



Annual Report
2016



Annual Report
2016

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General
Section

QUILVEST

is a financial holding company whose activities are in the wealth management and private equity business.

QUILVEST

was incorporated in Paris on 20 September 1888. The Group established in Luxembourg in 1960. Since the spin-off of the industrial activities in 1991, it has solely focused on managing financial assets with private banks in Switzerland - established in 1932, in France - established in 1917 and in Luxembourg which combined its activities in 2011. QUILVEST's global Private Equity activities date back to 1972.

QUILVEST

consists of almost 400 professionals with offices in Luxembourg, New York, Zurich, Geneva, Paris, Dubai, London, Montevideo, Hong Kong, Singapore, Ghent, Brussels and Santiago de Chile.

List of Directors and Group Management

Honorary Chairman

Julio E. Nuñez

Board of Directors

Chairman

Christian Baillet

Directors

Serge de Ganay (until 10 June 2016)
 Robin Filmer-Wilson (as from 10 June 2016)
 Philippe Hoss
 Robert Kneip
 François Maset
 Stanislas Poniatowski
 Alvaro Sainz de Vicuña
 Jean-Louis Schiltz (as from 10 June 2016)
 Gonzalo Tanoira (as from 10 June 2016)
 International Advisory Services
 (represented by Christian Baillet)
 Vauban Participations S.A.
 (represented by Norbert Becker)

Audit Committee

François Maset, President
 Christian Baillet
 Norbert Becker

Compensation Committee

Alvaro Sainz de Vicuña, President
 Serge de Ganay, President (until 10 June 2016)
 Christian Baillet
 Stanislas Poniatowski

Group Committee

Christian Baillet, President
 Serge de Ganay (until 10 June 2016)
 Robin Filmer-Wilson (as from 10 June 2016)
 François Maset
 Stanislas Poniatowski
 Alvaro Sainz de Vicuña
 Gonzalo Tanoira (as from 10 June 2016)

Executive Management

CEO Quilvest Wealth Management
 Marc Hoffmann
 CFO Quilvest Group & Secretary General
 Jean-Benoît Lachaise
 CEO Quilvest Private Equity
 Guy Zarzavatdjian

Statutory and Group Auditors

KPMG Luxembourg, Société Coopérative

Chairman's Statement

The general environment during 2016 has been mixed with a severe correction at the beginning of the year and a recovery at the end even if all in all the changes are not very significant over the year.

As a result, Quilvest has had a solid performance during 2016 with a net performance of around 9% which corresponds to our long term expectation in terms of NAV growth.

In general the Private Equity portfolio has performed well with no significant problems. Because of the macro economic environment we have been very cautious and made no new significant investment. We took advantage of an opportunity to sell one of our large investment Acrotec with a good multiple.

The Wealth Management had a reasonable good year as it suffered, like all the financial institutions, from the low and sometimes negative interest rates.

All those efforts have led to reach \$35 billion of assets under management and under custody, which consolidates our position on the European map in private banking. In particular the operations in Belgium are growing well above expectations.

On the basis of the proven support of its shareholders over many years, the Quilvest board decided to withdraw its shares from public trading. In August 2016 the delisting of its shares from the Luxembourg Stock Exchange was finalized.

At the Board level, we have welcomed three new Board members in June 2016. Jean-Louis Schiltz based in Luxembourg, Gonzalo Tanoira in Buenos Aires and Robin Filmer Wilson in London. They all have significant experience in financial matters and bring with them a lot of accumulated experience in private banking and private equity. We are certain that the contribution of those three new members will be very significant for the years to come.

On that topic, I wish to express my sincere thanks to Serge de Ganay who has left the Board after 15 years of outstanding activities. In particular, his involvement has been key element in private banking in France and in Luxembourg and he has contributed to strengthen our partnership with Vauban in QWM.

I also wish to thank the Board members who have led the company with a lot of wisdom and who have engaged in long term strategic brainstorming for the benefit of all shareholders in the years to come.

Finally, I take this opportunity to stress the contribution and commitment of the professionals and employees who have been very successful to defend the interest of the shareholders and to engage the next steps of the development of Quilvest.

Luxembourg, 10 May 2017



Christian Baillet

Chairman of the Board of Directors

Executive Management's Statement

Despite an uncertain geopolitical environment, in particular with turmoil in the European Union following the Brexit as well as the consequences of the Syrian conflict, global capital markets ended the year 2016 in a positive way. During that period the Quilvest Net Asset Value ("NAV") increased by 9%, ex-dividend distributed in 2016. Thus the financial year 2016 turned out to be a strong year for the Quilvest Group, exceeding our expectations. The profit of the Group for the year amounted to USD 161 million versus USD 74 million in 2015.

Our Private Equity team was very active over the past year. The team successfully exited two lead investments (Acrotec in Europe and Hill & Valley in the US), and seven co-investments (through our QS Direct program), and made two new investments for our "Club Fund", with three other advanced opportunities in the pipelines. QS Capital Strategies, under the supervision of the US Small Business Administration agency, has invested in five additional transactions in the US during 2016. We have launched the next generation of our flagship fund programs in private equity in late 2016 followed by our Real Estate vehicle in early 2017. All vehicles of this new generation incorporate significant innovations, which should improve the returns and cash profile to investors. Developed and emerging market funds teams have successfully deployed USD 180 million in 5 hard-to-access funds around the world, as well as 4 new co-investments for a total of USD 21 million. The Real Estate team closed five direct deals for a total of USD 60 million and committed USD 21 million to two funds. These transactions reflect many of Quilvest's key strength – our lower mid-market focus across multiple programs and geographies as well as our flexibility and entrepreneurial mindset. In line with our objectives, we have also continued to develop our consulting services, increasing both our client base and performance. Globally, the investment pipeline for our various funds and direct investment programs remain strong, with many promising investment opportunities. Finally, we made significant progress in the implementation of a top-ranked front-to-back information system, which we plan to finalize in 2017.

The Wealth Management activities faced a challenging environment. QWM's revenues were impacted by the negative short term interest rate environment that prevailed in Euro, as well as from declining stock markets in the first half of the year. Assets under management and under custody on the other hand showed again a strong increase, confirming the positive outlook. In terms of development, the Belgian branch of our Luxembourg bank Compagnie de Banque Privée Quilvest, which opened in Ghent in December 2014, opened in turn an office in Brussels in June 2016. In addition, QWM made a capital increase of EUR 50 million in June 2016, of which 25% was called in November 2016, with the objective to create a regulatory capital buffer allowing potential opportunistic acquisitions.

Luxembourg, 10 May 2017



Marc Hoffmann
CEO Quilvest Wealth Management



Jean-Benoît Lachaise
Group Chief Financial Officer



Guy Zarzavatdjian
CEO Quilvest Private Equity





Group Highlights

Group Highlights

In \$ million	2015	2016
Total assets (IFRS)	3,980.0	3,771.4
Total liabilities (IFRS)	2,852.2	2,618.6
Group equity- shareholders of the parent (IFRS)	843.9	888.5
Restatement of goodwill Wealth Management	56.7	67.2
Restatement of goodwill Private Equity	40.3	43.5
Accounting policy differences	(8.6)	0.2
Net asset value (Management valuation)	932.4	999.4
Group net result (IFRS)	65.5	77.5

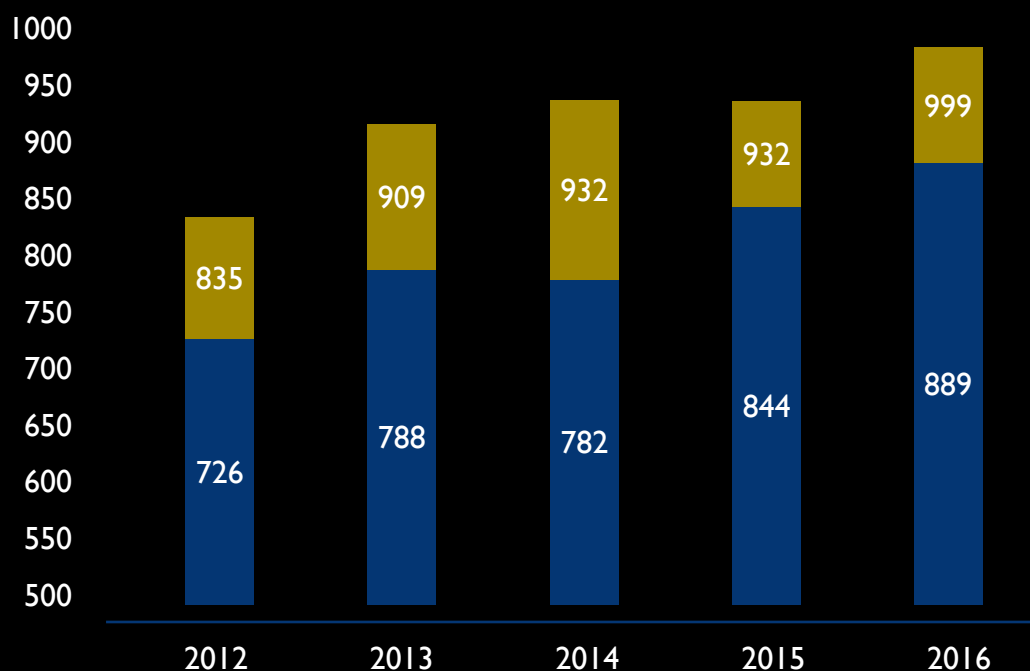
In \$		
Group net basic earnings per share (IFRS)	9.9	11.8
Group net asset value per share (IFRS)	126.8	133.6
Net asset value per share (Management valuation)	140.1	150.3
Total shares issued as of reporting date	6,656,000	6,648,415

“Net asset value (Management valuation)” differs from “Group equity (IFRS)” on the following points mainly: Management valuation includes a restatement of goodwill arising on Quilvest Switzerland, Quilvest Banque Privée, CBP Quilvest and Quilvest & Partners based on the volume and nature of third-party assets under management. The accounting policy differences relate mainly to (i) the valuation of the controlled Private Equity investments at fair value for management valuation, which are fully consolidated in the IFRS consolidated financial statements and (ii) the fair value of the acquired identified intangible assets in CBP Quilvest and Quilvest Banque Privée.

Key Figures

Group Net Asset Value (in \$ million)

(based on management valuation)



Management valuation

IFRS

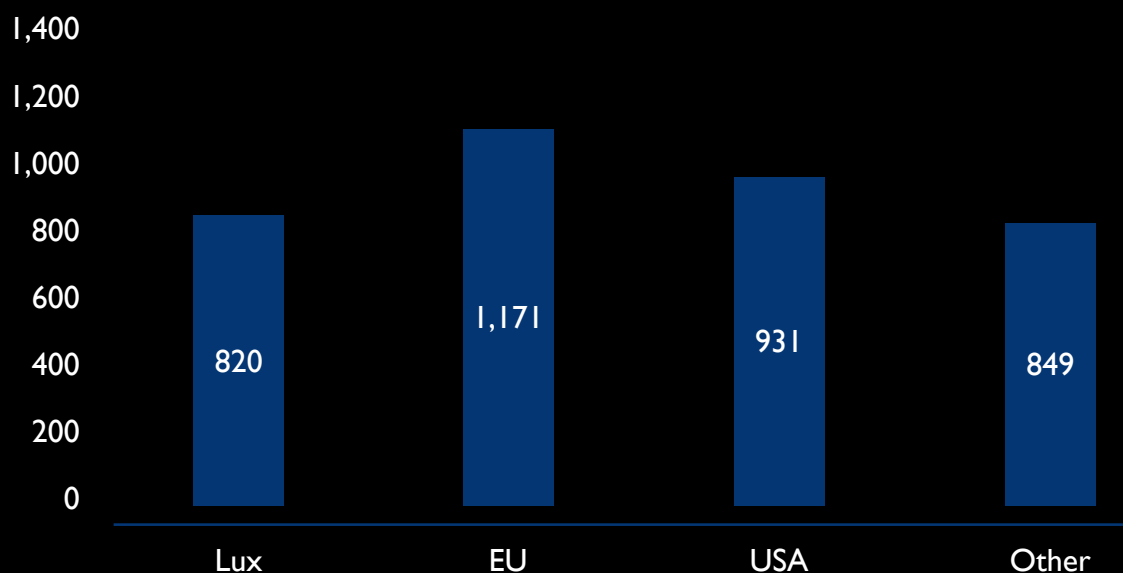
NAV per share

(five years evolution)

In \$	2012	2013	2014	2015	2016
NAV/share- Management valuation	125,4	136,5	140,0	140,1	150,3
NAV/share- IFRS	109,1	118,4	117,5	126,8	133,6

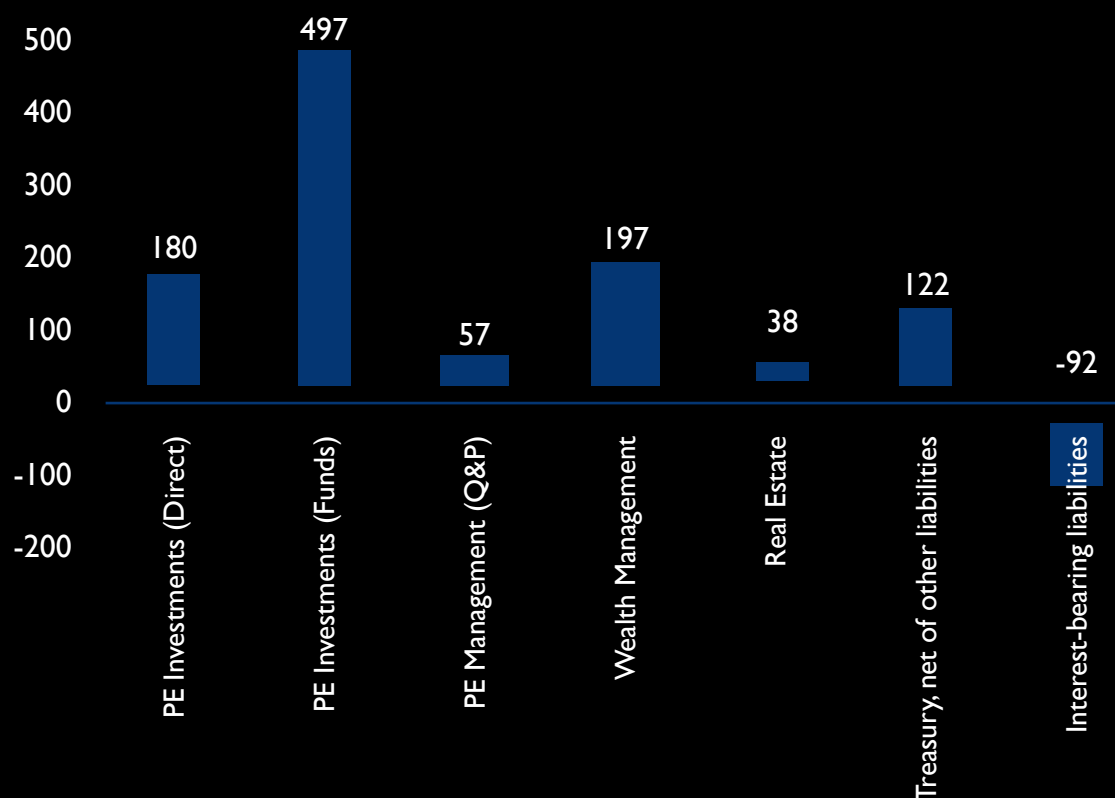
Geographical distribution of Assets

as at 31 December 2016 - in \$ million



Distribution by business of Net Asset Value

as at 31 December 2016 - in \$ million



Private Equity

List of Largest Direct Investments

- Non-controlled private equity portfolio

(in \$ million)	Region	Investment date	Management valuation
Intarcia	USA	2007	39.3
Command Alkon	USA	2005	28.3
Crown laundry	USA	2014	12.1
San Miguel Industrias PET	USA	2013	9.4
Algeco/Scotsman	Benelux	2005	8.3
QS Capital Strategies (SBIC)	USA	2013	7.9
Neotract	USA	2009	7.6
Alliant Group	USA	2013	4.7
E-Pak	Asia	2001	3.8
Mexican Grill	UK	2011	3.8
Aminoagro	Brazil	2013	3.5
Pay-o-Matic	USA	2008	3.5
Greystone properties	USA	2014	3.4
Wholesome Sweeteners	USA	2012	3.1
Tiendas 3 B	Mexico	2011	3.2
Findis	France	2011	2.7
Anthony's Pizza	USA	2011	2.5
Mathews	USA	2011	2.4
Kismet (SKS)	India	2007	2.2
Walnut Co Investors	USA	2015	2.1
Shock Doctor	USA	2015	2.1
Alex brands	USA	2013	2.1
LeasePlan	UK	2015	1.9
PF Chang's	USA	2012	1.6
BCI	USA	2013	1.5
Intrinsic Therapeutics	France	2007	1.5
Gamo outdoor	USA	2013	1.4
Atria Convergence	India	2015	1.2
Digital Bridge Mexico	USA	2014	1.1
Other direct investments			6.3
Total non-controlled private equity portfolio			174.3

- Controlled private equity portfolio

(in \$ million)	Region	Investment date	Management valuation
STP Products Group	USA	2011	6.0
Total controlled private equity portfolio			6.0
Total direct private equity investments			180.3

List of Largest Funds Investments

- Third-party funds portfolio

(in \$ million)	Region	Investment date	Management valuation
MCH Iberian Capital Fund III	Spain	2005	4.3
MCH Iberian Capital Fund II	Spain	2005	4.3
Raise Investment	France	2014	2.6
Bain Capital Europe Fund III	USA / Europe	2002	1.8
TA Atlantic & Pacific VI	USA	2008	1.5
TPG Partners VI	USA	2008	1.4
Bain Capital Fund X	USA / Asia	2002	1.3
Catterton Partners V	USA	2004	1.3
Other third-party funds			2.4
Total third-party funds portfolio			20.9

- Fund of funds portfolio

(in \$ million)	Investment date	Management valuation
QPE PEP 2011	2011	56.9
QPE PEP 2008	2008	44.1
QPE PEP CORE	2013	42.5
QS GEO PEP	2007	41.4
QPE PEP 2012	2012	39.4
QS REP	2009	38.8
QS REP 2	2012	29.6
QS GEO PEP 2	2011	34.2
QPE PEP 2010	2010	31.9
Quilvest Ventures 2	2007	22.6
QPE PEP 2009	2009	28.3
Quilvest Energies	2010	19.8
QPE PEP 2007	2007	16.0
QPE PEP 2006	2006	12.7
QOL PEP 2005	2005	6.7
QOL PEP 2004	2004	4.3
QOL PEP 2003	2003	3.4
QS PEP 2002 (investor shares)	2002	2.1
Other fund of funds		1.5
Total fund of funds portfolio		476.3
Total funds investments		497,2
Goodwill		47.2

Wealth Management and Corporate

Strategic and Treasury portfolio

(in \$ million)	Management valuation
Quilvest Wealth Management	196.9
Quilvest & Partners	9.4
Quilvest S.A.	10.8
Real Estate	37.6
Treasury portfolio (net of debt)	30.4
Total Strategic & Treasury portfolio	285.2

Capital & regulatory requirements

Quilvest is not subject to capital constraints.

