ANNUAL REPORT

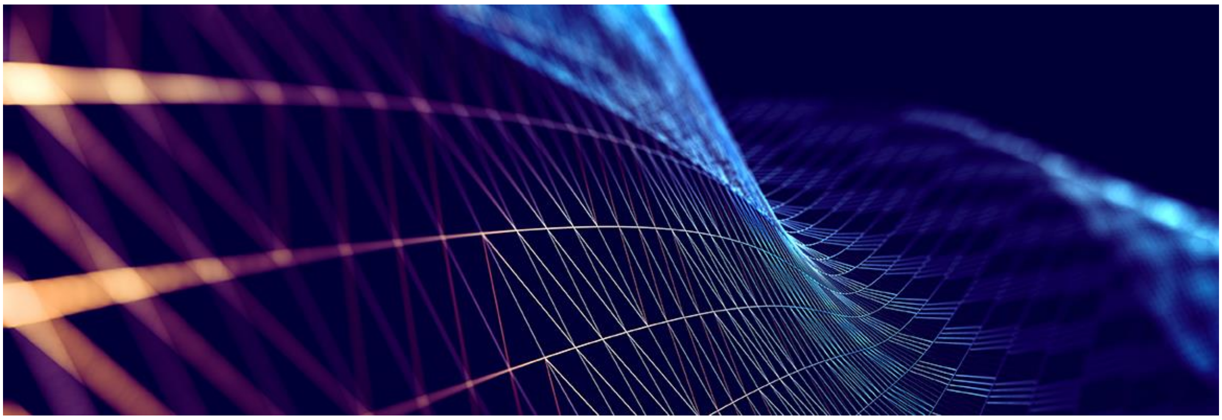
2020

Business Development - Overview

EUR x 1 million	2020	2019	2018	2017	2016
Balance sheet total	**2,110.7**	**1,732.8**	1,207.3	1,378.3	1,286.5
Total volume	**2,533.8**	**2,080.3**	1,630.5	1,696.6	1,413.3
Share capital and reserves	**32.9**	**32.8**	37.6	32.7	32.7
Profit for the year	**9.3**	**17.3**	3.4	4.8	3.6
Funds held in safe custody (number)	**522**	**456**	368	361	316
Volume of funds held in safe custody (EUR x 1 billion)	**88.6**	**75.8**	34.5	28.7	23.6
Volume of customers' funds held in safe custody (EUR x 1 billion)	**3.5**	**3.9**	3.7	5.0	5.6
Employees (number)	**144**	**158**	171	187	172

Table of Content

Note to the Annual Report



Note to the annual report pursuant to Article 73 of the Law of June 17, 1992 on the annual and consolidated 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

Supervisory Board

Professor Joseph Bannister
– Chairman –
(since January 31, 2019)

Peter Hughes
- Deputy Chairman -
(since January 31, 2019)

David Carrick
- Member -
(January 31, 2019 until March 3, 2021)

Georges Schmit
- Member -
(January 31, 2019 until January 25, 2020)

Roland Steies
- Member -
(since March 13, 2020)

Management Board

Rüdiger Tepke, Luxembourg

Stefan Forse, Luxembourg
(until June 30, 2021)

Economic Environment

2020 was a historic year as the coronavirus (COVID-19) pandemic paralysed most of the world. Along with Brexit and the US elections it created unprecedented economic, political and social shockwaves that will be felt in years to come.

To contain the COVID-19 pandemic and protect susceptible populations, most countries imposed stringent lockdown measures in the first half of 2020 causing economic activity to contract dramatically on a global scale. Global Real GDP is projected to have fallen 4.4% in 2020[1]. During May and June, as many economies tentatively reopened from domestic lockdowns, the global economy started to climb from April lows. However, with the pandemic spreading and accelerating in places, many countries slowed reopening, with some are reinstating partial lockdowns. The adoption of lockdowns was an important factor in the recession, but voluntary social distancing in response to rising infections also contributed very substantially to the economic contraction. Therefore, although easing lockdowns can lead to a partial recovery, economic activity is likely to remain subdued until health risks abate. While the swift recovery in China has surprised on the upside, however, investment growth, exports and private consumption declined on a global level, creating pressure on business confidence, investment decisions, and global trade.

On December 31, 2020, the transition period for the United Kingdom (U.K.) to withdraw from the European Union (EU), otherwise known as Brexit officially came to an end. This marked an end of a long process overseen by two different Prime Ministers, included several delays and extensions and left the U.K. divided. The uncertainty over Brexit slowed the U.K.'s growth from 2.4% on 2015 to 1.0% in 2019[2]. The British pound fell from $1.48 to $1.36 after the day of the referendum and has not regained its pre-Brexit high. Brexit had already depressed growth in the U.K.'s financial center of London from 1.4% in 2018 to close to zero in 2019. Business investments also declined by 11% between 2016 and 2019[3]. Leading financial institutions moved clients and employees to Ireland and other business hubs in the EU in preparation for Brexit.

2020 was the year of the presidential election in the US when President Trump would be seeking office for a second term. Historical data shows that regardless of the outcome of the elections, markets predo-

1 https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020
2 https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihyr/pn2
3 https://www.london.gov.uk/sites/default/files/brexit-analysis-final.pdf

minantly performed positively following an election with the exception of some cases, such as the global financial crisis in 2008 and the burst of the dot-com bubble in 2000.

However the outcome of the 2020 US election will have a significant impact for the next four years on the US economy and global financial markets, oil markets, the US dollar, and trade wars. Financial markets around the world rallied after Joe Biden's victory in the US presidential election and news that Pfizer's Covid-19 vaccine is 90% effective, with global shares reaching a record high. The Biden administration have a tough year ahead as they execute their plan to tackle the surging second wave of the Covid-19 pandemic, the soaring public debt, recovery of international trade and the US-China trade war amongst others.

