PILLAR 3 DISCLOSURE REPORT 2022

European Depositary Bank SA

In reference to the disclosure requirements under Part Eight of Regulation (EU) No 575/2013

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Disclosure index

The disclosure report of European Depositary Bank SA complies with the following regulatory requirements set out in Commission Implementing Regulation (EU) 2021/637 in connection with Regulation (EU) No. 575/2013.

#	Disclosure	Name	CRR Article	Reference
Key metrics and overview of risk-weighted exposure amounts				
1	EU OV1	Overview of total risk exposure amounts	Art. 438(d)	Chapter 3.2.1
2	EU KM1	Key metrics template	Art. 447 (a) to (g) and Art. 438 (b)	Chapter 2
3	EU INS1	Insurance participations	Art. 438 (f)	N/A – EDB does not engage in insurance participations
4	EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	Art. 438 (g)	N/A – EDB does not form a financial conglomerate
5	EU OVC	ICAAP information	Art. 438 (a) and (c)	Chapter 3.2
Risk management objectives and policies				
6	EU OVA	Institution risk management approach	Art. 435 (1)	Chapter 1.3
7	EU OVB	Disclosure on governance arrangements	Art. 435 (2)	Chapter 1.2.3
Scope of application				
8	EU LI1	Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories	Art. 436 (c)	N/A – EDB is not subject to regulatory consolidation
9	EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Art. 436 (d)	N/A – EDB is not subject to regulatory consolidation
10	EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)	Art. 436 (b)	N/A – EDB is not subject to regulatory consolidation
11	EU LIA	Explanations of differences between accounting and regulatory exposure amounts	Art. 436 (b) and (d)	N/A – EDB is not subject to regulatory consolidation
12	EU LIB	Other qualitative information on the scope of application	Art. 436 (f), (g) and (h)	N/A – EDB is not subject to regulatory consolidation
13	EU PV1	Prudent valuation adjustments (PVA)	Art. 436 (e)	N/A – EDB does not apply the core approach
Own funds				
14	EU CC1	Composition of regulatory own funds	Art. 437 (a), (d), (e) and (f)	Chapter 3.1
15	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Art. 437 (a)	Chapter 3.1
15	EU CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	Art. 437 (b) and (c)	Chapter 3.1
Countercyclical capital buffers				
16	EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	Art. 440 (a)	Chapter 3.2.2

17	EU CCyB2	Amount of institution specific countercyclical capital buffer	Art. 440 (b)	Chapter 3.2.2
Leverage ratio				
18	EU LR1 – LRSum	Summary reconciliation of accounting assets and leverage ratio exposures	Art. 451 (1) (b)	Chapter 3.3
19	EU LR2 – LRCom	Leverage ratio common disclosure	Art. 451 (1) (a) and (b), Art. 451 (3) taking into account, where applicable Art. 451 (1) (c) as well as Art. 451 (2)	Chapter 3.3
20	EU LR3 – LRSpl	Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Art. 451 (1) (b)	Chapter 3.3
21	EU LRA	Disclosure of LR qualitative information	Art. 451 (1) (d) and (e)	Chapter 3.3
Liquidity requirements				
22	EU LIQA	Liquidity risk management	Art. 451a (4)	Chapter 6.1
23	EU LIQ1	Quantitative information of LCR	Art. 451a (2)	Chapter 6.2
24	EU LIQB	on qualitative information on LCR, which complements template EU LIQ1	Art. 451a (2)	Chapter 6.2
25	EU LIQ2	Net Stable Funding Ratio (NSFR)	Art. 451a (3)	Chapter 6.2
Credit risk quality				
26	EU CRA	General qualitative information about credit risk	Art. 435 (1) (a), (b), (d) and (f)	Chapter 4.1
27	EU CRB	Additional disclosure related to the credit quality of assets	Art. 442 (a) and (b)	N/A – EDB is no large or other listed institution
28	EU CR1	Performing and non-performing exposures and related provisions	Art. 442 (c) and (e)	Chapter 4.2
29	EU CR1-A	Maturity of exposures	Art. 442 (g)	Chapter 4.2
30	EU CR2	Changes in the stock of non-performing loans and advances	Art. 442 (f)	N/A – EDB does not have such positions
31	EU CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Art. 442 (c) and (f)	N/A – EDB does not have such positions
32	EU CQ1	Credit quality of forborne exposures	Art. 442 (c)	N/A – EDB does not have such positions
33	EU CQ2	Quality of forbearance	Art. 442 (c)	N/A – EDB does not have such positions
34	EU CQ3	Credit quality of performing and non-performing exposures by past due days	Art. 442 (d)	Chapter 4.2
35	EU CQ4	Quality of non-performing exposures by geography	Art. 442 (c) and (e)	Chapter 4.2
36	EU CQ5	Credit quality of loans and advances to non-financial corporations by industry	Art. 442 (c) and (e)	N/A – EDB does not have such positions
37	EU CQ6	Collateral valuation - loans and advances	Art. 442 (c)	N/A – EDB does not have such positions
38	EU CQ7	Collateral obtained by taking possession and execution processes	Art. 442 (c)	N/A – EDB does not have such positions
39	EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Art. 442 (c)	N/A – EDB does not have such positions
Use of credit risk mitigation techniques				