Each credit institution of the Group (together the "QWM Group") is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2016, no breach was reported.

QWM Group respects all regulatory requirements related to regulatory capital since its inception and monitors the evolution of its solvency ratio on a quarterly basis.

As of 31 December 2016, the capital adequacy ratio of the QWM Group was as follows:

(in \$ million)	QWM Group
Regulatory capital	111.4
Capital required for credit risks	39.0
Capital required for operational risks	14.5
Capital required for other risks	0.2
Total capital charge	53.7
Capital adequacy ratio 2016	16.6%

Key Dates

1888

Brasserie Argentine Quilmes,
later named Entreprises Quilmes,
founded in Argentina

1927

Banque Privée Quilvest founded in
Paris

1972

First Private Equity Investment

1997

Entreprises Quilmes changed its
name to Quilvest

2002

Quilvest Private Equity launched
its first annual vintage of its fund of
funds program “QS PEP”

2011

Quilvest merged its banking
activities with the Luxembourg
bank Compagnie de Banque
Privée, creating Quilvest Wealth
Management

2016

Delisting of Quilvest S.A. shares
from the Luxembourg Stock
Exchange



Brand History

For over a century, Quilvest has served seven generations of the Bemberg family across three continents, and has evolved into a global organization dedicated to thoughtful principal investments alongside investors from around the world.

Quilvest's pioneering heritage and innovative spirit have helped shape its multiple investment platforms that address a range of investor needs. Today, Quilvest's 400 professionals share insight and expertise with like-minded families, private investors, and institutions, operating from thirteen offices across the United States, Europe, Latin America, the Middle East, and Asia.



Financial
Section

Directors' report

The Directors present their Annual Report and the audited consolidated financial statements of Quilvest S.A. ("the Company" or the "parent company") and its subsidiaries (all together the "Group" or "Quilvest").

Directors

The Directors of the Company who held office during the financial year are listed in the General section of the Annual Report.

Main activities

The Group's main activities are Private Equity Investment, Private Equity Management and Wealth Management.

Risk Management

The Group identifies its major risks for each of its business activities, namely wealth management and private equity, and also for the corporate activities.

Each bank of Quilvest Wealth Management (QWM) manages its risks locally, within a strict regulatory frame and under the supervision of QWM, which monitors the consolidation of the risks identified and their measurement and mitigation when appropriate. The business segregation between the wealth management and the private equity allow risk management policies which are disconnected between the business lines.

The private Equity classifies its risk in different categories: activities, processes, functions and entity. The format of the risk matrix implemented in 2015, has been updated in 2016, reviewed and discussed in the Audit Committee and approved by the board of Directors.

Globally, the Group identifies and classifies its risk in 3 categories: external and regulatory risks, financial risks, and operational risks. During the year 2016, already identified regulatory developments affecting the Group's activities and risks, have been closely monitored, as :

- The changing regulatory constraints on liquidity of banks;
- The CRS Directive requires to report the financial account information of the asset holder to the tax authorities (mainly Luxembourg and BVI for PE vehicles), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. The first exchange of information will be applied by mid-2017 for information related to the calendar year 2016;
- Beside the regulatory risks, the question of the fund raising has been addressed taking into consideration global changes (Saudi Arabia slow-down, US strategy, impact of Brexit on Quilvest UK...).

Business review

In addition to the business review below, the following sections are an integral part of the director's report:

- Situation of the business including the Net Asset Value of the Group at the end of the year ("Group Highlights" of the General section of this Annual Report);
- Trends and factors likely to affect the future development, performance and position of the business and review of the Company business in the "Chief Executive Officer's Statement" of the General section of this Annual Report.

Business review and outlook

For 2017, the outlook is promising on various fronts, although challenges exist as the competition is fierce for high-quality assets/investors, macro-environment remains volatile, and regulatory pressure increases. On the investment side, the pipeline of deals is robust as we are in advanced process of closing several majority deals or follow-on investments, as well as real estate assets. On the divestment side, funds of funds should maintain steady distribution pace, while attractive exit opportunities for direct deals are expected to materialize given current market prices.

Finally, the fundraising effort will be continued further to the launching of our new generation of flagship programs at the end of 2016.

On the direct investments side, teams have been active during the year with successful exits from lead deals and co-investments. New investments have been made for the Club Fund and QS Capital Strategies has made additional transactions during the year. Around USD 180 million have been deployed in new funds for the developed and emerging markets investment teams and the Real Estate team has closed five new direct deals.

Wealth management is facing a challenging macro-economic environment, with lower interest rates, weakening Euro and unstable stock markets. Despite this, new assets under management have been secured during the year, the Belgian branch opened by Compagnie de Banque Privée Quilvest in Ghent in 2014 shows a positive development and another branch was opened in Brussels during 2016.

Financial review

At 31 December 2016, total assets included in the Statement of Financial Position were USD 3.8 billion as compared with USD 4.0 billion in 2015. The result of the period is a profit of USD 161.3 million, of which the Group share is USD 77.5 million.

The main components in the Statement of Financial Position are:

- Investments increased from USD 1,423.9 million to USD 1,502.8 million. This comes from the combined effect of:
 - on the wealth management portfolio, a net increase of the bond portfolio (whether classified as financial assets available-for-sale or as financial assets at fair value through profit and loss);
 - on the private equity portfolio, a net decrease mainly due to exits from Multiplan, Conflex, Towry, Deltec, write-off on RTS.
- Property, plant and equipment decreased to USD 46.6 million (2015: USD 96.2 million), mainly due to exits from the controlled private equity investments;
- Intangible assets decreased due to the disposal of Goodwill attached to controlled private equity investments exited in the year. Impairment analysis on remaining Goodwill has been conducted and no impairment loss was recognized (2015: Nil).
- On the wealth management side, amounts owed from banks and bank customers increased to USD 1,187.9 million (2015: USD 1,171.9 million). Deposits from banks and bank customers decreased to USD 2,356.6 million (2015: USD 2,387.8 million);
- Interest-bearing liabilities decreased from USD 303.8 million in 2015 to USD 115.6 million, mainly due to reimbursement of corporate debt of EUR 104 million, USD 8.5 million and the exit of controlled private equity investments. A new credit line for an amount of EUR 70 million has been granted as from 2017.
- Excluding non-controlling interests, the equity attributable to the shareholders (post-dividend) increased to USD 888.5 million (2015: USD 843.9 million), driven mainly by the net profit of the year.
- The reduction in non-controlling interests from USD 283.9 million in 2015 to USD 264.3 million is explained by exits from controlled private equity investments, as well as distributions from the PEP programs, whose vehicles are fully consolidated.

From an income statement perspective, the key elements of the period are:

- Net income from the private equity portfolio increased to USD 215.1 million (2015: USD 156.5 million), mainly due to gains realized on exits from controlled private equity investments. To this income contributed gains from exits of controlled private equity investments with USD 61.6 million (2015: USD 20.0 million), gains from revaluation of other private equity investments USD 90.1 million (2015: USD 47.9 million). Fee income decreased to USD 30.2 million (2015: USD 31.5 million). Further, income from controlled private equity investments, excluding the gain on the exits, contributed by USD 29.5 million (2015: USD 58.6 million).
- Net income from wealth management portfolio decreased to USD 95.9 million (2015: USD 103.1 million), due partly to the weakening EUR USD rate, but also due to the challenging macro-economic and credit market conditions in the year.
- Net finance costs decreased significantly to USD 2.1 million (2015: USD 13.9 million), thanks mainly to non-recurring positive foreign exchange gains at the parent company level.

Finally, the operating result is a profit of USD 166.6 million (2015: USD 95.2 million), and the net result for the period is a profit of USD 161.3 million (2015: USD 73.5 million), of which the Group share is USD 77.5 million (2015: USD 65.5 million).

Cash and cash equivalents decreased to USD 810.2 million (2015: USD 1,026.3 million). Operating cash flow was strong both for the private equity side and wealth management, but did not compensate for the combined cash outflow from investing and financing activities.

The Group had 415 employees at the end of 2016 (2015: 407).

Results and dividends

The consolidated net result attributable to the shareholders of the Group is a profit of USD 77.5 million (2015: USD 65.5 million).

The statutory result of Quilvest S.A. for the year is a profit of USD 85.7 million (2015: loss of USD 12.6 million), and was positively impacted by dividends from affiliated undertakings received in the year.

Going concern

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the financial information.

Research and development

The Group was not engaged in research and development activities during the year.

Own shares

Quilvest shares were withdrawn from public trading on and from the official list of the Luxembourg Stock Exchange on 26 August 2016.

In this context, the Company repurchased some of its own shares from its shareholders in the course of the year.

As at 31 December 2016, the Company holds 85,957 own shares (with no par value), representing a total amount of USD 9.9 million.

Further information on own shares is given in Note 21 to the consolidated financial statements.

Financial instruments and risk management

The risks related financial instruments are mitigated by the risk management policies further described in Note 25 to the consolidated financial statements.

Subsequent events

There are no significant subsequent events to mention in this report.

Auditors

A resolution for the re-appointment of KPMG Luxembourg, Société coopérative as Cabinet de révision agréé of the Company is to be proposed at the forthcoming Annual General Meeting to be held on 10 June 2017.

Approval

This report was approved by the Board of Directors on 10 May 2017.



Report of the Réviseur d'Entreprises agréé

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Quilvest S.A., which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in

the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Quilvest S.A. as of December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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T.V.A. LU 27351518 / R.C.S. Luxembourg B 149133



Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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

Report on other legal and regulatory requirements

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

Luxembourg, 10 May 2017

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

Jean-Manuel Séris

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Consolidated Financial Statements

Consolidated Statement of Financial Position

As at 31 December

in \$ '000	Notes	31 December 2015	31 December 2016
Assets			
Cash and cash equivalents	8	1,026,246	810,156
Amounts owed from banks and bank customers	9	1,171,874	1,187,901
Financial assets	10		
- designated at fair value through profit or loss		994,167	1,043,191
- available-for-sale		424,422	452,952
- held for trading		5,290	6,701
Property, plant and equipment	11	96,243	46,562
Investment property	12	7,642	12,181
Intangible assets	13	94,921	83,545
Deferred tax assets	14	3,030	2,096
Other assets	15	156,196	126,076
Total assets		3,980,031	3,771,361
Liabilities and equity			
Amounts owed to banks and bank customers	16	2,387,846	2,356,573
Financial liabilities			
- held for trading	10	7,108	8,267
- interest-bearing loans and borrowings	17	303,794	115,617
Employee defined benefit obligations	18	6,852	7,308
Provisions	19	3,583	4,931
Deferred tax liabilities	14	30,122	21,117
Other liabilities	20	112,914	104,792
Total liabilities		2,852,219	2,618,605
Share capital	21	44,990	44,939
Share premium		110,248	110,248
Treasury shares	21	(4,031)	(9,850)
Reserves	21	376	(1,389)
Retained earnings		626,841	667,060
Profit/(Loss) for the year – Shareholders of the parent company		65,511	77,489
Total equity attributable to shareholders of the parent company		843,935	888,497
Non-controlling interests		283,877	264,259
Total equity		1,127,812	1,152,756
Total liabilities and equity		3,980,031	3,771,361

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

For the financial years ended 31 December

in \$ '000	Notes	2015			2016		
		Core activities	CPE (Note 5)	Total	Core activities	CPE (Note 5)	Total
Net income from private equity portfolio	6						
Gains / (losses) on financial assets, net	5	47,915	19,997	67,912	90,096	61,556	151,652
Dividend income		389	--	389	14	--	14
Interest income, net		--	--	--	33	--	33
Fee income, net		31,495	--	31,495	30,176	--	30,176
Carried interest (expense) / income, net		(1,890)	--	(1,890)	3,645	--	3,645
Net income from controlled private equity portfolio	5	--	58,559	58,559	--	29,539	29,539
Total – private equity portfolio		77,909	78,556	156,465	123,964	91,095	215,059
Net income from wealth management portfolio	6						
Gains / (losses) on financial assets, net		2,667	--	2,667	3,308	--	3,308
Dividend income		737	--	737	1,020	--	1,020
Interest income, net		19,412	--	19,412	20,039	--	20,039
Fee and commission income, net		80,532	--	80,532	71,607	--	71,607
Other		(244)	--	(244)	(29)	--	(29)
Total – wealth management portfolio		103,104	--	103,104	95,945	--	95,945
Other operating income, net	23	8,978	--	8,978	14,838	--	14,838
General administrative expenses	23	(145,522)	--	(145,522)	(147,013)	--	(147,013)
Depreciation, amortization and impairment losses	5,11,13	(5,339)	(22,446)	(27,785)	(5,105)	(7,110)	(12,215)
Operating result		39,130	56,110	95,240	82,629	83,985	166,614
Financial gains/ (costs), net	5,24	4,552	(18,453)	(13,901)	44	(2,137)	(2,093)
Profit / (Loss) before tax		43,687	37,657	81,339	82,673	81,848	164,521
Income tax (expense) / credit	5,14	(4,615)	(3,204)	(7,819)	(2,647)	(571)	(3,218)
Profit / (Loss) for the year		39,067	34,453	73,520	80,026	81,277	161,303
Profit / (Loss) for the year attributable to							
Shareholders of the parent company				65,511			77,489
Non-controlling interests				8,009			83,814

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the financial years ended 31 December

in \$ '000	Notes	2015	2016
Profit / (Loss) for the year		73,520	161,303
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Change in valuation of available-for-sale financial assets			
- Net change in fair value	10	(1,791)	1,856
- Net change in fair value recycled through profit or loss	10	--	--
Income tax effect	14	592	(613)
Foreign currency translation differences		(14,027)	(7,312)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(15,226)	(6,069)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain / (loss) on property revaluation	11	3,417	4,794
Income tax effect	14	(1,139)	(1,598)
Re-measurement gain / (loss) on defined benefit plans	18	(2,536)	392
Income tax effect	14	536	(83)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		278	3,505
Other comprehensive income / (loss) for the year		(14,948)	(2,564)
Total comprehensive income / (loss) for the year		58,572	158,739
Total comprehensive income attributable to:			
Shareholders of parent company		56,542	75,729
Non-controlling interests		2,030	83,010
Earnings per share (in \$)			
Basic	29	9.9	11.8
Diluted		9.9	11.8

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial years ended 31 December

in \$ '000	Notes	2015	2016
Operating cash flows directly linked to the Private Equity activities			
Acquisition of private equity investments	10	(134,736)	(70,044)
Proceeds from sale of private equity investments	10	183,561	209,727
Dividends received from private equity investments		12,670	48,517
Fees received, net		33,453	25,193
Carried interest received, net		412	5,950
Other operating cash movements related to private equity activities, net		13,335	5,650
Operating cash flows directly linked to the Wealth Management activities			
Interest income, net		19,201	17,278
Fee and commission income, net		64,223	57,905
Cash movements in loans and advances to / from banks and bank customers, net	9,16	(177,218)	(47,300)
Other cash movements related to the Wealth Management activities		56,546	10,771
Other operating cash flow movements			
Cash paid to suppliers and employees		(139,349)	(144,180)
Income taxes paid	14	(2,808)	(4,000)
Net cash from other operating activities		43,958	41,973
<i>Of which controlled private equity portfolio</i>		53,114	13,243
Net cash provided by / (used in) operating activities		(26,753)	157,441
Proceeds / (Acquisition) of investments, net	10	(30,496)	(154,053)
Acquisition of property, plant and equipment	11	(29,972)	(3,287)
Proceeds from disposal of property, plant and equipment	11	934	299
Acquisition of intangible assets	13	(3,089)	(1,245)
Disposal of subsidiaries, net of cash disposed	7	134,365	74,436
Interests received		614	917
Dividends received		66	(396)
Net cash provided by / (used in) investing activities		72,422	(83,329)
Proceeds from interest-bearing liabilities	17	8,495	--
Repayment of interest-bearing liabilities	17	(84,538)	(129,538)
(Decrease)/Increase in short-term financing		(8,206)	5,081
Repurchase of treasury shares		(5)	(6,074)
Contributions from non-controlling interests		24,558	6,324
Distributions to non-controlling interests		(90,314)	(119,852)
Transactions with non-controlling interest		--	(1,081)
Carried interest paid, net		(681)	(337)
Interests paid		(20,946)	(7,414)
Dividends paid		(9,977)	(13,292)
Net cash provided by / (used in) financing activities		(181,614)	(266,185)
Net increase / (decrease) in cash and cash equivalents		(135,945)	(192,073)
Cash and cash equivalents at the beginning of the year	8	1,262,203	1,026,246
Effect of exchange rate fluctuations on cash and cash equivalents held	8	(100,012)	(24,017)
Cash and cash equivalents at the end of the year	8	1,026,246	810,156
<i>Of which Quilvest Wealth Management sub-group</i>	8	944,995	724,754
<i>Of which controlled private equity portfolio</i>	5	9,449	199

