(In EUR million)	Hedged items	Hedging instruments	**Hedge ineffectiveness**	Hedged items	Hedging instruments	**Hedge ineffectiveness**
Financial assets	-92	71	**-21**	-99	80	**-18**
Micro fair value hedge relationships on ALM portfolio positions	-16	16	**-1**	-19	17	**-1**
Portfolio fair value hedges of interest rate risk on loan book positions	-76	56	**-20**	-80	63	**-17**
Financial liabilities	1	0	**1**	0	0	**0**
Micro fair value hedge relationships on debt issued	1	0	**1**	0	0	**0**

3.2.2. Equity risk

3.2.2.1. Sensitivity of equity risk

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

(In EUR thousand)

31/12/2023	Current situation	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	23,212	-5,803	17,409
Gain/Loss	5,939	-5,803	136
Equity impact (gross FVOCI reserve)	146	-179	-33
Statement of profit and loss impact (impairment)	5,793	-5,624	169

(In EUR thousand)

31/12/2022	Current situation	Impact of a markets' decrease by 25%	Stock after decrease
Marked-to-Market value	68,901	-17,225	51,676
Gain/Loss	10,959	-17,225	-6,266
Equity impact (gross FVOCI reserve)	-36	-4,241	-4,277
Statement of profit and loss impact (impairment)	10,995	-12,984	-1,989

3.2.2.2. Concentration of equity risk

The decision to increase/decrease the proportion of equity in the ALM portfolio is taken at the ALCO level (within the limits agreed by the BRCC) taking into consideration macro and fundamental analysis as well as convictions from the Group Asset Allocation Committee.

Such analysis also influences the relative weights of Europe, USA and Emerging Markets. Within the various regions, an adequate sectorial diversification is looked for. Concentration limits are expressed in absolute amounts and in percentage of daily volume traded.

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

The equity portfolio represents a total exposure of EUR 23 million as at 31/12/2023 (EUR 69 million as at 31/12/2022). In more details:

(In EUR million)

REGION / NATURE	31/12/2023	31/12/2022
Europe (Equity Funds + direct lines)	13	43
Europe (Diversified Funds)	1	1
Europe (Fixed Income Funds)	-	0
TOTAL	14	44
Other Equities	9	25
TOTAL Equities portfolios	23	69

4. Liquidity risk

4.1. Qualitative information

4.1.1. Origin of liquidity risk

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

4.1.2. Liquidity decision making process/governance

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

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

4.1.3. Liquidity policy

The current policy applied by Quintet Group is to centralise the placement of all liquidity surpluses from branches and subsidiaries at the Head Office level.

At the Head Office, the stable part of global funding is reinvested in ALM portfolios following a conservative strategy (a.o. respecting minimum European Central Bank/Basel III eligibility and rating criteria) and the unstable part of global funding is replaced in the short-term interbank market, largely through reverse repo transactions.

4.1.4. Measurement and monitoring of liquidity risk

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

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

- A contractual liquidity gap of up to five days as if the activity was to be continued (no stress test). This report is also sent to the BCL
- The stock of available liquid assets
- A daily estimate of the Basel III Liquidity Coverage Ratio is performed. The Bank's ratio stood at 147.3% as at 31 December 2023 (for a regulatory limit of 100%)
- A daily estimate of the Net Stable Funding Ratio is performed as well. The Bank's ratio stood at 130.5% as at 31 December 2023 (for a regulatory limit of 100%)
- The value of quantitative indicators which can potentially trigger the Liquidity Contingency Plan (the Plan consists in various actions depending on the gravity - minor, major - of the liquidity crisis)

As far as structural liquidity indicators are concerned, the Loan-to-Deposit ratio (LTD) is computed on a monthly basis. As at 31 December 2022, it stood at 41%, confirming the excellent liquidity situation of Quintet as natural deposit collector.

