BANQUE HAVILLAND

PILLAR 3 DISCLOSURES 2021

BANQUE HAVILLAND S.A.

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1. INTRODUCTION

This report presents the Pillar 3 disclosures of Havilland Group S.A., as required by the global regulatory framework for capital and liquidity established by the Basel Committee on Banking Supervision, also known as Basel 3.

At the European level, these requirements are implemented in the disclosure requirements as provided in Part Eight of the "Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms" (Capital Requirements Regulation or "CRR") and the "Directive (EU) 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (Capital Requirements Directive or "CRD") which have been further amended with subsequent Regulations and Directives.

Further disclosure guidance has been provided by the European Banking Authority ("EBA") in its "Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013" ("EBA Guidelines 2016/11").

Finally, at Luxembourg level, the CSSF Circular 17/673 also defines the sections of the EBA Guidelines 2016/11 to which Havilland Group S.A. is subject.

The purpose of Pillar 3 is to combine the minimum capital requirements (''Pillar 1'') with the process of prudent management (''Pillar 2''). It aims to encourage market discipline by identifying a series of disclosure requirements that make available to marketplace participants, basic information on the field of application, regulatory capital, risk exposures, risk assessment processes and, as a result, on the capital adequacy of intermediaries. The rules issued by the CSSF lay down clear instructions on the type of information to be provided and how it should be presented, and these rules have been followed in drawing up this document. Moreover, in establishing which information ought to be made public, the principle of relevance has been adopted. The Pillar 3 disclosures are available, on demand and on electronic or paper format, at our registered office in Luxembourg or through our website banquehavilland.com.

This report uses the figures as of 31st December 2021 of Havilland Group S.A., the prudential consolidation entity, which considers this relevant and representative for that year. All amounts are expressed in euro ("EUR").

The aim of this report is to improve risk disclosures in order to restore investor confidence and enhance market discipline.

2. SCOPE OF APPLICATION

2.1. SCOPE OF CONSOLIDATION

Banque Havilland S.A., direct and only subsidiary of Havilland Group S.A., has prepared this document for Havilland Group S.A., itself and its subsidiaries.

All subsidiaries and branches of Banque Havilland S.A. (together "the Bank") are included in the scope of consolidation for financial statement purposes; the subsidiaries are consolidated under the full consolidation method.

2.2. SCOPE OF CONSOLIDATED SUPERVISION

Havilland Group S.A., a Luxemburgish holding company, holds 100% of the shares of Banque Havilland S.A. and is registered under number B 143696 in the Registre de Commerce et des Sociétés ("RCS").

Banque Havilland S.A. is registered under number B 147029 in the RCS. All the relevant information is available on RCS website under Banque Havilland S.A. registration number.

The scope of the consolidated supervision includes the participations held by the Havilland Bank S.A. in Banque Havilland Monaco S.A.M., Banque Havilland (Liechtenstein) AG and Banque Havilland (Suisse) S.A.

2.3. BANK SUBSIDIARIES

Banque Havilland (Liechtenstein) AG

Banque Havilland S.A. owns 100% of Banque Havilland (Liechtenstein) AG, Banque Havilland (Liechtenstein) AG is registered in Liechtenstein.

Banque Havilland (Monaco) S.A.M.

Banque Havilland S.A. owns 100.00% of Banque Havilland (Monaco) S.A.M. Banque Havilland (Monaco) S.A.M. is registered in Monaco.

Banque Havilland (Suisse) S.A.

Banque Havilland S.A. owns 99.99% of Banque Havilland (Suisse) S.A. Banque Havilland (Suisse) S.A. is registered in Switzerland.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

Robust and efficient risk management is of utmost importance to the sole shareholder of the Bank.

The Board of Directors ("BoD") has approved a Risk Management Policy and has agreed that the main objectives of the Risk Management Framework are to:

- Ensure that all the different risks the Bank is exposed to is reflected in the internal governance arrangements;
- Ensure that appropriate risk tolerances (limits) are in place to govern risk-taking activities across all businesses and risk types;
- Ensure that the risks are measured adequately and coherently giving the required overviews to manage and control all the risks across the Bank;
- Ensure that risk appetite principles permeate the Bank's culture and are incorporated into strategic decision making processes;
- Ensure rigorous monitoring and reporting of key risk metrics to the senior management and the BoD;
- Ensure there is an ongoing and forward-looking capital and liquidity planning process which incorporates both economic capital modelling and a robust stress testing program;
- Maintain a risk management organisation that is closely aligned to businesses and independent of the risk taking activities; and
- Promote a strong risk management culture that encourages focus on risk-adjusted performance.

This is reflected by:

- Clear principles of governance, control, and organisation of risks;
- Determining and formalizing the appetite for various different risk types;
- Effective control tools to detect, manage and report risks; and
- Developing a harmonized risk culture present at each level of the company.

The Risk Management department, under the supervision of the Authorised Management Committee, monitors and controls all the risks of the bank in order to obtain a global overview of the interconnected risks of the Bank and is in charge of the ICLAAP (Basel 2 – Pillar 2) and of the market disclosure (Basel 2 - Pillar 3).

The department is also in charge to train the different business units and to develop a common risk culture. It is working closely with the different business heads to increase awareness of the different key risk indicators of their own unit and to put in place the appropriate controls to mitigate potential risk.

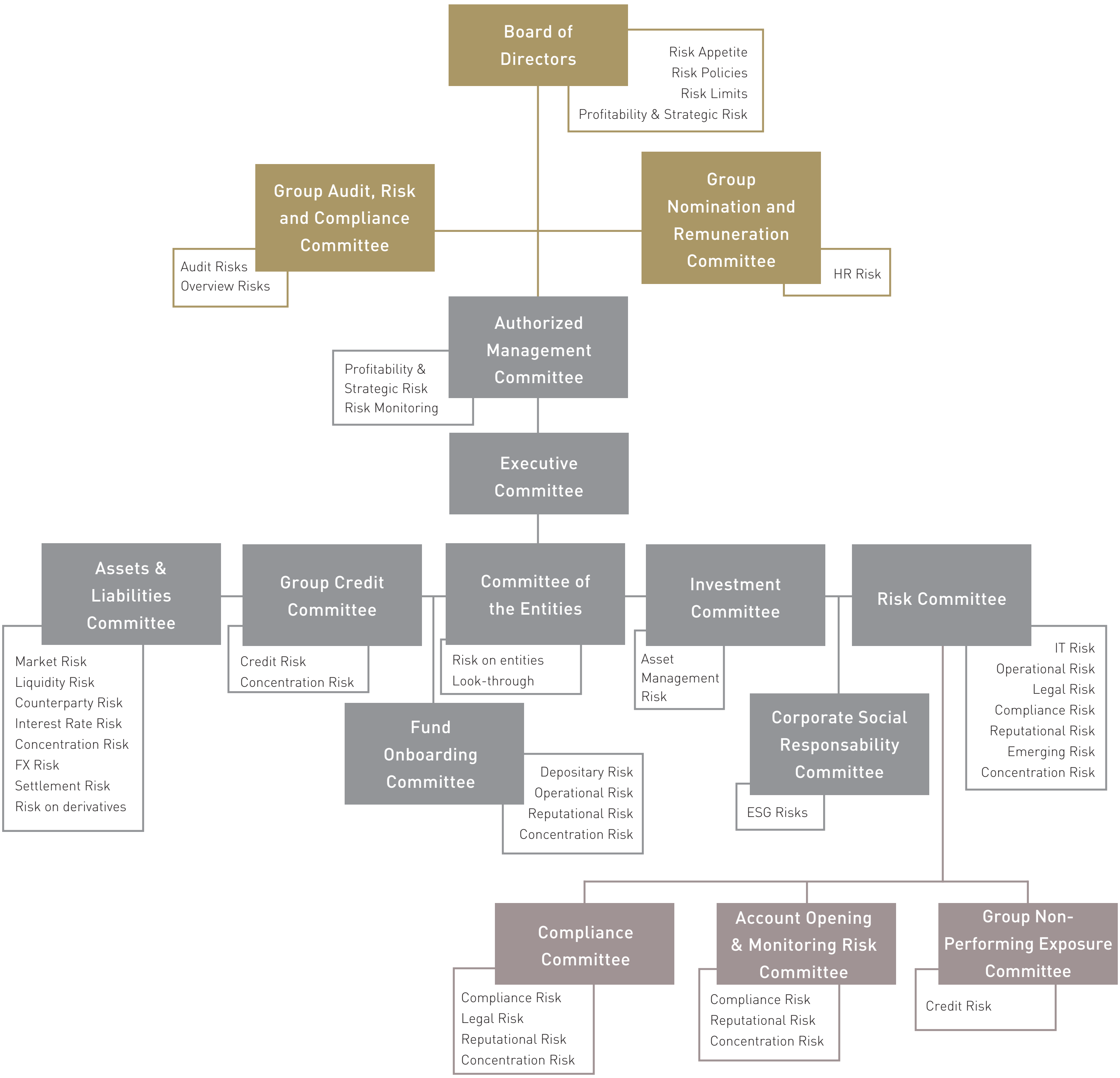
The department also collaborates with Compliance and Internal Audit departments to have a coherent and integrated internal control framework.

4. GOVERNANCE

4.1. ORGANISATION

The BoD has the overall responsibility. It ensures execution of activities and preserves business continuity by way of sound central administration and internal governance arrangements.

The BoD is supported by two specialized committees: Group Audit, Risk & Compliance Committee ("ARCC") and Group Nomination and Remuneration Committee ("NRC").



AUTHORIZED MANAGEMENT COMMITTEE

The Authorised Management Committee ("AMC") is responsible for the daily management of the Bank in conformity with Article 7(2) of the Law dated 5 April 1993 on the financial sector, as amended, and with the provisions of the Circular CSSF 12/552. The AMC reports to the BoD.

The main responsibilities of the AMC are:

- Ensure the effective, sound and prudent day-to-day business (and inherent risk) management. This management shall be exercised in compliance with relevant laws and regulations, and in compliance with the strategies and guiding principles laid down by the BoD taking into account and safeguarding the institution's long-term financial interests, solvency and liquidity situation;
- Provide on-going information to the BoD on business developments and specific transactions and preparation of the strategic decisions to be made by the BoD;
- Develop and maintain a sustainable business model taking into consideration of all material risks, including environmental, social and governance risks;
- Provide formal decision before the launch of a new product, that ultimately will be approved by the BoD;
- Promote and monitor diversity within the organisation;
- Promote and develop a risk management and compliance culture;
- Implement through internal written policies and procedures all the strategies and guiding principles laid down by the BoD in relation to central administration and internal governance, in compliance with the legal and regulatory provisions;
- Verify the soundness of the central administration and internal governance arrangements on a regular basis, by going to the Executive Committee, where all heads of key functions are represented;
- Adapt the internal policies and procedures to ensure compliance with the BoD guidelines and in light with the internal and external, current and anticipated changes and the lessons learnt from the past;
- Define an internal code of conduct applicable to all persons working in the Bank. Ensure its correct application on the basis of controls carried out by the compliance and internal audit functions on a regular basis;
- Have an absolute understanding of the organisational and operational structure of the institution, in particular, in terms of the underlying legal entities (structures), of their *raison d'être*, the links and interconnections between them as well as the risks related thereto;
- Ensure that the management information is available in due time at all decision-making and control levels of the institution and legal structures which are part of it;
- Take into account the advices and opinions provided by the internal control functions. Where the decisions taken by the AMC have or could have a significant impact on the risk profile of the institution, the AMC shall first obtain the opinion of the risk control function and, where appropriate, of the compliance function;
- Promptly and effectively implement the corrective measures to address the weaknesses (problems, shortcomings and irregularities) identified through the internal control functions , the external auditor, and the CSSF;
- Verify the implementation and compliance with internal policies and procedures. Any violation of internal policies and procedures shall result in prompt and adapted corrective measures;
- Inform the internal control functions of any significant changes in the activities or organisation in order to enable them to identify and assess the risks which may arise therefrom;

- Provide strategic oversight with respect to recovery planning. The final version of the Group Recovery Plan is presented and formally endorsed by the AMC prior to submission;
- Provide its assessment of the capital and liquidity adequacy and approve the key elements of the ICLAAP.

The number of members on the AMC is determined by the BoD (3 minimum). The AMC is currently composed of the Chief Executive Officer, an executive director of the BoD, the Deputy Chief Executive Officer, the Chief Integration Officer and the Chief Risk Officer.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") conducts the operational day-to-day management of the Bank and reports to the AMC.

The main responsibilities of the EXCO are:

- Conduct the operational management of the Bank by:
  - Developing, implementing and pursuing the strategy set by the BoD taking into account the values of the Group, its appetite for risk and the policy guidelines;
  - Conducting day-to-day management;
  - Supervising line management and compliance with the delegated powers and responsibilities, and reporting;
- Research, formulate and draft policy proposals and strategic or structural projects to be submitted to the BoD;
- Draw up comprehensive, timely, reliable and accurate financial reports for Banque Havilland S.A., in accordance with prevailing accounting standards and company policy;
- Establish, manage and follow up internal control measures to make it possible to identify, evaluate, manage and control financial and other risks;
- Carry out other tasks entrusted to it in specific cases by the BoD;
- Monitor first line of defense controls:
  - Adapt the internal policies and procedures in light of the internal and external, current and anticipated changes and the lessons learnt from the past;
  - Follow-up of the effectiveness of first line of defense controls.
- Act as a relay to spread the Compliance & Risk Culture:
  - Contribute to relay tone at the top messages to the commercial teams at the level of the bank in Luxembourg, and at a group level;
  - Promote Environmental, Social and Governance principles within the organization.
- Hear the guidelines communicated by the Group Head of HR and to supervise the yearly process of assessment of the staff performances Y-1 and definition of the objectives Y+1.

The number of members and composition of the EXCO is determined by the Authorized Management (5 minimum). The EXCO is currently composed of the members of the Authorized Management, the Group Head of Institutional Banking, the Group Head of Finance, the Chief Risk Officer (also member of the AMC), the Group Head of Legal, the Group Head of HR, the Head of Private Banking, the Group Head of Asset Management, the Group Head of Treasury & Execution, the Group Head of Credit (also member of the AMC), the Chief Compliance Officer, the Group Chief Operating Officer and the Group Secretary.

In addition, dedicated committees have been established in order to assist the EXCO in monitoring the various risks in the Bank.

RISK COMMITTEE

The Risk Committee ("RC") is a sub-committee of the EXCO. The RC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The main responsibilities of the RC are:

- Review and approve the Risk Appetite dashboard;
- Review and approve actions, controls or procedures aimed to monitor high risks and to keep high risks within the tolerance level set in the Risk Appetite statement;
- Risk acceptance approvals or sanctions for any risk outside the risk appetite statement;
- Proactively detect top and emerging risks;
- Review of the risk cartography;
- Review of the open internal and external recommendations, including regulatory, audit recommendations and actions undertaken to achieve sustainable resolution;
- Review of the approved sub-committee minutes;
- Follow-up and decision on Incident Reports and propose remedial actions to the EXCO;
- Follow-up and decision on Project Management related to risk mitigation;
- Review and validate policies in the area of Risk Management (including, but not limited to, DRP/BCP policy, Business Impact Analysis, DRP Plan, BCP Plan);
- Review recommendations issued by risk management;
- Review and approve new product proposals;
- Monitor risk acceptance process and deadlines;
- Promote Environmental, Social and Governance principles within the organization;
- Promote Risk management culture within the Bank.

The number of members and composition of the RC is determined by EXCO.

The RC is currently composed of the Authorised Management, the Chief Risk Officer, the Chief Integration Officer, the Chief Compliance Officer, the Group Chief Operating Officer, the CISO, the Group Head of Finance, the Group Head of Legal, the Group Head of Institutional Banking, the Head of Private Banking, the Head of Business Management and the Head of Treasury and Execution.