Economic growth in the 19 Eurozone countries continued to fall after a loss of momentum in 2019. The German economy weakened in 2020 with an expected contraction rate of 6.0% compared to a gross domestic product increase of 0.6% in 2019 and 1.5% in 2018.[4]

The US economy shrank in 2020 for the first time since the financial crisis, falling into recession in February but grew rapidly in the fourth quarter. GDP decreased 3.5% in 2020, the biggest drop since 1946. That followed 2.2% growth in 2019 and was the first annual decline in GDP since the 2007-09 recession. The Covid-19 pandemic depressed consumer spending – which comprises two thirds of the economy - by 3.9%, and business investment, leading to a dramatic rise in unemployment despite nearly $3 trillion in relief money from the government. Nearly every sector, with the exception of government and the housing market, contracted in 2020. Businesses accumulated inventories supporting GDP but the inventory build pulled in more imports, leading to a larger trade deficit, which subtracted from output. The housing market recorded double-digit growth, thanks to historically low mortgage rates. Government spending was weak.[5]

In 2020, central banks reacted forcefully to the rapidly emerging downside risks to price stability caused by the global pandemic. In the Eurozone, the pandemic emergency purchase programme, or PEPP underpinned monetary policy response, acting as a circuit breaker that stopped the pandemic from turning into a full-blown financial crisis.

The global inflation rate fell to 2.99%, down from the long-term average of around 3.5%.[6] With inflation set to remain low, major central banks anticipated to maintain their current policy setting until 2025 and improved monetary policy credibility; this provides a still supportive setting for EM central banks. Based on Bloomberg consensus, policy rates are expected to remain stable in Asia and declining in Africa while some CEE/CIS and LATAM central banks could turn to modest rate hikes.[7]

China and India showed inflation rates of 2.9%[8] and 4.95%[9], respectively. For the Eurozone, the annual core inflation, which excludes volatile prices of energy, food, alcohol and tobacco, was unchanged at 0.2% in December, the lowest on record.

4 https://www.statista.com/statistics/375203/gross-domestic-product-gdp-growth-rate-in-germany/
5 https://www.reuters.com/article/us-usa-economy/covid-19-wreaks-havoc-on-us-economy-2020-performance-worst-in-74-years-idUSKBN29X0I8
6 https://www.statista.com/statistics/256598/global-inflation-rate-compared-to-previous-year/
7 https://think.ing.com/articles/imf-weo-insights-and-a-glance-beyond-the-pandemic-for-emerging-markets#a4
8 https://www.statista.com/statistics/270338/inflation-rate-in-china/
9 https://www.statista.com/statistics/271322/inflation-rate-in-india/

Economic Environment

2020 was a mixed year for equity market investors. Eurozone equity markets performance varied in 2020 as a whole (DAX: +4.9%, Euro Stoxx -5.1%, FTSE100, -14.3%). The Dow and the S&P 500 started and ended the year at all-time highs — interspersed with high levels of volatility. The Dow gained 7.3% in 2020, while the S&P rose 16.3%. For the Nasdaq, it was best year since 2009 with a 43.6% gain.[10]

The stock markets of the BRIC countries saw significant mixed performance with MSCI BRICS Index up 17.89%[11]. The Russian RTS Index fell -10.4% whilst the Shanghai Composite Index rose +12.6% and the Indian S&P BSE Sensex Index and the Brazilian Bovespa Index increased by +15.6% and +2.92%[12], respectively.

Global commodity markets ended 2020 on a strong note, with recovering demand and widespread stimulus packages buoying prices after a roller coaster ride caused by the global coronavirus pandemic. The expected rebound in investment and spending in 2021, spurred demand for raw materials from oil to copper in the second half of the year. Prices for aluminium, copper and nickel rose by 9.77%, 17.86% and 11.92%, respectively, while silver gained 47.9% and gold 25% on the back of a rush of buying by investors seeking a store of value in a year of heavy government stimulus and global central bank spending[13]. Brent crude oil prices traded within a wide range during 2020, after averaging $64/b in January 2020, Brent prices fell to an average of $18/b in April, the lowest monthly average price in real terms since February 1999. Brent prices rose to a monthly average of $50/b in December in part because of expectations of future economic recovery.[14]

Bond markets in the first quarter in 2020 were particularly volatile. After initially falling to -0.91% for 10-year yields on German bonds, yields quickly rose to -0.14% as a result of the global support measures taken by governments. Together with the intervention of central banks, yields stabilised at -0.60% and have been trending sideways ever since. Without the intervention, this crisis would not have ended so smoothly. This can be seen, among other things, in the performance of Italian government bonds, which had their interest rate peak at 2.25% in March with a year end of 0.43%. Since March, the ECB has bought bonds worth almost one trillion euros. Just under €700 billion of this is accounted for the emergency program PEPP (Pandemic Emergency Purchase Program) created in the spring. Key interest rates in the Eurozone also support these measures and will remain negative. The situation is similar in the US, where the signs also continue to point to very low interest rates. Key interest rates will remain “lower for longer” as the economic environment requires ongoing low yields and central bank interventions. In the US, however, we have observed since the summer that interest rates have risen from the yield low of 0.51% to 0.91% at the end of the year.[15]

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10 https://edition.cnn.com/2020/12/31/investing/dow-stock-market-2020/index.html
11 https://www.msci.com/documents/10199/3653ff70-93d4-4e88-9c4e-70d8efb10923
12 https://www.macrotrends.net/2597/bovespa-index-brazil-historical-chart-data
13 https://fingfx.thomsonreuters.com/gfx/ce/xegpbbwmrpq/Metals2020.png
14 https://www.eia.gov/outlooks/steo/report/prices.php#:~:text=Brent%20crude%20oil%20prices%20traded,real%20terms%20since%20February%201999.
15 Bloomberg L.P.

Business Development of the Bank

In order to expand its business activities in Europe, European Depositary Bank SA decided to establish a branch in London, beside the already existing branches in Dublin and Malta. In Luxembourg and also through its European branches, EDB offers independent banking, depositary and custody services to institutional investors and asset managers for UCITS, alternative investment structures and securitization vehicles.

European Depositary Bank SA, Dublin Branch ("EDB Dublin Branch") has been established in 2019 and started its business as per 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. As of December 31, 2020, our staff in EDB Dublin Branch comprised 31 employees.

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. The onboarding of clients has started in 2020. As of December 31, 2020, our staff in EDB Malta Branch comprised 4 employees.

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. EDB London Branch will commence operations in Q2 2020. EDB London Branch comprises of 2.5 employees at the reporting date.