4.2. Quantitative information

4.2.1. Maturity analyzis of liquid stock

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

Marketable assets (In EUR million)	Stock of available assets	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years
31/12/2023						
Initial stock of available assets		1,935	1,429	1,052	537	322
HQLA eligible	1,282	-196	-337	-322	-144	-283
Marketable securities	653	-310	-40	-192	-72	-39
TOTAL	1,935	-506	-377	-514	-215	-322
Residual stock of available assets	1,935	1,429	1,052	537	322	0
31/12/2022						
Initial stock of available assets		2,072	1,340	923	476	199
HQLA eligible	1,399	-304	-355	-338	-217	-184
Marketable securities	673	-428	-62	-108	-60	-15
TOTAL	2,072	-732	-417	-447	-277	-199
Residual stock of available assets	2,072	1,340	923	476	199	0

4.2.2. Maturity analysis of financial assets and liabilities

The analysis by remaining contractual maturity for financial assets and liabilities is as follows (in EUR million):

31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Cash and balances with central banks and other demand deposits	3,390	-	-	-	-	-	3,390
Financial assets	1,526	702	1,395	957	1,927	23	6,530
Held-for-trading	18	29	59	59	23	0	189
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	22	22
Financial assets at fair value through other comprehensive income	73	315	339	137	78	1	943
Financial assets at amortised cost	1,435	349	973	736	1,722	-	5,215
Hedging derivatives	0	8	24	24	105	-	161
Other assets	-	-	-	-	-	657	657
TOTAL ASSETS	4,916	702	1,395	957	1,927	680	10,577

31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Financial liabilities	7,992	905	184	52	35	-	9,168
Held-for-trading	30	17	36	51	23	-	158
Measured at amortised cost (excluding subordinated liabilities)	7,961	887	146	0	9	-	9,003
Hedging derivatives	1	0	3	1	3	-	7
Other liabilities	-	-	-	-	-	254	254
Shareholders' equity	-	-	-	-	-	1,154	1,154
TOTAL LIABILITIES	7,992	905	184	52	35	1,408	10,577
GAP	-3,076	-203	1,211	904	1,892	-728	

Of which derivatives:

Cashflows by bucket 31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value
Inflows	2,834	1,031	254	130	28	4,277	304
Interest rate	149	445	241	124	28	986	284
Equity	0	1	5	-	-	7	1
Currency	2,685	585	8	6	-	3,283	19
Outflows	-2,836	-1,016	-216	-97	-18	-4,183	163
Interest rate	-137	-434	-207	-92	-18	-888	131
Equity	-1	-2	-1	-	-	-4	2
Currency	-2,698	-581	-7	-5	-	-3,292	30
Gap - Derivatives	-2	15	38	33	10	94	

The maturity profile of Quintet hedging instruments used in fair value hedge relationships is as follows:

Notional amounts 31/12/2023	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total
Micro fair value hedge relationships on ALM portfolio positions	36	50	177	60	197	520
Portfolio fair value hedges of interest rate risk on loan book positions	27	156	286	300	709	1,477
Micro fair value hedge relationships on debt issued	57	-	2	-	-	59
TOTAL	119	206	464	360	906	2,056

31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Cash and balances with central banks and other demand deposits	5,141	-	-	-	-	-	**5,141**
Financial assets	1,939	805	1,268	1,004	2,232	17	**7,265**
Held-for-trading	128	51	57	85	45	0	**366**
Non-trading financial assets mandatorily at fair value through profit or loss	37	-	-	-	-	-	**37**
Financial assets at fair value through other comprehensive income	61	329	311	158	82	17	**959**
Financial assets at amortised cost	1,713	422	866	730	1,929	-	**5,661**
Hedging derivatives	0	3	33	31	176	-	**243**
Other assets	-	-	-	-	-	604	**604**
TOTAL ASSETS	**7,080**	**805**	**1,268**	**1,004**	**2,232**	**621**	**13,010**

