June 2024

Annual Report 2023

europeandepositarybank.com

Business Development

EUR x 1 million	2023	2022	2021	2020	2019
Balance sheet total	1,418.00	1,619.00	1,565.0	2,110.7	1,732.8
Share capital and reserves	81.2	67.4	50.2	32.9	32.8
Profit for the year	19.8	2.8	8.9	9.3	17.3
Depositary bank / lite mandates (funds / sub-funds) (number)	571	586	586	522	456
Depositary bank / lite mandates (assets) (EUR x 1 billion)	142.4	149.7	106.9	88.6	75.8
Custody only mandates (EUR x 1 billion)	2.8	3.4	3.9	3.5	3.9
Employees (number)	275	258	214	179	192

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Note to the Annual Report

Note to the annual report pursuant to Article 73 of the Law of June 17, 1992 on the annual accounts of credit institutions incorporated under Luxembourg law

This annual report comprises a schematic and – in the text part – partially abridged reproduction of the annual financial statements and management report of European Depositary Bank SA.

The documentation has been published in its complete form, pursuant to Article 71(1) of the Law of June 17, 1992, by filing the same in the Registre de Commerce et des Sociétés [Commercial and Companies Registry] at 14, rue Erasme, L-1468 Luxembourg.

Corporate Bodies

As per December 31, 2023, the composition of the Board of Directors and the Executive Management Board is as follows:

Board of Directors

Joseph Bannister

David Claus

Peter Hughes

Charles Muller
- Chairman -

Gilda B. Neiman

David Rhydderch

Roland Steies

Executive Management Board

David Claus
– Chief Executive Officer -

Holger Barth

Cecilia Gejke

Robert Steele

Jean-François Thils

Economic Environment

European and global economic environment

In 2023, both the European and global economic environments presented a blend of challenges and opportunities. Within the European Union ("EU"), efforts to recover from the lingering impacts of the COVID-19 pandemic were ongoing, albeit with varying degrees of progress observed across member states. Economic expansion within the Eurozone maintained a moderate trajectory, supported by accommodative monetary policies enacted by the European Central Bank ("ECB") alongside fiscal stimulus measures implemented at the national level[1]. The overall performance of the eurozone economy remained subdued throughout the year. The construction sector experienced a noticeable slowdown, while the manufacturing sector faced challenges stemming from reduced (foreign) demand and elevated (energy) costs[2]. Conversely, many service sectors showed resilience and performed relatively well. Despite variations across countries, economic activity remained sluggish, with economies oriented towards services and less dependent on trade with Russia generally faring better.

On a global scale, economic growth exhibited divergent patterns, with emerging markets encountering distinct hurdles in contrast to their advanced counterparts. Mounting inflationary pressures, disruptions in global supply chains, and geopolitical tensions contributed to a prevailing sense of uncertainty in the global economic landscape. Furthermore, the global banking sector faced significant challenges early in the year, as exemplified by the collapse of Silicon Valley Bank and Credit Suisse Bank, marking the most substantial banking crisis in the United States since 2008[3]. These events unsettled investor confidence and contributed to market volatility worldwide. However, the ongoing transition towards renewable energy sources and concerted efforts to address climate change influenced economic policies and investment strategies globally.

Despite these challenges, global economic growth proved surprisingly resilient. At 3%, global GDP growth surpassed consensus expectations by 1 percentage point. This outperformance was even more remarkable considering the fastest monetary policy tightening cycle in four decades, severe banking sector stress, wars in Ukraine and Israel, and a brief but severe tightening of financial conditions in Q4[4].

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1 European Central Bank, 2023. *Economic, financial and monetary developments*. Available at: https://www.ecb.europa.eu/press/economic-bulletin/html/eb202308.en.html
2 Deloitte Insights, 2024*. Global economic outlook, January 2024.* Available at: https://www2.deloitte.com/xe/en/insights/economy/global-economic-outlook-2024.html
3 Taylor & Francis Online, 2024. *The collapse of Silicon Valley Bank and Credit Suisse and their impact on other U.S. Banks.* Available at: https://www.tandfonline.com/doi/full/10.1080/13504851.2024.2302862
4 Ey, 2023. Global economic outlook: finding balance in 2024. Available at: https://www.ey.com/en_us/strategy/global-economic-outlook

Key events that influenced the global economy

2023 witnessed several key events that significantly influenced the global economy and, consequently, the banking sector:

Geopolitical tensions

Escalating geopolitical tensions, exacerbated by elections, polarisation, trade disputes, sanctions, and territorial disputes, impacted global trade, and investment flows have inevitably affected the economy, both globally and for individual countries. The uncertainty surrounding geopolitical developments added to market volatility and risk perception, affecting investor confidence, and capital allocation decisions. Geopolitical instability and conflicts were cited as the top threats to economic growth by 67% of respondents in a McKinsey Global Survey[5].

The war in Ukraine led to an 8% increase in oil prices and a 35% surge in natural gas prices in Europe. While the oil supply wasn't affected, the closure of the Tamar natural gas field in Israel resulted in a 1.2% decrease in global LNG exports for October[6]. Although the reduction in gas volumes was modest, the disruption highlighted the reduced capacity of the gas market to address adverse shocks, given its current state of supply constraints after the start of the Ukraine War[7].

Labour market

The global labour market displays divergent trends between developed and developing countries post-pandemic. Developed countries experienced a robust recovery with low unemployment rates, notably 3.7% in the US and 6.0% in the EU in 2023, coupled with rising nominal wages and narrowing wage inequality[8].

The Global Gender Gap 2023 Report showed that progress toward gender parity remains slow, with an estimated additional 131 years required to achieve full parity. While the situation has returned to pre-pandemic levels, the rate of change has decelerated[9]. In response to the continuing gender gap, the World Economic Forum has brought together Gender Parity Accelerators in numerous countries around the world. These work with public and private sector partners to boost labour participation, advance pay, and promote leadership equality[10].

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5 McKinsey, 2023. Global Economic Survey. Available at: 2023 Global economic outlook | McKinsey

6 S&P Global, 2023. Loss of Tamar gas supplies from Israel to impact Egyptian LNG exports: IEA. Available at: https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/101023-loss-of-tamar-gas-supplies-from-israel-to-impact-egyptian-lng-exports-iea

7 Bocconi Students Investment Club, 2023. 2023: A Year in Review. Available at: https://bsic.it/2023-a-year-in-review/

8 United Nations, 2024. Overview – World Economic Situation and Prospects 2024. Available at: https://www.un.org/sustainabledevelopment/blog/2024/01/overview-world-economic-situation-and-prospects-2024/#:~:text=Since%20the%20introduction%20of%20ChatGPT,planned%20to%20expand%20AI%20investment

9 World Economic Forum, 2023. Global Gender Gap Report 2023. Available at: https://www.weforum.org/publications/global-gender-gap-report-2023

10 World Economic Forum, 2023. Gender Parity Accelerators. Available at: https://initiatives.weforum.org/accelerators-network/gender-parity

Rising inflationary pressures

Global inflation, a key concern after surging for two years, is showing signs of easing. Global headline inflation fell from 8.1% in 2022 to an estimated 5.7% in 2023[11]. Developed economies have witnessed a significant slowdown in inflation rates, albeit with core inflation levels staying relatively high. This trend is primarily influenced by the upward pressure on prices in the service sector and the constrained conditions in labour markets[12].

Concerns about inflation as a threat to global growth appear to have diminished. It is now mentioned as frequently as transitions in political leadership, with respondents being three times more inclined to cite it compared to their responses in March[13].

Climate change and sustainability

Climate change and sustainability initiatives gained significant momentum globally, influencing economic policies and investment decisions. The convening of COP28 saw nations come together to deliberate on strategies aimed at mitigating climate change, transitioning to renewable energy sources, and safeguarding vulnerable ecosystems. These commitments made during COP28 played a pivotal role in shaping investment decisions and influencing corporate sustainability practices. Consequently, governments and businesses intensified their efforts towards transitioning to low-carbon economies, thereby impacting industries dependent on fossil fuels and related financial services.

Technological advancements:

Rapid technological advancements, including developments in artificial intelligence, blockchain, and digital currencies, continued to reshape the financial services industry. There was significant progress in artificial intelligence ("AI"), with advancements in machine learning algorithms, natural language processing, and computer vision technologies. These developments led to the integration of AI solutions in various sectors, including finance, healthcare, manufacturing, and transportation, enhancing efficiency and productivity. Additionally, blockchain technology continued to gain traction, with applications expanding beyond cryptocurrencies to areas such as supply chain management, digital identity verification, and smart contracts.