In 2020, 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, 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 as a registration and transfer agent, calculation agent and paying agent, as well as brokerage and liquidity and currency management.

Business Development of the Bank

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 few 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 the market-leading depositary of private equity funds. The opening of the branches and the services offered out of the Group has given the Bank access to new international clients. All depositary business of the Apex Group has been consolidated within the Bank. In 2020, we benefited again from our proven expertise in different asset classes of alternative investments, which enabled us to secure a share of the growing demand for AIFM and RAIF fund structures. Demand was particularly high for debt and real estate fund structures; we also recorded very satisfying growth in volume as far as securities funds were concerned. The market for securitisation structures has improved significantly.

In 2020, we introduced a pioneering new solution for a streamlined onboarding of new clients, to reduce the administration of multiple vendor contracts and the number of companies in the data chain through leveraging the Apex Group's single-source solution. This digital platform is envisaged for EDB to support its vision to become the digital solution for Corporate SPVs and Funds. This is to enhance customer experience, support business growth, drive efficiency and scalability.

Being part of the growing international Apex Group, as well as investing in systems and employees, which continued in 2020, further strengthened the Bank's position as an interesting and important alternative to the major international banks for depositary and custodian banking in the Luxembourg financial centre. Within our branch network we are offering as well depositary and custody services.

The second core business field involves the handling of relations with external asset managers and institutional clients and bank accounts for SPVs. In general, our independence and the way in which we listen and respond to our clients' individual needs are highly appreciated by them. Our lending business, is only offered as a complementary service.

As of December 31, 2020, the Bank's balance sheet total amounted to € 2,110.7 million. The balance sheet structure remained more or less unchanged from the previous year.

Customer deposits, 98.4% of which related to funds and Luxembourg funds held in safe custody, rose by € 331.5 million to € 1,999.6 million. The loans to customers, including existing guarantees, reduced by € 9.6 million to € 29.3 million, with lending operations once again being conducted on a very risk-conscious basis.

As at December 31, 2020, the Bank was acting as a depositary bank for Luxembourg funds and specialized investment funds having a total volume of € 86,446,639k (previous year: € 72,210,116k) and for securitisation vehicles having a volume of € 2,181,480k (previous year: € 3,586,935k). In addition, the Dublin branch is holding a volume of € 14,606,877k as of December 31, 2020 (previous year: € 6.8 billion) and the Malta Branch is holding a volume of € 146,183k (previous year: € 0k). In total we are holding a volume of € 103.4 billion (previous year: € 82.6 billion).

Business Development of the Bank

Earnings situation

Given the general economic trend, the Bank achieved an altogether 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 € 35.0 million (previous year: € 22.1 million), once again contributed significantly to the overall result.

Although the yield curves in EURO and USD have been flattening and the continuation of the risk-averse investment policy, net interest income rose by € 1.2 million, or 17.7%, to € 8.1 million due to an increase in customer deposits.

General administrative expenses increased by € 3.5 million, or 12.9%, to € 31.0 million, partly on account of additional regulatory requirements.

Pre-tax profit decreased by € 8.0 million, or 38.9%, to EUR 12.5 million. This is due to the sale of the buildings last year. The net profit for the year amounted to € 9.3 million, i.e. € 8.0 million, or 46.1%, below the previous year's figure.

Personnel

During the past year, the integration into the Apex Group Ltd. has been finished. The establishment of the first two international EDB branches in Ireland and Malta as well as the set-up of the third branch in UK and hence the creation of related synergies was the focus of our business activity and our growth strategy. In this regards several restructuring measures such as the set-up of an Onboarding team for all Lux entities, the collaboration with Spartan offices in Bulgaria and the merger of former separate departments Depositary Oversight and Relationship Management into the new business unit Depositary Services took place during the course of 2020.

As of December 31, 2020, our staff in Luxembourg comprised 144 employees. These included 23 part-time employees and three employees on maternity leave or full-time parental leave. Additionally 4 employees are working in the Malta branch and 31 employees are working in branch in Dublin. Additionally 2 persons are seconded on a part-time basis from Apex in order to take-over the Compliance role in both branches.

Great importance is attached to the need to ensure that our staff members 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 abilities of our employees. Drawing on an extensive range of further training opportunities offered by the Group and by external contractors, we prepare an individual skills and competencies enhancement plan for each employee as part of our bi-annual performance review cycle, extending in part over a period of several years. In addition to specialist seminars, these plans focus on training in communication and leadership, as well as in project and change management.

Our training programme also includes compliance, operational risk, ISO, cyber security and IT trainings as well as language courses, total immersion courses in the respective European countries and self-study programmes. Due to our integration into the Apex Group Ltd. our employees benefit from the global Knowledge Academy which also offers a wide range of self- trainings. Besides this in-house training, courses on fraud prevention, money laundering, tax and legal structures and health management are also potential learning and development measures. Due to the Covid-19 pandemic in 2020 external training measure were reduced due to a limited number of courses and available training measures were held as virtual trainings instead of on-site or classroom trainings.

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 tasks in relation to the further integration into the Apex Group Ltd. as well as the ongoing cooperation with our international branches, the set-up of our collaboration with our Spartan offices and related restructuring measures.

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

In 2020, fifteen employees marked five years and one employee ten years with the Bank. Additionally, two colleagues celebrated their 20th anniversary within our Group. We extend our heartfelt congratulations to all those who celebrated these anniversaries, together with thanks for their faithful and successful collaboration.

Developments occurring after the year end

Since the balance sheet date, no other 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 is exposed to operating and strategic risks. For the overall management of banking operations, it is essential that the Bank is able to effectively identify, analyse, manage and evaluate the relevant risks.

In order to monitor the business effectively and strengthen risk management, the Bank follows the three lines of defence model. In this respect, our internal control functions – risk control, compliance and internal audit – form an integral part of the risk monitoring system. They check the Bank’s business and operational processes in terms of scope and risk. This enables negative trends and weak points to be identified at an early stage.

The general monitoring of risks is the responsibility of our Risk Controlling department, which has been integrated in the risk management framework of the Apex Group Ltd.