COMPLIANCE COMMITTEE

The Compliance Committee ("CC") is a sub-committee of the RC. The CC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The main responsibilities of the CC are:

- Approve and review the Compliance Reports;
- Follow-up of recommendations issued by the Compliance Function;
- Follow-up of recommendations addressed to the Compliance Function;
- Follow-up of Compliance Monitoring Plan; control monitoring and testing results;
- Identify and follow-up new regulatory requirements;
- Review policies and procedures related to Compliance matters, as well as other document when deemed necessary;

- Follow-up on regulatory and compliance projects and when deemed appropriate, take any relevant decision;
- Assessment of any Compliance inherent and/ or emerging risks (Financial Crime and Regulatory).

The CC is currently composed of the Authorised Management, the Chief Compliance Officer, the Group Head of Financial Crime Compliance, the Group General Secretary, the Group Head of Legal, the Group Head of Institutional Banking, the Head of Private Banking and the Group Head of Regulatory Compliance.

ACCOUNT OPENING & MONITORING RISK COMMITTEE

The Account Opening & Monitoring Reputational Committee ("AOMRC") is a sub-committee of the RC.

The main responsibilities of AOMRC are:

- Validate decisions regarding entering into new business relationship by:
  - Reviewing the due diligence performed;
  - Accepting/challenging the Financial Crime Risk Rating calculated;
  - Considering commercial aspects and likely reputational risks.
- Take decisions regarding ongoing business relationships by:
  - Assessing if the business relationship remains in the scope of the Bank's strategy;
  - Reviewing the output of periodic account reviews;
  - Considering commercial aspects and likely reputational risks.
- Discuss the reputational risk linked to event driven reviews, or any specific point raised by the first or second line of defense, and escalate any matters to the EXCO when required.
- Track the implementation of the decisions taken by:
  - Reviewing the Client Exit list developments;
  - Following-up on previous AOMRC decisions;
  - Monitoring the missing/expired documents statistics.

The AOMRC is entitled to seek external professional advice on matters that fall within its competence.

The number of members and composition of AOMRC is determined by the EXCO (5 minimum).

The AOMRC is currently composed of the Authorised Management, the Chief Compliance Officer or the Group Head of Financial Crime Compliance, the Group Head of Institutional Banking and the Head of Private Banking.

GROUP NON-PERFORMING EXPOSURE COMMITTEE

The Group Non-Performing Exposure Committee ("GNPEC") is a sub-committee of the RC. The GNPEC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The GNPEC is embedded in the Group's organizational structure to overview the management of deficient credit exposures.

The main responsibilities of the GNPEC are:

- Decision body overviewing the Bank's under and/or non-performing exposures ("NPEs"); to the extent applicable and always subject to local law and regulatory requirements the GNPEC's responsibilities also enfold the overviewing of under- and non-performing exposures of the Bank's entities;
- Assessment of and/or directing relevant measures applicable in the life cycle of NPEs;
- Monitor performance and review regular reports prepared in relation to NPEs, activity and portfolio information, including, without limitation, any further information as requested by any GNPEC member;

- Determination of forborne exposures ("FBEs") options, viability, strategy and processes;
- Decision body overviewing the Bank's FBEs; to the extent applicable and always subject to local regulatory requirements, the GNPEC's responsibilities also enfold the overviewing of forborne exposures of the Bank's entities;
- Assessment of and/or directing relevant measures applicable in the life cycle of FBEs;
- Monitor performance and review regular reports prepared in relation to FBEs, activity and portfolio information, including, without limitation, any further information as requested by any GNPEC member;
- Implementation, development and regular assessment of the group wide NPE strategy including review of the Group NPE Policy;
- Implementation, assessment and regular update of the Bank's operational environment and plan in relation to NPEs and FBEs;
- Decision body for individual and collective estimated provisions/impairments and write offs of NPEs; including processes, procedures and other relevant aspects pertaining hereto;
- Decision body for governance, procedures and controls for valuation methodology and frequency of valuation for assets and collaterals linked to NPEs and FBEs;
- Reviewing the Bank's NPEs and FBEs at least on a semi-annual basis;
- Steering and decision making on the governance and operations related to NPEs and FBEs, hereunder the NPE operating model, control framework, monitoring and early warning systems;
- Procure monitoring and handling of NPEs and FBEs are complying with the form and content requirements stipulated in the Group NPE Policy;
- Compliance with applicable laws and regulations as well as changing economic and/or banking conditions.
- Decision on strategies and measures as presented within defined authorization threshold, as defined in the prevailing Group NPE Policy and present Charter;
- Decision on impairments, write-offs, collateral realization, accepting settlements, recovery, workout and forbearance.

It is being understood, the responsibilities of the Group NPE Committee are limited to under-/non-performing and forborne credit exposures.

The number of members and composition of GNPEC is determined by the EXCO.

The GNPEC is currently composed of the Authorised Management, the Chief Risk Officer, the Group Head of Legal, the Group Head of Credit and the Head of Special Credit Unit.

ASSET AND LIABILITY MANAGEMENT COMMITTEE

The Assets & Liabilities Committee ("ALCO") is a sub-committee of the EXCO. The ALCO is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The ALCO determines the Bank's overall policy and strategy on the structure of the balance sheet, liquidity and capital adequacy of the Bank.

The main responsibilities of the ALCO are:

- Control the current liquidity situation and resources of the Bank;
- If the contingency funding plan is triggered, ALCO acts as organizer and decision-maker and executes the contingency funding plan;
- Determine of the Bank's Liquidity Policy;
- Formation of an optimal structure of the Bank's balance; ALCO sets limits which ensure an adequate risk level and liquidity within the limits approved by the BoD;

- Control utilization of limits and exposures of the bond portfolio;
- Provide guidelines for the day-to-day management of the Bank's own bond portfolio;
- Control over the capital adequacy and risk diversification;
- Review regularly of the various counterparties;
- Control risk appetite on Counterparty risk;
- Overview the interest rate risk borne by the Bank;
- Overview the Foreign Exchange activity of the Bank;
- Control the risk appetite of interest rates risk and foreign exchange risk;
- Determine, update, control the parameters of the risk transfer pricing policy (liquidity premium, credit spread, etc.);
- Embed the role allocated to the ALCO described in the Group Recovery Plan and Group Resolution Exit Plan. The ALCO is also in charge of developing the Contingency Funding Plan and liquidity stress tests.

The number of members and composition of ALCO is determined by the EXCO.

The ALCO is currently composed of the Authorised Management, the Chief Risk Officer, the Group Head of Finance and the Head of Treasury and Execution.

FUND ONBOARDING COMMITTEE

The Fund Onboarding Committee ("FOC") is a sub-committee of the EXCO. The FOC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The main responsibilities of FOC are:

- Assess the asset servicing solutions for the structuring, the implementation and the servicing of investment vehicles to the Bank's clients including, but not limited to, depositary, custodian, distribution, paying agent, registrar and transfer agent services.
- Assess every new project of the Institutional Banking business line and check if the project is or is not subject to prior application of the Group Procedure Implementation of New Products Services.
- Assess the relevant sensitive factors of the project in the context of the overall strategy and risk appetite of the Bank (including AML, Reputational and Operational risk profiles).

The number of members and composition of the FOC is determined by EXCO.

The FOC is currently composed of the Authorized Managers, the Group Head of Institutional Banking, the Head of Operations and Depositary Services, the Head of Fund Regulation and Governance, a Senior Risk Manager, The Chief Risk Officer, the Chief Compliance Officer or its Compliance delegate.

GROUP CREDIT COMMITTEE

The Group Credit Committee ("GCC") is a sub-committee of the EXCO. The GCC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The main responsibilities of the GCC are:

- Oversight of the credit risk management of the Bank, including review of the Group Credit Policy, and establish portfolio limits.
- Review and monitor any credit risk metrics under the Bank's Risk Appetite Statement;
- Oversight of the credit and lending strategies and objectives of the Bank, hereunder develop and achieve the credit and lending goals of the Bank;

- Monitor credit performance and review regular reports on credit exposures, activity and portfolio information, including, without limitation, any further information requested by any GCC member;
- Review the quality and performance of the Bank's credit portfolio and individual exposures at least on an annual basis;
- Procure credit requests are complying with the form and content requirements stipulated in the Group Credit Policy.

The responsibilities of the GCC are limited to performing credits and to those not falling under the responsibility of the Group NPE Committee.

The number of members and composition of GCC is determined by the EXCO.

The GCC is currently composed of the Authorised Management, the Chief Risk Officer, the Chief Compliance Officer and the Group Head of Credit.

COMMITTEE OF THE ENTITIES

The Committee of the Entities ("CE") is a sub-committee of the EXCO. The CE is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The CE oversees Banque Havilland S.A. and its entities.

The main responsibilities of the CE are:

- Report on strategy implementation decided by the BoD;
- Follow-up of the effectiveness of first line of defense controls across the Bank;
- Report on Governance issues (based on regulatory requirements);
- Escalate any risk major issue, in line with the Group Risk appetite statement;
- Contribute to elaborate and relay "tone at the top" messages to the staff;
- Develop a risk & compliance culture management within the organization;
- Ensure that the Bank has internal policies and procedures applicable to business process and development, in light of the internal and external, current and anticipated changes and the lessons learnt from the past;
- Follow-up of the effectiveness of first line of defense controls across the Bank.

The number of members and composition of CE is determined by the EXCO.

The CE is currently composed of the Authorised Managers, the Group General Secretary, the CEO of BH Suisse, the CEO of BH Liechtenstein, the CEO of BH Monaco, the Branch Manager of UK, the CEO of BH Luxembourg, the CEO of Havilland Group SA, the Head of Dubai Rep. Office and the Chief Compliance Officer.

INVESTMENT COMMITTEE

The Investment Committee ("IC") is a sub-committee of the EXCO. The IC is competent to act autonomously, yet always within the scope of the strategy defined by the EXCO.

The main responsibilities of the IC are:

- Provide a strong governance framework to ensure that the inherent risks associated with investment activities are sufficiently monitored and reported from a legal, compliance, and reputational risk perspective;
- Establish, monitor and review the top-down target asset allocation of the multi-asset class discretionary and advisory portfolios, and to clearly communicate this to Relationship Managers and their clients;

- Hold regular discussions to review key macroeconomic drivers, risk factors and market prospects in relation to the tactical and strategic asset allocation of client risk profiles;
- Determine and communicate the overall view of the Bank with regards to financial markets and Investments;
- Produce investment-related documents and publications, including the "Investment Committee Notes" and the "Quarterly Outlook";
- Review and oversee, in the context of the Bank Sustainability Risk Procedure, the bank regulatory obligations and reporting.

The IC activity does not influence and it is not related in any way to the Bank other functions and departments such as the management of the bank's investment portfolio or the ALCO.

The number of members and composition of IC is determined by the EXCO.

The IC is currently composed of the Authorised Managers, the Group Head of Asset Management and Advisory, the Chief Risk Officer and the Asset Management and Advisory representative.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee ("CSRC") is a sub-committee of the EXCO. The CSRC acts autonomously, yet always within the scope of the strategy defined by the EXCO, and by each local BoD.

The main responsibilities of the CSRC are:

- Create a common understanding and build awareness on ESG regulations and market practices;
- Oversee and report to the EXCO on the implementation of the ESG initiatives decided by the AMC / BoD (ownership, respect of the deadlines, budget);
- Contribute and make proposals to the AMC / BoD on new ESG initiatives to be incorporated to the yearly plan;
- Identify potential ESG risks, select KPI/KRIs, and support sustainability risk management culture within the organization;
- Contribute and review internal and external content / reports (external communications, yearly report….) on ESG strategy and initiatives.

The number of members and composition of the CSRC is determined by the EXCO.

The CSRC is currently composed of the CEO, the Deputy CEO, the Chief Integration Officer, the Chief Compliance Officer, the Group Head of Risk or a representative of Risk Department, the Group Head of Asset Management and Advisory, the Group Head of Human Resources, the Group General Secretary, the Group Head of Marketing, the Deputy CEO of BH Liechtenstein, the Head of Representative office Dubai, the Head of Wealth Planning Services, a Corporate Officer and a representative of the Legal Department.

4.2. NUMBER OF DIRECTORSHIPS HELD BY MEMBERS OF THE MANAGEMENT BODIES

All members of the Management Bodies comply with the mandate limitation requirement and the time spent requirement established by CRD IV and article 38-2 of the Law of 5 April 1993 on the Financial Sector, as amended.

The BoD assessed on an ongoing basis in 2021 that the mandate limitation requirement or the time spent requirement are respected. Consequently, the members of the Management Bodies are considered to have sufficient time available to perform their duties as directors of the Bank.

The number of directorships as defined in CRD IV regulations held by the members of the Management Bodies is as follows (January 2022):

BOARD OF DIRECTORS	NON-EXECUTIVE DIRECTORSHIP	EXECUTIVE DIRECTORSHIP
Mr. Bernard Herman	17	1
Mr. Antony Turner	3	-
Mr. Fernand Grulms	12	-
Mr. Harley Rowland	-	1
Mrs. Venetia Lean	2	-
Mr. Jean-François Willems	4	2
AUTHORISED MANAGEMENT	**NON-EXECUTIVE DIRECTORSHIP**	**EXECUTIVE DIRECTORSHIP**
Mr. Marc Arand	3	1
Mr. Juho Hiltunen	-	-
Mr. Artyom Grigoryan	-	-
Mr. Harley Rowland	10	1
Mr. Gil Huart	-	-

4.3. RECRUITMENT POLICY FOR THE SELECTION OF MEMBERS OF MANAGEMENT BODIES

The BoD of the Bank has reviewed and approved on 29 September 2021 the Management Body and Key Functions Policy to be considered by the Bank when selecting members of the Management Bodies (BoD and Management).

The suitability of the Management Bodies members is assessed according to the EBA guidelines of 26 September 2017 (EBA/GL/2017/12) and to the CSSF Prudential procedure on appointment of Management Body and Key Functions (applicable from 01.01.2021).

In order to ensure that all Key Function holders fulfil the criteria pertaining to the required knowledge, skills, experience, good repute, honesty, integrity, availability and independence of mind, his/her availability for the contemplated function and the conflicts of interest that may affect him/her.

Each person shall be individually assessed, prior to their appointment, by the relevant BoD of the entity for which they will hold the function. The Management Body should be assessed collectively in this case. The Bank also performs a periodic re-assessment of the Management Body and Key Functions at least every 2 years.

The assessments are made in writing, through a standard assessment template, are approved by the BoD and materialized in the Minutes of the BoD meetings.

In 2021, one new Management Member has been assessed. The fit and proper exercise was positive, and the regulators' non-objection decision was granted. One new member of the BoD has joined in 2021 with the same conclusions and outcome.

4.4. DIVERSITY

The BoD of the Bank has reviewed and approved on 29 September 2021 the Group Diversity Policy to be considered by the Bank when selecting members of the Management Bodies (BoD and Management).

The Bank promotes diversity among its executives, in order to build a diverse pool of management. It should aim to engage a broad set of qualities and competences when recruiting management and staff, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making.

A key responsibility of the NRC is to assist the BoD in the field of assessment and appointment of the key functions.

The NRC is committed to respect diversity when identifying candidates and nominating them as Head of Internal Control Functions, Authorised Managers and to other key functions.

In making recommendations to the BoD regarding potential director candidates, the NRC will consider, among others, the following diversity criteria: age, gender, geographical origin, educational and professional background.

The promotion of diversity shall be based on the principle of non-discrimination and on measures ensuring equal opportunities.

To achieve the diversity objectives, Management commits to measure and assess the proportion of females promoted during one year; and seeking to increase this proportion through short-list requirements in internal promotions and ensures fairness and openness in the recruitment process.

Similar measurable objectives may be set for wider succession planning.

Moreover, the NRC ensures that the Group Remuneration Policy and all related employment conditions are gender neutral, i.e. there are no differentiation between staff of the male, female or diverse genders.

Progress on all such objectives is ultimately monitored by the BoD and factored into its assessment of executive performance.

5. OWN FUNDS

The Bank monitors its solvency using rules and ratios issued by the Basel Committee on Banking Supervision and the CRD.