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the financial years ended 31 December

in \$ '000	Share Capital	Share Premium	Treasury shares	Reserves	Retained earnings	Total attributable to owners of the parent entity	Non-controlling interests	Total Equity
Balance at 1 January 2015	44,990	110,248	(4,281)	9,345	621,920	782,222	304,722	1,086,944
Comprehensive income for the period								
Profit for the year	--	--	--	--	65,511	65,511	8,009	73,520
Other comprehensive income	--	--	--	--	--	--	--	--
Gain on property revaluation, net of income tax	--	--	--	2,278	--	2,278	--	2,278
Available-for-sale financial assets, net of income tax	--	--	--	(795)	--	(795)	(404)	(1,199)
Remeasurement of defined benefit plans	--	--	--	(1,327)	--	(1,327)	(673)	(2,000)
Foreign currency translation differences	--	--	--	(9,125)	--	(9,125)	(4,902)	(14,027)
Total comprehensive income for the period	--	--	--	(8,969)	65,511	56,542	2,030	58,572
Transactions with owners, recorded directly in equity								
Sale/ Repurchase, net of treasury shares	--	--	250	--	29	279	--	279
Transactions with non-controlling interests	--	--	--	--	14,869	14,869	43,737	58,606
Non-controlling interests acquired in business combinations	--	--	--	--	--	--	--	--
Contributions from non-controlling interests	--	--	--	--	--	--	24,073	24,073
Distributions to non-controlling interests	--	--	--	--	--	--	(90,685)	(90,685)
Dividends paid	--	--	--	--	(9,977)	(9,977)	--	(9,977)
Total transactions with owners	--	--	250	--	4,921	5,171	(22,875)	(17,704)
Balance at 31 December 2015	44,990	110,248	(4,031)	376	692,352	843,935	283,877	1,127,812
Comprehensive income for the period								
Profit for the year	--	--	--	--	77,489	77,489	83,814	161,303
Other comprehensive income	--	--	--	--	--	--	--	--
Gain on property revaluation, net of income tax	--	--	--	3,196	--	3,196	--	3,196
Available-for-sale financial assets, net of income tax	--	--	--	826	--	826	417	1,243
Remeasurement of defined benefit plans	--	--	--	205	--	205	104	309
Foreign currency translation differences	--	--	--	(5,987)	--	(5,987)	(1,325)	(7,312)
Total comprehensive income for the period	--	--	--	(1,760)	77,489	75,729	83,010	158,738
Transactions with owners, recorded directly in equity								
Sale/ Repurchase, net of treasury shares	(51)	--	(5,819)	(5)	46	(5,829)	--	(5,829)
Transactions with non-controlling interests	--	--	--	--	(3,024)	(3,024)	6,902	3,878
Other transactions with owners	--	--	--	--	(9,022)	(9,022)	4,020	(5,002)
Contributions from non-controlling interests	--	--	--	--	--	--	6,303	6,303
Distributions to non-controlling interests	--	--	--	--	--	--	(119,853)	(119,853)
Dividends paid	--	--	--	--	(13,292)	(13,292)	--	(13,292)
Total transactions with owners	(51)	--	(5,819)	(5)	(25,292)	(31,167)	(102,628)	(133,795)
Balance at 31 December 2016	44,939	110,248	(9,850)	(1,389)	744,549	888,497	264,259	1,152,756

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

I. Reporting entity

Quilvest S.A. (the “Company” or the “parent company”) is a Luxembourg company incorporated on 20 December 1960 with the Luxembourg register company number B 6091.

Quilvest’s shares were withdrawn from public trading on and from the official list of the Luxembourg Stock Exchange at the close of trading on 26th of August, 2016.

The principal activities of the Group are in the private equity and the wealth management businesses. The Company’s registered office is established 3 Boulevard Royal, L-2449 Luxembourg.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 10 May 2017.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for the own-used part of land and buildings, investment property, derivative financial instruments, financial assets at fair value through profit and loss, and available-for-sale financial assets that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (“USD” or “US Dollars”) and all amounts are rounded to the nearest thousand (\$ '000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. The Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective

restatement, or a reclassification of items in financial statements.

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its direct and indirect subsidiaries as at 31 December 2016.

2.3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently through the Group.

a) Business combinations, goodwill and non-controlling interest

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in ‘general administrative expenses’.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment testing is carried out at least annually.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that

unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

b) Subsidiaries

Control on an investee is achieved when the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year

are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

c) Investment in an associate

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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

The Group's investment in an associate is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the

associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

d) Transactions eliminated on consolidation

Intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full in preparing the consolidated financial statements.

e) Foreign currencies

The Group's consolidated financial statements are presented in US Dollars, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are

measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the relevant portion of other comprehensive income relating to that particular foreign operation is recycled in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

g) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables (consisting in amounts owed from bank and bank customers detailed in Note 2.h), held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. The Group has not designated any financial assets as held-to-maturity investments or as hedging instruments in an effective hedge.

All financial assets are recognized initially at fair value plus transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as 'gains / (losses) on financial assets, net' in the consolidated statement of profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. These financial assets include direct debt (convertible or not) or equity investments, and investments in funds.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Available-for-sale assets

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in realized gains or losses on the disposal of financial assets in the consolidated statement of profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the consolidated statement of profit or loss in 'gains / (losses) on financial assets, net'. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the Effective Interest Rate ("EIR") method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets.

For a financial asset reclassified from the available-for-

sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

De-recognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Group has transferred its rights to receive cash flows from the asset; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets (other than those carried at fair value through profit or loss)

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a

significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

h) Amounts owed from banks and banks customers

Amounts owed from banks and their customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the near term and those that the bank, upon initial recognition, designates as at fair value through profit or loss;
- those that the Group, upon initial recognition,

designates as available for sale;

- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts owed from banks and bank customers are subsequently measured at amortized cost using the EIR method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'interest income, net – wealth management portfolio' in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

Impairment

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

i) Property, plant and equipment

Property, plant and equipment, except the own-used part of the land and buildings, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset as well as the cost of replacing part of the property, plant and equipment. All other repair and

maintenance costs are recognized in profit or loss as incurred.

Property, plant and equipment transferred is initially measured at the fair value at the date on which control is obtained.

The own-used part of land and buildings is measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings:	20 – 50 years
Fixtures and fittings:	2 – 10 years
Cars:	2 – 5 years
EDP:	3 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds

and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Investment property

Investment property is mainly held for rental income or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment property is de-recognized either when it has been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives, including those acquired in business combinations are amortized over the following useful economic life:

Softwares:	3 years
Customer relationships:	10 – 20 years
Brands:	5 years
Core customer deposits:	20 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment whenever there is an indication that the intangible asset may be impaired, but at least annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

l) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively

enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred

tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

m) Other assets

Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses. They are reviewed at each balance sheet date to determine whether there is any indication of impairment.

n) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Loans and borrowings

Loans and borrowings consist in interest-bearing liabilities. After initial recognition, interest-bearing liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in 'interest income, net' or 'finance costs, net' in the consolidated statement of

profit or loss, depending of the reporting segment in which the entity belongs.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled, or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

o) Amounts owed to banks and banks customers

Amounts owed to banks and their customers include non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market, other than those that the banks intends to sell immediately or in the near term and are accounted for as loans and borrowings.

p) Employee benefit obligations

Defined benefit plans

The Group sponsors pension plans according to the national regulations of the countries in which it operates. The significant pension plans in France and Switzerland qualify as defined benefit plans under IAS 19.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the following changes in the net defined benefit obligation under 'General administrative expenses in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The Group engaged independent valuation specialists, applying actuarial practice guidelines for their relative country, to conduct actuarial calculations and assess the present value of the defined benefit obligation and the related current service cost as at 31 December 2016 and 2015.

Defined contribution plans

The pension plan in Luxembourg is a defined contribution plan. The pension costs recognized during a period for such plans equal to the contributions paid or due for that period.

Other employee benefits

In 2012, Quilvest Wealth Management set up an option plan, which reference valuation is an index that is de-correlated from the equity value of the sub-group. Therefore it qualifies as an employee benefit under IAS 19. As a consequence, the cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The Group measures the goods or services acquired and the liability incurred at the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be

reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

s) Revenue recognition

Gains / (losses) on financial assets, net

Gains / (losses) on financial assets include realized gains and losses on the disposal of financial assets and unrealized gains and losses on the revaluation of financial assets.

Dividend income

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

For all financial assets measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in 'interest income, net' or 'finance costs, net' in the consolidated statement of profit or loss, depending on the reporting segment in which the entity belongs.

Fee and commission income, net

The Group earns fee and commission income from its private equity and wealth management activities.

Fee and commission income can be divided into the following two categories:

Fees earned for the provision of services over a period of time are accrued over that period. These fees include:

- Asset management and administration fees arising from private equity activities;
- Commission income and asset management, custody and fiduciary fees arising from wealth management activities.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses, are recognized on completion of the underlying transaction. These fees include:

- Set-up, transaction and monitoring fees arising from private equity activities;
- Brokerage fees arising from wealth management activities.

Carried interest income, net

The Group earns a share of profits from target investments which it manages on behalf of third parties. These profits are earned once the investments meet certain performance conditions. Carried interest receivable is only accrued if the performance conditions of those investments, measured at the balance sheet date, are met based on the assumption that the underlying assets are realized at fair value. The accrual is made on the Group's share of profit in excess of the performance conditions.

Similarly, the Group offers investment professionals the opportunity to participate into the returns from successful investments. A variety of asset-pooling arrangements is in place so that executives may have an interest in one or more carried interest schemes. Carried interest payable is only accrued on those schemes in which the performance conditions, measured at the balance sheet date, would have been achieved if the remaining assets in the scheme were realized at fair value. The accrual corresponding to the investment professionals' share of profits is made on the excess of the performance conditions of the different existing schemes.

t) Private equity portfolio

For the purpose of those consolidated financial statements, the private equity portfolio is presented in two categories:

Non-controlled private equity portfolio

The non-controlled private equity portfolio includes the investments in financial assets recorded at fair value through profit or loss (Note 10.1) over which the Group has no control.

Controlled private equity portfolio ("CPE")

The controlled private equity portfolio includes investments acquired through business combinations and on which the Group has obtained control. These investments are fully consolidated within the Group accounts as subsidiaries.

Income and expenses from controlled private equity portfolio are presented under a distinct column ("CPE" heading) in the consolidated statement of profit or loss to better reflect their contribution to the Group's results.

Further details on assets, liabilities, income and expenses of these investments are given in the Note 5 to the consolidated financial statements.

When possible, the assets, liabilities, income and expenses of these investments have been disclosed separately in the notes to the consolidated financial statements to present distinctly the result of the "core" activities of the Group (Private equity and Wealth management).

For the purpose of segment reporting, these investments are accounted for at fair value through profit or loss like the other non-controlled private equity investments, with adjustments between methods reported under 'accounting policies differences'.

u) Fair value measurement

The Group measures financial assets and liabilities, and non-financial assets at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets. Also, fair values of financial instruments not measured at fair value are disclosed in Note 25.7.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and third party funds;
- **Level 2:** inputs other than quoted prices included

in the Level 1, that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, as derived from prices). This level includes derivative contracts or equity instruments without active market and for which recent transactions occurred between market participants. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters;

- **Level 3:** inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes debt instruments, equity instruments and third party funds with significant unobservable components.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property, equity securities at fair value through profit or loss and available-for-assets assets. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the audit committee analyses the movements in the valuations of the private equity portfolio which are required to be re-measured or re-assessed as per Group's accounting policies.

On an interim basis, both the valuation committee of Quilvest Alternative Investment Funds and the Audit Committee approve the valuation results. This includes a discussion of the major assumptions used in the valuations.

2.4 Changes in accounting policies and disclosures

Changes in accounting policies

For 2016, no new reporting standards were adopted.

2.5 Foreign currencies

The following exchange rates were used for translating Euros ("EUR"), Swiss francs ("CHF") and British pounds ("GBP"), which are the most important foreign currencies used in the Group.

	USD/ EUR	USD/ CHF	USD/ GBP
31 December 2014	0.8216	0.9880	0.6432
Average 2015	0.8985	0.9654	0.6542
31 December 2015	0.9143	0.9895	0.6748
Average 2016	0.9076	0.9895	0.7377
31 December 2016	0.9549	1.0245	0.8178

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgments

In the process of applying the Group's accounting policies, management has made the judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Judgement has been used in the determination of control over investees as described in Note 2.3.b and further detailed in Note 2.4 above following the application of IFRS 10 Consolidated Financial Statements.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating ('CGU') unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 13.

Fair value of private equity portfolio

The private equity portfolio includes direct investments through equity, debt and investment-related loans and investments in third-party funds. These investments are stated at fair value on an item-by-item basis.

Fair value is estimated in compliance with the guidelines and principles for valuation set out by the International Private Equity and Venture Capital

Association ("IPEV"). Such guidelines includes the most widely used methodologies, such as the price of recent investment, multiples, discounted cash flow and net assets techniques, which are those adopted by the Group, in the absence of an active market for a financial instrument.

Although the Management uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Group could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

The other most significant estimates and assumptions concern the revaluation of property, plant and equipment and investment property, the actuarial assumptions related to the employee defined benefit plans, and the impairment losses of loans and advances to customers and provisions.

4. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 was issued in January 2014 and permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. IFRS 14 has not been endorsed yet by the EU.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group does not expect any significant impact on its financial statements resulting from the application of IFRS 15.

IFRS 16 Lease

IFRS 16 was issued in January 2016 and specifies how companies should recognise, measure, present and disclose leases. IFRS 16 has not yet been endorsed by the EU. Yet, within the prospect of the adoption by the EU of IFRS 16, the group does not expect any significant impact on its financial statements resulting from the application of IFRS 16.

The Group is considering the implications of the new standards IFRS 9, IFRS 14, IFRS 15 and IFRS 16, their impact on the Group and the timing of their adoption by the EU.

5. Controlled private equity portfolio (“CPE”)

As at 31 December 2016, the Group has control over 1 private equity investment (2015: 3) (Note 27). This entity is fully consolidated within the Group’s consolidated financial statements.

When possible, the assets, liabilities, income and expenses of these investments have been disclosed separately to present distinctly the result of the “core” activities of the Group (Private equity and Wealth management)

The aggregate effects of the controlled private equity portfolio are disclosed below:

in \$ '000	2015	2016
Assets		
Cash and cash equivalents	9,449	199
Property, plant and equipment	64,521	14,336
Intangible assets other than goodwill	11,692	9,388
Goodwill	11,213	3,764
Other assets	65,891	22,186
Total assets	162,766	49,873
Liabilities		
Interest-bearing liabilities	93,591	22,787
Deferred tax liabilities	14,567	3,286
Other liabilities	20,594	5,979
Total liabilities	128,752	32,052
Profit or loss		
Revenue	484,605	249,413
Expenses	(426,046)	(219,874)
<i>of which staff costs</i>	<i>(129,703)</i>	<i>(37,625)</i>
Net income from controlled private equity portfolio	58,559	29,539
Gains/ (losses) on financial assets, net	19,997	61,556
Depreciation, amortization and impairment losses	(22,446)	(7,110)
Operating result	56,110	83,985
Finance costs, net	(18,453)	(2,137)
Profit / (Loss) before tax	37,657	81,848
Income tax expense/ (credit)	(3,204)	(571)
Profit / (Loss) for the year	34,453	81,277

At 31 December 2016, controlled private equity investment had 272 employees (2015: 853).

6. Segment information

Operating segments

For management purposes, the Group is organized into strategic business units based on its activities and has three reportable segments:

- Private equity investment, concentrated in Quilvest Private Equity S.C.A. SICAR and its subsidiaries. The Group invests in controlled or non-controlled private equity portfolio, in the form of equity securities, debt securities and third-party funds.

For the purpose of segment reporting, the controlled private equity portfolio consolidated under the full consolidation method (Note 5) are adjusted to be accounted for as financial instruments at fair value through profit or loss upon initial recognition. The effects of these adjustments are reflected under 'accounting policies differences'.

- Private equity management, concentrated in Quilvest & Partners S.A. and its subsidiaries which includes the management of the private equity portfolios.
- Wealth management, concentrated in Quilvest Wealth Management S.A. and its subsidiaries, which includes all activities from the banks of the Group, including asset management, investment advisory services, and coordination and administration of global investment services.

The chief operating decision makers, being the CEO of Quilvest Private Equity and the CEO of Quilvest Wealth management, monitor the operating results of its strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements, with the exception of those private equity investments that are consolidated under IFRS and measured at fair value through profit and loss in segment reporting.

The chief operating decision makers do not review segment assets and liabilities in the decision making process. They are consequently not disclosed.

The contributions of the corporate entities of the Group, namely Quilvest S.A., Quilvest Europe S.A., Quilvest France S.A.S. and Quilvest Finance Ltd, have been aggregated within the private equity investment business segment.