The adoption of blockchain solutions by enterprises and governments contributed to increased transparency, security, and efficiency in business operations. According to research firm Gartner, global spending on digital transformation reached $2.4 trillion in 2023, with a focus on cloud computing, artificial intelligence, and cybersecurity. The adoption of digital tools facilitated remote work, e-commerce growth, and enhanced productivity, driving economic resilience amid disruptions. Furthermore, the proliferation of digital currencies and decentralised finance ("DeFi") platforms disrupted traditional banking and financial services, offering alternative solutions for payments, lending, and asset management. The rise of digital currencies, such as Bitcoin and

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11 United Nations, 2024. *Overview – World Economic Situation and Prospects 2024.* Available at: https://www.un.org/sustainabledevelopment/blog/2024/01/overview-world-economic-situation-and-prospects-2024/#:~:text=Since%20the%20introduction%20of%20ChatGPT,planned%20to%20expand%20AI%20investment
12 United Nations, 2023. *Prospects for a robust global recovery remain dim*. Available at: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/MB172.pdf
13 McKinsey, 2023. *Global Economic Survey*. Available at: 2023 Global economic outlook | McKinsey

Ethereum, sparked debates about their regulatory frameworks and implications for the global financial system. Fintech innovation and digital transformation initiatives presented both opportunities and challenges for traditional banking institutions, requiring adaptation to evolving customer preferences and regulatory frameworks. In the rapidly evolving digital realm, the UAE takes the spotlight with its national digital economy set to grow by $140 billion by 2031[14]. As the world becomes increasingly interconnected, the status of the digital economy becomes not just a measure of technological advancement but a key driver of economic growth and competitiveness[15].

Since the introduction of ChatGPT in November 2022 there has been significant advancement in artificial intelligence. Within six months ChatGPT's introduction, one-third of firms worldwide were using generative AI for at least one function, and about 40% planned to expand AI investment[16]. The interest surrounding AI has led to a re-rating of the technology sector, with a focus on companies actively innovating and investing in the technology. The Nasdaq has experienced a 47% increase this year, overperforming the S&P500 notwithstanding the influence of higher interest rates[17.]

Fueled by the AI explosion, Nvidia has emerged with an outstanding performance, surging over 200% year-to-date and surpassing a market capitalisation of over $1 trillion[18]. Nvidia has tripled its revenues compared to the previous year, anticipating strong growth in the years ahead. The positive US market performance has been driven by the massive outperformance of mega-cap technology stocks, the so-called "Magnificent Seven" (Amazon, Apple, Google, Meta, Microsoft, Nvidia and Tesla), now comprising 29% of S&P 500 market cap and collectively having returned 71% YTD in 2023, while the remaining 493 stocks in the index have returned just 6%[19].

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14 Government of Dubia Media Office, 2023. Dubai Chamber of Digital Economy launches global entrepreneur's guide. Available at: https://mediaoffice.ae/en/news/2023/October/12-10/Dubai-Chamber-of-Digital-Economy-launches-global-entrepreneurs-guide#:~:text=The%20UAE%20has%20outlined%20an,US%24%20140%20billion%20by%202031

15 Frontiers in Public Health, 2023. *The Impact of Digital Economy on the Economic Growth and the Development Strategies in the post-COVID-19 Era: Evidence From Countries Along the "Belt and Road"*. Available at: https://www.frontiersin.org/journals/public-health/articles/10.3389/fpubh.2022.856142/full

16 Bocconi Students Investment Club, 2023. *2023: A Year in Review.* Available at: https://bsic.it/2023-a-year-in-review/

17 Nasdaq, 2023. *The Nasdaq-100 Is Up 47% in 2023, but This Artificial Intelligence (AI) Stock Is Doing Even Better.* Available at: https://www.nasdaq.com/articles/the-nasdaq-100-is-up-47-in-2023-but-this-artificial-intelligence-ai-stock-is-doing-even

18 Reuters, 2023. *Nvidia briefly joins $1 trillion valuation club***.** Available at: https://www.reuters.com/technology/nvidia-sets-eye-1-trillion-market-value-2023-05-30/

19 The New York Times, 2024. *These Seven Tech Stocks Are Driving the Market*. Available at: https://www.nytimes.com/interactive/2024/01/22/business/magnificent-seven-stocks-tech.html

Business Development of the Bank

European Depositary Bank SA ("EDB" or "the Bank") was founded in 1973 in Luxembourg. it was originally established as a subsidiary of Hamburg based private bank M.M.Warburg & CO (AG & CO) KGaA. and was acquired by the Apex Group Ltd. ("Apex") to become the European Depositary Bank in 2019.

EDB is an EU authorized credit institution and has a long tradition of providing Banking, Depositary and Custody services to Institutional Investors and Asset Managers for traditional and alternative investment structures.

EDB is supported by Apex Group's strong global network and is one of the largest providers of depositary services in Europe for regulated UCITS and alternative funds with €234.8bn Assets under Depositary and €30.2bn Assets under Custody (as of December 31, 2023). This is mainly allocated to alternative investments, including real estate, private equity, private debt, renewable energies & infrastructure and liquid assets.

Headquartered in Luxembourg, EDB has a cross-jurisdictional offering with depositary and custody capabilities in branches in Ireland and Malta as well as through a subsidiary in Ireland.

European Depositary Bank SA, Dublin Branch ("EDB Dublin Branch") has been established in 2019 and started its business in June 2019. EDB Dublin Branch focuses solely on offering Depositary and Custody Services to a wide range of fund structures and SPVs. Depositary services offered include both full-depositary and depositary-lite services.

European Depositary Bank SA, Malta Branch ("EDB Malta Branch") has also been established in 2019 and onboarding of clients has started in 2020. European Depositary Bank SA, London Branch ("EDB London Branch") was established on January 24, 2020. The depositary activities ended in December 2023 due to expiration of the Depositary license. The EDB London Branch is expected to be closed in 2024.

In 2023, EDB acquired a 100% participation in Bank of America Custodial Services (Ireland) Limited. As of July 3, 2023, the closing date of the transaction, the Bank renamed its subsidiary to EDB Custodial Services Ltd. ("EDBCSL"). In a second phase, clients will be novated to EDB Dublin branch as depositary, in order to simplify EDB's legal entity structure.

On December 14, 2023, Apex Group/EDB and Edmond de Rothschild (Europe) ("EdRE") signed an agreement for the acquisition of the ThirdParty Asset Servicing activities based in Luxembourg to Apex Group. As part of this agreement, Apex Group will also acquire Edmond de Rothschild's fund administration, transfer agent and custody activities for Private Equity and Infrastructure funds.

The acquisition comprises two key components. One is a share deal with EdRE's subsidiary Edmond de Rothschild Asset Management (Luxembourg), which only concerns the Apex Group and is not relevant for EDB. The second component is an asset deal relating to depositary and custody activities (including related services) currently booked in EdRE, and relevant to EDB. The closing of the transaction is estimated end of Q3 2024.

As of March 6, 2023, EDB successfully completed the transfer of the Ucits register and transfer agency business to Apex Fund Services S.A. All activities and clients relating to the register and transfer agency of UCITS funds as well as the ancillary services pertaining to such activity including, but not limited to, AML services and regulatory reporting services (i.e. Fatca/CRS and RBE reporting services) were transferred along with the staff supporting these activities.

EDB did not engage in fundamental research and development during the year but did continue to focus on improving our services to clients as part of our business-as-usual activities. There were also no buybacks of own shares.

During the year, the Bank continued focussing on depositary Bank services for an internationally diversified range of assets, as well as handling the affairs of institutional clients and external asset managers. The Bank’s most important area of business continues to be the service it offers as a depositary Bank, which, in addition to the legally prescribed safekeeping of investment assets, Luxembourg funds and securitisation companies governed by Luxembourg law and the controlling activities related thereto, also includes the provision of ancillary services such as brokerage and liquidity and currency management.

Clients availing themselves of our depositary Bank services, such as capital management companies, portfolio managers, asset managers, insurance companies and pension funds, value the independence, flexibility and expertise of the Bank, together with the investments made during the year under review in our IT infrastructure. The Bank is one of the depositary banks in Luxembourg that continue to be able, by means of system technology, to represent and offer depositary services for virtually all the usual asset classes in traditional securities and in the area of alternative investments in Luxembourg funds, and is one of the market-leading depositary of alternative funds.

Our digital Bank solution offers our new clients the ability to access their multi-currency accounts securely via digital portal and to instruct payments using various payment rails and undertake foreign exchange transactions. It brought enhanced automation, reduced the risk of manual error, and further automated our AML and CTF control processes. This solution contributes to a fully digital core Banking platform. This product complements very well Apex's single source solution.

The second core business field involves the handling of relations with external asset managers and institutional clients and Bank accounts for SPVs. Our lending business, mainly focusing on Lombard loans and the pre-financing of capital calls, has developed well during the year. Furthermore, the Bank is granting credit facilities to corporate entities. The maturity of the loans is between 3 and 24 months.