The rules laid down by the Luxembourg banking supervisory authority, the CSSF, for the implementation of an ICAAP (Internal Capital Adequacy Assessment Process) under which the Bank also subsumes the procedural requirements for the assessment of appropriate liquidity (ILAAP- , Internal Liquidity Adequacy Assessment Process) are strictly complied with in this regard. In addition, the relevant requirements of the regulatory authorities of the branches are observed.

In order to ensure its capacity to bear risk at all times, the Bank has implemented various instruments and procedures. The perception and consideration of a change in the risk profile is generally ensured by means of the annual review of the materiality of all risks as part of the risk inventory.

Because risks are constantly evolving, there is a high demand to develop metrics or indicators to help monitor potential future shifts in risk conditions or new emerging risks in order to better manage events that may arise in the future on a more timely and strategic basis. With this rationale the Bank has installed a set of Key Risk Indicators, which are critical predictors of significant events that can adversely impact EDB's risk situation. They monitor changes in the levels of risk exposure and contribute to the early warning signs that enable the Bank to report risks, prevent crises and mitigate them in time. In addition, processes have been put in place by the Bank in respect of operational loss events, customer complaints, new products, outsourcing, non-transparent transactions and changes to the business strategy and the risk profile, revealing any alteration to the Bank's risk profile during the course of the year.

In this regard, the Risk Committee, which meets on a regular basis and is composed of permanent members of the Management Board and the designated persons responsible for the control functions, plays a primary role. The Risk Committee monitors holistically the risk profile of EDB and its branches using a comprehensive risk catalogue, deals with current risk-related developments as well as specific risk notifications submitted by staff members, and subsequently prepares measures and recommendations designed to improve the risk situation.

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

Beside the Risk Committee and in order to strengthen its governance the Bank has installed further committees: the Branch Committees and the Outsourcing Committee. In addition, in order to comply with regulatory requirements to maintain a recovery plan for the Bank, the Recovery and Resolution Planning Committee was established.

These established procedures and instruments for monitoring risks exert a decisive influence on the assessment of the Bank's risk-bearing capacity.

Business Development of the Bank

The risks taken by us are configured and limited, as part of an active risk management system, in such a way that the material risks confronting the Bank, comprising of credit risks, market price risks, liquidity risks and operational risks, and taking into account risk concentrations, are continuously covered by the Bank's risk coverage potential. Alarm thresholds are also implemented for these risks, serving as early warning indicators and thus contributing to adherence to the applicable limits. Our Risk Controlling department constantly monitors the risks taken and regularly reports to the Management Board, the Supervisory Board and the Supervisory Authority. In this context, the risk management information system presents the risks in terms of the utilisation of previously fixed limits.

The Bank is exposed to further risks in addition to those mentioned above. These include strategic risks, changed framework conditions (such as regulatory and demographic developments), client behaviour and reputational risks. Reputational risk as a result 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. When considering reputational risk, it is necessary to distinguish between two aspects: the long-term dimension within the context of the strategy and the short-term dimension within the context of the liquidity risk.

Manifestations of the general business risk cannot be adequately quantified and consequently also not limited. This gap is closed, among other things, through self-assessments as part of the annual risk inventories, which subject those risks to an approximate assessment.

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 if necessary. In order 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 the Group's limit systems, and subject to compliance with the regulatory requirements. The limits are subject to annual approval and monitoring involving the Supervisory Board. Within the framework of a credit value-at-risk model, unexpected losses, quantified in monetary terms, are calculated on the basis of the unsecured portions of the exposure, the likelihood of the counterparty defaulting and the relevant correlations. In respect of public-sector borrowers and banks, recovery factors are also taken into consideration.

In accordance with its lending strategy, the Bank's primary lending business represents a complementary business activity as part of the depositary or custody business. Loans will only be granted to fund clients, clients of external asset managers, professional private clients and companies in which the Bank holds the depositary or custody function as well as to entities within the Apex Group Ltd. The lending business focuses on low-risk, well-secured and less processing intensive loans.

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 capitalise on income opportunities. For the daily evaluation of market price risks, the Bank employs a value-at-risk approach which compares and contrasts the results with the limits that have been fixed.

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 through countertrades and to manage technical foreign exchange positions. Secondary FX-swaps are used as alternative to money market time deposit, because for the FX-Swaps the default risk is lower due to the exchange of capital amounts.

In order 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, taking into account deposit base assumptions specific to the Bank. The liquidity balances are computed taking into account liquidity reserves in the form of cash reserves, assets with central banks and unencumbered securities comprised 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. In order 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 support risk control, the deposit concentrations are shown in daily reports and indicators are integrated enabling the early identification of negative changes in the liquidity situation. In the unlikely event of a liquidity shortage, escalation procedures and measures have been set.

Operational risks are countered by the Bank by means of clearly defined competencies and responsibilities. Our regulations and detailed procedural documentation for all departments on all essential work processes, duties and responsibility are kept constantly up to date, helping us to identify, limit and avoid 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 focal risk control methods. In addition, the Bank has taken out insurances 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 using the Apex Group online Learning Management System "Knowledge Academy".

Taking into account 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 effect.

A value-at-risk methodology is then used to calculate operational risks and allocate an appropriate risk capital. Important information with regard to risk management is provided by the risk inventory and by the loss database, which contains details of all gains and losses arising from operational events.

Additional indications result from the risk notifications filed by the Bank's staff and 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 in order 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, the review of individual contracts on a regular basis and the regular update of wording and various clauses of contracts, as applicable, according to the prevailing legislation and business practices, with recourse being had for this to the expertise of external legal advisers. With respect to the branches in foreign jurisdictions, risk mitigation shall be achieved by using our standardised contracts and documents as 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 2020, all employees received training 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 via the Apex Group online Learning Management System "Knowledge Academy".

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.

In order to simulate risks in extreme market situations, stress tests are carried out, in addition to the normal risk measurement procedures, with regard to 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 inverted 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 European Depositary Bank SA 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.

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Business Development of the Bank

Prospects

The year 2020 was dominated by the Covid-19 pandemic. It has transformed the world we live in and will therefore also have a significant impact on 2021, as vaccines have been developed, but broad protection through vaccination may still take time.

