EUROPEAN
DEPOSITARY
BANK

Annual Report
2018

Business Development - Overview

EUR x 1 million	2018	2017	2016	2015	2014
Balance sheet total	1,207.3	1,378.3	1,286.5	1,343.7	1,219.9
Total volume	1,630.5	1,696.6	1,413.3	1,448.9	1,360.0
Share capital and reserves	37.6	32.7	32.7	32.7	32.5
Profit for the year	3.4	4.8	3.6	5.0	4.3
Funds held in safe custody (number)	368	361	316	345	347
Volume of funds held in safe custody (EUR x 1 billion)	34.5	28.7	23.6	24.6	22.6
Volume of customers' funds held in safe custody (EUR x 1 billion)	3.7	5.0	5.6	7.2	7.8
Employees (number)	171	187	172	153	134

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

Joachim Olearius, Hamburg
– Chairman –
(until January 31, 2019)

Dominik Wilcken, Hamburg
– Deputy Chairman –
(until January 31, 2019)

Dr. Julien Alex, Luxembourg
– Member –
(until January 31, 2019)

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

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

David Carrick
- Member -
(since January 31, 2019)

Georges Schmit
- Member -
(since January 31, 2019)

Management Board

Carl-Egbert Stever, Luxembourg
(until January 31, 2019)

Rüdiger Tepke, Luxembourg

Stefan Forse, Luxembourg
(since January 2019)

Economic Environment

After a strong start, global economic momentum slowed significantly in 2018. Political issues in particular – such as the trade dispute between the US and China, the uncertain outcome of Brexit or the budget dispute between the new Italian government and the EU – have had a lasting negative impact on the mood of companies and private households, and have led to a slowdown in investment growth, exports and private consumption. Almost all countries are now affected by this development. In particular, the intensifying tones from the White House on the subject of trade caused steadily increasing uncertainty among globally active companies. As a result, important leading indicators, such as those of the OECD or the global purchasing managers' indices for the manufacturing and services sectors, have continuously weakened.

Economic momentum in the 19 eurozone countries slowed significantly over the course of the year and the German economy also unexpectedly lost considerable momentum in 2018. While the German gross domestic product increased by 2.5% in 2017, growth in 2018 is expected to be only 1.5%. At first it looked as if special factors were responsible for this (a very cold winter followed by a hot and dry summer, strikes and a wave of flu at the beginning of the year), but the picture did not brighten up in the following period. In the third quarter, the slump in automobile production against the backdrop of the WLTP (Worldwide Harmonised Light-Duty Vehicles Test Procedure) even led to a downturn in the economy – for the first time since the beginning of 2015. The dynamism of exports, on which the eurozone economy is heavily dependent, weakened significantly throughout the eurozone. However, domestic demand also provided less stimulus than originally expected. Despite falling unemployment in most countries, wage increases remained limited. Brexit is proving to be a particular stress factor, as the UK's exit negotiations from the EU have so far been more than chaotic.

The US economy is expected to have grown by around 3% in 2018. US President Trump thus appears to be keeping his promise to lift the economy 'sustainably' to a higher growth level with the help of tax relief and deregulation. The strongest growth impulses so far have come from private consumption, which is benefiting from the good situation on the labour market. The unemployment rate is as low as it was 50 years ago. As there is no turnaround on the labour market in sight, the upturn should continue. However, the risks to economic growth are increasing. The positive effects of the tax cut are coming to an end and the rise in US interest rates is also having a dampening effect on growth. In addition, the potential growth, i.e. the growth to be expected with normal utilisation of production capacities, can only be estimated at around two per cent. The purchasing managers' indices for the manufacturing sector weakened significantly in December 2018. Whether this is just a slip-up or the beginning of a sustained economic slowdown remains to be seen.

Monetary policy in the industrialised countries did not become even more expansive last year. In the US, interest rates have been raised by 225 basis points in nine steps since the end of 2015. In addition, the Fed began shortening its balance sheet in October 2017. Since January 2018, the ECB has reduced its monthly bond purchases from 60 to 30 billion euros for the period up to September 2018. Between October 2018 and the end of December 2018, the net acquisition of assets was reduced to 15 billion euros per month; the bond purchase programme was terminated at the turn of the year. The ECB will reinvest the redemption amounts of the purchased securities after completion of the net asset purchase for an extended period and in any event as long as necessary at maturity, in order to maintain favourable liquidity conditions and extensive monetary accommodation. The key interest rate and the interest rate for the deposit facility remain unchanged at 0.00% and -0.40% respectively.

Economic Environment

The global inflation rate rose much more sharply in 2018 than had been expected at the beginning of the year. Mainly due to rising energy and raw material prices, but also due to a series of administrative price increases, the inflation target of two per cent in various economies, which was targeted by many central banks, has recently been exceeded. In addition, rising food prices due to weather-related crop failures led to rising prices. The core inflation rate was only marginally affected, as the volatile components energy and food are not taken into account in their measurement. For the eurozone, the stronger dollar has also boosted imported inflation, as the majority of imported commodities are quoted in dollars. However, both in the US and in many other countries, the price trend is likely to have passed its peak, not least because raw material prices also fell sharply in the fourth quarter.

