



**ANNUAL REPORT**

**2022**

## Business Development

EUR x 1 million	2022	2021	2020	2019	2018
Balance sheet total	1,619.00	1,565.0	2,110.7	1,732.8	1,207.3
Share capital and reserves	67.4	50.2	32.9	32.8	37.6
Profit for the year	2.8	8.9	9.3	17.3	3.4
Depositary bank / lite mandates (funds / sub-funds) (number)	586	586	522	456	368
Depositary bank / lite mandates (assets) (EUR x 1 billion)	149.7	106.9	88.6	75.8	34.5
Custody only mandates (EUR x 1 billion)	3.4	3.9	3.5	3.9	3.7
Employees (number)	258	214	179	192	171

## Table of Content

	<b>Page</b>
Corporate bodies	5
Economic environment	6
Business development of the bank	9
Audit opinion	19
Balance sheet	20
Notes	24

## 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

As per December 31, 2022, the composition of the Board of Directors and the Executive Management Board is as follows:

### **Board of Directors**

Professor Joseph Bannister  
- *Chairman* -

David Claus  
(as of 25.05.2022)

Peter Hughes

Charles Muller

David Rhydderch  
(as of 9.12.2022)

Roland Steies

### **Executive Management Board**

David Claus  
- *Chief Executive Officer* -  
(as of 25.05.2022)

Holger Barth

Robert Steele  
(as of 12.12.2022)

Jean-François Thils  
(as of 12.12.2022)

The composition before December 31 2022 can be found on page 43.

## Economic Environment

In 2022, the world appeared to have turned a corner with the lessening impact of COVID-19, the first global pandemic in a century. Nevertheless, the economic aftershocks still lingered, as the ongoing conflict in Ukraine dragged down global growth and put additional upward pressure on prices, above all for food and energy<sup>1</sup>. Supply chain disruptions and most notably, food price shocks contributed to high levels of inflation in the Eurozone area. Furthermore, the global banking sector experienced major setbacks early in 2023. While the Silicon Valley Bank collapsed due to failure to anticipate the effect of locking the depositors' money into relatively low interest rate securities, the Credit Suisse Bank on the other hand, failed after being implicated in various scandals which resulted in huge withdrawals of funds from the bank.

Many countries started to abandon the lockdown rules, travel restrictions and the fiscal policy measures applied to businesses, households and economies overall throughout the pandemic, such as banking regulators issuing loan moratoriums, lending institutions offering payment deferrals, credit guarantees to firms and some government tax cuts. Together, these interim measures were designed to introduce much-needed liquidity support to firms and businesses, and ensure that they could continue to operate by stimulating economic activity, boosting confidence, and reducing unemployment during a period of unprecedented upheaval.

A number of unprecedented policy and fiscal measures were also taken around the globe in the fight to combat climate change. To keep global warming to no more than 1.5°C (as called for in the Paris Agreement) emissions need to be reduced by 45% by 2030 and reach net zero by 2050, as yet many governments are still nowhere near hitting these targets. Some countries and supranational bodies significantly updated their targets and implemented new policies in 2022, including the United States and EU.

The global economy also experienced a number of turbulent geopolitical challenges throughout the year, including political upheaval in the UK, Pakistan and the 2022 midterm elections in the United States, as well as humanitarian protests in Iran and China. Despite such challenges, ongoing pressures and looming stagflation, The International Money Fund ("IMF") projected that the global economy reach \$104 trillion in 2022. With a GDP of \$22.3 trillion, the United States is by far the world's largest economy in the 2022 ranking, followed by China with a GDP of \$19.9 trillion.

---

<sup>1</sup> "Paying the Price of War, OECD Economic Outlook" – Interim Report, September 2022

<sup>2</sup> "World Economic Outlook - Countering the Cost-of-Living Crisis" - IMF, October 2022

## Business Development of the Bank

The future health of the global economy now rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply chain disruptions, for example in China<sup>3</sup>. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023.

### MONETARY POLICY

The ECB, in common with other central banks, raised interest rates at unprecedented levels during 2022 in order to bring supply and demand back in to balance, and to return inflation rates to the 2% target<sup>4</sup>.

According to the Financial Times, these co-ordinated interest rate hikes were the largest in two decades, and signalled the end of the era for low interest rates<sup>5</sup>.

A sharp tightening of monetary policy in many countries, including the United States, threatened to curtail global growth<sup>6</sup>. The Federal Reserve ("The Fed"), European Central Bank ("ECB"), and Bank of England ("BoE") all raised rates in the third quarter. The Fed funds raised by 75 basis points to 3.25 percent in September, the third consecutive 75 basis point increase. The BoE's Monetary Policy Committee ("MPC") said that Britain's economy was in recession and raised interest rates to tackle the worst bout of inflation for 40 years to 2.25percent<sup>7</sup>.

