insinger gilissen

A QUINTET PRIVATE BANK

Annual Report

2019

PART OF QUINTET PRIVATE BANK

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Salient features

	2019	2018	Change %
Results			
Operating income (ongoing operations) (€million)	89,2	88,1	1%
Operating income (€million)	89,2	87,3	2%
Profit before taxation (ongoing operations) (€million)	12,4	19,8	(37%)
Profit/(Loss) before taxation (€million)	4,7	13,4	(65%)
Net result after tax from continuing operations (€million)	0.6	10,2	(94%)
Statement of financial position			
Total assets (€billion)	2,5	2,5	(0%)
Shareholder's equity (€million)	241,0	239,9	0%
Other			
Assets under management (excl. fiduciary assets) (€billion)	24,2	23,7	2%
Average number of staff employed	330	314	5%

Report of the Management Board
2019 highlights

Following the merger of Insinger de Beaufort and Theodoor Gilissen in 2017, 2019 was the second full calendar year of operations for Amsterdam headquartered InsingerGilissen. In 2019, we were able to execute our strategy as planned, onboard many new clients and keep client satisfaction at a high level.

Client satisfaction
- Overall satisfaction from our private banking clients was rated over 8 out of 10 on average in 2019 and personal service at 8.8.
- Satisfaction rates went up from 2019 as did the willingness to recommend.

Financial results under pressure due to high liquidity in low yield markets
- Core assets under management ("AuM") increased by 14%, mainly due to strong market performance.
- Loans outstanding increased significantly by 25% in 2019 with net new loans from Private Banking and Services improving the loan to deposit ratio from 31% in 2018 to 40% in 2019.
- Profit from our continued operations, excluding transaction effects, decreased to € 4,7 million compared to 2018, mainly due to litigation provision, high liquidity in a negative interest rate environment and low transaction volumes especially in InsingerGilissen Services.
- Our efficiency ratio decreased to 86% in 2019, compared to 78% in 2018.
- The liquidity in the balance sheet decreased by 25% compared to the average liquidity during 2019 after the announcement of the introduction of negative interest rates for investment portfolios in November 2019.

Investing in a healthy and diversified organisation
- The initiatives to improve staff engagement resulted in a significant improvement
- We continued the corporate culture program supportive to the strategy and business goals.
- The collective labour agreement and harmonised working conditions have been rolled out.
- We kick started a comprehensive approach to corporate social responsibility, internally branded Move, with our socially responsible investment approach at the heart.
- We initiated actions to improve staff diversity.
- Young was launched as an internal community for employees under the age of 35.

Enriched offering
- The new discretionary asset management solution and online environment for private banking clients was successfully rolled out during 2019 to over 2000 clients.
- With the introduction of PSD2, we roll out an updated online environment and a mobile payment solution. This will be further expanded during 2020 with the main foreign currencies.
- We started to develop a new digital solution for the advisory offering.

Valuable market recognition
- In November we were named best private bank of The Netherlands, winning the 'IEX Gouden Stier 2019 – Beste Keuze Private Banking', for the second year in a row.

Our profile

InsingerGilissen Bankiers N.V. is a private bank aimed at wealthy individuals, families, foundations, associations and institutional parties. We also provide specific services to independent asset managers.

In addition to discretionary asset management and investment advice, we offer private individuals a wide range of private banking services, including financial planning, estate planning and loans. Services for institutional parties comprise asset management, asset consulting and investment products. Under the name InsingerGilissen Services we act as a custodian bank on behalf of External Asset Managers.

We have offices in Amsterdam (headquarters), Enschede, Eindhoven, Groningen, The Hague and Rotterdam. We are a full subsidiary of Quintet Private Bank (Europe) S.A. (previously known as KBL European Private Bankers) and, as such, part of its network of private banking boutiques throughout Europe. We have 358 employees and service about € 25 billion in AuM as at 31 December 2019.

Mission and vision

Our mission is to effectively and independently guide clients in taking important wealth-related decisions during every phase of their life. Our vision is to be recognised as a leading private and custody bank: acting as a springboard to new beginnings for our clients and employees and valuing integrity, commitment and excellence above all.

Positioning

We are a bank for people who see the world differently, who want to partner with us, committed to protecting and growing their wealth as if it were our own. Combining agility and security, we focus on what matters most to the individuals and families that we serve so that they can invest in a richer life, however they define it.

Competitive edge

Our competitive edge follows from:

- the premium service we offer to clients within the High-Net-Worth Individual (HNWI) segment, keeping a multi-generational perspective in mind where relevant
- long-serving, empathetic relationship managers
- proven services and products, based on smart use of technology
- our multi-generational approach to clients

We leverage on our unique proposition in the private banking, external asset management and institutional asset management markets. We are well-positioned to succeed in the competitive and challenging market in the Netherlands.

Five reasons to partner with us

Being part of Quintet we have jointly defined the following reasons to partner with us:

1. We are small enough to be personal and big enough to give you access to the world
2. We earn your trust by always doing the right thing for you
3. We combine agility and stability
4. We challenge the status quo and embrace diverse perspectives
5. We provide transparent value for money

Client-focused business model

Our organisational structure reflects our focus on clients. It is designed to provide client segments with a clear proposition and service model and a transparent cost structure. Our client propositions are based on the following cornerstones:

- Transparent and structured service model to support the client during his/her entire life cycle
- Clear expression of our investment philosophy
- Delivery of high quality services that are cost effective for the client and us as a bank
- Pricing based on the proposition, not on components of services.

Revenue streams

Our operating model is comprised of three revenue streams:

1. Private banking (business to consumer)
2. Services to EAMs (business to business)
3. Institutional asset management (business to consumer)

Key strategic principles

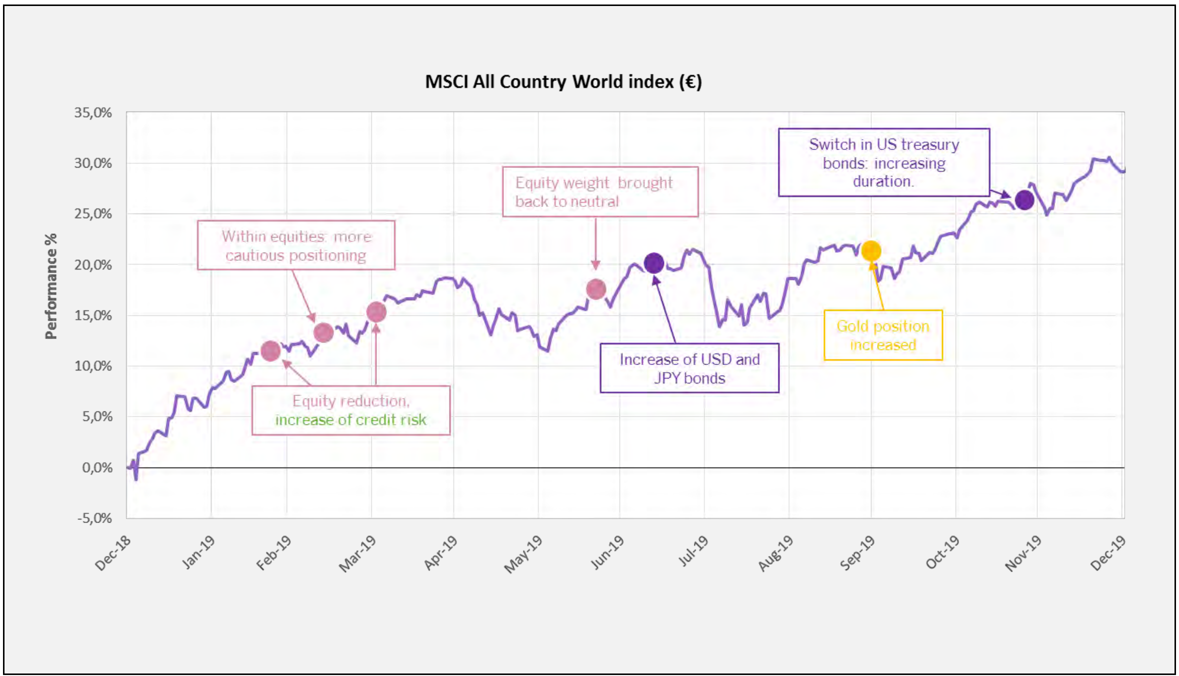
- Compliance is integrated as a strategic and integral part of our offering
- Technology is used to free-up relationship managers' time to foster deeper client relationships
- We have a differentiated offering and commercial set-up in line with the unique selling points per segment
- An extensive and unique wealth management offering for private banking clients is an integral part of the offering for better client understanding and life-cycle management
- Our investment proposition is focused on realising optimal results for private banking and institutional asset management clients, consistent with their agreed upon levels of risk, in order to help them achieve their goals – with a segmented investment offering covering discretionary portfolio management ("DPM"), tailor made DPM and advisory services
- Clients have credit and other wealth management related products available to provide them with the solutions to the financial needs of all generations within HNWI families
- Pricing is built on a transparent and robust methodology, in line with the value proposition

Macro and market developments in 2019

Equity markets rallied strongly in the first few months of 2019 in the wake of the corrections in the final quarter of 2018. The drop in equity prices at the end of 2018 had been triggered by persisting signs of global economic weakening and growing uncertainty about the further economic outlook. The ongoing trade war between the US and China, which squeezed global trade hard, played an important part here.

Remarkably, the market rally in 2019 occurred without hardly any improvement to the economic outlook, but claimed by central banks worldwide with the introduction of more expansionary monetary policies.
The recovery on the equity markets occurred while bond yields continued to fall worldwide, in response to lower inflation caused by the persisting signs of economic weakness. Most bond yields reached lows at the start of September, when yields on over a quarter of outstanding bonds worldwide had dropped below zero.

During the strong rally on the equity markets in the beginning of 2019 we took profit in stages on a portion of our equity investments. The proceeds were mainly reinvested in fixed income investments with a low sensitivity to interest rates and reasonable potential returns. This caused the equity weight in portfolios to drop to a neutral level, allowing the portfolio to keep mimicking the continued upward movement.



Our results

Our net result from continued operations decreased to € 2,1 million profit (2018: € 10,2 million profit). The net result from ongoing operations decreased to € 9,4 mln (2018: € 15.9 mln) mainly due to higher liquidity costs and lower transaction income.

Assets under management ("AuM") from continued operations increased by 2% mainly due to strong market performance 12%, and reduced by client outflows -10%, mainly relating to cancelation of on institutional mandate. The Core Private Banking AuM increased by 14%. Loans outstanding increased significantly by 25% in 2019 with net new loans from Private Banking and Services improving the loan to deposit ratio from 31% in 2018 to 40% in 2019.

Our operating income from continued ongoing operations decreased to € 89,2 million (2018 : € 89,3 million), on the basis of:

- the net interest income decreasing due to higher liquidity;
- fees on AuM decreasing 1% to € 76 million mainly due to € 4 mln lower transaction related fees;
- performance fees, amounting to € 3,1 million (2018: € 1,5 million) were realised during the year.

Our efficiency ratio from ongoing operations in 2019 was 86% (2018: 78%). This decrease was mainly the result in investments and increase in costs due to:

- 5% growth through non-organic and semi-organic growth, training programs
- 2% higher temporary expenses required for changes and related increase in depreciation
- 1% increase in regulatory charges

	2019 € '000	2018 € '000
AuM € billion)	**25,1**	**23.7**
of which Core Private Banking	*10,0*	*8.8*
Operating Income from continued operations	**89,206**	**87,330**
of which gain/(loss) on financial instruments	-	*-1,092*
of which gain/(loss) on sale of transferred activities	-	*0,343*
of which transaction related	-	*-1,302*
Ongoing Operations[1]	**89,206**	**89,330**
of which interest income	*10,567*	*9,650*
of which performance fees	*3,148*	*1,504*
of which fees on AuM	*75,491*	*76,924*
Expenses from continued operations	**84,529**	**74,104**
of which		
restructuring expenses,	*2,808*	*4,646*
merger related		*4,741*
of which transaction related expenses		
the acquisition of the Dutch private banking	-	*1,083*
activities of Lombard Odier		
of which relating to a litigation provision	*3,500*	-
of which ineffective hedges	*1,426*	-
Ongoing operations	**76,795**	**68,375**
Profit before taxation from continued operations	**4,654**	**13,356**
Ongoing operations	*12,411*	*21,005*
Net profit for the year from continued operations	**2,103**	**10,165**

[1] Ongoing operations refers to results adjusted for mainly items relating to the transaction items related to the Merger and the Carve-out.
Continued operations is the normal operations excluding discontinued operations.

Ongoing operations	*9,400*	*15,869*
Cost to Income ratio from continued operations	**95%**	**85%**
Ongoing operations	*86%*	*78%*

Our solvency ratio (Basel III) as per 31 December 2019 was 31,1% (2018: 35,8%). Our Return on Assets, defined by Capital Requirements Directive IV as net profit as a percentage of the total balance sheet, was 0,04 % in 2019 compared to 0,4% in 2018.

Update by organisation unit

Private Banking

Description

Our Private Banking operating segment is focused on the Dutch private banking market. The offering is based on a multi-generational approach and dynamic private planning. Next to investment solutions, additional services are offered, including credits, administrative support through our Shoe Box service and charity counselling. To further align with client interests, our proposition is based on an *all-in* fee approach.

Key developments

- A large majority of private banking clients who use discretionary portfolio management now make use of the Enhanced Investment Solution. In this way they get access to a digital environment in which detailed explanation is given about investment decisions, investment strategy, performance, costs and further background information about their investments. This central approach gives the private banker more time to give personal attention to his or her clients and to offer broader services.
- The entire year was dominated by the implementation of Restore for Growth: This project had four goals (Boost Inflows, Limit Outflows, Personal and Professional Development and Engagement), supported by the implementation of 7 initiatives. Ranging from acquisition training for all bankers to using a Client At Risk-model. The result of this is a greater and continuous focus on the growth of AUM within the teams and impact was seen both in Inflow and Outflow-figures.
- With the introduction of the European Payment Service Directive II (PSD II) our clients have been offered a new payment system. The ability to independently execute payments via the internet (both online and mobile) has gone live.
- Due to increasing regulations with regard the prevention of anti-money laundering and terrorist financing and tax compliancy, additional measures have been taken within Private Banking. These focus on heavier client onboarding and review procedures. An onsite from the Dutch Central Bank has again ensured that this topic receives prominent attention from management.
- In November we were for the second time in a row named best private bank of The Netherlands, winning the 'IEX Gouden Stier 2019 – Beste Keuze Private Banking'. This quality seal is based on various objective criteria including performance, costs and services and is assessed by an independent jury.

Financial results

- The financial results of our Private Banking activities ("Core Private Banking") were positive with an increase in AuM by 13.4% compared to 2018 mainly due to market effects.
- Return on Assets was stable.

InsingerGilissen Services

Description

Our Services operating segment is focused on Dutch external asset managers (EAMs). It also supports clients managed by Brown Shipley in London who have a custody account with InsingerGilissen. Next to custody, additional services are offered, ranging from brokerage to reporting and credits to payments.

Key developments

- Throughout 2019 we intensified the use of robotic process automation, aimed at creating efficiencies for EAMs.
- After the summer we implemented the PSD2 directive and introduced negative interest rates for most accounts.
- We also initiated a shift from a predominantly variable income structure to one based on assets.
- Throughout the year we welcomed a net number of 4 EAMs as new clients.
- Due to increasing regulations with regard the prevention of anti-money laundering and terrorist financing and tax compliancy, additional measures have been taken within our Services department. These focus on heavier client onboarding and review procedures. An onsite from the Dutch Central Bank has again ensured that this topic receives prominent attention from management.

Financial results

- Combined AuM increased by 20% compared to 2018.
- Return on Assets turned out to be lower compared to 2018, due to lower transaction income.

Institutional Asset Management

Description

Our Institutional Asset Management operating segment is focused on Dutch institutional investors, our fund offering. Moreover, it drives the investment process for our private bank. The fund range and specific mandates offered to (institutional) clients is based on specific investment competences such as sustainable index funds, real estate and European small & mid cap funds.

Key developments

- In November, as part of our commitment to responsible investing, we joined the Quintet Private Bank (Europe) S.A. Group in adopting a group-wide policy on Responsible Investment. We coordinated this Group project and we will lead implementation across Quintet Private Bank (Europe) S.A. in 2019.

Financial results

- Combined AuM decreased by 37% compared to 2018 mainly due to the cancellation of an institutional mandate. We observed significant inflow in the sustainable funds
- Return on Assets was stable.

Other units / organisation in general

Key board developments

- At the end of 2019 Lodewijk Siertsema stepped down as chief commercial officer. His responsibilities have been taken over by our CEO Peter Sieradzki.

Key HR developments

- The average number of employees was 330 during 2019.
- The number of employees increased by 3%. At the same time we brought the number of external staff down by 19%, in line with our shift in focus away from managing a complex merger in 2017.
- Throughout the year we ran different initiatives to improve staff engagement and build a corporate culture supportive to the strategy and business goals for the newly merged bank.
- In November 2018 we came to an agreement with the labour unions to introduce harmonised working conditions for all employees from 1 January 2019, based on our own collective labour agreement (“cao”).

Key Digital developments

- The Innovation Lab approach was successfully deployed across 2019. Objective of the Lab is to deliver tangible client benefits in an agile cycle of 3-4 months, where clients, business & IT working together as from day 1 to jointly think, design and develop.
- In the first part of the year, we launched an Online Annual Client Review tool, enabling clients to validate their data before their annual portfolio review meeting (deployed to 500 clients in 2019), a new Financial Planning tool (currently rolled-out with our Financial Planners) as well as Smart Triggers & Smart Stories (1,800 clients reached in 2019).
- In the second part of the year, we renewed our mobile app (4,500 downloads and 79% of our clients with weekly visits) and launched an online & mobile payment application (50% of payments online/mobile after 3 months).
- We also leveraged Digital innovation to increase internal efficiency. Robotic Process Automation was further rolled-out in 2019 to further automate our Client Due Diligence & AML review processes.
- InsingerGilissen Digital innovative approach was acknowledged at international level. We received The Financial Times/PWM Wealth Tech Awards as the “Best Private Bank for Digital Culture” in Europe.

Other key developments

- Contrary to the decision of the Court of First Instance, the Court of Appeal decided in July 2019 that InsingerGilissen has breached its (special) duty of care towards a client of an External Asset Manager by allowing and facilitating the purchase of certain hedge funds by the External Asset Manager on behalf of the client as a non-professional investor. Despite the fact that the Court of Appeal recognizes the fact that the responsibility of the custody bank is limited in a tripartite relationship, it is of the opinion that -in general- there can be a breach of the duty of care in case of evident shortcomings (“evidente misstanden”) or in case it is or can be known by the custody bank that transactions that are conducted are in any case irresponsible given the risks involved. Following the negative decision of the Court of Appeal and the successive press coverage multiple clients serviced by this External Asset Manager claimed investment losses on the same basis. We have decided to appeal the verdict with the High Court of the Netherlands.
- During 2019 we had various contacts with regulatory bodies. Next to the more ongoing and regular contacts, the Joint Supervisory team of the European Central Bank performed an on-site inspection to evaluate the IT control environment within the Quintet Private Bank (Europe) S.A. Group and their respective subsidiaries. In close cooperation with the Quintet Private Bank (Europe) S.A. Group we will give follow-up to any findings raised by the Joint Supervisory team.
    - Awareness and training regarding AML regulations and tax integrity was high on the agenda of Management Board and Supervisory Board. External trainers and the Compliance team hosted multiple trainings around this topic. The Dutch Central Bank also visited InsingerGilissen for an inspection into tax integrity and we will give follow-up to any findings.

Hedging

Other than the macro hedging of part of the loan portfolio, no other financial instruments were designated as hedges during 2019.

Risk Management

An important part of our governance structure is our risk management process. Risk Management in a general sense can be described as 'the activities and measures designed to manage the material and immaterial risks that are inherent to realising our company objectives'. To this purpose the Enterprise Risk Management process is tailored to the organisation of InsingerGilissen, and broadly inspired by the internationally acknowledged principles of the COSO Enterprise Risk Management framework (2017). Risk Control within the Quintet Private Bank (Europe) S.A. Group is governed by a Group Risk Control charter and Risk Appetite that is adopted in the Risk Framework of InsingerGilissen. The risk governance describes risk roles and responsibilities for all levels in the organisation, including (Supervisory Board, Management Board, three lines of defense and several committees).

As a financial institution we are constantly evaluating the potential risks that underlie our business and how to respond to these risks. We have processes in place to identify, control and monitor risks. Members of the Management Board are responsible for ensuring that risks and controls are addressed in each of their areas of operations.

We have a strong centralised Risk Management function which operates in close cooperation with our parent company. Our Risk Management function independently monitors the ongoing adequacy and execution of our processes and controls. It reports its findings both to management and to the Board Risk Compliance and Legal Committee, which oversees the Bank's risk management and control systems on behalf of the Supervisory Board. Various subcommittees, including the Asset and Liability Committee, the Operational Risk Committee, the Compliance & Legal Committee, the Credit (Risk) Committee, the Information Security Committee, the Client Risk Committee, the Complaints Committee and the Asset Management Risk Committee assist the Management Board in fulfilling its risk management responsibility.

During 2019, our Supervisory Board reviewed and approved the risk profile, including the risk appetite framework in which the risk appetite per risk area was identified.

As with any other business, banking activities require taking risk in the pursuit of business objectives. The banking sector has been operating in a low-trust-society, especially since the banking crisis that commenced in 2007. We are aware of this and have structured our strategy taking a transparent approach into consideration. Our strategy acknowledges that some risks need to be taken and some risks are ruled out. This has been elaborated in our Risk Appetite Statement.

Risk categories

Particular attention in the Enterprise Risk Management process is paid to the following risk categories:

- Enterprise risks: performance (strategic) risk and reputational (secondary) risk;
- Financial risks: solvency risk, liquidity risk, market risk and credit risk; and
- Non-financial risks: operational risk (including people risk), information security (including privacy) risk, client (investment) risk, legal risk and regulatory/integrity risk.

We set tolerance levels and controls for each of these risk categories. The ERM process ensures that all strategic risks in relation to InsingerGilissen objectives are ultimately monitored and controlled.

Performance Risk

The boundaries of our service offering are related to private banking activities. Our organisation has been designed to withstand a variation of actual performance compared to its targets. Strong out- or underperformance in relation to the strategy requires due consideration in relation to the risks involved.

Reputational Risk

Reputational risk is a secondary risk that could arise from the failure to effectively mitigate one or more of the following risks: performance, solvency, liquidity, market, credit operational, information security, client (investment), legal or regulatory/integrity risk.

Solvency and Liquidity Risk

The risk appetite for solvency is to have a strong solvency position that exceeds the level required for realising our strategy. The tolerance level is set at 0,5% in excess of the Regulatory Overall Capital Ratio which is aligned with Quintet Private Bank (Europe) S.A. We aspire to have a strong liquidity position that exceeds the level required for our business operations, ensuring that payment obligations can be met on time. With a conservative liquidity policy the Bank has sufficient liquid funds available and does not need to draw funding from capital markets. We control liquidity risk by maintaining ample funding with regard to financing needs. We place our surplus money predominantly intragroup, which is covered with pledged collateral for the amount exceeding the regulatory exposure limits which is equal to the solvency capital. We maintain sufficient working capital available to meet our current and future financial obligations; also in case of stress our appetite on solvency and liquidity exposure is within the guidelines of the DNB. In addition we have a Liquidity Support Agreement with Quintet Private Bank (Europe) S.A. Solvency and Liquidity are evaluated (at least) annually in the Internal Capital/Liquidity Adequacy Assessment Process. Our reported regulatory ratios show a very strong solvency and liquidity position, far exceeding regulatory minimum levels. As a 100% shareholder, Quintet Private Bank (Europe) S.A. guarantees our commitments entered into under a 403 statement. The Quintet Private Bank (Europe) S.A. solvency ratio was 16% at 30 June 2019. Fitch Ratings has been assessing Quintet Private Bank (Europe) S.A. since July 2018 the credit status BBB +.