2018 was a disappointing year for equity market investors. The German stock market has been in reverse since reaching its record high in January and many stock market indices are showing a double-digit percentage negative performance this year. While until the middle of the year it looked as if the lost ground could be regained, the downward trend has intensified since then. The reasons for this development are manifold, with politics playing a special role in the destruction of equity assets in 2018. The smouldering trade conflict between the US and China, the Brexit negotiations, which were chaotic and based on unrealistic expectations, especially on the British side, and the hara-kiri course Italy has taken in its relations with the other EU states have benefited neither the economy nor the stock market this year. All in all, the eurozone suffered significant price losses for 2018 as a whole (DAX: -18.3%, MDAX: -17.6%, Euro Stoxx 50: -14,3%). In local currency terms, the development in the US is more positive than in Europe but still negative at -5.6% in the Dow Jones and -6.2% in the broad S&P 500.

The stock markets of the BRIC countries were also only partially able to escape the negative sentiment described above, but the overall trend is much more heterogeneous. In local currency terms, the Russian RTS Index lost -7.7% and the China Shanghai Composite Index even -24.59%. However, the Indian BSE 30 Index and the Brazilian Bovespa Index increased by 5.9% and 15.0% respectively. The commodity markets, on the other hand, all recorded negative developments in the past year. Prices for aluminium, silver and copper fell by -17.4%, -4.0% and -17.5% respectively and even gold, often considered a safe haven in crises, lost 1.7%. The price per barrel of London Brent Crude Oil and sea freight prices, as measured by the Baltic Exchange Dry Index, fell by -21.5% and -7.0% respectively.

The yield on 10-year German government bonds fell from around 0.4% at the beginning of the year to around 0.25% at the end of the year. Against this backdrop, German government bonds were able to appreciate in value over almost all maturities (2 y.: -0.4%; 5 y.: +1.1%; 10 y.: +3.3%). All in all, government bonds from the eurozone have appreciated in value since the beginning of 2018. This growth was particularly pronounced in markets traditionally sought by investors as ‘safe havens’, i.e. in Germany, Austria and the Netherlands. In contrast, the development of the periphery looks very heterogeneous. While Italy’s political capers led to a 1.9% fall in the value of 10-year government bonds, 10-year Portuguese bonds gained 4.6%. 10-year US Treasury bonds developed slightly negatively (-0.1%) due to the US Federal Reserve’s more restrictive interest rate policy. In view of the strong US dollar, however, this corresponds to a plus of 4.9% in euros. The euro depreciated by a total of 4.8% against the US dollar.

Business Development of the Bank

Business development of the bank - General

At the end of 2017, M.M.Warburg & CO (AG & Co.) KGaA concluded an agreement for the sale of its shares in the two Luxembourg subsidiaries M.M.Warburg & CO Luxembourg S.A. and Warburg Invest Luxembourg S.A. to Apex Group Ltd. With the grant of approval by the relevant supervisory authorities in January 2019, the sales transaction was finally closed. As a result, M.M.Warburg & CO Luxembourg S.A. operates as “European Depositary Bank SA” as from February 1, 2019.

In 2018, 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.

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. In 2018, we benefited yet again from our proven expertise in 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. Being part of and growing together with the international Apex Group, as well as investing in systems and employees, which continued in 2018, 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.

The second core business field involves the handling of relations with external asset managers and institutional clients. 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, focusing on Lombard loans and the pre-financing of capital calls, is only offered as a complementary service.

As of December 31, 2018, the bank’s balance sheet total amounted to € 1,207.3 million. The balance sheet structure remained more or less unchanged from the previous year.

Customer deposits, 88.7% of which related to funds and Luxembourg funds held in safe custody, fell by € 162.7 million to € 1,147.0 million. The credit volume, including existing guarantees, rose by € 0.8 million to € 35.3 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, 2018, the bank was acting as a depositary bank for Luxembourg funds and specialized funds having a total volume of € 33,285,768k (previous year: € 27,358,911k) and for securitisation vehicles having a volume of € 1,220,065k (previous year: € 1,369,515k).

Business Development of the Bank

Earnings situation

Given the general economic trend, the bank achieved an altogether satisfactory 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 € 18.7 million (previous year: € 18.7 million), once again contributed significantly to the overall result.

Due to the flat yield curve and the continuation of the risk-averse investment policy, net interest income fell by € 0.6 million, or 9.7%, to € 5.5 million.

General administrative expenses increased by € 0.2 million, or 0.9%, to € 22.7 million, partly on account of additional regulatory requirements.

Pre-tax profit decreased by € 1.9 million, or 28.5%, to € 4.6 million. The net profit for the year amounted to € 3.4 million, i.e. € 1.4 million, or 28.6%, below the previous year's figure.

Personnel

During the past year, we were able to maintain a steady number of jobs – despite the continuation of our growth strategy, the large volume of business, the rise in the administrative burden on account of increased administrative and supervisory requirements, and organisational restructuring – with a view to steadily improving the quality of our advisory activities and the service we offer, as well as providing ongoing support in implementing projects. In order to unbundle and integrate projects for the transfer of ownership to Apex Group Ltd, we had to hire additional temporary and long-term staff.

As of December 31, 2018, our staff comprised 171 employees. These included 30 part-time employees and two employees currently on maternity leave or full-time parental leave. Due to a structural change, eight of the 14 employees in the Relationship Management department and ten employees in the Market & Static Data group were transferred to Augeo Capital Management SA (until January 31, 2019: Warburg Invest Luxembourg S.A.) as part of a TUPE (Transfer of Undertakings - Protection of Employment).

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 yearly 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 further training programme also includes compliance, operational risk, ISO and IT training as well as in-house and external language courses, total immersion courses in the respective European countries and self-study programmes. In-house training courses on fraud prevention, money laundering, tax and legal structures and health management are also potential learning and development measures. In addition to this, two employees were able to successfully complete their master’s degree.