These loans are partially backed by securities as collateral.

As of December 31, 2023, the Bank’s balance sheet total amounted to €1,418.0 million. The balance sheet structure remained stable in comparison with the previous year.

Customer deposits, 94.9% of which were related to funds held in safe custody, decreased by €217.6 million to €1,256.1 million. The loans to customers increased by €20.4 million to €43.4 million, with lending operations being conducted on a risk-conscious basis. We continue to carry out almost exclusively Lombard financing and pre-financing of capital calls to the funds held in safe custody in compliance with strict collateral and/or lending criteria.

As at December 31, 2023, the Bank was acting as a depositary Bank for Luxembourg funds and specialized investment funds having a total volume of €141,035,849k (previous year: €147,342,965k) and for securitisation vehicles having a volume of €1,405,947k (previous year: €2,334,645k).

In addition, the Dublin branch is holding a volume of €24,278,098k as of December 31, 2023 (previous year: €25,384,497k), the Malta Branch is holding a volume of €4,179,094k (previous year: €1,121,262k) and London Branch is holding a volume of €0,00k (previous year: 6,537k).
In total we are holding a volume of €170,9 billion (previous year: €176.2 billion).

Earnings situation

Given the general economic trend, the Bank achieved a good result. Due to the stable situation in the fund business, providing external asset managers and institutional clients with Banking services, the net commission income, amounting to €46.0 million (previous year: €44.3 million), contributed significantly to the overall result.

Due to the various interest rate hikes during 2023 net interest income increased by €16.4 million, or 127.7%, to €29.3 million due to an increase in customer deposits.

General administrative expenses rose by €10.4 million, or 21.2%, to €59.6 million.

Pre-tax profit increased by €21.6 million, or 564.2%, to €25.4 million. The net profit for the year amounted to €19.8 million, i.e. €17.0 million, or 596.3%, above the previous year's figure.

Personnel

During the reporting period, the Bank has achieved significant milestones in enhancing personnel management strategies to foster employee satisfaction and development. Notably, the Bank witnessed a remarkable improvement in employee retention, with turnover rates decreasing by 55%. This achievement reflects the efficacy of implemented initiatives aimed at bolstering employee engagement and loyalty.

EDB team as of December 31, 2023, comprised 275 employees (FTE 262.375). These included 221 employees (FTE 212.5) in Luxembourg, five (FTE 5) employees in the Maltese branch, and 43 (FTE 42.8) employees in the Irish branch. There were still two (FTE 2) employees contracted to our London branch, who will need to find new employer as the branch has ceased operations. Our subsidiary EDBCSL counts four (FTE 4) employees.

Leadership Development Initiatives

In alignment with our commitment to nurturing leadership capabilities across the organization, the Bank introduced comprehensive leadership sessions tailored for all people managers. These sessions serve as a dedicated platform for discussing challenges, sharing ideas, and refining leadership approaches, thereby empowering managers to effectively guide their teams towards success.

Enhanced Benefits Offerings

Recognizing the importance of competitive benefits in attracting and retaining top talent, the Bank made strategic decisions to enhance its benefits offerings. This included replacing the existing pension scheme with a more robust retirement package and augmenting the employer contribution, thereby ensuring the financial well-being of our employees both during their tenure and post-retirement.

Learning and Development

Great importance is attached to the need to ensure that our employees are highly qualified and committed, so that we can offer our clients and business partners a reliable service on a long-term basis. We support the maintenance of such standards by continuously developing and expanding the knowledge and skills of our employees.

In pursuit of continuous learning and professional growth, the Bank introduced access to the SEEDL learning platform for all employees, providing them with a diverse range of resources to further develop their skills and competencies. The SEEDL platform is renowned for its comprehensive and innovative approach to professional development. It offers a wide array of resources, including courses, workshops, and interactive modules, designed to cater to the diverse learning needs of employees at all levels. With its user-friendly interface and customizable learning paths, SEEDL enables employees to acquire new skills, stay updated on industry trends, and enhance their expertise in various domains. We believe that having access to such tools is empowering our employees to reach their full potential and driving organizational success through continuous learning and development.

Additionally, the implementation of a new internal training and knowledge-sharing platform, Lessonly, underscores our commitment to fostering a culture of continuous learning and knowledge exchange among employees. Our development and training programme includes specialist seminars, compliance, operational risk, ISO, cyber security, training in communication and leadership, as well as language courses and professional qualification. Since our integration into the Apex Group Ltd. our employees benefit from the global Knowledge Academy which offers this wide range of online trainings.

Implementation of New Recruitment Tool

To streamline and optimize our recruitment processes, ensure great candidate experience the Bank successfully implemented the Jobvite platform as a new requirement tool. This advanced recruitment solution enables us to efficiently attract, assess, and onboard top talent, enhancing our ability to identify the right candidates for various roles and accelerating our hiring processes.

Transition to Workday HCM System

To streamline and optimize our human capital management processes, the Bank successfully transitioned to the Workday HCM system. This transition marks a significant milestone in our journey towards digital transformation, enabling us to better manage our workforce, streamline administrative tasks, and enhance overall operational efficiency.

The Bank signed the Luxembourg Women in Finance Charter, reaffirming our commitment to fostering gender diversity and equality within the financial industry. By joining this esteemed initiative, we pledge to implement policies and practices that promote the recruitment, retention, and progression of women in finance roles. Through targeted initiatives and support programs, we aim to create an inclusive work environment where all employees, regardless of gender, can thrive and contribute to the Bank's success. Our partnership with the Luxembourg Women in Finance Charter underscores our dedication to driving positive change and advancing gender diversity agendas within our organization and the wider financial community.

We would like to offer our heartfelt thanks to our employees for their tireless commitment and, once again, considerable dedication throughout this very challenging year, which enabled us to still achieve our business success, reach our common goals and successfully execute the various efficiency projects, as well as the ongoing cooperation with our international branches, the collaboration with our centers of excellence and related restructuring measures.

Special thanks are also due to the members of the staff delegation for their loyal and constructive collaboration.

These initiatives collectively underscore the Bank's unwavering commitment to prioritizing the well-being, development, and professional growth of our valued employees, positioning us as an employer of choice within the industry.

Developments occurring after the year-end

On March 1, 2024 the registered office changed from the previous address: L-5365, 3 Rue Gabriel Lippmann to L-5365, 9a, Rue Gabriel Lippmann.

Since the balance sheet date, no further events of any particular significance have occurred. As at the accounting date, there were no risks discernible which might materially affect the future development of the Bank's business.

Risk Management Report

In its business activities, the European Depositary Bank SA, including its branches and its affiliated entities (EDB Dublin Branch, EDB Malta Branch, EDBCSL), is exposed to operational and strategic risks. For the overall management of the Bank's operations, it is essential that the Bank can effectively identify, analyse, manage and evaluate the relevant risks.

To monitor the business effectively and strengthen risk management, the Bank follows the three lines of defence model. The first line has the primary responsibility to own and manage risks, with the second line providing compliance and oversight performed by the risk controlling and compliance departments, and with the third line internal audit providing objective and independent assurance.

The rules laid down by the Luxembourg banking supervisory authority, the CSSF, for the implementation of an ICAAP/ILAAP (Internal Capital and Liquidity Adequacy Assessment Process) are strictly complied with in this regard. In addition, the relevant requirements of the regulatory authorities of the affiliated entities are observed.

The Bank has in place a Risk Appetite Statement Policy to ensure its available risk coverage potential is able to bear the risk's taken at all times. To ensure adherence to the risk appetite, including compliance with regulatory requirements, the Bank has implemented a wide range of policies and procedures.

To actively manage both current and emerging risks, the Bank performs an annual review of the materiality of all risks as part of the risk register assessment, comprising of financial risk types (credit, liquidity, market price) and non-financial risk types (operational, strategic) covered by the first line of business' risk control self-assessment (RCSA). The Bank has also established a set of Key Risk Indicators, to help identify significant events that can adversely impact EDB's risk profile. The Key Risk Indicators monitor changes in the level of risk exposures and act as early warning signs that enables the Bank to monitor and mitigate risks in a timely manner. In addition, processes have been put in place by the Bank in respect of operational incidents & issues, customer complaints, new products, outsourcing, non-transparent transactions and changes to business strategy, identifying any changes to EDB's risk profile.

To ensure sound corporate governance and the effectiveness of the Board, EDB has installed specialised committees of the Board of Directors, which currently comprise the Audit, Compliance & Risk Committee, the IT and Cybersecurity Committee and the Appointments and Remuneration Committee. The mission of the specialised committees is to provide the Board of Directors with critical assessments in respect of the organisation and operation of the Bank in relation to audit, risk, compliance, appointments and remuneration, and information and communication technology. This enables the members of the Board of Directors to fulfil their supervisory mission and to take on their responsibility pursuant to applicable regulatory provisions.