Market Risk

We apply as a principle that no proprietary trading activities are to take place. We accept a limited FX exposure induced by client transactions. We operate within our defined risk appetite for interest rate risk, also in scenarios of (sudden) extreme interest fluctuations within the boundaries encouraged by the Basel Committee.

Credit Risk
Credit risk arises from lending activities and an investment (bond) portfolio. InsingerGilissen only grants credits to clients with suitable and sufficient collateral. A conservative policy is applied for security pledges and mortgage Loan to Value. The investment (bond) portfolio is restricted to short term fixed income instruments issued or covered by governments in the European region. Eligible assets are considered to be high quality assets such as (covered) bonds, or term deposits with banks; the weighted average rating factor of the portfolio should be at least A-.

Operational and Information Security Risk
We acknowledge that it is in many processes dependent on human actions and accept thereby a certain but limited extent of error sensitivity. Outsourcing of processes is accepted. The boundaries for outsourcing are formed by activities related to client intimacy and the investment process which needs to be kept in house. It is essential for us to have an adequate administrative organisation and system of internal controls in place. We have a Risk Control Self-Assessment mechanism in place through which management identifies operational and information security risks and internal controls to mitigate these risks in the first line of defence. Risk management evaluates these risks and internal controls in a Risk Monitoring Program. Risk evaluations of operational activities are performed on a rotational basis and as a result operational processes are regularly reviewed and if needed revised. Finally we have a robust incident management system in place to continuously identify areas for improvement.

Client (Investment) Risk
It is vital for us to manage the portfolios on behalf of our clients within the boundaries of our mandate, including the investment funds managed by the Bank. As such, management of client (investment) risks is an integral part of our investment processes.

Legal and Regulatory/Integrity Risk
The regulatory environment in which we operate is continuously changing with existing legislation being regularly updated or new laws being implemented. Greater emphasis is being placed by regulators on integrity risks, particularly in respect of customer due diligence and transparency. Our Legal & Compliance teams are responsible for reviewing all changes in the legal and compliance environment and assisting with the implementation of these changes within our products, policies and processes. A Compliance Monitoring Program is in place to permanently evaluate compliance with applicable laws and regulation.

Supervision
We carry out our activities under the supervision of the Dutch Central Bank and the Dutch Financial Markets Authority (AFM). Through Quintet Private Bank (Europe) S.A. and Precision Capital we are supervised by the European Central Bank and Luxembourg's CSSF (Commission de Surveillance du Secteur Financier).
Quintet Private Bank (Europe) S.A. provided us with a joint liability statement under section 2:403 of the Dutch Civil Code.

Stress scenarios

Risk Management and Finance reviewed and updated the scenarios amongst others by taking in consideration the EBA macro-economic scenario. Scenarios take for instance into consideration uncertainties from the integration, technological developments, political instability in Europe and cash withdrawals. The stress scenarios fulfil several purposes, including capital requirements, liquidity and deferred tax asset and are aligned with those applied at Quintet Private Bank (Europe) S.A. level. The scenarios were tested against our business model and it was concluded that in the event the stress scenarios were to materialise, our capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements). A reverse stress test has shown that a cash buffer would still be available in the event of a maximum expected deposit outflow. A Liquidity Support Agreement with Quintet Private Bank (Europe) S.A. is in place as contingent facility. The outcome of the Quintet Private Bank (Europe) S.A. stress tests indicate that capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements).

Crisis scenarios

The Bank disposes of protocols that are to be followed in several crisis situations. These protocols include cyber-attacks, business continuity such as the loss of head office and financial crisis.

Product approval

For new products and services, we apply a product approval procedure. This ensures that all our new services or new products of ourselves or external providers and to be distributed by us are reviewed and approved by a panel of specialists in the Product Approval Committee before being offered to clients. This committee include specialists in the fields of investments, compliance, legal, finance and risk management.

Corporate governance and Banking Code

InsingerGilissen Bankiers N.V. is a public company under Dutch law 'Naamloze Vennootschap', with its head office in Amsterdam and branch offices in Eindhoven, Enschede, The Hague, Groningen and Rotterdam.

We have a two tier board structure with a Management Board and a Supervisory Board that are accountable to the shareholder. Our Management Board has responsibility for the overall management of the bank. Our Supervisory Board supervises and advises the Management Board.

According to the Articles of Association, the Management Board must consist of at least two members. In 2019 the Management Board consisted of:

Chief Executive Officer	**Peter Sieradzki**
Chief Financial Officer	**Marc Baltus**
Chief Operations Officer	**Cédric Lebegge**
Chief Risk Officer	**Jan Joost Maas**
Chief Commercial Officer	**Lodewijk Siertsema***

* In June 2019, Lodewijk resigned as member of the Management Board.

Less than 30 % of the Management Board members are female. Although this goal is taken very seriously it is considered to be important that Management Board members are selected on the basis of the general and specific profile for the position and other relevant selection criteria. We remain dedicated to reach the goal of 30% female members if and when possible.

The Management Board is supported by various subcommittees, a number of which form part of the risk management framework.

For information on the Supervisory Board, including its composition, please refer to the Report of the Supervisory Board on page 22.

We have given the implementation of the Banking Code, hereinafter referred to as the "Code", considerable attention since the introduction of the Code in 2009. On 1 January 2015, the amended Code entered into effect, as part of a package called 'Future oriented banking'. Future oriented banking introduced a Social Charter and rules of conduct associated with the Bankers' Oath and disciplinary rules for employees of banks in the Netherlands. On our website we have published a report to describe our compliance with the amended Code.

Remuneration

The Board Remuneration and Nomination Committee is responsible for supervising our overall remuneration policy as well as individual nominations, remuneration packages and evaluation for material risk takers.

We have a transparent remuneration policy to ensure that interests of our clients and those of our own run parallel. Our Remuneration Policy reflects the business strategy, objectives, values and long-term interests of the Bank and ensures that conflicts of interest are avoided. Our Remuneration Policy corresponds to and contributes to thorough and effective risk management and does not encourage the taking of risks that are unacceptable to us. The Remuneration Policy promotes our integrity and solidity, with a focus on long-term interests.

We have a remuneration policy which has the following key elements:

- The variable remuneration reflects a combination of the results achieved according to the performance indicators at Group level, business line level and individual level (‘what’) and according to competences and other conduct factors (’how’), so that there is a clear connection between strategy, performance and variable remuneration.
- The performance criteria for staff are based on financial, non-financial, quantitative and qualitative performance criteria.
- In view of the importance that we attach to the integrity of employees, our Management Board and Supervisory Board have the discretionary authority to withdraw or reduce the variable remuneration in case of incidents, amongst other compliance and or risk management incidents.
- In view of the importance that we attach to the concept of good employment practices, our Management Board and Supervisory Board have the discretionary authority to withdraw or reduce the variable remuneration in case of the employee does not act according to this principle.
- If an employee’s performance evaluation for a year is poor, no variable remuneration will be awarded for that year.
- We have the power to adjust the variable remuneration amount or reclaim a bonus of an employee (claw back), under applicable circumstances, mentioned in the legislation.
- Under certain events no termination payments can be made.
- No guaranteed variable remuneration is allowed.

The total variable remuneration we paid out in 2019 amounted to €2,5 million (2018: € 3,8mln). No staff members received a total remuneration in excess of € 1 million.

In accordance with the Regulation on sound remuneration policies 2017, we published a report on remuneration on our website.

Outlook

The income of the Bank is generated for a substantial part by recurring income from asset management, advisory, custody, transaction fees and interest margins. As a result the income generated by the bank has become more dependent on general developments in financial markets.

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of banks. In general banks could be impacted by instruments being measured at fair value and on potential credit losses. Currently, InsingerGilissen is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

Appreciation of staff

We acknowledge the contribution made by everyone associated with our bank in the continued challenging environment that we operate in, and in particular we thank our staff for their commitment, hard work and enthusiasm during the challenging times that characterised the first full year after the merger.

Statement of the Management Board

The directors are responsible for the preparation and reviewing the reliability of the financial statements, the underlying accounting policies and the integrity of all information included in this report.

To the best of our knowledge, the financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("IFRS"), Dutch GAAP and applicable regulations of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and the result of the Company and the undertakings included in the consolidation taken as a whole. The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole.

The controls throughout our bank concentrate on focused critical risk areas. These areas are identified by operational management, confirmed by our management and monitored by directors. The directors report that our internal controls are designed to:
- provide reasonable assurance as to the integrity and reliability of the financial statements,
- adequately safeguard, verify and maintain accountability of assets,
- prevent and detect fraudulent financial reporting.

Such controls are based on established policies, and procedures are reinforced by appropriate risk management expertise and processes. Internal controls are developed to ensure that their cost do not exceed their benefit. The controls are implemented by suitably qualified personnel with appropriate level of segregation of duties and are monitored throughout. Processes are in place to monitor the effectiveness of internal controls to identify material breaches and to ensure that corrective action is taken. The directors are not aware of indications that the internal risk and control systems are not adequate or not effective.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that our bank will not continue as a going concern until the next reporting date. The financial statements have been prepared by the Management Board. The financial statements, which appear on pages 29 to 136, were signed by the directors on 30 March 2020 and authorized for issue.

Amsterdam, 30 March 2020

Peter Sieradzki
Chief Executive Officer

Jan Joost Maas
Chief Risk Officer

Marc Baltus
Chief Financial Officer

Cédric Lebegge
Chief Operations Officer

Report of the Supervisory Board

In 2019 the development of the bank was overall positive in a competitive market. The Bank strengthened its client service levels and market position after the 2017 merger. Assets under Management and the Bank's loan portfolio increased significantly.

The new discretionary asset management solution for private banking clients combined with an improved online environment has been further rolled out during the year. It is encouraging that private banking client satisfaction has improved compared to 2018. The Bank has been awarded the Gouden Stier for best private bank for the second year in a row. Besides the good investment results, the digital client experience appeared to be an important reason for this award. The organization's innovative approach also lead to the PWM Wealth Tech award 2019 of best private bank for digital culture.

The macro economic development and competition in the Dutch private banking market were challenging. Despite a positive investment environment, negative interest rates and lower transaction volumes, mainly in InsingerGilissen Services, caused pressure on the financial results of the Bank. Actions taken by the Management Board and an increased effort of the whole organisation to restore growth and further improve service levels showed increasingly positive results during the second part of 2019.

Initiatives to increase commercial competitiveness by product- and process innovation and further improvement of client service levels were discussed with the Management Board and operational management of the Bank.

Special attention was given by the Supervisory Board to the views and policies of the Bank to strengthen employee risk awareness, especially regarding important topics such as data security, compliance in general, including privacy regulation, MiFID, 'anti money laundering' (AML) control and customer due diligence, encompassing the assessment of client tax integrity.

The Supervisory Board and the Management Board focused several times during the year on HRM issues, such as employee development, remuneration policy and the importance of gender- and cultural diversity. The Management Board presented views to integrate renewed corporate social responsibility and diversity standards in the Bank' s culture and strategy.

Lodewijk Siertsema, Chief Commercial Officer and member of the Management Board resigned in June 2019 to pursue new career opportunities. The Supervisory Board expresses its gratitude to Lodewijk for his efforts and contribution to the merger.

Composition of the Supervisory Board

The Supervisory Board has six members, with all members having their own specific profiles in terms of background and expertise. The size and composition of the Supervisory Board, as well as the combined education, experience, competence and diversity in terms of gender, expertise, nationality, age and background, is designed to best fit the Company's profile and strategy.

The Supervisory Board welcomed Nicholas Harvey as successor of Paul Scholten who resigned as per 31 October 2018. Peter Vandekerckhove resigned as per 30 September 2019. The Supervisory Board thanks Peter for his commitment and valuable contribution to the Bank's development.

The current members of the Bank's Supervisory Board are therefore Pieter Loyson (Chairman), Micky Adriaansens, Dick Berlijn, Pieter van der Harst, Nicholas Harvey, and Rob Mooij. The term of appointment of the members is four years.

Overview of the personal details of the current members of the Supervisory Board

Pieter Loyson
Male, born 19 April 1955
Nationality: Dutch
Appointed: 1 October 2017 (first term)
Other relevant (previous) positions: Chairman of the supervisory board of Monuta Verzekeringen N.V. en Monuta Holding N.V., Chairman of the supervisory council of Stichting Reizigerstegoeden Translink, former CEO Onderlinge Levensverzekering-Mij 's-Gravenhage U.A. and N.V. Levensverzekering-Mij "De Hoop"

Dick Berlijn
Male, born 18 March 1950
Nationality: Dutch
Appointed: 16 April 2018 (first term)
Other relevant (previous) positions: former Commander in Chief of the Dutch armed forces, former advisor to Deloitte's Risk Services practice, member of the supervisory board of HAL24K, member of the advisory committees of Photonis, Subsolar, MMOX, Gargobox, Raam op Rusland, boardmember of Stichting NaNOcancer

Nicholas Harvey
Male, born 9 February 1973
Nationality: Belgian
Appointed: 30 July 2019
Other relevant (previous) positions: Group CFO Quintet group, Director Brown, Shipley & Co

Micky Adriaansens
Female, born 1 March 1964
Nationality: Dutch
Appointed: 16 April 2018 (first term)
Other relevant (previous) positions: Chairman of the management board of Twynstra Gudde, member of the Dutch Senate, supervisory board member PGGM N.V., member of the supervisory council of Amsta, member of the advisory committee Sociale Begeleiding (ASB) 's Heeren Loo Zorggroep

Pieter van der Harst
Male, born 19 November 1959
Nationality: Dutch
Appointed: 1 October 2017 (first term)
Other relevant (previous) positions: member of the supervisory council of Stichting Marente, former Chief Financial and Risk Officer bunq B.V., former Chief Financial Officer of The Royal Bank of Scotland N.V.

Rob Mooij
Male, born 1 May 1953
Nationality: Dutch
Appointed: 1 October 2017 (first term)
Other relevant (previous) positions: executive director of Blue Marlin Holdings S.A., member of the Supervisory Board of Blue Marlin Solutions B.V., member of the Supervisory Board of Transparent Services B.V., Chairman of the Supervisory Board of TM-Pro B.V., former member of the Management Board of Bank Insinger de Beaufort N.V.

Collectively, the Supervisory Board members have expertise and experience relating to (private) banking, strategy, change management, P&L management, accounting, innovation, IT, digitalization, economics, risk management, remuneration and human resources management, corporate governance, legal and compliance issues, the development of products and services in the key markets in which our bank is active. The Supervisory Board has at least one financial expert.

All members of the Supervisory Board passed the fit and proper test under the Dutch Financial Supervision Act. The Supervisory Board has a dedicated Charter containing its rules and procedures.

Less than the targeted 30% of the Supervisory Board members were female during 2019. This goal as well as other relevant professional and diversity criteria are taken very seriously and remain important. The Supervisory Board is therefore pleased to have Micky Adriaansens as a member. Supervisory Board members are selected on the basis of the general and specific profile of the vacancy. Diversity, complementarity and a balanced composition remain important factors in the selection process.

Meetings of the Supervisory Board

During the year under review the Supervisory Board held four meetings according to the pre-set schedule and one conference call. In addition, a two-day off-site session was held in November 2019. The meetings were attended by all members, with the exception of one meeting held according to the pre-set schedule, which was not attended by one member. All members have made adequate time available to give attention to matters concerning our bank. The Management Board attended all meetings of the Supervisory Board and prepared detailed supporting documents.

During the meetings, attention was paid to the financial and business updates presented by management and senior staff members, as well as reports received from the subcommittees of the Supervisory Board. This included updates and discussions on staff engagement and statistical updates from the HR department on items such as staff hires, leavers and illness rates. Attention was also paid to the process to develop a new HR policy and the introduction of negative interest rates. The Supervisory Board also focused on regulatory matters. In that respect the Supervisory Board paid attention to the fine imposed by the AFM for late reporting of transactions. This concerned transactions executed by one of the predecessors of the Bank in the period 2015 – 2017. The transactions in question were discovered by the Bank itself in 2017 and were reported to the AFM pro-actively. Measures to prevent a repetition have been taken. The fine was significantly reduced by the AFM as a result of the pro-active and cooperative attitude of the Bank.

The Supervisory Board was informed by the Management Board of the ECB inspection on IT Risk. An overview of the preliminary report was discussed. The Supervisory Board was updated on the preparations made in relation to Brexit. According to an assessment made by the Bank, the impact of Brexit would be relatively limited.

In March 2019, an interim remuneration policy was approved and the execution of the remuneration policy was reviewed. The pool available for variable remuneration was approved as well as the individual variable remuneration for Identified Staff, which includes the members of the Management Board. The external auditor reported to the Supervisory Board on the external audit process and the Supervisory Board also met with the external auditor in the absence of the Management Board. The Supervisory Board discussed and signed the financial statements for 2018.

In April 2019, the Supervisory Board approved the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process, after having received a positive advice from the Risk, Compliance and Legal Committee.

In May 2019, the Supervisory Board discussed the results of the staff engagement survey and the proposed actions as a result thereof. The Supervisory Board also reviewed the Banking Code report.

In September 2019, the Supervisory Board approved the Bank's recovery plan. In addition, the Supervisory Board discussed the Bank's intended introduction of negative interest rates.

In November, the Management Board presented its annual plan for 2020 to the Supervisory Board, reflecting its ambitions, focus and concrete actions for the year within the existing strategy. The status of the culture process was discussed. The risk appetite and the budget for 2020 were approved and the Supervisory Board reviewed the Bank's strategy. The shareholder presented an update regarding the envisaged development of the Quintet group. As part of the offsite meeting, the IT strategy and architecture and the status of the corporate social responsibility program -including diversity- were presented and discussed. In addition, an update on the Investment policy and the investment results was presented by the Chief Investment Officer.

Finally, a permanent education session for the Supervisory Board and the Management Board was held on the topic of fiscal integrity.

Committees of the Supervisory Board

The Supervisory Board has three subcommittees: the Audit Committee, the Risk, Compliance and Legal Committee and the Remuneration and Nomination Committee. Each committee has an own dedicated Charter. The Supervisory Board receives the minutes of every committee meeting. The Chairmen of the committees report verbally to the plenary meeting of the Supervisory Board. The committees consist of at least 50% independent members.

Audit Committee

The Audit Committee assists the Supervisory Board by supervising, on behalf of the Supervisory Board, the integrity, efficiency and effectiveness of the internal control measures and the risk management in place, paying special attention to correct financial reporting. The committee also oversees the Bank's processes to comply with laws and regulations.

The Audit Committee is composed of Pieter van der Harst (Chairman), Rob Mooij and Nicholas Harvey. The members of the Management Board, the head of Internal Audit and the head of Quintet Group Internal Audit also attend the Audit Committee's meetings.

The Audit Committee held four meetings in 2019. The meetings were attended by all members. In addition, the Audit Committee met with the external auditor in a separate meeting. All plenary meetings of the Committee were attended by the Management Board members. Furthermore, the company's head of Internal Audit, the Quintet head of Group Audit, the independent external auditor and the company secretary attended the meetings.

All matters discussed in meetings and which were relevant for the Supervisory Board were verbally reported in the next meeting of the Supervisory Board. In addition, the minutes of the meetings of the Audit Committee were provided to the Supervisory Board.

In the plenary meetings the committee discussed and approved the Internal Audit plan and closely monitored the execution of this plan. The committee furthermore discussed among other things the quarterly reports, the annual accounts, and key audit matters as reported by internal and external audit. In the separate meeting with the external auditor, the committee discussed the successful audit process of the 2018 accounts. The committee was regularly updated on the status of the IT controls and governance model.

Furthermore, the committee considered the role, performance and reports from the external auditor, management letters and the auditor's independence and fees.

Risk, Compliance and Legal Committee

The Risk, Compliance and Legal Committee assists the Supervisory Board by supervising the integrity, efficiency and effectiveness of the risk management, compliance and legal functions in place, paying special attention to correct processes to comply with laws and group risk, compliance and legal policies and frameworks. The committee is also informed on and discusses correspondence from the regulators that is of interest to the committee as well as complaints and litigation reporting and relevant legal and regulatory developments.

The committee is currently composed of Pieter van der Harst (Chairman), Nicolas Harvey and Rob Mooij. There is a standing invitation for the members of the Management Board, the Group's and our Bank's heads of Compliance, Risk Management and Legal to participate in the Committee's meetings.

The Risk, Compliance and Legal Committee held four regular meetings in 2019. The regular meetings were attended by all members. All matters discussed in a meeting and which were relevant for the Supervisory Board were verbally reported in the next meeting of the Supervisory Board. In addition, the minutes of the meetings of the Risk, Compliance and Legal Committee were provided to the Supervisory Board. The committee also held one special meeting by conference call. Besides the committee members, meetings were attended by the Management Board and the heads of Risk Management, Compliance and Legal.

The Risk, Compliance and Legal Committee discussed among other things the quarterly risk and compliance reports, the annual plans of the risk and compliance departments as well as the complaints and litigation reports. In addition the relevant correspondence with the regulatory authorities and the legal and regulatory developments were reported and reviewed. In the special meeting, the committee reviewed and discussed the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Supervisory Board by supervising, advising and preparing the decision making of the Supervisory Board on the overall remuneration policy for our Bank as well as individual nominations, remuneration packages and evaluation for material risk takers.

The committee is currently composed of Micky Adriaansens (Chair), Dick Berlijn and Pieter Loyson.

The Remuneration and Nomination Committee held two meetings in 2019, which were attended by all members. All matters discussed in these meetings and which were relevant for the Supervisory Board were verbally reported in the next meeting of the Supervisory Board. In addition, the minutes of the meetings of the Remuneration and Nomination Committee are provided to the Supervisory Board. The Quintet Group head of HR, the company's head of HR have a standing invitation to attend the meetings of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee discussed among other things the status of our Bank's new remuneration policy and advised the Supervisory Board on the adoption of an interim remuneration policy and the remuneration policy for the Management Board. The committee devoted careful attention to the yearly appraisal and remuneration cycle and advised the Supervisory Board on specific topics related hereto.

Furthermore, the committee advised the Supervisory Board in respect of the profile and candidate for appointment in the Supervisory Board after the resignation of Peter Vandekerckhove .

Evaluation of the Supervisory Board and the Management Board
In November 2019, the Supervisory Board held an annual self-assessment -in the absence of the Management Board- to evaluate its performance on the basis of an extensive questionnaire which had been completed by all members. The Supervisory Board identified possible areas of improvement and was overall positive on its composition and functioning, its relationship with the Management Board and the functioning of the Supervisory Board subcommittees.

It is the policy that the evaluation of the Supervisory Board and Management Board is done under independent supervision once every three year.

Induction program and Education
The Supervisory Board has identified a number of topics eligible for the program of permanent education. In the off-site meeting held in November 2019, attention was paid to fiscal integrity.

New members of the Supervisory Board attend an extensive induction program during which the new members are informed on all relevant aspects of our Bank, while specific attention is paid to items that are important in the light of the responsibilities of the Supervisory Board in general and the specific member in particular.

Independence
All members of the Supervisory Board perform their duties independently and critically. The Supervisory Board confirms that five out of six members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code (2016).

Contacts with the Workers Council
In 2018, Quintet as shareholder appointed the Supervisory Board to attend meetings of the Workers Council and the Management Board twice per year. In 2019, two meetings of the Workers Council and the Management Board were attended by members of the Supervisory Board. In these meetings a broad range of topics were discussed including the main general and financial developments. In addition, the Workers Council was given the opportunity to recommend a candidate for appointment in the Supervisory Board after the resignation of Peter Vandekerckhove. The Workers Council did not make use of this right.

Annual accounts
The Supervisory Board has reviewed and approved the annual report 2019 and the 2019 financial statements. The 2019 financial statements have been audited by the independent external auditor, EY. EY's independent auditor's report can be found on page 138. The Supervisory Board is satisfied that the 2019 annual report and the 2019 financial statements comply with all relevant requirements and invites the Annual General Meeting to adopt the 2019 financial statements and to discharge the Management Board in respect of its conduct of the Bank's affairs and the Supervisory Board in respect of its supervision.

In conclusion

The Supervisory Board is grateful to all stakeholders for their loyalty and trust in the Bank. The Supervisory Board expresses its sincere gratitude and appreciation to the Management Board and all employees of the Bank for their continued efforts and commitment to the Bank.