We would like to offer our heartfelt thanks to our employees for their tireless commitment and, once again, considerable dedication, which enabled us to achieve our business success, reach our common goals and successfully execute the various efficiency projects, as well as the tasks in relation to the unbundling from the M.M.Warburg & CO Banking Group and the integration into the Apex Group.

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

In 2018, thirteen employees marked five years and five employees ten years with the bank. One female employee and one of our managing directors celebrated their 30th anniversary with the Luxembourg Group. We extend our heartfelt congratulations to all those who celebrated these anniversaries, together with thanks for their faithful and successful collaboration.

Since the balance sheet date, the following events of particular significance have occurred:

With effect from January 31, 2019, Apex Group Ltd. via Lobra-2 S.à r.l., Luxembourg, became the Bank's majority shareholder. The transaction has been approved by the competent supervisory authorities.

In the course of this change of ownership, the Bank will operate under the name "European Depositary Bank SA" as of February 1, 2019.

On January 31, 2019 Joachim Olearius, Dominik Wilcken and Dr. Julien Alex resigned from their mandates within the Supervisory Board of the bank due to the change of ownership.

At the general meeting on January 31, 2019, Prof. Joseph Bannister, Peter Hughes, David Carrick and Georges Schmit were appointed as members of the Supervisory Board. In the subsequent constituent meeting of the Supervisory Board, Prof. Joseph Bannister was appointed as Chairman and Peter Hughes as Deputy Chairman of the Supervisory Board.

With effect from January 31, 2019, Carl-Egbert Stever resigned as Managing Director.

Stefan Forse was appointed by the Supervisory Board as member of the Management Board in January 2019.

On January 1, 2019, the Bank will be consolidated for the first time as Apex Group Ltd.
In 2019 it is planned to establish three branches in Dublin, London and Malta.

It is intended to hold an extraordinary general meeting and to resolve a dividend payment of € 4,800k. The CSSF will be informed accordingly.

It is intended to sell the properties in Luxembourg-Eich (one building in tangible assets of the bank, one building belonging to Metropolitan Trading Corporation S.A. (100% subsidiary) and one building belonging to Metraco Verwaltungsgesellschaft S.A. (100% subsidiary of Metropolitan Trading Corporation S.A.) in 2019.

Risk management report

In its business activities, the bank 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 early on.

The general monitoring of risks is the responsibility of our Risk Control department, which was closely integrated in the risk control framework of our parent bank and of the Warburg Group as a whole. As a result of the sale of the bank to Apex Group Ltd and the associated separation from the Warburg Group, the successive conversion to an ICAAP concept independent of the parent company took place during the course of the year.

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 includes the procedural requirements for the assessment of appropriate liquidity, are strictly complied with in this regard. In order to ensure its capacity to bear risk at all times, the bank has implemented numerous instruments and procedures. Any changes in the risk profile are generally noted and taken into account as part of the annual review of the materiality of all risks and are dealt with in the context of the risk inventory. 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/or the risk profile, revealing any alteration to the bank's risk situation during the course of the year.

In this regard, the Risk Committee, which meets on a regular basis and is composed of members of the Management Board and those responsible for control functions, plays a primary role. The Risk Committee monitors the risk situation as a whole with the help of 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 reporting, it is open to the bank's employees to have recourse to whistleblowing as a further means of early detection of risk; which could be used, overtly or anonymously, to communicate risks on an ad hoc basis to the chief compliance officer.

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

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, 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 Control 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 reporting 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 governing such risk management and the methods and procedures put in place to evaluate risks, together with the risk values ascertained using those methods and procedures, are regularly examined and, where necessary, adjusted to ensure that they are adequate and plausible. With a view to monitoring and managing all of the risks confronting it, the bank, in addition to applying the above-mentioned risk limits, has also put in place, in respect of further risks and subclasses of risk, qualitative monitoring measures and, where appropriate, limits to be applied thereto.

Credit risks are assumed having regard to the competences, counterparty limits, 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 supervisory regulations. 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 debt, 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 business activity complementing its key areas of business, namely acting as a depositary/ custodian bank and providing external asset managers and institutional clients with banking services, and focuses on low-risk and well-secured lending in respect of the previously mentioned areas of 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 capitalise on income opportunities. For the daily evaluation of market price risks, the bank employs a value-at-risk procedure 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 balance client-related spot and forward transactions through countertrades and to manage technical currency positions within the context of the disposal of investment holdings.

In order to ensure the timely fulfilment of its payment obligations, the bank counters the liquidity risk by means of constant monitoring in relation to all payments coming into or going out of 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 securities comprised in the bank's own portfolio, which can be used in the context of open-market transactions with the European Central Bank. In order to limit liquidity risks, internal limits are fixed in respect of the minimum liquidity balances to be maintained and significant foreign currencies. Liquidity maturity statements are prepared, both in the form of comprehensive statements and separate statements for the major 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, set escalation procedures and measures have been put in place.

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 key risk control methods. In addition, the bank has taken out insurances regarding transfers of possible operational risks with a high loss potential.

Support is provided by organised employee training on operational risks, in order to raise awareness and promote a risk culture.

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. Using mathematical processes, the value at risk in respect of operational risks is then ascertained and a corresponding risk capital is assigned to it. Important information with regard to risk management is provided by the risk inventory and by the loss database, which contains details of all losses arising from operational risks.

Additional indications result from the risk notifications filed by the bank’s staff and the analysis and follow-up of all customer complaints received.