The purpose of the Audit, Compliance & Risk Committee related to Risk is to oversee EDB's risk management framework, capital and liquidity planning and strategy, risk appetite statements, including risk tolerance levels, and the performance of the Chief Risk Officer.

The committee's responsibility in this regard is one of oversight and review, while day-to-day risk assessment and risk management are the responsibility of EDB's Executive Management Board.

In addition to the possibility of risk notification, the Bank's employees have recourse to whistle-blowing as a further means of early detection of risk, which can be used, overtly or anonymously, to communicate risks on an ad hoc basis.

Further committees in place at the Executive Management Board level currently include the Extended Executive Management Committee (including the department heads of the headquarters and managers of the affiliated entities), the Compliance & Risk Committee, the Outsourcing Committee and the Sustainability Steering Committee. At the level of the EDB branches Internal branch committees are established.

The risks taken by the Bank are controlled and limited as part of an active risk management approach. The risks, classified as material for the Bank include credit risk, market price risk, liquidity risk and operational risk, considering risk concentrations. These risks are covered by the Bank's risk coverage potential. Warning thresholds are implemented for these risks, serving as early warning indicators, and contributing to adherence to applicable limits. Our Risk Controlling department monitors the risks taken on an ongoing basis and regularly reports to the Executive Management Board, the Board of Directors and the Supervisory Authority.

The Bank is exposed to further risks in addition to those mentioned above. These include business risk, strategic risk, change in external conditions (such as regulatory and demographic developments), client behaviour and reputational risks. Reputational risk because of public coverage of transactions, business partners or business practices in which a client is involved is defined as the risk that will adversely affect the trust in the Bank.

The principles of risk management, the methods and procedures for risk assessment, and the risk values determined using these methods and procedures are regularly reviewed for appropriateness and plausibility and adjusted as necessary. To monitor and manage all risks faced by the Bank, the Bank has established qualitative monitoring measures and, where appropriate, corresponding limits for other risks and subclasses of risks in addition to the above-mentioned risk limits.

Credit risks are entered into in accordance with approved authorities, counterparty and issuer limits, and credit lines approved in line with the Bank's strategic orientation and conditional upon compliance with the regulatory requirements. The limits are subject to annual approval and monitoring involving the Board of Directors. Within the framework of a credit value-at-risk model, unexpected losses, quantified in monetary terms, are calculated based on the unsecured portions of the exposure, considering the likelihood of the counterparty defaulting and recovery factors.

In accordance with its lending strategy, the Bank's primary lending business represents a complementary business activity, focussing on low-risk, well-secured and less processing-intensive loans to funds, clients of external asset managers, professional private clients and companies.

Market price risks arising from potential losses due to unfavourable fluctuations in interest rates, prices, currencies and volatility are assumed within a framework of fixed limits designed to exploitincome opportunities. For the daily evaluation of market price risks, the Bank employs a value-at-risk approach in which the results are contrasted with the approved limits and their accuracy is additionally checked continuously by means of back testing.

As a non-trading book institution, the Bank enters only to a limited extent into positions for the short-term realisation of profits. The Bank's forex business is primarily designed to offset client-related spot and forward transactions and to manage the structural foreign exchange positions.

To ensure the timely fulfilment of its payment obligations, the Bank counters the liquidity risk by means of ongoing disposition of all incoming and outgoing payments via its payment transaction accounts.

The risk control process uses liquidity maturity statements and is essentially based on monitoring all aggregated capital inflows and outflows, divided into maturity bands, considering deposit base assumptions specific to the Bank. The liquidity balances are computed considering liquidity reserves in the form of cash reserves, assets with central Banks and unencumbered securities held in the Bank's own portfolio, which can be used in the context of open-market transactions with the European Central Bank or could be sold due to their high market liquidity. To limit liquidity risks, internal limits are fixed in respect of the minimum liquidity balances to be maintained and for significant foreign currencies. Liquidity maturity statements are prepared, both in the form of comprehensive statements and separate statements for the significant currencies. To control the risk, the deposit concentrations are monitored daily. In the unlikely event of a liquidity shortage, escalation procedures and measures have been put in place.

Operational risks are countered by the Bank by means of clearly defined competencies and responsibilities. Regulations and detailed procedural documentation for all departments on all essential work processes, duties and responsibility are kept constantly up to date, helping to identify, limit and avoid materialisation of operational risks. Strict adherence to the principle of separation of duties at all levels of the Bank, as well as internal controls and approvals under the four-eyes principle integrated into operational procedures and technical systems, form additional core elements of risk control methods. In addition, the Bank has taken out insurance regarding transfers of possible operational risks with a high loss potential.

With the objectives of raising awareness and promoting a risk culture, an employee training course on operational risks is provided to all employees.

Considering changing factors of influence, existing and latent operational risks are identified in the course of an annual consultation of experts and evaluated within the parameters of the likelihood of their occurring and their financial impact. A value-at-risk methodology is then used to calculate operational risks and allocate an appropriate risk capital. Important information regarding risk management is provided by the risk control self-assessment and the incident & issue log, which contains details of all operational incidents that occurred and issues detected.

Additional indications result from the analysis and follow-up of all customer complaints.

By maintaining a Business Recovery Centre, and by setting up backup workplaces, including enabling the staff to work from home, the Bank has taken appropriate measures to counter the risks arising from IT malfunctions, breakdowns and pandemics. The Bank is continuously investing in its IT infrastructure to maintain a high level of availability and performance for its systems.

Legal risks are countered by the Bank through an extensive use of standard and standardised contracts, regular review of individual contracts and ongoing update of wording and various clauses of contracts, according to the prevailing legislation and business practices, with recourse to the expertise of external legal advisers, if required. With respect to the affiliated entities in foreign jurisdictions, risk mitigation is achieved by using our standardised contracts and documentation reviewed and confirmed by external local lawyers under the relevant jurisdiction. The Bank continuously improves the range of instruments designed to combat money laundering, the financing of terrorism and white-collar crime. In 2023, all employees received comprehensive trainings on the prevention of money laundering and the financing of terrorism. Training on general compliance topics is provided on a regular basis as well as training on fraud prevention. Furthermore, training on operational risks is obligatory for all EDB employees as well as sensitisation on Cybersecurity, including phishing attacks.

By implementing limit systems and analyses, the Bank has made suitable arrangements with a view to limiting risk concentrations. Unwanted risk concentrations are countered by measures to identify and reveal such concentrations.

To simulate risks in extreme market situations, stress tests are carried out, in addition to the normal risk measurement procedures, regarding all risks which are defined as material, as well as a stress test encompassing different types of risk. These stress tests provide information concerning the possible impact on the economic situation of the Bank in the event of a serious change in the market environment from the status quo. The analyses are in principle carried out every quarter and are based on hypothetical, historical and reverse scenarios. The stress tests are designed to gauge the effects on the economic capital and risk coverage potential and to initiate in good time any control measures deemed necessary.

The risk management procedures of EDB correspond to the usual market standards and are geared, within the framework of proportionality, to the risks inherent in the positions concerned. With the procedures applied, the risks outlined are measurable and transparent and those procedures additionally enable the risks to be controlled and managed. They are considered appropriate to ensure the Bank's risk-bearing capacity on a sustainable basis.

Prospects

The outlook for Banks in Europe in 2024 is expected to be one of transition and adaptation due to various factors such as geopolitical uncertainty, increased competition from fintech companies, and regulatory pressures. Banks will need to adapt to these changes by investing in technology, improving customer experience, and exploring new business models to remain competitive and profitable. Additionally, the geopolitical situation with an expected economic soft landing and a reversal of the interest rate cycle, is likely to impact lending margins, investment strategies and asset quality; all of which will make it more challenging for Banks to maintain profitability levels achieved in 2023.

The outlook for depositary Banks in 2024 is expected to be, on a relative basis, more positive than for the overall Banking industry, due to developments in the fund industry, the client segment on which depositary Banks focus. The global asset management industry is projected to continue to grow, driven by increasing demand for investment products and services, even though in the short-term performance in some asset classes is impacted by the uncertain economic environment leading to margin pressure and focus on costs. The growth of passive investing and exchange-traded funds (ETFs) is expected to continue, as investors seek low-cost and diversified investment options. Similarly, we believe that on the other end of the spectrum, private market funds and alternatives will continue to benefit from the capital and regulatory constraints faced by Banks, forcing actors in the real economy to turn to other sources of funding. Private market funds will continue to benefit from this long-term trend, even though capital raising by these funds might become more challenging than it was over the last few years. Note EDB is currently more focused on the private market/alternative funds and traditional liquid funds rather than passive/ETF.