6.1 Segment profit or loss

Private Equity Investment

	2015				2016			
in \$ '000	2015	Accounting Policies Differences	Inter-segment	Segment Total	2016	Accounting Policies Differences	Inter-segment	Segment Total
Net result from controlled private equity portfolio (*) (Note 5)	14,456	(14,339)	(117)	--	19,721	(19,721)	--	--
Gains/(losses) on financial assets, net	67,912	(17,150)	--	50,762	151,652	(53,119)	--	98,533
Dividend income	389	--	--	389	14	--	--	14
Private equity fees								
Management fee income / (expense), net	222	--	(5,208)	(4,986)	1,519	--	(4,828)	(3,309)
Other private equity fee income / (expense), net	50	--	(2,025)	(1,975)	(320)	--	(1,115)	(1,435)
Carried interest income / (expense), net	(1,661)	--	(210)	(1,871)	(5,763)	--	44	(5,719)
Other operating income, net	2,149	--	252	2,401	(1,179)	--	102	(1,077)
General administrative expenses	(2,131)	--	(1,911)	(4,042)	(1,208)	--	(3,837)	(5,045)
Financial costs, net	(2,889)	--	(315)	(3,204)	(2,549)	--	(354)	(2,903)
Income tax expense	56	--	--	56	(940)	--	--	(940)
Sub-total	78,553	(31,489)	(9,534)	37,530	160,945	(72,840)	(9,989)	78,117
Corporate allocation				(1,175)				(1,392)
Segment Profit / (Loss)				36,355				76,725

(*): Excluding net gains/ (losses) on financial assets from controlled private equity portfolio.

6.1 Segment profit or loss

Reconciliation of accounting policies differences

for the year 2016 (in \$ '000)	Hill and Valley	ST Products	Acrotec	Total
Fair value 31 December 2015	4,646	6,291	9,907	20,844
+ Additions / (disposals) & (distributions)	66	--	38,218	38,284
- Fair value 31 December 2016	--	6,009	--	6,009
Gain / (loss) on financial assets	(4,712)	(282)	(48,125)	(53,119)

for the year 2015 (in \$ '000)	Hill and Valley	Yo! Sushi	ST Products	Anthony's Pizza	Acrotec	Total
Fair value 31 December 2014	6,830	60,458	6,540	18,296	10,738	102,862
+ Additions / (disposals) & (distributions)	--	(39,847)	--	(21,475)	--	(61,323)
- Fair value 31 December 2015	4,646	--	6,291	3,545	9,907	24,389
Gain / (loss) on financial assets	(2,184)	(20,611)	(249)	6,725	(831)	(17,150)

6.1 Segment profit or loss

Private Equity Management

	2015				2016			
in \$ '000	2015	Accounting Policies Differences	Inter-segment	Segment Total	2016	Accounting Policies Differences	Inter-segment	Segment Total
Net result from controlled private equity portfolio (Note 5)	--	--	--	--	--	--	--	--
Gains/(losses) on financial assets, net	--	--	--	--	--	--	--	--
Dividend income	--	--	--	--	--	--	--	--
Interest income, net	--	--	--	--	--	--	--	--
Private equity fees								
Management fee income	28,413	--	6,451	34,864	26,442	--	5,526	31,968
Other private equity fee income	6,734	--	2,792	9,526	1,903	--	2,534	4,437
Other private equity fee expense	(3,925)	--	(279)	(4,204)	(3,480)	--	(516)	(3,996)
Carried interest income / (expense), net	(229)	--	(85)	(314)	9,343	--	(34)	9,309
Other operating income, net	2,609	--	471	3,080	6,933	--	321	7,254
General administrative expenses	(41,584)	--	(1,138)	(42,722)	(37,889)	--	(1,286)	(39,175)
Depreciation, amortization and impairment losses	(151)	--	--	(151)	(142)	--	--	(142)
Financial costs, net	(201)	--	(220)	(421)	44	--	(240)	(196)
Income tax expense	(417)	--	--	(417)	(851)	--	--	(851)
Sub-total	(8,751)	--	7,992	(759)	2,304	--	6,306	8,608
Corporate allocation				(1,100)				(1,100)
Segment Profit / (Loss)				(1,859)				7,509

6.1 Segment profit or loss

Wealth Management

	2015				2016			
in \$ '000	2015	Accounting Policies Differences	Inter-segment	Segment Total	2016	Accounting Policies Differences	Inter-segment	Segment Total
Gains/(losses) on financial assets, net	2,918	--	--	2,918	3,606	--	--	3,606
Dividend income	737	--	--	737	1,020	--	--	1,020
Interest income	25,139	--	--	25,139	26,971	--	15	26,986
Interest expense	(5,728)	--	--	(5,728)	(6,468)	--	--	(6,468)
Wealth Management fees								
Management fee income	31,287	--	87	31,374	26,459	--	126	26,585
Management fee expense	(387)	--	--	(387)	(287)	--	--	(287)
Brokerage fee income	18,514	--	--	18,514	18,100	--	--	18,100
Brokerage fee expense	(864)	--	--	(864)	(715)	--	--	(715)
Custodian fee income	14,564	--	369	14,933	14,766	--	302	15,068
Custodian fee expense	(1,944)	--	--	(1,944)	(1,918)	--	--	(1,918)
Fiduciary fee income	233	--	--	233	545	--	--	545
Fiduciary fee expense	--	--	--	--	--	--	--	--
Other wealth management fee income	24,804	--	672	25,476	22,686	--	701	23,387
Other wealth management fee expense	(5,918)	--	(851)	(6,769)	(7,999)	--	(667)	(8,666)
Other operating income, net	5,149	--	166	5,315	6,691	--	197	6,888
General administrative expenses	(94,892)	--	(1,866)	(96,758)	(99,612)	--	(1,177)	(99,612)
Depreciation, amortization and impairment losses	(4,077)	--	--	(4,077)	(4,101)	--	--	(4,101)
Financial costs	4,673	--	--	4,673	6,083	--	--	6,083
Income tax expense	(4,251)	--	--	(4,251)	(1,271)	--	--	(1,271)
Sub-total	9,957	0	(1,423)	8,534	4,556	--	674	5,230
Corporate allocation				(1,000)				(1,000)
Segment Profit / (Loss)				7,534				4,230

Summary and reconciliation with the Group net result

Segment	2016	Accounting policies differences	Inter-segment	Corporate Allocation	Segment
Corporate	(6,501)	--	3,010	3,492	--
Private Equity Investment	160,946	(72,840)	(9,989)	(1,392)	76,725
Private Equity Management	2,304	--	6,306	(1,100)	7,509
Wealth Management	4,555	--	674	(1,000)	4,230
	161,303	(72,840)	--	--	88,464

Segment	2015	Accounting policies differences	Inter-segment	Corporate Allocation	Segment
Corporate	(6,240)	--	2,965	3,275	--
Private Equity Investment	78,553	(31,489)	(9,534)	(1,175)	36,356
Private Equity Management	(8,751)	--	7,993	(1,100)	(1,858)
Wealth Management	9,958	--	(1,424)	(1,000)	7,534
	73,520	(31,489)	--	--	42,032

6.2 Entity-wide disclosures

Geographical information

The Group business operates worldwide, principally in Europe, in America and in Asia.

For the year 2016 (in \$'000)	Carrying amount	Luxembourg	Europe	USA	Other
Tangibles assets, including investment property	58,743	4,004	40,334	14,400	5
Intangible assets, excluding goodwill	30,033	19,408	1,239	9,386	--
Goodwill	53,512	37,838	11,910	3,764	--
Financial instruments and other assets	3,626,977	754,102	1,117,197	900,713	848,918
Deferred tax assets	2,096	780	1,316	--	--
Total assets	3,771,361	816,132	1,171,995	928,263	848,923
Total assets (for the year 2015)	3,980,031	1,058,578	1,370,494	846,705	704,254

The geographical breakdown of revenue is consistent with the breakdown of assets.

Further geographical information is given in Note 25.2.

7. Business combinations and transactions with non-controlling interests

There were no business combinations during the years ending 31 December 2016 and 2015.

Acquisition of non-controlling interests

Quilvest & Partners Luxembourg

During the first semester 2016, Quilvest S.A. acquired an additional 16% stake in Quilvest & Partners S.A. increasing the ownership of Quilvest S.A. to 95% (2015: 79%).

There were no other significant acquisitions of subsidiaries, nor any other changes in scope for the year 2016.

Disposal of subsidiaries in 2016

Acrotec group

During 2016, Quilvest disposed of its 54.1% controlling stake in its subsidiary Acrotec S.A. ("Acrotec") for a consideration of USD 83.1 million (CHF 81.4 million). A gain of USD 53.7 million was recorded in the consolidated statement of profit or loss as a result of the transaction. A net income of USD 8.5 million from Acrotec, attributable to the half year 2016 until

the date of disposal was included in the consolidated statement of profit or loss.

Hill & Valley group

During 2016, Quilvest disposed of its 83.5% controlling stake in its subsidiary Hill & Valley for a consideration of USD 19.5 million. A gain of USD 7.9 million was recorded in the consolidated income statement as a result of the transaction. A net income of USD 2.6 million from Hill & Valley, attributable to year 2016 until the date of disposal, was included in the consolidated financial statements disposal of subsidiaries in 2015.

Disposal of subsidiaries in 2015

Yo! Sushi

During the financial year 2015, Quilvest disposed of its 73.3% controlling stake in its subsidiary Yo! Sushi for a consideration of USD 79.9 million (GBP 53.9 million). A gain of USD 0.1 million was recorded in the consolidated income statement as a result of the transaction. A net loss of USD 5.3 million from Yo! Sushi, attributable to the financial year 2015 until the date of disposal, was included in the consolidated financial statements.

Anthony's Coal Fired Pizza

During the financial year 2015, Quilvest disposed of 47.5% from its 59.5% controlling stake in Anthony's Coal Fired Pizza. As result, Quilvest lost its controlling influence over the subsidiary and the remaining 12% as at year end 2015 is recorded as a financial asset through profit or loss in the financial statement. An

amount of USD 64.4 million has been received for the disposal. A gain of USD 19.9 million was recorded in the consolidated income statement as a result of the transaction. A net profit of USD 2.8 million from Anthony's Coal Fired Pizza, attributable to the financial year 2015 until the date of disposal, was included in the consolidated financial statements.

8. Cash and Cash Equivalents

In \$ '000	2015	2016
Cash on hand	673	672
Current account with banks	105,375	127,701
Current account and deposits with central banks	868,525	630,158
Short term deposits	51,673	51,625
Cash and cash equivalents	1,026,246	810,156
including Controlled Private Equity Portfolio (Note 5)	9,449	199
including Quilvest Wealth Management subgroup	944,995	724,754

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group has pledged a part of its short-term deposits to fulfill collateral requirements for a total amount of USD 0.9 million (2015: USD 0.9 million).

As at 31 December 2016, the aggregate cash and cash equivalents of Quilvest Wealth Management, Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest amounts to USD 724,754 (2015 : 944,995). Although this amount is included in 'cash and cash equivalents', it is not directly available to the Group.

9.Amounts owed from banks and bank customers

In \$ '000	2015	2016
Deposits with banks	878	840
Deposits with central banks	17,548	15,828
Amounts owed from banks	18,426	16,668
Current account with bank customers	120,537	139,471
Deposits with bank customers	1,035,907	1,035,017
Amounts owed from bank customers	1,156,444	1,174,488
Allowance for impairment losses	(2,996)	(3,255)
Amounts owed from bank and bank customers	1,171,874	1,187,901

Deposits with central banks represent mandatory reserve deposits and are not available for use in the bank's day-to-day operations and are excluded from cash and cash equivalents.

Impairment allowance reconciliation

In \$ '000	2015	2016
1 January	(2,361)	(2,996)
Impairment loss (expense)	(422)	(154)
Recoveries (income)	50	22
Exchange difference	(263)	(127)
31 December	(2,996)	(3,255)

10. Financial assets

10.1 Financial assets designated at fair value through profit or loss

Schedule of changes in financial assets designated at fair value through profit or loss in 2016

a. Private Equity portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2016	--	305,054	583,984	889,038
Acquired in business combinations	--	--	--	--
Change in scope	--	--	--	--
Additions	--	7,166	59,961	67,127
Disposals / Distributions / Redemptions	--	(65,515)	(141,295)	(206,810)
Transfer from other portfolio	--	1,042	(1,042)	--
Net gains / (losses)	--	50,694	41,888	92,582
Currency differences	--	(65)	(353)	(418)
Fair value at 31 December 2016	--	298,376	543,143	841,519

b. Wealth Management

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2016	104,995	11	123	105,129
Acquired in business combinations	--	--	--	--
Change in scope	--	--	--	--
Additions	--	110,092	25,579	135,671
Disposals / Distributions / Redemptions	(11,407)	--	(14,537)	(25,944)
Transfer to other portfolio	--	--	--	--
Net gains / (losses)	(3,449)	--	(4)	(3,453)
Currency differences	(3,733)	(5,447)	(551)	(9,731)
Fair value at 31 December 2016	86,406	104,656	10,610	201,672

c. Total

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 31 December 2016	86,406	403,032	553,753	1,043,191
Net gains / (losses) for 2016	(3,449)	50,694	41,884	89,129

Schedule of changes in financial assets designated at fair value through profit or loss in 2015

a. Private Equity portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2015	--	288,882	639,103	927,985
Acquired in business combinations	--	--	--	--
Change in scope	--	8,629	14	8,643
Additions	--	30,747	85,252	115,999
Disposals / Distributions / Redemptions	--	(27,331)	(185,702)	(213,033)
Transfer from other portfolio	--	--	--	--
Net gains / (losses)	--	4,240	46,074	50,314
Currency differences	--	(113)	(757)	(870)
Fair value at 31 December 2015	--	305,054	583,984	889,038

b. Wealth Management

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2015	120,751	2,180	294	123,225
Acquired in business combinations	--	--	--	--
Change in scope	--	--	--	--
Additions	173	--	36	209
Disposals / Distributions / Redemptions	(158)	(668)	(183)	(1,009)
Transfer to other portfolio	--	--	--	--
Net gains / (losses)	(3,574)	(1,314)	--	(4,888)
Currency differences	(12,197)	(187)	(24)	(12,408)
Fair value at 31 December 2015	104,995	11	123	105,129

c. Total

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 31 December 2015	104,995	305,065	584,107	994,167
Net gains / (losses) for 2015	(3,574)	2,926	46,074	45,426

10.2 Financial assets available-for-sale

Schedule of changes in financial assets available-for-sale in 2016

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2016.

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity securities	Total
Fair value at opening balance	424,074	348	424,422
Acquired in business combination	--	--	--
Additions	195,368	14	195,382
Disposals	(148,224)	--	(148,224)
Unrealized gains / (losses)	1,856	--	1,856
Currency differences	(20,469)	(15)	(20,484)
Fair value at closing balance	452,605	347	452,952

Schedule of changes in financial assets available-for-sale in 2015

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2015.

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity securities	Total
Fair value at opening balance	426,391	360	426,751
Acquired in business combination	--	--	--
Additions	319,944	25	319,939
Disposals	(286,895)	--	(286,895)
Unrealized gains / (losses)	(1,791)	--	(1,791)
Currency differences	(33,575)	(37)	(33,612)
Fair value at closing balance	424,074	348	424,422

Interest income related to debt securities portfolio available-for-sale amounts to USD 3.6 million (2015: USD 2.2 million) and is included in 'Interest income, net' in the consolidated statement of profit or loss.

The amount transferred from AFS revaluation reserve in 'Gains / (losses) on financial assets, net' equals USD 0.2 (2015: Nil), of which no impairment loss.

10.3 Financial assets and liabilities held for trading

Detailed schedule of derivatives by nature and maturity in 2016

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2016.

b. Wealth Management portfolio

In \$ '000	Notional amount with remaining life of				Fair values	
	Less than 3 months	3 months to 1 year	More than 1 year	Total	positive	negative
Financial assets held for trading						
Foreign currency forward contracts	300,851	78,415	--	379,266	6,526	--
Foreign currency options contracts	4,591	1,894	15,794	22,279	126	--
Interest rate swaps	5,236	10,472	--	15,708	36	--
Futures	482	--	195	677	13	--
Financial liabilities held for trading						
Foreign currency forward contracts	527,363	22,303	17,966	567,632	--	7,231
Foreign currency options contracts	4,591	1,894	15,794	22,279	--	126
Interest rate swaps	181,004	--	10,472	191,476	--	897
Futures	482	--	195	677	--	13
TOTAL					6,701	8,267

Detailed schedule of derivatives by nature and maturity in 2015

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2015.

b. Wealth Management portfolio

In \$ '000	Notional amount with remaining life of				Fair values	
	Less than 3 months	3 months to 1 year	More than 1 year	Total	positive	negative
Financial assets held for trading						
Foreign currency forward contracts	377,558	118,007	--	495,565	4,850	--
Foreign currency options contracts	2,940	101	17,389	20,430	147	--
Interest rate swaps & swaptions	76,344	16,407	16,407	109,158	130	--
Futures	14,212	--	--	14,212	163	--
Financial liabilities held for trading						
Foreign currency forward contracts	505,758	311,931	--	817,689	--	4,853
Foreign currency options contracts	2,940	101	17,389	20,430	--	147
Interest rate swaps	13,123	10,938	91,878	115,939	--	1,845
Futures	14,212	--	--	14,212	--	163
Total					5,290	7,108

11. Property, Plant and Equipment

Schedule of changes in Property, Plant and Equipment for the year 2016

In \$ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at 1 January 2016	10,129	34,886	94,979	305	1,415	141,714
Additions	--	--	2,109	243	935	3,287
Disposals	(178)	(16,614)	(61,353)	(108)	(182)	(78,435)
Revaluations	1,984	2,810	--	--	--	4,794
Transfers	(1,166)	(1,749)	--	--	--	(2,915)
Exchange differences	(463)	(672)	(562)	(20)	(195)	(1,912)
Balance at 31 December 2016	10,306	18,661	35,173	420	1,973	66,533
<i>Including controlled private equity portfolio</i>	--	--	21,528	--	--	21,528
Depreciation and impairment losses						
Balance at 1 January 2016	--	7,061	38,110	261	39	45,471
Depreciation charge	--	128	6,190	52	884	7,254
Disposals	--	(3,477)	(28,451)	(64)	(106)	(32,098)
Transfers	--	--	--	--	--	--
Exchange differences	--	(160)	(335)	(11)	(150)	(656)
Balance at 31 December 2016	--	3,552	15,514	238	667	19,971
<i>Including controlled private equity portfolio</i>	--	--	7,192	--	--	7,192
Net book value						
Balance at 1 January 2016	10,129	27,825	56,869	44	1,376	96,243
Balance at 31 December 2016	10,306	15,109	19,659	182	1,306	46,562
<i>Including controlled private equity portfolio</i>	--	--	14,336	--	--	14,336

Revaluation of lands and buildings

At the end of 2016, the appraised value of land and buildings of the headquarters of our French subsidiaries located Boulevard Saint-Germain 241-243 in Paris amounts to a total fair value of USD 37.6 million (EUR 35.9 million) (2015: USD 32.5 million (EUR 29.7 million)), including the investment property (refer to Note 12).