These ratios (Common Equity Tier 1 capital ratio (CET1), Tier 1 capital ratio and Total capital ratio) compare the amount of regulatory capital, eligible in each category to the total risk weighted assets. It is worth to note that the Bank has a simple capital structure with an eligible capital made exclusively of common equity explaining the similarity between these 3 ratios.

As at 31st December 2021, the Bank has a CET1 ratio and a Total capital ratio of 20.8%; well above the minimum requirement of respectively 8% and 10.5%.

5.1. ACCOUNTING AND REGULATORY EQUITY

A difference exists between the accounting methods as published in the financial statements (Luxembourgish GAAP) and the regulatory methods for the regulatory equity determination.

Reconciliation is done on each reporting date to ensure a perfect reconciliation between the Luxembourgish GAAP and the regulatory requirement. The reconciliation is submitted to our external auditor. This external control concerning our regulatory equity provides the Bank the comfort it requires for the figures displayed in this report.

5.2. COMPOSITION OF CAPITAL FOR SOLVENCY PURPOSES

The capital adequacy and financial ratios were determined in accordance with the instructions from the CRR.

In order to allow a comparison, the Bank discloses hereafter its CET1 and the consolidated Financial Statements Equity.

Common Equity Tier 1 Capital (CET1) includes capital instrument, share premium, legal reserves, and retained earnings not including current year profit, minority interest given recognition in CET1 capital less goodwill and intangible assets:

As at 31st December 2021, the Bank's Common Equity Tier 1 Capital is made of::

- Subscribed and fully paid share capital amounts to EUR 51,000,000;
- The share premium reserve is EUR 49,034,500;
- The reserves and retained earnings are EUR 97,503,507;
- Accumulated other comprehensive income is EUR 432,923; Less:
- Profit or loss attributable to owners of the parent EUR -20,999,873.

As at 31st December 2021, the Prudential Supervision Common Equity Tier 1 Capital and the Total Capital amount to EUR 174,080,105 (2020: EUR 195,720,293). This represents a decrease regarding the previous year Total Capital of EUR 21,640,188.

	LUX GAAP	AD. TO FINREP	FINREP
Paid in capital	**51,000,000**	**-**	**51,000,000**
Share premium	**49,034,500**	**-**	**49,034,500**
Fair value changes of instruments measured at fair value through other comprehensive income	**-**	**432,923**	**432,923**
Debt Instruments	-	(662,544)	-
IFRS 9 ECL	-	1,095,468	-
Foreign currency translation reserve	**(317,206)**	**1,528,053**	**1,210,847**
Reserves (including retained earnings)	**78,963,636**	**17,329,023**	**96,292,659**
Minority interests	-	-	-
Profit from current year	**(20,563,673)**	**(436,200)**	**(20,999,873)**
Reversal of value adjustments on securities classified in fair value through OCI	-	2,566,938	-
Fair value changes of instruments measured at fair value through Profit and loss	-	(1,271,009)	-
Fair value changes of Debt instruments measured at fair value through Profit and loss	-	(480,472)	-
IFRS 9 ECL Securities portfolio	-	(66,233)	-
IFRS 9 ECL Loans and advances	-	(1,637,499)	-
IFRS 9 ECL Commitments and Guarantees	-	(2,799)	-
Reversal of lux gaap value adjustments on loans and advances	-	541,008	-
IFRS 16 adjustments	-	(86,133)	-
TOTAL SHAREHOLDER'S EQUITY	**158,117,257**	**18,853,799**	**176,971,056**

6. CAPITAL REQUIREMENTS

The following table shows an overview of the risk-weighted assets and the capital requirements for each type of risk at year-end 2021. The capital requirement amounts have been obtained by applying 8% of the corresponding risk-weighted assets:

			31/12/2021		31/12/2020	
TYPE OF RISK	**BASE 3 TREATMENT**	**SEGMENTATION**	**RISK WEIGHTING ASSETS**	**CAPITAL REQUIRE-MENTS**	**RISK WEIGHTING ASSETS**	**CAPITAL REQUIRE-MENTS**
Credit risk	Standardised approach	Central governments or central banks	2,654,816	212,385	2,950,571	236,046
		Regional governments or local authorities	3,167,599	253,408	-	-
		Public sector entities	-	-	10,142,904	811,432
		Institutions	142,486,543	11,398,923	144,459,328	11,556,746
		Corporates	394,961,821	31,596,946	333,740,544	26,699,244
		Retail	10,844,064	867,525	7,505,088	600,407
		Secured by mortgages on immovable property	87,309,363	6,984,749	92,943,246	7,435,460
		Exposures in default	34,658,618	2,772,689	10,270,349	821,628
		Covered bonds	3,092,149	247,372	-	-
		Equity	2,173,466	173,877	2,150,456	172,036
		Other Items	35,897,641	2,871,811	39,345,473	3,147,638
		SUB TOTAL	**717,246,080**	**57,379,686**	**643,507,959**	**51,480,637**
	Credit valuation adjustment	CVA	16,708,125	1,336,650	1,395,089	111,607
	SUB TOTAL CREDIT RISK		**733,954,205**	**58,716,336**	**644,903,048**	**51,592,244**
Settlement risk	Standardised approach		1,100	88	5,141	411
Market risk	Standardised approach	Foreign Exchange Risk	-	-	-	-
Operational risk	Basic indicator approach		103,444,398	8,275,552	125,667,609	10,053,409
Other risk exposure amounts			-	-	-	-
TOTAL			**837,399,703**	**66,991,976**	**770,575,798**	**61,646,064**

The Bank uses the Standardised Approach to calculate its credit, counterparty, dilution and delivery risks. The Bank also does an internal assessment of its capital according to the circular.

If applicable, the Bank uses the Standardised Approach to calculate its position, foreign exchange and commodity risks.

The Bank uses the Basic Indicator Approach to calculate its operational risks.

At the end of 2021, the Bank's total risk-weighted assets amounts to EUR 837,399,703 of which EUR 717,246,080 was considered as credit risk. This credit risk comes in majority from lending activity and the Bank's investment portfolio.

6.1. CAPITAL ADEQUACY RATIOS

The table below summarises the prudential own funds of the Bank and the risk-weighted assets which lead to the Bank's Capital Ratio. The Bank shows very strong capital adequacy ratios, which are well above the regulatory requirements.

		31/12/2021	31/12/2020
AVAILABLE CAPITAL (AMOUNTS)			
1	Common Equity Tier 1 (CET1)	174,066,064	195,720,293
2	Tier 1	174,066,064	195,720,293
3	Total capital	174,709,405	195,720,293
RISK-WEIGHTED ASSETS (AMOUNTS)-			
4	Total risk-weighted assets (RWA)	837,399,703	770,575,798
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA			
5	Common Equity Tier 1 ratio	20.79%	25.40%
6	Tier 1 ratio	20.79%	25.40%
7	Total capital ratio	20.86%	25.40%
ADDITIONAL OWN FUNDS REQUIREMENTS IN EXCESS OF THE MINIMUM OWN FUNDS REQUIREMENTS			
7a	Total SREP capital requirement	13%	13%
-	Own funds requirements (art 92 CRR)	8%	8%
-	Additional own funds	5%	5%
ADDITIONAL CET1 BUFFER REQUIREMENTS AS A PERCENTAGE OF RWA			
8	Capital conservation buffer requirement	2.5%	2.5%
9	Specific countercyclical buffer requirement	0.0139%	0.0244%
10	Bank G-SIB and/or D-SIB additional requirements	-	-
11	Total of bank CET1 specific buffer requirements (%)	2.5139%	2.5244%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.27%	9.87%
BASEL III LEVERAGE RATIO			
13	Total Basel III leverage ratio exposure measure	1,529,087,017	1,522,224,863
14	Basel III leverage ratio (%) (row 2 / row 13)	11.38%	12.86%
LIQUIDITY COVERAGE RATIO			
15	Total high-quality liquid assets (HQLA)	406,454,197	367,261,180
16	Total net cash outflow	76,467,778	131,028,334
17	LCR (%)	531.54%	280.29%
NET STABLE FUNDING RATIO(7,898,005)			
18	Total available stable funding	444,801,771	673,153,797
19	Total required stable funding	598,574,097	997,406,821
20	NSFR	134.57%	148.17%

	31/12/2021		31/12/2020	
	FINANCIAL STATEMENTS	REGULATORY PURPOSES	FINANCIAL STATEMENTS	REGULATORY PURPOSES
Common Equity Tier 1 Capital	-	174,066,064	-	195,720,293
of which Core Equity	-	*174,066,064*	-	*195,720,293*

6.2. INTERNAL CAPITAL AND LIQUIDITY ADEQUACY ASSESSMENT PROCESS ("ICLAAP")

The Bank establishes its own process ("ICLAAP") for determining "current and future capital and liquidity requirements in relation to the risks incurred and their business strategies", as well as to evaluate their own capital and liquidity adequacy, being "their capacity to face current or future unexpected losses which are inherent to banking activities", by comparing Total Capital with Total Internal Capital.

The determination of Total Internal Capital and Total Capital involves a complex organisational process that is an integral part of business operations, helping to determine strategies and the current operating decisions taken by the Bank. This process, carried out under the responsibility of the corporate bodies, requires extensive teamwork and professional skills, as well as contributions from each consolidated company.

The qualitative element is the ability to reinforce controls and systems for monitoring the efficiency of corporate processes, based on the principles of good and prudent management.

The quantitative elements referred to the following rules:

- The availability of adequate regulatory capital to ensure that the Pillar 1 minimum capital requirements are met;
- The adequacy of Total Capital to cover all relevant measurable risks and any strategic corporate needs.

As part of the ICLAAP process, the Bank quantifies the various elements when assessing its current and prospective capital and liquidity adequacy in relation to the propensity to accept risk. The Bank monitors periodically the principal ICLAAP parameters throughout the year.

The ICLAAP is updated and submitted for review to the BoD at least on an annual basis (BoD Approval on April 30th 2022). ICLAAP is also submitted to the CSSF on a yearly basis. Updates to the ICLAAP may be more frequent if there is a fundamental change to our business or the environment in which the Bank operates.

This assessment draws on the results of existing risk management techniques and reporting. Scenario analysis and stress testing are performed to assess the Bank's exposure to extreme events and to ensure that appropriate mitigating factors are in place. Any residual risk is then mitigated by setting aside capital to meet the worst-case potential impact. Each of the major core risks is assessed.

6.3. CAPITAL BUFFERS

It has to be noted that the 2021 relevant countercyclical buffers rates are set to 0 % except those ones:

- Norway: 1.00%
- Czech Republic: 0.50%
- Bulgaria: 0.50%
- Slovakia: 1.00%
- Luxembourg: 0.50%

The specific countercyclical capital buffer of the Bank amounts to EUR 116,196 being the average CCB weight of 0.0139% multiplied by risk weighted assets of EUR 837,399,703.

6.4. LEVERAGE RATIO

The Basel 3 framework introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. The leverage ratio is intended to:

- Restrict the build-up of leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy; and
- Reinforce the risk-based requirements with a simple, non-risk based "backstop" measure.

The Basel 3 leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage and having to exceed a minimum of 3%.

As at 31st December 2021, the Bank has a leverage ratio of 11.38%, well above the minimum level of 3%. This comfortable level is explained by the limited use of derivatives and securities financing transactions.

EXPOSURE VALUES		LR EXPOSURE
0010	SFTs: Exposure value	-
0020	SFTs: Add-on for counterparty credit risk	-
0030	Derogation for SFTs: Add-on in accordance with Article 429e(5) and 222 CRR	-
0040	Counterparty credit risk of SFT agent transactions	-
0050	(-) Exempted CCP leg of client-cleared SFT exposures	-
0061	Derivatives: replacement cost under the SA-CCR (without the effect of collateral on NICA)	-
0110	Derogation for derivatives: original exposure method	60,787,898
0120	(-) Exempted CCP leg of client-cleared trade exposures (original exposure method)	-
0130	Capped notional amount of written credit derivatives	-
0140	(-) Eligible purchased credit derivatives offset against written credit derivatives	-
0150	Off-balance sheet items with a 10% CCF in accordance with Article 429f CRR	10,189,645
0160	Off-balance sheet items with a 20% CCF in accordance with Article 429f CRR	-
0170	Off-balance sheet items with a 50% CCF in accordance with Article 429f CRR	-
0180	Off-balance sheet items with a 100% CCF in accordance with Article 429f CRR	8,961,943
0181	(-) General credit risk adjustments to off balance sheet items	-
0185	Regular-way purchases and sales awaiting settlement: Accounting value under trade date accounting	-
0186	Regular-way sales awaiting settlement: Reverse out of accounting offsetting under trade date accounting	-
0187	(-) Regular-way sales awaiting settlement: offset in accordance with 429g(2) CRR	-
0188	Regular-way purchases awaiting settlement: Full recognition of commitments to pay under settlement date accounting	-
0189	(-) Regular-way purchases or sales awaiting settlement: offset for assets under settlement date accounting in accordance with 429g(3) CRR	-
0190	Other assets	1,452,979,951
0191	(-) General credit risk adjustments to on-balance sheet items	(941,470)
0200	Gross up for derivatives collateral provided	-
0210	(-) Receivables for cash variation margin provided in derivatives transactions	-
0220	(-) Exempted CCP leg of client-cleared trade exposures (initial margin)	-
0230	Adjustments for SFT sales accounting transactions	-
0270	(-) Asset amount deducted - Tier 1 capital - fully phased-in definition	(2,890,951)
0280	Asset amount deducted (-) or added (+) - Tier 1 capital - transitional definition	(2,890,951)
0290	Total Leverage Ratio exposure measure - using a fully phased-in definition of Tier 1 capital	1,529,087,017
0300	Total Leverage Ratio exposure measure - using a transitional definition of Tier 1 capital	1,529,087,017
CAPITAL		
0310	Tier 1 capital - fully phased-in definition	174,066,064
0320	Tier 1 capital - transitional definition	174,066,064
LEVERAGE RATIO		
0330	Leverage Ratio - using a fully phased-in definition of Tier 1 capital	0.1138
0340	Leverage Ratio - using a transitional definition of Tier 1 capital	0.1138

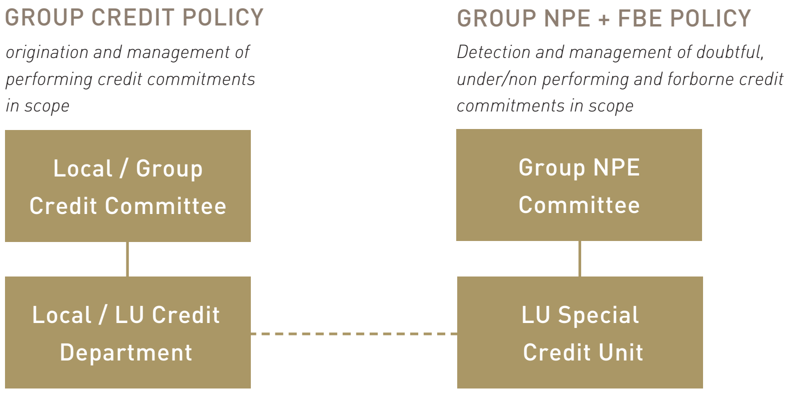
7. COUNTERPARTY CREDIT RISK

Credit risk arises from the uncertainty in counterparty's ability to meet its financial obligations and default in serving payments on any type of debt. Since the Bank is dealing with various types of counterparties (from private individuals to sovereign governments) and offers customized solutions (from uncommitted overdrafts to derivatives transactions) the credit risk takes various forms, however typically can be classified as (i) credit default risk, (ii) concentration risk, and (iii) country risk (including conversion and sovereign risk).

The Bank does not disclose a discussion of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating as this is not relevant since the Bank is not rated.

7.1. CREDIT FRAMEWORK

In compliance with the EBA regulation and to ensure clear segregation of duties and responsibilities related to the management and control of aforementioned credit risk, the Bank's overall credit framework and operational setup is subdivided in two sections as illustrated below:



7.2. GROUP CREDIT POLICY

The Bank's Group Credit Policy, as approved by the BoD, forms the overall framework of the credit and lending activities within the Bank and the guideline for credit exposures towards external counterparties. Its primary objective is to procure adequate credit quality and proper credit activity management within the Bank.