By maintaining a Business Recovery Centre, and by setting up backup workplaces, the bank has taken appropriate measures to counter the risks arising from IT malfunctions and breakdowns. 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 the extensive use of standard contracts, the checking of individual contracts and by constantly adapting the wording of contracts to the prevailing legislation and business practices, with recourse being had for this to the expertise of external legal advisers. The bank continuously improves the range of instruments designed to combat money laundering, the financing of terrorism and white-collar crime. In 2018, all employees received training on the prevention of money laundering and the financing of terrorism. Training on general compliance topics is provided every three years as well as training on fraud prevention.

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 stress tests 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 (until January 31, 2019: M.M.Warburg & CO Luxembourg S.A.) 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 joining of the Apex Group has given us a lot of positive feedback and new mandates from our clients. With our good position in the Luxembourg depositary and custodian market and the enlarged reach to international customers through the Apex Group, we believe that we have a solid endorsement for our strategic orientation and hence considerable growth in the future.

Our core areas of business will be the provision of depositary and custodian bank services, handling transactions for clients of external asset managers and servicing the needs of institutional clients. Even more so, we will become an interesting alternative to the major banks. Quality, expertise, flexibility and personal service will remain at the forefront of the expanding range of services we offer.

Our strategic potential in depositary and custodian banking has improved significantly as a result of the acquisition of our company by the Apex Group. Thanks to Apex's international orientation, we will gain access to interesting new markets and an extensive range of new services, enabling us to offer our clients a whole series of innovative solutions and services. Working together with Apex's units will thus allow us to continue to improve our market share and visibility. These favourable developments will be accelerated by the planned opening of three branches, i.e. Dublin, London and Malta.

By growing together with the Group, we will be able to add numerous additional mandates – resulting from the acquisitions made by it in recent months and from its holdings – to our depositary and custodian banking services. Thanks to our flexible IT platform, which offers our institutional clients professional services combined with high reliability, we believe that we will continue to be an attractive supplier of services for new and existing clients in the years to come. The Group will also afford us access to a range of additional systems, enabling us to improve the way in which we provide our services.

In response to the ever-increasing and costly regulatory burdens and the rising costs associated with IT systems and staffing, in 2019 we will be intensifying our efforts to further improve our organisational, process- and systems-related structures and procedures. We will dovetail closely in this with Apex's units. In this connection, we will increasingly provide services to our external business partners in electronic form in order to improve efficiency for both sides.

During the course of 2019, we expect to see a market environment featuring volatile stock exchanges and ongoing low interest rates, which will present investors and fund managers with numerous challenges. We will be called upon to rise to the challenges facing us in our capacity as service providers to fund initiators and fund managers.

Business Development of the Bank

On the basis of the planned increases in business volumes in fund and asset manager business, we expect the income generated therefrom to rise. In the field of proprietary investments, we will continue in 2019 to pursue our conservative investment policy, against a background of what is expected to be an unattractive interest rate environment, and accept that we must therefore face falling interest income compared to other years. The passing on of negative interest rates to large depositors, which has by now been implemented throughout the industry, eases the burden on interest income. We expect an increase in administrative expenses due to implementation costs for regulations, necessary investments in infrastructure and the automation of processes and IT systems, as well as a potential increase in staff and the indexation of personnel costs. In 2019, however, we still expect a result that is appropriate, bearing in mind the difficult economic environment, albeit a reasonable return on equity.

The new year will present many challenges and even more opportunities. But even if the current and constantly increasing regulation costs, the requisite investment and the low interest rate levels put pressure on the profitability of our bank, we foresee fast-growing business volumes and corresponding growth in fee income. Thanks to becoming part of an international, dynamic, independent and owner-run corporate group, the trust placed in us by our clients of many years' standing and the expertise of our staff, we see ourselves well equipped to successfully master the challenges ahead.

Luxembourg, February 12, 2019

The Management Board

Report of the Supervisory Board

During the 2018 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 three meetings that were held in the 2018 financial year, the Management Board regularly informed the Chairman 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 and other important occurrences. Significant discussion topics included: the expansion of its depositary and custodian bank business; investment in the IT infrastructure; the growing need for resources for the unbundling and integration projects concerning the transfer of ownership to Apex Group Ltd. and 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.

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 2018 financial year were audited by PwC Luxembourg, Société coopérative, 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 February 19, 2019. 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 the end of 2017, M.M.Warburg & CO (AG & Co.) KGaA concluded an agreement for the sale of its shares in the two Luxembourg subsidiaries, M.M.Warburg & CO Luxembourg S.A. and Warburg Invest Luxembourg S.A., to Apex Group Ltd. Completion of the transaction took place with the grant of approval by the competent supervisory authorities in January 2019. As a result, the bank was renamed European Depositary Bank SA.

Furthermore, a new Supervisory Board was appointed at the end of January due to the change in ownership of the bank.

Report of the Supervisory Board

Carl-Egbert Stever resigned as Managing Director of the bank and this came into effect on January 31, 2019. The Supervisory Board offers its thanks to Mr Stever.

Stefan Forse, previously Head of the Unit Depositary Services in the bank, was appointed as a member of the Management Board in January 2019.

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, February 19, 2019

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, PwC Luxembourg, Société cooperative.

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 appointed independent auditor, concerning the control system put in place and the effectiveness of the controls (ISAE 3402 report, type 2). The findings contained in the ISAE 3402 report, type 2 report of PwC Luxembourg, Société cooperative, for the period under review from October 1, 2017 to September 30, 2018 are dealt with by the competent departments. The internal auditing department includes the findings in its monitoring process and regularly reports thereon to the bank’s executive bodies.