The EDB and the Apex Group Ltd. have managed the imponderables very well and we are very confident that we will do the same in this year.

In 2021 we will again add additional mandates to our business and will strengthen our good position in the depositary and custody market in Luxembourg, Ireland, Malta and our new created branch in UK.

Beside our new onboarding solution we have launched in 2020, in 2021 we will add a new digital banking solution to our existing core areas of business, which are the provision of depositary and custody services, handling transactions for clients of external asset managers and meeting the needs of institutional clients through bank accounts services.

We will create a digital bank, offering our new corporate clients the ability to access their accounts securely via a portal and to instruct payments and undertake foreign exchange transactions. It will bring enhanced automation, will reduce the risk of manual error and will also further automate EDB's AML and CTF control processes. This solution will contribute to a fully digital core banking platform, with access to a full range of Apex financial solutions.

For this year we expect volatile stock markets with some upside potential, low interest rates and some upward movement in the inflation ratio.

In the field of proprietary investments, we will continue to pursue our established investment policy, against a background of what is expected to be an unattractive interest rate environment.

Beside the implementation cost for regulations, the implementation of new services, further investments into our infrastructure and cloud based solutions will lead to an increase in administrative expenses.

Based on our assumptions and planning, we are very convinced to achieve a result that is very appropriate and a very reasonable return on equity.

Luxembourg, May 7, 2021

The Management Board

Report of the Supervisory Board

During the 2020 financial year, the Management Board kept the Supervisory Board regularly, promptly and exhaustively informed, both orally and in writing, about the bank's situation and the development of its business. The tasks prescribed by law and by the memorandum and articles of association have been fully performed by the Supervisory Board. During the periods between the four meetings that were held in the 2020 financial year, the Management Board regularly informed the Chairman and all members of the Supervisory Board of all significant developments and decisions.

The main topics covered by the reporting to the Supervisory Board were the bank's economic situation, the key financial figures, basic issues in respect to business policy and strategy, risk management, internal audit reports and other important occurrences. Significant discussion topics included: the expansion of its depositary and custodian bank business in Luxembourg and also via its branches in Dublin, Malta and UK; investment in the technical infrastructure; the persistant need for resources arising from the implementation of projects designed to meet regulatory requirements and to improve procedures; the substantial increase in the provision of individual services in the area of registration and transfer business; the implementation of new reporting requirements and supervisory provisions; and the imposition of additional demands, especially as regards the IT infrastructure, liquidity positions and capital adequacy.

Decisions regarding proposed transactions requiring approval were made in writing and in the form of circular resolutions.

Together with the Management Board, the Supervisory Board discussed the earnings situation in the light of the investments made and against the background of the current and newly launched projects, the challenging interest rate environment and the low risk profile of the bank. The impact on the business model of the current regulatory requirements, and of those to be expected in the future, was considered in detail. It was decided to continue with the orientation towards a low-risk investment policy in relation to the bank's own holdings.

Report of the Supervisory Board

The Supervisory Board regularly discussed the risk situation of the bank with the Management Board and took a closer look at the further development of the systems and procedures required for controlling the risks inherent in banking business.

The annual financial statements and the management report for the 2020 financial year were audited by Deloitte Luxembourg, Société à responsabilité limitée, and found to be in accordance with the legal requirements. They were given an unqualified audit certificate. The Supervisory Board took note of, and approved, the result of the audit of the annual auditor.

The audited annual financial statements were presented to the Supervisory Board and discussed in detail at its meeting held on May 5, 2021. No objections thereto were raised by the Supervisory Board. Accordingly, the Supervisory Board approved the annual financial statements and forwarded them to the general meeting for adoption.

At end of the first quarter of 2020, the Supervisory Board initiated a Review of Corporate Governance with a view of changing over the corporate structure from a two tier to a one tier structure. The review was carried out by the Chairman. As a result of the Review it was agreed that the Board should have a majority of independent non-executive directors and introduce the Special Committees of the Board according to amended CSSF Circular 12/552. Three reports were further produced to implement the changeover: a] Code of Conduct for the Board, b] Internal Governance Arrangements and c] Special Committees of the Board. The Supervisory Board agreed with the recommendations. All documents together with updated Memorandum and Articles were submitted to the CSSF. The changeover is expected to take place during the course of 2021.

Georges Schmit has resigned from his function as member of the Supervisory Board of European Depositary Bank SA, Luxembourg with effect from January 25, 2020. The Supervisory Board offers its thanks to Mr Schmit. Mr Schmit has been replaced by Mr Roland Steies, who has been appointed as member of the Supervisory Board on March 13, 2020.

David Carrick has resigned from his function as member of the Supervisory Board of European Depositary Bank SA, Luxembourg with effect from March 3, 2021. The Supervisory Board offers its thanks to Mr Carrick.

The Supervisory Board also offers its thanks to the Management Board and to the staff at European Depositary Bank SA for their work and the successful result for the year.

Luxembourg, May 7, 2021

The Supervisory Board
Prof. Joseph Bannister
– Chairman –

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, L-1468 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, 2019 to September 30, 2020. Deloitte's review of the controls did not result in any significant findings.

Balance Sheet

As at December 31, 2020

(Expressed in EUR)

	Assets		Dec. 31, 2020	Dec. 31, 2019
1.	Cash in hand, balances with central banks and post office banks		1,581,614,544.15	1,216,715,349.13
2.	Loans and advances to credit institutions	3.1	89,622,261.67	87,608,491.97
	a) repayable on demand		72,950,728.11	87,608,491.97
	b) other loans and advances		16,671,533.56	0.00
3.	Loans and advances to customers	3.2	28,779,684.80	35,864,336.11
4.	Debt securities and other fixed-income securities	3.3.	370,825,225.47	377,090,755.27
	a) issued by public bodies		103,293,824.93	117,380,509.66
	b) issued by other borrowers		267,531,400.54	259,710,245.61
5.	Participating interests	3.4/3.5.	26,728.89	26,728.89
6.	Shares in affiliated undertakings	3.4/3.6	61,937.97	317,937.97
7.	Intangible assets	3.4	6,697,493.23	1,768,265.29
8.	Tangible assets	3.4	666,793.29	696,346.20
9.	Other assets	3.7	29,851,708.45	10,987,164.44
10.	Prepayments and accrued income	3.8	2,568,414.86	1,747,450.93
	Total assets		**2,110,714,792.78**	**1,732,822,826.20**