In 2022, almost half the countries around the world experienced double, or even triple digit inflation. Globally, Zimbabwe (269 percent), Lebanon (162 percent) and Venezuela (156 percent) had the highest inflation rates. In contrast, overall inflation levels in China, have been relatively much lower than the other world economies (2.6 percent) hampered in part by domestic consumer demand slump, due to lockdowns imposed as part of its zero COVID-19 policy<sup>8</sup>.

By October 2022, The ECB said that the narrative in financial markets had shifted from inflation concerns to expectations that central banks worldwide would slow down, halt and ultimately reverse interest rate hikes. Global inflationary pressures continued to ease in Q4 2022, with Euromonitor<sup>9</sup> reporting that slower economic growth, and consequently falling B2B demand for manufactured goods, stabilisation of commodity prices, and improvements in global supply chains all helping to cap inflation growth.

### THE EUROZONE ECONOMY

Eurostat reported that the Eurozone economy grew at 0.2 percent in the third quarter of 2022, following 0.7 percent in the first and 0.8 percent in the second quarter<sup>10</sup>. The EU's statistics office confirmed that Eurozone gross domestic product slowed in the last three months of 2022, but stayed in positive territory. GDP in the 19 countries sharing the Euro at the end of 2022, expanded by 0.1 percent quarter on quarter for a 1.9percent year-on-year rise.

---

<sup>3</sup> "Future Health of Global Economy's Rests Critically on the Calibration of Monetary Policy: IMF - Business Today, October 2022

<sup>4</sup> "What's Over the Horizon? Monetary Policy in 2023 and Beyond" - IIEA Dublin – Gabriel Makhoul, December 2022

<sup>5</sup> "Central banks launch most widespread interest rate rises for two decades" – The FT, May 29, 2022

<sup>6</sup> "Chief Economists Outlook", World Economic Forum, September 2022

<sup>7</sup> "UK in Recession says Bank of England as it raises interest rates to 2.25%" – The Guardian, Sept.22, 2022

<sup>8</sup> "China's Inflation Defies Global Trends. What Does it Mean for Chinese Stocks?" – NASDAQ, Sept. 05, 2022

<sup>9</sup> "Global Inflation Tracker: Q4 2022" – Euromonitor, December 2022

<sup>10</sup> "GDP up by 0.2% in both the EU area and the EU" - Eurostat, October 31, 2022

## Business Development of the Bank

Eurozone growth in the final quarter of 2022 surprised many analysts avoiding recession, and they are struggling to foresee strong growth ahead. The ECB Q4 bank lending survey<sup>11</sup> shows a strong deterioration in loan demand with Euro area banks reporting a substantial tightening of credit standards for loans or credit lines to enterprises in the fourth quarter of 2022. A number of risks related to the economic outlook, industry developments, firm-specific situations and bank's risk tolerance levels were cited as key factors contributing to this outcome.

### GEOPOLITICAL TENSION IN ASIA

In May 2022, President Biden and a dozen Indo-pacific partners (representing 40 percent of the world's GDP) launched the Indo-Pacific framework for Prosperity. Australia, Brunei, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam signed up to this framework to solidify their relationships and engage in crucial economic and trade matters that concern the region, such as building resilient supply chains battered by the pandemic<sup>12</sup>.

By Q3 2022, the global economic outlook was dominated by rising inflation in the G7 economies and downside risk increases due to the growing uncertainties caused by rising geopolitical tension between China and Taiwan, which marked China's economic slowdown. In addition, as central banks made it clear that inflation control via sharp tightening of monetary policy was their top priority globally, both shares and bonds came further under pressure.

### COMBATING CLIMATE CHANGE

Around the globe, Governments launched financial rescue packages to help avoid climate change impacts and help to set humanity on a brand new course for a more sustainable economic paradigm. Despite these efforts, many companies still lag behind where they need to be if the world is to halve global emissions by 2030.

UN Secretary General António Guterres opened the COP27 summit in Egypt with a warning that humanity is on a "highway to climate hell with our foot on the accelerator". During difficult negotiations, COP27 ultimately delivered one historic outcome - developed countries agreed to provide finance to vulnerable countries to handle the loss and damage caused to human societies and the natural environment by climate change<sup>13</sup>.

### THE FUTURE OUTLOOK

In December 2022, respondents to the McKinsey Global Survey on Economic Conditions said they remain more wary about the future of the global economy and their countries' economies than they were at the start of 2022<sup>14</sup>.

Economists also predict that the main drivers of economic conditions in advanced economies will pivot from one of rising central bank inflation and increasing central bank policy rates to a significant slowdown of economic activity<sup>15</sup>. Global growth is predicted to slow from 2.9 percent in 2022 to 1.7 percent in 2023<sup>16</sup> and the future outlook will be subject to considerable downside risks, including the possibility of higher inflation, even tighter monetary policy, financial stress and rising geopolitical tensions.