Amsterdam, 30 March 2020.

Supervisory Board

Pieter Loyson (Chairman)
Micky Adriaansens
Dick Berlijn
Pieter van der Harst
Nicolas Harvey
Rob Mooij

Consolidated statement of financial position

At 31 December

	Notes	2019 €'000	2018 €'000
Assets			
Cash and balances with central banks	14	353,509	341,325
Loans and advances to credit institutions	15	827,532	1,050,679
Investments	17	281,607	325,406
Derivative financial instruments	11	3,226	106
Other current assets	21	21,346	20,699
Loans and advances to customers	16	861,957	692,206
Fair value changes of the hedge items	11	5,260	1,331
Investments in associates	18	170	1,231
Tangible fixed assets	20	15,702	5,593
Intangible assets	19	100,889	101,138
Deferred tax assets	13	1,674	2,627
Current income tax receivable		120	317
Total assets		**2,472,992**	**2,542,658**
Liabilities			
Derivative financial instruments	11	19,225	5,756
Amounts owed to credit institutions	22	12,902	4,726
Amounts owed to customers			
- Time deposits	23	221,827	244,751
- Other funds entrusted	23	1,927,614	2,006,406
Current income tax liabilities		181	3,933
Other liabilities	25	38,054	28,306
Provisions	24	4,229	935
Deferred income tax liabilities	13	891	901
Subordinated debt	26	7,033	7,000
Equity attributable to equity holders of parent		241,036	239,943
Total equity		**241,036**	**239,943**
Total equity and liabilities		**2,472,992**	**2,542,658**

The notes on pages 36 to 136 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

For the year ended 31 December

	Notes	2019 €'000	2018 €'000
Interest income calculated using the effective interest method		18,454	16,120
Other interest and similar income		245	27
Interest expense calculated using the effective interest method		(6,662)	(4,440)
Other interest and similar expense		(1,470)	(2,057)
Net interest income	5	**10,567**	**9,650**
Fee and commission income	6	78,450	76,574
Fee and commission expense	6	(7,171)	(7,688)
Gain / (loss) from financial instruments	7	7,010	8,265
Gain / (loss) on derecognised financial assets measured at amortised cost		342	(11)
Other operating income	8	8	540
Operating income		**89,206**	**87,329**
Personnel costs	9	(47,452)	(42,724)
Amortisation of intangible assets	19	(2,609)	(1,891)
Depreciation of property and equipment	20	(4,387)	(951)
Impairment charges on financial assets	14/15/16/17/24	(81)	371
Litigation provision	24	(3,000)	-
Other operating expenses	10	(25,574)	(28,548)
Hedge accounting	11	(1,426)	(362)
Operating profit		**4,677**	**13,225**
Share of results from associates	18	(23)	131
Profit before taxation from continuing operations		**4,654**	**13,356**
Taxation on operating result	13	(2,551)	(3,191)
Net profit for the year from continuing operations		**2,103**	**10,165**
Discontinued operations			
(Loss)/profit after taxation from discontinued operations	12	(1,498)	-
Net Profit/(loss) for the year		**605**	**10,165**
Attributable to equity holders of the parent:		605	10,165

The notes on pages 36 to 136 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2019 €'000	2018 €'000
Net (loss)/profit for the year		605	10,165
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) defined benefit obligations	24	(61)	(6)
25% tax on actuarial gains/(losses) defined benefit obligations		15	2
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Net gains/(losses) from changes in fair value of investments at fair value through other comprehensive income	17	581	(582)
25% tax on net gains / (losses) from changes in fair value		(145)	136
Recycling translation adjustment		-	(343)
Total comprehensive (expense)/income for the year		**995**	**9,372**
Total comprehensive income for the period attributable to owners arises from			
Continuing operations		2,493	9,372
Discontinued operations	12	(1,498)	
Total comprehensive (expense)/income for the year		**995**	**9,372**

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Notes	Shares	Share capital €'000	Share premium €'000	Re-valuation reserves €'000	Other reserves €'000	Undistributed result €'000	Total Equity €'000
At 1 January 2019		**43,151**	**1,079**	**177,254**	**149**	**51,296**	**10,165**	**239,943**
Effect of adoption of *IFRS 16 leases*		-	-	-	-	98	-	98
At 1 January 2019 (adjusted)		43,151	1,079	177,254	149	51,394	10,165	240,041
Net profit for the year from continuing operations		-	-	-	-	-	2,103	2,103
Net profit for the year from discontinued operations		-	-	-	-	-	(1,498)	(1,498)
Net gains/(losses) from changes in fair value, net of tax	17	-	-	-	436	-	-	436
Actuarial gains/(losses) defined benefit obligations	24	-	-	-	(46)	-	-	(46)
Translation adjustments		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	**390**	-	**605**	**995**
Result appropriation		-	-	-	-	10,165	(10,165)	-
At 31 December 2019		**43,151**	**1,079**	**177,254**	**539**	**61,559**	**605**	**241,036**

The authorised share capital amounts to € 3,000,000 (2018: €3,000,000), consisting of 120,000 shares (2018: 120,000 shares) with a nominal value of €25 (2018: €25). The issued and paid-up capital amounts to €1,078,775 (2018: €1,078,775) and consists of 43,151 shares (2018: 43,151 shares) with 1 voting right per share and a nominal value of €25 (2018: €25). The revaluation reserve is not free for distribution.

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Notes	Shares	Share capital €'000	Share premium €'000	Re-valuation reserves €'000	Other reserves €'000	Undistributed result €'000	Total Equity €'000
At 1 January 2018		43,151	1,079	177,254	2,170	46,015	5,356	231,874
Impact of adopting IFRS 9	2.1	-	-	-	(1,571)	268	-	(1,303)
Restated opening balance under IFRS 9		43,151	1,079	177,254	599	46,283	5,356	230,571
Net profit for the year		-	-	-	-	-	9,822	9,822
Net gains/(losses) from changes in fair value, net of tax	17	-	-	-	(446)	-	-	(446)
Actuarial gains/(losses) defined benefit obligations	24	-	-	-	(4)	-	-	(4)
Recycling translation adjustment		-	-	-	-	(343)	343	-
Translation adjustments		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	**(450)**	**(343)**	**10,165**	**9,372**
Result appropriation		-	-	-	-	5,356	(5,356)	-
At 31 December 2018		43,151	1,079	177,254	149	51,296	10,165	239,943

The notes on pages 36 to 136 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

For the year ended 31 December

	Notes	2019 €'000	2018 €'000
Cash flows from operating activities			
Net (loss)/profit for the year		605	10,165
Adjustment for:			
Taxation	13	1,077	3,191
Depreciation of property and equipment	20	4,388	951
Amortisation of intangible assets	19	2,609	1,891
Income from associates	18	23	(131)
Impairment charges on financial assets	14/15/16/17/24	236	(371)
Litigation provision	24	3,000	-
Provision defined benefit obligation	24	-	123
Hedge accounting	11	1,426	362
Recycling translation reserve		-	(343)
Net cash inflow / (outflow) from operating activities before changes in operating assets and liabilities		13,364	15,838
Net changes in operating assets:			
Other movements		(77)	(201)
Loans and advances to credit institutions	15	223,140	(201,418)
Loans and advances to customers	16	(170,112)	24,837
Derivative instruments	11	(3,120)	727
Other assets		(648)	2,315
Net changes in operating liabilities:			
Amounts owed to credit institutions	22	8,176	(19,988)
Amounts owed to customers	23	(101,716)	435,845
Derivative instruments	11	8,214	1,250
Other liabilities	25	2,471	(13,502)
Net cash inflow / (outflow) from operating activities before payment of taxation		(20,308)	245,703
Taxation (paid) / received	13	(3,950)	2
Net cash inflow from operating activities after payment of taxation		(24,258)	245,705
Cash flows from investing activities			
Dividend received from associates		1,028	-
Investment in business combinations	19	-	8,401
Purchase of investments	17	(183,810)	(244,678)
Proceeds from sale and redemption of investment securities	17	228,170	241,529
Purchase of intangible assets	19	(2,361)	(700)
Purchase of tangible fixed assets	20	(3,195)	(2,134)
Proceeds on tangible fixed assets	20	37	212
Net cash inflow / (outflow) from investing activities		39,870	2,630

	2019 €'000	2018 €'000
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(3,428)	-
Net cash inflow / (outflow) from financing activities	(3,428)	-
Net increase / (decrease) in cash and cash equivalents	12,184	248,335
Cash and cash equivalents at beginning of year	341,325	92,856
Net increase / (decrease) in cash and cash equivalents	12,184	248,335
Exchange differences	-	134
Cash and cash equivalents at end of year	353,509	341,325
Cash flows from operating activities include:		
Interest received	21,612	18,556
Interest paid	(9,957)	(8,291)

Included in the loans and advances to credit institutions is the not free disposable part at the Dutch Central Bank of €25,529 thousand (2018: € 20,990 thousand).
Included in other operating expenses are the low value assets and the short term lease of €239 thousand.

The notes on pages 36 to 136 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. General

InsingerGilissen Bankiers N.V. (“the Company”) is a public company with limited liability incorporated in the Netherlands. The address of its registered office and principal place of business is disclosed on page 2. Its registration number of the Chamber of Commerce is 33004218, seated in Amsterdam. Together with its subsidiaries, InsingerGilissen Bankiers N.V. (“the Group”) operates in the field of wealth management to high net worth individuals, institutional clients, intermediaries, funds and foundations.

As at 31 December 2016, Quintet Private Bank (Europe) S.A.. acquired all the shares in Bank Insinger de Beaufort N.V. As per 1 October 2017 Bank Insinger de Beaufort N.V. (“IdB”) merged with Theodoor Gilissen Bankiers N.V. (“TGB”) and was subsequently renamed as InsingerGilissen Bankiers N.V. The Company’s consolidated accounts are ultimately consolidated in the Pioneer Holding S.A.’s consolidated accounts. The registered office of Pioneer Holding S.A. is located at 15, boulevard Roosevelt, L- 2450 Luxembourg

Quintet Private Bank (Europe) S.A. has issued a joint and several liability statement under section 2:403 of the Dutch Civil Code.

The Financial Statements were prepared by the Management Board and authorised for issue by the Supervisory Board and Management Board on 30 March 2020. The shareholders have the power to amend the consolidated financial statements after issue.

2. Summary of significant accounting policies

2.1 General

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the European Union (together EU-IFRS) and issued and effective for annual reports beginning 1 January 2019.

During the current year the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on or after 1 January 2019 in accordance with European Union Commission Regulation:

Changes in accounting policies

New EU-endorsed standards became effective as at 1 January 2019. The following standards were adopted:

- IFRS 16 - Leases;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Annual Improvements 2015 - 2017 Cycles: IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.

IFRS 16 - Leases

IFRS 16 'Leases' was issued by the IASB in January 2016 and endorsed by the EU in October 2017. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. InsingerGilissen has adopted IFRS 16 using the modified retrospective approach from 1 January 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the Standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position on 1 January 2019 as part of "Other Reserves." The impact of the application of IFRS 16 on prior periods amounted to €98 thousand.

Impact of adoption: Transition

For lessee accounting, the new Standard removes the distinction between operating and finance leases. All leases are recognized on the statement of financial position with exemptions for short-term leases with a lease term of less than 12 months and leases of low-value assets (for example mobile phones or laptops).

There is no significant impact of the adoption of IFRS 16 on InsingerGilissen's Net Result, Comprehensive income and Shareholders' equity on transition. This follows InsingerGilissen's implementation decision where the value of the right-of-use asset is based on the value of the lease liability, adjusted for any previously recognized prepaid and/or accrued lease payments on that lease contract, as is permitted under the Standard.

On transition to IFRS 16, InsingerGilissen recognised lease liabilities of EUR10.7 million and right-of-use assets of EUR10.2 million.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 0.53%. Actual rates used in the measurement of lease liabilities ranged from 0.06% to 1.02% based on the type of asset and lease term.

The following table reconciles the future rental commitments for operating lease contracts under IAS 17 to the lease liability under IFRS 16 on transition to IFRS 16 as of 1 January 2019:

	Amount €'000
Total value of future operating lease commitments: IAS 17 at 31/12/2018	11,170
(Less) impact of discounting using incremental borrowing rate at 01/01/2019	(179)
(Less) parking fees classified as short-term lease	(236)
Lease liability recognized under IFRS 16 at 01 January 2019	10,755

In applying IFRS 16 for the first time, InsingerGilissen has used the following practical expedients permitted by the Standard:

- Reliance on previous assessments whether a contract is, or contains a lease at the date of initial application;
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The exclusion of leases of low value assets and assets held under short-term leases in the measurement of lease liabilities and right of use assets. These costs are reported as expenses when incurred.

Application of IFRS 16 from 1 January 2019:
A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a corresponding liability representing its obligation to make lease payments at the date at which the leased asset is available for use by InsingerGilissen. Each lease payment is allocated between the liability and finance cost. The finance costs are charged to profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. This rate is approximated by using the borrowing rate from Quintet Private Bank applicable to the lease term. Interest expense relating to lease liabilities is included in the amount of disclosed in Note 5 as *Other interest and similar expense.*

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT-equipment (for example mobile phones or laptops) and small items of office furniture. Such items are included in the amount disclosed in Note 10: *Other operating expenses* under *Communication expenses.*

The right-of-use assets are included in the statement of financial position line-item 'Property and equipment', the lease liability is included in the statement of financial position line-item 'Other liabilities'. `

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 was issued by the IASB in June 2017 and endorsed by the EU in October 2018. IFRIC 23 Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. For InsingerGilissen there is no impact because InsingerGilissen has no material uncertain tax treatments

Amendments to IFRS 9 Financial Instruments

The IASB issued amendments to IFRS 9, Prepayment Features with Negative Compensation, which became effective on 1 January 2019. These amendments allow instruments with symmetric prepayment options to be measured at amortised cost or at fair value through other comprehensive income. Since InsingerGilissen does not have financial instruments with these features, these amendments have no impact on the financial statements.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

The IASB issued amendments to IAS 19 to clarify the effect of a defined benefit plan amendment, curtailment or settlement. The amendments became effective on 1 January 2019. Since InsingerGilissen's pension plans are almost exclusively defined contribution plans, and defined benefit plans are also no longer offered as part of the Collective Labour Agreement, the amendments do not have a material impact on the financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures

In October 2017, the IASB issued amendments to IAS 28 that became effective on 1 January 2019. The amendments state that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied. The implementation of these amendments has no impact on InsingerGilissen.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements to IFRS Standards. These are required to be applied for reporting periods beginning on or after 1 January 2019. This cycle of annual improvements comprises amendments to IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. The amendment to IAS 12 Income Taxes addresses the tax treatment of dividends on equity instruments. The implementations of these amendments have no impact on InsingerGilissen.

The amendments to IFRS 11 Joint Arrangements and IAS 23 Borrowing Costs do not have a significant impact on the financial statements.

New standards, amendments and interpretations not yet effective

The following standards and amendments have been issued by the IASB and endorsed for use in the EU, but are not yet effective.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material

The amended definition of material clarify that the materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions.

The amendments clarify that the assessment of materiality will depend on the nature or magnitude of information. The amendments also clarify that, in assessing whether an information could reasonably be expected to influence decisions of the primary users, an entity must consider the characteristics of those users as well as its own circumstances.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 to address the issues affecting financial reporting in the period before the IBOR reform (also referred to as the pre-replacement phase). The amendments allow a company to apply certain exceptions to all hedging relationships directly affected by the IBOR reform. Applying the relief prevents the disruption of hedging relationships as a result of uncertainty caused by the IBOR reform. The effective date of the amendments is 1 January 2020, with the option of early adoption. InsingerGilissen has decided not to adopt the amendments early, but instead to apply them from 1 January 2020. InsingerGilissen does not expect adoption of the amendments to have a material impact on profit or loss or the statement of financial position. This is because applying the relief during the pre-replacement phase prevents the discontinuation of hedging relationships.

New standards, amendments and interpretations not yet endorsed

The following new or revised standards and amendments have been issued by the IASB, but have not yet been endorsed by the EU and are therefore not open for early adoption. Only the amendments to IFRS that are relevant for InsingerGilissen are discussed below.

Amendments to IFRS 3 Business Combinations – Definition of a business
The narrow-scope amendments clarify how to determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted. These amendments will apply only to any future business combinations of the Group.

IFRS 17 Insurance contracts
IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, will replace IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group expect this standard will have no impact on its consolidated financial statements.

Revised Conceptual Framework for Financial Reporting (Amendments to IAS 1)
In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting. The Conceptual Framework provides guidance for developing consistent accounting policies

and assistance with understanding the standards. The changes in the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The revised Conceptual Framework is effective from 1 January 2020. Of the amendments to IAS 1, the classification of current or non-current liabilities has not yet been endorsed. The adoption of the endorsed amendments is not expected to have a material impact on the financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments, which will become effective for reporting periods starting on or after 1 January 2020, revise the definition of material and align the definition across other IFRS publications such as IFRS Standards and IFRIC Interpretations. InsingerGilissen does not expect the adoption of the amendments to have a significant impact on the financial statements.

2.2 Accounting convention

The Financial Statements are prepared on the historical cost basis except certain items carried at Fair Value as discussed below with IFRS 9, classification and measurement.

2.3 Principles of consolidation

The Consolidated Financial Statements comprise InsingerGilissen Bankiers N.V. and the entities over which it has the control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The accounting period and policies of subsidiaries are consistent with those of the Group. All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

The list of significant subsidiaries and Group companies is disclosed in note 7 “Investments in subsidiaries and receivables from Group companies” in the Company financial statements.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. Refer to accounting policy note 2.5(a) for the Group’s accounting policy for goodwill.

2.4 Revenue recognition

Interest income or expense on financial instruments that are measured at amortised cost and fair value through comprehensive income is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Negative effective interest accruing to financial assets is presented in interest payable.

Interest calculated using the effective interest rate method relates to instruments measured at amortised cost.; the interest on debt instruments classified as fair value through OCI; and the effective part of any related accounting hedging instruments. Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value.

Interest revenue calculated using the effective interest method for financial instruments measured at amortised costs must be separately presented as a component of revenue on the face of the balance sheet. Similar presentation has been applied to interest expense. Other interest income and other interest expense includes the interest revenue on all other financial instruments.

The Company applies IFRS 15 when recognising revenue from contracts with customers, all of which is included in net fee and commission income. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which the bank expects to be entitled in exchange for transferring promised services to customers. Revenue is measured at the fair value of the consideration received, taking into account discounts and rebates. Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as each service is performed. The price is usually fixed and always determinable. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Performance linked fees or fee components are recognised when the performance criteria are fulfilled at a point in time. Furthermore, commission received, commission paid and settlement expenses are recognised at a point in time and all other fees as disclosed in note 6 are recognised over time on an ongoing basis.

2.5 Intangible assets

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses, application software, brand name and customer contracts. Intangible assets other than those that are acquired in a business combination are initially recognised at cost. The Group applies the cost model for measurement after recognition. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition.

Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic lives in a manner that reflects the pattern to which they contribute to future cash flows. Such intangible assets are carried at cost less accumulated amortisation and accumulated impairment. Intangible assets that are subject to amortisation are reviewed for impairment at least once per financial year or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with an indefinite useful life are (for example, goodwill or intangible assets not yet ready for use) are not subject to amortisation. These assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

a) Goodwill
Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the non-controlling interest recognised over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition. If this is less than the fair value of the net assets of the acquiree, the difference is recognised directly in profit or loss.

Goodwill is allocated to cash-generating units for the purpose of impairment testing which are Private Banking, External Asset management Services and (Institutional) Asset Management. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified in accordance with IAS 36.

Goodwill on acquisitions of subsidiaries is included in intangible assets and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually by comparing the recoverable amount of a cash-generating unit with the carrying value of its net assets, including attributable goodwill. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Cash flow projections are based on a five year forecast. Management is of the opinion that the wealth management business creates a certain stable revenue stream which makes it possible to forecast over the five year period.

b) Computer software licenses
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has a maximum expected useful life of 5 years.

c) Other intangible assets
Other intangible assets consist of application software, brand name and customer contracts. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method.

2.6 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and the Group's presentation currency.

Assets and liabilities of foreign Group companies are translated into euros at year-end exchange rates and the income and expenditure of foreign subsidiaries are translated at the average rate of exchange for the year. The resulting translation gains and losses are recognised in the translation reserve in other comprehensive income.

Transactions arising in foreign currencies are translated into the functional currency at the spot exchange of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling on balance sheet date. Resulting gains or losses are recognised in the statement of profit or loss.

When a foreign subsidiary is sold, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

2.7 Financial assets

Classification and measurement

Financial assets are classified and measured in accordance with IFRS 9. Debt instruments are measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or at amortised cost, depending on the business model of the assets, and the nature of the contractual cash flows.

The business model assessments of investments in debt securities are performed at a portfolio level, because this best reflects the way that business is managed and information provided to Management. We considered various points of information for each portfolio such as: the stated objectives and policies for the portfolio, expectations about future sales activity, basis for management decision making, risk parameters under which the portfolios are managed to meet their objectives, performance evaluation, and reporting to Management.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Financial assets are classified at initial recognition, when the entity becomes party to the contractual provisions of the instrument.

A summary of the classification and measurement of financial assets under IFRS 9 is presented in the table below:

	31 December 2019			
(amounts in € 000's)	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Assets				
Cash and balances with central banks	353,509	-	-	353,509
Loans and advances with credit institutions [A]	827,532	-	-	827,532
Loans and advances to customers [A]	861,957	-	-	861,957
Investments [B], [C], [D]	184,540	1,175	95,892	281,607
Derivative financial instruments [D]	-	3,226	-	3,226
Total financial assets	2,227,538	4,401	95,892	2,327,831

[A] Loans and advances measured at amortized cost:
The Loans and advances are composed of mortgage, term loans and current accounts granted to counterparty other than credit institutions and deposits to credit institutions.

The interest of these instruments represent consideration for credit risk and time value of money on the principal, meeting the Solely Payment of Principal and Interest (SPPI test) and held under a business model to collect contractual cash flows (Hold To Collect). As a result, these instruments were classified as Financial assets at amortised costs from the date of initial application.

[B] *Investments at amortized cost*
The assessment of business model of debt instruments was performed at portfolio level because this best reflects the way that business is managed and information provided to Management. We consider various information for each portfolio such as: the stated objectives and policies for the portfolio, the expectations about future sales activity, the basis for management decision making, the risk parameters under which the portfolios are managed to meet their objectives, the performance evaluation and reporting to Management.

Upon assessing the business model of ALM portfolios, the Group has identified portfolios to collect contractual cash flows (Hold To Collect).

In application of investment policy guidelines, ALM portfolios are composed of basic debt securities meeting the SPPI tests and therefore these portfolios were reclassified at amortised cost from the date of initial application.

[C] *Investments at fair value through other comprehensive income*
Financial assets held as part of the Hold To Collect and Sell business model that meet the SPPI criteria are measured at fair value through other comprehensive income. Financial assets in this category are subsequently measured at fair value less any impairment losses. Unrealised gains and losses resulting from fair value adjustments are recognised in total comprehensive income. Fair value changes of equity investments are recognised in OCI.

[D] *Investments at fair value through profit or loss*
Fair value changes of equity investments and derivatives are recognised in profit or loss.

Impairment
Impairment losses are measured using with the expected credit loss (ECL) model in accordance with IFRS 9.

The impairment model applies to all financial assets not measured at fair value through profit and loss, including loan commitments and financial guarantees given.

Credit risk assessment
Credit loss allowances are measured at the reporting date according to a three-stage expected credit loss model:

- Stage 1: Financial assets for which credit risk has not significantly increased since origination. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date.
- Stage 2: Financial assets for which credit risk has significantly increased since origination, relative to the credit risk level at origination. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the remaining lifetime of the instrument after the reporting date.
- Stage 3: Financial assets which are credit-impaired. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the remaining lifetime of the instrument following the reporting date. Interest revenue is calculated based on the carrying amount of the asset, net of the allowance, rather than on its gross carrying amount.