40	EU CRC	Qualitative disclosure requirements related to CRM techniques	Art. 453 (a) to (e)	Chapter 4.3
41	EU CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Art. 453 (f)	Chapter 4.3
Use of the Standardised Approach				
42	EU CRD	Qualitative disclosure requirements related to standardised approach	Art. 444 (a) to (d)	Chapter 4.2
43	EU CR4	Credit risk exposure and CRM effects	Art. 453 (g), (h) and (i), Art. 444 (e)	Chapter 4.3
44	EU CR5	Standardised approach	Art. 444 (e)	Chapter 4.3
Use of IRB approach to credit risk				
45	EU CRE	Qualitative disclosure requirements related to IRB Approach	Art. 452 (a) to (f)	N/A – EDB does not apply the IRB Approach
46	EU CR6	IRB approach – Credit risk exposures by exposure class and PD range	Art. 452 (g)	N/A – EDB does not apply the IRB Approach
47	EU CR6-A	IRB Approach – Scope of the use of IRB and SA approaches	Art. 452 (b)	N/A – EDB does not apply the IRB Approach
48	EU CR7	IRB approach – Effect on the Risk Weighted Exposure amounts of credit derivatives used as CRM techniques. Fixed template	Art. 453 (j)	N/A – EDB does not apply the IRB Approach
49	EU CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	Art. 453 (g)	N/A – EDB does not apply the IRB Approach
50	EU CR8	RWEA flow statements of credit risk exposures under the IRB approach. Fixed template	Art. 438 (h)	N/A – EDB does not apply the IRB Approach
51	EU CR9	IRB approach – Back-testing of PD per exposure class. Fixed template.	Art. 452 (h)	N/A – EDB does not apply the IRB Approach
52	EU CR9.1	IRB approach – Back-testing of PD per exposure class (only for PD estimates in accordance with point (f) of Article 180(1) CRR	Art. 452 (h), Art. 180 (1) (f)	N/A – EDB does not apply the IRB Approach
Specialised lending				
53	EU CR10	Specialised lending and equity exposures under the simple risk-weighted approach	Art. 438 (e)	N/A – EDB does not engage in specialised lending activities
Exposures to counterparty credit risk				
54	EU CCRA	Qualitative disclosure related to CCR	Art. 439 (a) to (d)	Chapter 4.4
55	EU CCR1	Analysis of CCR exposure by approach	Art. 439 (f), (g) and (k)	Chapter 4.4
56	EU CCR2	Transactions subject to own funds requirements for CVA risk	Art. 439 (h)	Chapter 4.4
57	EU CCR3	Standardised approach – CCR exposures by regulatory exposure class and risk weights	Art. 444 (e)	Chapter 4.4
58	EU CCR4	IRB approach – CCR exposures by exposure class and PD scale	Art. 452 (g)	N/A – EDB does not apply the IRB Approach
59	EU CCR5	Composition of collateral for CCR exposures	Art. 439 (e)	N/A – EDB does not use collateral in derivative transactions
60	EU CCR6	Credit derivatives exposures	Art. 439 (j)	N/A – EDB does not have credit derivatives exposures

61	EU CCR7	RWEA flow statements of CCR exposures under the IMM	Art. 438 (h)	N/A – EDB does not apply the IMM
62	EU CCR8	Exposures to CCPs	Art. 439 (i)	N/A – EDB does not have exposures to CCPs
Exposures to securitisation positions				
63	EU SECA	Qualitative disclosure requirements related to securitisation exposures	Art. 449 (a) to (i)	Chapter 8
64	EU SEC1	Securitisation exposures in the non-trading book	Art. 449 (j)	Chapter 8
65	EU SEC2	Securitisation exposures in the trading book	Art. 449 (j)	Chapter 8
66	EU SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Art. 449 (k) (i)	Chapter 8
67	EU SEC4	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Art. 449 (k) (ii)	Chapter 8
68	EU SEC5	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Art. 449 (1)	Chapter 8
Use of standardised approach and internal model for market risk				
69	EU MRA	Qualitative disclosure requirements related to market risk	Art. 435 (1) (a) to (d)	Chapter 5.1
70	EU MR1	Market risk under the standardised approach	Art. 445	Chapter 5.2
71	EU MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models	Art. 455 (a), (b), (c) and (f)	N/A – EDB is a non-trading book institution with no material trading activity and no application of internal models
72	EU MR2-A	Market risk under the internal Model Approach (IMA)	Art. 455 (e)	N/A – EDB is a non-trading book institution with no material trading activity and no application of internal models
73	EU MR2-B	RWEA flow statements of market risk exposures under the IMA	Art. 438 (h)	N/A – EDB is a non-trading book institution with no material trading activity and no application of internal models
74	EU MR3	IMA values for trading portfolios	Art. 455 (d)	N/A – EDB is a non-trading book institution with no material trading activity and no application of internal models
75	EU MR4	Comparison of VaR estimates with gains/losses	Art. 455 (g)	N/A – EDB is a non-trading book institution with no material trading activity and no

				application of internal models
Operational risk				
76	EU ORA	Qualitative information on operational risk	Art. 435 (1), Art. 446 and Art. 454	Chapter 7
77	EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts	Art. 446 and Art. 454	Chapter 7
Remuneration policy				
78	EU REMA	Remuneration policy	Art. 450 (1) (a), (b), (c), (d), (e), (f), (j) and (k), Art. 450 (2)	Chapter 10
79	EU REM1	Remuneration awarded for the financial year	Art. 450 (1) (h) (i) to (ii)	Chapter 10
80	EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Art. 450 (1) (h) (v) to (vii)	Chapter 10
81	EU REM3	Deferred remuneration	Art. 450 (1) (h) (iii) to (iv)	N/A – No deferred remuneration has been paid in 2022
82	EU REM4	Remuneration of 1 million EUR or more per year	Art. 450 (1) (i)	N/A – No remuneration of 1 million EUR or more has been paid in 2022
83	EU REM5	Information of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Art. 450 (1) (g)	Chapter 10
Encumbered and unencumbered assets				
84	EU AE1	Encumbered and unencumbered assets	Art. 443	Chapter 4.5
85	EU AE2	Collateral received and own debt securities issued	Art. 443	Chapter 4.5
86	EU AE3	Sources of encumbrance	Art. 443	Chapter 4.5
87	EU AE4	Accompanying narrative information	Art. 443	Chapter 4.5
Interest rate risk in the of non-trading book activities (IRRBB)				
88	EU IRRBBA	Qualitative information on interest rate risks of non-trading book activities	Art. 448	Chapter 5.3
89	EU IRRBB1	Interest rate risks of non-trading book activities	Art. 448	Chapter 5.3
Environmental, social and governance risks (ESG)				
90	Table 1	Qualitative information on environmental risk	Art. 449a	Chapter 9
91	Table 2	Qualitative information on social risk	Art. 449a	Chapter 9
92	Table 3	Qualitative information on governance risk	Art. 449a	Chapter 9
93	Template 1	Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
94	Template 2	Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements