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

Balance Sheet

	Liabilities		Dec. 31, 2020	Dec. 31, 2019
1.	Amounts owed to credit institutions		1,131,711.46	2,481,183.11
	a) repayable on demand	3.9	1,131,711.46	2,481,183.11
	b) with agreed maturity dates or periods of notice	3.9	0.00	0.00
2.	Amounts owed to customers		1,999,611,138.24	1,668,101,795.78
	Other debts			
	a) repayable on demand		1,996,042,007.61	1,660,174,513.46
	b) with agreed maturity dates or period of notice	3.10	3,569,130.63	7,927,282.32
3.	Other liabilities	3.11	47,630,327.90	14,641,999.83
4.	Accruals and deferred income	3.12	5,823,647.53	881,250.63
5.	Provisions	3.13	14,349,455.65	12,364,833.76
	a) Provisions for pensions and similar obligations		439,544.42	487,481.43
	b) Provisions for taxation		8,994,323.57	5,664,156.23
	c) Other provisions		4,915,587.66	6,213,196.10
6.	Subscribed capital	3.14	13,000,000.00	13,000,000.00
7.	Reserves	3.15	19,740,000.00	19,740,000.00
8.	Profit or loss brought forward		111,763.09	76,583.43
9.	Profit or loss for the financial year (after deduction of the interim dividend)		9,316,748.91	1,535,179.66
	a) Profit or loss for the financial year (before deduction of the interim dividend)		9,316,748.91	17,296,579.66
	b) Interim dividends		0.00	-15,761,400.00
	Total liabilities		**2,110,714,792.78**	**1,732,822,826.20**

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

	Off-balance sheet items		Dec. 31, 2020	Dec. 31, 2019
1.	Contingent liablities	3.16	2,225,245.92	3,262,982.02
	showing separately:			
	guarantees and assets pledged as collateral security		452,937.14	2,979,547.78
2.	Commitments	3.17	0.00	1,513,156.43
3.	Fiduciary transactions	3.18	420,894,128.94	342,670,414.51

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

Profit & Loss

For the year ended December 31, 2020

(expressed in EUR)

	Income		2020	2019
1.	Interest receivable and similar income, showing separately:		19,600,070.28	26,652,304.49
	that arising from fixed-income securities		2,687,218.70	3,250,441.98
2.	Income from transferable securities:		254,407.68	14,047,160.33
	a) Income from shares and other variable-yield securities		0.00	0.00
	b) Income from participating interests		0.00	0.00
	c) Income from shares in affiliated undertakings		254,407.68	14,047,160.33
3.	Commissions receivable		39,127,370.22	25,460,995.58
4.	Net profit on financial operations		0.00	196,400.86
5.	Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		0.00	0.00
6.	Other operating income	4.3	1,976,014.51	12,217,612.43
	Total income	4.1	**60,957,862.69**	**78,574,473.69**

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

Profit & Loss

For the year ended December 31, 2020

(expressed in EUR)

	Charges		2020	2019
1.	Interest payable and similar charges		11,520,938.24	19,787,179.73
2.	Commissions payable		4,157,612.73	3,361,783.94
3.	Net loss on financial operations		67,508.63	0.00
4.	General administrative expenses		31,013,965.64	27,475,348.54
	a) Staff costs, showing separately:		18,309,216.24	17,353,699.32
	aa) wages and salaries		15,423,885.78	14,684,816.59
	ab) social security costs, with a separate		2,456,783.07	2,248,520.96
	indication of those relating to pensions		481,943.03	419,849.74
	b) Other administrative expenses	4.4/4.5	12,704,749.40	10,121,649.22
5.	Value adjustments in respect of assets items 8 and 9		925,460.80	935,126.06
6.	Other operating charges	4.6	614,151.71	666,843.09
7.	Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shared in affiliated undertakings		133,458.65	5,858,899.30
8.	Tax on profit or loss on ordinary activities		3,197,000.00	3,186,000.00
9.	Profit or loss on ordinary activities after taxes		(9,327,766.29)	(17,303,293.03)
10.	Other taxes not shown under the preceding items		11,017.38	6,713.37
11.	Profit for the financial year		9,316,748.91	17,296,579.66
Total charges			**60,957,862.69**	**78,574,473.69**

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, 3, Rue Gabriel Lippmann.

The Bank is registered in the Commercial Registry of the City of Luxembourg under No B 10700.

The Bank's memorandum and articles of association were last amended by notary deed of Danielle Kolbach, Notary practising in Luxembourg, dated June 24, 2019 and published in the RESA [Official Gazette], number 162 of July 15, 2019.

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. The onboarding of clients has started in 2020.

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. EDB London Branch should commence operations in Q2 2021.

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 annual accounts 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.

Notes

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, 2020.
- Income and expense items are recorded at their rate of transaction date.

Notes

- 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 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 (for tax reasons) even where the underlying reason for them has ceased to apply. As at the balance-sheet date, possible write-ups amounting to € 193 k were not made.

- Participating interests, shares in affiliated undertakings, tangible assets and intangible assets are valued at the cost of acquisition.

- 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. 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, 2020, 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.

- In order to present comparative figures in the annual accounts, the following balances have been reclassified as of December 31, 2019:
  - Negative interest from assets transactions which have been previously recorded as reduction of interest income have been booked in “Interest payable and similar charges”.
  - Negative interest from liabilities transactions which have been previously recorded as reduction of interest expense have been booked in “Interest receivable and similar income”.

3. Notes to the balance sheet

As at the balance sheet date, assets denominated in foreign currencies totalled € 358,868k (previous year: € 277,690k), representing 17 % (previous year: 16 %) of the balance sheet total. Liabilities denominated in foreign currencies totalled € 664,221k (previous year: € 616,842k), representing 31 % (previous year: 36 %) of the balance sheet total.

