



BELAIR HOUSE

Family Office & Investment Management

10, rue Henri M. Schnadt – L-2530 Luxembourg

R.C.S. Luxembourg B-183782

IFR IFD disclosure financial year 2021

Foreword

Belair House S.A. is an investment firm and family office with registered office at 10, rue Henri M. Schnadt, L-2530 Luxembourg. Belair House is a 100% subsidiary of Banque Internationale à Luxembourg.

This report meets the disclosure requirements related to part Six of the Investment Firm regulation (EU) 2019/2033.

The new regulatory provisions applicable to investment firms entered into force following

- the publication of the Law of 21 July 2021 amending the Law of 5 April 1993 on the financial sector (the “LFS”) in order to transpose, among others, Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (the “IFD”); and
- the entry into force of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (the “IFR”) on 26 June 2021.

Belair House does not meet the conditions of Article 12(1) of the IFR under which investment firms shall be deemed to be “Small and non-interconnected investment firms” for the purposes of the IFR. Consequently, Belair House is to be considered as a “non-SNI IFR investment firm” as defined in Article 1. 9a-2 of the LFS, also referred to as “Class 2 IF” and shall comply with the regulatory provisions that apply to Class 2 investment firms.

This document, IFR IFD disclosure, is available on the Belair House web-site (www.belairhouse.lu)



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Introduction

The IFR IFD disclosure is divided into the following sections:

1. Summary risk management strategy and processes
2. Capital management and capital adequacy
3. Credit risk
4. Market risk
5. Operational risk and information security & business continuity frameworks
6. Remuneration policy and practices.

1. Summary risk management strategy and processes

- Belair House has implemented a sound Risk Management governance. The Chief Compliance and Administration Officer, in his role as Chief Risk Officer (CRO), is responsible for the Risk Management framework and for the oversight of the risks at the Company. He provides any relevant information on risks to the Management Board and the Board of Directors. There is no separate Risk committee.
- Operational risks, market risks and credit risks are mitigated by the existing controls, resulting in minimal realized risks in 2021.
- The Business Impact Analysis has been duly reviewed in 2021 and a Business Continuity Plan is in place in the context of COVID-19.
- The ICT and Security Risk Analysis revealed that a majority of controls is aligned with control baselines.
- The risk cartography, as part of the ICARA exercise, identifies as major risks Enterprise and Strategic risks, which include concentration risk, business risk and human resources risk.

2. Capital management and capital adequacy

- The IFD package introduces new own funds prudential requirements. IF (Investment Firm) shall at all times have own funds which amount to at least the highest of the following:
 - o The fixed overheads requirement calculated in accordance with art. 13 of the Regulation (25% of previous year fixed overheads, amounting to EUR 869,004 for 2020);
 - o The permanent minimum capital requirement in accordance with art. 14 of the Regulation, i.e. EUR 75,000 dd. 31.12.2021;
 - o The K-factor requirement calculated in accordance with art. 15 of the Regulation which only applies for Class 2 IF. For Belair House, based on its activities, only the K-Factor 'Risk to client - Assets under Management' applies and stood at EUR 8,317 dd. 31.12.2021.
- This requirement shall be met with at least 56% of Common Equity Tier 1 capital, 75% of Additional Tier 1 capital and 100% of Tier 2 capital. In terms of capital, it can be noted that, as of end of year 2021, Belair House only has CET1 capital. The CET 1 ratio was 3.6455 dd. 31.12.2021. Please refer to Annex 1 for the composition of regulatory own funds.



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- A Belair House risk identification and materiality assessment was performed during the last quarter of 2021. From the complete list of risks present in the risk cartography, Belair House identified which risks are relevant and material, as well as the mitigants set in place.
- In line with regulatory requirements, the Company's strategy and the Company's budget, in order to assess the Company's forward-looking capital adequacy, the key capital indicators have been projected under both normal (baseline scenario) and stress conditions (stress scenario).
 - o In the base scenario, the Company achieves to produce revenues as planned. Costs also remain under control, i.e. as projected.
 - o Four stress scenarios are being considered, i.e. an idiosyncratic and a systemic scenario with each time two levels of severity.
 - In the idiosyncratic scenario, Belair House is each year (2022 till 2025) less efficient than planned in generating revenues by -10% (adverse scenario) respectively -25% (severe adverse scenario), with costs remaining the same. For the systemic scenario, there is a mini real-estate crash and revenues drop in 2024, but already cure in 2025 (drop is 20% for the adverse scenario and 40% for the severe adverse scenario). For the revenues 2025 in this case, the planned growth between 2024 and 2025 was applied to the shocked result of 2024.
 - o Only in the severe adverse scenarios, Belair House would need capital injections, i.e. EUR 250'000 in 2023 for the severe idiosyncratic scenario and EUR 600'000 in 2025 for the severe systemic scenario.