Balance Sheet

Balance sheet as at December 31, 2018

(Expressed in EUR)

Assets			**Dec. 31, 2018**	**Dec. 31, 2017**
1.	Cash in hand, balances with central banks and post office banks		696,391,139.43	597,229,098.84
2.	Loans and advances to credit institutions	3.1	124,957,377.33	275,481,451.96
	a) repayable on demand		94,041,569.52	52,517,610.50
	b) other loans and advances		30,915,807.81	222,963,841.46
3.	Loans and advances to customers	3.1	34,220,529.03	33,809,449.73
4.	Debt securities and other fixed-income securities	3.2	332,070,538.03	453,362,145.05
	a) issued by public bodies		114,766,287.99	244,207,543.52
	b) issued by other borrowers		217,304,250.04	209,154,601.53
5.	Shares and other variable-yield securities	3.3	0.00	0.00
6.	Participating interests	3.4/3.5	26,728.89	26,728.89
7.	Shares in affiliated undertakings	3.4/3.6	6,072,449.97	6,072,449.97
8.	Intangible assets	3.4	1,711,719.56	969,359.54
9.	Tangible assets	3.4	2,527,528.83	2,484,383.20
10.	Other assets	3.7	8,032,662.07	7,977,088.90
11.	Prepayments and accrued income		1,306,743.68	869,154.03
Total assets			**1,207,317,416.82**	**1,378,281,310.11**

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

Balance Sheet

Liabilities			Dec. 31, 2018	Dec. 31, 2017
	Amounts owed to credit institutions		634,511.04	3,753,632.37
1.	a) repayable on demand	3.8	634,511.04	3,753,632.37
	b) with agreed maturity dates or period of notice		0.00	0.00
	Amounts owed to customers		1,147,017,684.33	1,309,686,219.70
	Other debts			
2.	a) repayable on demand	3.8	1,141,800,132.82	1,303,253,832.05
	b) with agreed maturity dates or period of notice		5,217,551.51	6,432,387.65
3.	Other liabilities	3.9	9,150,570.58	16,952,918.31
4.	Accruals and deferred income		375,566.38	1,618,620.75
	Provisions		9,122,501.06	8,698,640.19
5.	a) Provisions for pensions and similar obligations	3.10	500,843.97	563,057.95
	b) Provisions for taxation		3,617,592.12	3,177,690.40
	c) Other provisions		5,004,064.97	4,957,891.84
6.	Subscribed capital	3.11	13,000,000.00	13,000,000.00
7.	Reserves	3.12	19,740,000.00	19,740,000.00
8.	Profit or loss brought forward		4,831,278.79	4,059.14
9.	Profit or loss for the financial year		3,445,304.64	4,827,219.65
Total liabilities			**1,207,317,416.82**	**1,378,281,310.11**

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

Off-balance sheet items			Dec. 31, 2018	Dec. 31, 2017
1.	Contingent liablities	3.13	2,419,843.50	2,781,918.23
	showing separately: guarantees and assets pledged as collateral security		1,104,361.00	732,685.28
2.	Commitments	3.14	1,787,900.99	1,822,079.35
3.	Fiduciary transactions	3.15	418,971,544.01	313,712,275.83

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

Profit and loss account for the year from January 1, 2018 to December 31, 2018

(expressed in EUR)

Income			2018	2017
1.	Interest receivable and similar income, showing seperately		4,220,906.69	2,033,636.02
	that arising from fixed-income securites		831,829.83	416.25
2.	Income from transferable securities		178,500.00	220,830.00
	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		178,500.00	220,830.00
3.	Commissions receivable		22,125,710.50	21,798,715.97
4.	Net profit on financial operations		162,062.92	283,702.08
5.	Value readjustments in respect of transferable securties held as financial fixed assets, participating interests and shares in affiliated undertakings		0.00	0.00
6.	Other operating income	4.3	4,315,160.14	5,307,615.45
Total income		4.1	**31,002,340.25**	**29,644,499.52**

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

Profit and loss account for the year from January 1, 2018 to December 31, 2018

(expressed in EUR)

Charges			2018	2017
1.	Interest payable and similar expenses		-1,253,354.70	-4,027,348.70
2.	Commissions payable		3,434,477.50	3,147,819.43
3.	Net loss on financial operations		0.00	0.00
4.	General administrative expenses		22,673,208.38	22,472,694.69
	a) Staff costs		15,064,810.99	14,695,366.41
	showing seperately			
	aa) wages and salaries		12,785,425.01	12,512,482.11
	ab) social security costs, with a separate		2,198,114.75	2,111,217.37
	indication of those relating to pensions	4.4	369,141.07	389,269.26
	b) Other administrative expenses		7,608,397.39	7,777,328.28
5.	Value adjustments in respect of assets items 8 and 9		736,481.69	852,512.93
6.	Other operating charges	4.5	803,305.78	747,340.85
7.	Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shared in affiliated undertakings		-989.73	989.75
8.	Tax on profit or loss on ordinary activities		1,157,000.00	1,616,000.00
9.	Profit or loss on ordinary activities after taxes		(3,452,211.33)	(4,834,490.57)
10.	Other taxes not shown under the preceding items		6,906.69	7,270.92
11.	Profit for the financial year		3,445,304.64	4,827,219.65
Total charges			**31,002,340.25**	**29,644,499.52**

Notes

1. General information

a) Legal basis

European Depositary Bank SA (until January 31, 2019: M.M.Warburg & CO Luxembourg S.A.) (the "bank") was established as a Société Anonyme on February 15, 1973 by Prosper-Robert Elter, Notary.