Lands and buildings under revaluation model is composed of 65% (2015: 65%) of the property located

at 243, Boulevard Saint-Germain and 76% (2015: 100%) of the properties located at 241 Boulevard Saint-Germain and represents the own-used part.

The own-used part of the buildings has been revalued accordingly and the revaluation difference recognized directly in equity, i.e. to the revaluation reserve for own-used buildings. Accumulated depreciation has been charged against the revalued amount, taking into account an estimated economic life of 50 years.

Schedule of changes in Property, Plant and Equipment for the year 2015

In \$ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at 1 January 2015	10,129	67,472	133,971	540	1,528	213,640
Additions	316	--	27,904	140	1,220	29,580
Disposals	--	(33,124)	(65,728)	(341)	(96)	(99,289)
Revaluations	711	2,706	--	--	--	3,417
Transfers	--	--	--	--	--	--
Exchange differences	(1,027)	(2,168)	(1,168)	(34)	(1,237)	(5,634)
Balance at 31 December 2015	10,129	34,886	94,979	305	1,415	141,714
<i>Including controlled private equity portfolio</i>	<i>178</i>	<i>16,613</i>	<i>82,077</i>	<i>105</i>	<i>124</i>	<i>99,097</i>
Depreciation and impairment losses						
Balance at 1 January 2015	--	18,111	49,271	360	557	68,299
Depreciation charge	--	130	16,364	42	807	17,343
Disposals	--	(11,607)	(26,980)	(139)	(54)	(38,780)
Revaluations	--	--	--	--	--	--
Transfers	--	--	--	--	--	--
Exchange differences	--	427	(545)	(2)	(1,271)	(1,391)
Balance at 31 December 2015	--	7,061	38,110	261	39	45,471
<i>Including controlled private equity portfolio</i>	<i>--</i>	<i>3,715</i>	<i>30,799</i>	<i>60</i>	<i>2</i>	<i>34,576</i>
Net book value						
Balance at 1 January 2015	10,129	49,361	84,700	180	971	145,341
Balance at 31 December 2015	10,129	27,825	56,869	44	1,376	96,243
<i>Including controlled private equity portfolio</i>	<i>178</i>	<i>12,898</i>	<i>51,278</i>	<i>45</i>	<i>122</i>	<i>64,521</i>

12. Investment property

Schedule of changes in investment property

In \$ '000	2015	2016
At fair value		
Balance at 1 January	8,662	7,642
Additions	--	--
Transfer from owner-occupied properties	--	2,915
Revaluations	(143)	2,202
Exchange differences	(877)	(578)
Balance at 31 December	7,642	12,181

In \$ '000	2015	2016
Rental income derived from investment property	358	539
Direct operating expenses	(167)	(81)
Net profit arising from investment property	191	458

The investment property relates to offices rented to third parties within the building located at 243 and 241, Boulevard Saint-Germain in Paris. The rental income derived from investment property is recognized within 'other operating income, net' in the consolidated financial statements.

Valuation is prepared internally at year-end and subsequently checked with external information received from an external valuer.

The fair value of the property has not been determined using transactions observable in the market because of the lack of comparable data given the nature of the property. The following primary inputs have been used, considering the prime location of the building and its good conditions : for the occupied part, an expected yield of 2.5% for the residential part and 3.5%-4% for the commercial part.

13. Intangible Assets

Schedule of changes in Intangible assets for the year 2016

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
At cost						
Balance at 1 January 2016	65,892	27,431	6,656	9,103	16,151	125,233
Additions	--	--	--	--	3,880	3,880
Acquisitions	--	--	--	--	--	--
Disposals	(7,449)	--	--	--	(9)	(7,458)
Exchange differences	(2,314)	(754)	(53)	(81)	(686)	(3,888)
Balance at 31 December 2016	56,130	26,677	6,603	9,022	19,336	117,768
Accumulated amortization and impairment losses						
Balance at 1 January 2016	2,734	8,364	2,753	5,256	11,205	30,312
Amortization charge	--	1,864	444	1,067	1,479	4,854
Disposals	--	--	--	--	(21)	(21)
Exchange differences	(116)	(220)	(53)	(24)	(509)	(922)
Balance at 31 December 2016	2,618	10,008	3,144	6,299	12,154	34,223
Net book value						
Balance at 1 January 2016	63,158	19,067	3,903	3,847	4,946	94,921
Balance at 31 December 2016	53,512	16,669	3,459	2,723	7,182	83,545
<i>Including controlled private equity portfolio</i>	<i>3,764</i>	<i>4,512</i>	<i>3,460</i>	<i>1,417</i>	<i>-</i>	<i>13,153</i>

Schedule of changes in Intangible assets for the year 2015

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
At cost						
Balance at 1 January 2015	111,186	44,474	4,534	3,362	11,477	175,033
Additions	--	--	--	--	3,908	3,908
Acquisitions	2,004	--	--	--	--	2,004
Disposals	(41,294)	--	(2,743)	(3,372)	(249)	(47,658)
Exchange differences	(6,004)	(17,043)	4,865	9,113	1,015	(8,054)
Balance at 31 December 2015	65,892	27,431	6,656	9,103	16,151	125,233
Accumulated amortization and impairment losses						
Balance at 1 January 2015	3,043	9,937	1,774	2,351	8,852	25,957
Amortization charge	--	1,873	613	1,068	1,283	4,837
Disposals	--	--	--	--	(244)	(244)
Exchange differences	(309)	(3,446)	366	1,837	1,314	(238)
Balance at 31 December 2015	2,734	8,364	2,753	5,256	11,205	30,312
Net book value						
Balance at 1 January 2015	108,143	34,537	2,760	1,011	2,625	149,076
Balance at 31 December 2015	63,158	19,067	3,903	3,847	4,946	94,921
<i>Including controlled private equity portfolio</i>	<i>11,213</i>	<i>5,483</i>	<i>3,821</i>	<i>2,388</i>	<i>--</i>	<i>22,905</i>

Goodwill

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated individually to the Group's controlled private equity investments and banking entities.

a. Controlled Private Equity Investments

in \$'000	2015	2016
ST Products	3,764	3,764
Acrotec	7,449	--
Balance at 31 December - Controlled Private Equity Investments	11,213	3,764

The aggregate carrying amount of goodwill allocated to each investment was as follows:

The recoverable amount of controlled private equity investments was assessed individually based on their fair value less costs to sell. Fair value less costs to sell is equivalent to the enterprise value less financial

debt and transaction costs. The enterprise value was determined by applying an earnings multiple approach, such multiples being determined by reference to recent transaction multiples and/or public market valuations for comparable companies.

The multiple applied at 31 December was 6.3 (2015: comprised within a range of 6.5 – 6.9).

Reasonably possible changes in key assumptions would not trigger any impairment loss to be recognized.

b. Wealth management entities

The aggregate carrying amount of goodwill allocated to each banking entities was as follows:

in \$'000	2015	2016
Quilvest Switzerland	1,568	1,514
Quilvest Banque Privée	10,858	11,847
CBP Quilvest	35,972	35,165
Quilvest Asset Management	3,548	1,223
Balance at 31 December - Wealth Management activities	51,946	49,749

Reallocation of goodwill

In 2016 some goodwill was reallocated following several transfers of entities/ business within the Group. The reallocation of goodwill for the year 2016 are as follows:

in \$'000	Balance 1 January	Transfer	Currency differences	Balance 31 Decembre
Quilvest Switzerland	1,568	--	(54)	1,514
Quilvest Banque Privée	10,858	1,451	(462)	11,847
CBP Quilvest	35,972	723	(1,531)	35,165
Quilvest Asset Management	3,548	(2,174)	(151)	1,223
Total Wealth Management activities	51,946	--	(2,198)	49,749

For the purpose of the goodwill impairment testing as of 31 December 2016, the recoverable amount of the wealth management activities was assessed individually. Recoverable amount was determined by adding to net equity the present value of the future cash flows expected to be derived from each entity. The expected cash flow approach was based on multiple, probability-weighted cash flow projections over a 5-year period.

For Quilvest Banque Privée S.A., Quilvest Switzerland Ltd., Compagnie de Banque Privée Quilvest S.A. and Quilvest Asset Management S.A., there is no impairment loss to be recognized.

Key assumptions used in discounted cash flows projections:

Key assumptions used in the calculation of recoverable amounts are new hired client relationship officers,

growth in assets under management, return on assets under management as well as discount rates and terminal value growth rates.

Business assumptions have been determined by using a combination of long term trends and in-house estimates.

Long-term growth rates were in a range from 1.00% to 2.00%. Discount rates were in a range from 10.06% to 12.20%.

Sensitivity to changes in assumptions:

An increase of discount rate by 0.5% or a decrease in growth rate by 0.5% would trigger an impairment loss of maximum USD 3.8 million in 2016 (2015: nil).

14. Deferred Tax Assets and Liabilities

Recognized deferred tax assets and liabilities

In \$ '000	2015		2016		2015	2016
	Assets	Liabilities	Assets	Liabilities	net	net
Financial assets	147	--	377	(116)	147	261
Property, Plant and equipment	86	(15,500)	83	(6,866)	(15,414)	(6,783)
Investment Property	--	(2,457)	--	(4,060)	(2,457)	(4,060)
Intangible assets	204	(10,462)	84	(7,494)	(10,258)	(7,410)
Investments in subsidiaries and associates	--	--	--	(259)	--	(259)
Employee benefit	637	--	102	--	637	102
Other liabilities	1,379	(5)	--	(683)	1,374	(683)
Other provisions	--	(1,698)	--	(1,639)	(1,698)	(1,639)
Tax losses carried forward	577	--	1,450	--	577	1,450
Set off tax	--	--	--	--	--	--
Total deferred tax assets/ (liabilities)	3,030	(30,122)	2,096	(21,117)	(27,092)	(19,021)

Movements of net deferred tax liabilities

In \$'000	2015	2016
Net deferred tax liabilities at opening balance	(20,322)	(27,092)
Increase / (Decrease) in temporary differences	907	(829)
Change in tax rate	--	--
Change in scope	(4,579)	8,841
Deferred tax assets recognized on tax losses carried forward	(1,624)	873
Currency differences	(1,474)	(814)
Net deferred tax liabilities at closing balance	(27,092)	(19,021)

Movements in net deferred tax assets/ (liabilities) per class

Movements for the year 2016

In \$ '000	Balance 1 January	Recognized in profit or loss	Change in scope	Recognized in equity(*)	Balance 31 December
Financial assets	147	(22)	--	136	261
Property, Plant & Equipment	(15,414)	1,869	8,841	(2,079)	(6,783)
Investment property	(2,457)	(338)	--	(1,265)	(4,060)
Intangible assets	(10,258)	1,053	--	1,795	(7,410)
Investments in associates	--	--	--	(259)	(259)
Employee benefits	637	--	--	(535)	102
Other liabilities	1,374	--	--	(2,057)	(683)
Other provisions	(1,698)	--	--	59	(1,639)
Tax losses carried forward	577	(347)	--	1,220	1,450
Total	(27,092)	2,216	8,841	(2,986)	(19,021)

(*) : including foreign currency translation differences

Movements for the year 2015

In \$ '000	Balance 1 January	Recognized in profit or loss	Change in scope	Recognized in equity(*)	Balance 31 December
Financial assets	(384)	--	--	531	147
Property, Plant & Equipment	(8,651)	59	(4,579)	(2,243)	(15,414)
Investment property	(2,827)	25	--	345	(2,457)
Intangible assets	(11,183)	7	--	918	(10,258)
Investments in associates	--	--	--	--	--
Employee benefits	670	--	--	(33)	637
Other liabilities	1,552	--	--	(178)	1,374
Other provisions	(1,700)	--	--	2	(1,698)
Tax losses carried forward	2,201	(861)	--	(763)	577
Total	(20,322)	(770)	(4,579)	(1,421)	(27,092)

(*) : including foreign currency translation differences

Reconciliation between applicable and effective tax rate

This table reconciles the effective tax amounts presented in the consolidated statement of comprehensive income with the amount theoretically calculated with local applicable tax rates.

In \$'000	2015	2016
Profit / (Loss) before tax	81,339	164,521
Luxembourg theoretical tax rate (rounded)	30%	30%
Expected income tax expense / credit	(24,402)	(49,356)
Non deductible expenses	(25)	500
Change in tax rates	--	--
Tax effects of non-taxable income, capital gains and fair value changes	13,039	44,090
Current income taxes related to prior periods	(28)	(54)
Losses for which no tax benefit is recognized	3,603	614
Other	(6)	988
Tax (expense) / credit in the income statement	(7,819)	(3,218)

Income tax expenses

In \$'000	2015	2016
Total current year tax (expense) / credit	(4,587)	(5,434)
Total deferred tax (expense) / credit	(3,232)	2,216
Tax (expense) / credit in the income statement	(7,819)	(3,218)

15. Other assets

Other assets are non-interest-bearing and are generally on terms of 30 to 90 days.

The impairment testing undertaken resulted in an allowance for impairment of nil at the end of 2016 and 2015.

in \$'000	2015	2016
Interest receivable	3,989	2,873
Carried interest receivable	15,649	18,974
Loans to employees	136	88
Income tax receivable	5,284	5,066
Prepaid expenses	1,988	2,202
Accrued income	6,021	6,033
Other assets and receivables from controlled private equity portfolio (note 5)	65,891	22,186
Other assets and receivables (*)	57,238	68,654
Total other assets	156,196	126,076
Allowance for impairment losses	--	--
Total other assets, net	156,196	126,076

(*) It includes USD 19.5 million of cash receivable related to disposal of Hill & Valley group as Quilvest disposed its controlling stake during 2016 (cf. note 7 Disposal of subsidiary)

16. Amounts owed to banks and bank customers

Information about maturity and currency of the deposits from banks and bank customers is provided in Note 25 Risk Management.

in \$'000	2015	2016
Current account	1,924	27,683
With agreed maturity date or period of notice	58,804	58,282
Amounts due to banks	60,728	85,965
Current account	1,724,834	1,660,775
With agreed maturity date or period of notice	602,284	609,833
Amounts due to banks customers	2,327,118	2,270,608
Amounts due to banks and banks customers	2,387,846	2,356,573

17. Interest-bearing loans and borrowings

In \$ '000	Original Currency	Nominal interest rate	Year of maturity	2015 Carrying amount	2016 Carrying amount
Secured bank loan	EUR	Euribor 3m+3.4%	2015	--	--
Secured bank loan	EUR	Euribor 3m+3.4%	2017	103,910	--
Secured bank loan	EUR	Euribor 6m+1.05%	2017	2,624	1,250
Unsecured bank loan	USD	Libor 3M + 3.9%	2017	8,544	--
Liabilities towards financial institutions				115,078	1,250
Private loan	EUR	6%	2018	83,124	79,580
Private loan	USD	6%	2018	12,000	12,000
Subordinated loans				95,124	91,580
Hill and Valley					
Secured term loan	USD	Prime + 100 bps	2015	665	--
ST Products					
Secured term loan	USD	5.10%	2017-2021	28,031	20,809
Revolving credit facilities	USD	6.25%	2017	1,553	1,978
Acrotec					
Secured bank credit facility	CHF	2.5% - 3.0%	2016	47,959	--
Real estate debt	CHF	2.5% - 3.0%	2025	13,152	--
Loan facility	CHF	4.25% PIK	2025	2,232	--
Interest-bearing liabilities of controlled private equity portfolio				93,592	22,787
Total Interest-bearing liabilities				303,794	115,617

More information about maturity and currency of the interest-bearing liabilities is provided in Note 25 Risk Management.

In relation with the secured bank facilities until 2015, the Group should at any time comply with a debt-to-equity ratio that should not exceed 50%, and calculated as follows as at balance sheet date:

In \$ '000	2015
Interest-bearing liabilities	303,794
Less: controlled private equity portfolio (*) (Note 5)	(93,592)
Interest-bearing liabilities, net	210,202
Total equity, attributable to the shareholders of the parent company	843,935
Subordinated loans	95,124
Total equity for calculation purpose	939,059
Ratio	22%

(*): non-recourse to the Group

18. Employee benefit obligations

The Group has defined benefit pension plans in place in Quilvest Switzerland Ltd.