3. Credit risk

- Credit risk represents the potential loss (reduction in value of an asset or payment default) that Belair House may incur as a result of a deterioration in the solvency of any counterparty.
- To note that
 - o Belair House does not grant loans or financing
 - o Belair House does not issue guarantees
 - o Belair House does not trade securities transactions for own account
 - o Belair House does not trade derivative transactions
- Belair House has credit risk exposures on the financial institution(s) where the cash of Belair House is held, and when issuing invoices to be paid by clients until the invoice is effectively paid.
- The concentration risk on the financial institution(s) where the cash is placed, as well as the client revenue concentration is reported quarterly to the Board of Directors.



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4. Market risk

- Market risk is the risk of losses resulting from adverse movements of market risk parameters (e.g. interest rate risk, spread risk, equity price risk and foreign exchange risk).
- Belair House does not have market risks, except for invoices in foreign currencies to be paid by clients and bills in foreign currencies to be paid by Belair House. The outstanding amounts are immediately covered at the payment of the invoices and bills. The remaining residual risk is the outstanding amount in foreign currencies on unpaid bills and invoices, which is minimal.

5. Operational risk and information security & business continuity frameworks

The Operational Risk framework consists of Operational risk governance, Incident Management and Monitoring, Risk and Control Self-Assessment and Monitoring controls.

- Operational risk management is primarily the responsibility of the line managers. They are the first line of defense against operational risk. The CRO, as second line of defense, ensures that the Operational Risk Management (ORM) framework is applied. The Operational Risk Management Policy is validated and implemented at Belair House.
- Incident Management & Monitoring. An incident log is essential to gaining a better understanding of the operational risks to which Belair House activities are exposed. Major operational incidents are subject to specific escalation, risk reduction and quality control procedures. The CRO collects the incidents, makes the necessary analysis, assesses the risk and reports the incidents to the Management Board. One operational incident occurred in 2021 with no financial impact.
- A Risk Control Self-Assessment (RCSA) exercise is performed each year to identify the most significant operational risk areas of Belair House. This forward-looking exercise provides a good overview of the various activities and existing checks and may lead to mitigating actions. The results of these exercises are reported to Management on a yearly basis.
- Operational risks mainly arise in those areas where there is a production process: portfolio management, real estate match-making, invoicing and payment of bills. Monitoring controls are duly in place.

Business Impact Analysis

- The Business Impact Analysis (BIA) of Belair House has been duly reviewed in 2021. A BIA is the preliminary study to implement a Business Continuity Plan (BCP). The Business Impact Analysis (BIA) covered each of Belair House activities.
- The BCP testing is duly covered by the COVID-19 measures. At several moments in the past two years, Belair House implemented successfully homeworking with minimal or no presence at the Belair House premises. A mandatory BCP training was organized.



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Information Security

- An ICT & Security Risks Analysis was made for Belair House.
- The assessment of the design of existing controls revealed that a majority of controls is aligned with control baselines.

6. Remuneration policy and practices

6.1. Key pillars

The Remuneration Charter (the “Charter”) has been reviewed and approved by the Board of Directors on 20 April 2021. To both reflect Belair House core values and comply with the regulatory requirements in terms of remuneration policies and principles, the Charter has been defined around the following pillars:

- Maintain a sound and effective risk management framework.
- Attract and retain talent with competitive remuneration packages.
- Ensure primacy of clients’ interests.
- Link between performance and remuneration.
- Comply with the regulatory framework.
- Foster transparency.