---

<sup>11</sup> The Euro area bank lending survey, Fourth quarter of 2022 – ECB, January 2023

<sup>12</sup> "The Indo-pacific economic framework: What it is and why it matters" – CNBC, May 2022

<sup>13</sup> "COP27 Outcomes: progress and pitfalls in the race to net zero", PwC, 2022

<sup>14</sup> "Economic conditions outlook during turbulent times" – McKinsey & Co., December 2022

<sup>15</sup> "Soaring Inflation Puts Central Banks on a Difficult Journey" – IMF Blog, August 1, 2022

<sup>16</sup> "The Global Economic Outlook in Five Charts" – World Bank Blogs, January 10, 2023



## Business Development of the Bank

EDB 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 Depository Bank in 2019.

EDB is an EU authorized credit institution and has a long tradition of providing Banking, Depository 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 depository services in Europe for regulated UCITS and alternative funds with €176.2bn Assets under Depository and €24bn Assets under Custody (as of December 31, 2022). 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 true cross-jurisdictional offering with depository and custody capabilities in branches in Ireland, UK and Malta.

European Depository 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 Depository and Custody Services to a wide range of fund structures and SPVs. Depository services offered include both full-depository and depository-lite services.

European Depository Bank SA, Malta Branch ("EDB Malta Branch") has also been established in 2019 and onboarding of clients has started in 2020. European Depository Bank SA, London Branch ("EDB London Branch") was established on January 24, 2020.

In 2022, the bank continued focussing on depository 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 depository 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.

Clients availing themselves of our depository 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

## Business Development of the Bank

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. The opening of the branches and the services offered out of the Group has given the bank access to new international clients. In 2022, 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 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.

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 complement very well with 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, focusing on Lombard loans and the pre-financing of capital calls, is only offered on a reactive basis.

As of December 31, 2022, the Bank's balance sheet total amounted to €1,619.0 million. The balance sheet structure remained more or less unchanged from the previous year.

Customer deposits, 98.9% of which related to funds and Luxembourg funds held in safe custody, increased by €4.2 million to €1,473.7 million. The loans to customers reduced by €2.6 million to €23.0 million, with lending operations once again being conducted on a very 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, 2022, the Bank was acting as a depositary bank for Luxembourg funds and specialized investment funds having a total volume of €147,342,965k (previous year: €104,530,244k) and for securitisation vehicles having a volume of €2,334,645k (previous year: €2,397,440k). In addition, the Dublin branch is holding a volume of €25,384,497k as of December 31, 2022 (previous year: €19,891,324k) the Malta Branch is holding a volume of €1,121,262k (previous year: €558,180k) and London Branch is holding a volume of €6,537k. In total we are holding a volume of €176.2 billion (previous year: €127.4 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 € 44.3 million (previous year: € 40.0 million), once again contributed significantly to the overall result.

Due to the various interest hikes during 2022 net interest income increased by €7.3 million, or 131.4%, to €12.9 million due to an increase in customer deposits.

General administrative expenses rose by €13.6 million, or 38.1%, to €49.2 million.

Pre-tax profit decreased by €7.4 million, or 66.1%, to €3.8 million. The net profit for the year amounted to €2.8 million, i.e. €6.1 million, or 68.2%, below the previous year's figure.

### Personnel

The past year has been an exciting one for our organization in terms of personnel development. We have made significant strides in restructuring our organizational structure, which has enabled us to be more responsive to the changing business environment. As a result, we have been able to better serve our clients and deliver outstanding results.

During the year, we also focused on attracting and retaining top talent. We are proud to report that it has been a remarkable year for recruitment, with 105 new hires joining our team. We have continued to invest in our employees, providing them with competitive salaries, interesting and opportunities for professional development.

One of the highlights of the year was the launch of our Jump program, which provides employees with the opportunity for internal mobility and career growth. We believe that by giving our employees the chance to explore different roles and gain new experiences, we are better able to meet the needs of our clients and remain competitive in the marketplace.

We are also pleased to report that 51 employees were promoted or took on new challenges during the year. We believe that providing our employees with opportunities for advancement and recognition is key to our continued success, and we are committed to continuing to invest in their development.

EDB team as of December 31, 2022, comprised 258 employees (FTE 244,275). These included 212 employees (FTE 198,475) in Luxembourg, seven (FTE 7) employees in the Malta branch, 37 (FTE 36,8) employees in the branch in Dublin and our London branch counts two (FTE 2) employees.

In 2022, nine employees marked five years (8 in EDB Lux; 1 EDB Branch Ireland) and twelve employees ten years with the bank. Additionally, four colleagues celebrated their 15th anniversary and two employees her 25th anniversary within our Group. We extend our heartfelt congratulations

## Business Development of the Bank

to all those who celebrated these anniversaries, together with thanks for their faithful and successful collaboration

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.

At our company, we believe that our employees are our most valuable asset. That's why we place a strong emphasis on employee engagement and performance management. Over the past year, we have continued to invest in tools and processes that enable us to measure and improve employee engagement, as well as to set clear performance goals and expectations.

One of the key tools we have implemented is our employee engagement survey, which we conduct annually to gather feedback from our employees on a range of topics, including their satisfaction with their work, their level of engagement, and their overall experience working at the company. The data we collect from this survey is used to identify areas where we can improve our employee experience and better meet the needs of our team members.