The Group Credit Policy includes the description of key elements for lending activities of the Bank. It forms part of the risk management framework, and outlines the core requirements for a diligent business approach. Therefore, all lending exposures have to be:

- Subject to the rules and principles outlined in the Group Credit Policy;
- Established on a sound, professional and documented basis;
- In compliance with internal as well as external rules of conduct;
- Handled as integrated part of the overall client relationship;
- Compliant with all procedures, manuals, guidelines being directly or indirectly referred to, or regulated by, the Group Credit Policy.

The Group Credit Policy, as amended from time to time, is applicable to all entities of the Bank and shall respect the statutory regulation, introduced by respective local supervisory or governing bodies, being applicable to each entity. In case of discrepancies or competing clauses, the statutory regulation introduced by the local supervisory or governing body shall apply.

The Group Credit Policy forms the framework for management of performing credit exposures and commitments to below mentioned counterparties within the Bank.

The Group Credit Policy shall provide adequate guidance on the establishment, management and monitoring of credit risk on individual client level as well as on aggregate portfolio level.

The policy serves multiple objectives being:

- Protection of the Bank's capital, earnings and reputation;
- Establishment of a common credit culture resting on the core values of the Bank;
- Cooperation between entities, departments and employees;
- Supporting the growth of the profitability of the Bank while ensuring adequate management and monitoring of satisfactory credit risk parameters;
- Adherence to regulation introduced by the supervisory bodies and regulators;
- Alignment with the prevailing business plan, as well as liquidity and risk management;
- Regulate the credit risk framework and appetite across the Bank;
- Prevent intra group arbitrage on product offering, pricing and regulatory matters.

7.3. CREDIT RISK CARTOGRAPHY

The Credit Risk has been identified at different levels within the Bank's structure.

The Credit Risk that the Bank is exposed to, with its private and corporate clients (institutional clients included), is mainly related to the risk of default and potential insolvency. The Bank manages and monitors the credit risk by differentiating the lending activities by the nature of the collateral in various lending structures (mortgage loans, Lombard loans, guarantees, etc.).

The Credit Risk on the mortgage loans is measured mainly through the quality of the collateral, amount of the loan versus the value of the collateral ("LtV"), the liquidity of the real-estate market for assets of same or similar nature, the local regulation and the subsequent difficulty to enforce the Bank's security rights. Each transaction is supported by an independent valuation report from a surveyor appointed by the Bank. The report requested includes a detailed description of the property, location and the market conditions in the location for the type of property in question.

The Credit Risk on loans secured by securities ("Lombard loans") is strongly interconnected with the market risk of the underlying securities. To efficiently mitigate Credit Risk in Lombard loans, the Bank is applying conservative haircuts and diversification rules. Standard haircuts, diversification and eligibility rules for Lombard loans are defined in the Group Credit Policy and therefore also approved by the BoD.

The Credit Risk on loans secured by other assets (i.e. aircraft, motor yacht,..) is subject to an in-depth analysis from the Credit Department in terms of accepted level of leverage, due diligence, structuring and required expertise.

The Credit Risk on off-balance sheet items, such as guarantees given or committed credit lines, is the risk to fulfil the guarantee or drawdown. To efficiently avoid losses, the Bank is always seeking to take security for the commitment given. This security typically comprises counter-indemnities and/or pledges over eligible assets.

The Credit Risk on the Investment Portfolio – whose the main function is to act as a liquidity reserve -arises from the risk of default of the fixed income instruments held in the Investment Portfolio. The Investment Guidelines – part of the Group Liquidity Policy - approved by the BoD set up the limits and the eligibility criteria for the positions in terms of type of assets, quality of the assets, maturity, liquidity, currency, repo-ability and country of risk. It also defines the concentration limits on counterparties/issuers. The investment portfolio is closely monitored by the Treasury & Execution Department, Treasury Risk Control Department and by the Risk Function. The ALCO reviews the Investment Portfolio and its compliance with the Investment Guidelines during ALCO meetings. The BoD approves the Investment Guidelines, analyses the breaches and can impose restrictions on the investment portfolio.

The Counterparty Risk arises from the money market activity (maturity less than 3 months) and from the collateral posted for derivatives transactions. The key measures that apply to the counterparty include Qualitative information on the counterparty and Concentration risk/Diversification.

The Authorised Counterparty List – part of the Group Liquidity Policy - approved by the BoD set up the limits by counterparty. Concentration limits are defined at a global level (consolidation of investments and money market activities). Counterparty activity is closely monitored by Treasury & Execution Department, its Treasury Risk Control Unit and the Risk Function. Risk Function acts as the second line of defence. Risk Function is in charge of ensuring that adequate reports, measurements and controls ae implemented and reliable at all control levels. The Bank seeks to promote effective and efficient control combined with reliable financial and risk reporting in compliance with policies and limits. The ALCO reviews the Money Market activity and lines during its meetings. Upon approval of the Risk Function and satisfactory AML/KYC checks, the ALCO has the power to accept new counterparties, to freeze the activity with an existing counterparty or to amend limits. Any change brought to the list of counterparties approved by the ALCO is submitted to the BoD for ratification at least once a year in the framework of the periodical review process.

Concentration Risk arises if the Bank's Loan and Investment portfolios are not diversified, whether in terms of high dependence on few large counterparties, sector, countries, etc. This necessitates maintenance of sufficient diversification in their assets and operations. The Group Credit Policy – approved by the BoD – involves directly the BoD for approval of important credits for privates and corporates. The Investment Guidelines – which are ancillary to the Group Liquidity Policy and approved by the BoD – impose concentration limits on financial institutions and on investment portfolio. It is the responsibility of the AOMRC and the Compliance Officer to ensure that the Bank has all the necessary information on new and existing clients and their interconnections. The Credit department is in charge to monitor the development of concentration risk for private and corporate loans through the use of an internal tool for credit monitoring. The information is related to the GCC who needs to keep a close watch on the large exposure issues. The financial institutions exposures include all type of exposures to specific financial institutions (interbank deposits, exposures on securities, etc…). It is the responsibility of the Treasury Risk Control Unit under independent overview of the Risk Function to identify the connections between the financial institutions exposures and the investment portfolio exposures and to define adequate concentration risk controls. The result is communicated to the ALCO who tries to reduce any potential concentration risk that becomes apparent, the final aim being to be as diversified as possible with regard to counterparties, country of risk and economic sector.

7.4. BRANCHES & SUBSIDIARIES

With the exception of UK branch, each subsidiary has its own credit officer who, with the support of the Credit Department in Luxembourg, is in charge of administering the application process, ensuring that adequate documentation is established and the monitoring of exposures. The loan administration, such as booking of rollovers, fees and interests is also done in the respective subsidiary.

However, continuous monitoring and control is performed by the Special Credit Unit in Luxembourg in order to ensure equal quality standards across the Bank.

In order to allocate necessary resources, efficiently segregated duties and make sure defaulted loans are treated with necessary care, preventing the Bank from incurring loan losses, Special Credit Unit in Luxembourg has the decision making power as to how to remedy or manage deficient loans.

The Group Credit Policy, as approved by the BoD, defines the general guidelines and framework of the originating and performing lending activities and it defines the decision-making process and authorities of each Credit Committee in the Bank.

The Group NPE and FBE Policy, as approved by the BoD, defines the general guidelines and framework of the doubtful, under-/non-performing and forborne lending activities and it defines the decision making process and authorities of the centralized GNPEC in the Bank.

As far as the Bank respects the concentration limits, the main financial counterparty of the branches & subsidiaries is the head office itself. The branches and subsidiaries have other counterparties for specific reasons (i.e. local payments, SEPA, salary, cheques, risk diversification…). These counterparties are directly under the management of the Group Treasury department and follow the same level of monitoring, reporting and control as the Bank.

7.5. ALERT FUNCTIONS VIA CREDIT MONITORING REPORTS

The close monitoring of some of the borrowers is an independent process managed directly by the Credit Department in its credit monitoring functions.

A set of reports provide the Credit Department with warnings on the state and/or development of existing credit exposures occurred on term loans, Lombard loans, mortgage loans and overdrafts: late payment, lack of payment, breach of contractual agreements, negative developments of existing exposures due to market moves, change in market value of guarantees, change in collateral eligibility of assets, etc.

Actions on the reports are taken by the Credit Department of the Bank with the support of the Management of the Bank where needed. As part of the management reporting the GCC is informed on a monthly basis about the developments of the Bank's credit risk.

7.6. NPE AND FBE POLICY

The Group NPE and FBE Policy forms the overall framework of the doubtful, under-performing, non-performing, and forborne credit exposures and commitments within the Bank and the guidelines for mentioned credit exposures.

The Group NPE and FBE Policy, as amended from time to time, formalizes the governance, the operational setup and provide adequate guidance on the identification, management and monitoring of credit risk associated with doubtful, under-/ non-performing, and forborne credit exposures on individual client level as well as on aggregate portfolio level.

Its primary objective is to procure timely and effective measures are being taken in respect of the management and workout of deficient exposures to reduce non-performing assets as fast and efficient as possible in order to amongst others free up money and capital for new lending, reduce losses and return assets to earning status, if possible.

In this policy, the prudential definitions about doubtful exposures (e.g. "defaulted", "impaired" and "non- performing") are introduced and adopted along the lines of regulations (EU) No 575/2013 (CRR) and EBA/GL/2016/07.

IMPAIRMENT

This is the Bank's Policy that establish specific loss allowances to cover the potential risks pertaining to delinquent, defaulted, non-performing, forborne and/or non-recoverable credit exposures. In accordance with this policy, the Special Credit Unit ("SCU") is in charge of sanctioning and recovering non-performing credit exposures. Within its responsibilities, the SCU is reviewing delinquent credit files and defining adequate recovery strategies, which may also result in tabling impairment recommendations/proposals for approval to the GNPEC. Upon such decision being made the SCU shall take appropriate measures to impose value adjustments or impairments on non-compliant or deficient credit exposures where the full recoverability is questionable.

Impairments should be considered for the balance not recoverable from the pledged or mortgaged assets that have been recently valued and are disposable. Once Credit Exposure has been decided to be impaired it shall be adjusted automatically to capture any increase due to accrued interests, costs and foreign exchange fluctuations to ensure the relative level of the impairment remains constant.

PAST DUE

The Bank recognises an exposure as past-due when any amount of principal, interest or fee has not been paid at the date it was due. Unauthorised overdraft amounts are also considered as past-due amount. Past due amounts are monitored every day at the level of each exposure.

DEFAULT

The Bank applies the prudential definition of "default" under Article 178 of Regulation (EU) No. 575/2013:

"A default is considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

- the Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the institution to actions such as realising security;
- the obligor is more than 90 days past due on any material credit obligation to the Bank."

NON-PERFORMING EXPOSURE

A credit exposure is classified "non-performing" or "NPE" where either or both of the following criteria are satisfied:

- material exposure(s) and/or payment(s) is/are more than 90 days past-due; and/or
- the debtor is assessed as unlikely to pay its credit obligation in full without realization of collateral, regardless of the existence of any past-due amount or the number of days past due.

In addition to the above it shall be noted that:

- any transaction which is impaired be it in parts or totally is considered non-performing; and
- where an exposure of a debtor which is more than 90 days past due corresponds to 20% of its entire on-balance exposure then all exposures linked to this debtor have to be considered non-performing.

FOREBEARANCE EXPOSURE

Forbearance measures are concessions extended to any exposure towards a debtor facing or about to face financial difficulties in meeting its financial commitments. Such concessions entail:

- Modification of previous terms and conditions of the contract that would not have been granted had the debtor not been in financial difficulties (judgment in identifying of financial difficulties);
- Total or partial refinancing of an exposure that would not have been granted had the debtor not been in financial difficulties.

MONITORING

SCU is in charge of monitoring the doubtful, under-performing, non-performing, and forborne credit exposures and commitments; this includes as well the sanctioning process where covenants are breached. The main monitoring processes and guidelines are defined in a set of procedures covering credit sanctioning, credit impairment under Local GAAP, credit impairment under IFRS9, credit write-off, early warning indicators (EWI), and default and unlikeliness to pay (UTP) and the assessment of contractual modifications in relation to forbearance criteria.

7.7. QUANTITATIVE INFORMATION

NET EXPOSURE BY GEOGRAPHICAL AREA

LOANS AND ADVANCES TO CUSTOMERS - REPAYABLE ON DEMAND	CORPORATE	RETAIL	TOTAL
Finland	-	5,073,912	5,073,912
France	40,043,339	4,926,067	44,969,406
Liechtenstein	7,713,797	5,242,148	12,955,945
Luxembourg	16,627,388	319,146	16,946,534
Monaco	838,060	19,450,033	20,288,093
Russia	4,974,697	30,017	5,004,714
Sweden	14,456,198	542,996	14,999,194
Turkey	1,121	9,233,958	9,235,079
United Arab Emirates	17,051,830	56,747,000	73,798,829
United Kingdom	1,152,445	17,960,466	19,112,912
Others	5,434,313	5,137,776	10,572,089
TOTAL	**108,293,188**	**124,663,519**	**232,956,706**

LOANS AND ADVANCES TO CREDIT INSTITUTIONS - REPAYABLE ON DEMAND	BANK
Belgium	10,330
Estonia	1,040,790
France	24,140
Iceland	459,867
Italy	1,353,689
Japan	509,997
Luxembourg	17,664,859
Switzerland	99,282,477
United Kingdom	11,032,579
Others	3,802
TOTAL	**131,382,530**

BONDS, SHARES & INVESTMENT FUNDS	BONDS	SHARES	INVESTMENT FUNDS
Austria	5,123,873	-	-
Belgium	44,053,522	37,320	-
Canada	13,973,018	1,400,232	-
Cayman Islands	6,604,192	26,234	-
France	40,343,777	-	-
Germany	66,026,107	113,228	-
Hong Kong	20,930,930	-	-
Hungary	11,990,616	-	-
Ireland	15,729,661	-	-
Italy	63,654,505	-	3,203
Luxembourg	23,509,505	12,505	499,921
Netherlands	29,826,055	-	-
Romania	6,323,786	-	-
Russia	7,561,121	-	-
Switzerland	13,170,639	12,195	-
United Kingdom	33,526,839	-	-
United States of America	58,397,320	397,321	1,011,312
Virgin Islands British	9,631,162	-	-
Others	52,207,258	1,791	-
TOTAL	**522,583,884**	**2,000,826**	**1,514,436**

	BANKS	GOVERNMENT	OTHER
BONDS	**189,961,772**	**136,425,362**	**196,196,750**
Austria	5,123,873	-	-
Belgium	1,952,904	40,186,070	1,914,548
Canada	13,661,522	311,495	-
Cayman Islands	1,453,292	-	5,150,901
France	34,978,253	-	5,365,524
Germany	36,091,647	19,388,925	10,545,535
Hong Kong	3,957,717	-	16,973,213
Hungary	-	11,990,616	
Ireland	1,364,047	-	14,365,614
Italy	24,236,166	28,457,113	10,961,227
Luxembourg	11,091,695	8,158,990	4,258,820
Netherlands	7,202,664	-	22,623,390
Romania	-	6,323,786	-
Russia	-	-	7,561,121

Switzerland	3,303,322	-	9,867,317
United Kingdom	4,187,940	6,574,578	22,764,320
United States of America	33,785,205	2,648,762	21,963,353
Virgin Islands British	-	-	9,631,162
Others	7,571,526	12,385,027	32,250,705
SHARES	-	-	**2,000,826**
Belgium	-	-	37,320
Canada	-	-	1,400,232
Switzerland	-	-	12,195
Germany	-	-	113,228
Cayman Islands	-	-	26,234
Luxembourg	-	-	12,505
United States of America	-	-	397,321
Ukraine	-	-	1,791
INVESTMENT FUNDS	-	-	**1,514,436**
Italy	-	-	3,203
Luxembourg	-	-	499,921
United States of America	-	-	1,011,312
TOTAL	**189,961,772**	**136,425,362**	**199,712,012**