3.1. Loans and advances to credit institutions and customers

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

Remaining maturity	Credit institution	
€ x 1,000	**Dec. 31, 2020**	**Dec. 31, 2019**
Up to 3 months	16,6720	0
More than 3 months and up to 1 year	0	0
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**16,6720**	**0**

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

Loans repayable on demand to credit institutions amounted to € 72,951k (previous year: € 87,608k).

The carrying amount of the loans and advances to credit institutions reflect the maximum credit risk exposure as at December 31, 2020.

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	**Customers**	
€ x 1,000	**Dec. 31, 2020**	**Dec. 31, 2019**
Up to 3 months	4,383	6,177
More than 3 months and up to 1 year	0	14
More than 1 year and up to 5 years	0	37
More 5 years	0	0
Total	**4,383**	**6,228**

These loans and advances correspond to receivables from affiliated companies and participations, amounting to € 4,383k (previous year: € 6,177k).

Loans to customers repayable on demand totalled € 24,397k (previous year: € 29,636k). These are almost exclusively covered by collateral in the form of securities or other instruments.

The carrying amount of the loans and advances to customers reflect the maximum credit risk exposure as at December 31, 2020.

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, 2020.

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, 2020.

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 € 370,825k (previous year: €377,091k).

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, 2020	Dec. 31, 2019
Up to 3 months	78,002	9,997
More than 3 months and up to 1 year	122,628	105,911
More than 1 year and up to 5 years	170,195	261,183
More than 5 years	0	0
Total	**370,825**	**377,091**

Of the exclusively officially quoted bonds and other fixed-interest securities shown, € 200,630k represent instruments maturing in 2021 (previous year: € 115,908k maturing in 2020). A nominal value of € 240,704k is available for use in open-market transactions with the European Central Bank. The nominal sum of € 51,250k is being kept with a depositary as collateral for futures transactions.

The carrying amount of the financial instruments reflect the maximum credit risk exposure as at December 31, 2020.

3.4. Schedule of fixed asset movements

	Item € x 1,000	Gross value at Jan. 1, 2020	Additions	Disposals	Gross value at Dec. 31, 2020	Accumulated depreciation as at Dec. 31, 2020	Depreciation charged in 2020	Net value as at Dec. 31, 2020 (excluding Lump-sum provision)
1.	Participating interest	27	0	0	27	0	0	27
2.	Shares in affiliated undertakings[1)]	318	0	0	318	256	256	62
3.	Tangible assets, of which	1,964	227	68	2,123	1,456	236	667
a)	Land and buildings	0	0	0	0	0	0	0
b)	Business and office equipment	1,964	227	68	2,123	1,456	236	667
4.	Intangible assets	7,503	5,816	197	13,122	6,425	690	6,697
a)	Licences	7,306	1,899	0	9,205	6,425	690	2,780
b)	Payments on account	197	3,917	197	3,917	0	0	3,917
	Total	**9,812**	**6,043**	**265**	**15,590**	**8,137**	**1,182**	**7,453**

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

The remaining amount of the investment in the shares in affiliated companies “Metropolitan Trading Corporation S.A.” was derecognized due to liquidation as of September 30, 2020 and the shares have been derecognized for an amount of €256k (previous year: € 5,755k).

3.5. Participating interests

The bank holds shares in the following company:

Name	Shareholding in %	
	2020	2019
Quint:Essence Capital S.A.	20	20

3.6. Shares in affiliated undertakings

The bank holds shares in the following companies:

Name	Shareholding in %		Net Equity €	Result of the last financial year €
	2020	2019	2019	2019
Nestor Investment Management S.A.	51	51	904,592	318,698

In reference to Article 83 (1) of the Luxembourg Law of June 17, 1992, the Bank does not consider its subsidiary to be material for the purpose of Article 85 (3) of the Luxembourg Law of June 17, 1992. Consequently, the Bank does not prepare consolidated annual accounts.

3.7. Other assets

The following is a breakdown of other assets:

€ x 1,000	Other assets	
	Dec. 31, 2020	Dec. 31, 2019
Custodian and depositary fees receivables	11,468	6,444
Tax receivables	2,591	1,236
Redemption receivables	13,544	1,729
Other receivables	2,249	1,578
Total	**29,852**	**10,987**

3.8. Prepayments and accrued income

The following is a breakdown of prepayments and accrued income:

€ x 1,000	Dec. 31, 2020	Dec. 31, 2019
Accrued interest	615	1,135
Accrued prepaid expense	1,895	572
Accrued interest on own securities	58	40
Total	**2,568**	**1,747**

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 € 1,132k (previous year: € 2,481k).

3.10. Amounts owed to customers

The following is a breakdown of amounts owed to customers other than those repayable on demand:

Remaining maturity	**Customers**	
€ x 1,000	**Dec. 31, 2020**	**Dec. 31, 2019**
Up to 3 months	2,625	6,808
More than 3 months and up to 1 year	944	1,119
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**3,569**	**7,927**

In addition, repayable on demand liabilities to customers amounted to € 1,996,042k (previous year: € 1,660,175k).

Liabilities to affiliated companies and the participations are included in the liabilities to customers and correspond to € 4,645k (previous year: € 9,806k).

3.11. Other liabilities

The following is a breakdown of other liabilities.

€ x 1,000	Other liabilities	
	Dec. 31, 2020	Dec. 31, 2019
Trade payables/Other liabilities	2,775	835
Unpaid taxes	163	309
Short term payables	44,692	13,498
Total	**47,630**	**14,642**

The short term payables include margin accounts and collateral balances. Trade payables/Other liabilities included mainly staff costs.

3.12. Accruals and deferred income

The following is a breakdown of accruals and deferred income:

€ x 1,000	Dec. 31, 2020	Dec. 31, 2019
Accrued interest income	541	292
Accrued other income	17	19
Accrued of premium on own securities	567	173
Valuation of currency swap positions	4,699	397
Total	**5,824**	**881**

3.13. Provisions

The following is a breakdown of provisions:

€ x 1,000	Dec. 31, 2020	Dec. 31, 2019
Provision for pensions and similar obligations	439	488
Provision for taxation	8,994	5,664
Lump-sum provision	175	157
Operational risks	729	802
Social security contributions	739	648
Vacation reserves	350	115
Other provisions	2,923	4,491
Total	**14,349**	**12,365**

3.14. Subscribed capital

The Bank's subscribed capital amounts to € 13,000k.
The share capital of €13,000k is divided into 50,000 shares without nominal value.