To assess whether the credit risk of a financial instrument has increased significantly, a combination of quantitative and qualitative factors are considered. These include the analysis of the term structure of the probability of default as well as watch list surveillance based on reasonable and supportable information. The latter embeds IFRS 9 backstop rules of 30 (90) days past due for stage 1 to 2 (2 to 3) transitions. Lifetime probabilities of default exceeding 3% require classification to stage 2 and greater than 35% to stage 3.
The credit risk assessment is symmetrical in nature, allowing financial assets to move back to stage 1 if the variation of credit risk is no longer considered a significant increase or if the financial assets have been forborne (to be assessed case by case).

Change in status between impairment stages
Changes in impairment stages will occur when the criteria for the original stage classification are no longer met. There is a probation period of at least 12 months when transferring from stage 3 to stage 2, or from stage 2 to stage 1

Expected credit loss model
ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. Three quantities mainly drive this measure of loss: (i) the instrument's probability of default, (ii) the loss given default (LGD), and (iii) the exposure at default (EaD). IFRS 9 requires the estimate of ECLs to reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

Modifications
If an existing financial asset is replaced by another from the same counterparty on substantially different terms, or the terms of an existing asset are substantially modified, such an exchange or modification is treated as a derecognition of the original asset and the recognition of a new asset, and the difference in the respective carrying amount is recognised in the net interest note of the statement of profit or loss. InsingerGilissen determines whether a modification is substantial or not using qualitative and quantitative factors.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

No modifications occurred during the 2019 financial year.

Derecognition
A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. This can also occur when the financial asset has been transferred and the transfer qualifies for derecognition.

Transfers occur only if, either contractual rights to receive cash flows from the asset have been transferred to a third party, or rights of receipt of cash flows are retained and the bank has assumed the obligation to pay all cash flows from the asset to a third party.

Transfers result in derecognition if either substantially all risks and rewards of the asset are transferred or control of the asset has been transferred. Control has been transferred if the third party has the practical ability to unilaterally sell the asset without restrictions on the transfer.

If an existing financial asset is replaced by another from the same lender on substantially different terms, or the terms of an existing asset are substantially modified, such an exchange or modification is treated as a derecognition of the original asset and the recognition of a new asset, and the difference in the respective carrying amount is recognised in the statement of profit or loss.

2.8 Financial liabilities

Financial liabilities are classified at initial recognition, when the entity becomes party to the contractual provisions of the instrument.

Derivative financial instruments are measured at FVTPL and all other financial liabilities are measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of profit or loss. InsingerGilissen considers quantitative and qualitative factors to determine whether or not a substantial modification has occurred.

	31 December 2019		
(amounts in € 000's)	Amortized cost	Fair value through profit or loss	Total
Liabilities			
Derivative financial instruments	-	19,225	19,225
Amounts owed to credit institutions	12,902	-	12,902
Amounts owed to customers	2,149,441	-	2,149,441
Subordinated debt	7,033	-	7,033
Total financial liabilities	2,169,376	19,225	2,188,601

2.9 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10 Tangible assets

The measurement principles for tangible assets are as follows:

Right of use assets
Due to the application of IFRS 16, two new asset classes have arisen, namely Lease Cars and Office premises. These are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and restoration costs.

Both asset classes are depreciated over the lower of the lease term and expected useful lives, based on the characteristics of the individual assets. For Lease Cars, a range of 1 to 4 years has been determined to be appropriate.
In respect of office premises, a range of 3 to 7 years has been determined to be appropriate.

Refer to transitional disclosures in section 2.1 for additional information.

Leasehold improvements
Leasehold improvements are shown at cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values. The following useful lives are applicable:

Leasehold improvements 3-7 years (excluding residual value).

Other tangible fixed assets
Other tangible fixed assets are shown at cost net of accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets taking into account estimated residual values. The following useful lives have been applied in calculating depreciation:
Furniture and fixtures 4 – 10 years.
Computer equipment 3 – 5 years.

Software used in the production process is considered to be an integral part of the related hardware and is capitalised under tangible assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2.11 Interest in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Generally this represents a shareholding of between 20% and 50% of the voting rights. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are initially recognised at cost. Cumulative post-acquisition changes in the Group's share of the net assets of associates, less any impairment in the value of individual investments, are adjusted against the carrying amount of investment in associates. The Group's investment in associates includes goodwill identified on acquisition.

2.12 Income taxation

Income tax is recognised on the Consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related taxes are also recognised in other comprehensive income or directly in equity, respectively.

2.13 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The tax effects of income tax losses available for carry forward are only recognised as an asset when it is probable that future taxable profits will be available to compensate for those losses.

2.14 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.15 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can been reliably estimated.

Included under provisions are the loss allowances for expected credit losses (ECL) on financial guarantees and loan commitments.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless the likelihood of an obligation arising is remote.

2.16 Shareholder's equity

a) Share capital: consists of the par value of paid up shares.
b) Share premium: consists of the payment for shares in excess of par value.
c) Revaluation reserve: represents unrealised differences, net of deferred taxation, on the revaluation of fair value through other comprehensive income.
d) Translation reserves: reference is made to note 2.6 foreign currency translation.
e) Other reserves: comprise retained earnings.
f) Dividends: dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the note regarding post balance sheet date events.

2.17 Derivative and hedging

Derivatives are instruments that derive their value from changes in underlying interest rates, foreign exchange rates, credit spreads, commodity prices, equities, or other financial or non-financial measures. Such instruments include interest rate, foreign exchange, equity, commodity, and credit derivative contracts. The Bank uses these instruments for trading and non-trading purposes. Derivatives are measured at fair value through profit and loss.. Refer to note 4.4.2 in the interest rate risk disclosure for the risk management strategy and monitoring.

Hedge Accounting

As another accounting policy choice, the Group has also elected under IFRS 9 to continue to apply the hedge accounting requirements as per IAS 39 under the EU carve-out, as explicitly permitted by IFRS 9. Amongst others the EU carve out enables a group of derivatives (or proportions thereof) to be viewed in combination and jointly designated as the hedging instrument in the bank's macro fair value hedging model and removes some of the limitations in macro fair value hedge accounting with respect to under-hedging strategies. In addition, some restrictions on under-hedging strategies for fair value macro hedge accounting do not apply.

At the inception of a hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, its risk management objective, and its strategy for undertaking the hedge. The Bank also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. In order to be considered effective, the hedging instrument and the hedged item must be highly and inversely correlated such that the changes in the fair value of the hedging instrument will substantially offset the effects of the hedged exposure to the Bank throughout the term of the hedging relationship.

Fair Value Hedge accounting
The Bank's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recognised in Hedge accounting on the Consolidated statement of profit or loss, along with changes in the fair value of the assets, liabilities, or group thereof that are attributable to the hedged risk. Any change in fair value relating to the ineffective portion of the hedging relationship is recognised immediately in Hedge accounting. The cumulative adjustment to the carrying amount of the hedged item (the basis adjustment) is amortised to the Consolidated statement of profit or loss in hedge accounting based on a recalculated EIR over the remaining expected life of the hedged item. A hedge relationship ends if a hedging instrument is sold, expires or is exercised, or if the hedging transaction no longer meets the criteria for hedge accounting, with the remaining value adjustment of the hedged item amortised through profit or loss until the end of its term. Where the hedged item has been derecognised, the basis adjustment is immediately released to Hedge accounting on the Consolidated statement of profit or loss.

Economic hedges

Changes in the fair value of certain derivative instruments that are held for economic hedging purposes, and do not meet the hedge accounting requirements of IAS 39, are recognised through profit or loss. Refer to note 7, gain/(loss) from financial instruments.

2.18 Employee benefits

The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid. The contributions are recognised as personnel costs when they are due.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

For the defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
b) Net interest expense or income.
c) Actuarial gains/(losses).

The Group presents the first two components of defined benefit costs in profit or loss in the line item Personnel costs. Curtailments arise where the Group amends a defined benefit pension scheme's term such that a material element of future service by current employees will qualify for no or significantly reduced benefits.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

2.19 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement consist of cash, and deposits at the Dutch Central Bank. The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investment and financing activities.

2.20 Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets or income of the Group.

2.21 Bank guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of debt instruments. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities. The bank offers guarantees on behalf of clients only if the pledged portfolio of the clients provide sufficient coverage and liquidity to cover the guarantee, in line with the credit policies on loans and advances. Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given.. For financial guarantee contracts the subsequent measurement is at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the amount of ECL. Any increase in the liability, including ECL relating to financial guarantees is recorded in the income statement in credit loss expense. The premium received is recognised in the income statement in net fees and commission income on a straight line basis over the life of the guarantee. All guarantees are agreed on arms' length terms, collateralized and mainly short term.

3. Critical accounting estimates and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The main items subject to accounting estimates where changes in the underlying assumptions may impact the financial statements are the following:

a) Expected credit losses on financial assets
The Group reviews its loan portfolio as well as all other financial assets to assess expected credit losses on a quarterly basis, see the impairment section of IFRS 9 note 2.7.

b) Litigation
From time to time the Group is involved in claims and litigations. Management makes estimates as to whether provisions are needed on a case-by-case basis. Litigation provisions are monitored by management on a periodic basis. The amount recognised as a provision for litigation and claims represents the best estimate of the expenditure required to settle at the balance sheet date. Management implemented internal processes, controls and procedures in order to make the best estimate of provision for litigation and claims on an individual (case-by-case) basis. The process involves the Legal department and assessment performed by external legal experts.

c) Goodwill impairment
The goodwill recorded relates to the Dutch-based activities. The Group tests at least on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.5. These calculations require the use of estimates. Refer to note for more information about estimates used as well as the sensitivity of the impairment testing to the estimates.

d) Deferred tax asset
Deferred tax assets arise mainly from tax losses that can be carried forward to be utilised against profits in future years. The level of deferred tax asset recognition is influenced by management's assessment of future profitability. At each balance sheet date, existing assessments are reviewed and, if necessary, revised to reflect changed circumstances. At 31 December 2019, recognised deferred tax assets amounted to € 1,674 thousand (2018: €2,627 thousand).

e) Pension benefits
The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 24.

f) Unconsolidated structured entities
A structured entity is an entity for which voting rights are not the dominant factor in deciding control. Structured entities have restricted activities and are generally designed to achieve a narrow and well-defined objective. An interest in a structured entity is any form of contractual or non-contractual involvement with variable returns arising from the performance of the entity for the Group.

The Group has assessed that the investment funds it manages are structured entities. The Group does not control the investment funds therefore they are unconsolidated. Refer to note 27 for detailed disclosures.

4. Financial risk management

4.1 General
The risk management process of the Group is fostered through a formal substructure in which executive management is made responsible for ensuring that risks and controls are addressed in each of their operations. Our risk management department provides them with support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the Group.

Specific expertise is provided by our Group Risk Committee, Compliance Department and the Asset & Liability Committee which support executive management with managing integrity and credit risks, compliance risks, and market and liquidity risks respectively.

Overlaying this process, our internal audit department independently monitors the ongoing adequacy and execution of this structure. They report their findings to responsible management and directly to the Audit Committee, which oversees our risk management and control systems on behalf of the Supervisory Board.

Our policy on risk tolerance is based on an ongoing assessment of the environment that emphasises high liquidity, limited credit and foreign currency risk exposures and a healthy capital base.

Pillar 3 sets out requirements for disclosure of information about the institution's risk profile to external stakeholders. Our website has Pillar 3 information (unaudited).

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, attract subordinated debt or sell assets to pay debt.

The Group monitors its capital on the basis of its solvency ratio. The solvency ratio as per 31 December 2019 was 31,0% (2018: 35,8%) of which Tier 1 capital ratio was 29,5% (2018: 33,9%).

The calculations are based on the Basel III standardised approach and the CRR/CRDIV framework.

	2019 €'000	2018 €'000
Tier 1 capital	140,423	127,793
Tier 2 capital	7,000	7,000
Total capital	**147,423**	**134,793**

The Tier 1 capital is calculated as follows:

	2019 €'000	2018 €'000
Consolidated equity	241,036	239,943
Adjustments to Tier 1 capital	-	-
Less intangible assets:		
- Goodwill	(78,649)	(78,649)
- brand name	(400)	(500)
- customer relationships	(18,306)	(20,170)
- software	(3,533)	(1,819)
- related deferred tax liability	993	1,097
Less Deferred tax assets (100% vs 80%)	-	(1,943)
Value adjustments due to the requirements for prudent valuation	(114)	-
Less net profit for the year	(605)	(10,165)
Tier 1 capital	**140,423**	**127,793**

Basel III and the Capital Requirements Regulation (CRR) provide for a transitional period allowing for a phasing in of the deduction of deferred tax assets. A full deduction has been required from 2019 onwards (2018 at least 80%).

The risk appetite for solvency is to have a strong solvency position that exceeds the level required for realising our strategy. The tolerance level is set at 0,5% in excess of the Regulatory Overall Capital Ratio which is aligned with Quintet Private Bank (Europe) S.A. We aspire to have a strong liquidity position that exceeds the level required for our business operations, ensuring that payment obligations can be met on time. Solvency and Liquidity are evaluated (at least) annually in the Internal Capital/Liquidity Adequacy Assessment Process. Our reported regulatory ratios show a very strong solvency and liquidity position, far exceeding regulatory minimum levels. As a 100% shareholder, Quintet Private Bank (Europe) S.A. guarantees our commitments entered into under a 403 statement. The Quintet Private Bank (Europe) S.A. solvency ratio was 16% at 30 June 2019. Fitch Ratings has been assessing Quintet Private Bank (Europe) S.A. since July 2018 the credit status BBB +.

The Company reviews annually stress tests and scenarios amongst others by taking in consideration the EBA macro-economic scenario. Scenarios take for instance into consideration uncertainties from the integration, technological developments, political instability in Europe and cash withdrawals. The stress scenarios fulfil several purposes, including capital requirements, liquidity and deferred tax asset and are aligned with those applied at Quintet Private Bank (Europe) S.A. level. The scenarios were tested against our business model and it was concluded that in the event the stress scenarios were to materialise, our capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements). A reverse stress test has shown that a cash buffer would still be available in the event of a maximum expected deposit outflow. A Liquidity Support Agreement with Quintet Private Bank (Europe) S.A. is in place as contingent facility. The outcome of the Quintet Private Bank (Europe) S.A. stress tests indicate that capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements).

Tier 2 capital consists of eligible subordinated debt. The Group's internal minimum solvency ratio as at 31 December 2019 was 15,40% (2018: 12,25%), taking into account the joint and several liability statement under section 2:403 of the Dutch Civil Code. As at 31 December 2019 the total risk-weighted capital requirement was €38,080 thousand (2018: €30,123 thousand).

	2019 Exposure amount €'000	2019 Capital requirement €'000	2018 Exposure amount €'000	2018 Capital requirement €'000
Credit Risk	345,123	27,610	240,153	19,212
Market Risk	1,776	142	2,471	198
Operational Risk	129,100	10,328	133,911	10,713
Total	**475,999**	**38,080**	**376,535**	**30,123**

4.3 Credit risk

Credit risk is the risk of a counterparty and/or issuing institution that is involved in the trade or issue of a financial instrument defaulting on an obligation and thus harming the group financially. Credit risk within the group is broken down into risks on investments and cash, mortgage receivables, collateralised loans, margin, and counterparty risk.

The Bank applies the low credit risk assumption to cash and balances with central banks, loans and advances to credit institutions and investments. The maximum exposure of credit risk for the Group is €2,340 million (2018: €2,431 million).

4.3.1 Credit impaired assets

Definition of default

The Bank aligned its definition of default and credit impairment with the relevant regulatory requirements, some internal default definitions have been adapted to the specificities of the following counterparty types, notably:

- *Investment portfolio*
  After 10 days past due the expected payment (interest and/or capital), Group Credit Risk Committee of Quintet, based on market and other information available on the bond and the issuer, recommends the classification as defaulted (with 30 days past due as backstop).

- *Loans and advances to credit institutions*
  After 10 days past due the expected payment (interest and/or capital), Group Credit Risk Committee of Quintet, based on market and other information available on the bond and the issuer, recommends the classification as defaulted (with 30 days past due as backstop).

- *Loans and advances to customers*
  A default with regard to an obligor shall be considered to have occurred when:
  - there is an exposure for which the obligor is considered unlikely to pay its credit obligations at any level of the Group without realizing its security, or;
  - there is a material exposure where the obligor is past due more than 90 days on any material credit obligation to the Group (the notion of unlikeliness to pay, as per article 178.3 of CRR).

For credit facilities, all exposures of an obligor in default may be treated individually; that is, contagion does not necessarily apply to all the obligor's exposures.

Change in status between impairment stages
Changes in impairment stages will occur when the criteria for the original stage classification are no longer met. There is a probation period of at least 12 months when transferring from stage 3 to stage 2, or from stage 2 to stage 1

Forborne exposures
All loans regarded as forborne are included in stage 3.

Forborne exposures are situations in which the borrower is unable to meet its contractual obligations vis-à-vis the bank and the bank then decides to make a concession to the client by modifying the terms and conditions of the loan agreement. The objective of this modification is to enable the borrower to meet the renewed obligations, and it would not have been offered if those circumstances had not arisen.

Forbearance actions may include one or more of the following measures:
- Amendment of the original terms and conditions of the loan agreement with which the client is unable to comply due to financial difficulties, with a view to restoring the client's payment capacity;
- Full or partial refinancing of a forborne exposure.

Significant Increase in Credit Risk

For the IFRS9 assessment, two main directions are followed.

- For interbank and debt issuing counterparties, the low credit risk exemption is followed.
- For the remaining counterparties (the customer base), the assessment is based on the continuous monitoring of the loan book by the Credit Risk Control function and the concept of watch list. In addition, the following indicators are considered:

Qualitative and quantitative indicators	Loans Household
Relative change in probability of default	N
Changes in external credit rating	N
Practical expedient – 30 days past due rebuttable presumption	B
Number of days past due – other than 30 days	B
Modification or forbearance	S
Watch list	P
Practical expedient – low credit risk exemption	P

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

Write-off policy

A loan is written off against the related allowance for loan losses when there is no realistic prospect of recovery. Loans are generally written off when all reasonable collection efforts have been exhausted, such as when a loan is sold, when all security has been realised, or when all security has been resolved with the receiver or bankruptcy court. This is assessed on case by case basis. Real-estate secured retail loans are generally written off when the security is realised

4.3.2 Portfolio overview

The table below provides a breakdown of the market value of collateral:

2019 (amounts in € 000's)	Max Exposure to Credit Risk	Securities	3rd party / government guarantees	Property (Initial value)	Surplus collateral*	Total collateral
Assets						
Cash and balances with central banks	353,509	-	-	-	-	-
Financial assets at amortised cost						
- Investment securities	184,540	-	-	-	-	-
- Loans and advances to credit institutions	827,532	596,894	-	-	-	596,894
- Loans and advances to customers	861,957	362,226	500	1,121,983	(622,734)	1,484,709
Financial assets at fair value through other comprehensive income	95,892	-	-	-	-	-
Financial assets at fair value through profit or loss	1,175	-	-	-	-	-
Derivative financial instruments	3,226	-	-	-	-	-
Fair value changes of the hedge items	5,260	-	-	-	-	-
Total Assets	2,333,109	959,120	500	1,121,983	(622,734)	2,081,603
Undrawn committed loan facilities	18,016	-	-	-	-	-
Total	**2,351,125**	959,120	500	1,121,983	(622,734)	**2,081,603**

* The excess fair value over the maximum credit risk on individual assets.

Loans and advances to customers

The credit policy of the Group on loans and advances to customers is to extend credit on the basis of sufficient liquid collateral and mortgage rights. This collateral is mostly comprised of listed securities with sufficient liquidity in the financial markets or mortgages on private residential property. The policy on the level of required collateral coverage is determined by the Group's Risk Committee. The Group assesses every customer on a case by case basis determined by a group model for IFRS 9. For each client an income- and suitability test is performed in order to assess if the loan is appropriate. The Group has a conservative credit policy whereby the Group in principle doesn't provide loans without receiving a collateral. The model is run every quarter to re-estimate the parameters. Collateral values are monitored daily against the outstanding loans. Loan facilities provided on the basis of liquid securities are mainly uncommitted and can be withdrawn on short notice. Undrawn amounts of uncommitted loan facilities are immediately revocable. Undrawn committed loan facilities amount to €18,016 thousand as at 31 December 2019 (2018: €19,968 thousand).

In general, the maximum collateral value applied to a mixed portfolio of listed securities is not more than 70% of the market value for shares and funds of the related collateral for bonds this can be up to 80%. For mortgage loans the collateral value applied is in general in the range of 50%-70% of the market value of the related property.

The following table shows the maximum exposure to credit risk for the loans and advances to customers. It also shows the total fair value of collateral and the net exposure to credit risk.

	Maximum exposure to credit risk (Included ECL) €'000	Covered by securities €'000	Covered by guarantees €'000	Covered by property €'000	Uncovered €'000
2019					
Loans and advances to customers	861,957	362,137	500	492,894	6,426
of which: Stage 1	844,821	361,299	500	476,789	6,233
of which: Stage 2	2,084	237	-	1,750	97
of which: Stage 3	15,052	601	-	14,355	96
2018					
Loans and advances to customers	692,206	325,766	500	362,418	3,523
of which: Stage 1	661,622	317,919	500	339,869	3,333
of which: Stage 2	4,843	237	-	4,558	48
of which: Stage 3	25,741	7,686	-	17,910	146

Loans and advances to credit institutions
The credit risk policy in relation to professional counter-party risk for investments, or the placing of other financial assets is set by the Group's Risk Committee and is based on external ratings. The investments in those financial assets are viewed as a way to gain a better credit quality mapping and maintain a readily available liquidity source to meet funding requirements as they arise. Outstanding's to credit institutions should have at least a credit rating of BBB-.

The Group is also engaged in settlement of securities transactions with professional counterparties on a delivery versus payment basis. This can expose the Group to the risk that such a counterparty is not able to fulfil its obligations in relation to the settlement of the securities transaction. The Group may then be exposed to a credit risk on the counterparty for interest claims and potentially adverse market movements in the value of the related securities. The Group's Risk Committee sets policies on the determination of limits in relation to such counterparty settlement risks.

For deposits placed with credit institutions, the Group received collateral in return from the shareholder Quintet Private Bank, to the amount of €597 million that consist of HQLA securities. This reduced our credit risk on financial institutions. In 2019 the maximum credit risk amounted to € 776 million (2018: € 1,051 million), of which €713 million is with Quintet Private Bank (2018: €1,008million) and €64million (2018: €43million) is with other credit institutions.

Investment
The credit risk on the financial assets for amortised cost and fair value through other comprehensive income investments is limited. The investment (bond) portfolio primarily consists of short term fixed income instruments issued or covered by governments, government related and otherwise operates under a restriction of investment grade liquid bonds. Eligible assets are considered to be high quality assets like (covered) bonds, or term deposits with banks; the weighted average rating factor of the portfolio should be at least A-. The Bank considers above investment grade as low credit risk.

The Weighted Average Rating Factor (WARF) is a measure that is used to determine the credit quality of a portfolio. Each position is scored based on the credit rating of the bond. The weighted average value for all positions in the portfolio gives the portfolio score and corresponding rating. The lowest rating from rating agencies Moody's and S&P is used per position. If the bond is rated by one agency, that rating is used. InsingerGilissen applies the low credit risk assumption in terms of IFRS 9: 5.5.10, whereby credit risk is assumed to not have significantly increased if the instrument is considered low risk at the reporting date.

As at 31 December 2019, €4,0 million (2018: €4.0 million) was pledged as security at the Dutch Central Bank, and an additional €73,2 million (2018: €65.2 million) pledged with other financial institutions, for the execution of payments, security settlements and as collateral for outstanding over-the-counter derivatives.

Geographical overview
Loans and advances to credit institutions and customers may be analysed by sector and concentrations geographical regions as follows:

	2019 €'000	2018 €'000
Financial institutions	827,532	1,050,679
Customers	861,957	692,206
	1,689,489	1,742,885
Eurozone[1]	1,421,272	1,499,209
Rest of Europe	81,285	78,204
Other	186,932	165,472
	1,689,489	1,742,885

The overview below demonstrates the geographic location of the collateral property as maintained in respect of mortgage loans and advances to customers.