One of the important part of our people management practice is our annual performance review process. This process includes setting clear performance and development goals and expectations for each employee, and then conducting regular check-ins throughout the year to provide feedback and support, including different development and training program.

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.

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.

In conclusion, we are proud of the progress we have made in personnel development over the past year. Our focus on restructuring, talent attraction, and internal mobility has enabled us to build a strong team and deliver outstanding results for our clients. We look forward to continuing to invest in our employees and remain committed to providing them with the tools and opportunities they need to succeed.

## Business Development of the Bank

We believe that our focus on employee engagement and performance management has been critical to our success as a company. By providing our employees with the tools and support they need to succeed, we are able to build a strong, motivated team that is committed to achieving our shared goals. We look forward to continuing to invest in these areas in the years to come, as we work to build an even stronger and more engaged team.

### Developments occurring after the year end

EDB plans to acquire the Irish depositary business of Bank of America - the non-banking depositary Bank of America Custodial Services (Ireland) Limited ("BACSIL"), which provides services to \$ 71.4 bn of Irish and offshore funds, subject to regulatory approvals. It is intended to close the transaction during the second half of the second quarter. At close, BACSIL will operate as a standalone entity under EDB ownership and support, including the custody arrangements in place for EDB Dublin branch through Citibank. In a second phase, clients will be novated to EDB Dublin branch as depositary, in order to simplify our legal entity structure. As per reporting date, the transaction is awaiting regulatory approval.

As per 6th March 2023, EDB successfully completed the transfer of the Ucits registrar and transfer agency business to Apex Fund Services S.A. All activities and clients relating to the registrar 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 alongside with the staff supporting these activities.

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 operational and strategic risks. For the overall management of the bank's 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. The first line has the primary responsibility to own and manage risks, with the second line providing compliance and oversight in the form of the T risk controlling and compliance departments, and with the third line internal audit providing objective and independent assurance.

## Business Development of the Bank

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 branches are observed.

The bank has in place a Risk Appetite Statement in order to ensure its available capacity 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.

In order 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. 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 loss events, customer complaints, new products, outsourcing, non-transparent transactions and changes to business strategy, identifying any changes to the bank's risk profile.

To ensure sound corporate governance and the effectiveness of the Board, EDB introduced specialised committees of the Board of Directors in 2021, which currently comprise of the Audit, Compliance and Risk Committee, the IT and Cybersecurity Committee and the Appointment 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 remunerations, and digital 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 and Risk Committee is to provide oversight of EDB's risk management framework, capital and liquidity planning and strategy, risk appetite statement, including risk tolerance levels and limits ("Risk Appetite Statement"), 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 the EDB Executive Management Board.

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 can be used, overtly or anonymously, to communicate risks on an ad hoc basis.

Further committees in place at the Executive Management Board level includes the Branch Committees (Internal Branch Committees and Joint Branch Committee) and the Outsourcing Committee. In addition, to comply with regulatory requirements of the Bank Recovery and Resolution Directive and to coordinate information flows regarding legal provisions on resolution, the Recovery and Resolution Planning Committee was established..

The risks taken by the bank are controlled and limited as part of an active risk management approach. The key risks for the bank include credit risk, market price risk, liquidity risk and

## Business Development of the Bank

operational risk, and taking into account risk concentrations, the risks are covered by the bank's risk coverage potential. Warning thresholds are also 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 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.

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. 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 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 on the basis of the unsecured portions of the exposure, the likelihood of the counterparty defaulting and the relevant correlations.

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.

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 exploitation of 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 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.

## Business Development of the Bank

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. 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 set.

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 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 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 via 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 impact. 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 register assessment 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



## Business Development of the Bank

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 2022, 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 invers 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.

### Prospects

The outlook for banks in Europe in 2023 is expected to be challenging 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 and its economic impact, through higher inflation rates and also higher and more volatile interest rates may also have a significant impact on the banking industry in Europe in the coming years, directly and indirectly.

The outlook for depositary banks in 2023 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. 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

## Business Development of the Bank

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, in our digital banking platform, and also from the planned acquisition of a book of business in Ireland. We will continue to manage our balance sheet carefully, in the context of increasing interest levels and volatility. 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 13, 2023

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 responsabilité 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, 2021 to September 30, 2022. Deloitte's review of the controls did not result in any significant findings.