NET EXPOSURE BY SECTOR

	BANK	CORPORATE	RETAIL	TOTAL
Capital investment companies	-	1,634	-	1,634
Commercial banks (big banks)	122,269,129	-	-	122,269,129
Commercial banks (regional and other)	927,603	-	-	927,603
Computer and related activities	-	743	114,005	114,748
Extra-territorial organizations and bodies	-	-	1,784	1,784
Financial Holding companies	-	67,474,267	3,720	67,477,987
Financial Institutions and Financial Intermediation, except insurance and pension funding	-	-	3,452,092	3,452,092
Health and social work	-	-	1,353	1,353
Insurance and pension funding, except compulsory social security	-	193,817	-	193,817
Investment adviser	-	-	21,729,804	21,729,804
Life insurance (except reinsurance)	-	250	-	250
Money market funds	-	10,161	-	10,161
Other business activities	-	72,320,513	60,005,890	132,326,403
Other financial institutions n.e.c.	-	1,154,760	-	1,154,760
Other service activities	-	21,155,109	29,511,985	50,667,094

Other types of Capital investment company funds/ companies	-	12,231,655	-	12,231,655
Post and telecommunications	-	-	168	168
Private households with employed persons	-	-	170,178,790	170,178,790
Real estate activities	-	124,080,343	6,071,872	130,152,215
Recreational, cultural and sporting activities	-	-	5,219,739	5,219,739
Savings banks	8,185,797	-	-	8,185,797
Wholesale trade and commission trade, except of motor vehicles and motorcycles	-	3,434	-	3,434
TOTAL	**131,382,530**	**298,626,687**	**296,291,200**	**726,300,417**

	BONDS	SHARES	INVESTMENT FUNDS
Asset Allocation Fund	(12,113)	-	-
Automobiles & Components	12,321,795	(1)	-
Banks	188,227,964	-	-
Commercial & Professional Services	-	40,979	-
Capital Goods	2,979,719	16,655	-
Debt Fund		-	3,203
Diversified Financials	85,121,694	48,567	-
Energy	33,705,752	374,477	-
Equity Fund	-	-	1,011,312
Financial Holding	4,432,432	-	-
Food, Beverage & Tobacco	1,984,264	-	-
Government	138,159,170	-	-
Health Care Equipment & Services	-	33,363	-
Consumer Services	-	7,000	-
Technology Hardware & Equipment	-	46,277	-
Insurance	14,029,163		-
Materials	5,646,973	1,095,562	-
Media	-	(4,724)	-
Money Market Fund	-	-	499,921
Pharmaceuticals, Biotechnology & Life Sciences	1,994,296	201,208	-
Real Estate	4,974,832	-	-
Retailing	6,999,179	-	-
Semiconductors & Semiconductor Equipment	-	(1)	-
Software & Services	1,681,229	71,363	-
Telecommunication Services	13,779,396	57,689	-
Transportation	6,558,139	12,412	-
TOTAL	**522,583,884**	**2,000,826**	**1,514,436**

GROSS EXPOSURE AND RELATED IMPAIREMENT	GROSS EXPOSURE 2021	IMPAIREMENT 2021	NET EXPOSURE
Corporate	4,165,734	(3,536,738)	628,996
Retail	275,510	(198,863)	76,647

NET EXPOSURE BY MATURITY

LOANS AND ADVANCES TO CLIENT - MATURITY	CORPORATE	RETAIL	TOTAL
< 3 months	16,108,322	5,491,883	21,600,205
Between 3 and 6 months	12,831,951	11,244,550	24,076,501
Between 6 and 12 months	12,745,498	12,711,009	25,456,507
Between 12 and 24 months	43,664,387	40,152,717	83,817,104
Between 24 and 60 months	71,455,333	76,142,852	147,598,185
> 60 months	5,986,250	13,461,752	19,448,002
TOTAL	**162,791,740**	**159,204,763**	**321,996,503**

BONDS	GOVERNMENT	BANKS	OTHER	TOTAL
< 3 months	-	7,630,125	(12,113)	7,618,012
Between 3 and 6 months	-	15,013,015	-	15,013,015
Between 6 and 12 months	311,495	3,477,045	7,827,910	11,616,451
Between 12 and 24 months	30,815,877	29,550,998	35,950,045	96,316,919
Between 24 and 60 months	78,709,603	107,538,001	86,165,512	272,413,116
Between 60 and 120 months	28,321,540	17,882,524	59,295,283	105,499,348
> 120 months	655	7,136,256	6,970,112	14,107,023
TOTAL	**138,159,170**	**188,227,964**	**196,196,750**	**522,583,884**

EXPENSES FOR VALUE ADJUSTMENT AND PROVISONS	RETAIL	CORPORATE	TOTAL
Additions	(959)	(585,104)	(586,063)
Reversals	56,515	5,216	61,731
TOTAL	**55,556**	**(579,888)**	**(524,332)**

SECTORS	COUNTRY	GROSS EXPOSURE 2021	PREVIOUS IMPAIRMENT	IMPAIRMENT 2021	ADDITION	REVERSAL	NET EXPOSURE
Corporate	France	-	(525,253)	(676,784)	151,531	-	(676,784)
Corporate	Cayman Islands	612	(612)	-	-	612	612
Corporate	Luxembourg	1,848,580	(83,730)	(341,059)	257,329	-	1,507,521
Corporate	Liechtenstein	955,564	(955,564)	(994,544)	38,979	-	(38,979)
Corporate	Anguilla	1,198,420	(1,198,420)	(1,307,635)	109,215	-	(109,215)
Corporate	Monaco	157,954	(188,666)	(216,237)	27,571	-	(58,283)
Corporate	Virgin Islands British	927	(927)	-	-	927	927

Corporate	Switzerland	1,026	(1,026)	-	-	1,026	1,026
Corporate	Cyprus	914	(914)	-	-	914	914
Corporate	Malta	-	-	(160)	160	-	(160)
Corporate	United Arab Emirates	164	(164)	-	-	164	164
Corporate	Canada	1,572	(1,572)	-	-	1,572	1,572
Corporate	Lithuania	-	-	(319)	319	-	(319)
Retail	France	198,085	(112,272)	(112,272)	-	-	85,813
Retail	United Kingdom	70,430	(68,158)	(53,463)	-	14,695	16,967
Retail	Monaco	-	(67,000)	(32,168)	-	34,832	(32,168)
Retail	Switzerland	1,212	(1,207)	-	-	1,207	1,212
Retail	Malta	2,891	(2,891)	-	-	2,891	2,891
Retail	United Arab Emirates	-	-	(161)	161	-	(161)
Retail	Georgia	2,891	(2,891)	-	-	2,891	2,891
Retail	Latvia	-	-	(479)	479	-	(479)
Retail	Andorra	-	-	(161)	161	-	(161)
Retail	Bulgaria	-	-	(160)	160	-	(160)
TOTAL		**4,441,244**	**(3,211,268)**	**(3,735,600)**	**586,063**	**61,731**	**705,644**

CVA RISK	EXPOSURE VALUE	OWN FUNDS REQUIREMENTS	TOTAL RISK EXPOSURE AMOUNT
According to Standardised method	10,056,389	1,336,650	16,708,125

7.8. INFORMATION ON DERIVATIVE INSTRUMENTS

The counterparty risk with respect to derivative instruments is the risk that the counterparty in a transaction involving certain types of financial instruments may default prior to the settlement of the transaction.

The first thing the Bank does to mitigate this risk is to enter systemically with the counterparty into Credit Support Annex ("CSA"), International Swaps and Derivatives Association ("ISDA") agreements and/ or Global Master Repurchase Agreement ("GMRA") reviewed by reputable law firms. This means that the counterparty risk for the repo is mitigated through the GMRA and the risk of litigation on other OTC derivatives is limited through the ISDA. The CSA mitigates the risk through the transfer of collateral from a party to another should the marked-to-market of the derivatives deviates substantially.

The Bank is engaged in forward foreign exchange transactions (swaps, outrights) in the normal course of its banking activity. A significant portion of these transactions has been contracted for the purpose of hedging the effects of the exchange rates fluctuations.

The following tables provide an analysis of the derivative financial assets and liabilities of the Bank into relevant maturity buckets.

The Bank uses the valuation method based on the initial risk. The notional principal amount of each derivative is multiplied by the percentages as described in the CRD IV.

The foreign exchange contracts are reported following the Mark-to-market method.

As at 31st December 2021, over-the-counter derivative financial assets and liabilities are analysed as follows (in EUR):

INSTRUMENT CLASS	CONTRACT/ NOTIONAL AMOUNT (EUR)	LESS THAN THREE MONTHS		BETWEEN THREE MONTHS AND ONE YEAR		BETWEEN ONE YEAR AND FIVE YEARS		TOTAL	
		FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
FOREIGN EXCHANGE									
OTC									
- Forward currency	553 916 863	8 274 188	(8 657 281)	337 225	(273 860)	-	-	8 611 413	(8 931 141)
- Currency swap	917 666 060	16 552 525	(15 790 519)	1 380 183	(1 427 183)	-	-	17 932 708	(17 217 702)
- Options	1 379 452	416 917	(416 917)	13 142	(13 142)	-	-	430 058	(430 058)
Exchange-traded									
- Futures	19 869 108	70 500	(70 500)	-	-	-	-	70 500	(70 500)
EQUITIES									
OTC									
- Contracts for difference	11 422 107	1 383 928	(73 711)	-	-	-	-	1 383 928	(73 711)
Exchange-traded									
- Options	264 250	703 714	(703 714)	17 622	(17 622)	1 103	(1 103)	722 439	(722 439)
- Futures	9 612 330	107 789	(107 789)	-	-	-	-	107 789	(107 789)
INDEX									
Exchange-traded									
- Futures	18 883 082	36 564	(36 564)	-	-	-	-	36 564	(36 564)
COMMODITY									
Exchange-traded									
- Futures	4 376 247	117 621	(117 621)	6 571	(16 831)	-	-	124 192	(134 452)

8. ASSET ENCUMBRANCE

ASSETS		CARRYING AMOUNT OF ENCUMBERED ASSETS	FAIR VALUE OF ENCUMBERED ASSETS	CARRYING AMOUNT OF NON-ENCUMBERED ASSETS	FAIR VALUE OF NON-ENCUMBERED
10	Assets of the reporting institution	80,952,162	-	1,448,141,041	-
30	Equity instruments	-	-	3,515,262	3,515,262
40	Debt securities	80,952,162	80,952,162	441,631,722	441,631,722
120	Other assets	-	-	1,002,994,057	-

COLLATERAL RECEIVED		FAIR VALUE OF ENCUMBERED COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED	FAIR VALUE OF COLLATERAL RECEIVED OR OWN DEBT SECURITIES ISSUED AVAILABLE FOR ENCUMBRANCE
130	Collateral received by the reporting institution	80,952,162	-
150	Equity instruments	-	-
160	Debt securities	80,952,162	-
230	Other collateral received	-	-
240	Own debt securities issued other than own covered bonds or ABSs	-	-

ENCUMBERED ASSETS/COLLATERAL RECEIVED AND ASSOCIATED LIABILITIES		MATCHING LIABILITIES, CONTINGENT LIABILITIES OR SECURITIES LENT	ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED OTHER THAN COVERED BONDS AND ABSS ENCUMBERED
010	Carrying amount of selected financial liabilities	80,952,162	-

The largest part of encumbered assets amounting to EUR 81 Mio consists of bond portfolio's eligible assets. All the securities that has been lent to the Banque Centrale de Luxembourg in an operation of repurchase agreement.

9. MARKET RISK

The Market Risk is the current or prospective risk of losses in on- and off-balance sheet positions arising from movements in market, such as security prices, commodity prices, interest rates and currency rates.

The Bank's Market Risk Policy is to keep firm track of the market risk embedded in the Bank's market investments and in the market-sensitive off-balance items such as client's securities used as loan collateral.

The Market Risk has been identified at different level in the Bank's structure.

The Market Risk on the Investment Portfolio arises from the price fluctuations of securities held in the Investment Portfolio. This Investment Portfolio is managed by the Treasury Department and is closely monitored by the Treasury Risk Control Unit, Risk Function and the ALCO. It is subject to limits defined in the Investment Guidelines – ancillary to the Group Liquidity Policy – which are approved by the BoD. The Liquidity Risk and the credit risk of the assets held in the Investment Portfolio will be covered in different sections.

The Market Risk on the Loan Book arises from loans secured by securities (Lombard Loans). This risk is assessed in the Credit Risk section (cfr risk on Lombard loans).

The Currency Risk is the risk associated with fluctuations in assets and liabilities denominated in different currencies due to movements in foreign exchange markets. The Currency Risk is monitored by the Treasury & Execution Department, its Treasury Risk Control Unit, and the Risk Function; and is subject to limits defined in the Investment Guidelines as approved by the BoD.

The Interest Rate Risk arises from the difference between the maturities or the interest rate reset periods of the assets and liabilities. Fluctuations in market interest rates cause fluctuations in interest income. The Interest Rate Risk is monitored by the ALCO and is subject to limits defined in the Interest Rate Risk in the Banking Book ("IRRBB") Policy as approved by the BoD.

9.1. FOREIGN EXCHANGE RISK

The Bank is exposed to exchange risk as a consequence of its normal borrowing and lending activities and, to marginal extent, in relation to speculative activities.

The key measures that apply to the foreign exchange activity include:

- Exposure by currency;
- Volatility of the foreign currency towards our base currency;
- Maturity of the market.

The Investment Guidelines – part of the Group Liquidity Policy - approved by the BoD establishes limits per currency and a global position limit (sum of the absolute exposures). It also defines daily and monthly stop loss limits.

The foreign exchange activity is closely monitored by the Treasury & Execution Department, its Treasury Risk Control Unit and the Risk Function.

9.2. INTEREST RATE RISK

The interest risk is measured through the IRRBB Policy approved by the BoD. The interest rate risk is defined by measuring the sensitivity of all interest rate sensitive assets and liabilities denominated in the same currency to eight different shifts in the yield curve. The different amplitudes of the parallel shifts considered are positive and negative parallel shifts of 200 basis points and 6 scenarios as defined by circular CSSF 08/338 as amended by circular CSSF 16/642 and 20/762. Floors as defined by the same guidelines are applied. The risk is measured in terms of impact on the economic value.

The IRRBB Policy approved by the BoD limits the interest rate risk per currency and globally (sum of the impacts), in compliance with the aforementioned CSSF circular, the EBA Guidelines, and the Basel Committee on Banking Supervision' Standards for interest rate risk in the banking book of 2016 (''BCBS 368 Principles'').

The ALCO is in charge of monitoring the interest rate risk, in terms of respect of the limits as well as in terms of qualitative view on the market environment. The ALCO also has the responsibility to take decisions concerning the hedging of the interest rate risk.

The impacts of the scenarios on present economic value are presented in the below table.

SCENARIO	+200 BPS	-200 BPS	PARALLEL UP	PARALLEL DOWN	SHORT UP	SHORT DOWN	FLATTENER	STEEPENER
Impact in EUR	(22,113,705)	12,643,104	(21,312,983)	12,002,120	(7,948,069)	5,478,379	2,996,832	(12,371,763)

As per end of 2021, the Bank is sensitive to a +200 bps positive parallel shift, which would generate a negative impact of EUR 22.1 Mio. The majority of the risk is coming from the investment portfolio. The interest risk of the loans and deposits is negligible as the bulk of the loans are granted on a floating rate basis.