95	Template 3	Banking book - Climate change transition risk: Alignment metrics	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
96	Template 4	Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
97	Template 5	Banking book - Climate change physical risk: Exposures subject to physical risk	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
98	Template 6	Summary of GAR KPIs	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
99	Template 7	Mitigating actions: Assets for the calculation of GAR	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
100	Template 8	GAR (%)	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
101	Template 9	Mitigating actions: BTAR	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements
102	Template 10	Other climate change mitigating actions that are not covered in the EU Taxonomy	Art. 449a	N/A – EDB is not subject to ESG disclosure requirements

1. Introduction

1.1. Regulatory Introduction

The Pillar 3 disclosure report (hereafter "the report") for the financial year ending 31 December 2022 is prepared and published by European Depositary Bank SA (hereafter "EDB", "the Bank") in accordance with Part Eight of Regulation (EU) No. 575/2013 (hereafter "CRR") on disclosure requirements for institutions as well as the additional requirements set out in Directive 2013/36/EU (hereafter "CRD IV"). The report further follows the requirements set out in Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down Implementing Technical Standards (hereafter "ITS") with regards to the public disclosures by institutions and transposing the EBA ITS on institutions public disclosures into European law.

In accordance with Article 432 CRR, the information disclosed in this report is subject to the principle of materiality. Furthermore, information regarded as proprietary or confidential is not subject to disclosure. EDB does not operate as a financial holding company within the meaning of Article 4 (1) point 20 CRR. In addition, EDB does neither meet the criteria for large institutions set out in Article 4 (1) point 146 CRR nor does EDB comply with the definition of G-SII (Global Systemically Important Institution) or O-SII (Other Systemically Important Institution) set out in Article 131 CRD IV.

In accordance with Article 433 CRR, EDB publishes its disclosure report on an annual basis on its website.

All disclosures published in this report are denominated in the Bank´s reporting currency Euro (hereafter "EUR"). Due to rounding, minor differences might occur in the disclosed figures which are considered non-material in line with the Bank´s risk profile. This report does not constitute financial statements and is not subject to external audit. However, some disclosed information is part of EDB´s audited financial statements as at 31 December 2022. EDB publishes its annual accounts in accordance with LUX GAAP standards. In contrast to this, the Bank´s regulatory financial reporting (FINREP) must be prepared in line with IAS/IFRS standards.

1.2. Presentation of the Bank

1.2.1. Structure

EDB is a credit institution established as a Société Anonyme on 15 February 1973 by Prosper-Robert Elter, Notary. In accordance with the Law of 5 April 1993 on the Financial Sector, as amended, the Bank operates as fully licensed bank under the prudential supervision of the Commission de Surveillance du Secteur Financier (hereafter "CSSF").

Until January 2019, the Bank formerly operated under the name M.M. Warburg & CO Luxemburg S.A. (hereafter "MMWB"). In the course of change of ownership, which was approved by the European Central Bank (hereafter "ECB") as of 1 February 2019, the Bank's 100% shareholder became Lobra-2 S.á.r.l. Luxembourg, the latter being part of APEX Group Ltd (hereafter "Apex"), a corporation organized under the laws of Bermuda. On 24 September 2021 another change of ownership took place when Lobra-2 S.à r.l. was liquidated and Apex Holdings HK Limited became the sole direct shareholder of EDB.

EDB´s registered office is located at L-5365 Munsbach, 3, Rue Gabriel Lippmann and is recorded in the Commercial Registry of the City of Luxembourg under No B 10700.

EDB Dublin Branch has been established in 2019 and focuses solely on offering Depositary and Custody Services to a wide range of fund structures and SPVs.

EDB Malta Branch has been established in 2019, and the Bank received Malta Financial Services Authority´s principal approval for the Category 41 Investment Services License for the Malta Branch in November 2019.

EDB London Branch was established in January 2020 and received the top-up application for full Depositary License in September 2020.

1.2.2. Business model and activities

The Bank's activities focus on services for investment funds and securitisations, in particular with its depositary bank function and commission trading, as well as on business with institutional clients. The business strategy of the Apex Group Ltd. Bermuda, as superordinate company, provides the framework for the overarching business strategy of EDB. The core business areas are:

- Depositary banking;
- Custodian banking;
- Servicing of external asset managers; and
- Institutional client services.

Activities also include lending business and payment transaction services. Client deposits are intrinsic to the business model, especially those derived from investment funds that, in line with the risk strategy on the assets side, are distributed mainly to German sovereign issuers and counterparts as well as supranational issuers with a "0" (zero) risk weighting.

The Bank is primarily active in the money market for its own account and holds securities mainly in its liquidity portfolio. Proprietary trading is only conducted to a very limited extent.

The Bank has no activities in the areas of corporate finance, direct banking and payment and settlement systems.

1.2.3. Governance

(Article 435 (2) (a), (d) and (e) CRR)

Table EU OVB – Disclosure on governance arrangements

The Corporate Governance at EBD is subject to continuous development to ensure alignment with industry best practice. The EDB Corporate Governance is based on the following pillars:

- Appropriate composition of its Board and Committees;
- Clear distribution of roles and responsibilities between the Board of Directors and its Committees;
- Efficient control and management of risks through adherence to a "three lines of defence" model; and
- Sound decision-making process and robust information model.