## Balance Sheet

### As at December 31, 2022

(Expressed in EUR)

Assets		Dec. 31, 2022	Dec. 31, 2021
1. Cash in hand, balances with central banks and post office banks		915,820,381	1,089,557,087
Loans and advances to credit institutions	3.1	92,460,227	73,571,324
2. a) repayable on demand		92,460,227	73,571,324
b) other loans and advances		0	0
3. Loans and advances to customers	3.2	23,023,158	25,652,329
4. Debt securities and other fixed-income securities	3.3.	528,079,002	333,800,752
a) issued by public bodies		174,867,044	55,919,777
b) issued by other borrowers		353,211,958	277,880,975
5. Participating interests	3.4/3.5.	73,294	26,729
6. Shares in affiliated undertakings	3.4/3.6	0	61,938
7. Intangible assets	3.4	6,270,023	6,248,156
8. Tangible assets	3.4	751,364	566,011
9. Other assets	3.7	46,906,333	30,376,663
10. Prepayments and accrued income	3.8	5,620,539	5,093,116
<b>Total assets</b>		<b>1,619,004,321</b>	<b>1,564,954,105</b>

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

## Balance Sheet

Liabilities		Dec. 31, 2022	Dec. 31, 2021
1. Amounts owed to credit institutions		2,056,716	537,721
a) repayable on demand	3.9	2,056,716	537,721
b) with agreed maturity dates or periods of notice	3.9	0	0
2. Amounts owed to customers		1,473,732,610	1,469,497,684
Other debts			
a) repayable on demand		1,470,752,263	1,467,737,051
b) with agreed maturity dates or period of notice	3.10	2,980,347	1,760,633
3. Other liabilities	3.11	53,873,264	20,920,351
4. Accruals and deferred income	3.12	2,205,404	879,276
5. Provisions	3.13	16,900,532	15,732,318
a) Provisions for pensions and similar obligations		461,954	447,192
b) Provisions for taxation		8,759,236	7,866,844
c) Other provisions		7,679,342	7,418,283
6. Subscribed capital	3.14	13,000,520	13,000,260
7. Share premium account	3.14	17,999,480	7,999,740
8. Reserves	3.15	36,274,243	29,056,000
9. Profit or loss brought forward		112,512	112,512
10. Profit or loss for the financial year (after deduction of the interim dividend)		2,849,040	7,218,243
a) Profit or loss for the financial year (before deduction of the interim dividend)		2,849,040	8,948,208
b) Interim dividends		0	-1,729,965
<b>Total liabilities</b>		<b>1,619,004,321</b>	<b>1,564,954,105</b>

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

Off-balance sheet items		Dec. 31, 2022	Dec. 31, 2021
1. Contingent liabilities	3.16	1,026,469	1,736,895
showing separately:			
guarantees and assets pledged as collateral security		1,026,469	1,277,461
2. Commitments	3.17	0	60,000
3. Fiduciary transactions	3.18	390,330,231	861,264,950

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

## Balance Sheet

### For the year ended December 31, 2022

(expressed in EUR)

<b>Income</b>		<b>2022</b>	<b>2021</b>
1. Interest receivable and similar income, showing separately:		29,927,349	17,198,336
that arising from fixed-income securities		6,705,313	1,026,828
2. Income from transferable securities:		237,717	336,150
a) Income from shares in affiliated undertakings		237,717	336,150
3. Commissions receivable		50,042,006	44,413,190
4. Net profit on financial operations		0	313,174
6. Other operating income	4.3	6,265,124	4,410,189
<b>Total income</b>	4.1	<b>86,472,196</b>	<b>66,671,039</b>

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

## Balance Sheet

**For the year ended December 31, 2022**

(expressed in EUR)

Charges	2022	2021
1. Interest payable and similar charges	17,040,597	11,629,575
2. Commissions payable	5,697,220	4,460,451
3. Net loss on financial operations	1,879,627	
4. General administrative expenses	49,204,910	35,633,361
a) Staff costs, showing separately:	31,661,327	21,706,535
aa) wages and salaries	27,839,074	18,706,472
ab) social security costs, with a separate indication of those relating to pensions	3,106,084 533,320	2,505,804 511,211
b) Other administrative expenses	4.4/4.5 17,543,583	13,926,827
5. Value adjustments in respect of assets items 8 and 9	2,231,570	1,536,285
6. Other operating charges	4.6 5,998,495	1,731,852
7. Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings	601,729	419,467
8. Tax on profit or loss on ordinary activities	952,571	2,298,800
9. Profit or loss on ordinary activities after taxes	(2,865,477)	(8,961,248)
10. Other taxes not shown under the preceding items	16,437	13,040
11. Profit for the financial year	2,849,040	8,948,208
<b>Total charges</b>	<b>86,472,156</b>	<b>66,671,039</b>

*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 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 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, 2022.
- 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 € 125 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, 2021, there was no allocation to the balance-sheet items in respect of participations, shares in affiliated undertakings companies, intangible assets and tangible assets.

## Notes

- 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 € 375,594k (previous year: € 330,879k), representing 23% (previous year: 21%) of the balance sheet total. Liabilities denominated in foreign currencies totalled € 522,435k (previous year: € 578,685k), representing 32% (previous year: 37%) 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.

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 € 92,460k (previous year: € 73,571k).

The carrying amount of the loans and advances to credit institutions reflect the maximum credit risk exposure as at December 31, 2022.