31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Financial liabilities	10,707	689	90	107	45	-	**11,638**
Held-for-trading	100	37	40	77	43	-	**297**
Measured at amortised cost (excluding subordinated liabilities)	10,606	645	49	28	1	-	**11,329**
Hedging derivatives	1	7	1	3	1	-	**12**
Other liabilities	-	-	-	-	-	256	**256**
Shareholders' equity	-	-	-	-	-	1,116	**1,116**
TOTAL LIABILITIES	**10,707**	**689**	**90**	**107**	**45**	**1,371**	**13,010**
GAP	**-3,627**	**116**	**1,177**	**897**	**2,187**	**-751**	

Of which derivatives:

Cashflows by bucket 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Net Present Value
Inflows	5,872	1,205	156	138	36	7,406	564
Interest rate	96	218	139	117	36	606	452
Equity	0	1	0	1	-	3	2
Currency	5,776	985	16	20	-	6,798	110
Outflows	-5,844	-1,197	-140	-115	-22	-7,317	309
Interest rate	-99	-213	-124	-95	-22	-552	220
Equity	0	0	0	-0	-	-1	10
Currency	-5,745	-984	-15	-21	-	-6,765	79
Gap - Derivatives	28	8	16	23	14	89	

Fair value hedge relationships:

Notional amounts 31/12/2022	Less than 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total
Micro fair value hedge relationships on ALM portfolio positions	62	73	188	155	195	**672**
Portfolio fair value hedges of interest rate risk on loan book positions	19	101	349	224	890	**1,582**
Micro fair value hedge relationships on debt issued	43	-	-	-	-	**43**
TOTAL	**124**	**174**	**536**	**378**	**1,085**	**2,297**

4.2.3. Concentration risk

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

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

5. Currency risk

The operations of the Bank are for the most part denominated in EUR and USD. The Bank has very limited risk appetite for currency risk which translates into small forex limits of EUR 15 million at consolidated level (or EUR 13 million at Quintet Lux Level). The Bank's strategy is to replace the foreign currency client's deposit either directly in the market or to swap them against EUR or USD through foreign currency swaps. The residual currency position is monitored on a daily basis for Quintet Lux and on a weekly basis for the other entities against the above-mentioned currency limits which are declined per entity.

6. Operational risk

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

7. Climate-related and environmental risks

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

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

7.1. Business strategy

In the course of 2023, Quintet has developed its Corporate Sustainability Strategy based on a thorough assessment of the business environment we are operating in as well as a comprehensive stakeholder engagement programme (incl. double materiality assessment).

In addition to the responsibilities vis-à-vis our staff and clients, the following goals in relation to climate change were set:

- Reducing absolute Scope 1, 2 and operational Scope 3 GHG emissions by 50% by 2032 and as close as possible to 100% by 2050, from a 2022 base year

- Reducing carbon intensity emissions for our financed Scope 3 emissions by 20% between 2024 and 2030 – compared to 2023 base year – for DPM (in-scope products and services are flagship discretionary funds and any other new sustainable solutions; excludes lending)
- Reducing Scope 3 financed emissions within ALM portfolios by applying our Sustainable Investment Framework
- Continuously improving our measurements to set further targets in 2024

The corporate sustainability strategy has been operationalised through a set of 14 corporate sustainability initiatives which will be closely monitored.

7.2. Governance and Risk Management

The Board is responsible for setting and ultimately approving the Bank's business strategy as well as overseeing its execution by management, within the risk appetite boundaries. It reviews and approves the risk appetite statement at least annually, which encompasses the Bank's risk appetite towards C&E risks including the respective KRIs and limit levels. The Board has delegated detailed oversight of risk and control matters to the Group Board Risk & Compliance Committee (BRCC). The BRCC, on behalf of the Board, is accountable for putting arrangements in place and overseeing the identification, measurement, monitoring, management, and reporting of C&E risks.