Board of Directors

As at 31 December 2022, EDB´s Board of Directors comprised of six members, namely Prof. Joe Bannister (Chairman), Mr. Peter Hughes (Founder and Chief Executive Director, Apex), Mr. Charles Muller, Mr. Roland Steies, Mr. David Claus and Mr. David Rhydderch.

The Board of Directors has overall responsibility for the institution. It defines, monitors and bears responsibility for the implementation of a robust central administration, governance and internal control arrangement. This includes a clearly structured internal organisation and independent internal control functions with the appropriate authority, stature and resources with respect to their responsibilities. The implemented framework must ensure the sound and prudent management of the Bank, preserve its continuity and protect its reputation. The Board of Directors are committed to implementing the strategic plan of EDB and ensuring the alignment of the strategic and operational plan of EDB with the shareholders strategy in an independent and transparent manner for the well-being of clients and staff and to increase shareholder value.

The Board of Directors monitors the implementation by the Executive Management Board of the internal governance arrangement and guiding principles, and critically assesses and approves, at least once a year, these internal governance arrangements. These assessments and approvals aim to ensure that the internal governance arrangements continue to comply with the requirements of CSSF Circular 12/552 as amended, applicable laws and regulations and the objectives of effective, sound and prudent business management. The members of the Executive Management Board and Department Heads are obliged to objectively and critically examine the applicable rules and regulations for which they are responsible to ensure compliance.

The Board of Directors carries out a critical evaluation of the rules and regulations at least once a year.

All Directors are appointed by the shareholders of EDB.

Committees at the Board of Director Level

Specialised Committees of the Board of Directors have been created to implement sound corporate governance and increase the effectiveness of the Board.

Four Specialised Committees are appointed to assist the Board of Directors with critical assessments in respect of the organisation and operation of EDB:

- Audit & Governance Committee;
- Risk Management Committee;
- Appointments & Remuneration Committee; and
- IT & Cybersecurity Committee.

Audit & Governance Committee

The purpose of the Audit and Governance Committee is to oversee the accounting and financial reporting processes and the audits of EDB's financial statements and address such other matters as are normally within the remit of the Audit and Governance Committee, including, without limitation, compliance by EDB with legal and regulatory requirements and accounting and financing reporting processes.

Risk Management Committee

The purpose of the Risk Management Committee of the Board of Directors is to have oversight of the EDB risk management framework, capital, liquidity and funding planning and strategy, EDB's risk appetite statement, including risk tolerance levels and limits.

Within the financial year 2022, the Committee met a total of six times with the last meeting taking place on 11.11.2022.

Appointments & Remuneration Committee

The purpose of the Appointments and Remuneration Committee is to oversee the implementation of the appointments and remuneration plan of EDB's Board of Directors as agreed with the shareholders –the Apex Group Ltd. The Appointments and Remuneration Committee will review all selection procedures, standards and qualifications of the EDB's Board of Directors, senior management and other key staff involved in the operations. The Appointments and Remuneration Committee will also make recommendations on the EDB's appointment and remuneration plan as may be necessary.

IT & Cybersecurity Committee

The purpose of the IT and Cybersecurity Committee is to oversee the EDB's status, plans and developments in regards to IT architecture, IT projects, IT security and internal IT control practices. Moreover the committee oversee the control, monitoring and reporting of IT and Cybersecurity functions of EDB and address such other matters as are normally within the remit of the IT and Cybersecurity Committee, including, without limitation, compliance by EDB with legal and regulatory requirements and reporting processes.

Executive Management Board

The Executive Management Board is in charge of the day-to-day management of the bank and its branches, in accordance with the strategic directions and the key policies approved by the Board of Directors, taking into account considering the Bank's long-term financial interests, solvency, liquidity situation and risk appetite.

As at 31 December 2022, the Bank was managed by four members of the Executive Management Board, namely Mr. David Claus (Chief Executive Officer), Mr. Holger Barth, Mr. Jean-François Thils and Mr. Robert Steele.

In order to ensure solid and prudent management, including the risks associated with the business activities, the Executive Management Board revised the Bank's rules and regulations in the third quarter of 2022.

To this end, the existing documents regarding the organizational structure, policies, charters, procedures and processes were reviewed and, where deemed necessary, adapted based on the strategies and guiding principles specified by the Board of Directors.

The Executive Management Board is responsible to ensure that the Bank has the internal audit mechanisms, technical infrastructure and human resources necessary to assure solid and prudent management (including risk management) within the framework of the applicable rules and regulations.

The Executive Management Board informs the Board of Directors in detail, in writing and regularly, at least once a year, about the implementation, appropriateness, effectiveness and compliance with the rules and regulations.

Committees at the Executive Management Board Level

In order to ensure a suitable internal control environment, sound implementation by senior management and operating staff is required. This will be carried out by a number of Executive Management Board Committees as detailed below:

Extended Executive Management Board Committee

The Extended Executive Management Board Committee was set up in September 2022 with the purpose of supporting the Executive Management Board in their role as collegiate body in charge of the day-to-day management of the bank and its branches. In addition to the EMB members, meetings of the EMB are open to attendance to any EDB employee being an occasional invitee for a particular agenda item or to any EDB permanent invitee ("Extended Executive Management Board Committee"). Permanent invitees are the department heads and branch manager of EDB.