## Notes

### 3.2. Loans and advances to 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	Customers	
	Dec. 31, 2022	Dec. 31, 2021
Up to 3 months	0	538
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
<b>Total</b>	<b>0</b>	<b>538</b>

Loans to customers repayable on demand totalled € 23,023k (previous year: € 25,114k). These are almost exclusively covered by collateral in the form of securities or cash.

The carrying amount of the loans and advances to customers reflect the maximum credit risk exposure as at December 31, 2022.

### 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, 2022.

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, 2022.

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 € 528,079k (previous year: €333,801k).

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

## Notes

Remaining maturity	Debt securities and other fixed-income securities	
	Structural portfolio	
€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Up to 3 months	90,087	36,019
More than 3 months and up to 1 year	77,980	62,984
More than 1 year and up to 5 years	305,919	209,789
More than 5 years	54,093	25,009
<b>Total</b>	<b>528,079</b>	<b>333,801</b>

Of the exclusively officially quoted bonds and other fixed-interest securities shown, € 168,066k represent instruments maturing in 2023 (previous year: € 99,003k maturing in 2022). A nominal value of € 346,813k is available for use in open-market transactions with the European Central Bank. The nominal sum of € 74,550k 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, 2022.

## Notes

### 3.4. Schedule of fixed asset movements

Item € x 1,000	Gross value at Jan. 1, 2022	Additions	Disposals	Transfer	Gross value at Dec. 31, 2023	Accumulated depreciation as at Jan. 1, 2022	Deprecia- tion charged in 2022	Accumulat. depreciation as at Dec. 31, 2022	Net value as at Dec. 31, 2022
1. Participating interest	27	46	0	0	73	0	0	0	73
2. Shares in affiliated undertakings <sup>1)</sup>	62	0	(62)	0	0	0	0	0	0
3. Tangible assets, of which	2,260	477	0	0	2,737	(1,694)	(292)	(1,986)	751
a) Land and buildings	0	0	0	0	0	0	0	0	0
b) Business and office equipment	2,260	443	0	0	2,703	(1,694)	(292)	(1,986)	718
c) Payments on account		34			34				34
4. Intangible assets	13,971	1,967	0	0	15,938	(7,723)	(1,945)	(9,668)	6,270
a) Licences	13,876	1,967	0	95	15,938	(7,723)	(1,945)	(9,668)	6,270
b) Payments on account	95	0	0	(95)	0	0	0	0	0
<b>Total</b>	<b>16,320</b>	<b>2,490</b>	<b>(62)</b>	<b>0</b>	<b>18,748</b>	<b>(9,417)</b>	<b>(2,237)</b>	<b>(11,654)</b>	<b>7,094</b>

<sup>1)</sup> 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 %	
	2022	2021
Quint:Essence Capital S.A.	20	20
S.W.I.F.T. SC	0,007	0,007

## Notes

### 3.6. Shares in affiliated undertakings

The Nestor Investment Management S.A. was the sole shareholder in affiliated undertakings in the previous year and was liquidated in 2022.

### 3.7. Other assets

The following is a breakdown of other assets:

€ x 1,000	Other assets	
	Dec. 31, 2022	Dec. 31, 2021
Commission revenue receivables	19,651	15,526
Tax receivables	3,005	1,773
Collateral, margin accounts and other related Receivables	19,779	11,641
Other receivables	2,971	1,437
Insurance compensation receivables <sup>1)</sup>	1,500	0
<b>Total</b>	<b>46,906</b>	<b>30,377</b>

<sup>1)</sup> 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. Refer to Note 3.13 Provisions and Note 4.3 Other operating income and Note 4.6 Other operating charges.

### 3.8. Prepayments and accrued income

The following is a breakdown of prepayments and accrued income:

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Accrued interest	115	361
Accrued prepaid expense	3,172	3,383
Accrued interest on own securities	2,334	137
Valuation of currency swap positions	0	1,212
<b>Total</b>	<b>5,621</b>	<b>5,093</b>

## Notes

### 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 € 2,057k (previous year: € 538k).

### 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	
	Dec. 31, 2022	Dec. 31, 2021
€ x 1,000		
Up to 3 months	2,119	899
More than 3 months and up to 1 year	861	862
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
<b>Total</b>	<b>2,980</b>	<b>1,761</b>

In addition, repayable on demand liabilities to customers amounted to € 1,470,752k (previous year: € 1,467,737k).

Liabilities to affiliated undertakings are included in the liabilities to customers and correspond to € 6,177k (previous year: € 7,424k).



## Notes

### 3.11. Other liabilities

The following is a breakdown of other liabilities.