In addition, the fund industry is likely to see continued innovation and adoption of technology, including artificial intelligence and machine learning, to improve investment decision-making and enhance customer experience. Environmental, social, and governance (ESG) investing is also expected to continue to gain momentum, as investors increasingly prioritize sustainability and social responsibility in their investment decisions.

However, the industry may face challenges such as increased regulatory scrutiny, geopolitical risks, and market volatility. It will need to adapt to these changes by developing innovative products, improving operational efficiency, and enhancing risk management capabilities to remain competitive and meet the evolving needs of investors.

In this environment, EDB will focus on the 3 pillars of our strategy, i.e. running a successful business, with an engaged quality team, whilst adhering to top class governance principles. Key business initiatives will be focused on client satisfaction and service delivery. In terms of client satisfaction, we expect to benefit from the significant investments made in previous years in our depositary systems, and in our digital Banking platform. The planned acquisition of the Rothschild book of business in Luxembourg will enable us to further strengthen our client base from geographies/sectors where we have been less present previously, including Southern Europe and Switzerland, and Banking groups as fund sponsors. We will continue to manage our balance sheet carefully, given the uncertain hence volatile macro-economic context. From a service delivery perspective, we have kicked off project Horizon, which will significantly upgrade our core Banking infrastructure; and in parallel we will also expand our use of centres of excellence, allowing us to access broader pools of resources, outside of our key markets where labour markets are quite stretched.

Luxembourg, June 12, 2024

The Board of Directors

Audit Opinion

Audit opinion of the statutory auditor

The complete annual financial statements have been given an unqualified audit certificate by the statutory auditor, Deloitte Audit Société à reponsabilité limitée. The wording of the audit certificate can be found in the complete annual financial statements which have been published pursuant to Article 71(1) of the Law of June 17, 1992 by filing the same in the Registre de Commerce et des Sociétés [Commercial and Companies Registry] at 14, rue Erasme, L1468 Luxembourg.

Depositary bank audit

An assurance testing is carried out each year by an independent auditor, to test the control systems in place and the effectiveness of the controls (ISAE 3402 report, type 2). The testing of all Apex Group depositaries and custodians was conducted by Deloitte International for the period from October 1, 2022 to September 30, 2023. Deloitte's review of the controls did not result in any significant findings

Balance Sheet

As at December 31, 2023

(Expressed in EUR)

	Assets		Dec. 31, 2023	Dec. 31, 2022
1.	Cash in hand, balances with central banks and post office banks		607,148,541	915,820,381
2.	Loans and advances to credit institutions	3.1	83,494,311	92,460,227
	a) repayable on demand		83,494,311	92,460,227
	b) other loans and advances		0	0
3.	Loans and advances to customers	3.2	43,420,179	23,023,158
4.	Debt securities and other fixed-income securities	3.3	607,966,929	528,079,002
	a) issued by public bodies		315,860,087	174,867,044
	b) issued by other borrowers		292,106,842	353,211,958
5.	Participating interests	3.4/3.5	73,156	73,294
6.	Shares in affiliated undertakings	3.4/3.6	24,534,766	0
7.	Intangible assets	3.4	6,136,546	6,270,023
8.	Tangible assets	3.4	627,850	751,364
9.	Other assets	3.7	35,716,718	46,906,333
10.	Prepayments and accrued income	3.8	8,875,630	5,620,539
	Total assets		**1,417,994,626**	**1,619,004,321**

The attached notes form an integral part of the annual accounts.

	Liabilities		Dec. 31, 2023	Dec. 31, 2022
1.	Amounts owed to credit institutions		1,072,302	2,056,716
	a) repayable on demand	3.9	1,072,302	2,056,716
	b) with agreed maturity dates or periods of notice	3.9	0	0
2.	Amounts owed to customers		1,256,113,239	1,473,732,610
	Other debts			
	a) repayable on demand		1,239,813,860	1,470,752,263
	b) with agreed maturity dates or period of notice	3.10	16,299,379	2,980,347
3.	Other liabilities	3.11	25,352,179	53,873,264
4.	Accruals and deferred income	3.12	4,271,451	2,205,404
5.	Provisions	3.13	33,593,897	16,900,532
	a) Provisions for pensions and similar obligations		464,888	461,954
	b) Provisions for taxation		12,893,901	8,759,236
	c) Other provisions		20,235,108	7,679,342
6.	Subscribed capital	3.14	13,000,780	13,000,520
7.	Share premium account	3.14	28,999,220	17,999,480
8.	Reserves	3.15	39,123,283	36,274,243
9.	Profit or loss brought forward		112,512	112,512
10.	Profit or loss for the financial year (after deduction of the interim dividend)		16,355,685	2,849,040
	a) Profit or loss for the financial year (before deduction of the interim dividend)		19,837,923	2,849,040
	b) Interim dividends	3.15	-3,482,238	0
	Total liabilities		**1,417,994,626**	**1,619,004,321**

The attached notes form an integral part of the annual accounts.

	Off-balance sheet items		Dec. 31, 2023	Dec. 31, 2022
1.	Contingent liabilities	3.16	950,500	1,026,469
	showing separately:			
	guarantees and assets pledged as collateral security		950,500	1,026,469
2.	Commitments	3.17	13,838,422	0
3.	Fiduciary transactions	3.18	329,471,273	390,330,231

The attached notes form an integral part of the annual accounts.

For the year ended December 31, 2023

(Expressed in EUR)

	Income		2023	2022
1.	Interest receivable and similar income, showing separately: that arising from fixed-income securities	4.1	62,108,217 20,714,010	29,927,349 6,705,313
2.	Income from transferable securities:		0	237,717
	a) Income from shares in affiliated undertakings		0	237,717
3.	Commissions receivable	4.2	51,064,473	50,042,006
4.	Net profit on financial operations		968,638	0
6.	Other operating income	4.3	12,851,098	5,729,334
	Total income	4.1	**126,992,426**	**85,936,406**

The attached notes form an integral part of the annual accounts.

For the year ended December 31, 2023

(expressed in EUR)

Charges		2023	2022
1. Interest payable and similar charges	4.7	32,770,765	17,040,597
2. Commissions payable		5,050,261	5,697,220
3. Net loss on financial operations		0	1,879,627
4. General administrative expenses		59,618,713	49,204,910
a) Staff costs, showing separately:		36,861,550	31,661,327
aa) wages and salaries		31,860,555	27,839,074
ab) social security costs, with a separate		3,989,497	3,106,084
indication of those relating to pensions		673,658	533,320
b) Other administrative expenses	4.4/4.5	22,757,163	17,543,583
5. Value adjustments in respect of assets items 8 and 9		2,622,371	2,231,570
6. Other operating charges	4.6	946,758	5,462,705
Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		625,977	601,729
8. Tax on profit or loss on ordinary activities		5,502,310	952,571
9. Profit or loss on ordinary activities after taxes		19,855,271	2,865,477
10. Other taxes not shown under the preceding items		17,348	16,437
11. Profit for the financial year		19,837,923	2,849,040
Total charges		**126,992,426**	**85,936,406**

The attached notes form an integral part of the annual accounts.

Notes

1. General Information

a) Corporate matters

European Depositary Bank SA (the “Bank”) was established as a Société Anonyme on February 15, 1973 by Prosper-Robert Elter, Notary.

The Bank registered office is located at: L-5365 Munsbach, 9a, Rue Gabriel Lippmann. As from March 1, 2024 the registered office changed from the previous address: L-5365, 3 Rue Gabriel Lippmann.

The Bank is registered in the Commercial Registry of the City of Luxembourg under No B10700.

The Bank’s memorandum and articles of association were last amended by notary deed of Marc Loesch, Notary practising in Luxembourg, dated December 09, 2022 and published in the RESA [Official Gazette], number 009 of January 11, 2023.

European Depositary Bank SA, Dublin Branch (“EDB Dublin Branch”) has been established in 2019. EDB Dublin Branch focuses solely on offering Depositary and Custody Services to a wide range of fund structures and SPVs. Depositary services offered include both full-depositary and depositary-lite services.

European Depositary Bank SA, Malta Branch (“EDB Malta Branch”) has also been established in 2019. EDB received Malta Financial Services Authority (MFSA) principal approval for the “Category 4a Investment Services Licence” of EDB, Malta Branch on November 19, 2019.

European Depositary Bank SA, London Branch (“EDB London Branch”) was established on January 24, 2020. The top-up application for a full Depositary license was approved on September 8, 2020. The depositary activities ended in December 2023 due to expiration of the Depositary license. The EDB London Branch is expected to be closed in 2024.

The Bank owns a subsidiary in Ireland, European Depositary Bank Custodial Services Limited, (“EDB CSL”), purchased in 2023. In accordance with the legal provisions in Part III of the Law of June 17, 1992, the subsidiary is part of the consolidated accounts of the EDB Group, composed of the Bank and EDB CSL.