Liability for defined benefit obligations

In \$ '000	2015	2016
Present value of unfunded obligations	373	373
Present value of funded obligations	44,205	49,801
Fair value of plan assets	(37,726)	(42,866)
Net liability in the statement of financial position	6,852	7,308

Changes in net liability recognized in the statement of financial position

In \$ '000	2015	2016
Net liability at opening balance	3,727	6,852
Net expenses recognized in the profit or loss	2,176	3,362
Re-measurement gains/ (losses)- IAS 19R	2,536	(392)
Contributions	(2,014)	(2,003)
Exchange differences	427	(511)
Net liability at closing balance	6,852	7,308

Detail of expenses recognized in the statement of profit or loss

In \$ '000	2015	2016
Current service cost	2,190	3,322
Interest on obligation	20	40
Expected return on plan assets	--	--
Past service cost	--	--
Expenses in statement of comprehensive income	2,210	3,362

At 31 December 2016, the Group's best estimate of contributions expected to be paid to the plan during the annual period beginning after the reporting period amounts to USD 2.0 million (2015: USD 2.0 million).

Principal actuarial assumptions at the balance sheet date

In \$ '000	2015	2016
Discount rate at 31 December	0,8%	0,5%
Expected return on plan assets at 31 December	0,8%	0,5%
Future salary increase	0,2%	0,2%
Future pension increase	0,0%	0,0%

Defined benefit obligation evolution

At 31 December	2012	2013	2014	2015	2016
Present value of the defined benefit obligation	39,604	38,870	36,779	44,578	50,174
Fair value of the plan assets	30,980	36,282	33,052	37,726	42,866
Surplus / (deficit) in the plan	(8,624)	(2,588)	(3,727)	(6,852)	(7,308)

Option plan

In 2012, Quilvest Wealth Management set up a management incentive plan for the group key management personnel. The management incentive plan is structured as an option plan. Options are vested gradually from 2012 to 2016 and can be exercised between 2016 and 2026. Options are settled in cash upon exercise.

As of December 31, 2015, an estimate of the commitment resulting from the plan had been calculated via a discounted cash flow model. The model was applied to an 8-year business plan of the Group using assumptions for the periods of exercise of the options. The present value of the commitment was calculated using a discount rate of 29.91%. Based on this estimate, the total provision amounted to EUR 1.4 million as of December 31, 2015.

As of December 31, 2016, considering that 100% of the options would be exercised within 12 months, related provision was determined as 100% of the amount due to the option holders in accordance with the provisions of the plan and amounts to EUR 3.4 million (2015: EUR 1.4 million).

19. Provisions

In \$ '000	2015	2016
Provisions for litigation	707	2,396
Other provisions	2,876	2,534
Total Provisions	3,583	4,931

In \$ '000	Litigation	Other	Total
1 January 2016	707	2,876	3,583
Additions	2,147	314	2,462
Used	(182)	(562)	(744)
Unused / Reversals	(171)	--	(171)
Currency differences	(105)	(94)	(199)
31 December 2016	2,396	2,534	4,931

Other provisions mainly include unused vacation rights and tax provisions.

20. Other liabilities

In \$ '000	2015	2016
Interest payable	5,377	4,438
Carried interest payable	21,876	21,899
Dividends payable	54	29
Payroll and social security	20,512	24,174
Income tax payable	12,253	10,648
Accrued expenses	9,230	12,999
Deferred income	1,140	969
Accounts payable from controlled private equity portfolio	20,594	5,979
Other liabilities and payable	21,878	23,657
Total Other liabilities	112,914	104,792

21. Capital and reserves

Ordinary shares

The shares have no par value.

Number of ordinary shares (Units)	2015	2016
Authorized shares	14,794,520	14,794,520
Issued shares, fully paid	6,656,000	6,648,415

Treasury shares

	Number (Units)	Cost (\$ '000)
1 January 2015	42,693	4,281
Acquired	60	5
Disposed	(2,500)	(255)
31 December 2015	40,253	4,031
Acquired	48,204	6,074
Disposed	(2,500)	(254)
31 December 2016	85,957	9,850

Reserves

Reserves include restricted reserves not available for distribution of USD 4,494 (2015: USD 4,499) at the level of the parent company.

22. Dividends paid and proposed

	2016
Declared and paid during the year:	
Final dividend for 2015	13,292
Proposed for approval at the annual general meeting on 10 June 2017 USD 2,5 per share	16,621

23. Other operating income and expenses, net

Other operating income, net

In \$ '000	Note	2015	2016
Rental income	12	358	539
Change in fair value of investment property	12	(143)	2,202
Other income, net		8,763	12,097
Total Other Operating Income, Net		8,978	14,838

General administrative expenses

General administrative expenses include the costs of making and managing investments, administrative costs related to the wealth management activities and the corporate management of the Group, and are accounted for on an accrual basis. They also include personnel costs, external consultancy fees and office expenses.

In \$ '000	Note	2015	2016
<i>Personnel</i>			
Salaries and wages		(52,389)	(56,786)
Pension expense - Defined contributions plans		(1,813)	(2,232)
Pension expense - Defined benefit plans	18	(2,714)	(3,362)
Social contributions		(11,605)	(11,218)
Variable compensation		(18,838)	(23,268)
Other personnel costs		(7,800)	(4,471)
Total		(95,159)	(101,337)
<i>Other administrative expenses</i>			
External consultancy fees		(15,873)	(12,353)
Rental expense		(7,673)	(6,496)
Other administrative expenses		(26,218)	(24,762)
Other provisions		(599)	(2,065)
Total		(50,363)	(45,676)
Total General Administrative Expenses		(145,522)	(147,013)

The fees expense with the Group auditor amounts to USD 1,986 (2015: USD 1,646) for audit and audit related services, to USD 30 (2015: USD 78) for tax services and to USD 0 (2015: USD 33) in relation with other services.

24. Financial gains / (costs), net

In \$ '000	2015	2016
Interest income on monetary assets	2,434	895
Foreign exchange gains	26,383	15,271
Total financial income	28,817	16,166
Interest expense on monetary liabilities	(10,400)	(7,720)
Foreign exchange losses	(13,865)	(8,402)
Total financial expenses	(24,265)	(16,122)
Financial costs, net- controlled private equity	(18,453)	(2,137)
Financial costs, net	(13,901)	(2,093)

25. Risk management

Quilvest has exposures to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks primarily affect the Wealth Management segment of the Group (hereafter "QWM" or "QWM Group") and to a lesser extent the Private Equity segments (Private Equity Investment and Private Equity Management as described in Note 6.1)

25.1 Risk Management framework

The Board of Directors of Quilvest has overall responsibility for the establishment and oversight of the Group's risk management framework. Management's responsibility is to manage risk on behalf of the Board.

As described in the corporate governance report of the General Section of this annual report, the Board of Directors is supported in this function by the Audit Committee, the Strategic Committee and the Group Internal Audit and Compliance.

The risk management guidelines are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in

market conditions, products and services offered, as well as evolution in best practices.

The risk management policies are established and monitored distinctly for the Wealth management and the Private Equity segments as the respective risk profile materially differs and there is by design no possible risk contagion between the wealth management and the private equity business.

25.1.1 Wealth management

The QWM risk management policies are established by the Executive Committee of QWM and approved by its Board of Directors. The Executive Committee of QWM is responsible for monitoring the implementation of the policies within QWM entities.

The Executive Committee of QWM installed an Asset and Liability Committee (ALCO) which, amongst other responsibilities such as monitoring global counterpart exposures and managing QWM's investment and own funds' portfolios, oversees QWM's liquidity risk position.

The daily risk management is executed by the QWM Risk Officer in cooperation with local Risk Managers.

QWM also updates on a yearly basis its ICAAP (Internal Capital Adequacy Assessment Process) report. The ICAAP is an internal process that shall allow credit institutions to assess the internal capital they deem appropriate in order to cover all the risks to which they are or could be exposed. Regulatory expectations for ICAAP are defined by the CSSF and the scope of application includes the consolidated level (QWM) as well as the local legal entity level. The ICAAP is a forward looking internal inspection of

the risk and capital profile, where financial forecasts are used as basis for the business plan are employed to simulate the evolution of the solvency over a three-year period, both under normal conditions and under stressed condition.

25.1.2 Private Equity

The segments' risk management policies are established by the CEO of Quilvest Private Equity and the Group CFO and approved by the Board of Directors of Quilvest. The Executive Management is responsible for monitoring the implementation of the policies within the segment entities.

The analysis of risks is performed through a dedicated private equity risk matrix. For each exposure, the matrix sets the inherent risk level, the risk and mitigation factors and provides an assessment of the residual risk.

Policies are designed and reviewed on a regular basis to align with the risk assessment as per the matrix.

The Group CFO and the Group Internal Auditor review and update the matrix and the implementation of related policies on an ongoing basis.

25.1.3 Concentration of financial risks

The Group's exposure to and mitigation of concentration risks is detailed within the "Wealth Management" and "Private Equity" sections.

Concentration of financial risks at QWM level is managed mainly through various determined limits and the respect of minimum prudential legal & regulatory requirements at the QWM consolidated level and at each banking subsidiary level;

Concentration of financial risks in Private Equity is managed through the diversification strategy. The level of concentration risk varies over time as the portfolio mix between direct deals and funds or funds of funds evolves and the group's largest investments changes. The portfolio review process includes the identification of risks that might affect a substantial proportion of the portfolio and the assessment of specific exposure to specific known risks. The portfolio remained balanced and well diversified in recent years.

25.2 Credit Risk

25.2.1 Description

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and credit institutions, and investment debt securities.

Wealth Management

QWM's exposure to credit risk is mainly concentrated on the following counterparties:

- Credit risk linked to clients through granting of credit facilities;
- Credit risk linked to banking counterparties, deriving from interbank placements or debt securities held in the investment portfolio; and
- Credit risk linked to other counterparties such as corporate or sovereign exposures deriving from debt securities held within the investment portfolio.

The investment portfolio of QWM stems from the need to meet cash reinvestment requirements and is composed of high-quality bonds (investment grade), issued by banking counterparties, governments of OECD countries and only to a small extent by corporate issuers. All investments have to be in line with the QWM's investments guidelines as regards to type of issuer, issuer rating, maturity, etc.. Each transaction in the investment portfolio requires approval from local management and ratification by the QWM ALCO.

As of 31 December 2016, the average credit rating of the investment portfolio was "AA-" (2015: "AA-").

To streamline the decision-making process, the QWM Executive Committee delegates its authority to credit committees set up for each credit institution within QWM. This delegation is based on specific rules fixed in the QWM Group Credit Policy. The Executive Committee remains the ultimate decision-making body for all loan applications beyond the local credit committees' decision-making authority or those presenting a level of risk deemed to be significant.

Overall, QWM has adopted a conservative credit policy. The vast majority of client loans are granted based on full coverage of acceptable collateral as determined in the QWM Group Credit Policy. Similarly, QWM internal guidelines are to be respected for all investments in debt securities such as credit quality of the debt issuer, type of debt, risk class, diversification and duration, within predefined individual and global counterpart limits.

Private Equity

Credit risk in Private Equity business remains limited as most investments are equity investments or assimilated. The Private Equity activities are primarily exposed to credit risk on their loans (of which investment related loans), receivables, cash and deposits. Cash and deposits are held on demand or short term deposits with QWM or highly rated Quilvest relationship banks.

25.2.2 Management of credit risk

Wealth Management

Credit risk is monitored on a regular basis at entity level, both on credit exposures and collateral value. On a quarterly basis, all entities provide information to the QWM Group Risk Officer on their credit outstanding, collateral shortages and remedial actions if applicable. The QWM Risk Officer presents the evolution of the Group's credit risk to the QWM Executive Committee on a quarterly basis.

The QWM Executive Committee has delegated responsibility for the oversight of credit risk to its QWM Credit Committee, assisted by the QWM Group Risk Officer, which is responsible for management of QWM's credit risk, including :

- Formulating credit policies, collateral requirements, credit risk assessment and periodical reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorization structure for the approval of credit facilities, both on entity level and QWM level;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposures to counterparties: by sector, by type of issuer, by

issuer, by credit rating, by market liquidity and by country;

- Provide advice, guidance and specialist skills to the local entities.

Each local entity is required to implement the QWM credit policies and procedures, with credit approval authorities delegated from the QWM Credit Committee. Each entity has a Risk Manager and Credit Officer, reporting to local management and to the Group Risk Officer.

Regular internal audits at local entities on the application of credit risk policies, procedures and monitoring are undertaken by the Internal Audit department.

In accordance with EU Regulation 575/2013 (also known as "CRR" or Capital Requirements Regulation), and CSSF Circular 14/583, all QWM's credit exposures to individual clients or groups of clients representing more than 10% of QWM's regulatory capital are to be reported on a quarterly basis to the CSSF. This large exposures report is prepared by the QWM Risk Officer based upon information received from each QWM subsidiaries.

The maximum exposure to individual clients or groups of individual clients is limited to 25% of QWM's regulatory capital, with an exception for exposures on financial institutions up to 100% of its regulatory capital. During 2016, no breach of aforementioned maximum limits has been observed at QWM level (2015: no breach observed).

Besides the concentration of credit risk on client loans for which regulatory restrictions apply both at entity and at QWM level, QWM pays specific attention regarding the management of concentration of risks which can arise from different sources:

- concentration risk on received collateral covering client loans : QWM is mostly exposed to residual risk in case of large adverse market price movements of financial collateral held by private banking clients. However, the QWM Credit Policy defines guidelines that contribute to a low exposure to this risk, especially the strict collateral eligibility and diversification criteria and the prudent internal haircuts uniformly applied

across the entities and subject to close monitoring by the local Risk Managers ;

- concentration of counterparties within the QWM's investment portfolio : besides regulatory large exposures limitations, QWM has determined diversification rules in its investment policy with regard to type of risk, duration, credit quality (rating), etc. which are monitored by the local risk managers at entity level and by the QWM Risk Officer for QWM. In this respect, overall counterpart limits have been approved by the Board of Directors and are managed by the QWM's ALCO on a regular basis ;
- concentration of client assets or group of clients representing a substantial source of income for the Group : this risk is addressed in the yearly ICAAP report by performing a stress test on the loss of major clients ;
- concentration in terms of asset under management linked to a commercial team in case of departure of such team: this risk is addressed in the yearly ICAAP report by performing a stress test on the loss of all clients related to such team.

During 2016 and 2015, QWM did not suffer from credit losses on client loans.

Private Equity

The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies.

Valuation reviews of portfolio companies are performed at least on a bi-yearly basis. For those assets that are not past due, it is believed that the risk of default is small and that capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the Group's investment.

Where the portfolio company has failed or is expected to fail, loan impairments are made when the valuation of the portfolio company implies non-recovery of all or part of the Group's loan investment. In these cases appropriate loan impairment is recorded to reflect the valuation shortfall.

Concentration of credit risk is determined by reference to geographical areas.

25.2.3 Credit risk exposure by geographic region

The geographical allocation of balance sheet exposures is prepared on the basis of the location of the issuer of the financial instruments whenever practicable, otherwise the entity owning the asset.

For the year 2016 (in \$ '000)	Carrying amount	Luxembourg	EU	USA	Other
<i>Financial instruments</i>					
Cash and cash equivalents	810,156	593,789	87,079	6,327	122,961
Amounts owed from banks and bank customers	1,187,901	71,618	564,865	-	551,418
Financial assets at fair value through profit and loss	1,043,191	-	168,456	873,272	1,638
Financial assets available for sale	452,952	347	286,359	-	166,246
Financial assets held for trading	6,701	1,347	273	-	5,081
Other receivables	114,277	91,177	9,020	12,506	1,574
Total financial instruments	3,615,178	758,278	1,115,877	892,105	848,918
<i>Off balance sheet</i>					
Guarantees and assimilated	86,284	29,935	26,350	-	29,999
Maximum exposure to credit risk	3,701,462	788,213	1,142,227	892,105	878,917

As of 31 December 2016 the Group has issued guarantees and other direct credit substitutes for a total amount of USD 86,284 (2015: USD 34,572).

Other direct credit substitutes are guarantees granted QWM and its subsidiaries in respect of loans granted to clients by third parties.

For the year 2015 (in \$ '000)	Carrying amount	Luxembourg	EU	USA	Other
<i>Financial instruments</i>					
Cash and cash equivalents	1,026,246	845,764	61,451	6,384	112,647
Amounts owed from banks and bank customers	1,171,874	81,682	652,431	--	437,761
Financial assets at fair value through profit or loss	994,167	--	230,183	762,865	1,119
Financial assets available-for-sale	424,422	348	276,752	--	147,322
Financial assets held for trading	5,290	1,333	249	--	3,708
Other receivables	121,860	76,218	22,940	21,048	1,655
Total financial instruments	3,743,859	1,005,345	1,244,066	790,297	704,212
<i>Off balance sheet</i>					
Guarantees and assimilated	34,572	5,197	12,522	--	16,853
Maximum exposure to credit risk	3,778,431	1,010,542	1,256,528	790,297	721,065

25.2.4 Credit risk exposure by type of counterparty

For the year 2016 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
<i>Financial instruments</i>						
Cash and cash equivalents	810,156	645,986	164,170	-	-	-
Amounts owed from banks and bank customers	1,187,901	15,828	-	399,548	165,405	607,120
Financial assets at fair value through profit and loss	1,043,191	-	86,406	956,774	11	--
Financial assets available for sale	452,952	121,072	323,655	350	7,875	-
Financial assets held for trading	6,701	-	3,842	2,174	267	418
Other receivables	114,277	-	-	-	114,277	-
Total financial instruments	3,615,178	782,886	578,073	1,358,846	287,835	607,538
<i>Off balance sheet</i>						
Guarantees and assimilated	86,284	-	-	33,991	7,262	45,031
Maximum exposure to credit risk	3,701,462	782,886	578,073	1,392,837	295,097	652,569

During 2016, the Group did not suffer from credit losses on client loans. At the end of 2016, the amount of past due positions amounted to USD 186 (2015: USD 2,063), representing doubtful outstanding debts to customers since more than 3 months. This amount was fully impaired.