The Bank's Authorized Management Committee (AMC) receives a mandate from the Board to run the Bank within the limits of the risk appetite and to implement relevant risk identification, measurement, monitoring, and reporting capabilities for C&E risk management. The Chief Risk Officer (CRO), as a member of the AMC, is in charge of developing and formalising the risk management framework for C&E risks, in close collaboration with the relevant 1st LoD functions (notably Corporate Sustainability, Portfolio Management / Sustainable Investments, Lending Advisory, ALM & Treasury) and Compliance in the 2nd LoD. The 3rd LoD (Internal Audit) reviews the C&E risk management arrangements based on its risk assessment and multi-year audit plan.

In Q1 2023, the risk identification and materiality assessment process for C&E risks has been considerably improved, by overlaying C&E risks (physical and transition) to all financial and non-financial risks of our internal risk taxonomy and identifying relevant transmission channels. The assessment was performed across different time horizons (short/medium/long-term) and in a more quantitative fashion. Later in 2023, a structured data gap analysis has been conducted, covering various C&E-related regulations. Owners have been assigned, and remediations actions/projects have been launched which already led to enhancements of our C&E data sourcing and aggregation capabilities.

Informed by the outcome of the risk identification and materiality assessment process as well as the data gap analysis, a comprehensive set of C&E risk metrics has been defined in 2023, comprising key risk indicators (KRIs) for the Board risk appetite, management risk indicators (MRIs) under management delegation, and additional risk metrics (used for monitoring only, no limits set). The following list presents some risk metrics defined by key activity of the bank:

- Wealth Management: number of breaches of sustainability commitments in Article 8+ flagship sub-funds; percentage of investments aligned with Environmental and Social (E&S) characteristics in strategic funds and discretionary mandates; etc.
- Lending: percentage of mortgage book value covered by real estate collaterals with available reported Energy Performance (EP) level lower than D; concentration of real estate collaterals in "High Flood Risk" areas; etc.
- ALM & Treasury: weighted average carbon intensity of the portfolio; portion of ALM & Treasury assets invested in "high C&E risk" sectors and countries; etc.

In Q4 2023, these risk indicators and the day-to-day risk management arrangements for C&E risks have been formalised in the Group Climate & Environmental Risk Management Policy. Apart from the governance principles and strategy / risk appetite arrangements, it covers:

- Credit risk management
- Market risk management
- Investment risk management
- Operational risk management
- Scenario analysis and stress testing, and integration into ICLAAP

The results of C&E risk monitoring metrics and relevant conclusions and escalations are discussed in relevant governance bodies and working groups and presented to the AMC & BRCC on a quarterly basis.

Note 38 – Audit fees

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2023 and 2022 fiscal years in relation with Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2023	31/12/2022
Statutory audit of the financial statements - Standard audit services	1,084	967
Other assurance services	320	237
Tax consulting services	-	-
Other services	-	-
Total	**1,404**	**1,204**

The fees paid to the Bank's independent auditors, Ernst & Young S.A., during the 2023 and 2022 fiscal years in relation with other services provided to control undertakings of Quintet Private Bank (Europe) S.A. were as follows:

(In EUR thousand)	31/12/2023	31/12/2022
Other assurance services	172	160
Tax consulting services	-	-
Other services	-	-
Total	**172**	**160**

Note 39 – Significant subsidiaries and associate

As at 31 December 2023, the list of the consolidated companies in which the Bank has a significant holding of at least 20% of the capital is as follows:

Name and head office	Capital held	Equity Excluding result of the year [1]		Result [1]	
Brown, Shipley & Co, Ltd – U.K. [2]	100.00%	129,750,663	GBP	-611,613	GBP
Kredietrust Luxembourg S.A. – Luxembourg [2]	100.00%	7,155,947	EUR	11,744,528	EUR
Quintet Private Bank Switzerland AG	100.00%	17,461,190	CHF	1,184,857	CHF
InsingerGilissen Asset Management N.V. [2]	100.00%	13,933,255	EUR	936,189	EUR
GIM Vastgoed Management B.V. [2]	100.00%	2,458,462	EUR	5,772	EUR
Insingergilissen Bewind & Executele B.V. [2]	100.00%	3,329,383	EUR	108,828	EUR

[1] provisional, social, local GAAP figures.
[2] Local GAAP = IFRS; equity excluding reserves on the portfolio evaluated at fair value through other comprehensive income and cash flow hedge effects.