The Bank is a wholly owned subsidiary of, and whose ultimate parent company is, Apex Group Limited, a corporation organized under the laws of Bermuda. Consolidated financial statements of Apex Group Limited, are available at the head office of this company.
These can be obtained from Apex Group Limited, Vallis Building, 4th Floor, 58 Par-la-Ville Road, Hamilton HM11, Bermuda.

b) Nature of the Bank's business

The object of the Bank is to carry on the business of a bank. In that capacity, the Bank is empowered to engage in all banking transactions and all operations which relate, in whatever way, to banking business, whether for its own account or for the account of third parties, and in particular:

a) to accept as deposits, and pay interest on, moneys belonging to third parties;
b) to grant loans of money and credit of any kind;
c) to negotiate bills of exchange and cheques;
d) to purchase and sell securities for its own account or for the account of third parties;
e) to hold in safe custody, and manage, securities for others;
f) to issue and trade in bonds, public notes and promissory notes;
g) to promote the issue of stocks, shares in companies, certificates, bonds and other securities, to subscribe for such securities in its own name or in the name of third parties and to place them publicly or privately;
h) to execute all international financial, cash and foreign currency transactions;
i) to assume and take on sureties, guarantees and other warranties for third parties;
j) to engage in cashless payment and clearing operations and
k) to carry on domestic and foreign documentary business.

In addition, the Bank may purchase, sell and encumber real property, accept, create and relinquish securities of any kind, acquire and dispose of interests, participations and holdings, and operate and set up businesses and other commercial enterprises, including any which may involve activity on the real property market, in so far as these are in some way related to the object of the Bank or may serve to further the attainment of that object.

c) Annual accounts

The annual accounts have been prepared in Euro (€), the currency in which the Bank's equity capital is denominated.

The financial year of the Bank is identical to the calendar year, from January 1 to December 31 of each year.

2. Summary of significant accounting policies

The Bank prepares its annual accounts under the historical cost principle, in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand-Duchy of Luxembourg.

In observing these, the following significant accounting policies are applied:

- Assets, liabilities and off-balance-sheet transactions in foreign currencies have been converted into the capital currency with Euro foreign exchange reference rates as at December 31, 2023.
- Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist.
- Income and expense items are recorded at their rate of transaction date.
- Differences arising from currency conversions in respect of cash/spot transactions hedged by forward transactions and, conversely, forwards covered by cash/spot transactions have been recorded as neutral in their effects on profits. As at the balance-sheet date, there were largely closed-out or hedged positions.
- At year-end, all uncompleted forward transactions are translated into EUR at the forward rate applicable for the remaining term at the balance sheet date.
- Receivables and credit balances (as at 3.1, 3.2, 3.7, 3.8) are stated at their nominal value less impairment, whilst debt instruments accepted at a discount are shown at their historical cost price.
- The Bank considers allowances for bad and doubtful debts, and provisions, to adequately cover all identifiable credit risks.
- As at the balance sheet date, the Bank holds bonds and other fixed-interest securities in its structural portfolio. Those securities are valued at the lower of their acquisition cost or market value, and are prorated using the premium. The value adjustments made in previous years pursuant to Articles 56(2f) and 58(2e) and Article 62(1) of the Law of June 17, 1992 as amended on the annual accounts of credit institutions in respect of certain specific assets have been retained. As at the balance-sheet date, possible write-ups amounting to €1,034 k were not made.
- Participating interests, shares in affiliated undertakings, tangible assets and intangible assets are valued at the cost of acquisition. The Cost is composed of the initial purchase price and any additional purchase price adjustment, if any. Value adjustments are made in case of permanent diminution of value as deemed appropriate by the Board of Directors.

- Tangible assets and intangible assets are depreciated over their expected time of use on a straight-line basis. Any depreciation options offered under tax laws and regulations are fully utilised. Tangible assets and intangible assets are stated at purchase price. The value of other tangible assets and intangible assets with limited useful economic lives is reduced by depreciation. The pro rata temporis rule is applied.
  The following depreciation rates are applied:

Computer/IT hardware	14 - 66%
Intangible assets	20 - 33%
Vehicle fleet	16 - 25%
Other office furniture/equipment	10 - 20%

  Low-value assets (acquisition costs below €870) are capitalised in the year of acquisition and written off as a compound item over a five-year period.

- Lump-sum provision has been calculated in accordance with the tax authorities' directive dated December 16, 1997. The allocation of the lump-sum provision to the risk weighted assets in accordance with LuxGAAP is made through a simplified procedure over the course of the year. As at December 31, 2023, there was no allocation to the balance-sheet items in respect of participations, shares in affiliated undertakings companies, intangible assets and tangible assets.

- Liabilities are shown at the amount (re)payable. Pension obligations have been valued by an actuary in accordance with actuarial principles and are shown in the balance sheet as provisions based on their partial value in accordance with the tax law.

- All discernible risks and liabilities the basis of which was known, but not yet the amount, have been taken into account by recognition of provisions for contingent losses. The above-mentioned principles for covering risks are also applied to off-balance-sheet transactions.

- Income taxes are accounted for on an accrual basis.

- Income and Expenses are accounted on an accrual basis.

3. Notes to the balance sheet

As at the balance sheet date, assets denominated in foreign currencies totalled €271,242k (previous year: €375,594k), representing 19% (previous year: 23%) of the balance sheet total. Liabilities denominated in foreign currencies totalled €490,821k (previous year: €522,435k), representing 35% (previous year: 32%) of the balance sheet total.

3.1. Loans and advances to credit institutions

There are no Loans and advances to credit institutions with remaining maturity. In accordance with the requirements of the European Central Bank, the Central Bank of Luxembourg implemented, effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The minimum reserve balance as at December 31, 2023 held by the Bank with the Central Bank of Luxembourg amounted to €12,457k (December 31, 2022: €14,658k)

There are no loans and advances to credit institutions including to affiliated undertakings other than those repayable on demand as at year-end (previous year: €0,0k).

Loans repayable on demand to credit institutions amounted to €83,494k (previous year: €92,460k).

The carrying amount of the loans and advances to credit institutions reflect the maximum credit risk exposure as at December 31, 2023.

3.2. Loans and advances to customers

Loans and advances to customers other than those repayable on demand may be analysed according to their remaining maturity as follows:

Remaining maturity

	Dec. 31, 2023	**Dec. 31, 2022**
On demand	22,065	23,023
Up to 3 months	2,994	0
More than 3 months and up to 1 year	3,389	0
More than 1 year and up to 5 years	14,972	0
More than 5 years	0	0
Total	**43,420**	**23,023**

The lending business, mainly focusing on Lombard loans and the pre-financing of capital calls, has developed well during the year. Furthermore, the bank is granting credit facilities to corporate entities. The maturity of the credit facilities are between 3 and 24 months. These loans are partially backed by securities as collateral.

The carrying amount of the loans and advances to customers reflect the maximum credit risk exposure as at December 31, 2023.

3.3. Debt securities and other fixed-income securities

Securities included in the investment portfolio are intended to be held until maturity or, in the case of equities, on a long-term basis. The Bank holds no investment portfolio as at December 31, 2023.

Securities included in the trading portfolio have as an objective to realise a short-term capital gain. The maximum period for which securities may be held in this type of portfolio may not exceed 3 months. The Bank holds no trading portfolio as at December 31, 2023.

All other securities are shown under the heading "structural portfolio". Such securities are purchased for an indefinite period in order to achieve capital gains and/or interest income. The securities held in the structural portfolio are intended to result in a sustainable increase in earnings for the Bank. The Bank holds debt securities and other fixed-interest securities included in the structural portfolio in the amount of €607,967k (previous year: €528,079k).

Market price risks and credit risks existing as at the balance sheet date have been taken fully into account.

Remaining maturity	Debt securities and other fixed-income securities	
€ x 1,000	**Structural portfolio**	
	Dec. 31, 2023	**Dec. 31, 2022**
Up to 3 months	111,288	90,087
More than 3 months and up to 1 year	80,768	77,980
More than 1 year and up to 5 years	385,675	305,919
More than 5 years	30,236	54,093
Total	**607,967**	**528,079**

The debt securities and other fixed-income securities structural portfolio composed of listed bonds. Out of €607,967k, €192,097k represent instruments maturing in 2024 (previous year: €168,066k maturing in 2023).

A nominal value of €437,622k is available for use in open-market transactions with the European Central Bank.

The nominal sum of €134,502k is being kept with a depositary as collateral for future transactions.

The carrying amount of the financial instruments reflect the maximum credit risk exposure as at December 31, 2023.