2019 **(amounts in € 000's)**	Netherlands	United Kingdom	Other	Total
Initial market evaluation of collateral property	772,949	347,181	1,853	1,121,983

[1] Included in the Eurozone is also the UK exposures.

4.3.3 Impairment assessment

Staging
The credit loss allowances is measured at the reporting date according to a three-stage expected credit loss model and should not necessary lead to an automatic classification of the exposures but should rather be considered as relevant arguments for a case by case decision:

Stage 1: Are loans and advances to customers and investments for which credit risk has not significantly increased since origination, relative to the credit risk level at origination. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date, using a model-driven approach:

- o Past due of more than 15 days and less than 30 days.
- o Reduction of client's net worth due to losses incurred and/or patrimonial restructuring, which makes the credit transaction less affordable as compared to original credit decision.
- o The client justification for repeated arrears/breach of obligations are not judged reliable and shed doubts about clients' ability to maintain debt service.
- o Breach of contractual terms (waiting for correcting measures within the defined parameters of the loan).
- o The expected sources of repayment remain valid.
- o Difficulties in the communication with the client (to obtain the required information or documents or to obtain explanations for payment difficulties).
- o Loans which are past their maturity date - but not more than 90 days past due - and for which a renewal is in process on largely the same terms & conditions (and without forbearance measures), which has been approved by the relevant credit committee and an offer letter has been sent to the client.

- Stage 2: Are loans and advances to customers for which credit risk has significantly increased since origination, relative to the credit risk level at origination. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the remaining lifetime of the instrument after the reporting date, using a model-driven approach. For other financial statement line items the low credit risk exemption is applied.

- Credit classified as stage 2:
  - o Change in the clients financial situation which makes the credit not affordable anymore.
  - o Breach of contract and waiting for correcting measures (after the end of the remedying period).
  - o Complete withdrawal of all excess AUM of the client with the bank.
  - o Significant change in the quality of the collateral/guarantee(s) provided.
  - o Not respected commitment made by the client and considered as key element for the granting of the loan.
  - o Concessions made by the bank, leading to forbearance but full loan repayment still expected.

- Stage 3: Are credit-impaired financial assets. The loss allowance recognised is equal to the credit losses expected to result from defaults occurring over the remaining lifetime of the instrument following the reporting date. Interest revenue is calculated based on the carrying amount of the asset, net of the allowance, rather than on its gross carrying amount.
  Credit classified as stage :
  - The debtor is more than 90 days past due.
  - Bankruptcy (insolvency) of the client.
  - Breach of contract (without correcting measures and implying legal actions).
  - Significant financial difficulty of the client implying the loan transaction is considered unlikely to pay (without realization of the collateral in full, except for Lombard loans (for which repayment through realization of the collateral is permissible)).
  - Relationship with the client has ceased and the recovery is done through legal advisors.
  - Lender, for economic or contractual reasons relating to the client's financial difficulty and for an exposure that is already considered unlikely to pay, has granted concession that it would not otherwise consider (forbearance).

The financial assets including the ECL provision by stages of the company are shown in the following table:

(amounts in € 000's)	Notes	Stage 1	Stage 2	Stage 3	2019 Total
Assets					
Cash and balances with central banks	14	353,509	-	-	353,509
Investment[1]	17	184,540	-	-	184,540
Loans and advances to credit institutions	15	827,532	-	-	827,532
Loans and advances to customers	16	844,821	2,084	15,052	861,957
Financial assets at fair value through other comprehensive income	17	95,892	-	-	95,892
		2,306,294	**2,084**	**15,052**	**2,323,430**

Change in status between impairment stages

Changes in impairment stages for loans and advances to customers will occur when the criteria for the original stage classification are no longer met. There is a probation period of at least 12 months when transferring from stage 3 to stage 2, or from stage 2 to stage 1.

To assess whether the credit risk of a financial instrument has increased significantly, a combination of quantitative and qualitative factors are considered. These include the analysis of the term structure of the probability of default as well as watch list surveillance based on reasonable and supportable information. The latter also embeds IFRS 9 backstop rules of 30 (90) days past due for transitions between stages 1 and 2 (2 and 3). The credit risk assessment is symmetrical in nature, allowing loans and advances to customers and investment to move back to stage 1 if the variation of credit risk is no longer considered a significant increase or if the financial assets have been forborne (to be assessed case by case).

[1] Investments at amortised cost

Symmetry is of application for non-forborne exposures. That is, upon correction of the element at the origin of watch list level increase (past due, collateral coverage of the loan, financial situation of the client and etc.), the exposure returns to the lower stage. For forborne exposures, a curing period of 1 year is of application per level, i.e., 1 year without payment-related issues is to be observed to go from level 3 to level 2 and a further year to go from level 2 to level 1.

Measurement of ECL on loans and advances to customers
For the calculation of ECL amounts and rates, three approaches are followed:

- For the most material exposures (investment portfolio and loan portfolio), the ECL is calculated by decomposing the cash flow structure of the exposure and postulating a number of defaults along its lifeline.
- For exposures with undefined maturities, ECL are estimated by postulating a maturity horizon of 12 months, on the basis of the exposure at the reporting date.
- For revolving exposures, a loss rate approach is followed.

For financial assets in stages 1 and 2, ECL is calculated on a collective basis. For financial assets in stage 3, ECL is determined on an individual basis. These approaches are extended to off-balance sheet exposures, to cover the whole spectrum of exposures in the application range of IFRS 9.

Investment portfolio – measurement of ECL
All investments measured at amortized cost or at FVOCI in the investment portfolio are classified as stage 1 and have credit ratings of BBB or above. The next page table the net carrying amounts are presented by credit rating.

Forward-looking information in the ECL calculation

Both the assessment of credit risk (for non-low risk exposures) and the estimation of the expected credit losses (ECL) rely on the term structure of the cumulative default probability that can be constructed from a migration matrix, computed on the basis of three scenarios representing favourable, baseline and unfavourable market conditions, i.e. forward-looking assumptions.

The relative weights given to these scenarios, by a dedicated committee of experts, is in turn used to compute the average migration matrix from which the expected term structure of cumulative probability of default is computed. On that basis, the credit risk will be assessed and the ECL calculated. The weights will be refreshed on a quarterly basis.

Credit ratings of financial assets				
Sector	**Credit rating**	**Amortized cost: Net book value**	**Fair value through OCI: Net book value**	**Total**
Sovereigns	AAA	7,230	-	7,230
	AA	87,421	-	87,421
	A	9,478	-	9,478
	BBB	10,043	-	10,043
		114,172	-	**114,172**
Banks & Financials	AAA	4,892	-	4,892
	AA	2,460	35,352	37,812
	A	-	49,707	49,707
	BBB	2,924	8,447	11,371
		10,276	93,506	103,782
Corporates	AA	8,684	-	8,684
	A	51,407	-	51,407
	BBB	-	2,386	2,386
		184,540	95,892	280,432

Loans & Advances – measurement of ECL

Loans and advances to customers are allocated to an internal rating level as indicated below. The amounts shown are the net carrying amounts of exposures for each financial statement line item.

Internal rating scale per financial statement line item						
Internal rating grade	**Description**	**12 month Basel III PD range**	**Stage**	**Cash & balances at central banks**	**Loans & advances to customers**	**Loans & advances to credit institutions**
Performing						
1	High grade	0% - 0.5%	Stage 1	353,509	844,820	861,957
2	Standard grade	0.5% - 3%	Stage 1	-	-	-
3	Sub-standard grade	3% - 10%	Stage 2	-	-	-
4	Performing but not impaired	10% - 35%	Stage 2	-	2,084	-
5	Past due but not impaired	35% - 100%	Stage 3	-	-	-
Not performing						
6	Individually impaired	100%	Stage 3	-	15,052	-

Macroeconomic scenarios enter the credit risk assessment and expected credit loss estimates at various levels, depending on the nature of the exposure to be assessed. Three main inputs are decided upon by way of assigning weights to pre-calibrated scenarios.
These are:

- The returns on financial assets
- The returns on properties

The returns on financial assets
Scenarios describing returns on financial assets as held in portfolios securing loans have been calibrated with the help of the Asset Management department (expert judgment). The parameters listed below have been retained. The favourable and baseline scenarios consider a constant rate of return whereas the negative scenario simulates a market downturn within the coming year. The latter scenario assumes a 10% reduction in collateral value, over a period of 1 year, remaining at that level for a period of three years, then recovering back to its original value over an additional 4 years. The shock magnitude has deliberately been kept limited to account for the fact that security loans are subject to margin calls which are not simulated in IFRS 9 models.

Returns on financial assets			
Scenario:	Negative	Baseline	Favourable
Shock magnitude on collateral	-10%	-	-
Shock length (yearly basis)	1	-	-
Plateau length (yearly basis)	3	-	-
Recovery speed (yearly basis)	0.25	-	-
Rate of return on collateral	-	3%	5%

The returns on properties

Scenarios describing returns on properties, for the main markets on which the Group subsidiaries are exposed, have been calibrated by them based on the available market observations and advice from the local regulator.

Returns on properties			
Scenario:	Negative	Baseline	Favourable
Shock magnitude on collateral	-10%	-	-
Shock length (yearly basis)	2	-	-
Plateau length (yearly basis)	1	-	-
Recovery speed (yearly basis)	0.5	-	-
Rate of return on collateral	-	3%	4%

Sensitivity analysis

A sensitivity analysis on the ECL model has been performed using different probability weightings for positive, baseline and negative scenarios. These scenarios impact the realization of loan collateral and are thus a key driver of the value of ECL. Outlooks are then defined based on specified probability weightings for each scenario. The outlooks are defined using the scenario weightings below:

Financial statement line item ECL impact			
Financial statement line item:	**Baseline: (€'000)**	**Positive: (€'000)**	**Negative: (€'000)**
Cash balances with central banks	26	26	28
Loans & advances to customers	2,079	2,029	2,199
Loans & advances to credit institutions	193	188	204
Investments at amortized cost	35	31	45
Investments at FV through OCI	52	46	66
Total ECL	**2,384**	**2,321**	**2,542**
Impact on profit		(63)	157
% Impact on profit		(2.66%)	6.60%

4.4 Market risk

Market risk is defined as the risk of incurring an economic loss as a result of adverse changes in market parameters, whether directly tradable or not. Tradable market parameters include, but are not limited to, foreign exchange rates, security and commodity prices, derivatives prices, as well as related factors such as interest rates, credit spreads, implied volatility or implied correlation. Non-tradable market parameters are derived from assumptions based on models or statistical analysis, such as correlations. Liquidity is an important component of market risk. In situations of scarce liquidity or absence of liquidity, goods or instruments may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions, or a one-way market.
Market risk primarily arises in trading portfolios, but may also exist in other portfolios containing assets held in connection with the banking business. InsingerGilissen holds as a principle that no proprietary trading activities are to take place. A limited exposure to market risk arises from the in-house model portfolio, for operational purposes, which exactly copies the target portfolios for asset management. InsingerGilissen accepts an FX exposure of EUR €2 million induced by client transactions.

Interest Rate Risk in the Banking Book (IRRBB) is the risk of incurring an economic loss as a result of mismatches in interest rates, maturities or the nature between assets and liabilities. Market risk is managed through the Asset and Liability Committee (ALCO) with a mandate from the Risk Committee. It primarily covers investments for our own account, foreign exchange rates and interest rate mismatch. Interest rate risk limit (200 bpv) is set with a ceiling of 18% of the Group's equity.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices (such as interest rates, credit spreads, foreign exchange rates and equity prices). The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

4.4.1 Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Pound Sterling. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency positions are monitored on a continuous and daily basis. If a position exceeds the internal limits, the Treasury department settles these positions in the market by entering into opposite foreign currency transactions. The internal limits are determined through the ALCO. The Group hedges most of its remaining foreign currency exposure through economic hedges.

Although the bank has a foreign currency position which is disclosed in the next note. Although the gross exposure is material, the net exposure is limited due to the forward contracts the group entered into, based on frequent analysis. Therefore, the impact on capital and profit or loss is reasonable and within internal limits.

Currency concentration of assets, liabilities and off balance sheet items

Note that the negative amounts in foreign currencies arise out of foreign currency positions of counterparties.

At 31 December 2019	EUR €'000	GBP €'000	USD €'000	CHF €'000	ZAR €'000	Other €'000	Total €'000
Assets							
Cash and balances with central banks	353,509	-	-	-	-	-	353,509
Loans and advances to credit institutions	530,905	35,089	236,329	4,437	3,319	17,452	827,532
Loans and advances to customers	646,092	188,747	8,641	16,915	-	1,561	861,957
Investment	217,384	-	64,211	-	-	13	281,607
Derivative financial instruments	(96,121)	71,187	19.375	-	8,907	(122)	3,226
Fair value changes of the hedge items	3,730	1,530	-	-	-	-	5,260
Investments in associates	170	-	-	-	-	-	170
Intangible assets	100,889	-	-	-	-	-	100,889
Tangible fixed assets	15,702	-	-	-	-	-	15,702
Other current assets	20,333	(44)	1,057	-	-	-	21,346
Deferred tax assets	1,674	-	-	-	-	-	1,674
Current income tax receivable	120	-	-	-	-	-	120
Total assets	**1,794,387**	**296,509**	**329,612**	**21,353**	**12,226**	**18,904**	**2.472,992**
Liabilities							
Derivative financial instruments	(145,968)	158,475	1,091	10,033	8,274	(12,680)	19,225
Amounts owed to credit institutions	8,645	21	3,979	143	(35)	148	12.902
Amounts owed to customers							
- time deposits	485	63,686	136,197	-	3,048	18,411	221,827
- other funds entrusted	1,648,419	66,514	187,520	11,157	815	13,189	1,927,614
Provisions	4,229	-	-	-	-	-	4,229
Other liabilities	29,009	8,081	805	6	122	27	38.054
Current income tax liabilities	-	181	-	-	-	-	181
Deferred income tax liabilities	891	-	-	-	-	-	891
Subordinated debt	7.033	-	-	-	-	-	7.033
Total liabilities	**1,552,744**	**296,958**	**329,593**	**21,340**	**12,223**	**19,095**	**2,231,953**
Net on balance sheet position	**241,036**	**(449)**	**19**	**13**	**3**	**(191)**	**241,038**
At 31 December 2018							
Total assets	**1,740,540**	**367,391**	392,668	22,974	2,198	16,887	2,542,658
Total liabilities	**1,501,543**	**366,652**	**392,730**	22,706	2,211	16,872	2,302,715
Net on balance sheet position	**238,997**	**739**	**(62)**	**268**	**(13)**	**15**	**239,943**

4.4.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The interest rate risk for the fixed interest loan and advances to customers are mitigated by macro hedges.

The following table summarises the non-trading book cash flow which expose to interest rate risks. The buckets are based on the contractual cash flow date.

At 31 December 2019	Overnight €'000	Overnight<12 months €'000	1<2 years €'000	2<5 years €'000	>5 years €'000	Total €'000
Financial Assets interest rate bearing	858,320	876,160	77,367	257,166	254,417	2,323,430
Investment	19	136,878	26,186	105,250	12,100	280,433
Cash and balances with Central Banks	353,509	-	-	-	-	353,509
Loans and Advances	504,792	739,282	51,181	151,916	242,317	1,689,488
--credit institutions	169,733	657,799	-	-	-	827,532
--Customers	333,956	81,483	51,181	151,916	242,317	861,957
Financial liabilities interest rate bearing	-1,940,516	-221,827	-	-	-	2,162,343
--Amounts own to credit institutions/customers/ subordinated debt	-1,940,516	-221,827	-	-	-	-2,163,343
Interest Rate Swap Receive	-	442,182	-	-	-	442,182
Interest Rate Swap Pay	-	36,255	36,993	169,584	199,351	442,182
Interest Rate Maturity Gap	**-1,082,196**	**1,060,260**	**40,374**	**87,583**	**55,066**	**161,087**

200bps impact on NII At 31 December 2019	200bps up Year 1 €'000	200bps down Year 1 €'000
Financial Assets interest rate bearing	23,317	-9,500
Cash and balances with central banks	7,317	-2,101
Investment	1,051	-585
Loans and Advances	14,950	-6,815
Financial liabilities interest rate bearing	-31,488	9,784
--Amounts own to credit institutions/customers/ subordinated debt	-31,488	9,784
Interest Rate Swap	7,409	-2,826
Total impact on NII	-762	-2,542

200bps up impact on EVE At 31 December 2019	Overnight €'000	Overnight<12 months €'000	1<2 years €'000	2<5 years €'000	>5 years €'000	Total €'000
Financial Assets interest rate bearing	-2,528	-3,336	-2,362	-18,156	-38,232	-64,615
Investments	-	-733	-793	-6,184	-1,345	-9,055
Loans and Advances	-2,528	-2,603	-1,569	-11,972	-36,887	-55,560
Financial liabilities interest rate bearing	215	390	-	-	-	605
--Amounts own to credit institutions/customers/ subordinated debt	215	390	-	-	-	605
Interest Rate Swap	-	-808	1,155	13,340	30,067	43,754
Total impact on EVE	**-2,313**	**-3,754**	**-1,208**	**-4,816**	**-8,165**	**-20,256**

It is estimated that, with all other variables held constant, a hypothetical increase of market interest rates by 200 basis points would decrease the 1-year net interest income by €762 thousand (2018: €3,760 thousand decrease), and a hypothetical decrease would decrease the 1-year net interest income by €2,542 (2018: €0 thousand decrease). The corresponding impact on equity will be a decrease of €20,256 thousand (2018: €6,585 thousand decrease) for a 200 basis points increase and an increase of €3,761 thousand (2018: €7,772 thousand increase) for a 200 basis points decrease.

4.5 Liquidity risk and funding management

The risk that the Group is unable to fulfil its obligations on a timely basis at an acceptable cost in a given currency and location. Liquidity risk is managed by the treasury department. The ALCO sets the limits for the liquidity. The limits for concentration risk are set within the regulatory boundaries.

The amounts owed to customers of €2,149 million (2018: €2,251 million) comprise customer deposits and current accounts as part of their investment portfolios and have therefore a certain fixed portion. Historically, this results in a stable funding as short term maturity or on demand liabilities that are rolled forward.

Loans and advances to customers of €862 million (2018: €692 million) are with sufficient collateral in the form of liquid securities and mortgages. The Group's liquidity policy restricts the amount of loans to customers up to a percentage of amounts owed to customers.

The Group has a policy to have a comfortable position in available liquidity for draw downs on current accounts and maturing deposits of €1,957 million (2018: €2,002 million). The available resources are invested into fixed income instruments, placed on deposit with credit institutions or are available on demand. The investments are mostly instruments that are in an active and liquid market to enable the Group, if needed, to divest and to fund repayment of funds entrusted.

With a conservative liquidity policy the Bank has sufficient liquid funds available and does not need to draw funding from capital markets. We control liquidity risk by maintaining ample funding with regard to financing needs. We place our surplus money predominantly intragroup, which is covered with pledged collateral for the amount exceeding the regulatory exposure limits which is equal to the solvency capital. We maintain sufficient working capital available to meet our current and future financial obligations; also in case of stress our appetite on liquidity exposure is within the guidelines of the DNB. In addition we have a Liquidity Support Agreement with Quintet Private Bank (Europe) S.A. Solvency and Liquidity are evaluated (at least) annually in the Internal Capital/Liquidity Adequacy Assessment Process. Our reported regulatory ratios show a very strong solvency and liquidity position, far exceeding regulatory minimum levels. As a 100% shareholder, Quintet Private Bank (Europe) S.A. guarantees our commitments entered into under a 403 statement. The Quintet Private Bank (Europe) S.A. solvency ratio was 16% at 30 June 2019. Fitch Ratings has been assessing Quintet Private Bank (Europe) S.A. since July 2018 the credit status BBB +.

The Company reviews annually stress tests and scenarios amongst others by taking in consideration the EBA macro-economic scenario. Scenarios take for instance into consideration uncertainties from the integration, technological developments, political instability in Europe and cash withdrawals. The stress scenarios fulfil several purposes, including capital requirements, liquidity and deferred tax asset and are aligned with those applied at Quintet Private Bank (Europe) S.A. level. The scenarios were tested against our business model and it was concluded that in the event the stress scenarios were to materialise, our capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements). A reverse stress test has shown that a cash buffer would still be available in the event of a maximum expected deposit outflow. A Liquidity Support Agreement with Quintet Private Bank (Europe) S.A. is in place as contingent facility. The outcome of the Quintet Private Bank (Europe) S.A. stress tests indicate that capital and liquidity ratios during a three year period would remain above the risk appetite (which is conservatively set at a higher level than regulatory requirements).

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are used to monitor and report on the liquidity of the Group. As of 31 December 2019 the LCR was 150% and the NSFR 187%. An LCR greater than 100% indicates that the Group has sufficient high-quality liquidity to endure a turbulent period of 30 days of stress. The NSFR is calculated by dividing the bank's available stable funding by its required stable funding. Available stable funding consists primarily of funds entrusted and capital. The required stable funding consists primarily of loans. A NSFR greater than 100% indicates that the Group has sufficient stable funding to endure a stress period of a year.

The following table indicates the breakdown of the Group's high quality liquid assets (HQLA):

	2019 €'000	2018 €'000
Cash and balances with central banks	353,469	320,335
HQLA Bonds *	55,639	186,657
Total High Quality Liquid Assets *	409,105	**506,993**

* The above numbers are all after applicable risk weighting as required for LCR HQLA calculations.

The following table analyses the Group’s assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date (if applicable). The amounts disclosed below are the contractual gross cash flow amounts. The category “not allocated” relates mainly to non-interest bearing assets and liabilities.

At 31 December 2019e	On demand €’000	Up to 1 month €’000	1-12 months €’000	1-5 years €’000	Over 5 years €’000	Not allocated €’000	Total €’000
Derivative financial instruments	1,217	5,352	3,211	4,024	5,421	-	19,225
Equity and non-controlling interest	-	-	-	-	-	241,038	241,038
Deferred tax liabilities	-	-	-	-	-	891	891
Subordinated liability	33	11	121	528	7,066	-	7,758
Provisions	-	-	-	-	-	4,229	4,229
Amounts owed to credit institutions	12,902	-	-	-	-	-	12,902
Amounts owed to customers	-	-	-	-	-	-	-
- time deposits	-	158,468	63,726	-	-	-	222,194
- other funds entrusted	1,927,614	-	-	-	-	-	1,927,614
Other liabilities	-	309	32,754	5,315	141	-	38,519
Total Resources	**1,941,766**	**164,139**	**99,812**	**9,866**	**12,629**	**246,158**	**2,474,371**
Loans and advances to customers	(122,727)	(10,217)	(92,758)	(280,481)	(365,695)	(37,237)	(909,115)
Not allocated[1]	(15,246)	-	-	5	-	(140,097)	(155,339)
Available Resources	**1,803,793**	**153,923**	**7,055**	**(270,610)**	**(353,066)**	**68,824**	**1,409,918**
Cash and balances with central banks	353,509	-	-	-	-	-	353,509
Investment securities	-	-	35,433		256		35,689
Loans and advances to	-	-	-	-	-	-	-
Credit institutions	168,943	160,503	498,988	-	-	808	828,433
Derivative financial instruments	-	116	3,110		-	-	3,226
Financial assets at fair value through profit or loss	736		7	41	34	358	1,175
Financial assets at amortised costs	-	10,454	36,080	95,271	13,067	-	154,872
Financial assets at fair value through other comprehensive income	-	-	18,078	79,156	-	-	97,234
Invested Liquidity	**2,326,981**	**324,996**	**598,748**	**(96,142)**	**(339,710)**	**69,182**	**2,884,055**
Net (short)/long position	**(523,188)**	**(171,073)**	**(591,694)**	**(174,469)**	**(13,356)**	**(358)**	**(1,474,137)**

History shows that amounts owed to customers, other than time deposits, recorded up to one month are not claimed on demand. The amount expected to be recovered after more than 12 months are the same as the above contractual maturities with the exception of the other funds entrusted.