Note 40 – Events after the statement of financial position date

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.

CONTACT INFORMATION

QUINTET PRIVATE BANK (EUROPE) S.A.

43, boulevard Royal
L-2449 Luxembourg
T: +352 4797-1
F: +352 4797-73900
contact@quintet.com
www.quintet.com
R.C. Luxembourg B 6395

PRIVATE BANKING

PRIVATE BANKING
43, boulevard Royal
L-2449 Luxembourg
+352 4797-2099

GENERAL DEPARTMENTS

Corporate Center Support	+352 4797-3453
Human Resources	+352 4797-7648
Legal	+352 4797-3645
Finance	+352 4797-2987
Tax	+352 4797-3269
Corporate Communications	+352 4797-2065
Risk	+352 4797-3159

PROFESSIONAL CLIENTS

GLOBAL STRUCTURED SOLUTIONS DEPARTMENT

Tailor-made Structured products	+352 2621-0233
OTC Derivatives	+352 2621-0233

GLOBAL TREASURY

Money Market Activities	+352 2621-0311
Forex Activities	+352 2621-0333
Bullion Activities	+352 2621-0355
Repos & Securities Lending	+352 2621-0322
Fiduciary Deposits	+352 2621-0344

MARKETS EXECUTION

Fixed Income	+352 2621-0133
FX Sales Execution	+352 2621-0144
Listed Products (Equities, ETFs, Derivatives)	+352 2621-0211
Third Party Funds	+352 2621-0222
Business Management & Financial Institutions	+352 4797-2551

ASSET SERVICING & FIM – BUSINESS DEVELOPMENT

Business Development Fund Solutions Desk	+352 4797-3839
Business Development Private Label Solutions Desk	+352 4797-2374
Business Development Inter-Bank & Insurance Companies Desk	+352 4797-4545
Business Development Financial Intermediaries (FIM) Desk	+352 4797-2064

ASSET SERVICING & FIM – CLIENT RELATIONSHIP MANAGEMENT

Client Relationship Management	+352 4797-2495

MISCELLANEOUS

myQuintet	+352 4797-2500

KREDIETRUST LUXEMBOURG S.A.

88, Grand Rue
L-1660 Luxembourg
T: +352 4797-3822
F: +352 4797-73930
R.C. Luxembourg B 65 896

Asset Management	+352 4797-4592
Legal & Risk Management	+352 4797-3615
Fund Structuring & Domiciliation	+352 4797-3615

QUINTET PRIVATE BANK (EUROPE) S.A.

ASSET SERVICING & FIM
+352 4797-2316

FINANCIAL INSTITUTIONS
Global Markets
+352 4797-2551
financial.institutions@quintet.com

BRANCHES & SUBSIDIARIES

BELGIUM
PUILAETCO
Boulevard du Souverain 25
B-1170 Brussels
+32 2 679 45 11
www.puilaetco.be

DENMARK
QUINTET DANMARK
Sankt Annae Plads 13, 3 tv
1250 Copenhagen C
+45 33 34 3580
www.quintet.dk

GERMANY
MERCK FINCK
Pacellistrasse 16
D-80333 Munich
+49 89 2104-0
www.merckfinck.de

LUXEMBOURG
QUINTET LUXEMBOURG
43, boulevard Royal
L-2449 Luxembourg
+352 47 97 1
www.quintet.lu

NETHERLANDS
INSINGERGILISSEN
Herengracht 537
NL-1017 BV Amsterdam
+31 20 521 5000
www.insingergilissen.nl

UNITED KINGDOM
BROWN SHIPLEY
2 Moorgate
London
EC2R 6AG
+44 207 606 9833
www.brownshipley.com

QUINTET PRIVATE BANK

43, BOULEVARD ROYAL
L-2449 LUXEMBOURG
T: +352 47 97-1
CONTACT@QUINTET.COM

WWW.QUINTET.COM