The Group did not have other material exposures to sovereign debt of distressed countries at 31 December 2016.

For the year 2015 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
<i>Financial instruments</i>						
Cash and cash equivalents	1,026,246	886,073	140,173	--	--	--
Amounts owed from banks and bank customers	1,171,874	--	38,455	383,477	166,752	583,220
Financial assets at fair value through profit or loss	994,167	--	104,995	889,161	11	--
Financial assets available-for-sale	424,422	136,928	277,197	348	9,949	--
Financial assets held for trading	5,290	--	1,984	2,980	28	298
Other receivables	121,860	--	--	--	121,860	--
Total financial instruments	3,743,859	1,023,001	562,804	1,275,936	298,600	583,518
<i>Off balance sheet</i>						
Guarantees and assimilated	34,572	--	--	4,248	13,052	17,272
Maximum exposure to credit risk	3,778,431	1,023,001	562,804	1,280,184	311,652	600,790

25.2.5 Guarantees and commitments

This heading represents collaterals provided by customers to the Group to secure loans and advances. As of 31 December, the analysis by nature of collaterals is as follows:

Secured Loans and Advances to Bank Customers (in \$'000)	2015	2016
Loans secured by real estate	47,120	7,073
Lombard loans	1,014,773	1,068,447
Other collaterals	72,186	79,182
Not collateralized	311,087	88,286
Total	1,445,166	1,242,988

Other collaterals mainly include guarantees issued by third party credit institutions and life-insurance agreements.

25.2.6 Ageing of receivables

The ageing of receivables at the reporting date is:

in \$'000	2015	2016
Not past due- Gross amounts	2,352,957	2,124,063
Past due- Impaired	186	70
Total	2,353,143	2,124,133

Impairment losses exclusively relate to loans and advance to bank customers and are calculated individually. Impairments on loans to customers are due to shortage of collaterals held.

25.3 Liquidity risk

25.3.1 Definition

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

25.3.2 Management of liquidity risk

Wealth Management

A Liquidity Risk Policy has been approved by the Board of Directors of QWM. This policy includes a Contingency Funding Plan describing all available sources of funding, the triggering procedure and the role and responsibilities of all involved actors. QWM's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is managed daily at entities level by local management and local Heads of Treasury. Independent controls are performed by local Risk Managers. At QWM level, the responsibility over the QWM's liquidity risk is allocated to the QWM's ALCO.

QWM replaces its resources into highly liquid assets, such as central bank placements, interbank deposits, investments in high-quality bonds and to a lesser extent, short term bank placements. During 2015, the Group also placed a major part of its liquidities at the BCEE in Luxembourg via reverse repurchase agreements. QWM also deposits the vast majority of eligible bonds with its main depository banks in order to be able to mobilize financing at any time via repo transactions, if necessary.

QBP, QVS and CBPQ are subject to liquidity ratios imposed by their local regulator. In 2016, no breach of any ratio was reported.

QBP does not refinance its activities on the interbank market. QVS refinances its credit portfolio with client deposits and sporadic via interbank loans as it benefits locally from committed credit lines. CBPQ finances its

credit portfolio completely with client deposits and does not need external funding. However, due to the large amount of short term client deposits, it is exposed to liquidity risk in case of massive withdrawal or investment. To counter this risk CBPQ has a large liquidity buffer in both cash and securities and closely monitors its liquidity gaps on a daily basis. Its liquidity reports take into account normal market conditions as well as stressed scenarios and regular liquidity projections are simulated by its Chief Risk Officer.

Private Equity

The Group's approach to managing liquidity is to ensure it will always have sufficient cash to meet its liabilities when they fall due. The exposure to liquidity risk is mainly influenced by open private equity commitments which require cash resources available timely to pay capital contributions.

For this purpose, the Group monitors closely its liquidity with weekly and monthly review of the net cash positions by the Group CFO. Quilvest also developed a forecast model with normal and stressed conditions.

The liquidity risk in Private Equity is mitigated by the following main factors:

- the strong diversification policy allowing for regular divestment opportunities.
- the possibility of selling third party funds commitments in the secondary market
- the ability to slow down or potentially stop the direct investment activities at any time
- the availability of credit lines for the private equity business

Financial assets and liabilities of controlled private equity investments are without recourse for the Group and not included in the liquidity risk analysis.

25.3.3 Liquidity risk table

The table below analyses the Group's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period to maturity date, based on contractual undiscounted cash flows. Derivative financial assets and liabilities are analyzed in note 10.

For the year 2016 (in \$ '000)	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Without determined maturity
<i>Non-derivative financial instruments</i>					
Cash and cash equivalents	809,105	-	-	-	1,051
Amounts owed from banks and bank customers	493,464	583,287	95,324	-	15,826
Other receivables	35,164	4,746	5,825	6	46,655
Financial assets	63,086	184,816	406,658	9,855	831,728
Total non-derivative financial instruments	1,400,819	772,849	507,807	9,861	895,260
<i>Non-derivative financial liabilities</i>					
Amounts due to banks and bank customers	2,264,949	44,194	47,430	-	-
Other liabilities	52,254	3,902	4,622	-	42,643
Interest-bearing liabilities	1,250	91,573	22,787	-	7
Unfunded Private Equity commitments	-	-	-	-	163,400
Total non-derivative financial liabilities and unfunded Private Equity commitments	2,318,453	139,669	74,839	-	207,422
Group net liquidity gap	(917,634)	633,180	432,968	9,861	687,838

Open commitments related to Private Equity fund commitments amount to USD 163,400 as of 31 December 2016 (USD 238,700 as of 31 December 2015). This amount is not payable in full and at once as:

- Portfolio funds traditionally call between 88% and 95% of their commitments;
- Most funds, the investment period spans over a 5 year period from inception of the fund;
- A portion of the Quilvest portfolio funds will realize part of their investments and make distributions over the same 5 year period, which “naturally” bridge the liquidity gap arising from open commitments, partly or in full depending on market conditions.

For the year 2015 (in \$ '000)	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Without determined maturity
<i>Non-derivative financial instruments</i>					
Cash and cash equivalents	1,026,246	--	--	--	--
Amounts owed from banks and bank customers	460,508	634,122	59,675	22	17,547
Other receivables	75,375	1,121	46	--	45,318
Financial assets	24,853	100,553	403,661	743	888,779
Total non-derivative financial instruments	1,586,982	735,796	463,382	765	951,644
<i>Non-derivative financial liabilities</i>					
Amounts due to banks and bank customers	1,937,740	450,106	--	--	--
Other liabilities	63,661	2,525	56	--	46,672
Interest-bearing liabilities	--	104,847	183,554	15,385	8
Unfunded Private Equity commitments	--	--	--	--	238,700
Total non-derivative financial liabilities and unfunded Private Equity commitments	2,001,401	557,478	183,610	15,385	285,380
Group net liquidity gap	(414,419)	178,318	279,772	(14,620)	666,264

25.4 Market risk

25.4.1 Definition

Market risk is the risk that changes in market prices, such as equity and bond prices, foreign exchange rates and interest rates affect the Group's income or the value of its holdings of financial instruments. Further analysis of price risk is included in note 25.6.

25.4.2 Management of market risk

Wealth Management

Market risks are managed at individual entities level by local Risk Managers and are consolidated at QWM level by the QWM Group Risk Officer.

QWM does not allow proprietary trading and as such does not hold a trading book.

Private Equity

Market risk in private equity is different from market risk in public Equity. Significant movement in the prices of the latter shall affect prices in private equity.

However, volatility has a different pattern.

Quilvest mitigates potential negative impacts of market volatility through the following activities:

- In-house due diligences performed by a team of experienced professionals under to a disciplined approach in both the selection of investment and the decision processes;
- For lead investments, close post acquisition monitoring;
- Continuity of its investments over the economic cycles;
- Development of long-term relationships with the most reputable and best performers in the fund industry;
- Strong diversification policy in respect of industries, investment strategies and geographical areas;
- Retaining of an appropriate mix between direct investments and third party funds and funds of funds.

25.4.3 Currency risk

Foreign exchange risk is the exposure of the Group to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in USD terms to the Group.

Overall, QWM's exposure to currency risk is limited. Currency risks are hedged throughout the year by forward currency and options contracts. At CBPQ level, foreign exchange risk is very limited because it only represents residual client positions for which intraday and overnight limits are implemented and monitored on a daily basis. QBP is not exposed to currency risk since its operating and transaction

currencies are the same (EUR). Contrariwise, QVS is mostly exposed to foreign exchange risk since a significant part of its revenue is denominated in USD whereas its operating expenses are in CHF.

The private equity business is exposed to currency risks for investments made in a currency other than US dollar. This risk is not hedged. The main exposure relates to investments in Euros. The private loans and the bank facilities (Note 18) mainly denominated in Euros are mitigating this risk on a global basis. More specifically, when the Group has more visibility on the timing of exit for a specific investment, all or part of the expected proceeds can also be hedged.

At 31 December 2016, the breakdown of exposures by foreign currency was the following:

For the year 2016 (in \$ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	810,156	92,595	593,727	2,888	115,218	5,728
Amounts owed from banks and bank customers	1,187,901	310,526	471,097	332,910	69,466	3,902
Other receivables	126,076	94,795	25,038	532	3,460	3,396
Financial assets	1,502,844	1,062,186	365,523	67,734	5,727	1,849
Property, plant and equipment	46,562	14,406	30,762	32	900	462
Investment property	12,181	--	12,181	-	-	-
Intangible assets	83,545	13,151	68,880	-	1,514	-
Deferred tax assets	2,096	--	2,096	-	-	-
Total Assets	3,771,361	1,587,659	1,569,129	404,096	196,285	15,337
Financial liabilities held for trading	8,267	2,046	888	-	5,318	15
Amounts due to banks and bank customers	2,356,573	831,014	1,119,527	280,096	84,333	41,603
Other liabilities	104,792	48,473	44,455	655	8,318	2,891
Interest-bearing liabilities	115,617	34,426	81,191	-	-	-
Employee benefit obligations	7,308	-	306	-	7,002	-
Provisions	4,931	350	2,901	-	1,680	-
Deferred tax liabilities	21,117	3,286	16,191	-	1,640	-
Total Liabilities	2,618,605	919,595	1,265,459	280,751	108,291	44,509
Group net currency exposure		668,064	303,670	123,345	87,994	(29,172)

At 31 December 2016, a 10% change in the USD rate against other currencies would have an impact of approximately USD 65 million (USD 43 million at 31 December 2015) assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

At 31 December 2015, the breakdown of exposures by foreign currency was the following:

For the year 2015 (in \$ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	1,026,246	50,718	823,730	2,941	138,601	10,256
Amounts owed from banks and bank customers	1,171,874	248,710	504,935	349,992	62,770	5,467
Other receivables	156,196	82,457	32,772	6,568	34,370	29
Financial assets	1,423,879	999,373	336,162	83,825	3,177	1,342
Property, plant and equipment	96,243	17,809	30,492	43	47,708	191
Investment property	7,642	--	7,642	--	--	--
Intangible assets	94,921	29,065	23,082	--	42,774	--
Deferred tax assets	3,030	1,377	1,117	--	536	--
Total Assets	3,980,031	1,429,509	1,759,932	443,369	329,936	17,285
Financial liabilities held for trading	7,108	1,333	3,269	8	2,385	113
Amounts due to banks and bank customers	2,387,846	975,497	949,458	323,282	104,272	35,337
Other liabilities	112,914	47,452	43,097	1,769	19,930	666
Interest-bearing liabilities	303,794	50,422	190,028	--	63,344	--
Employee benefit obligations	6,852	--	373	--	6,479	--
Provisions	3,583	500	1,425	--	1,658	--
Deferred tax liabilities	30,122	5,726	13,857	--	10,539	--
Total Liabilities	2,852,219	1,080,930	1,201,507	325,059	208,607	36,116
Group net currency exposure		348,579	558,425	118,310	121,329	(18,831)

25.4.4 Interest rate risk

The Group is exposed to interest rate fluctuations both on its financial assets and liabilities positions, resulting in possible losses or gains.

The interest rate risk exposure of the Group primarily lies with QWM and is limited as most assets are remunerated at variable interest rates with short term maturities and whereas exposure to fixed interest rates with long term maturities remains limited.

At 31 December 2016, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

in \$ '000	Carrying amount	With variable interest rate				Non-interest-bearing	With fixed interest rate
		Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years		
Cash and cash equivalents	810,156	748,926	-	-	-	15,654	45,576
Amounts owed from banks and bank customers	1,187,901	649,947	434,596	64,445	-	15,828	23,085
Other receivables	92,396	514	7,842	-	-	70,245	14,823
Financial assets	1,502,844	58,585	178,641	275,627	9,855	962,035	18,101
Total financial instruments	3,593,297	1,456,944	621,079	340,072	9,855	1,063,762	101,585
Financial liabilities held for trading	8,267	2,561	10	266	136	5,294	-
Amounts due to banks and bank customers	2,356,573	1,316,634	441,931	47,430	-	544,626	5,952
Other liabilities	104,792	25	2,268	-	-	100,446	2,103
Interest-bearing liabilities	92,830	-	1,250	-	-	91,573	7
Interest-bearing loans of controlled Private Equity investments	22,787	--	-	-	-	-	22,787
Total financial liabilities	2,585,249	1,319,170	445,459	47,696	136	741,939	30,849
Group net interest rate gap		137,774	175,620	292,376	9,719	321,823	70,736

A rise of 2 % in the short term interest rates less than one year would positively impact the result of the Group for approximately USD 6.3 million (2015: positive impact of USD 4.5 million) due to the interest-bearing net asset position up to one year.

These results indicate that the Group is not exposed to a potential loss in case of increasing interest rates.

At 31 December 2015, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

in \$ '000	Carrying amount	With variable interest rate				Non-interest-bearing	With fixed interest rate
		Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years		
Cash and cash equivalents	1,026,246	1,026,246	--	--	--	--	--
Amounts owed from banks and bank customers	1,171,874	652,667	454,792	27,733	22	17,548	19,112
Other receivables	121,860	2,976	807	2,056	--	78,924	37,097
Financial assets	1,423,879	26,587	101,692	403,821	--	891,431	348
Total financial instruments	3,743,859	1,708,476	557,291	433,610	22	987,903	56,557
Financial liabilities held for trading	7,108	1,585	1,468	1,673	--	2,382	--
Amounts due to banks and bank customers	2,387,846	1,420,153	450,106	--	--	517,587	--
Other liabilities	112,914	6,149	463	--	6,490	80,650	19,162
Interest-bearing liabilities	210,203	112,446	--	--	--	--	97,757
Interest-bearing loans of controlled Private Equity investments	93,591	(1)	48,625	29,582	15,385	--	--
Total financial liabilities	2,811,662	1,540,332	500,662	31,255	21,875	600,619	116,919
Group net interest rate gap		168,144	56,629	402,355	(21,853)	387,284	(60,362)

25.5 Operational risk

25.5.1 Definition

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology, infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

25.5.2 Operational risk management

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group dedicates substantial efforts to ensure that the operational risks resulting from all business activities are continuously assessed and monitored.

Where relevant, entities of the Group have set up internal measures to reduce losses stemming from

operational risk in compliance with local regulatory requirements, such as:

- Strong internal control system including wide application of the 4-eyes principle;
- Risk governance structure including third and second levels of controls;
- Set-up of compliance and risk functions to strengthen the overall monitoring of the risk profile at Group level;
- Escalation of information on operational incidents for analysis;
- Retention of key staff resources
- Business Continuity Plan (BCP) and/or Disaster Recovery Plan (DRP) exist at local entity level, with regular reviews and tests - results of the last test conducted in 2015 at QWM were conclusive;
- Adequate coverage by insurance policies.

The adequacy of the controls in place to address operational risks identified is regularly reviewed by the Group Internal Audit and Compliance and the Audit Committee, conducting to an ongoing improvement of internal processes and controls.

25.6 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and third party funds.

Level 2: inputs other than quoted prices included in the Level 1, that are observable for the assets or

liability, either directly (that is, as prices) or indirectly (that is, as derived from prices). This level includes derivative contracts or equity instruments without an active market and for which recent transactions occurred between market participants. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes debt instruments, equity instruments and third party funds with significant unobservable components.

At 31 December 2016, the Group was exposed to the fair value risk as follows:

in \$ '000	Carrying amount	Level 1	Level 2	Level 3
Financial assets held for trading				
Derivatives	6,701	--	6,701	--
Financial assets designated at fair value through profit or loss				
Debt securities	86,406	86,406	--	--
Equity securities	397,749	828	10,704	386,217
Convertible loans	5,283	--	--	5,283
Investment related loans	--	--	--	--
Third party funds	553,752	15,561	71	538,121
Financial assets available-for-sale				
Debt and equity securities	452,952	452,605	347	--
Total financial assets	1,502,843	555,400	17,823	929,621
Financial liabilities held for trading				
Derivatives	8,267	--	8,267	--
Total financial liabilities	8,267	--	8,267	--

The valuation of the Group's investments is largely dependent on the underlying performance of direct investments and third party funds. A 10% change in the fair value of the investments would have the

same proportionate impact on the statement of comprehensive income. The estimated impact is of USD 150 million at 31 December 2016 investments (USD 142 million at 31 December 2015).