[1]These assets have been excluded from liquidity resources, as they cannot readily be used to fulfil the liquidity needs of the bank. Included in this line are tangible fixed assets, intangible fixed assets and deferred tax assets.

At 31 December 2018	On demand €'000	Up to 1 month €'000	1-12 months €'000	1-5 years €'000	Over 5 years €'000	Not allocated €'000	Total €'000
Derivative instruments	-	-	275	2,934	1,207	1,340	5,756
Equity and non-controlling interest	-	-	-	-	-	239,943	239,943
Deferred tax liabilities	-	-	-	-	-	4,833	4,833
Subordinated liability	-	-	-	-	7,000	-	7,000
Provisions	-	-	-	-	-	935	935
Amounts owed to credit institutions	3,482	-	1,244	-	-	-	4,726
Amounts owed to customers							
- time deposits	-	100,678	144,073	-	-	-	244,751
- other funds entrusted	2,006,163	84	160	-	-	-	2,006,406
Other liabilities	-	-	28,326	-	-	-	28,326
Total Resources	**2,009,645**	**100,761**	**174,078**	**2,934**	**8,207**	**247,053**	**2,542,678**
Loans and advances to customers	(81,555)	(6,567)	(79,840)	(164,735)	(296,797)	(64,528)	(694,023)
Not allocated	(1,131)	-	-	-	-	(131,047)	(132,371)
Available Resources	**1,926,760**	**94,194**	**94,238**	**(161,796)**	**(288,590)**	**51,478**	**1,716,284**
Cash and balances with central banks	341,349	-	-	-	-	-	341,349
Investment securities	-	-	149,677	100,534	20,516	-	270,727
Loans and advances to Credit institutions	160,802	133,673	755,303	-	-	1,122	1,050,900
Derivative financial instruments	-	-	-	-	106	-	106
Financial assets at fair value through profit or loss	673	-	-	25	47	304	1,048
Financial assets at fair value through other comprehensive income	-	7,651	6,167	39,894	-	-	53,712
Invested Liquidity	**502,824**	**141,324**	**911,147**	**140,453**	**20,669**	**1,425**	**1,717,842**
Net (short)/long position	**(1,424,980)**	**47,130**	**816,909**	**302,249**	**309,259**	**(50,033)**	**1,534**

4.6 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market as at measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. Quoted market prices are used where available; otherwise, fair values have been estimated based on discounted expected future cash flows and other valuation techniques. These techniques involve uncertainties and require assumptions and judgments covering prepayments, credit risk and discount rates. Furthermore there is a wide range of potential valuation techniques. Changes in these assumptions would significantly affect estimated fair values. The fair values reported would not necessarily be realised in an immediate sale or settlement.

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial instruments that are measured at fair value excluding the macro hedged loans can be analysed as follows:

At 31 December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000
Assets			
Financial assets at fair value through profit or loss	444	-	731
Financial assets at fair value through other comprehensive income	95,892	-	-
Derivative financial instruments	-	3,226	-
	96,336	3,226	731
Liabilities			
Derivative financial instruments	-	19,225	-
	-	19,225	-

At 31 December 2018	Level 1 €'000	Level 2 €'000	Level 3 €'000
Assets			
Financial assets at fair value through profit or loss	375	-	673
Financial assets at fair value through other comprehensive income	53,687	-	-
Derivative financial instruments	-	106	-
	54,062	**106**	**673**
Liabilities			
Derivative financial instruments	-	5,756	-
	-	**5,756**	-

Level 3 financial assets comprise non-controlling investments in unlisted securities. Fair value is determined with reference to an investment's net asset value per its published annual report. Level 2 financial liabilities comprise derivative financial instruments. Fair value is determined using valuation techniques based on observable market data. No transfers have taken place between the levels compared to 2018.

In estimating the fair value of loans and advances to banks and customers measured at amortised cost, the Group's loans are segregated into appropriate portfolios reflecting the characteristics of the constituent loans (fixed, floating, current accounts). The expected cash flows (unadjusted for credit losses) are discounted at the current offer rate for the same or similar products to estimate the fair value.

Loans & Advances to customers are generally at fixed rates and span fairly long maturities, resulting in a fair value that differs materially to the carrying amount of these loans. The total net carrying amount of these loans amounted to EUR 836.158 thousand, compared to a fair value of EUR 858,145 thousand.
The Fair value of loans and receivables is based on measurement models such as discounted cash flow models for which all significant inputs are based on observable market data.

Due to the majority of the loans and advances to credit institutions having short term interest conditions, the carrying amount of the loans and advances recorded in the statement of financial position is a reasonable approximation of the fair value.

The total net carrying amount of investments measured at amortised cost amounted to EUR 184,540 thousand, compared to a fair value of EUR 184,805 thousand.

The other financial assets and liabilities, including amounts owed to customers and subordinated debt are short term interest bearing (floating rates mainly). As such, the fair value is a reasonable approximation of the fair value.

The carrying amount of the Group's assets and liabilities not measured at fair value is a reasonable approximation of the fair value.

4.7 Offsetting financial assets and financial liabilities

The following table show the offsetting of financial assets and liabilities. The right to net derivatives is laid down in a master netting agreement. For information about the offsetting criteria, please see "Summary of significant accounting principles".

At 31 December 2019	Gross €'000	Gross in the statement of financial position €'000	Net in the statement of financial position €'000
Derivatives assets (Forward contracts)	108,192	104,967	3,226
Derivatives liabilities (Forward contracts)	364,377	355,958	8,420

At 31 December 2018	Gross €'000	Gross in the statement of financial position €'000	Net in the statement of financial position €'000
Derivatives assets (Forward contracts)	160,652	158,884	1,768
Derivatives liabilities (Forward contracts)	363,158	361,794	1,364

5. Net interest income

	2019 €'000	2018 €'000
Interest income calculated using the effective interest method		
- Interest on investment securities	2,438	3,206
- Interest on loans and advances to credit institutions	3,570	1,101
- Interest on loans and advances to customers	14,773	14,036
- Interest on financial instruments at fair value through other comprehensive income	652	595
- Net interest on hedge derivatives	(2,980)	(2,819)
	18,454	16,120
Other interest and similar income		
- Interest on financial instruments at fair value through profit and loss	1	7
- Interest on impaired loans	244	20
	245	27
Interest expense calculated using the effective interest method	(6,662)	(4,440)
Other interest and similar expense	(1,470)	(2,057)
	10,567	**9,650**

The financial impact of hedging the interest risk on a major part of the loan portfolio, (fair value movement on the loans used in hedge accounting, the fair value movement on the interest rate derivatives used for macro fair value hedge accounting and the amortization of the base adjustment), amounts to a loss of EUR 1,426 thousand. Refer to note 11 for further detail. Interest expense calculated using the effective interest method also includes the negative interest income on outstanding placed at DNB and Quintet Private Bank. Interest income calculated using the effective interest method includes forward contracts results of €1,435 thousand negative (2018: €2,057 thousand negative) and interest on derivative financial instruments on the interest rate swaps of €2,980 thousand negative (2018: €2,819 thousand negative). In a forward contract the Bank pays a specified amount in one currency and receives a specified amount in another currency.

Net interest includes €244 thousand (2018: €20 thousand) of interest accrued on impaired financial assets that have been provided for (interest is recognised on a net basis for loans in stage 3).

Quintet Private Bank balances are included in line interest on loans and advances to credit institutions for an amount of €3,505 thousand and in line other interest and similar expense for an amount of € 4,450 thousand. Refer to note 29 for details on interest transactions with related parties.

Other interest and similar expense includes an amount of €66 thousand relating to the application of IFRS 16.

6. Net fee and commission income

	2019 €'000	2018 €'000
All in fees	51,769	41,666
Management fees	12,203	19,763
Performance fees	3,148	1,504
Commission received	9,580	11,958
Custodian fees	448	349
Upfront fees	197	67
Other	1,105	1,267
Fee and commission income	**78,450**	**76,574**
Commission paid	(3)	(11)
Custodian fees	(1,254)	(1,329)
Settlement expenses	(4,938)	(5,527)
Other	(976)	(820)
Fee and commission expense	**(7,171)**	**(7,688)**
	71,279	**68,886**

Included in the custodian fees are the custodian fees paid and the performance fees related to InsingerGilissen Asset Management N.V. Refer to note 29 for details on commission transactions with related parties. Settlement expenses are brokerage-, clearing- and settlement fees.

7. Gain/(loss) from financial instruments

	Note	2019 €'000	2018 €'000
Gain/(loss) from financial instruments			
Financial assets at fair value through profit or loss (designated)		45	(116)
Financial assets at fair value through profit or loss (Mandatorily)		58	243
Financial assets at fair value through other comprehensive income		3	304
		106	431
Gain/(loss) from derivatives			
Unrealised gain/(loss) on interest rate derivatives	12	(21)	(730)
Realised gain/(loss) on interest rate derivatives		(167)	-
Unrealised gain/(loss) other derivatives		-	-
		(189)	(730)
Foreign exchange transactions		7,094	8,564
		7,010	8,265

Unrealised gains/(loss) on interest rate derivatives represents the fair value movement during the year for interest rate swaps belonging to the economic hedges.
Foreign exchange transactions relate to the buy-sell spread income resulting from transactions of customers in foreign currency.

8. Other operating income

	2019 €'000	2018 €'000
Administration fees	-	331
Other	8	209
	8	**540**

Administration fee is fully earned without any risk to repay. In 2019, the administration fees are classified to net fee and commission income, refer to note 6.

9. Personnel costs

	2019 €'000	2018 €'000
Salaries	32,995	30,165
Social security costs	4,299	4,126
Pension costs:		
- Defined contribution plans	5,090	4,333
- Defined benefit plans	(11)	5
Other staff costs (including bonus entitlements)	2,272	3,123
Redundancy expenses	2,808	972
	47,452	**42,724**

The expenses of defined benefit plans relate to plans that are career-average pension schemes. The plan is related to the predecessors of the Group and is therefore not active. No contributions except for indexation costs are carried by the Group. There are no contributions from personnel.

The expense of €2,808 thousand (2018: €972 thousand) was recorded for severance pay and severance pay accruals.

10. Other operating expenses

	2019 €'000	2018 €'000
Staff: temporary, lease cost and other	3,889	6,830
Systems	7,171	7,725
Information suppliers	3,656	3,397
Communication expenses	760	665
Travel and entertainment	846	811
Marketing	2,112	1,706
Premises	1,739	3,353
Other administrative expenses	3,690	2,530
Legal expenses	882	807
Audit fees	829	724
	25,574	**28,548**

Communication expenses includes an amount of €94 thousand in relation to short-term leases.

The audit fee includes the fees to our external auditor Ernst & Young Accountants LLP (2019: €721 thousand) relating to audit (related) services. No other fees were charged by Ernst & Young Accountants LLP for other engagements.

11. Derivative financial instruments and Hedge accounting

The specification of the derivative financial instruments is as follows:

	2019 €'000	2018 €'000
Assets		
Derivatives held for fair value hedge accounting	-	89
Derivatives related to economic hedges that do not qualify for hedge accounting	-	17
Forward contracts	3,226	-
	3,226	106
Liabilities		
Derivatives held for fair value hedge accounting	10,713	3,470
Derivatives related to economic hedges that do not qualify for hedge accounting	92	2,286
Forward contracts	8,420	-
	19,225	5,756

In 2019 the forward contracts are classified under derivative financial instruments. In the previous year the forward contract were included under the loans and advances and the amounts owed to customers (2018: €1,122 thousand). Included under the forward contracts liabilities is an amount of €6,476 thousand for contracts with our parent company Quintet Private Bank (Europe) S.A. See note 29 related party transactions.

Forward contracts

The notional amounts of the forward contracts is as follows:

	2019 €'000	2018 €'000
Foreign exchange forward contracts	677,917	628,975

The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts. See note 29 for the forward contracts with related parties.

Fair value hedges

The Group makes use of fair value macro-hedge accounting and hedge a large part of the mortgage portfolio of the Group. The Group currently does not apply fair value micro-hedge accounting.

Fair value hedge accounting is used by the Group to cover the exposure of the mortgage portfolio included in loans and advances to customers to changes in fair value attributable to changes in interest rates. Such hedges are considered to be effective if we may expect, both upon inception and during the term of the hedge, that changes in the fair value or cash flows of the hedged item will be almost fully offset by changes in the fair value or cash flows of the hedging instrument, in so far as they relate to the hedged risk, and the actual outcome is within a range of 80-125%. In this case those derivatives designated as hedging instruments (interest rate swaps) are measured at fair value with changes in fair value recognised in the income statement.

Furthermore, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged element and is also recognised in the income statement.

Hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold. In this case, and for debt instruments, the cumulative change to the carrying amount of the hedged instrument (relating to hedged risks) is transferred to the income statement pro rata temporise until the instrument expires.

Possible sources of ineffectiveness are as follows:
-differences between the expected and actual volume of prepayments;
-mismatch in the bucketing of the hedged item and the hedging instruments.

Our interest rate risk as well as our interest risk management we refer to note 4 and 4.4.2.

The impact of the fair value hedges on part of the loans and advances to customers denominated in euro on the Consolidated statement of profit or loss is as follow:

	2019 €'000	2018 €'000
Gain/(loss) on portfolio hedging of fair value		
Gains/(losses) on the hedging instruments used for hedged assets	(5,256)	438
Gains/(losses) on portfolio of fixed rate mortgages attributable to change in interest rate	2,762	(800)
Hedge ineffectiveness recognised immediately in income statement	(2,494)	(362)
(Reverse) amortisations macro hedge accounting	1,068	-
Hedge accounting	(1,426)	(362)
Carrying amounts for hedged items	510,353	87,405

As per 1 January 2019 the macro fair value hedge portfolio has been increased and includes now substantially the complete EUR and GBP fixed term loans.

The cumulative fair value adjustments on the fixed rate mortgages designated as macro fair value hedges as at 31 December 2019 are included in the Fair value changes of hedged items of € 5,260 thousand (2018: € 1,331 thousand) in the statement of financial position.

Where the derivatives are in hedge relationships, the main source of ineffectiveness can be attributed to mismatch caused due to prepayment in critical terms such as timing of cash flows between hedging instruments and hedged items.

	2019 €'000	2018 €'000
Derivatives used as fair value hedges – assets	-	89
Derivatives used as fair value hedges - liabilities	(10,713)	(3,470)
	(10,713)	**(3,381)**

All of the derivative financial instruments are over-the-counter derivatives.

The movement of the derivatives used for fair value accounting during the year is as follows:

	2019 €'000	2018 €'000
At 1 January	(3,381)	(3,061)
Unrealised changes in valuation	(5,256)	438
Transfer from economic hedge relationship	(2,204)	-
Net interest	121	(759)
Other movements including currency translation adjustment	7	-
At 31 December	**(10,713)**	**(3,381)**

The maturity can be split as follows:

	2019 €'000	2018 €'000
< 1 year	1,348	988
1 - 5 years	3,950	2,113
> 5 years	5,415	280
	10,713	**3,381**

The maturity and the average fixed Interest rate percentage can be split as follows:

	2019		2018	
	Average fixed Interest rate	Notional	Average fixed Interest rate	Notional
	%	€'000	%	€'000
Interest rate swaps				
< 1 year	-0,27	35,339	3,58	12,500
1 - 5 years	0,04	202,119	1,26	38,000
> 5 years	0,50	198,399	0,58	38,000
		435,857		**88,500**

Economic hedges

	2019 €'000	2018 €'000
Derivatives in economic hedge relationship – assets	-	17
Derivatives in economic hedge relationship - liabilities	(92)	(2,286)
	(92)	**(2,269)**

All of the derivative financial instruments are over-the-counter derivatives.

The movement of the derivatives in economic hedge relationship during the year is as follows:

	Note	2019 €'000	2018 €'000
At 1 January		(2,269)	(1,049)
Unrealised changes in valuation	8	(20)	(730)
Transfer to macro hedge relationship		2,204	-
Other movements		(8)	-
Net interest		1	(490)
At 31 1 December		**(92)**	**(2,269)**

The maturity can be split as follows:

	2019 €'000	2018 €'000
< 1 year	12	625
1 - 5 years	73	826
> 5 years	7	818
	92	**2,269**

The interest rate swaps and options hedge the interest on a part of the mortgage loans. Hedge accounting has not been applied for these economic hedge relationships.

The interest rate swaps and options are based on the following notional amounts:

	2019 €'000	2018 €'000
Interest rate swaps	6,005	234,336
Options	1,000	1,000
	7,005	**235,336**

The maturity can be split as follows:

	2019 €'000	2018 €'000
Interest rate swaps		
< 1 year	890	25,082
1 - 5 years	4,193	99,042
> 5 years	922	110,212
	6,005	**234,336**
Options		
< 1 year	-	-
1 - 5 years	1,000	1,000
> 5 years	-	-
	1,000	**1,000**

12. Discontinued operations

The Bank's UK activities were transferred to Brown Shipley & Co on 1 December 2017. As the UK branch activities represented a separate major geographical area the operations were classified as discontinued operations in 2017.

At entering the settlement agreement in 2017, an earn-out agreement was agreed. Accordingly from the price, an amount of €6.0 million was accrued year ended 2017 and remained stable year ended 2018 as part of other accruals.

As initially agreed between the parties, Brown Shipley, on the 31st of December 2019, on the basis of the actual AUM under custody, has computed a final settlement price. The Earn-out related to the sale amounts to a net loss of €2,972 thousand for the Bank.

Due to the fact that the UK Branch is liquidated and the tax returns have been submitted to the UK tax authorities the accrual for taxes payable is released for the amount of €1,474 thousand.

As the adjustments made in the current period to amounts disclosed as a discontinued operation in prior periods must be separately disclosed, the Bank has classified the earn-out as discontinued operations.

13. Taxation

Tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Tax rate %	2019 €'000	2018 €'000
Profit / (loss) before tax from continuing operations		4,654	13,356
Tax calculated at a tax rate of 25% (2018: 25%)	*(25.0%)*	(1,163)	(3,339)
Prior year tax adjustments	*(15,1%)*	(704)	256
Impairments	*(20.4%)*	(949)	(270)
Taxation investment in associates	*%*	-	33
No taxation on UK income	*4.2%*	197	128
Deductible expenses and other	*3.4%*	156	21
Tax effect of non-deductible expenses	*(1.9%)*	(88)	(44)
Effect of different tax rates	*-%*	-	24
Effective tax rate/tax expense for the year (2018: (23.9)%)	*(54.8%)*	**(2,551)**	**(3,191)**
Of which current income tax income / (expense)		(2,285)	156
Of which deferred income tax:			
- deferred tax liability income / (expense)		191	195
- deferred tax asset income / (expense)		(457)	(3,542)
- arising from assessed losses		(1,767)	(3,911)
- arising from temporary differences		1,310	369

The prior year tax adjustment in 2019 includes a final payment following the 2017 Dutch tax declaration.

Impairments in 2019 relate mainly to the Net Operation Losses which have lapsed in 2019 and the expected tax rate decline in the Netherlands.

The movement in the deferred tax assets is as follows:

	2019 €'000	2018 €'000
At 1 January	2,627	4,696
Transfer to deferred tax liability	(7)	-
(Expense)/income for the year	(90)	(1,609)
Future tax rate adjustment	(241)	-
Write-down of deferred tax assets	(614)	(460)
Foreign currency translation	-	-
At 31 December	1,674	**2,627**
Of which:		
- arising from assessed losses carried forward	-	1,979
- arising from provisions	725	68
- arising from financial instruments	949	580

The deferred tax assets for the Group mainly relates to accrued tax on losses carried forward and include all the taxable losses except for expired losses. As per 1 January 2007, restrictions apply to the loss compensation rules in the Netherlands. The carry forward of losses is restricted to nine years. All the carry forward losses of old Insinger de Beaufort are due in 2019. An amount of €949 thousand is recorded as impairment in 2019.

The movement in deferred tax liabilities is as follows:

	2019 €'000	2018 €'000
At 1 January	901	1,960
Loss / (benefit) for the year	(241)	(195)
Transfer from deferred tax asset	(7)	-
Fair value remeasurement of available-for-sale financial	-	-
Future tax rate adjustment	93	(190)
Fair value remeasurement of FVOCI financial instruments	145	(674)
At 31 December	**891**	**901**
Of which:		
- arising from intangible assets	783	872
- arising from jubilee plan	(13)	29
- arising from fair value remeasurement of FVOCI financial instruments	121	-

The movement in deferred tax liabilities consists of deferred tax benefit of € 145 thousand (2018: €674 thousand charge) relating to the revaluation of financial assets at fair value through other comprehensive income, recognised directly in equity, and a deferred tax benefit of € 191 thousand (2018: €195 thousand) mainly relating to the amortisation of the intangible assets identified in the acquisition balance sheet of Nachenius Tjeenk & Co N.V. in 2009. Of the deferred tax liability € 684 thousand (2018: €738 thousand) will be recovered after more than 12 months.

14. Cash and balances with central banks

	2019 €'000	2018 €'000
Cash in hand	40	44
Balances with central banks	353,495	341,305
Allowance for ECL/impairment losses	(26)	(24)
	353,509	**341,325**

Movement in allowance for ECL/impairment losses

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	(24)	-	-	(24)
Net movement in assets	(1)	-	-	(1)
Impairment changes due to change in credit risk(net)	(1)	-	-	(1)
Use of provision/Out of use	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	(26)	-	-	(26)

The balances with central banks include demand deposits with the Dutch Central Bank. An amount of €25,529 thousand (2018: €20,990 thousand) represents mandatory reserve deposits and is not available for use in the Group's day to day operations and therefore, included as part of the loans and advances to credit institutions in note 15.

Movement in gross amounts

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	341,349	-	-	341,349
Net advancements and repayments	12,186	-	-	12,186
Movements due to changes in foreign exchange rates	-	-	-	-
Use of provision/Out of use	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	**353,535**	-	-	**353,535**

15. Loans and advances to credit institutions

	2019 €'000	2018 €'000
Other receivables	933	1,121
Placements with other banks	826,792	1,049,779
Allowance of ECL / impairment losses	(192)	(221)
	827,532	**1,050,679**

Movement in gross amounts

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	1,049,779	-	-	1,049,779
Net advancements and repayments	(216,178)	-	-	(216,178)
Movements due to changes in foreign exchange rates	(6,810)	-	-	(6,810)
Use of provision/Out of use	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	**826,792**	-	-	**826,792**

Movement in allowance for ECL/impairment losses

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	(221)	-	-	(221)
Net movement in assets	34	-	-	34
Impairment changes due to change in credit risk(net)	(7)	-	-	(7)
Movements due to changes in foreign exchange rates	2	-	-	2
Use of provision/Out of use	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	**(192)**	-	-	**(192)**

This involves relations with credit institutions with at least a credit rating of BBB- and contains short-term maturities. The carrying amount of the loans and advances to credit institutions is a reasonable approximation of the fair value. This is due to the relative short term interest conditions.

Included in loans and advances to credit institutions are € 738,474 thousand loans and advances to Quintet Private Bank group entities. Refer to note 4.5 for the maturity analysis. Refer to note 29 for a breakdown by related parties and to note 29 for securities lending activities.

16. Loans and advances to customers

Gross amounts	2019 €'000	2018 €'000
Receivable in relation to settlements of securities transactions	8,894	2,151
Advances against securities	350,867	320,610
Advances against mortgages	477,203	354,149
Other loans	10,015	6,166
Non Performing Exposures – Advances against securities	15,526	1,858
Non Performing Exposures – Advances against mortgages	601	8,269
Non Performing Exposures – Other loans	930	820
	864,036	**694,023**
Allowance of ECL / impairment losses	(2,079)	(1,817)
Total Loans and Advances at amortised cost	**861,957**	**692,206**
Fair value changes of the hedged items	**5,260**	**1,331**
Total	**867,217**	**693,537**

The Group makes use of fair value macro-hedge accounting and hedge part of the mortgage portfolio of the Group. The cumulative fair value adjustments on the fixed rate mortgages designated as macro fair value hedges as at 31 December 2019 are included in the Fair value changes of hedged items of € 5,260 thousand (2018: € 1,331 thousand) in the statement of financial position. Refer to Note 11 for additional information.