The bank's registered office is located at: L-1413 Luxembourg, 2, place François-Joseph Dargent.

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 Paul Decker, Notary practising in Luxembourg, dated December 18, 2009 and published in the Mémorial [Official Gazette], C series, number 414 of February 25, 2010.

b) Bank purpose

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 present annual accounts as at December 31, 2018 have been drawn up in accordance with the provisions of the Luxembourg Law of June 17, 1992 on the annual accounts of credit institutions (LuxGAAP). Regarding this publication we refer to page 4 of this report.

The bank has elected to use the matrix format for the presentation of its profit and loss statement.

2. Summary of significant accounting policies

The annual accounts have been prepared in euros (€), the currency in which the banks equity capital is denominated.

Receivables and credit balances are stated at their nominal value, 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.

Lump-sum provision has been calculated in accordance with the tax authorities' directive dated December 16, 1997.

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 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 € 276k were not made.

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

Tangible assets are depreciated according to their operating life expectancy 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 € 870.00) are capitalised in the year of acquisition and written off as a compound item over a five-year period.

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, 2018, there was no allocation to the balance-sheet items in respect of participations, shares in related 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.

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, 2018.

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

Negative interest from assets (or liabilities) transactions are recorded in interest income (interest expenditure) (reduction in interest income or interest expenditure).

3. Notes to the balance sheet

As at the balance sheet date, assets denominated in foreign currencies totalled € 173,187k (previous year: € 279,230k), representing 14% (previous year: 20%) of the balance sheet total. Liabilities denominated in foreign currencies totalled € 315,354k (previous year: € 489,656k), representing 26% (previous year: 35%) of the balance sheet total.

3.1. Loans and advances to credit institutions and customers

Loans and advances to credit institutions and customers take into account specific credit risk allowances.

The following is a breakdown of loans and advances to credit institutions and customers other than those repayable on demand:

Remaining maturity	**Credit institutions**		**Customers**	
€ x 1,000	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2018**	**Dec. 31, 2017**
Up to 3 months	30,916	202,128	137	136
More than 3 months and up to 1 year	0	20,836	1,647	1,860
More than 1 year and up to 5 years	0	0	72	82
More than 5 years	0	0	0	0
Total	**30,916**	**222,964**	**1,856**	**2,078**

In addition, loans repayable on demand to credit institutions amounted to € 94,042k (previous year: € 52,518k), whilst those repayable on demand from customers totalled € 32,364k (previous year: € 31,731k).

Loans and advances to credit institutions include receivables from affiliated companies, amounting to € 37,809k (previous year: € 151,899k).

Loans and advances to customers include receivables from affiliated companies and participations, amounting to € 1,615k (previous year: € 132k).

Loans and advances to customers are almost exclusively covered by collateral in the form of securities or other instruments.

The book values of the financial instruments reflect the maximum credit risk exposure.

3.2. Debt securities and other fixed-income securities

Securities assigned to the banking book of investment portfolio are intended to be held until bullet maturity or, in the case of equities, on a long-term basis. The bank holds no investment portfolio as at December 31, 2018.

The bank's trading portfolio comprises securities the sole objective of which is 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, 2018.

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's holdings of bonds and other fixed-interest securities, amounting to € 332,071k (previous year: € 453,362k) are allocated to the structural portfolio.

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, 2018	**Dec. 31, 2017**
Up to 3 months	29,916	51,966
More than 3 months and up to 1 year	127,737	151,799
More than 1 year and up to 5 years	174,418	249,597
More 5 years	0	0
Total	**332,071**	**453,362**

Of the exclusively officially quoted bonds and other fixed-interest securities shown, € 157,653k represent instruments maturing in 2018 (previous year: € 203,765k maturing in 2018). A nominal value of € 331,129k is available for use in open-market transactions with the European Central Bank. The nominal sum of € 51,000k has been lodged with a depositary as collateral for futures transactions.

The book values of the financial instruments reflect the maximum credit risk exposure.

3.3. Shares and other variable-yield securities

As at the balance sheet date the bank doesn't hold any shares or other variable-yield securities (previous year: € 0.00).

3.4. Schedule of fixed asset movements

	Item € x 1,000	**Gross value at Jan. 1, 2018**	**Additions**	**Disposals**	**Gross value at Dec. 31, 2018**	**Accumulated depreciation as at Dec. 31, 2018**	**Depreciation charged in 2018**	**Net value as at Dec. 31, 2018** (excluding the general charge for bad and doubtful debts)
1.	Participating interests [1]	27	0	0	27	0	0	27
2.	Shares in affiliated undertakings [1]	6,072	0	0	6,072	0	0	6,072
3.	Tangible assets, of which	8,976	417	787	8,606	6,078	369	2,528
a)	Land and buildings	4,465	0	0	4,465	2,736	163	1,729
b)	Business and office equipment	4,511	417	787	4,141	3,342	206	799
4.	Intangible assets	7,018	1,110	1,089	7,039	5,327	367	1,712
	Total	**22,093**	**1,527**	**1,876**	**21,744**	**11,405**	**736**	**10,339**

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

The building owned by the bank was used as to 24% for its own business purposes.

3.5. Participating interests

The bank holds shares in the following companies:

Name	Shareholding in %	
	2018	2017
Quint:Essence Capital S.A.	20	20

3.6. Shares in affiliated undertakings

The companies listed below are all unlisted companies.