Compliance, Risk and Audit Committee (former Risk Committee)

The purpose of the Compliance, Risk and Audit Committee is to ensure a regular, systematic and holistic monitoring of the risk profile of EDB including its branches. The Committee addresses matters related to the control functions, in particular Risk Controlling, Compliance and the Internal Audit function, in accordance with the Board of Directors' Risk Appetite and supporting policies and procedures. The meetings consist of the members of the Executive Management Board and the heads of the control functions (Compliance, Internal Audit and Risk Controlling) and the Head of Legal. Meetings of the Compliance, Risk and Audit Committee are scheduled regularly but are also complemented by the extended monthly EMB meetings as applicable.

Joint Branch Committee

The role of the Joint Branch Committee is to ensure that the EDB culture and values are instilled in the operating branches held in the UK, Dublin and Malta, in the absence of direct interaction between staff in Luxembourg and in the branches. Its mandate is also to support in facilitate discussion on operational issues at branch level; through discussion and coordination; ensure that the branches are operating within the license issued by Competent Authorities as well as that the branches have sufficient resources. Furthermore, Competent Authorities require the branches to set up their own internal branch committee which should report to the Joint Branch Committee.

Outsourcing Committee

The purpose of the Outsourcing Committee is to enable EDB to properly manage its risks associated with outsourcing and to ensure that the outsourcing of material (or "critical or important".) functions does not impair the quality of internal controls or ability to monitor ongoing compliance with applicable laws and regulatory requirements.

Recovery & Resolution Planning Committee

The Bank has set up the dedicated Recovery & Resolution Planning Committee ("RRPC") approved by the Board of Directors. Regarding the Recovery Plan, the objective of this Committee is to monitor the effectiveness and updating of the recovery plan and to approve its key contributions. Additionally, it establishes a Recovery Plan Team ("RP Team") and appoints its members. During a critical situation, the RRPC would discuss the nature of the critical event and evaluate potential recovery options. In relation to the Resolution Planning the objectives of the RRPC are to ensure the Bank's compliance with resolution planning requirements, support the CSSF for the purpose of implementing CSSF's resolution decision and carrying out resolution activities as well as gathering, validation and delivery of information to CSSF and approval and starting of the communication process along to the communication plan.

1.2.4. Directorships and recruitment policy

(Article 435 (2) (a), (b) and (c) CRR)

The Bank´s Board of Directors nominates, reviews and assesses the composition of the Executive Management Board and recommends the appointment of its members who must comply with the requirements for fitness and propriety ("suitability test"). The Board of Directors further oversees the conduct of the annual review of the Executive Management Board effectiveness.

The Bank implemented its recruitment policy and diversity strategy for the selection of members of the Executive Management Board in accordance with the following principles:

The Bank acknowledges the importance of having a diverse Executive Management Board and considers this an important element in maintaining a competitive advantage where a diverse Executive Management Board includes individuals with different skills. Those skills shall match to the relevance of the business of the Bank, including e.g. financial services, regional and industry experience, background, nationality, gender or age.

EDB seeks to have persons of the highest competence to carry out effective management in compliance with applicable laws and regulations.

The following table depicts the areas of responsibility of the Bank´s Executive Management Board members according to their experience in the financial services sector in Luxembourg and in other jurisdictions:

Executive Management Board – Areas of Responsibility			
David Claus	**Holger Barth**	**Jean-François Thils**	**Robert Steele**
Chief Executive Officer	Managing Director	Managing Director	Managing Director
Accounting & Financial Reporting	Depositary Oversight	IT	Onboarding & Account Management
Sales / Treasury	Custody Operations	Digital Banking	Marketing
HR	Compliance and Data Protection	Risk Controlling	Relationship Management
RTA / Transformation	Credit		
Legal	Facility Management & Administration		
Process Management, Complaints	Branches Oversight		
Internal Audit	Outsourcing		
Banking Supervision Support			

The mandates held by the Bank´s Management Body as at 31 December 2022 are as follows:

Executive Management Board	**Function**	**Company**
David Claus	Chief Executive Officer, Member of the Executive Management Board and Board of Directors	European Depositary Bank SA, Luxembourg
Holger Barth	Managing Director, Member of the Executive Management Board	European Depositary Bank SA, Luxembourg
Jean-François Thils	Managing Director, Member of the Executive Management Board	European Depositary Bank SA, Luxembourg
Robert Steele	Managing Director, Member of the Executive Management Board	European Depositary Bank SA, Luxembourg

1.2.5. Scope of application

(Article 436 (b) CRR)

EDB and its three branches – Dublin, Malta and London – are covered throughout this disclosure report. As the Bank is authorised under Article 2 of the Law of 5 April 1993 on the financial sector as amended and is not subject to consolidation pursuant to Article 49 (4) of this law, the Bank does neither prepare its own partial consolidated financial statements in accordance with Article 80 of the Law of 17 June 1992 as amended nor is it subject to prudential consolidation requirements. Consequently, this report is prepared on standalone basis.