IMPACT +200BPS	LOANS & DEPOSITS	BOND PORTFOLIO	OFF-BALANCE	TOTAL EUR
EUR	2,193,163	(18,046,526)	-	(15,853,364)
GBP	(312,079)	(35,627)	-	(347,705)
USD	3,381,547	(7,666,661)	-	(4,285,114)
CHF	799,381	(2,538,607)	-	(1,739,225)
ISK	592	(33,311)	-	(32,719)
Other Currencies	293,825	(4,982)	-	288;843
TOTAL	**6,356,429**	**(28,325,713)**	**-**	**(21,969,283)**

9.3. LIQUIDITY RISK

LIQUIDITY RISK FRAMEWORK

The Liquidity Risk is defined as the risk of losing earnings and capital due to an inability to meet obligations in a timely manner when they become due. The Liquidity Risk is categorized into two risk types:

- Funding liquidity risk: when the Bank cannot fulfil its obligations because of an inability to obtain new funding;
- Market liquidity risk: when the Bank is unable to sell or realise specific assets without significant losses in price.

The Group Liquidity Policy – approved by the BoD- sets out the Bank's policy towards liquidity and sets the framework and objectives for the Bank's treasury operations.

In the preparation of the Group Liquidity Policy, and in defining the Liquidity Risk limits, the Bank has taken note of the recommendations given by the Basel Committee on Banking Supervision in their papers Sound Practices for Managing Liquidity in Banking Operations from February 2000 and Principles for Sound Liquidity Risk Management and Supervision from September 2008. The Bank also follows the CSSF Circular 2007/301 as amended by the circular CSSF 08/338, CSSF 09/403, CSSF 11/506, CSSF 13/568 and CSSF 20/753 on implementation of the Internal Capital Adequacy Process, the CSSF Circular 12/538 on Lending in foreign currencies, the CSSF Circular 12/552 as amended by Circulars CSSF 13/563, 14/597, 16/642, 16/647, 17/655, 20/750 and 20/759 on Central administration, internal governance and risk management and the CSSF Circular 13/574 on the Management of Concentration risk.

The Group Liquidity Policy is the cornerstone of the Bank's Liquidity Risk management. From this document is derived a set of other documents: the contingency funding plan and the different guidelines approved by the BoD.

The Bank has defined two main objectives for its liquidity:

- Ensure that the Bank can meet expected and unexpected payment obligations at all times;
- Contribute to the profitability of the Bank.

Meeting these objectives is done by means of:

- Implementing an organisational structure for liquidity management with defined roles and responsibilities;
- Drawing liabilities in line with the Bank's liquidity requirement ;
- Ensuring that assets are liquid enough to be liquidated without significant losses;
- Limiting risk-taking by setting appropriate portfolio and risk limits;
- Maximising returns on treasury portfolios within the approved risk limits;
- Having a contingency funding plan ready should a liquidity problem arise.

The target is to secure sufficient liquidity by retaining access to funding and by possessing liquid assets.

Liquidity Risk is a "consequential" risk in the sense that an increase in the Liquidity Risk is always a consequence of an increase in another risk. Liquidity Risk is considered as one of the most complex risk as it can arise from a multitude of different factors.

CONTINGENCY FUNDING PLAN

The Bank Contingency Funding Plan ("CFP") sets out the Bank's strategy for addressing liquidity shortfalls in stressed conditions. The CFP outlines a list of potential risk factors, key reports and metrics of market stress that are reviewed on an on-going basis to assist in assessing the severity of, and managing through, a liquidity crisis and/ or market dislocation. The CFP also describes in details the action plan of the Bank if our assessments indicate that the Bank has entered into a liquidity crisis.

The CFP identifies key groups of individuals to foster effective coordination, control and distribution of information, all of which are critical in the management of a crisis or period of market stress. The CFP also details the responsibilities of these groups and individuals, which include making and disseminating key decisions, coordinating all contingency activities throughout the duration of the crisis or period of market stress, implementing liquidity maintenance activities and managing internal and external communication. The CFP also sets Liquidity Risk limits on some major liquidity metrics.

STRUCTURE AND ORGANISATION

The Liquidity Management is part of the Bank's governance set-up. The main actor of the liquidity management is the Treasury Department, which encompasses the Treasury & Execution, as well as the Treasury Risk Control departments.

The liquidity is managed by the head office's Treasury team. The Branches & Subsidiaries have however to fulfil the liquidity criteria imposed by the local regulators.

The responsibility for monitoring liquidity lies with the Treasury department, as well as with the Risk department. The Risk Management monitors and oversees the Liquidity Risk exposures from the second line of defence perspective.

At higher level, the ALCO plays an important role as it gathers the information from all the departments (Private Banking, Credit and Treasury) on the forthcoming cash flows.

The BoD is in charge of the Group Liquidity Policy's approval, which is regularly reviewed to be aligned with the Bank's Risk Appetite, economic and financial positions or any significant change that affects the Bank. The BoD also approves assigned risk limits.

The BoD, with the support of the Group Audit, Risk and Compliance Committee, monitors the performance of the Bank's Liquid Assets, Key Risk Indicators and risk limits utilization by receiving reports that are timely and sufficiently detailed to allow a fair assessment of the risk facing the Bank.

LIQUIDITY RISK APPETITE

In order to meet its business model, the Bank aims to maintain a strong liquidity position through retaining a high level of customer deposits and a high quality liquidity reserve. The Management Body recognizes that it is of the utmost importance to maintain conservative liquidity ratios to demonstrate the financial conservatism of the Bank, which is strategically key for the private banking activity.

The Bank recognises a low risk appetite toward Liquidity Risk. This high-level risk appetite is translated into risk appetite metrics, against which quantitative boundaries are set such that the Bank is able to measure whether or not it is within its appetite, approved by the BoD through the Risk Appetite Statement, at any given time.

REPORTING AND MEASUREMENT SYSTEMS

Regular internal reporting have been established for Management Bodies in order to manage the liquidity on a continuing way.

The Treasury Department can monitor in real-time the cash position of the Bank's nostro accounts with a projection of the cash position for the next 10 days. They also monitor on a daily basis the key liquidity metrics and the gap analysis.

An overview of the liquidity key metrics and a gap analysis is sent daily to the ALCO members.

The Risk Management performs the second line of defense on liquidity risk. A weekly Group Liquidity Report is produced and analysed including a Gap Analysis, and Key Liquidity Metrics.

In accordance with the regulation1, the Bank is submitted to the Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP thus contains all the qualitative and quantitative information necessary to underpin the Risk Appetite, including the description of the systems, processes and methodology to measure and manage Liquidity risk.

LCR RATIO

NUMERATOR, DENOMINATOR, RATIO		VALUE / PERCENTAGE
0010	Liquidity buffer	406,454,197
0020	Net liquidity outflow	76,467,778
0030	Liquidity coverage ratio (%)	531.54%
NUMERATOR CALCULATIONS		
0040	L1 excl. EHQCB liquidity buffer (value in accordance with Article 9): unadjusted	339,787,818
0050	L1 excl. EHQCB collateral 30 day outflows	-
0060	L1 excl. EHQCB collateral 30 day inflows	-
0070	Secured cash 30 day ouflows	-
0080	Secured cash 30 day inflows	-
0091	L1 excl. EHQCB "adjusted amount"	339,787,818
0100	L1 EHQCB value in accordance with Article 9: unadjusted	7,885,999
0110	L1 EHQCB collateral 30 day outflows	-
0120	L1 EHQCB collateral 30 day inflows	-
0131	L1 EHQCB "adjusted amount"	7,885,999
0160	L2A value in accordance with Article 9: unadjusted	15,733,786
0170	L2A collateral 30 day outflows	-
0180	L2A collateral 30 day inflows	-
0191	L2A "adjusted amount"	15,733,786
0220	L2B value in accordance with Article 9: unadjusted	43,046,594
0230	L2B collateral 30 day outflows	-
0240	L2B collateral 30 day inflows	-
0251	L2B "adjusted amount"	43,046,594
0280	Excess liquid asset amount	-
0290	Liquidity buffer	406,454,197
DENOMINATOR CALCULATIONS		
0300	Total Outflows	305,285,033
0310	Fully Exempt Inflows	
0320	Inflows Subject to 90% Cap	
0330	Inflows Subject to 75% Cap	228,817,255
0340	Reduction for Fully Exempt Inflows	
0350	Reduction for Inflows Subject to 90% Cap	
0360	Reduction for Inflows Subject to 75% Cap	228,817,255
0370	Net liquidity outflow	76,467,778
PILLAR 2		
0380	Pillar 2 requirement as set out in Article 105 CRD	

NSFR RATIO

		AMOUNT	REQUIRED STABLE FUNDING	AVAILABLE STABLE FUNDING	RATIO
REQUIRED STABLE FUNDING		**1,511,630,436**	**641,199,631**	**-**	**-**
0020	RSF from central bank assets	207,367,995	-	-	-
0030	RSF from liquid assets	254,772,235	46,416,714	-	-
0040	RSF from securities other than liquid assets	264,834,417	218,162,163	-	-
0050	RSF from loans	734,197,097	350,644,655	-	-
0060	RSF from interdependent assets	-	-	-	-
0070	RSF from assets within a group or an IPS if subject to preferential treatment	-	-	-	-
0080	RSF from derivatives	1,493,507	1,493,507	-	-
0090	RSF from contributions to CCP default fund	-	-	-	-
0100	RSF from other assets	48,965,185	24,482,592	-	-
0110	RSF from OBS items	-	-	-	-
AVAILABLE STABLE FUNDING		**1,459,542,057**	**-**	**1,014,113,440**	**-**
0130	ASF from capital items and instruments	188,128,417		188,128,417	-
0140	ASF from retail deposits	483,110,824		439,095,497	-
0150	ASF from other non-financial customers (except central banks)	595,216,268		297,608,134	-
0160	ASF from operational deposits	95,866,273		47,933,136	-
0170	ASF from liabilities within a group or an IPS if subject to preferential treatment	-		-	-
0180	ASF from financial customers and central banks	53,553,470		25,000,000	-
0190	ASF from liabilities provided where the counterparty cannot be determined	-		-	-
0200	ASF from interdependent liabilities	-		-	-
0210	ASF from other liabilities	43,666,805		16,348,255	-
NSFR		**-**	**-**	**-**	**158.16%**

RISK MEASUREMENT

The Bank has selected a set of indicators to assess the Bank's resilience to liquidity risk. These indicators includes liquidity ratios and liquidity gaps.

In addition to the LCR and NSFR, the bank performs a Liquidity Stress Test based on the cumulative liquidity gap, and computes metrics such as Repo Line Utilisation, loans/deposits ratio, FX asymmetry, Cumulative Liquidity Gap per time bucket < 1Y, Liquidity Portfolio on Liquid Assets, Concentration risk on Source of funding, Off-Balance sheet and Contingent Funding Obligations, Estimated Collateral Outflows as per HLBA method.

HEDGING AND MITIGATING

Liquidity management guidelines are defined in the Group Liquidity Policy. In order to meet the objectives described above, the Bank has to keep sufficient Liquidity sources by retaining access to funding and by possessing liquid assets.

The Bank monitors its obligations and commitments by estimating the cash flows emanating from all assets and liabilities up to different maturities and by setting limits to the available liquidity in relation to the estimated liquidity requirements. This monitoring is done for the whole balance sheet as well as for liquidity positions in each currency. Available overall liquidity per maturity should be large enough to cover expected obligations for the next 12 months.

The Bank does not plan to have access to wholesale funding and avoid de facto any concentration risk towards wholesale funding. The main funding concentration risk of the Bank is the concentration risk towards large clients.

The Bank is active in multiple countries and manages multiple currencies. As the Bank has no access to external source of funding, the Bank has put in place limits on unbalance on currency position (FX asymmetry) to avoid extensive use of FX swap that could translate into asset Liquidity Risk in case of systemic crisis.

The Bank establishes limits between intra-group lending to avoid excessive intra-group concentration.

10. OPERATIONAL RISK

The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Basel Committee on Banking Supervision has identified seven categories of operational risk as follows:

- internal fraud,
- external fraud,
- employment practices and workplace safety,
- client, product and business practices,
- damage to physical assets,
- business disruption and system failures (IT-processing / IT – Security / IT – Ongoing development / IT– Innovative technology), and
- execution, delivery, and process management.

This categorization and the principles sound practices for the supervision of operational risk are adopted by Risk Management and implemented in the Operational Risk Management Policy of the Bank.

The guidelines to be followed by the Bank regarding the management of operational risk are defined within the Group's Operational Risk Management Procedure.

The guidelines aim to mitigate operational risks through the system of solid internal controls set up at different levels within the Bank (4 levels of controls (daily controls, ongoing critical controls, management controls and controls of the internal controls functions) embedded in 3 lines of defence (business and support functions, control functions and internal audit).

The Operational Risk Management Policy implements an operational risk management framework, which is a set of items supporting the identification, the assessment, the measurement, the reporting and the awareness of the operational risk.

The BoD puts a strong focus on the management of the operational risk, which is a prerequisite to deliver high quality services to the Bank's clients.

The purpose of the operational risk guidelines is to reduce the frequency and impact of failures in operational risk management in a cost-effective way by using quality control, leadership skills and well-educated and qualified staff.

The monitoring of the operational risks is under the responsibility of various stakeholders in order to ensure an effective and efficient monitoring.

The Operational Risk Management Policy allocates operational risk monitoring duties to:

- The Heads of businesses and Support functions;
- The Compliance and Legal functions;
- The Risk Function;
- The Risk Committee (RC);
- The Members of the Authorised Management.

The cornerstone for the assessment of the operational risk monitoring scheme is the RC.

The RC reviews the operational management process and the incidents on the basis of the documentation provided by the Risk Function. It assesses the operational framework with regard to the operational risk appetite determined by the BoD.

When deemed necessary, the RC advices the EXCO and/or any other committee/forum, defined by the Group's Committee Charter, to improve the internal control environment, the operational risk management process and the operational risk management framework.

The RC also channels all the projects of the Bank and gives a clear advice on the management, prioritisation and assessment of the projects from an operational point of view in order to mitigate the material risk. It also covers all the risks related to the IT framework, the Information Security Officer being part of this committee.

In addition, the RC assesses, oversees and advises on new products and services.

The principle of each process (or operation) is that there should be embedded controls, which are defined accordingly in the relevant strategies, guidelines and finally in the processes.

The capital requirement (Pillar I) for operational risk is computed by means of the Basic indicator approach (CRR Article 315) while the internal assessment (Pillar II) is using realized data related to incidents and experts' opinions.

11. OTHER RISKS

11.1. SETTLEMENT RISK

The Settlement Risk is defined as the risk that one party will fail to deliver the terms of a contract with another party at the time of settlement.

The Authorised Counterparty List – ancillary to the Group Liquidity Policy and approved by the BoD- sets out the settlement limits for each broker. The Compliance and Risk functions must endorse any request for a new permanent counterparty made to the ALCO and ratified by the BoD. The review of existing counterparties is initiated yearly by the business units, reviewed i.e. by the Risk Function and subject to spot checks by the Compliance Function.

The objective is to monitor the non-settled transactions on cash and securities with a counterparty and the respect of risk limits. A special focus should be applied to the settlement of operations which are past due.

The Transaction Services unit is in charge of matching the settlement with Bank's counterparties. It is also in charge of resolving their own positions with past due settlement and of following any other positions with past due settlement. It is performing a periodical reconciliation between the Bank's books and the external counterparties (daily for cash, daily for securities with counterparties using SWIFT and monthly for other counterparties). Any delayed settlement will be investigated by the unit and the business lines and escalated if required.

The Treasury Risk Control Unit monitors every day the non-settled operations for securities transactions through queries highlighting these transactions by counterparty and by settlement date. Persistent unsettled transactions are subject to deeper analysis with the Head of Treasury & Execution Department for action if needed.

The Treasury Risk Control Unit is in charge of monitoring compliance with the brokers' limits while Risk function is monitoring compliance with cash and deposit limits.

11.2. SECURITISATION RISK

The Bank does not have any securitisation risk.

11.3. DEPOSITARY RISK

The Depositary Risk is the risk related to the fund depositary activity, which do not enter into the scope of the "classic custody" activities.

The risks are considered to be related to enhanced safekeeping obligations and the risk of non-restitution of assets, to oversight duties, to cash monitoring and to ownership oversight.