The bank holds shares in the following companies:

Name	Shareholding in %		Net Equity €	Result of the last financial year €
	2018	2017	2017	2017
Metropolitan Trading Corporation S.A.	100	100	1,884,988	197,422
Nestor Investment Management S.A.	51	51	935,739	359,788

According to Article 83 (1) and (2) of the Luxembourg Law of June 17, 1992, the bank does not prepare consolidated annual accounts, as the Bank considers its subsidiaries not being material, neither stand-alone nor as a whole, for the purpose of Article 85 (3) of the Luxembourg Law of June 17, 1992.

3.7. Other assets

Other assets include, in particular, receivables due in respect of custodian fees and depositary bank fees amounting to € 3,832k (previous year: € 3,408k), tax receivables amounting to € 1,644k (previous year: € 1,327k) and redemption receivables totalling € 1,766k (previous year: € 1,851k).

3.8. Amounts owed to credit institutions and customers

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

Remaining maturity	Credit institutions		Customers	
€ x 1,000	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2018**	**Dec. 31, 2017**
Up to 3 months	0	0	3,570	4,274
More than 3 months and up to 1 year	0	0	1,647	2,158
More than 1 year and up to 5 years	0	0	0	0
More than 5 years	0	0	0	0
Total	**0**	**0**	**5,217**	**6,432**

In addition, accounts repayable on demand to credit institutions amounted to € 635k (previous year: € 3,754k), whilst those repayable on demand to customers totalled € 1,141,800k (previous year: € 1,303,254k).

The liabilities to affiliated companies and the participations are included in the accounts due to credit institutions, as to € 368k (previous year: € 3,697k), and in the accounts due to customers, as to € 10,294k (previous year: € 6,397k).

3.9. Other liabilities

Other liabilities which amount to € 9,151k (previous year: € 16,953k) include liabilities arising from trade payables and other liabilities amount to € 823k, unpaid taxes amount to € 116k and short term payables amount to € 8,211k.

3.10. Provisions

- other -

This item includes miscellaneous provisions relating to operating expenditure (€ 4,433k), provisions in respect of the Luxembourg deposit guarantee fund (AGDL) (€ 380k), the amount of lump-sum provision (€ 191k) attributable to off-balance sheet items (see Note 2 “Summary of significant accounting policies”).

3.11. Subscribed capital

The bank's subscribed capital amounts to € 13,000k.

3.12. Reserves

€ x 1,000	Dec. 31, 2018	Dec. 31, 2017
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 cover a payment made for no consideration by the bank's shareholders. The free reserves contain a non-distributable amount of € 3,886k (previous year: € 3,927k) for special reserve formed according to § 8a of the Wealth Tax Law.

3.13. Contingent liabilities

Contingent liabilities (€ 2,420k), are composed of collateral provided by the bank on behalf of customers to third parties (€ 1,315k) and to guarantees and other direct credit substitutes (€ 1,104k).

Remaining maturity € x 1,000	Dec. 31, 2018	Dec. 31, 2017
Up to 3 months	1,451	2,439
More than 3 months and up to 1 year	969	343
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**2,420**	**2,782**

3.14. Commitments

The unutilised commitments concern irrevocable credit commitments to four customers (€ 1,788k).

Remaining maturity € x 1,000	Dec. 31, 2018	Dec. 31, 2017
Up to 3 months	13	543
More 3 months and up to 1 year	1,775	1,279
More than 1 year and up to 5 years	0	0
More than 5 years	0	0
Total	**1,788**	**1,822**

3.15. Fiduciary transactions

As at the balance sheet date, there were thirty fiduciary transactions with customers amounting to € 418,972k (previous year: € 313,712k)

4. Notes to the profit and loss account

4.1. Breakdown of income by geographical markets

	Germany		Luxembourg		Other countries	
€ x 1,000	2018	2017	2018	2017	2018	2017
Interest receivable and similar income	5,583	3,547	-1,443	-1,564	80	50
Income from shares and other variable-yield securities, participating interests and shares in affiliated undertakings	0	0	179	221	0	0
Commissions receivable	290	825	21,536	20,436	300	537
Net profit on financial operations	162	284	0	0	0	0
Value re-adjustments in respect of transferable securties held as financial fixed assets, participating interests and shares in affiliated undertakings	0	0	0	0	0	0
Other operating income	81	834	4,233	4,418	1	56
Total income	**6,116**	**5,490**	**24,505**	**23,511**	**381**	**643**

4.2. Service business

The bank provides banking services for asset management customers from external asset managers, as well as services relating to the safe-keeping and management of securities for third parties.

As at December 31, 2018, the bank was acting as a depositary bank for Luxembourg funds and specialized funds having a total volume of € 33,285,768k (previous year: € 27,358,911k) and for securitisation vehicles having a volume of € 1,220,065k (previous year: € 1,369,515k).

4.3. Other operating income

This item includes remuneration and reimbursements of expenses in respect of services rendered by the bank to third parties (€ 2,773k), the release of tax provisions (€ 324k) and other provisions (€ 304k) and the partial release of the AGDL provision corresponding to the contribution to the Single Resolution Fund in 2018 (€ 389k), as well as other miscellaneous income (€ 525k).

4.4. Other administrative expenses

Other administrative expenses include inter alia expenditure on securities-related research and information services, maintenance costs in respect of computer hardware and software, and consultancy fees.

Fees for services rendered by the independent auditor are:

Audit of annual accounts	€ 185k (previous year: € 155k)
Other audit services	€ 144k (previous year: € 158k)
Tax advice services	€ 0k (previous year: € 0k)
Other services	€ 26k (previous year: € 10k)

The figures stated do not include value added tax.