€ x 1,000	Other liabilities	
	Dec. 31, 2022	Dec. 31, 2021
Short term payables	48,070	16,555
Trade payables/Other liabilities	5,323	4,060
Tax payable	480	305
<b>Total</b>	<b>53,873</b>	<b>20,920</b>

The short term payables include margin accounts and collateral balances. Trade payables/Other liabilities includes 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, 2022	Dec. 31, 2021
Accrual of premium on own securities	2,146	583
Accrued interest income	47	296
Valuation of currency swap positions	11	0
Accrued other income	1	0
<b>Total</b>	<b>2,205</b>	<b>879</b>

## Notes

### 3.13. Provisions

The following is a breakdown of provisions:

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Provision for pensions and similar obligations	462	447
Provision for taxation	8,759	7,867
Lump-sum provision	291	279
Operational risks	351	444
Provision operational loss	2,000	0
Social security contributions	766	722
Vacation reserves	545	475
Other provisions	3,727	5,498
<b>Total</b>	<b>16,901</b>	<b>15,732</b>

<sup>1)</sup> Other provisions are mainly driven by running costs relating to audit fees, legal fees, temporary staff, consultancy fees, IT costs, intra-group costs and employees related costs.

<sup>2)</sup> 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.

Refer to Note 3.7 Other assets, 4.3 Other operating income and 4.6 Other operating charges.

### 3.14. Subscribed capital

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Subscribed capital	13,001	13,000
<b>Total</b>	<b>13,001</b>	<b>13,000</b>

quantity	Dec. 31, 2022	Dec. 31, 2021
Shares without nominal value	50,001	50,001
<b>Total</b>	<b>50,001</b>	<b>50,001</b>

## Notes

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Share premium account	17,999	8,000
<b>Total</b>	<b>17,999</b>	<b>8,000</b>

The Bank received Euro 10 million capital injection on February 22, 2022. The Extraordinary General meeting resolved on January 14, 2022 to increase the Bank's share capital by an amount of two hundred sixty euro (EUR 260) from its current amount of thirteen million two hundred sixty euro (EUR 13,000,260) represented by fifty thousand one (50,001) shares without nominal value up to thirteen million five hundred twenty euro (EUR 13,000,520) through the issue of one (1) new share without nominal value. The one (1) new share issued has been subscribed for the price of ten million euro (EUR 10,000,000).

### 3.15. Reserves

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Statutory reserve	1,300	1,300
Other capital reserves	2,556	2,556
Free reserves	26,215	19,566
Other reserves	6,203	5,634
<b>Total</b>	<b>36,274</b>	<b>29,056</b>

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 €7,218k 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

## Notes

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 € 6,203k (previous year: € 5,634k) for special reserve formed according to paragraph 8a of the Wealth Tax Law.

### 3.16. Contingent liabilities

Contingent liabilities are composed of guarantees and other direct credit substitutes (€ 1,026k).

In 2022, there is no collateral provided by the Bank to third parties on behalf of customers.

<b>Remaining maturity € x 1,000</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
Up to 3 months	112	633
More than 3 months and up to 1 year	914	1,104
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
<b>Total</b>	<b>1,026</b>	<b>1,737</b>

### 3.17. Commitments

The unutilised commitments concern irrevocable credit commitments to customers amounting to € 0k (previous year: 60k).

### 3.18. Fiduciary transactions

As at the balance sheet date, there were forty-two fiduciary transactions with customers amounting to € 390,330k (previous year: € 861,265k).

## Notes

### 4. Notes to the profit and loss account

#### 4.1. Breakdown of income

€ x 1,000	2022	2021
Interest receivable and similar income	29,927	17,199
Income from shares and other variable-yield securities, participating interests and shares in affiliated undertakings	238	336
Commissions receivable	50,042	44,413
Net profit on financial operations	0	313
Other operating income	6,265	4,410
<b>Total income</b>	<b>86,472</b>	<b>66,671</b>

#### 4.2. Service business

In 2022, 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, 2022	December 31, 2021
Remuneration and reimbursements of expenses in respect of services rendered by the Bank to third parties	3,437	919
Release of other provisions	1,233	919
Insurance compensation <sup>1)</sup>	1,500	0
Transfer Agent Business <sup>2)</sup>	0	1,730
Release of tax provisions	36	690
Other income	59	152
<b>Total</b>	<b>6,265</b>	<b>4,410</b>

## Notes

<sup>1)</sup>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. Refer to Note 3.7 Other assets, 3.13 Provisions and 4.6 Other operating charges.

<sup>2)</sup> 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. 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 has been transferred as at March 6, 2023.

### 4.4. Other administrative expenses

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Maintenance costs in respect of computer hardware and software	5,010	4,660
Consultancy fees	843	3,655
Compulsory regulatory contributions costs	2,053	1,502
Group Recharge Apex <sup>1)</sup>	4,680	0
Buildings and occupancy costs	1,751	1,696
Insurance	601	582
Securities related research and information services	536	559
Communication	416	427
Outsourced related costs <sup>2)</sup>	290	366
Recruitment and trainings	1,023	221
Other costs	341	259
<b>Total</b>	<b>17,544</b>	<b>13,927</b>

<sup>1)</sup> Apex Group recharge follow the OECD Transfer Pricing Guidelines (TPG) in line with intra-group services.

<sup>2)</sup> The outsourcing costs are mainly driven by the costs for client tax and risk reporting

## Notes

### 4.5. Fees for services rendered by the independent auditor

€ x 1,000	2022	2021
Audit of annual accounts	350	380
Other assurance services	30	43
Tax advice services	77	84

The figures stated do not include value added tax.