Movement in gross amounts

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	678,102	4,974	10,947	694,023
Net advancements and repayments	164,090	(720)	(741)	162,629
Movements due to foreign exchange rate changes	7,384	-	-	7,384
Transfer to Stage 1	2,169	(2,169)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(6,851)	-	6,851	-
At 31 December	844,894	2,084	17,057	864,036

Movement in allowance of ECL / impairment losses

	Stage 1 € 000's	Stage 2 € 000's	Stage 3 € 000's	2019 Total € 000's
At 1 January (IFRS 9)	(45)	(131)	(1,641)	(1,817)
Net advances and repayments	(16)	36	(19)	1
Impairment changes due to change in credit risk(net)	(13)	95	(345)	(263)
Movement due to change in foreign exchange rate	-	-	-	-
Use of provision/Out of use	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	(74)	-	(2,005)	(2,079)

There are no significant concentrations of loans and advances to customers. The valuation of potential losses and the adjustment of specific impairments are carried out quarterly by the Risk department. The Credit Risk Committee decides on any impairments on the stage 3 items during the year. The line due to IFRS 9 includes transfers of the opening balance impairment losses to other categories.

Loans transferred from stage 1 to stage 3 were well-collateralized and therefore ECL calculated on these loans amounted to zero.

Impairments changes due to change in credit risk in stage 3 includes the ECL on interest on impaired loans for €155 thousand.

Refer to Note 4.3 – Credit Risk for details on collateral on loans per stage of impairment.
The difference between the carrying value of loans and advances to customers and fair value is dealt with in Note 4.6: Fair Value.

17. Investments

Investment securities which are included in the following balance sheet categories may be analysed between listed and unlisted securities, and amortised cost, fair value through OCI and fair value through P&L. The fair value of financial assets measured at amortised cost amounts to € 184,805K and is based on quoted prices in the active markets (level 1).

Investments: overview	2019 Total €'000	2018 Total €'000
Financial assets at amortised cost	184,540	270,671
Financial assets at fair value through other comprehensive income	95,892	53,687
Financial assets at fair value through profit and loss	444	375
Financial assets at fair value through profit and loss (Mandatorily)	731	673
Total	**281,607**	**325,406**

Financial assets at amortised cost: overview	2019 Total €'000	2018 Total €'000
Listed	184,575	270,734
Unlisted	-	-
Allowance of ECL / impairment losses	(35)	(63)
Total	**184,540**	**270,671**

Financial assets at amortised cost: statement of changes	Fixed-income Investments 2019 Total €'000	2018 Total €'000
At 1 January	270,734	238,659
Additions	128,282	229,765
Redemptions	(168,981)	(194,217)
Sold	(45,412)[1]	(1,574)
Interest	(2,684)	(1,928)
Foreign exchange adjustments	2,636	-
Changes in valuations	-	29
Total	184,575	270,734

Financial assets at amortised cost: statement of changes in gross amounts	Stage 1 Total €'000	Stage 2 Total €'000	Stage 3 Total €'000	2019 Total €'000
At 1 January	270,734	-	-	270,734
Net movement in assets[2]	(86,159)	-	-	(86,159)
Impairment changes due to change in credit risk	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Total	**184,575**	-	-	**184,575**

[1] In order to comply with the new Group RWA policy, the Bank has decided to sell on an incidental basis debt instruments for €45,412 thousand.

[2] Net movement relates to assets purchased (€131 million), sold (€45 million), redeemed(€169 million) and interest (€ 3 million) for the year.

Financial assets at amortised cost: statement of changes in ECL	Stage 1 Total €'000	Stage 2 Total €'000	Stage 3 Total €'000	2019 Total €'000
At 1 January	(63)	-	-	(63)
Net movement in assets	4	-	-	4
Impairment changes due to change in credit risk	24	-	-	24
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Total	**(35)**	-	-	**(35)**

Financial assets at fair value through other comprehensive income: overview	Fixed-income Investments 2019 Total €'000	Fixed-income Investments 2018 Total €'000
Listed	95,944	53,712
Unlisted	-	-
Allowance of ECL / impairment losses	(52)	(25)
Total	**95,892**	**53,687**

Financial assets at fair value through other comprehensive income: statement of changes	Fixed-income Investments 2019 Total €'000	2018 Total €'000
At 1 January	53,712	81,293
Additions	55,377	14,617
Redemptions	(13,647)	(27,333)
Sold	-	(13,899)
Interest / Dividend	(405)	(944)
Exchange rate differences	326	-
Changes in valuations	581	(22)
Total	**95,944**	**53,712**

Financial assets at fair value through other comprehensive income: statement of changes in gross amounts	Stage 1 Total €'000	Stage 2 Total €'000	Stage 3 Total €'000	2019 Total €'000
At 1 January	53,712	-	-	53,712
Net movement in assets	42,232	-	-	42,232
Impairment changes due to change in credit risk	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Total	**95,944**	-	-	**95,944**

Financial assets at fair value through other comprehensive income: statement of changes in ECL	Stage 1 Total €'000	Stage 2 Total €'000	Stage 3 Total €'000	2019 Total €'000
At 1 January	(25)	-	-	(25)
Net movement in assets	(40)	-	-	(40)
Impairment changes due to change in credit risk	13	-	-	13
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Total	**(52)**	**-**	**-**	**(52)**

	Equity Instruments		Fixed-income Investments		Total	
Financial assets at fair value through profit and loss: overview	2019 Total €'000	2018 Total €'000	2019 Total €'000	2018 Total €'000	2019 Total €'000	2018 Total €'000
Listed	358	304	87	72	444	375
Unlisted	-	-	-	-	-	-
Allowance of ECL / impairment losses	-	-	-	-	-	-
Total	**358**	**304**	**87**	**72**	**444**	**375**

Financial assets at fair value through profit and loss: statement of changes	Equity Instruments 2019 Total €'000	Equity Instruments 2018 Total €'000	Fixed-income Investments 2019 Total €'000	Fixed-income Investments 2018 Total €'000	Total 2019 Total €'000	Total 2018 Total €'000
At 1 January	298	1,625	77	118	375	1,743
Additions	96	193	56	22	151	216
Redemptions	-	-	-	-	-	-
Sold	(86)	(233)	(44)	(16)	(131)	(249)
Interest / Dividend	16	(1)	-	(3)	16	(4)
Changes in valuations	34	(1,281)	(1)	(50)	33	(1,330)
Total	**358**	**304**	**87**	**72**	**444**	**375**

Financial assets at fair value through profit and loss (Mandatorily): overview	Equity Instruments 2019 Total €'000	Equity Instruments 2018 Total €'000	Total 2019 Total €'000	Total 2018 Total €'000
Listed	-	-	-	-
Unlisted	731	673	731	673
Allowance of ECL / impairment losses	-	-	-	-
Total	**731**	**673**	**731**	**673**

	Equity Instruments		Total	
	2019	2018	2019	2018
	Total	Total	Total	Total
Financial assets at fair value through profit and loss (Mandatorily): statement of changes	€'000	€'000	€'000	€'000
At 1 January	673	476	673	476
Additions	-	-	-	-
Redemptions	-	-	-	-
Sold	-	-	-	-
Interest / Dividend	-	-	-	-
Changes in valuations	58	197	58	197
Total	**731**	**673**	**731**	**673**

18. Investments in associates

	2019 €'000	2018 €'000
At 1 January	1,231	75
Share in results	(23)	131
Dividend received	(1,028)	-
Other movements	(11)	1,026
At 31 December	170	**1,231**

There are no individually material investments in associates held by the Group. All associates are unlisted. Summarised financial information for the Group's equity-accounted associates is set out below. The amounts shown are the net income of the investees, not the Group's share of the results. The figures are based on annual reports for year end 31 December 2018 and therefore this is the best estimate of the bank.

19. Intangible assets

	Goodwill	Application software	Brand name	Customer related intangible assets	Total 2019
	€'000	€'000	€'000	€'000	€'000
Cost	85,062	14,097	1,500	40,079	140,739
Accumulated amortisation	(6,414)	(10,565)	(1,100)	(21,772)	(39,850)
Net book value	78,649	3,533	**400**	18,307	100,889

	Goodwill	Application software	Brand name	Customer related intangible assets	Total 2019
	€'000	€'000	€'000	€'000	€'000
At 1 January	78,649	1,819	500	20,170	101,138
Additions arising during the year	-	2,361	-	-	2,361
Impairment charges	-	-	-	-	-
Amortisation of intangible assets	-	(647)	(100)	(1,862)	(2,609)
At 31 December	78,649	3,533	**400**	18,307	100,889

	Goodwill €'000	Application software €'000	Brand name €'000	Customer related intangible assets €'000	Total 2018 €'000
Cost	85,062	11,737	1,500	40,079	138,378
Accumulated amortisation	(6,414)	(9,918)	(1,000)	(19,909)	(37,241)
Net book value	**78,649**	**1,819**	**500**	**20,170**	**101,138**

	Goodwill €'000	Application software €'000	Brand name €'000	Customer related intangible assets €'000	Total 2018 €'000
At 1 January	78,649	1,520	600	4,543	85,312
Additions arising during the year	-	700	-	17,016	17,716
Impairment charges	-	-	-	-	-
Amortisation of intangible assets	-	(401)	(100)	(1,389)	(1,891)
At 31 December	**78,649**	**1,819**	**500**	**20,170**	**101,138**

Intangibles except goodwill are amortised using the straight-line method:

- Software in progress:	amortisation starts once available for use
- Application software:	5 years
- Brand name:	15 years
- Customer related intangible assets:	15 / 20 years

The accumulated amortisation of the goodwill relates to amortisation before the Group adopted IFRS.

The remaining amortisation period for customer related intangible assets is as follows:

	Remaining amortisation period	2019 €'000	2018 €'000
- Arising from merger with former Nachenius Tjeenk & Co N.V.	4 years	2,213	2,767
- Arising from merger between former Theodoor Gilissen Bankiers and Insinger de Beaufort	5 years	874	1,048
- Arising from acquisition of Lombard Odier	14 years	15,220	16,355
		18,307	**20,170**

Impairment tests for goodwill

Goodwill is allocated to the cash-generating units as follows:

	2019 €'000	**2018** €'000
Private Banking	78,649	78,649
Services	-	-
(Institutional) Asset Management	-	-
	78,649	**78,649**

The recoverable amount of the Private Banking CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on the 2020 - 2022 strategic plan. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the wealth management industry per geographic region.

The key assumptions used for 2019 value-in-calculations are as follows:

	Growth rate income	Growth rate expenses	Discount rate
Private Banking	2%	3%	5.89%

Management determined budgeted free cash flow based on past performance and its expectations of market developments. The discount rates used are post-tax and reflect specific risks relating to the relevant geographical regions in which the cash-generating units operate.

No impairment was identified for the year. The recoverable amount calculated for Private Banking exceeded the carrying value of attributable goodwill by €187 million (2018: €185 million). Some headroom in Private Banking would remain even if both the growth rate of income and expenses would fall to zero, or if the discount rate after tax was to rise by 87% of the existing 5.89% rate applied, or if revenue growth rates dropped to zero.

Impairment tests for customer lists

Customer-related intangible assets were individually assessed for indications of impairment. No indications for impairment were identified.

20. Tangible fixed assets

	Leasehold improvements €'000	Other fixtures, fittings and equipment €'000	Land & buildings €'000	Right of use assets: lease cars €'000	Right of use assets: office premises €'000	Total 2019 €000
Cost	6,231	26,239	2,249	3,785	7,506	46,010
Accumulated depreciation	(5,094)	(22,152)	(32)	(1,043)	(1,988)	(30,308)
Net book value	**1,138**	**4,087**	**2,217**	**2,742**	**5,518**	**15,702**

	Leasehold improvements €'000	Other fixtures, fittings and equipment €'000	Land & buildings €'000	Right of use assets: lease cars €'000	Right of use assets: office premises €'000	Total 2019 €'000
Net book value						
At 1 January	1,511	4,083	-	-	-	5,594
Implementation of IFRS 16[1]	-	-	-	2,665[1]	7,506[1]	10,171
Additions	37	909	2,249[2]	1,167	-	4,362
Disposals	-	-	-	(37)	-	(37)
Impairment	-	-	-	-	-	-
Depreciation	(410)	(905)	(32)	(1,053)	(1,988)	(4,388)
At 31 December	1,138	4,087	2,217	2,742	5,518	15,702

[1]As a result of the initial application of IFRS 16, the present value of future lease payments relating to the right of use of lease cars and buildings have been discounted at the applicable borrowing rate appropriate to the timeframe of the lease. These right of use assets are then depreciated over the remaining lease terms of the assets.

[2]During the 2019 financial year, InsingerGilissen acquired land and an office building in Eindhoven.

	Leasehold improvements €'000	Computing equipment €'000	Other fixtures, fittings and equipment €'000	Total 2018 €000
Cost	6,423	19,369	6,111	31,904
Accumulated depreciation	(4,913)	(17,688)	(3,710)	(26,311)
Net book value	**1,511**	**1,681**	**2,402**	**5,593**

	Leasehold improvements €'000	Computing equipment €'000	Other fixtures, fittings and equipment €'000	Total 2018 €'000
Net book value				
At 1 January	1,339	752	2,531	4,622
Additions	506	1,291	338	2,134
Disposals	-	-	(212)	(212)
Impairment	-	-	-	-
Depreciation	(334)	(362)	(255)	(951)
At 31 December	**1,511**	**1,681**	**2,402**	**5,593**

The fair value of the fixed assets is estimated to be in excess of the carrying amounts.

Assets are depreciated using the straight-line method:

- Right of use asset – lease cars	1 – 4 years
- Right of use asset – office premises	3 – 7 years
- Leasehold improvements:	3 – 7 years
- Computing equipment:	3-5 years
- Other:	4-10 years

21. Other current assets

	2019 €'000	2018 €'000
Trade debtors	245	403
Accrued income	17,847	16,225
Other receivables and prepaid amounts	3,254	4,071
	21,346	20,699
Less: impairment charges	-	-
	21,346	**20,699**

Refer to note 29 for a specification of the related party receivables included in other assets. All other current assets will be received within 1 year.

22. Amounts owed to credit institutions

	2019 €'000	2018 €'000
Payable in relation to settlements of securities transactions	10,477	2,505
Other loans	2,425	2,221
	12,902	**4,726**

Refer to note 4.5 for the maturity analysis.

Refer to note 29 for a specification of the related party payables owed to credit institutions

None of the payable in relation to the settlements of securities are related to the Bank own investment portfolio.
Included under the other loans in 2018 are €1,122 thousand of currency forward contracts. In 2019 the forward contracts are reclassified to derivative financial instruments.

23. Amounts owed to customers

	2019 €'000	2018 €'000
Payable in relation to settlements of securities transactions	34,794	8,646
Current accounts and savings	1,892,820	1,997,760
Time deposits	221,827	244,751
	2,149,441	**2,251,157**

Refer to note 29 for a specification of the related party payables included in amounts owed to customers.

24. Provisions

	2019 €'000	2018 €'000
Pension and other plans	1,225	935
Litigation	3,000	-
ECL on loan commitments and guarantees	4	21
	4,229	**956**

Pension and other plans

The Group currently provides a career average retirement benefit pension plan to some of its employees and provides also a jubilee plan and a death in service plan. The assets of the plans are held separately from those of the entity by an insurance company, Delta Lloyd.

	2019 €'000	2018 €'000
Jubilee plan and death service	811	696
Pensions and other post-employment defined benefit obligation	414	239
	1,225	**935**

The plans expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 16 January 2020 by Willis Towers Watson. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method. The Group is required to contribute a specific percentage of payroll costs to the plan. All contributions are made by the Group.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2019	2018
Discount rate	1.11%	1.97%
Expected return on plan assets	1.11%	1.97%
Salary increase rate	1.50%	1.50%
Individual career increases	0.00%	0.00%
Pension increase rate active participants*	0.00%	0.00%
Deferred pension increase rate*	0.00%	0.00%
Pension in payment increase rate*	0.00%	0.00%

* For the accrued benefits with Delta Lloyd there is not a fixed assumption of indexation used in the valuation. The available amount of the indexation depot is added to both the DBO and asset value.

The discount rate of 1.11% per annum at the end of the fiscal year 2019 is based on yields on high quality corporate bonds with a term that matches that of the liabilities.

The demographic assumptions were as follows:

Retirement age	67
Mortality	Prognosetafel table AG 2018 with an adjustment for mortality experience of Willis Towers Watson
Marital status	It is assumed that every member has a spouse/partner
Disability	According to standard table: “Verbond van Verzekeraars”, banking sector using a multiplier of 60%
Age difference	Three year age difference between males and females

Pensions and other post-employment defined benefit obligation

Amounts recognised in consolidated statement of profit or loss in respect of these defined benefit plans are as follows:

	2019 €'000	2018 €'000
Service cost:		
Current service cost	-	-
Curtailment gain	-	-
Net interest expense	(5)	(5)
Administrative expenses	-	-
Components of defined benefit costs recognised in profit or loss	(5)	(5)

	2019 €'000	2018 €'000
Remeasurement on the net defined benefit liability:		
Return on plan assets	(4,884)	626
Actuarial gain/loss due to experience adjustments	-	-
Actuarial gain/loss due to financial assumption changes	4,945	(633)
Remeasurements effects before taxation	61	(6)
Remeasurements effects after taxation (25%) recognised in other comprehensive income	46	(4)

The changes in the present value of the defined obligation are as follows:

	2019 €'000	2018 €'000
Present value defined benefit obligation as at 1 January	27,139	27,455
Current service cost	-	-
Curtailment gain	-	-
Interest cost	641	520
Actuarial (gains)/losses	4,945	(621)
Benefits paid	(377)	(215)
Present value defined benefit obligation as at 31 December	32,348	**27,139**

The changes in the fair value of the plan assets are as follows:

	2019 €'000	2018 €'000
Fair value plan assets as at 1 January	26,900	27,226
Arising from merger between former TheodoorGilissen Bankiers and Insinger de Beaufort	-	-
Interest income on plan assets	527	515
Return on plan assets	4,884	(626)
Pension premium paid	-	-
Benefits paid	(377)	(215)
Administrative expenses	-	-
Fair value plan assets as at 31 December	31,934	**26,900**

The amount included in the consolidated financial statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2019 €'000	2018 €'000
Defined benefit obligation	32,348	27,139
Fair value of plan assets	(31,934)	(26,900)
Funded status	414	239
Irrecoverable surplus (effect of asset ceiling)	-	-
Net defined obligation	**414**	**239**

The pension scheme assets are funded through a guaranteed insurance contract. The market value of the assets is determined as the discounted stream of guaranteed benefit payment at a market rate increased with future profit sharing (if any). This market rate is assumed to be equal to the discount rate (1.11%), which reflects the assets underlying the contract.

The net interest cost for 2020 are estimated at €5 thousand.

Jubilee plan and death service

Amounts recognised in consolidated statement of profit or loss in respect of these defined benefit plans are as follows:

	2019 €'000	2018 €'000
Service cost:		
Current service cost	52	34
Past service cost / (credit)	-	103
Curtailment gain	-	-
Net interest	8	6
Immediate recognition of (gains) / loss	186	85
Components of defined benefit costs recognised in profit or loss	246	228

The changes in the present value of the defined obligation are as follows:

	2019 €'000	2018 €'000
Present value defined benefit obligation as at 1 January	696	581
Current service cost	-	-
Curtailment gain	-	-
Employer service cost	52	34
Interest cost	8	6
Actuarial (gains)/losses	187	85
Benefits paid	(132)	(113)
Past service cost: plan amendments and curtailments	-	103
Present value defined benefit obligation as at 31 December	811	696

The participants of the pensions and other post-employment defined benefit obligation can be specified as follows:

	31-12-2019	31-12-2018
Active		
Number	33	33
Average age	49.3	49.3
Average future service	8.4	8.4
Deferred		
Number	102	102
Average age	50.4	50.4
Pensioners		
Number	12	12
Average age	69	69

Sensitivity analysis for actuarial assumptions:

Discount rate	Original	Sensitivity -1%	Sensitivity +1%
Defined benefit obligation	32,238	39,734	26,592

Litigation

	2019 €'000	2018 €'000
Litigation	**3,000**	-

The main litigation case is the following:

A court of appeal has ruled in July 2019 in a case initiated by one former client that InsingerGilissen breached its “zorgplicht” (duty of care) by enabling non-professional clients to invest in professional investment products. The verdict stipulates that such duty of care stems from InsingerGilissen’s tri-party contractual relationship between InsingerGilissen, the external asset manager and the client. The external asset manager went bankrupt in 2012.

InsingerGilissen has decided to appeal at the Dutch Supreme Court against the decision of the court of appeal. Based on management estimate and legal counsel €3,5 million is recorded as a provision including legal and consultancy accruals presented under other accruals’.

InsingerGilissen is still in proceedings and discussions in Italy relating to old Italian legal cases. No provision is recorded but under the accruals an amount of €0,1 million (2018: 0,2 million) is recorded for legal fees.

ECL on loan commitments and guarantees

	2019 €'000	2018 €'000
ECL on loan commitments and guarantees	**4**	**21**

Movement in allowance for ECL/impairment losses :

	2019 € 000's	2018 € 000's
At 1 January (IFRS 9)	21	81
Net movement in assets	(17)	(60)
Impairment changes due to change in credit risk(net)	-	-
Use of provision/Out of use	-	-
Transfer to Stage 1	-	-
Transfer to Stage 2	-	-
Transfer to Stage 3	-	-
At 31 December	4	21

25. Other liabilities

	2019 €'000	2018 €'000
Trade creditors	1,374	995
Payroll taxes payable	2,136	1,953
Government levies payable	133	182
Commission payable	-	135
Accruals	6,246	12,185
Interest payable	677	1,908
Payable to related parties	8,538	423
Other short-term payables	10,428	10,525
Lease liabilities	8,522	-
	38,054	**28,306**

Refer to note 29 for a specification of the related party payables and refer to note 4.5 Liquidity risk and funding management for the maturity breakdown.

The reconciliation of the lease liability in accordance with IFRS 16 has been presented below. InsingerGilissen has not re-stated comparatives in the adoption of IFRS 16:

	Amount €'000
Balance as at 1 January 2019	-
Adoption of IFRS 16	10,755
Additions	1,130
Accretion of interest	66
Payments	(3,428)
Balance as at 31 December 2019	8,522

Lease liabilities

Group commitments in the form of cash payments due under non-cancellable leases may be summarised as follows over the periods in which amounts fall due:

	2019 €'000
Amounts payable:	
< 1 year	3,704
1-5 years	5,315
> 5 years	141
	9,160

Leases represented mainly rentals payable by the Group for some of its office properties. The leases have varying terms, escalation clauses and renewal rights. The Amsterdam office is leased under a 10 year contract that expires on 31 December 2021. Due to the purchase of the Eindhoven office, its lease contract will be terminated in the 1nd quarter of 2020. For years ended 2019 and 2018, no extension options are reasonably expected to be exercised.

Since January 1 2019, IFRS 16 has been implemented in the accounting for leases. Refer to the transitional provisions in section 2.1 of the annual report.

The difference between the outstanding lease liabilities as disclosed in note 25 of € 8.5 million per year ended 2019 and above table is due to discounting of future cash outflows of €513 thousand and short term leases of €125 thousand.

26. Subordinated debt

	Amount €'000	Due date	Interest rate
Quintet Private Bank S.A.	7,033	30 June 2025	3 months EURIBOR +225 basis points

A subordinated loan of €7.0 million was initially issued by BNP Paribas on 30 June 2015 relating to the Group's solvency requirements in terms of total capital. The subordinated loan is Tier 2 compliant. Per 31 December 2016 Quintet Private Bank S.A. took over the subordinated loan under the same conditions.

The payment of the nominal amount of the subordinated debt is subordinated to the full satisfaction of all unsubordinated creditors. The interest due on the subordinated debt is not subordinated.

Early redemption needs prior approval of the Dutch Central Bank on the request of the borrower. The Group has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period.

27. Unconsolidated structured entities

The Group manages several investment funds which are unconsolidated structured entities. The Group's interest in the funds is limited to a fund management fee and/or performance fee. The funds are open-ended investment companies which invest in a range of assets according to their investment mandate.