The enhanced safekeeping risk and non-restitution of assets risk are mitigated through the supervision of entities where the assets are held in custody with a due diligence and a continuous oversight process in compliance with the UCITS V and AIFMD requirements. The account structure ensures segregation of assets.

The oversight risk is mitigated through the due diligence of the other services providers performing the tasks in relation to the Bank's oversight duties as well as by a rigorous application of the oversight tasks and controls required by the laws and regulations.

Ownership risk is mitigated through the strict application of controls as detailed in the "Non-bankable Assets - Ownership Verification Procedure".

Any incident related to the tasks of the Bank in relation to the depositary activity is recorded in the Incident management tool of the Bank and in the Fund Escalation Issue Log when applicable.

11.4. STRATEGIC AND BUSINESS RISK

Central supervision of strategic and business policies is achieved through a planning process, which is the basis for the implementation of the strategic guidelines; more over the same planning process defines short and long-term objectives and allows the monitoring of the stage of completion. Finally, eventual corrective actions are taken where needed.

11.5. LEGAL & COMPLIANCE RISK

DEFINITION

The Bank defines the legal and compliance risk as i) the risk that unenforceable contracts, lawsuits, or adverse judgments can disrupt or otherwise negatively affect the operations or conditions of the Bank and ii) the risk of legal or regulatory sanctions, material loss or loss to reputation, the Bank may suffer as a result of its failure to comply with laws, regulations, rules and code of conduct applicable to its activities.

The main legal & compliance risks are identified as follows:

- Risk of breach of ethical rules: risk of breach of ethical rules by the Bank or its employees.
- Legal and regulatory risks: this refers to the risk of non-compliance with applicable laws, regulations, and professional practices. This entails:
  - Litigation risk: risk linked to the outcome of legal action;
  - Contract/transaction risk: risk linked to the misinterpretation or non-application of legal rules relevant to a contract or a transaction;
- Legislative risk: risk linked to not identified or not appropriately handled changes in law and regulations.
  - Risk of sanctions: it means the risk of judicial, administrative or disciplinary sanctions, as a result of non-compliance with laws, regulations, rules, norms and/or contractual agreements.

POLICY

The legal and compliance risk is controlled by the Bank's policies, procedures, guidelines and other documents providing guidance to address and mitigate legal and compliance risks. Below is a non-conclusive list of the relevant policies and procedures:

- Compliance Function Charter
- Code of Conduct
- Code of Conduct for dealing activities Procedure
- Anti-Fraud Policy
- Whistleblowing Policy
- Conflict of Interest Policy
- Remuneration Policy
- Market Abuse Policy

- Financial Crime Compliance Policy
- Financial Crime Risk Rating Policy
- Data Protection Policy
- Cross-border Policy
- Client Due Diligence Procedure
- Complaints Handling Procedure
- New Counterparty and Counterparty Periodical Review Procedure
- Data Protection Impact Assessment Procedure
- Personal Data Breach Management and Notification Procedure

LEGAL RISK

The Legal Function's role is to assess, manage, monitor and report on the legal risk. It includes advising on possible options on how to mitigate legal risk. Recipients of reports and advice on legal risk, if any, may be the BoD, the Authorised Management, the Executive Committee or any other committee, business units, control functions or any other function (e.g., support function).

More specifically, and by way of example, the Legal Department performs the below indicated tasks with a view to mitigate the legal risk the Bank may be exposed to:

- Review of (draft) agreements and statements to be signed and executed by the Bank, which include, but are not limited to, service agreements, confidentiality agreements, engagement letters, depository agreements, customized comfort or similar letters, ISDA Schedules and CSA;
- Drafting of agreements, statements and letters to be signed and executed by the Bank;
- Risk and legal disclosures on external documents. This may include the drafting of disclaimers on presentations by the Bank to clients or business partners;
- Systematic review of the legal aspects of collaterals in credit transactions (e.g., mortgages, guarantees, pledges);
- Maintaining a claims log and assessing the relevant claims with a view on the need to make appropriate provisions, taking into account the likelihood of a potential (financial) loss the Bank may suffer;
- Data protection. The Group Head of Legal is the Data Protection Officer ("DPO") of the Bank (and as such notified to the CNPD). The DPO informs relevant committees on aspects related to data protection.

COMPLIANCE RISK

The Compliance Function's role is to assess, monitor and report on the compliance risk. The main pillars of the compliance function's role are:

- Financial crime compliance;
- Protection of investors (MiFID, Market abuses, client claims);
- Ethics (code of conduct, compliance manual,..) and fight against fraud;
- Complaints handling and investigation;
- Whistleblowing;
- Banking secrecy.

At a functional level, the Group Head of Legal and the Chief Compliance Officer have a role, in respect of their relevant responsibilities, of risk prevention and mitigation, advice and control.

Prevention and mitigation of risk and advice on legal and compliance risks are achieved through continuous education, strong procedures and constant checks. In that regards, for example, each employee has to complete each year an AML/CFT training and an Anti-Bribery & Anti-Corruption training with related tests.

The Bank reviews periodically the risk profiling of existing clients and developed controls surrounding best execution of clients' orders.

The MiFID and risk profile questionnaires are designed in order to give a true and clear view to the clients of their risk profile and of the underlying risk for each type of security.

While the business as the first line of defence owns the risk, the Compliance Department is in charge of leading the second line of defence deep due-diligence on new relationships as well as ensuring a continuous monitoring of the client database and activities.

Control activities consist of assessing compliance with the main CSSF circulars in order to identify gaps between procedures and the legal and regulatory requirements, and to check the transactions as well as the client database against updated international sanctions lists.

The Compliance Department is maintaining and assessing the complaint logs in accordance with CSSF regulation 16-07.

Permanent and periodic routine checks have been developed to cover the bank's activities and various risks including compliance risk.

COUNTRY RISK

The Compliance Department analyses at least every year the risk of each country based on the criteria set in the Financial Crime Risk Rating Policy and the Country Risk Manual. The Country Risk ratings are published by the Compliance function and reviewed at least annually.

12. RISK MITIGATION TECHNIQUES

In accordance with the CSSF Circular 06/273 as modified and the EU CRR afterwards, the Bank has implemented the Standardised Approach and the Comprehensive Method for its capital requirement calculations related to the credit exposure and the adhering credit risk mitigations techniques (including e.g. eligibility of collateral, currency and maturity mismatch).

The Standardized Approach provides weighted risk figures based on external ratings given by External Credit Assessment Institutions (ECAI's) as indicated in the CRR.

The Bank is using the publicly available information from Moody's as main ECAI.

ECAIs are used for the following exposure classes: Central government/central banks, Regional governments or local authorities, Public sector entities, Multilateral Development Banks, Corporates, Institutions, Other items, Secured by mortgages on immovable property, Exposure in default, Equity exposure and retails.

BREAKDOWN OF TOTAL EXPOSURES BY RISK WEIGHTS AND CREDIT QUALITY STEPS

RISK WEIGHTS	0%	10%	20%	35%	50%	75%	100%	150%
CREDIT QUALITY STEPS	1	2	2	3	3	4	5	6
CENTRAL GOVERNMENT/CENTRAL BANKS								
Exposure net of value adjustments and provisions	307,545,680	-	5,734,182	-	-	-	1,506,997	655
Net exposure after CRM	-	-	1,146,836	-	-	-	1,506,997	983
REGIONAL GOVERNMENTS OR LOCAL AUTHORITIES								
Exposure net of value adjustments and provisions	6,258,530	-	-	-	6,335,198	-	-	-
Net exposure after CRM	-	-	-	-	3,167,599	-	-	-
PUBLIC SECTOR ENTITIES								
Exposure net of value adjustments and provisions	-	-	-	-	-	-	-	-
Net exposure after CRM	-	-	-	-	-	-	-	-
MULTILATERAL DEVELOPMENT BANKS								
Exposure net of value adjustments and provisions	25,723,793	-	-	-	-	-	-	-
Net exposure after CRM	-	-	-	-	-	-	-	-
CORPORATE								
Exposure net of value adjustments and provisions	-	-	14,458,820	-	28,489,504	-	557,412,720	1,702,650
Net exposure after CRM	-	-	2,891,764	-	14,244,752	-	375,271,330	2,553,975
INSTITUTIONS								
Exposure net of value adjustments and provisions	-	-	176,600,735	-	98,304,980	-	58,013,906	-
Net exposure after CRM	-	-	35,320,147	-	49,152,490	-	58,013,906	-
ITEMS ASSOCIATED WITH PARTICULARLY HIGH RISK								
Exposure net of value adjustments and provisions	-	-	-	-	-	-	-	-
Net exposure after CRM	-	-	-	-	-	-	-	-

OTHER ITEMS								
Exposure net of value adjustments and provisions	1,505,118	-	-	-	-	-	35,897,641	-
Net exposure after CRM	-	-	-	-	-	-	35,897,641	-
SECURED BY MORTGAGES ON IMMOVABLE PROPERTY								
Exposure net of value adjustments and provisions	-	-	-	260,304,643	8,018,621	-	-	-
Net exposure after CRM	-	-	-	83,344,469	3,964,894	-	-	-
EXPOSURE IN DEFAULT								
Exposure net of value adjustments and provisions	-	-	-	-	-	-	21,826,527	8,586,185
Net exposure after CRM	-	-	-	-	-	-	21,826,527	12,832,091
EQUITY								
Exposure net of value adjustments and provisions	-	-	-	-	-	-	2,173,466	-
Net exposure after CRM	-	-	-	-	-	-	2,173,466	-
RETAIL								
Exposure net of value adjustments and provisions	-	-	-	-	-	-	40,990,274	-
Net exposure after CRM	-	-	-	-	-	-	10,844,064	-

STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS

	EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND CRM		RWA AND RWA DENSITY	
ASSET CLASSES	**ON-BALANCE SHEET AMOUNT**	**OFF-BALANCE SHEET AMOUNT**	**ON-BALANCE SHEET AMOUNT**	**OFF-BALANCE SHEET AMOUNT**	**RWA**	**RWA DENSITY**
Central governments or central banks	314,787,514	-	314,787,514	-	2,654,816	22.66%
Regional governments or local authorities	12,593,729	-	12,593,729	-	3,167,599	0.91%
Public sector entities	-	-	-	-	-	0.00%
Multilateral Development Banks	25,723,793	-	25,723,793	-	-	1.85%
International Organisations	-	-	-	-	-	0.00%
Institutions	294,478,110	650,000	294,478,110	650,000	105,023,897	21.19%
Corporates	490,615,856	88,510,742	396,985,208	-	372,024,725	28.57%
Retail	21,169,647	19,761,337	10,784,774	-	10,799,596	0.78%
Secured by mortgages on immovable property	266,386,947	1,936,316	246,056,394	-	87,309,363	17.71%
Exposures in default	30,412,712	-	30,381,254	-	34,658,618	2.19%
Items associated with particular high risk	-	-	-	-	-	0.00%
Covered bonds	18,023,316	-	18,023,316	-	3,092,149	1.30%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
Collective investments undertakings (CIU)	-	-	-	-	-	0.00%
Equity	2,173,466	-	2,173,466	-	2,173,466	0.16%
Other Items	37,402,759	-	37,402,759	-	35,897,641	2.69%
TOTAL	**1,513,767,849**	**110,858,395**	**1,389,390,317**	**650,000**	**656,801,869**	**100.00%**

12.1. ASSESSMENT AND MANAGEMENT OF COLLATERAL

The Bank aims to establish credit exposures with Private Clients and Corporate Clients on a collateralised basis only. It is therefore of high importance for the Bank, that collateral held as coverage for credit exposures are valued on a realistic and conservative basis in order not to incur unexpected uncovered credit risk. In line with its Group Credit Policy, the Bank accepts in general the following types of collaterals to secure its Lombard loans:

- Pledge over cash and listed securities which are subject to valuation as per the Lombard Valuation Table;
- Third party guarantees, mainly personal guarantees either from beneficial owners of holding companies or from third parties. These guarantees are assigned a zero value if not backed by either additional assets or eligible securities held with and pledged in favour of the Bank.

LOMBARD VALUATION TABLE

All Lombard credits approved by the GCC are subject to the Lombard Valuation Table. At any time during a client's relationship with the Bank, the Lombard value of the collateral has to exceed the outstanding risk weighted credit exposure.

COLLATERAL MANAGEMENT WITH COUNTERPARTIES

The Bank performs repo/reverse repos with counterparties, with whom the Bank has collateral agreement (ISDA/CSA, GMRA,).

These trades are daily revaluated which leads to margin calls or to margin delivery from or to the counterparty according to the advantage or disadvantage for the Bank of the deals Marked-to-Market included in the ISDA/CSA contract. Currently, exchanged collateral is cash.

12.2. USE OF FINANCIAL COLLATERAL BY EXPOSURE CLASS

The Bank uses financial collateral to reduce its risk exposure on the following classes:

FINANCIAL COLLATERALS	FINANCIAL INSTITUTIONS	RETAIL	CORPORATE	DEFAULT	IMMOV
Exposure net value on balance	507,441,968	21,169,647	490,615,856	30,412,712	266,386,947
Financial collateral on balance	(667,189)	(10,384,873)	(93,630,648)	(31,458)	(20,330,552)
Fully adjusted exposure	**506,774,779**	**10,784,774**	**396,985,208**	**30,381,254**	**246,056,394**
Exposure net value off balance	-	19,761,337	88,510,742	-	1,936,316
Financial collateral off balance	-	(5,556,571)	(2,165,757)	-	-
Fully adjusted exposure	**-**	**14,204,766**	**86,344,985**	**-**	**1,936,316**

The Bank does not use guarantees or credit derivatives in its risk reduction calculation.

13. INFORMATION ON BONDS AND SHARES NOT INCLUDED IN TRADING PORTFOLIO

As at 31st December 2021, the Bank's shares and others variable-yield transferable securities can be analysed as follows:

SHARES AND OTHER VARIABLE-YIELD TRANSFERABLE SECURITIES EUR AMOUNTS	
Securities quoted on a recognised market	2,981,618
Securities not quoted on a recognised market	550,287
TOTAL	**3,531,905**

All shares and other variable-yield securities held are included in the structural portfolio.

As at 31st December 2021, the Bank hold shares and other variable-yield transferable securities for hedging purposes in the frame of contracts for differences ("CFD") with clients for a total amount of EUR 2'938'090 (2020: EUR 1'437'186).

Next to its equity portfolio, as at 31st December 2021 the Bank fixed income portfolio can be summarized as follow:

DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES EUR AMOUNTS	
Securities quoted on a recognised market	502,589,769
Securities not quoted on a recognised market	16,448,848
TOTAL	**519,038,617**

Debt securities and other fixed-income securities held are included in the structural portfolio. The Bank uses the European Central Bank Monetary Policy Operations to finance a part of its eligible securities portfolio.

As at 31st December 2021, the Bank is committed in sale and repurchase agreements with a firm repurchase obligation. These securities still appear on the balance sheet of the Bank for a total amount of EUR 126'732'164 with Luxembourg Central Bank (2020: EUR 123'957'108) and EUR nil with another credit institution (2020: EUR 8'980'371).

14. REMUNERATION POLICY

We refer to our Group Remuneration Policy (the "Policy") as published on the website of the Bank in its full version.

14.1. OBJECTIVES OF THE REMUNERATION POLICY

The Policy aims to set up a remuneration regime compatible with the business & risk strategy including objectives linked to ESG risks, values, long-term interests and sound and effective risk management across all activities and entities of the Bank

The Policy aims to provide for an effective framework for performance measurement, risk adjustment and the linkages of performance to reward.

The Policy also aims to help the Bank attracting, retaining and motivating its talents.

Furthermore, the Policy is set up with the intention of protecting the interests of the clients of the Bank.