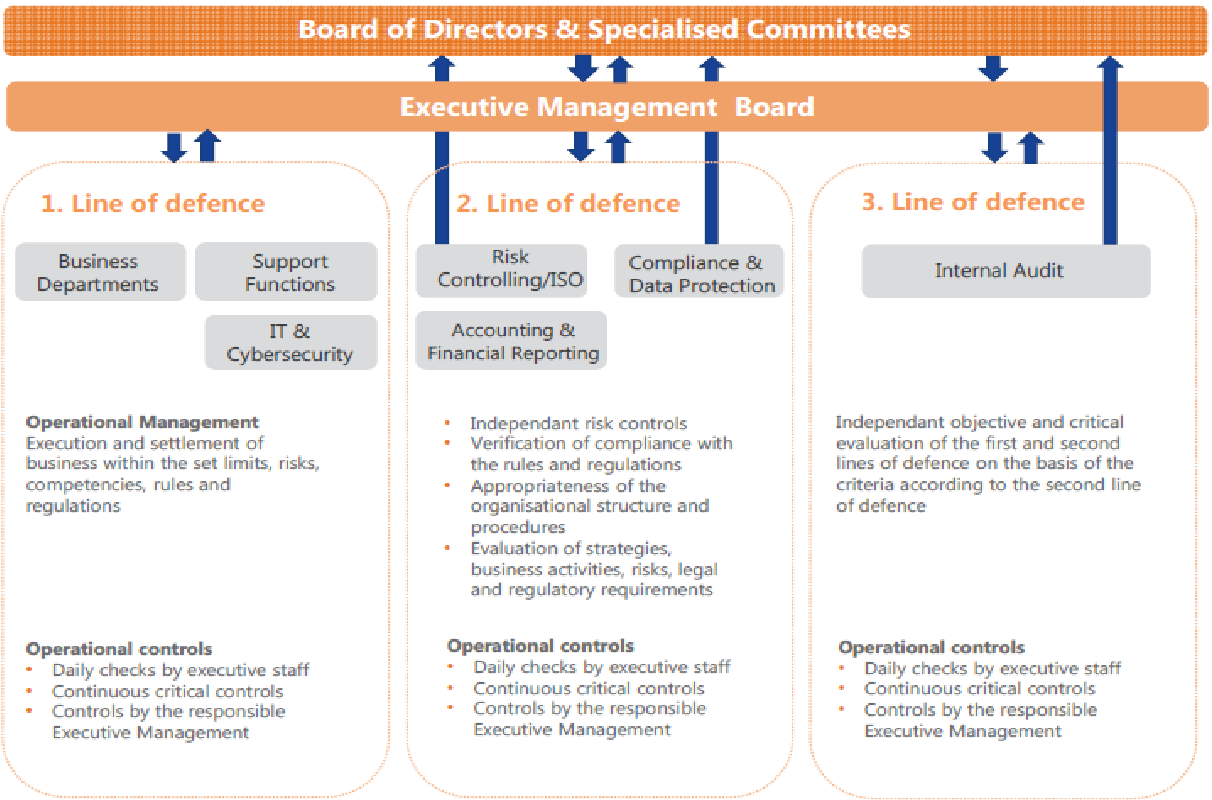
The Bank publishes the Pillar 3 disclosure report on an annual basis in accordance with Article 433 CRR.

1.3. Risk management setup

(Article 435 (1) CRR)

Table EU OVA – Institution risk management approach

The Bank's risk management is based on the three lines of defence model within the strategies and guiding principles set by the Board of Directors. In regards to Risk Management, the Bank has set up a specialised Risk Management Committee of the Board of Directors and a Compliance, Risk and Audit Committee of the Executive Management Board.



Each line of defence has clearly defined roles and responsibilities to ensure comprehensive risk management, monitoring and control is ensured for all the Banks activities. The Bank has a dedicated 2 Line of Defence function for risk in the form of a Risk Controlling department, whose head of department is the appointed Chief Risk Officer in accordance with Circular CSSF 12/552 as amended. The risk control function is supported by the Compliance department headed by a Chief Compliance Officer, and by the 3Lod function in the form of Internal Audit, headed by the Chief Internal Auditor. With regards to identification, assessment and monitoring of IT and (Cyber) security risks, the Risk Controlling department is supported by the Information Security Officer.

In general, the main task of the internal control functions is to monitor compliance with all internal regulations and procedures that fall within their remit and to regularly assess their adequacy.

The specific responsibilities of the risk control function include the following:

- Identifying, measuring, monitoring and communicating the full range of risks that the Bank and its branches are, or may be, exposed to and ensuring adequate risk management is in place;
- Assisting the Executive Management Board in controlling risks;
- Compilation of a comprehensive, objective and relevant overview of the risks, the risk-bearing capacity and the outcome of the stress test scenario program; and
- Conducting prudent qualitative and quantitative risk assessments and back testing of valuations.

The Risk Management Committee as well as the Extended EMB Committee at EMB level will ensure a regular, systematic and holistic monitoring of the risk profile of EDB including its branches.

The risk strategy, which is supplemented by the credit risk and capital resources strategies, is closely linked to the Bank´s business strategy. The risk strategy introduces the risk-bearing capacity concept and guiding principles that govern the identification, measurement, reporting, control and monitoring of risks. It is geared to achieving an attractive return on equity through a cautious approach to risk, taking into account both external and internal influencing factors. It is subdivided into general strategic guiding principles and sub-strategies for all risk types that are considered significant for EDB's risk profile.

The Board of Directors reviews the risk strategy annually, or on an ad hoc basis in the event of significant changes in the business structure.

A core element of the risk strategy and the overarching Risk Management Framework is the Risk Appetite.

The Bank´s Risk Appetite articulates the overall levels and types of risks that the Bank is willing to assume within its risk-bearing capacity including qualitative and quantitative risk limits as embedded in the Bank's policies and procedures. The Bank's Risk Appetite provides a common framework and comparable measures for senior management and the Board of Directors to communicate, understand, and assess the types and levels of risk that they are willing and able to accept.

It defines the boundaries within which senior management (Executive Management Board, branch managers, department heads and responsible persons for specific functions) is expected to operate when pursuing the Bank's business strategy.

As a matter of principle, the Risk Appetite of the Bank is oriented in such a way that it does not endanger the risk coverage potential, while at the same time complying with regulatory requirements.

The purpose of the capital resources strategy is to ensure that the Bank is solvent and that there is adequate capital available at all times. The Bank also performs the Internal Capital Adequacy Process and Internal Liquidity Adequacy Process (ICAAP/ILAAP on an annual basis. Under the ICAAP/ILAAP, the Bank ensures it has adequate internal capital and liquidity resources for covering all significant risks in order to execute its business plan while adhering to the Bank's risk strategy and maintaining regulatory compliance.