3.4. Schedule of fixed asset movements

	Item € x 1,000	Gross value at Jan. 1, 2023	Additions	Disposals	Transfer	Gross value at Dec. 31, 2023	Accumulated depreciation as at Jan. 1, 2023	Deprecia-tion charged in 2023	Accumulat. depreciation as at Dec. 31, 2023	Net value as at Dec. 31, 2023
1.	Participating interest	73	0	0	0	73	0	0	0	73
2.	Shares in affiliated undertakings[1)]	0	24,535	0	0	24,535	0	0	0	24,535
3.	Tangible assets, of which	2,737	257	(34)	0	2,960	(1,986)	(347)	(2,333)	628
a)	Land and buildings	0	0	0	0	0	0	0	0	0
b)	Business and office equipment	2,703	257	0	0	2,960	(1,986)	(347)	(2,333)	628
c)	Payments on account	34	0	(34)	0	0	0	0	0	0
4.	Intangible assets	15,938	2,142	0	0	18,080	(9,668)	(2,275)	(11,943)	6,137
a)	Licences	15,938	2,142	0	0	18,080	(9,668)	(2,275)	(11,943)	6,137
b)	Payments on account	0	0	0	0	0	0	0	0	0
	Total	**18,748**	**26,934**	**(34)**	**0**	**45,648**	**(11,654)**	**(2,622)**	**(14,276)**	**31,373**

[1)] We refer to 3.5 Participating interests and to 3.6 Shares in affiliated undertakings.

3.5. Participating interests

The Bank holds shares in the following company:

Name	Shareholding in %	
	2023	**2022**
Quint:Essence Capital S.A.	20	20
S.W.I.F.T. SC	0,007	0,007

3.6. Shares in affiliated undertakings

The Bank holds shares in the following unlisted company:

Name	Shareholding in %		Net Equity €	Result of the last financial year €
	2023	**2022**	**2023**	**2023**
EDB Custodial Services Ltd.	100	0	2,773	1,262

The Bank bought Bank of America Custodial Services Ltd on June 30, 2023, and the purchased company was renamed into EDB Custodial Services Limited. EDB CSL is included in the consolidated accounts. The cost of the acquisition is composed of an initial purchase price of €10,672k and an earnout of €13,863k. The earnout represents the additional purchase price to be paid out over 3 years and is determined according to the signed Share and Purchase Agreement. The additional purchase price represents the best estimate as of December 31, 2023. The same amount is recognized as provision as of December 31, 2023 (please refer to Note 3.13).

3.7. Other assets

The following is a breakdown of other assets:

€ x 1,000	Other assets	
	Dec. 31, 2023	Dec. 31, 2022
Commission revenue receivables	17,890	19,651
Tax receivables	2,849	3,005
Collateral, margin accounts and other related Receivables	8,256	19,779
Other receivables	6,721	2,971
Insurance compensation receivable	0	1,500
Total	**35,716**	**46,906**

3.8. Prepayments and accrued income

The following is a breakdown of prepayments and accrued income:

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Accrued interest	534	115
Accrued prepaid expense	3,180	3,172
Accrued interest on own securities	5,162	2,334
Total	**8,876**	**5,621**

3.9. Amounts owed to credit institutions

There are no amounts owed to credit institutions (previous year: €0) other than those repayable on demand which correspond to €1,072k (previous year: €2,057k).

3.10. Amounts owed to customers

The following is a breakdown of amounts owed to customers:

Remaining maturity	Customers	
€ x 1,000	**Dec. 31, 2023**	**Dec. 31, 2022**
On demand	1,239,814	1,470,753
Up to 3 months	15,476	2,119
More than 3 months and up to 1 year	0	861
More than 1 year and up to 5 years	823	0
More than 5 years	0	0
Total	**1,256,113**	**1,473,733**

Liabilities to affiliated undertakings are included in the liabilities to customers and correspond to €7,486k (previous year: €6,177k).

3.11. Other liabilities

The following is a breakdown of other liabilities.

€ x 1,000	**Other liabilities**	
	Dec. 31, 2023	**Dec. 31, 2022**
Short term payables	17,135	48,070
Trade payables/Other liabilities	7,706	5,323
Tax payable	338	480
Other	215	0
Total	**25,394**	**53,873**

The short-term payables include margin accounts and collateral balances. Trade payables/Other liabilities include mainly consulting costs, digital banking costs, temporary staff costs and intra-group costs.

3.12. Accruals and deferred income

The following is a breakdown of accruals and deferred income:

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Accrual of premium on own securities	3,752	2,146
Accrued interest income	460	47
Valuation of currency swap positions	44	11
Accrued other income	15	1
Total	**4,271**	**2,205**

3.13. Provisions

The following is a breakdown of provisions:

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Provision for pensions and similar obligations	465	462
Provision for taxation	12,894	8,759
Lump-sum provision	250	291
Operational risks	271	351
Provision operational loss	0	2,000
Social security contributions	1,308	766
Vacation reserves	526	545
Other provisions[1)]	4,017	3,727
Earn-out provision[2)]	13,863	0
Total	**33,594**	**16,901**

[1)] Other provisions are mainly driven by running costs relating to audit fees, temporary staff, consultancy fees, IT costs, intra-group costs and employees related costs.
[2)] See note 3.6

3.14. Subscribed capital and share premium account

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Subscribed capital	13,001	13,001
Total	**13,001**	**13,001**

quantity	Dec. 31, 2023	Dec. 31, 2022
Shares without nominal value	50,003	50,002
Total	**50,003**	**50,002**

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Share premium account	28,999	17,999
Total	**28,999**	**17,999**

The Bank received €11,000,000 capital injection on June 29, 2023. The Extraordinary General meeting resolved on June 29, 2023 to increase the Bank's share capital by an amount of two hundred sixty euro (€260) from its previous amount of thirteen million five hundred twenty euro (€13,000,520) represented by fifty thousand two (50,002) shares without nominal value up to thirteen million seven hundred eighty euro (€13,000,780) through the issue of one (1) new share without nominal value. The one (1) new share issued has been subscribed for the price of eleven million euro (€11,000,000).

3.15. Reserves

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Statutory reserve	1,300	1,300
Other capital reserves	2,556	2,556
Free reserves	28,172	26,215
Other reserves	7,095	6,203
Total	**39,123**	**36,274**

The other capital reserves represent unrequited payments by the Bank's shareholders.

Under Luxembourg Law, the Bank must appropriate to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. This appropriation is made in the following year.

Distribution of the legal reserve is restricted. The legal reserve is equal to 10% of the share capital.

The profit of the year 2022 of €2,849k was transferred to the free reserves.

In order to take advantage of the provisions of paragraph 8a of the Net Wealth Tax Law, the Bank may elect to get a tax credit for all or part of the net wealth tax due for that year. This tax credit is, however, limited to the amount of the corporate income tax due for the previous year before any tax credit. In order to benefit from this provision, the Bank must commit itself to post to a special reserve before the end of the subsequent year an amount equal to five times the net wealth tax to be credited, which has to be maintained for a period of five years. The net wealth tax reduction is limited to the amount of the corporate income tax due (including the employment fund contributions and before any tax credits).

The other reserves contain a non-distributable amount of €7,095k (previous year: €6,203k) for special reserve formed according to paragraph 8a of the Wealth Tax Law.

Amount of €3,482k has been assigned in the form of interim dividends to the entity of Apex Group Limited following second and final tranche of sale of transfer agency business.
Please refer to note 4.3.

3.16. Contingent liabilities

Contingent liabilities are composed of guarantees and other direct credit substitutes (€951k). In 2023, there is no collateral provided by the Bank to third parties on behalf of customers.

Remaining maturity € x 1,000	Dec. 31, 2023	Dec. 31, 2022
Up to 3 months	113	112
More than 3 months and up to 1 year	838	914
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**951**	**1,026**

3.17. Commitments

The unutilised commitments concern irrevocable credit commitments to customers amounting to €13,838,422 (previous year: €0k).

3.18. Fiduciary transactions

As at the balance sheet date, there were seventeen fiduciary transactions with customers amounting to €329,471k (previous year: €390,330k).

4. Notes to the profit and loss account

4.1. Breakdown of income

€ x 1,000	2023	2022
Interest receivable from banks, including central banks	37,101	7,190
Interest receivable from clients' deposits	0	12,024
Interest receivables from fixed income securities	20,714	6,705
Interest receivables from loans and overdrafts	2,689	1,254
Interest receivables other	1,604	2,754
Income from shares and other variable-yield securities, participating interests and shares in affiliated undertakings	0	238
Commissions receivable	51,065	50,042
Net profit on financial operations	969	0
Other operating income	13,962	6,265
Total income	**128,104**	**86,472**

4.2. Service business

In 2023, as in the last year, the Bank focused on depositary bank services for an internationally diversified range of assets, as well as handling the affairs of institutional clients and external asset managers. The Bank's most important area of business continues to be the service it offers as a depositary bank.