Reconciliation of level 3 items at 31 December 2016:

In \$ '000	Equity, convertible and investment related loans	Third party funds	Total assets level 3
At January 1, 2016	294,634	577,844	872,478
Profit or loss	53,203	42,455	95,658
Other comprehensive income	(5,474)	(137)	(5,611)
Change in scope	--	--	--
Additions	117,258	59,942	177,200
Disposals / Distributions / Redemptions	(65,508)	(140,946)	(206,454)
Transfers	(1)	--	(1)
Transfers in Level 3	(2,608)	(1,042)	(3,650)
Transfers out of Level 3	--	--	--
At 31 December 2016	391,504	538,117	929,621
Total gains for the year included in profit or loss for assets held at 31 December 2016	68,792	61,333	130,125

At 31 December 2015, the Group was exposed to the fair value risk as follows:

in \$ '000	Carrying amount	Level 1	Level 2	Level 3
Financial assets held for trading				
Derivatives	5,290	--	5,290	--
Financial assets designated at fair value through profit or loss				
Debt securities	104,995	104,995	--	--
Equity securities	299,884	911	9,517	289,457
Convertible loans	5,179	--	--	5,179
Investment related loans	--	--	--	--
Third party funds	584,109	5,299	981	577,842
Financial assets available-for-sale				
Debt and equity securities	424,422	424,074	348	--
Total financial assets	1,423,879	535,279	16,136	872,478
Financial liabilities at fair value through profit & loss				
Financial liabilities held for trading				
Derivatives	7,108	--	7,108	--
Total financial liabilities	7,108	--	7,108	--

Reconciliation of level 3 items at 31 December 2015:

In \$ '000	Equity, convertible and investment related loans	Third party funds	Total assets level 3
At 1 January 2015	288,552	633,560	922,112
Profit or loss	3,531	46,147	49,678
Other comprehensive income	(193)	(172)	(365)
Change in scope	--	--	--
Additions	46,116	81,349	127,465
Disposals	(43,371)	(183,041)	(226,412)
Transfers	--	--	--
Transfers in Level 3	--	--	--
Transfers out of Level 3	--	--	--
At 31 December 2015	294,635	577,843	872,478
Total gains for the year included in profit or loss for assets held at 31 December 2015	32,870	70,280	103,150

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurement are shown below :

Methodology	Description	Inputs	Adjustments
Earnings	Most commonly used Private Equity valuation methodology Used for investments which are profitable and for which we can determine a set of listed companies and precedent transactions, where relevant, with similar characteristics	Earnings multiples are applied to the earning of the company to determine the enterprise value Earnings Reporting earnings adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, run-rate adjustments to arrive at maintainable earnings. Most common measure is earnings before interest, tax, depreciation and amortization ("EBITDA") Earnings used are usually the management accounts, unless data from reforecasts or the latest audited accounts provides a more reliable picture of maintainable earnings	A marketability or liquidity discount is applied to the enterprise value, using factors such as our alignment with management and other investors and our investment rights in the deal structure.
		Earnings multiples The earnings multiple are derived from comparable listed companies or relevant market transactions multiples. We selected companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus. We adjust for changes in the relative performance in the set of comparable.	
Discounted cash flow	Appropriate for businesses with long-term stable cash flows.	Long-term cash flows are discounted at a rate which is benchmarked against market data, where possible, or adjusted from the rate at the initial investment based on changes in the risk profile of the investment	Discount already implicit in the discount rate applied to long-term cash flows – no further discounts applied
Imminent sale	Used where an asset is in a sales process, a price has been agreed but the transaction has not yet settled	Contracted proceeds for the transaction, or best estimate of the expected proceeds	A discount is typically applied to reflect any uncertain adjustments to expected proceeds
Quoted	Used for investments in listed companies	Closing bid price at balance sheet date	No adjustments or discounts applied.
Fund	Used for investments in unlisted third-party funds	Net asset value reported by the fund manager	Typically no further discount applied in addition to that applied by the fund manager
Other	Used where elements of a business are valued on different bases	Values of separate elements prepared on one of the methodology listed above	Discounts applied to separate elements as above

Consistent with IPEV guidelines, all equity investments are held at fair value using the most appropriate methodology and no investments are held at historical cost.

25.7 Financial instruments not measured at fair value

For all financial instruments measured at amortized cost, notably loans to banks and bank customers, other receivables, deposits from banks and bank customers, other liabilities and interest-bearing liabilities, the carrying amount is a reasonable approximation of fair value.

25.8 Capital management

The primary objectives of the management of the Group's own equity are to comply with regulatory requirements and to have at all times a comfortable level of own equity covering its activities and its inherent risks.

Capital structure

The capital structure of the Group consists of net debt, excluding net debt of controlled private equity investments and shareholders' equity.

The type and maturity of the Group's borrowings, as well as the monitoring of financial covenants, are analyzed further in Note 17 and the Group's equity is analyzed into its various components in the statement of changes in equity.

Capital is managed so as to maximize long-term return to shareholders, whilst maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business.

in \$'000	2015	2016
Cash and cash equivalents	1,026,246	810,156
<i>Less: cash and cash equivalents attributable to controlled private equity investments</i>	<i>(9,449)</i>	<i>(199)</i>
Interest-bearing liabilities	303,794	115,617
<i>Less: Interest-bearing liabilities attributable to controlled private equity investments</i>	<i>(93,592)</i>	<i>(22,787)</i>
Net debt/ (cash surplus)	(806,595)	(717,127)
Total equity	1,127,812	1,152,756

Capital constraints

The Group is generally free to transfer capital from subsidiary undertakings to the parent company subject to maintaining each subsidiary with sufficient reserves to meet local statutory obligations.

The Wealth Management structure is subject to prudential supervision by the regulatory bodies of Luxembourg, Switzerland and France where its three banks are incorporated.

QWM respects all regulatory requirements related to regulatory capital since its inception and monitors the evolution of its solvency ratio on a quarterly basis.

Each credit institution of the Group is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2016, no breach was reported (2015: no breach reported). As of 31 December 2016, the capital adequacy ratio (simplified ratio) of QWM was 17.1% (2015: 16.4%).

The ICAAP report for the 3 year period 2016-2017 showed that QWM has sufficient own funds and liquidity reserves to cover all risks to which it is exposed, both under normal conditions and under stressed conditions.

26. Contingent Liabilities, Commitments and Assets under management

In \$ '000	2015	2016
Acceptances and endorsements	--	--
Guarantees and assets pledged as collateral security	11	--
Commitments arising out of derivatives transactions	1,607,635	1,199,994
Fiduciary operations	232,279	218,965
Contractual open commitments related to Private Equity investment*	238,700	163,400
Total Contingent Liabilities and Commitments	2,078,626	1,582,359

* Actual capital called fund by fund may be significantly lower than contractual open commitments (see note 25 Risk management)

Private Equity

Assets Under Management ("AUM") are calculated as of any date as basically the sum of : (i) the fair value of any investment made 5 years ago or before and, (ii) the cost plus the potential uncalled capital commitments of investments made in the last 5 years. As at 31 December 2016, total assets under management for the private equity amount to approximately USD 4.0 billion (2015: USD 4.3 billion).

Wealth Management

AUM represents the assets from which the Group generates revenue (e.g. assets management, brokerage, etc.). AUM includes assets under management, assets under custody. As at 31 December 2016, total assets under management, including those under custody, amount to approximately USD 31.0 billion (2015: USD 28.6 billion).

27. Related Parties

27.1 Fully consolidated subsidiaries

The consolidated financial statements of the Group include the following main subsidiaries:

Name	Country	Ownership %	
		2015	2016
Quilvest Europe S.A.	Luxembourg	100%	100%
Quilvest Private Equity S.C.A. SICAR	Luxembourg	100%	100%
Quilvest Finance Ltd.	BVI	100%	100%
Quilvest France S.A.S.	France	100%	100%
Quilvest & Partners S.A.	Luxembourg	79.00%	95.00%
Quilvest & Partners France S.A.S.	France	79.00%	95.00%
Quilvest Luxembourg Services S.A.	Luxembourg	79.00%	95.00%
Quilvest U.K. Ltd	United Kingdom	79.00%	95.00%
Quilvest U.S.A. Inc	United States	79.00%	95.00%
Quilvest Hong Kong Ltd	Hong Kong	79.00%	95.00%
Quilvest Dubai Ltd	UAE	79.00%	95.00%
Quilvest Private Equity S.à r.l.	Luxembourg	79.00%	95.00%
QS PEP S.à r.l.	Luxembourg	79.00%	95.00%
QS Direct SI 2 S.à r.l.	Luxembourg	79.00%	95.00%
QS Geo S.à r.l.	Luxembourg	79.00%	95.00%
QS Rep S.à r.l.	Luxembourg	79.00%	95.00%
QS Management Ltd	BVI	79.00%	95.00%
QS PDI S.à r.l.	Luxembourg	79.00%	95.00%
QS FF Management Ltd	Cayman Islands	79.00%	95.00%
QS Master GP S.à r.l.	Luxembourg	79.00%	95.00%
Quilvest Wealth Management S.A.	Luxembourg	66.32%	66.32%
CBP Quilvest S.A.	Luxembourg	66.32%	66.32%
Quilvest Banque Privée S.A.	France	66.21%	66.21%
Quilvest Switzerland Ltd.	Switzerland	66.32%	66.32%
Quilvest AM S.A.	Luxembourg	66.32%	66.32%

27.2 Controlled private equity portfolio

Name	Country	Control %	
		2015	2016
Hill and Valley Group	United States	83.50%	--
ST Products Group	United States	57.31%	57.31%
Acrotec Group	Switzerland	54.10%	--

Quilvest disposed its controlling stake in Hill& Valley group and Acrotec during 2016 (see note 7).

Certain subsidiaries in the Wealth Management segment, as part of their normal business activities, provide family office services to some members of the Board of Directors and senior management. The fees for their services are charged at arm's length.

27.3 Non-controlling interests

The following table summarizes financial information on Non-controlling interests ("NCI") for its three reportable segments:

As at 31 December 2016

in \$ '000	Wealth Management	Private Equity Management	Private Equity Investment
Current Assets	1,884,745	37,201	107,126
Non-current assets	687,216	4,784	854,738
Total assets	2,571,961	41,985	961,864
Current liabilities	2,405,799	28,803	13,126
Non-current liabilities	17,753	350	26,072
Total liabilities	2,423,552	29,153	39,198
Net assets	148,409	12,832	922,666
Net assets attributable to NCI	57,595	1,286	205,378
Revenue	101,209	40,822	195,248
Expenses	(97,826)	(32,002)	(9,383)
Depreciation, amortization and impairment losses	(4,100)	(361)	(7,110)
Finance costs, net	6,142	(518)	(4,823)
Income tax expense	107	(432)	(579)
Profit / (loss) for the year	5,532	7,509	173,353
Profit / (loss) for the year attributable to NCI	1,856	375	81,583
Other comprehensive income	(5,890)	(6)	(1,122)
Total comprehensive income	(358)	7,503	172,231
Total comprehensive income attributable to NCI	(120)	375	82,755
Cash flows from operating activities	(35,240)	6,441	59,137
Cash flows from investing activities	(164,793)	(109)	72,489
Cash flows from financing activities	2,296	(9,399)	(142,199)
Net increase in cash and cash equivalents	(197,737)	(3,067)	(10,573)
Distribution to NCI	--	--	(119,852)

As at 31 December 2015

in \$ '000	Wealth Management	Private Equity Management	Private Equity Investment
Current Assets	2,099,246	35,101	149,738
Non-current assets	562,012	1,864	953,573
Total assets	2,661,258	36,965	1,103,311
Current liabilities	2,434,371	23,559	28,962
Non-current liabilities	18,934	9,108	108,158
Total liabilities	2,453,305	32,667	137,120
Net assets	207,953	4,298	966,191
Net assets attributable to NCI	54,565	886	228,426
Revenue	106,724	36,906	126,006
Expenses	(94,600)	(39,838)	(11,797)
Depreciation, amortization and impairment losses	(4,077)	(151)	(22,446)
Finance costs, net	4,734	79	(51,275)
Income tax expense	(4,251)	(417)	(3,232)
Profit / (loss) for the year	8,530	(3,421)	37,256
Profit / (loss) for the year attributable to NCI	2,853	(719)	5,874
Other comprehensive income	(13,520)	(61)	(3,624)
Total comprehensive income	(4,990)	(3,482)	33,632
Total comprehensive income attributable to NCI	(1,830)	(740)	4,600
Cash flows from operating activities	(157,490)	13,387	160,804
Cash flows from investing activities	(38,933)	(362)	(21,480)
Cash flows from financing activities	(1,395)	(3,499)	(143,556)
Net increase in cash and cash equivalents	(197,818)	9,526	(4,232)
Distribution to NCI	--	--	(90,685)

The main contributors of the non-controlling interests for the Wealth Management segment are Quilvest Wealth Management, CBP Quilvest and Quilvest Switzerland.

The main contributor of the non-controlling interests for the Private Equity Management segment is Quilvest & Partners S.A..

The main contributors of the non-controlling interests for the Private Equity Investment segment are Quilvest Private Equity S.à r.l. SICAR, QS Direct SI 2 S.C.A. SICAR, and the QS PEP vehicles for vintages 2003 to 2008.

27.5 Interest in unconsolidated structured entities

Quilvest has interest in entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

Below is a description of the Quilvest's involvement in unconsolidated structured entities by type and by segment.

Quilvest concluded that it does not control and therefore should not consolidate any entity described below as Quilvest does not have power over the relevant activities of the entities.

Wealth Management segment

The QWM sub-group holds interests in non-operating entities. As these entities are not significant from a financial perspective, they are not included in the consolidation scope.

Private Equity Management segment

The Group does not have any interests in unconsolidated structured entities within the Private Equity management segment.

Private Equity Investment segment

The table below describes the types of structured entities in which Quilvest concluded that it has an interest and no control:

Type of structured entity	Nature and purpose	Interest held by Quilvest
QS GEO PEP S.C.A. SICAR QS GEO PEP II S.C.A. SICAR QS GEO PEP II Inc. QS GEO Mandates S.C.A. SICAR QS REP I S.C.A. SIF QS REP II S.C.A. SIF QS Italy S.A. SICAR QS PDI S.C.A. SICAR Various QS vehicles	To generate fees from managing assets on behalf of third party investors	- Investments in units/shares issued by structured entities - Dividend received as dividend income - Capital repayment - Management fees, Monitoring fees and transaction or set-up fees - Carried interests

Private Equity operations are typically structured as follows:

- Quilvest invests in private equity investments that invest either in direct investments or in third party funds (the “ultimate target investments”), either directly or through Quilvest dedicated intermediary vehicles such as SICARs, SIFs, QS Companies or PEP entities;
- The purpose of such entities is to invest solely to obtain return from capital appreciation, investment income or both from their ultimate target investments;
- The activities such as the selection, the funding, the acquisition of the ultimate target investments, the monitoring of- and the disposal of these ultimate target investments (all together ‘Investment Management’ activities”) are key in assessing who controls such entities.
- When acting as Lead investor, Quilvest has power over the relevant activity. However there

is no systematic link between the power and the variability of returns. The Group may consolidate such structured entities (refer to note 27.1 above) or has only an interests in these structured entities.

- When acting as Co-investor, Quilvest invests in a company or a property alongside a lead investor, and has no power over this activity and consequently no control. Consequently Quilvest does not consolidate such structured entities. The Group has however interests in these structured entities.

Maximum loss exposure to these structured entities is limited to their carrying amount and to the total of uncalled committed investment amount, included within Private equity open commitments as disclosed in Noted 25.4.3. and 26.

For more quantitative details on private equity investment operations, please refer to Notes 6 on Segment information and 25 on Risk management.

27.6 Management remuneration

Key management personnel is defined within the Group as members of the Board of Directors and Group management, as disclosed in the General Section of the annual report.

Director's and management's remunerations are included respectively in the "Other administrative expenses" and "Personnel" items detailed in Note 23.

In \$ '000	2015		2016	
	Management and executive directors	Non-executive directors	Management and executive directors	Non-executive directors
Short-term employee benefits				
- Fixed	3,021	2,344	3,296	2,325
- Variable	2,452	--	1,996	--
Post-employment benefits	400	--	455	--
Other long-term benefits	3,337	--	2,028	--
Total Remuneration	9,210	2,344	7,775	2,325

No carried interest was paid to key management personnel in 2016 (2015: USD 0).

Other carried interest received by key management personnel in 2016 amounted to USD 343 (2015: USD 23).

27.7 Other related party transactions

During the financial year, 5% of certain investments in Quilvest European Partners SICAR S.A. were sold by Quilvest and Partners S.A. to a member of Group Management for a consideration of EUR 163 thousands.

28. Group employment

The number of employees was as follows, excluding personnel of controlled private equity investments (note 5):

	2015	2016
Number of employees at 31 December	407	415
Average full time equivalent during the year	391	405

29. Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2015	2016
Net profit/(loss) attributable to the shareholders of the parent	65,511	77,489
Issued ordinary shares at 1 January	6,656,000	6,656,000
Effect of the reduction of ordinary shares	--	(6,005)
Effect of own shares held	(41,473)	(56,378)
Weighted average number of ordinary shares as at the end of period	6,614,527	6,593,617
Net basic earnings per share (in \$)	9.9	11.8

The Group is not exposed to potential dilutive effect on the ordinary shares. The diluted earnings per share equal the basic earnings per share.

30. Subsequent events

No event took place after closing of the reporting period, which would materially impact the financial position of the Group as of 31 December 2016 or require disclosure.



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