3.15. Reserves

€ x 1,000	Dec. 31, 2020	Dec. 31, 2019
Statutory reserve	1,300	1,300
Other capital reserves	2,556	2,556
Free reserves	15,884	15,884
Total	**19,740**	**19,740**

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.

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 free reserves contain a non-distributable amount of € 5,194k (previous year: € 4,151k) for special reserve formed according to paragraph 8a of the Wealth Tax Law.

3.16. Contingent liabilities

Contingent liabilities (€ 2,225k), are composed of collateral provided by the Bank on behalf of customers to third parties (€453k) and of guarantees and other direct credit substitutes (€ 1,772k).

Remaining maturity € x 1,000	**Dec. 31, 2020**	**Dec. 31, 2019**
Up to 3 months	627	1,662
More than 3 months and up to 1 year	1,598	1,601
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**2,225**	**3,263**

3.17. Commitments

The unutilised commitments concern irrevocable credit commitments to customers.

Remaining maturity **€ x 1,000**	**Dec. 31, 2020**	**Dec. 31, 2019**
Up to 3 months	0	0
More than 3 months and up to 1 year	0	1,513
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**0**	**1,513**

3.18. Fiduciary transactions

As at the balance sheet date, there were thirty-seven fiduciary transactions with customers amounting to € 420,894k (previous year: € 342,670k).

4. Notes to the profit and loss account

4.1. Breakdown of income

€ x 1,000	**2020**	**2019**
Interest receivable and similar income	19,600	26,652
Income from shares and other variable-yield securities, participating interests and shares in affiliated undertakings	254	14,047
Commissions receivable	39,127	25,460
Net profit on financial operations	0	197
Other operating income	1,976	12,218
Total income	**60,957**	**78,574**

4.2. Service business

In 2020, 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. 2020	December 31,2019
Remuneration and reimbursements of expenses in respect of services rendered by the Bank to third	1,321	1,573
Release of other provisions	292	236
Asset disposal with book profit	2	9,069
Penalty payment	0	50
Release of tax provisions	0	570
Release of the AGDL provision corresponding to the contribution to the Single Resolution Fund	0	380
Other income	358	340
Total	**1,976**	**12,218**

4.4. Other administrative expenses

Other administrative expenses include expenditure on securities-related research and information services (€ 849k), maintenance costs in respect of computer hardware and software (€ 3,003k), buildings and occupancy costs (€ 1,579k), compulsory contributions costs(€ 864k) and consultancy fees (€ 4,833k).

4.5. Fees for services rendered by the independent auditor

€ x 1,000	2020	2019
Audit of annual accounts	214	253
Other assurance services	61	125
Tax advice services	111	19
Other services	0	13

The figures stated do not include value added tax.

In the General Meeting of July 17, 2020 it was decided to appoint Deloitte Luxembourg as an auditor for the financial year 2020.

4.6. Other operating charges

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

€ x 1,000	Dec. 31, 2020	Dec. 31, 2019
Operational loss	181	107
Asset disposal with book loss	7	145
Expenses relating to previous years	426	166
Expenses resulting from the merger with LRI Depositary S.A.	0	249
Total	**614**	**667**

5. Other financial commitments

Commitments arise from rental contracts, amounting to € 5,384k (previous year: € 5,880k) and from a lease contract, amounting to € 224k (previous year: € 529k).

6. Derivatives

At the balance sheet date:

- The nominal value of forward transactions in foreign currencies on behalf of customers correspond to € 2,065,507k.
- The nominal value of forward transactions in the form of foreign-currency swaps correspond to € 342,137k and are concluded by the Bank as a hedge against foreign currency risks.
- The nominal value of forward transactions in the form of interest outrights correspond to € 363k and are concluded by the Bank as a hedge against interest rate risks.
- There were no forward transactions in the form of 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	0	0	0	, 0	0	0
Unrelated credit institutions	1,390,900	13,654	-8,651	27,655	(19,773)	7,882
Customers	1,028,649	3,493	-12,901	13,903	(7,665)	6,238
	2,419,549	**17,147**	**-21,552**	**41,558**	**(27,428)**	**14,120**

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 0.44%.

8. Disclosure in accordance with Part 8 of Regulation EU No 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 2020 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 will be 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)).

Notes

10. Staff

During the 2020 financial year, the Bank had an average workforce of 182 broken down into the following groups:

Management	2
Executives	17
Salaried employees	163

11. Corporate bodies

Since December 18, 2009, the Bank has been managed in accordance with the dual control structure, consisting of the Management Board and the Supervisory Board. The conduct of the Bank's business is the responsibility of the Management Board. The Supervisory Board exercises permanent control over the activities of the Management Board.

The composition of the Bank's corporate bodies was as follows during the 2020 financial year:

Supervisory Board:

Prof. Joseph Bannister
- *Chairman* -
Retired Chairman of the Malta Financial Services Authority

Peter Hughes
- *Deputy Chairman* -
CEO and Founder of Apex Fund Services Ltd.

David Carrick (until March 3, 2021)
CFO of Apex Group Ltd.

Georges Schmit (until January 25, 2020)
Retired Senior Economic Advisor of the Luxembourg Government

Roland Steies (as from March 13, 2020)
Retired Managing Director of BHF Bank International

Management Board:

Rüdiger Tepke

Stefan Forse (until June 30, 2021)

No Loans and guarantees were granted to the members of the 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.

As there are no material components for consolidation, the Bank does not prepare its own partial consolidated financial statements in accordance with Article 80 of the Law of June 17, 1992.

13. Subsequent events

David Carrick has resigned from his function as member of the Supervisory Board of European Depositary Bank SA, Luxembourg with effect from March 3, 2021.

Stefan Forse has resigned from his function as member of the Management Board of European Depositary Bank SA, Luxembourg with effect from June 30, 2021.

In 2021, the transfer agency business from EDB has been partly 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. In Q2 of 2021, the transfer agency business in relation to EDB's UCITS clients and the second part of the transfer agency business in relation to EDB's alternative investment fund clients will be transferred.

Luxembourg, May 7, 2021

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