6.2. Determination of the identified staff

Belair House applies the guidance provided by the EBA when determining the Identified Staff. The list of Identified Staff is established every year based on the analysis of job functions and responsibilities

6.3. Performance assessment

- The performance management model, called “Feedback Model” aims at establishing continuous feedback as a main driver of collective development and continuous improvement. Belair House strongly believes that a sound feedback culture that focuses on employees’ strengths and development areas and that is provided in the spirit of “growth mind-set” is a key driver to reach targets in a sustainable and risk-aware way. Belair House has defined key behaviours and key objectives that it considers to be the main drivers for individual and collective performance and against which it assesses the employees and managers on a regular basis and at least once a year. Belair House has implemented various tools and trains its staff and managers on a regular basis in order to encourage an open dialogue and continuous feedback across business lines and hierarchical levels.
- The Yearly Feedback (mandatory process)
In order to formalize feedback, Belair House has set the yearly feedback as a mandatory process that requires managers and employees to record feedbacks on performance in writing. The aim of the yearly feedback is to:
 - o Assess the performance of the employee against the key behaviours and key objectives identified as key drivers of sustainable success;



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- Identify the strengths of the employee and recognize his or her contribution to the success of Belair House;
 - Identify development areas of the employee and set up a development plan to help him or her address weaknesses;
 - Discuss career evolution opportunities and appropriate development plans;
 - Each will be evaluated by the people manager, respecting the following code: Purple: the employee is a true role model in this area; Green: the employee masters this area correctly; Yellow: the employee masters this area partly but still has some attention points to work on; Red: this area is an issue and needs to be addressed.
- Link between remuneration and performance
- Belair House aims to attract, retain, and motivate highly qualified professionals. Belair House offers remuneration packages that, while in line with market practices, are competitive and attractive, both in terms of amount and structure. An important element of the employees' remuneration packages is the variable component which is strongly linked to the performance of BIL group, the entity Belair House, the department, and the individual.

6.4. CRD IV mandates limitation

All members of the Management Body comply with the mandate limitation requirement and the time spent requirement established by CRD IV and article 38-2 of the Law of 5 April 1993 on the Financial Sector, as amended. The number of directorships as defined in CRD IV regulations held by the members of the Management Bodies is as follows:

- Board of Directors
 - Mr Jeffrey Dentzer holding one single executive directorship based on the Privileged Counting principles
 - Mr Bernard Mommens holding one single executive directorship based on the Privileged Counting principles
 - Mr Finn Ancker holding one non-executive directorship
- Management Board
 - Mr Raoul Stefanetti holding two non-executive directorships

6.5. Diversity of the management body

- The appointment of new Board members is subject to a collective assessment and based on the EBA template for the assessment of collective suitability.
- One Board member of male gender who left dd. 31.12.2021 was replaced by a Board member of female gender (on a total of three Board members).

6.6. Quantitative information

Please refer to annex 2



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Annex 1 – Composition of regulatory own funds

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	3 167 931	Note 7
2	TIER 1 CAPITAL	3 167 931	Note 7
3	COMMON EQUITY TIER 1 CAPITAL	3 167 931	Note 7
4	Fully paid up capital instruments	4 750 000	Note 5,7
5	Share premium	0	
6	Retained earnings	905 547	Note 7
7	Accumulated other comprehensive income	0	
8	Other reserves	153 000	Note 6
9	Minority interest given recognition in CET1 capital	0	
10	Adjustments to CET1 due to prudential filters	0	
11	Other funds	0	
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-2 640 616	Note 7
13	(-) Own CET1 instruments	0	
14	(-) Direct holdings of CET1 instruments	0	
15	(-) Indirect holdings of CET1 instruments	0	
16	(-) Synthetic holdings of CET1 instruments	0	
17	(-) Losses for the current financial year	-2 640 616	Note 7
18	(-) Goodwill	0	
19	(-) Other intangible assets	0	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	0	
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	0	
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	0	
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	0	
25	(-) Defined benefit pension fund assets	0	
26	(-) Other deductions	0	
27	CET1: Other capital elements, deductions and adjustments	0	
28	ADDITIONAL TIER 1 CAPITAL	0	
29	Fully paid up, directly issued capital instruments	0	
30	Share premium	0	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
32	(-) Own AT1 instruments	0	
33	(-) Direct holdings of AT1 instruments	0	
34	(-) Indirect holdings of AT1 instruments	0	
35	(-) Synthetic holdings of AT1 instruments	0	
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	0	
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	0	
38	(-) Other deductions	0	
39	Additional Tier 1: Other capital elements, deductions and adjustments	0	
40	TIER 2 CAPITAL	0	
41	Fully paid up, directly issued capital instruments	0	
42	Share premium	0	
43	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
44	(-) Own T2 instruments	0	
45	(-) Direct holdings of T2 instruments	0	
46	(-) Indirect holdings of T2 instruments	0	
47	(-) Synthetic holdings of T2 instruments	0	
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	0	
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	0	
50	Tier 2: Other capital elements, deductions and adjustments	0	