The directives, laws, guidelines, circulars of reference are the following:

- Capital Requirement Directive IV (CRD IV);
- Commission Delegated Regulation (EU) 2021/923;
- Law of the Financial Sector dated 5th April 1993, as amended (hereafter the LFS);
- Law of 23 December 2016 – Article L. 226-36 transposing EUR Directive 2014/17/EU;
- EBA Guidelines GL/2016/06 on remuneration policies and practices related to the sale and provision of retail banking products and services;
- CSSF Circular 11/505 and CSSF Circular 15/622;
- Circular CSSF 14/585 25.02.2014: Transposition of the European Securities Markets Authority's (ESMA) guidelines on remuneration policies and practices (MiFID);
- Circular CSSF 12/552 as amended;
- Circular CSSF 22/797;
- EBA Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04);
- Commission delegated Regulation (EU) No 604/2014 of 4 March 2014, supplementing directive 2013/36/EU;
- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 450;
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (SFDR).

14.2. PROPORTIONALITY PRINCIPLE

The Bank has considered the criteria for application of the proportionality principle and the waivers deriving from the Directive (EU) 2013/36/EU as amended.

On a yearly basis, the Internal Control Functions review and analyse the applicability of the proportionality principle, with results reported to the NRC ''Nomination and Remuneration Committee''.

14.3. EMPLOYEE CATEGORIES

The Policy is applicable to all staff of all entities of the Bank.

The Policy describes more specifically requirements applicable to the following categories of employees within the Bank:

The Authorised Management

All members will have a scorecard deriving from the Bank's strategic priorities, with personalized weighting depending on their area of responsibilities. These scorecards will be approved every year by the BoD as recommended by the NRC. They will be assessed every year by the BoD as recommended by the NRC.

Control Functions

Heads of Internal Control Functions should be assessed by the NRC/BoD with input from the Authorized Manager in charge of the Internal Control Function, and input from the Chair of the ARCC to ensure the independence in the assessment process.

The remuneration of the employees in control functions should allow the institution to employ qualified and experienced personnel in these functions. Their remuneration should be predominantly fixed, to reflect the nature of their responsibilities.

The methods used for determining the variable remuneration of control functions, i.e. risk management, compliance and internal audit function, should not compromise staff's objectivity and independence.

Where control functions' staff receive variable remuneration, it should be appraised and the variable part of remuneration determined separately from the business units they control, including the performance which results from business decisions (e.g. new product approval) where the control function is involved.

Their variable remuneration is based on the quality and volume of the work performed and on the performance of the institution as a whole independently of any financial consideration linked to the business they control.

The criteria used for assessing the performance and risks should predominantly be based on the internal control functions objectives.

Material Risk Takers

i.e. employees that may be considered as having a material impact on the Bank's risk profile.

The Bank performs on a yearly basis a detailed analysis in order to identify Material Risk Takers.

For Material Risk Takers it will be even more important to balance out the weighting of Qualitative and Quantitative criteria.

Relevant Functions

i.e. as any natural person who is (a) directly offering or providing banking products or services to consumers (i.e.: our Relationship Managers) or directly or indirectly managing a person referred to in point (a), i.e. our Head of Private Banking.

The Bank performs on a yearly basis a detailed analysis in order to identify Material Risk Takers.

For the purpose of evaluating the performance of a relevant person, the Bank use the appropriate criteria taking into account the rights and interests of consumers.

These criteria will be both qualitative and quantitative, and will not promote the offer or provision of a specific product or category of products over other products.

The ratio between the fixed and variable components of the remuneration is appropriately balanced and takes into account the rights and interests of consumers.

14.4. CORE PRINCIPLES OF THE REMUNERATION POLICIES

14.4.1. GENERAL PRINCIPLES

The Policy has as general principles:

- All recruitment of new employees must be approved by Authorized Manager (or the relevant governing body in the entities) in charge of the Function;
- All terms and conditions governing the employment and remuneration of new personnel must be approved by the Authorized Manager in charge of the Function in line with this Policy;
- The overall bonus envelope must be approved by the BoD, upon recommendation of the NRC;
- Any recruitment of directors, authorized managers, key function holders or of new employees receiving more than EUR 150.000 of fixed remuneration, any changes to existing employment contracts over EUR 150,000 of fixed remuneration must be approved by the Management Committee (or the relevant governing body in the entities) and by the BoD, upon recommendation of the NRC;
- Recruitment and evaluation processes must be designed and exercised to avoid conscious or unconscious biases and thrive towards equal and fair treatment.

14.4.2. DIVERSITY AND EQUAL PAY

The Diversity Policy reflects gender neutrality principles to ensure equal treatment regardless of gender and any other form of diversity, basing evaluation and remuneration criteria exclusively on professional ability.

The Bank is committed to offering remuneration in line with the market, which reflects each employee's role, capabilities contribution to company performance objectively measured, and professional experience, skills and education thus guaranteeing that the principle of equal opportunities is applied in practice.

The Bank is committed to offer equal pay for male and female workers for equal work or work of equal value.

With reference to inclusion, the Bank guarantees that all its collaborators are treated without distinction, exclusion, restriction or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities.

The Bank pursues the appropriate balance between genders at all levels of the company, focusing in particular on senior and management positions where the gender gap is most felt.

In its regular review of the policies in force, the BoD analyses the gender neutrality of the Policy, examining the gender pay gap in particular and its development over time.

14.4.3. AVOIDANCE OF CONFLICTS OF INTEREST

Conflicts of interests with regard to the Policy and remuneration awarded are identified and appropriately mitigated, including by establishing objective award criteria based on the internal reporting system, appropriate controls and the four eyes principle. The Bank ensure that no material conflicts of interest arise for staff in control functions. Please refer to the Group Policy on Conflicts of Interest for further details.

The Bank ensures that potential conflicts of interest caused by the pay out of instruments as part of the variable or fixed remuneration are identified and managed.

14.4.4. FIXED REMUNERATION

The fixed component of the employee remuneration ("Fixed Remuneration") encompasses the following elements:

- Base Salary;
- Fringe benefits including lunch vouchers and the pension scheme established separately by the Bank.

It is also to be noted that the Bank may, at its own discretion, offer additional fringe benefits its employees such as parking places, leasing cars, mobile phones, laptop (non-exhaustive list).

The Fixed Remuneration of each employee is defined in the employment contract. The Fixed Remuneration comprises the monthly fixed base salary and the fringe benefits which are defined for the given position within the Bank.

The Fixed Remuneration is provided to each employee as primary means to provide compensation for the execution of the tasks or function each employee is assigned for as well as to reflect the seniority and responsibilities of each employee's position.

The Fixed Remuneration is determined on the basis of benchmarking and comparisons of compensation levels and set at a level which guarantees the employee's standard of living. The employee's fixed remuneration is compared with the remuneration of other employees in similar position and with corresponding experience in the same sector in Luxembourg.

The range of fringe benefits potentially available to employees may vary, based on the position and/or the seniority and/or the length of service and/or other circumstances.

These benefits are mainly composed of, but not limited to, lunch vouchers, supplementary pension schemes with a local pension provider, company car, death/invalidity and health insurances.

14.4.5. OTHER REMUNERATION TYPES

SEVERANCE PAY

The Bank does not offer guaranteed exit packages. In cases of early termination of a contract, the Bank will only make severance payments which are in accordance with the provisions of the applicable employment law. In addition, any severance payment should reflect performance achieved over time and should not reward failure or misconduct.

The amount of severance payments awarded during the financial year that are disclosed have to be split into paid upfront and differed.

Severance payments in the framework of a settlement agreement to prevent a potential labour dispute or end an actual labour dispute might be considered to avoid a long and costly procedure in labour courts.

All rewards should be based on good (not failed) performance that is evidenced and in line with the CRD IV Luxembourg Law and the EBA guidelines.

Severance payments for the identified staff will be first assessed by the Risk Management and Compliance, and then authorized by the BoD upon assessment of the NRC.

GUARANTEED VARIABLE REMUNERATION

Guaranteed variable remuneration is exceptional, occurs only when hiring new staff (sign-on bonus), and is limited to the first year of employment. Otherwise, guaranteed variable remuneration is not authorized since it is not consistent with sound risk management and the pay-for-performance principle applied by the Bank. Guaranteed remuneration is not part of prospective remuneration plans.

BUY OUT BONUSES

Variable Remuneration relating to compensation for the buy-out from a prior employment contract, if ever paid, shall align with the long-term interests of the Bank.

CLAW BACK

In certain circumstances as follows, the BoD can decide that an employee will pay back the variable remuneration received:

- In case of established fraud or misleading information;
- Misbehaviour or serious error, such as breach of the Bank's policies;
- Severe or material re-opened internal audits points;
- Regulatory sanctions where the conduct of the employee contributed to the sanction;
- Severe operational errors.

Given the nature of the Bank's Luxembourg business, applied pay-out structures, the period for applying clawback is set in three years.

The HR Department will proceed to an annual assessment regarding clawback that would be presented to the Management Committee and BoD.

SIGN UP BONUS

Sign up bonus "Welcome bonuses" are granted in the context of recruiting of new employees will remain extraordinary and can be offered only during the first year of employment.

RETENTION BONUS

According to EBA/GL/2021/04 article 8.4, employees might be awarded with a retention bonus, subject to a permanence condition, a performance condition and the absence of malus event, as detailed above. Retention bonus is payable only when retention and performance conditions are justified.

PERSONAL HEDGING

Employees shall undertake not to use personal hedging strategies or other countermeasures (such as insurances) to undermine the risk alignment effects embedded in their remuneration arrangements.

AVOIDANCE STRATEGIES

Variable remuneration is not paid through vehicles or methods that facilitate the non-compliance with the CRD IV Luxembourg Law.

14.4.6. VARIABLE REMUNERATION

VARIABLE PAY

The Bank may reward its employees through variable pay. This is designed to attract, retain and motivate its staff without encouraging the taking of inappropriate risk. Performance based remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk taking.

The variable component of the remuneration is in the form of a discretionary bonus for certain individuals derived from a predetermined bonus pool.

The discretionary bonus is not a contractual obligation and the Bank reserves the right to withhold incentives.

The purpose of the discretionary bonus is to annually reward and incentive excellent performance and to align the success of the Bank with the pay of the employees.

PROPORTION OF VARIABLE REMUNERATION VS FIXED REMUNERATION PER EMPLOYEE CATEGORY

This table gives an indication of the proportion of the variable remuneration vs fixed remuneration per employee category.

Indeed the Bank has to implement remuneration policies in compliance with the specific provisions in a way that is appropriate for the category of staff, e.g. it can be appropriate that the Policy sets out different maximum ratios for the variable remuneration categories of identified staff as their impact on the risk profile during the business cycle differs.

CATEGORY OF EMPLOYEE	INDICATION OF PROPORTION OF VARIABLE REMUNERATION VS FIXED REMUNERATION
Board of Directors	0% - They do not receive variable remuneration from the Bank
Authorised Management Committee	0 - 200%
Other Material Risk Takers	0 - 150%
Non Material Risk Takers	0 - 100%

As stated in recital 65 of the CRD and point 91 of the Guidelines EBA/GL/2021/04 on sound remuneration, the limitation of the variable remuneration to 100% of the fixed remuneration (200% with shareholders' approval) should be applied in any case.

According to the CSSF circular 15/622, the CSSF has to be informed on an annual basis of any approval by Bank's shareholders of a higher maximum level of the ratio between the fixed and variable components of remuneration exceeding 100%. This notification process consists of two separate steps; one declaration for the recommendation of the application of a higher ratio submitted to the shareholders (up to 200%), the second for the decision regarding the approved higher maximum ratio (without delay).

The discretionary bonus will be capped for all employees:

- For the Authorised Management Committee, the discretionary bonus will not exceed 2 times the fixed annual salary.
- For other Material Risk Takers, the discretionary bonus will not exceed 1,5 times the fixed annual salary.
- For Non Material Risk Takers, the discretionary bonus will not exceed 1 time the fixed annual salary.

The Bank outlines that the maximum ratios above are indicated for regulatory purposes and are not representative of what the Bank applies or intends to apply.

14.4.7. REVIEW

The Policy will be reviewed on a regular basis by the Executive Management to ensure it is in line with the business strategy and risk profile of the Bank.

The Policy will be reviewed independently on an annual basis by the control functions of the Bank and a report will be submitted to the BoD.

The Policy will also be part of the review by the statutory auditor of the Bank and will be assessed as part of the Long Form Report.

14.4.8. QUANTITATIVE INFORMATION

In 2021, the total remuneration by individual was below EUR 1 million for all the employees of the Bank. The variable remuneration has never exceeded 100% of the fixed remuneration for all the employees. The Bank considers other information as discretionary with regards to the proportionality principle and the private/non- listed character of the Bank.

REMUNERATION OF IDENTIFIED STAF	SENIOR MANAGEMENT	OTHER MATERIAL RISK-TAKERS
FIXED REMUNERATION		
Number of employees	12	16
Total fixed remuneration (3+5+7)	3,116,560	2,712,593
of which: cash-based	3,116,560	2,712,593
of which: deferred	-	-
of which: shares or other share-linked instruments	-	-
of which: deferred	-	-
of which: other forms	-	-
of which: deferred	-	-
VARIABLE REMUNERATION		
Number of employees	10	16
Total variable remuneration (11+13+15)	1,065,865	536,300
of which: cash-based	1,065,865	536,300
of which: deferred	180,788	-
of which: shares or other share-linked instruments	-	-
of which: deferred	-	-
of which: other forms	-	-
of which: deferred	-	-
TOTAL	**4,182,425**	**3,248,893**

DEFERRED AND RETAINED REMUNERATION	TOTAL AMOUNT OF OUTSTANDING DEFERRED REMUNERATION	OF WHICH: TOTAL AMOUNT OF OUTSTANDING DEFERRED AND RETAINED REMUNERATION EXPOSED TO EXPOST EXPLICIT AND/OR IMPLICIT ADJUSTMENT	TOTAL AMOUNT OF AMENDMENT DURING THE YEAR DUE TO EXPOST EXPLICIT ADJUSTMENTS	TOTAL AMOUNT OF AMENDMENT DURING THE YEAR DUE TO EXPOST IMPLICIT ADJUSTMENTS	TOTAL AMOUNT OF DEFERRED REMUNERATION PAID OUT IN THE FINANCIAL YEAR
Senior management	90,290	-	-	-	273,029
Cash	90,290	-	-	-	273,029
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other material risk-takers	-	-	-	-	-
Cash	-	-	-	-	-
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
TOTAL	**90,290**	**-**	**-**	**-**	**273,029**

In 2021, there was no special payments.

15. DECLARATION OF THE MANAGEMENT BODY

The identification of the risks and the setup of a resilient and integrated control, monitoring and reporting environment is of the utmost importance for the Bank's Management.

We believe that this report is a comprehensive description of the risk environment.

16. PILLAR III CROSS REFERENCE TABLE

CRR ARTICLES	THEMES	PILLAR 3 REPORT REFERENCE
435	Risk management objectives and policies	3. Risk Management Objectives and Policies 4. Governance 15. Declaration of the Management Body
436	Scope of application	2. Scope of Application
437	Own funds	5. Own funds
438	Capital requirements	6. Capital requirements
439	Exposure to counterparty credit risk	7. Counterparty Credit risk
440	Capital buffers	6. Capital requirements
441	Indicators of global systemic importance	*Not applicable*
442	Credit risk adjustments	7. Counterparty Credit risk
443	Unencumbered assets	8. Asset encumbrance
444	Use of ECAIs	*Not applicable*
445	Exposure to market risk	9. Market risk
446	Operational risk	10. Operational risk
447	Exposures in equities not included in the trading book	13. Information on bonds and shares not included in trading portfolio
448	Exposure to interest rate risk on positions not included in the trading book	13. Information on bonds and shares not included in trading portfolio
449	Exposure to securitisation positions	*Not applicable*
450	Remuneration policy	14. Remuneration policy
451	Leverage	6. Capital requirements
452	Use of the IRB Approach to credit risk	*Not applicable*
453	Use of credit risk mitigation techniques	12. Risk mitigation techniques
454	Use of the Advanced Measurement Approaches to operational risk	*Not applicable*
455	Use of Internal Market Risk Models	*Not applicable*

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