4.5. Other operating charges

The other operating charges are comprised, in essence, resulting from compensation trades for loss transactions, amounting to € 499k (previous year: € 238k), expenses relating to other periods, totalling € 165k (previous year: € 203k) as well as expenses for operational risks € 139k (previous year: € 306k).

5. Other financial commitments

Commitments arise from property rental contracts, amounting to € 26,396k (previous year: € 690k), owed for the most part to affiliated companies, and from a lease contract, amounting to € 549k (previous year: € 1,097k).

6. Derivatives

At the balance sheet date, the following types of forward transactions were as yet unsettled:

Forward transactions in foreign currencies on behalf of customers, are valued at € 1,245,280k.

At the balance sheet date, there were no forward transactions in the form of interest-rate swaps, concluded by the bank in order to hedge against interest rate risks.

Forward transactions in the form of 26 foreign-currency swaps having an equivalent value of € 151,693k concluded by the bank as a hedge against foreign currency risks, existed as at the balance sheet date.

Forward transactions in the form of interest outrights amounting to € 2,222k concluded by the bank as a hedge against interest rate risks, existed as at the balance sheet date.

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 (€ x 1,000)	Volume	Positive market values	Negative market values	Original credit risk	Eligible securities	Credit risk after CRM
Affiliated credit institutions	644,530	2,469	-2,367	8,945	-8,945	0
Unrelated credit institutions	129,681	589	-388	1,889	0	1,889
Customers	622,823	2,584	-2,300	8,822	-3,295	5,527
	1,397,035	**5,642**	**-5,055**	**19,656**	**12,240**	**7,416**

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 equity

The return on equity calculated as a ratio of net profit and the balance-sheet total is 0.29%.

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 condition 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 2018 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)).

10. Tax unity

The tax unity, for the purposes of corporate income tax and business tax, of the bank, as controlling company, and its sister company Augeo Capital Management SA (until January 31, 2019: Warburg Invest Luxembourg S.A.), as controlled company approved as from 2015 by the tax authorities was continued in 2018.

11. Staff

During the 2018 financial year, the bank had an average workforce of 183 broken down into the following groups:

Management	2
Executives	12
Salaried employees	169

12. 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 2018 financial year:

Supervisory Board:

Joachim Olearius, Hamburg *(until January 31, 2019)*
 - *Chairman* -
Spokesman for the partners of M.M.Warburg & CO (AG & Co.) KGaA, Hamburg

Dominik Wilcken, Hamburg *(until January 31, 2019)*
- *Deputy Chairman* -
Chief representative of M.M.Warburg & CO (AG & Co.) KGaA, Hamburg

Dr. Julien Alex, Luxembourg *(until January 31, 2019)*
Retired ambassador

Prof. Joseph Bannister *(as from January 31, 2019)*
- *Chairman* -
Retired Chairman of the Malta Financial Services Authority

Peter Hughes *(as from January 31, 2019)*
- *Deputy Chairman* -
CEO and Founder of Apex Fund Services Ltd.

David Carrick *(as from January 31, 2019)*
CFO of Apex Group Ltd.

Georges Schmit *(as from January 31, 2019)*
Retired Chair of the Luxembourg Government

Management Board:

Carl-Egbert Stever *(until January 31, 2019)*

Rüdiger Tepke

Stefan Forse *(as from January 2019)*

13. Group affiliation

At the turn of the year 2017 and subject to supervisory approval M.M.Warburg & Co Gruppe GmbH sold both of its Luxembourg subsidiaries, Augeo Capital Management SA and European Depositary Bank SA (until January 31, 2019: Warburg Invest Luxembourg S.A. and M.M.Warburg & CO Luxembourg S.A.), to Apex Group Ltd.

14. Subsequent events

With effect from January 31, 2019 Apex Group Ltd. via Lobra-2 S.à r.l., Luxembourg became the Bank's majority shareholder. The transaction has been approved by the competent supervisory authorities.

In the course of this change of ownership, the bank will operate under the name "European Depositary Bank SA" as of February 1, 2019.

As from January 31, 2019 Joachim Olearius, Dominik Wilcken and Dr. Julien Alex resigned from their mandates within the Supervisory Board of the bank due to the change of ownership.

At the general meeting on January 31, 2019, Prof. Joseph BANNISTER, Peter HUGHES, David CARRICK and Georges SCHMIT were appointed as members of the Supervisory Board. In the subsequent constituent meeting of the Supervisory Board, Prof. Joseph BANNISTER was appointed as Chairman and Peter HUGHES as Deputy Chairman (see Note 12).

With effect from January 31, 2019 Carl-Egbert Stever resigned as Managing Director.
Stefan Forse was appointed by the Supervisory Board as member of the Management Board in January 2019.

It is intended to sell the properties in Luxembourg-Eich (one building in tangible assets of the bank, one building belonging to Metropolitan Trading Corporation S.A. (100% subsidiary) and one building belonging to Metraco Verwaltungsgesellschaft S.A. (100% subsidiary of Metropolitan Trading Corporation S.A.) in 2019.

On January 1, 2019, the Bank will be consolidated for the first time as Apex Group Ltd.
In 2019 it is planned to establish three branches in Dublin, London and Malta.

It is intended to hold an extraordinary general meeting and to resolve a dividend payment of € 4,800k. The CSSF will be informed accordingly.

Luxembourg, February 12, 2019

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

www.europeandepositarybank.com