The funds have various investment mandates and objectives. All funds invest capital received from investors in a portfolio of assets in order to provide returns to investors from capital appreciation, income from the invested assets or both. The funds are financed solely through equity capital provided by investors.

The total assets under management of the funds as at 31 December 2019 are €1,7 billion (2018: €1,2 billion).

The following table summarises the carrying values of the Group's interests in unconsolidated structured entities recognised in the statement of financial position:

	2019 €'000	2018 €'000
Other current assets	2,990	535
- of which management fees receivable	1,983	535
- of which performance fees receivable	1,007	-

The Group's maximum exposure to loss in the funds is limited to the carrying amounts shown in the table above. Performance fees are not subject to claw back. Revenue includes €5,650 thousand in management fees and €3,148 thousand in performance fees earned on unconsolidated structured entities during the year. The Group has not provided financial support during the year to any of the funds that it manages and has no contractual obligation or current intention to provide financial support.

28. Contingent assets and contingent liabilities

(a) Deposit guarantee scheme

The deposit guarantee scheme (DGS) is intended to guarantee certain deposits by accountholders if a bank cannot meet its obligations. The scheme provides security for deposits of up to €100 thousand and applies per account holder, per bank, regardless of the number of accounts held. In case of a joint account operated by two persons, the maximum applies per person. More or less all savings accounts, current accounts and term deposits are covered. Equities and bonds are not covered. If a credit institution finds itself in difficulties and does not have sufficient funds to pay all or part of the guaranteed amounts to its account holders, De Nederlandsche Bank will make up the difference to the aforementioned maxima.

As from 26 November 2015, the funding of the deposit guarantee scheme was changed from an ex-post basis to an ex-ante basis. As from the first quarter of 2016, the banks had to contribute a sum to a fund for the deposit guarantee scheme. The deposit guarantee fund should increase to 1% of the deposits guaranteed under the DGS in approximately 10 years. The intended capital of 1% of the guaranteed deposits is determined per bank. If the resources of the deposit guarantee fund are not sufficient for compensation, the remainder will be recovered from banks on a pro rata basis.

The Group has contributed €800 thousand in 2019 to the fund (2018: €583 thousand).

(b) Holdings on behalf of clients

Due to changes to the Netherlands Securities Giro Administration and Transfer Act (Wet giraal effectenverkeer) it is no longer required to have a separate Safe Custody company to segregate the clients' financial instruments and clients' rights to financial instruments. As a result financial instruments were transferred from Nachenius Tjeenk & Co Global Custody N.V. and are now held by InsingerGilissen Bankiers N.V. As at 31 December 2019 the total amount of financial instruments in custody on behalf of clients amounted to €21.283 million.

(c) Loan facilities

The bank has committed loan facilities for the amount of €18 million (2018: €20 million). Impairment losses for off balance sheet items such as loan commitments and financial guarantee contracts are recognised in line item other liabilities.

(d) Legal cases

As part of its ordinary course of business, the Company is occasionally involved in disputes and claims. Although it is not possible to predict the outcome of current or impending proceedings and investigations by regulators, it is believed on the basis of information currently available that the outcomes are not probable and not reliable measured to have a material adverse effects on the financial position or results, except as recorded under note 24 provisions.

29. Related party transactions

Related party transactions with the parent company
As per 1 January 2017, Quintet Private Bank (Europe) S.A. is the new owner of the bank. Transactions between the bank and its parent meet the definition of related party transactions.

The following table shows the outstanding positions and transaction amounts during the year.

Positions	2019 €'000	2018 €'000
Loans and advances to credit institutions	738,474	1,008,132
Other current assets/(liabilities) (net)	(309)	(907)
Amounts owed to credit institutions	(1,568)	(1,934)
Subordinated debt	(7,033)	(7,000)
Forward contracts	(6,476)	(1,121)
Derivatives in economic hedge relationship	(92)	(2,579)
Derivatives used as fair value hedges	(10,713)	(3,381)
	712,283	**992,331**

Transactions	2019 €'000	2018 €'000
Interest on loans and advances to credit institutions	3,371	1,215
Interest on derivative financial instruments	(4,450)	(1,085)
Fee and commission income / (expense)	(639)	(945)
Other operating income / (expense)	(455)	(440)
	(2,173)	**(1,255)**

The table below shows the commitments the Bank has with its parent. The reported amounts are the notional amounts of the derivative interest rate instruments.

Notional amounts	2019 €'000	2018 €'000
Derivatives in economic hedge relationship	7,005	235,336
Derivatives used as fair value hedge	435,858	88,500
Foreign exchange forward contracts	677,917	418,013
	1,120,780	**741,849**

The above mentioned balances arose from the ordinary course of business. All charges to, and by related parties are at normal commercial rates. Outstanding balances at year-end with the parent are unsecured.

Related party transactions with other group companies

The bank engages in related party transactions with Brown Shipley & Co., a UK-based company within the Quintet Private Bank group, following the transfer of the UK Branch activity in December 2017.

The following tables show the outstanding positions and transaction amounts during the year.

Positions	2019 €'000	2018 €'000
Amounts owed to customers	114	(160)
Other current assets/(liabilities)	(8,510)	119
	(8,396)	**(41)**

For other current/assets liabilities please refer to Note 25

Transactions	2019 €'000	2018 €'000
Fee and commission income	(1,032)	1,188
Interest expense	(627)	(613)
	(1,659)	575

Related party transactions with subsidiaries

Transactions between the bank and its subsidiaries meet the definition of related party transactions. However, as all of these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Remuneration of directors

Each director receives remuneration on a cost-to-company basis. The allocation to pension or other benefit is done on an individual basis. The remuneration of the directors (including resigned) is set out below and includes salaries, pension cost and social cost:

	2019 €'000	2018 €'000
Supervisory Board	254	256
Statutory directors	2,240	2,349
	2,494	**2,605**
Of which short-term benefits	2,142	2,253
Of which post-employment benefits	89	96
Of which termination benefits	263	256
At 31 December advances made to directors amount to:	1,275	1,275

Included in the remuneration is €89 thousand (2018: €96 thousand) which relates to post-employment benefits.

The advances relate to mortgages. The advances are secured by way of mortgages and pledges of marketable securities. Interest is charged on market-related terms. No repayments or drawdowns were made during 2019 or 2018. During the years 2019 and 2018 the Supervisory Board received fixed remuneration. The remuneration policies comply with the CRD IV regulations.

30. Employees

The average number of employees was:

	2019 FTE	2018 FTE
Private Banking	133	128
External Asset Management Services	13	13
(Institutional) Asset Management	26	26
Operations and Support Functions	140	131
Management Functions	18	16
	330	**314**
Of which outside the Netherlands	0	0

31. Country by country reporting

The following disclosure is pursuant to article 89 of Capital Requirements Directive IV. For a list of significant subsidiaries refer to note 7 in the Company financial statements.

2019:
Netherlands

Name	Nature of activities	Operating income €'000	Profit Before Tax €'000	Tax on Profit or Loss €'000	Number of employees (Ave FTE)
InsingerGilissen Bankiers N.V. and subsidiaries	Private banking	89,206	4,654	(2,551)	330

2019:
United Kingdom

Name	Nature of activities	Operating income €'000	Profit Before Tax €'000	Tax on Profit or Loss €'000	Number of employees (Ave FTE)
InsingerGilissen Bankiers N.V. (London Branch)	Private banking	-	-	1,474[1]	0

32. Dividends paid and proposed

No dividend was paid or proposed during the year.

33. Post balance sheet events

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of banks. In general banks could be impacted by instruments being measured at fair value and on potential credit losses. Currently, InsingerGilissen is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

[1] Refer to the note 12, Discontinued operations

Company financial statements
For the year ended 31 December 2019

Company statement of financial position

At 31 December (before result appropriation)

	Notes	2019 €'000	2018 €'000
Assets			
Cash and balances with central banks	2	353,509	341,325
Loans and advances to credit institutions:	3		
- receivable from related parties		738,474	1,008,132
- other		89,058	42,547
Loans and advances to customers	4	861,957	692,206
Fair value changes of the hedged items	6	5,260	1,331
Investments	5	281,607	325,406
Derivative financial instruments	6	3,226	106
Investment in subsidiaries and receivables from Group companies	7	36,535	25,449
Intangible assets	8	100,889	101,138
Deferred tax assets	13	1,674	2,620
Tangible fixed assets	9	15,702	5,593
Prepaid expenses	10	2,424	2,905
Other current assets	11	15,382	16,803
Current tax asset		80	17
		2,505,777	**2,565,578**
Liabilities			
Amounts owed to credit institutions:	14		
- payable to related parties	12	6,476	1,121
- other		6,426	3,605
		12,902	4,726
Amounts owed to customers	15		
- time deposits		221,827	244,751
- other funds entrusted		1,959,693	2,030,145
		2,181,520	2,274,896
Derivative financial instruments	6	19,225	5,756
Liabilities to Group companies		1,748	40
Other liabilities	17	37,012	27,710
Current tax liability		181	3,677
Deferred income tax liabilities	13	891	894
Provisions	16	4,229	935
Subordinated debt	18	7,033	7,000
Share capital		1,079	1,079
Share premium		177,254	177,254
Revaluation reserves		419	(17)
Legal reserves		170	1,231
Other reserves		61,509	50,231
Undistributed result		605	10,165
Shareholder's equity	20	241,036	239,943
		2,505,777	**2,565,578**

Company statement of profit or loss

For the year ended 31 December

	Notes	2019 €'000	2018 €'000
Interest income calculated using the effective interest method		18,454	16,121
Other interest and similar income		245	27
Interest expense calculated using the effective interest method		(6,662)	(4,444)
Other interest and similar expense		(1,470)	(2,057)
Net interest income	21	**10,567**	**9,647**
Share of results from subsidiaries	7	3,897	2,360
Fee and commission income	22	70,015	71,003
Fee and commission expense	22	(6,888)	(7,454)
Gain / (loss) from financial assets		7,709	8,265
Gain / (loss) on derecognised financial assets measured at amortised cost		342	(11)
Other operating income		(36)	318
Hedge accounting		(2,125)	(362)
Operating income		**83,482**	**83,766**
Personnel costs	23	(43,037)	(41,579)
Redundancy expenses		(2,808)	(972)
Other operating expenses	24	(24,225)	(27,104)
Amortisation of intangible assets	8	(2,609)	(1,891)
Depreciation of property and equipment	9	(4,387)	(951)
Litigation provisions	25	(3,000)	-
Impairment charges on financial assets		(81)	371
Operating (loss)/profit from continuing operations		**3,334**	**12,612**
Taxation on operating result	13	(1,231)	(2,447)
Net profit/(loss) for the year from continuing operations		**2,103**	**10,165**
Discontinuing operations			
(Loss)/profit after taxation from discontinued operations	29	(1,498)	-
Net profit/(loss) for the year		**605**	**10,165**

Notes to the Company financial statements

1. Summary of significant accounting policies

1.1 General

The principal accounting policies applied in the preparation of the Company financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements have been prepared in accordance with the legal requirements for annual accounts contained in Title 9, Book 2, of the Dutch Civil Code. The Company applies the provisions in Section 362, paragraph 8, Book 2, of the Dutch Civil Code, that make it possible to prepare the Company financial statements in accordance with the accounting policies used in its consolidated financial statements, except for accounting for subsidiaries. The euro is the functional and presentation currency of the Company.

In principle, the reported figures for equity and net income in the consolidated financial statements are equal to the concerned figures reported in the Company financial statements, which is generally accepted in the Netherlands. Reference is made to the accounting policies as stated in note 2 to the consolidated financial statements when no further accounting policies are stated.

Refer to consolidated note 4.6 for the Company assets and liabilities measured at fair value. For the Company assets and liabilities not measured at fair value the carrying amount is a reasonable approximation of the fair value. This is due to the relative short term interest conditions.

1.2 Investments in subsidiaries

Subsidiaries are measured at net asset value in the Company financial statements. Net asset value is determined by measuring the assets, provisions, liabilities, income and expenses based on the accounting policies used in the consolidated financial statements. Goodwill represents the excess of the cost of acquired subsidiaries and associates over the value acquired at the date of acquisition, in accordance with accounting policy note 2.5(a) in the consolidated financial statements. The expected credit losses as prescribed in IFRS 9 on receivables from subsidiaries in the company financial statements are eliminated in the carrying amount of the receivables.

Recognition of losses
If the share in losses that is attributable to the Company exceeds the book value of the subsidiary, further losses will not be recognised unless the Company has provided security for the subsidiary or has assumed liabilities or made payments on the subsidiary's behalf. In that case the Company will include a provision up to the extent of its obligation.

Recognition of unrealised results
The profits from transactions between the Company and its participating interests are eliminated in proportion to the level of the participating interest, insofar as those profits were not realised in transactions with third parties. Losses will not be eliminated if the transaction with a subsidiary points to an impairment of an asset.

1.3 Financial risk management

The financial risk management process of the Company is consistent with the process of the Group. Reference is made to note 4 of the consolidated financial statements.

1.4 Goodwill

For Goodwill which is part of the account intangible assets refer to note 2.5(a) of the consolidated financial statements.

2. Cash and balances with central banks

Reference is made to note 14 of the consolidated financial statements for the relevant note disclosure.

3. Loans and advances to credit institutions

	2019 €'000	2018 €'000
Receivable from related parties	740,228	1,049,778
Other	87,497	1,122
Allowance for ECL/impairment losses	(192)	(221)
	827,532	**1,050,679**
The remaining maturity is as follows:		
< 3 months	757,566	841,994
3 months - 1 year	69,966	208,685
1 - 5 years	-	-
> 5 years	-	-
	827,532	**1,050,679**

Included in the total loans and advances to credit institutions are € 738,494 thousand (2018: € 1.0 billion) receivable from Quintet Private bank group companies. Refer to consolidated note 29 for the breakdown by counterparty. Other than these related party balances, there are no significant concentrations of loans of advances to credit institutions.

Reference is made to note 15 of the consolidated financial statements for the movement in allowance for ECL/impairment losses.

4. Loans and advances to customers

Reference is made to note 16 of the consolidated financial statements for the relevant note disclosure. There are no significant concentrations of loans and advances to customers.

5. Investments

Refer to note 17 of the consolidated financial statements.

6. Derivative financial instruments

Refer to note 11 of the consolidated financial statements.

7. Investments in subsidiaries and receivables from Group companies

	2019 €'000	2018 €'000
Net asset value of Group companies	27,207	23,760
Amounts receivable from participating interests	9, 329	1,689
	36,535	**25,449**
Changes in the net asset value of Group companies are as follows:		
At 1 January	23,760	21,400
Share in net profit of participating interests	3,897	2,360
Liquidation of group companies	(450)	-
At 31 December	**27,207**	**23,760**

There are no credit institutions included in the subsidiaries. Subsidiaries have bank accounts at the Company. All transactions are on arms' length basis, and all intercompany receivables are short term in nature.

If a subsidiary has a negative net asset value a provision has been recognised. No provision has been deducted from the amounts receivable from participating interests (2018: Nil).

The company made no provision for expected credit losses on the investment in subsidiaries and receivables from group companies because the majority part of the assets consist of intercompany cash and cash equivalents with InsingerGilissen Bankiers N.V.

The subsidiaries are listed below:

Name	Registered office	Issued equity held
InsingerGilissen Asset Management N.V.	Amsterdam, NL	100%
Bewaarbedrijf Ameuro NV	Amsterdam, NL	100%
InsingerGilissen Philanthropy Trust Estates B.V.	Amsterdam, NL	100%
GIM Vastgoed Management BV	Eindhoven, NL	100%
Wereld effect B.V.	Amsterdam, NL	100%
Nachenius Tjeenk & Co Global Custody NV	Amsterdam, NL	Liquidated in 2019
Theodoor Gilissen Trust B.V	Amsterdam, NL	Liquidated in 2019

Capital distributions to the Company from InsingerGilissen Asset Management N.V. ("IGAM N.V.") are subject to statutory and legal restrictions. After a dividend distribution, the shareholder's equity of IGAM N.V. must exceed the paid-up and called-up share capital, with minimum capital remaining of €125 thousand. Further, IGAM N.V. must be able to perform all of its expected activities in the normal course of business after the dividend distribution.

8. Intangible assets

For further details, refer to note 19 of the consolidated financial statements.

9. Tangible fixed assets

For further details, refer to note 20 of the consolidated financial statements.

10. Prepaid expenses

	2019 €'000	2018 €'000
Prepayments	2,424	2,905

Prepayments consists of rent (including parking) paid in advance, prepaid insurance premiums, prepaid license fees and other prepaid expenses.

11. Other current assets

	2019 €'000	2018 €'000
Trade debtors	206	289
Accrued income	14,467	15,639
Other receivables	710	874
	15,382	16,803
Less: impairment charges	-	-
	15,382	**16,803**

Included under the other receivables are rent deposits and bank accounts from funds.

12. Related party transactions

For further details, refer to note 29 of the consolidated financial statements and refer to note 7 of the Company financial statements for details.

13. Taxation

The result before tax can be analysed as follows:

	2019 €'000	2018 €'000
Net result for the period	605	10,165
Share in result of Group companies after taxation	(3,897)	(2,360)
Discontinued operations	1,498	-
Taxation	1,231	2,447
Result before taxation	(563)	10,252

Taxation for the year can be reconciled to the profit as per the profit or loss account as follows:

	Tax rate %	2019 €'000	2018 €'000
Profit / (loss) before tax		(563)	10,252
Tax calculated at a tax rate of 25% (2018: 25%)	*(25.0%)*	141	(2,563)
Prior year tax adjustments	125,1%	(704)	256
Tax effect of non-deductible expenses	*14.6%*	(82)	(44)
Impairments	*166.6%*	(939)	(270)
No taxation on UK income	(35.0)%	197	128
Deductible expenses	(27.8%)	156	21
Effect of different tax rates	-%	-	25
Effective tax rate/tax expense for the year (2018: (23,9%))	*218.6%*	**(1,231)**	**(2,447)**
Of which current income tax		(971)	409
Of which deferred income tax:			
- deferred tax liability income / (expense)		191	195
- deferred tax asset income / (expense)		(451)	(3,051)
- arising from assessed losses		(1,761)	(3,420)
- arising from temporary differences		1,310	369

The prior year tax adjustment in 2019 includes a final payment following the 2017 Dutch tax declaration.

Impairments in 2019 relate mainly to the Net Operation Losses which have lapsed in 2019 and the expected tax rate decline in the Netherlands.

The movement in the deferred tax asset is as follows:

	2019 €'000	2018 €'000
At 1 January	2,620	4,779
(Expense)/Income for the year	1,322	(1,210)
Write-down of deferred tax assets	(708)	(460)
Future tax rate adjustment	(241)	-
Transfer tax balances to/from Group companies	(1,319)	(489)
Foreign exchange translation adjustments	-	-
At 31 December	**1,674**	**2,620**

The deferred tax asset for the Company relates to provisions and financial instruments. For the movement in the deferred tax liability, refer to note 13 of the consolidated financial statements.

InsingerGilissen Bankiers N.V. is the head of the fiscal unity for both corporate income tax and value added tax. As a consequence InsingerGilissen Bankiers N.V. is severally liable for the tax liabilities of the fiscal unity. Taxation is accrued on the basis that the companies are operating on a stand-alone basis.

14. Amounts owed to credit institutions

Refer to note 22 in the consolidated financial statements.

15. Amounts owed to customers

	2019 €'000	2018 €'000
Payable in relation to settlements of securities transactions	34,794	8,646
Current accounts	1,924,899	2,021,499
Time deposits	221,827	244,751
	2,181,520	**2,274,896**
The remaining maturity is as follows:		
< 3 months	2,169,400	2,218,296
3 months - 1 year	12,120	56,600
1 - 5 years	-	-
> 5 years	-	-
	2,181,520	**2,274,896**

There are no significant concentrations of amounts owed to customers.

16. Provisions

Refer to note 24 in the consolidated financial statements.

17. Other liabilities

	2019 €'000	2018 €'000
Trade creditors	1,169	900
Payroll taxes payable	2,136	1,953
Government levies payable	133	182
Accruals and deferred income	5,410	11,684
Interest payable	677	1,908
Commission payable	-	135
Payable to related parties	8,538	423
Other short-term payables	10,427	10,527
Lease liabilities	8,522	-
	37,012	**27,712**
The remaining maturity is as follows:		
< 3 months	29,294	22,954
3 months - 1 year	332	4,758
1 - 5 years	6,426	-
> 5 years	960	-
	37,012	**27,712**

18. Subordinated debt

Refer to note 26 in the consolidated financial statements.

19. Hedge accounting

Refer to note 11 in the consolidated financial statements.

20. Equity

The consolidated and company statement of equity are the same, refer to the statement of changes in equity recorded on page 32.
The legal reserve is formed for the undistributed profits from participating interests measured in accordance with the net asset value method.
For the solvency ratio refer to section 4.2. Capital risk management.

21. Net interest

	2019 €'000	2018 €'000
Interest income calculated using the effective interest method		
- Interest on investment securities	2,438	3,206
- Interest on loans and advances to credit institutions	3,570	1,103
- Interest on loans and advances to customers	14,773	14,036
- Interest on financial instruments fair value through other comprehensive income	652	595
- Net interest on hedge derivatives	(2,980)	(2,819)
	18,454	16,121
Other interest and similar income		
- Interest on financial instruments fair value through profit and loss	1	7
- Interest on impaired loans	244	20
	245	27
Interest expense calculated using the effective interest method	(6,662)	(4,444)
Other interest and similar expense	(1,470)	(2,057)
	10,567	**9,647**

Other interest and similar expense includes currency swap results.

22. Net fee and commission income

	2019 €'000	2018 €'000
All in fees	51,668	41,666
Management fees	8,031	15,639
Commission received	9,597	11,982
Custodian fees	448	369
Upfront fees	197	67
Other	74	1,279
Fee and commission income	**70,015**	**71,003**
Commission paid	(18)	(26)
Custodian fees	(1,254)	(1,329)
Settlement expenses	(4,643)	(5,266)
Other	(973)	(832)
Fee and commission expense	**(6,888)**	**(7,454)**
	63,127	**63,549**

23. Personnel costs

Refer to note 9 in the consolidated financial statements. The difference between the consolidated and company personnel costs is the fact that certain salaries have been recharged to subsidiaries. For 2019 and 2018, certain salaries has been recharged to InsingerGilissen Asset Management N.V.

24. Other operating expenses

	2019 €'000	2018 €'000
Temporary staff, lease cost and other	3,889	6,830
Systems	7,171	7,725
Information suppliers	3,066	3,114
Communication expenses	759	664
Travel and entertainment	846	811
Marketing	2,111	1,706
Premises	1,739	3,353
Other administrative expenses	3,030	1,424
Legal expenses	875	803
Audit fees	739	674
	24,225	**27,104**

25. Contingent assets and contingent liabilities

InsingerGilissen Bankiers N.V. is the head of the fiscal unity for both corporate income tax and value added tax. As a consequence InsingerGilissen Bankiers N.V. is severally liable for the tax liabilities of the fiscal unity. Refer to note 28 in the consolidated financial statements.

26. Lease commitments

The lease commitments are the same as in the consolidated figures. The impacts of these commitments are minimal and are not included in the company financial statements. Refer to Note 28 for additional details in the consolidated financial statements.

27. Remuneration of directors

Reference is made to note 29 of the consolidated financial statements. The company makes use of the exemption of article 383b, book 2 of the Dutch Civil Code.

28. Employees

Refer to note 30 in the consolidated financial statements.

29. Discontinued operations

Refer to note 12 in the consolidated financial statements.

30. Proposed appropriation of results

Awaiting the general meeting of the shareholder, the management board proposes to add the profit after tax of 2019 to the other reserves. During 2019 no interim dividend have been paid.

31. Events after the reporting date

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of banks. In general banks could be impacted by instruments being measured at fair value and on potential credit losses. Currently, InsingerGilissen is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

Other information

Independent auditor's report

Corporate information

InsingerGilissen Bankiers N.V.

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insingergilissen.nl	(client website in Dutch)
insingergilissen.com	(client website in English)

Information on our website does not form part of this Annual Report, unless expressly stated otherwise.

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