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	a	b	c
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
	As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements			
1 A. Subscribed capital unpaid	-		
2 B. Formation expenses	-		
3 C. Fixed assets	228 057		
4 D. Current Assets	5 942 102		
5 E. Prepayments and accrued income	15 746		
Total Assets	6 185 905		
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements			
1 B. Provisions	2 860 421		
2 C. Creditors	157 553		
3 D. Deferred income	-		
Total Liabilities	3 017 974		
Shareholders' Equity			
1 Subscribed capital	4 750 000		4
2 Reserves	153 000		9
3 Profit or loss brought forward	905 547		7
4 Result for the financial year	-		12
Total Shareholders' equity	3 167 931		1

	a
	Common shares
1 Issuer	Belair House S.A.
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3 Public or private placement	Private placement
4 Governing law(s) of the instrument	Luxembourg company law of the 10th August 1915
5 Instrument type (types to be specified by each jurisdiction)	Shares of a public limited liability company (Actions d'une société anonyme)
6 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	4,75
7 Nominal amount of instrument	10,00
8 Issue price	10,00
9 Redemption price	N/A
10 Accounting classification	Equity
11 Original date of issuance	10/01/2014
12 Perpetual or dated	Perpetual
13 Original maturity date	N/A
14 Issuer call subject to prior supervisory approval	N/A
15 Optional call date, contingent call dates and redemption amount	N/A
16 Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>	
17 Fixed or floating dividend/coupon	N/A
18 Coupon rate and any related index	N/A
19 Existence of a dividend stopper	N/A
20 Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21 Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22 Existence of step up or other incentive to redeem	N/A
23 Noncumulative or cumulative	N/A
24 Convertible or non-convertible	N/A
25 If convertible, conversion trigger(s)	N/A
26 If convertible, fully or partially	N/A
27 If convertible, conversion rate	N/A
28 If convertible, mandatory or optional conversion	N/A
29 If convertible, specify instrument type convertible into	N/A
30 If convertible, specify issuer of instrument it converts into	N/A
31 Write-down features	N/A
32 If write-down, write-down trigger(s)	N/A
33 If write-down, full or partial	N/A
34 If write-down, permanent or temporary	N/A
35 If temporary write-down, description of write-up mechanism	N/A
36 Non-compliant transitioned features	N/A
37 If yes, specify non-compliant features	N/A
38 Link to the full term and conditions of the instrument (signposting)	N/A



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Annex 2 Information on remuneration of identified staff

Information on remuneration of identified staff 31/12/2021			
		Senior Management	Other Identified Staff
Members (Headcount)		2	1
Total fixed remuneration		338 958	153 454
Of which: fixed in cash		338 958	153 454
Of which: fixed in shares and share-linked instruments		0	0
Of which: fixed in other types instruments		0	0
Total variable remuneration (in EUR)		68 000	35 000
Of which: variable in cash		68 000	35 000
Of which: variable in shares and share-linked instruments		0	0
Of which: variable in other types instruments		0	0
Total amount of variable remuneration awarded in year N which has been deferred		0	0
Of which: deferred variable in cash in year N		0	0
Of which: deferred variable in shares and share-linked instruments in year N		0	0
Of which: deferred variable in other types of instruments in year N		0	0
Additional information regarding the amount of total variable remuneration			
Article 450 h(iii)CRR – total amount of outstanding deferred variable remuneration		0	
Total amount of explicit <i>ex post</i> performance adjustment applied in year N for		0	0
Number of beneficiaries of guaranteed variable remuneration (new sign-on)		0	0
Total amount of guaranteed variable remuneration (new sign-on payments) (in EUR)		0	0
Number of beneficiaries of severance payments		1	0
Total amount of severance payments paid in year N (in EUR)		68 000	0
Article 450 h(v) – Highest severance payment to a single person (in EUR)		68 000	0
Number of beneficiaries of contributions to discretionary pension benefits in year N		0	0
Total amount of contributions to discretionary pension benefits (in EUR) in year N		0	0
Total amount of variable remuneration awarded for multi- year periods under		0	0
Information on remuneration for all staff			
Information on remuneration for all staff			
Number of		15	
Total remuneration		1 692 592	

Luxembourg, 19.05.2022