The credit risk strategy defines the Bank's primary lending business as a limited and supplementary business activity to the core business areas of depositary and custody services, serving of external asset managers and institutional client services. It focuses on low-risk, well-secured loans to funds, clients of external asset managers, professional private clients and companies for which EDB provides depositary or custody services.

Risk limits for the significant risk types, credit risk, market price risk and operational risk are reviewed at least on an annual basis to ensure alignment and relevance with the Bank's business and risk strategy.. The allocated risk limits result in the risk capital requirement, which is compared to the risk coverage potential within the framework of the risk-bearing capacity concept. The risk limits are also an expression of Bank´s risk appetite.

The Bank carries out an annual risk register assessment for all its entities. Its objective is to ensure the effective control of all risks of the Bank with the aid of systematic risk management and to differentiate between material risks and non-material risks. This distinction is the basis for the further handling of risks in the procedures of the Bank. The material risks are quantified, limited and taken into account for the risk-bearing capacity calculation. In addition, alarm thresholds are implemented for these risks, which serve as early warning indicators and contribute to compliance with the limits. The principle of proportionality applies to non-material risks. The annual performance of the risk register assessment ensures a regular review of the materiality of the risks.

Significant risks have been identified as being:

- Credit risk;
- Market risks;
- Operational risks; and
- Liquidity risk.

For the EDB branches in Dublin, Malta and London only operational risks have been classified as significant.

For credit risks, market price risks and operational risks, the Bank uses value-at-risk (VaR) to quantify the risk. The risk values are consistently determined with a confidence level of 99.5%. Liquidity risk is managed and controlled in the form of minimum liquidity requirements. Alarm thresholds are in place for these risks, serving as early warning indicators and contributing to adherence to applicable limits. The Risk Controlling department actively monitors the risks and regularly reports to the Executive Management Board, the Board of Directors and the Supervisory Authority.

In accordance with Circular CSSF 11/506 as amended (“Principles of a sound stress testing program”), EDB performs a thorough stress test for all risks defined as significant in order to be able to simulate risks even in extreme market and business situations. The analyses are based on a combination of hypothetical and historical market scenarios, and sensitivity analyses of individual risk factors. Hypothetical market scenarios are fictional scenarios defined by the Bank itself in which relevant risk factors are changed while for a sensitivity analysis, just one risk factor is changed. The Bank also performs reverse stress tests by altering the key risk factors to such an extent that the Bank incurs a loss that it can no longer bear.

The Bank strives to prevent risk concentrations through the existing limit systems. The unintentional emergence of risk concentrations is counteracted, even in case of compliance with all limits, through their identification and communication. The Bank also analyses cross-risk concentrations. The basis for this is the risk measurement of the individual risk types and the intra-risk concentrations recognized therein.

The Risk Controlling department produces a quarterly risk report to inform the Executive Management Board, the Board of Directors, the Chief Compliance Officer and Chief Internals Auditor as well as the Apex Group Chief Risk Officer, of the overall risk situation regarding significant risks, including the extent to which the allocated risk limits and the risk coverage potential are at capacity. The risk report draws attention to any risk concentrations, peculiarities in the reporting period, or transactions that deviate from the strategy. Moreover, this report focuses on the effects that stress tests in individual risk types have on the risk-coverage potential on cross-risk topics and on bank-wide risk management aspects.

In addition, a daily report is provided to the Executive Management Board, the Sales & Treasury department, detailing own holding exposures generating market price risks and their economic outcomes, and liquidity risks drawn up as part of liquidity risk management.

In addition to the measures outlined above, the Bank has established further supportive procedures to control the entirety of risks it is exposed to. These include a limit catalogue, monitoring of key risk indicators, controlling of outsourcing, risk analysis of new products, risk monitoring of participations, monitoring of unusual and non-transparent business activities and crisis management. The Bank has documented procedures for identification, assessment and monitoring of IT and (Cyber) security risks on which the CRO is supported by the Information Security Officer. These procedures and instruments complete the picture of the Bank's overall risk situation and serve as a means of early risk detection:

- **Limit catalogue:** The Bank´s regulatory and internal limits are compiled in a limit catalogue for the purpose of risk steering. For each limit, the limit catalogue specifies the monitoring department and the control instance.
- **Key Risk Indicators:** EDB performs a group-wide monitoring and reporting of the Bank´s key risk indicators. The key risk indicators are critical predictors of significant events which can adversely impact EDB´s risk situation. They monitor changes in the levels of risk exposure and contribute to the early warning signs that enable the Bank to report risks, prevent crisis and mitigate them in time.
- **Outsourcings:** In order to appropriately manage risks related to outsourcing and ensuring regulatory compliance, the Bank performs a comprehensive review and materiality assessment of such activities, including intra Group outsourcing. The assessment is coordinated by the Bank's dedicated outsourcing function with input and sign-off from relevant key stakeholders, including the control functions. In order to achieve a prudent governance of the outsourcing activities an Outsourcing Committee is in place.
- **New Products:** In order to minimise risks from new products, EDB applies a "New Product Process" (NPP) to ensure that the obligations associated with the product are fulfilled. The term "new product" refers to all changes of business activities with regard to market coverage, customer reach, products, and services.
- **Participations:** Participations are part of the annual risk register and are included as a shareholder / participation risk under the credit risk and taken into account in the CVaR exposure.. Risk monitoring is performed during the year, including a notification obligation for the participations.
- **Monitoring of unusual and non-transparent business activities:** Unusual or non-transparent business activities are defined as business activities carried out by means of especially designated legal entities or in areas with deficits in transparency or which do not meet international banking standards. The whistleblowing and risk reporting systems set up at the Bank ensure that such transactions are reported to the compliance function. Reports of unusual or non-transparent transactions are immediately forwarded to the risk control function. It examines whether the risks resulting from the reported business activities are controlled by the procedures available to the Bank and can therefore be adequately managed and gives its opinion on risk assessment and compatibility with the risk strategy.