### 4.6. Other operating charges

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

€ x 1,000	Dec. 31, 2022	Dec. 31, 2021
Other Commissions <sup>2)</sup>	1,126	654
Other charges <sup>1)</sup>	2,401	568
Penalty Fee	344	240
Provision penalty fee	0	200
Operational loss <sup>3)</sup>	2,123	70
Depreciation fixed assets	4	0
<b>Total</b>	<b>5,998</b>	<b>1,732</b>

<sup>1)</sup> Other charges mainly driven by expenses related to intercompany recharges.

<sup>2)</sup> Other Commissions is mainly driven by releases of estimated accrue income relating to the business services.

<sup>3)</sup> 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. Refer to Note 3.7 Other assets, 3.13 Provisions and 4.3 Other operating income.

## 5. Other financial commitments

Commitments arise from rental contracts, amounting to € 566k (previous year: € 5,105k) and from a lease contract, amounting to € 513k (previous year: € 175k).

## Notes

### 6. Derivatives

At the balance sheet date:

- The nominal value of forward transactions in foreign currencies on behalf of customers correspond to € 1,850,309k (previous year: €1,438,082k).
- The nominal value of currency swaps corresponds to € 149,906k (previous year: €275,259k) 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: €326k) 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	0	0	0	0	0	0
Unrelated credit institutions	1,095,112	24,320	(8,070)	95,327	(8,303)	87,025
Customers	905,103	7,671	(23,815)	60,617	(11,301)	49,316
	<b>2,000,215</b>	<b>31,991</b>	<b>(31,885)</b>	<b>155,944</b>	<b>(19,604)</b>	<b>136,340</b>

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 0.18% (previous year: 0,57%).



### 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.europeandepositorybank.com](http://www.europeandepositorybank.com)".

The information which has to be disclosed according to the CRR is published in a separate disclosure report 2021 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" (SILL/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)).

### 10. Staff

During the 2022 financial year, the Bank had an average workforce of 241 (previous year: 200) broken down into the following groups:

Management	3 (previous year: 2)
Executives	19 (previous year: 18)
Salaried employees	219 (previous year: 180)

## 11. Corporate bodies

As per 31 December 2022, the composition of the Board of Directors and the Executive Management Board is as follows:

### BOARD OF DIRECTORS

Professor Joseph Bannister  
– *Chairman* –

David Claus  
(as of 25.05.2022)

Peter Hughes

Charles Muller

David Rhydderch  
(as of 9.12.2022)

Roland Steies

Rüdiger Tepke  
(until 15.06.2022)

As of 1 January 2023, Charles Muller became the Chairman of the Board of Directors and Professor Joseph Bannister became a member.

As per 16 January 2023, Gilda B. Neiman joined the Board of Directors.

### EXECUTIVE MANAGEMENT BOARD

David Claus  
– *Chief Executive Officer* –  
(as of 25.05.2022)

Holger Barth

Robert Steele  
(as of 12.12.2022)

Jean-François Thils  
(as of 12.12.2022)

David Rhydderch  
(until 09.12.2022)

Eckhard Lang  
(until 31.01.2022)

Rüdiger Tepke  
– *Chief Executive Officer* –  
(until 15.06.2022)

As per 6 March 2023, Cecilia Gejke joined 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.

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.

Apex Group recharge follow the OECD Transfer Pricing Guidelines (TPG) in line with intra-group services.

### 13. Subsequent events

EDB plans to acquire the Irish depositary business of Bank of America - the non-banking depositary Bank of America Custodial Services (Ireland) Limited ("BACSIL") - which provides services to \$ 71.4 bn of Irish and offshore funds, subject to regulatory approvals. It is intended to close the transaction during the second half of the second quarter. At close, BACSIL will operate as a standalone entity under EDB ownership and support, including the custody arrangements in place for EDB Dublin branch through Citibank. In a second phase, clients will be novated to EDB Dublin branch as depositary, in order to simplify our legal entity structure. As per reporting date, the transaction is awaiting regulatory approval.

As of 1 January 2023, Charles Muller became the Chairman of the Board of Directors and Professor Joseph Bannister became a member.

As per 16 January 2023, Gilda B. Neiman joined the Board of Directors. As per 6 March 2023, Cecilia Gejke joined the Executive Management Board.

As per 6th March 2023, EDB successfully completed the transfer of the Ucits registrar and transfer agency business to Apex Fund Services S.A. All activities and clients relating to the registrar 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 alongside with the staff supporting these activities.

Luxembourg, June 13, 2023

European Depositary Bank SA

European Depositary Bank SA

3, Rue Gabriel Lippmann  
L-5365 Munsbach

Phone (+352) 42 45 45-1  
Fax (+352) 42 45 69  
Email [info@eudepobank.eu](mailto:info@eudepobank.eu)

[www.europeandepositorybank.com](http://www.europeandepositorybank.com)