4.3. Other operating income

The following is a breakdown of other operating income:

€ x 1,000	December 31, 2023	December 31, 2022
Remuneration and reimbursements of expenses arising from contractual obligations to third parties	4,690	3,437
Release of other provisions and accruals[3)]	1,953	697
Insurance compensation	0	1,500
Transfer Agent Business[1)]	3,482	0
Release of tax provisions[2)]	2,442	36
Other income	287	59
Total	**12,851**	**5,729**

[1)] On March 6, 2023, second and final tranche of sale of transfer agency business in relation to EDB`s UCITS clients of a value of €3,482k has been transferred to APEX Fund Services S.A. In a first step, which has been finalised during Q1 of 2021, a part of the transfer agency business in relation to EDB's alternative investment fund clients has been transferred for a total of €1,730k.
[2)] Release of Tax provisions contain release of VAT provisions from 2018 to 2022 of €2,396k.
[3)] Release of other provisions and accruals is mainly driven by adjustments of estimated prior year accrued income.

The presentation of the annual accounts has been modified compared to the presentation used in the annual accounts for the year ended December 31, 2022. As a consequence, in order to ensure adequate comparability across both financial years, comparative figures have been reclassified as follows: In the Profit and Loss account from the caption "Other operating charges" to the caption "Other operating income" for a total amount of €536k.

4.4. Other administrative expenses

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Maintenance costs in respect of computer hardware and software	6,584	5,010
Consultancy fees	1,048	1,441
Compulsory regulatory contributions costs	1,470	2,053
Group Recharge Apex	9,276	4,680
Buildings and occupancy costs	1,754	1,751
Insurance	593	601
Securities related research and information services	515	536
Communication	588	416
Outsourced related costs[1)]	311	290
Recruitment and trainings	39	425
Other costs	579	341
Total	**22,757**	**17,544**

The presentation of the annual accounts has been modified compared to the presentation used in the annual accounts for the year ended December 31, 2022. As a consequence, in order to ensure adequate comparability across both financial years, comparative figures have been reclassified as follows: In the Profit and Loss account from the subcaption "Recruitment and trainings" to the caption "Consultancy fees" for a total amount of €598k.

[1)] The outsourcing costs are mainly driven by the costs for client tax and risk reporting.

4.5. Fees for services rendered by the independent auditor

€ x 1,000	2023	2022
Audit fees	391	350
Audit related fees	24	30
Tax fees	77	77

The figures stated do not include value added tax.

4.6. Other operating charges

The following is a breakdown of amounts of other operating charges:

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Other Commissions[1)]	287	1,140
Other charges[2)]	537	1,852
Penalty Fee	0	344
Operational loss[3)]	123	2,123
Depreciation fixed assets	0	4
Total	**947**	**5,463**

[1)] Other Commissions driven by write offs of estimated prior year accrued income.
[2)] Other charges mainly driven by expenses related to prior year.
[3)] In 2022: due to an operational loss of €2,000k, a provision of the same amount was made. The operational loss is offset by a receivable towards an insurance company for the amount of €1,500k.

The presentation of the annual accounts has been modified compared to the presentation used in the annual accounts for the year ended December 31, 2022. As a consequence, in order to ensure adequate comparability across both financial years, comparative figures have been reclassified as follows: In the Profit and Loss account from the caption "Other operating charges" to the caption "Other operating income" for a total amount of €536k.

4.7. Interest payable and similar charges

The following is a breakdown of amounts of other operating charges:

€ x 1,000	Dec. 31, 2023	Dec. 31, 2022
Interest receivable from clients deposits)	29,777	6,417
Interest receivable from banks, including central banks	0	8,303
Interest payable fixed income securities	2,288	2,041
Interest payable other	706	281
Total	**32,771**	**17,041**

5. Other financial commitments

Commitments arise from rental contracts, amounting to €242k (previous year: €566k) and from a lease contract, amounting to €571k (previous year: €513k).

6. Derivatives

At the balance sheet date:

- The nominal value of forward transactions in foreign currencies on behalf of customers correspond to €1,104,634k (previous year: €1,850,309k).
- The nominal value of currency swaps corresponds to €226,300k (previous year: €149,906k) and are concluded by the Bank as a hedge against foreign currency risks.
- The nominal value of forward transactions in the form of interest outright correspond to €0k (previous year: €
- 0k) and are concluded by the Bank as a hedge against interest rate risks.
- There were no interest-rate swaps.

None of the above items represents a trading position of the Bank.

The counterparty risk in respect of exchange rate-related transactions (OTC) is computed using the mark-to-market method. The derivative credit risk arising from these positions is as follows:

Counterparty	Volume	Positive market values	Negative market values	Original credit risk	Eligible securities	Credit risk after CRM*
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Affiliated credit institutions						
Unrelated credit institutions	808,535	11,097	-3,170	59,257	-17,427	41,829
Customers	575,044	2,930	-10,821	35,109	-11,707	23,402
	1,383,578	**14,027**	**13,991**	**94,366**	**-29,134**	**65,231**

*Credit risk mitigation (CRM)

Since the Bank is a non-trading book institution, derivatives are traded solely for the account of customers, and are secured by corresponding counter-transactions.

7. Return on assets

The return on assets, calculated as the quotient of net profit and total assets, is 1.4% (previous year: 0.18%).

8. Disclosure in accordance with part 8 of regulation in EU N° 575/2013 of June 26,2013 on prudential requirements for credit institutions (CRR)

The information which has to be disclosed according to Article 431 (1) in connection with Article 433 CRR will be published on “www.europeandepositarybank.com”.

The information which has to be disclosed according to the CRR is published in a separate disclosure report 2023 of the Bank. In such cases the disclosure report contains a remark according to Article 434 (1) sentence 3 of the CRR.

9. Deposit guarantee scheme

The Law on measures for the dissolution, recovery and resolution of credit institutions and investment firms and on deposit guarantee schemes and investor compensation schemes was adopted on December 18, 2015, transposing into Luxembourg law Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and Directive 2014/49/EU on deposit guarantee schemes and investor compensation schemes. The system hitherto existing for the protection of deposits and investor compensation, which had been introduced by the AGDL, has been replaced by a new deposit guarantee and investor compensation scheme based on contribution payments.

The new system guarantees all reimbursable investments by the same investor up to an amount of €100k (“Fonds de garantie des dépôts Luxembourg” (FGDL/Luxembourg Deposit Guarantee Fund)) and investment transactions up to an amount of €20k per investor (“Système d’indemnisation des investisseurs Luxembourg” (SIIL/Luxembourg Investor Compensation Scheme)).

The provisions set up in the past for the purposes of the AGDL in the annual accounts of credit institutions has been gradually released in accordance with the contributions to be made by the credit institutions to the Luxembourg deposit guarantee fund (“Fonds de garantie des dépôts Luxembourg” (FGDL)) and/or to the Luxembourg single resolution fund (“Fonds de résolution“(SRF)).

10. Staff

During the 2023 financial year, the Bank had an average workforce of 267 (previous year: 241) broken down into the following groups:

Management	5 (previous year: 3)
Executives	17 (previous year: 19)
Salaried employees	245 (previous year: 219)

11. Corporate bodies

As per December 31, 2023, the composition of the Board of Directors and the Executive Management Board is as follows:

BOARD OF DIRECTORS

Joseph Bannister

David Claus

Peter Hughes

Charles Muller
– *Chairman* –

Gilda B. Neiman

David Rhydderch

Roland Steies

EXECUTIVE MANAGEMENT BOARD

Holger Barth

David Claus
– *Chief Executive Officer* -

Cecilia Gejke
(from 06/03/2023 to 30/04/2024)

Robert Steele

Jean-Francois Thils

As of April 30, 2024, Cecilia Gejke left the Executive Management Board.

No Loans and guarantees were granted to the members of the Executive Management Board.

12. Group affiliation

The annual accounts of European Depositary Bank SA are included in the consolidated financial statements of Apex Group Limited, Bermuda.

The Bank does prepare its own partial consolidated accounts including the acquisition of EDB CSL bought in 2023 in accordance with Article 80 of the Law of June 17, 1992.

Apex Group recharge follow the OECD Transfer Pricing Guidelines (TPG) in line with intra-group services. The Bank has not entered into any material transaction with related parties (as defined in International Accounting Standard 24 “Related Party Disclosures”) which were not made on terms equivalent to those that prevail in arm’s length transactions, as of December 31, 2023 and for the year then ended.

13. Subsequent events

On March 1, 2024 the registered office changed from the previous address: L-5365, 3 Rue Gabriel Lippmann to L-5365, 9a, Rue Gabriel Lippmann.

Luxembourg, June 12, 2024

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