Crisis Management: A Crisis Task Force is convened in the event of a critical situation consisting of the Members of the Executive Management Board together with relevant department heads and their deputies. The Crisis Task Force will take all the necessary actions required to respond to an internal/external critical incident that could impact the EDB's image or operational capacity. This applies, in particular to security issues, business interruptions and financial and reputational risks. Its role is to assess the impact of the critical situation, to establish the necessary business continuity measures, and to issue appropriate instructions.

2. Key metrics

(Article 447 CRR)

The Bank´s key metrics are reflected in the below template. Since the related data is disclosed for the first time, the data for previous years has not been included in line with Annex II (3) of the EBA ITS setting out instructions for overview disclosure templates.

Template EU KM1 – Key metrics template

	EUR	**T** **2022**	**T-1** **2021**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	60,666,116	54,187,556
2	Tier 1 capital	60,666,116	54,187,556
3	Total capital	60,666,116	54,187,556
	Risk-weighted exposure amounts		
4	Total risk exposure amount	284,703,326	230,622,298
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	21.31%	23.50%
6	Tier 1 ratio (%)	21.31%	23.50%
7	Total capital ratio (%)	21.31%	23.50%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.00%	1.00%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	2.81%	0.56%
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	3.75%	0.75%
EU 7d	Total SREP own funds requirements (%)	13.00%	9.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution specific countercyclical capital buffer (%)	0.33%	0.43%
EU 9a	Systemic risk buffer (%)		
10	Global Systemically Important Institution buffer (%)		
EU 10a	Other Systemically Important Institution buffer (%)		
11	Combined buffer requirement (%)	2.83%	2.93%
EU 11a	Overall capital requirements (%)	15.83%	11.93%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.56%	15.50%
	Leverage ratio		
13	Total exposure measure	1,781,318,18	1,685,156,383
14	Leverage ratio (%)	3.41%	3.22%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		

EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	*of which: to be made up of CET1 capital (percentage points)*		
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)		
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1,286,204,290	1,331,208,167
EU 16a	Cash outflows - Total weighted value	805,252,230	787,528,385
EU 16b	Cash inflows - Total weighted value	55,816,966	20,042,555
16	Total net cash outflows (adjusted value)	749,435,264	767,485,829
17	Liquidity coverage ratio (%)	171.23%	173.45%
Net Stable Funding Ratio			
18	Total available stable funding	536,337,416	533,497,794
19	Total required stable funding	152,813,709	111,557,319
20	NSFR ratio (%)	350.97%	478.23%

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3. Own funds and capital adequacy

3.1. Own funds composition

(Article 437 CRR)

In accordance with Article 92 (1) CRR the Bank is obliged to maintain sufficient own funds at all times. As per 31 December 2022, EDB´s total own funds consist solely of Common Equity Tier 1 capital (hereafter “CET1”) which is comprised of subscribed capital, share premium, retained earnings and reserves. Deductions from CET1 arise from intangible assets, value adjustments due to the requirements for prudent valuation as well as CET1 instruments of financial sector entities on which EDB has a significant investment. The following table illustrates the Bank´s own funds composition as at 31 December 2022.

Template EU CC1 – Composition of regulatory own funds

EUR		(a)	
		Amounts	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	31,000,000	CC2–18 and CC2–19
	of which: shares, fully paid up	13,000,520	CC2–19
	of which: share premium	17,999,480	CC2–18
2	Retained earnings	32,252,063	CC2–20 and CC2-21
3	Accumulated other comprehensive income (and other reserves)	4,349,631	CC2–20 and CC2-21
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**67,601,694**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-592,261	
8	Intangible assets (net of related tax liability) (negative amount)	-6,270,023	CC2–7
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		

17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-73,294	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*		
EU-20c	*of which: securitisation positions (negative amount)*		
EU-20d	*of which: free deliveries (negative amount)*		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*		
25	*of which: deferred tax assets arising from temporary differences*		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments		
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-6,935,577**	
29	**Common Equity Tier 1 (CET1) capital**	**60,666,117**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		
31	*of which: classified as equity under applicable accounting standards*		
32	*of which: classified as liabilities under applicable accounting standards*		

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33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	*of which: instruments issued by subsidiaries subject to phase out*		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**60,666,117**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts		
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	*of which: instruments issued by subsidiaries subject to phase out*		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**		

Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**		
59	**Total capital (TC = T1 + T2)**	**60,666,117**	
60	**Total Risk exposure amount**	**284,703,326**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital		
62	Tier 1 capital		
63	Total capital		
64	Institution CET1 overall capital requirements		
65	*of which: capital conservation buffer requirement*		
66	*of which: countercyclical capital buffer requirement*		
67	*of which: systemic risk buffer requirement*		
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*		
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*		
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		

73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

It shall be noted that the Bank´s COREP reporting is based on FINREP figures. The differences between balance sheet positions included in the regulatory own funds for COREP purposes (as per Template EU CC1) and those disclosed in the audited financial statements (as per Template EU CC2) are made of IFRS 9 adjustments between Lux GAAP and IFRS in line with FINREP.

Template EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

EUR		a	b	c
		Balance sheet as in published financial statements		**Reference**
		As at period end		
Assets – Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash in hand, balances with central banks and post office banks	915,820,381		
2	Loans and advances to credit institutions	92,460,227		
3	Loans and advances to customers	23,023,158		
4	Debt securities and other fixed-income securities	528,079,002		
5	Participating interests	73,294		
6	Shares in affiliated undertakings			
7	Intangible assets	6,270,023		
8	Tangible assets	751,364		
9	Other assets	46,906,333		
10	Prepayments and accrued income	5,620,539		
11	**Total assets**	**1,619,004,321**		
Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements				
12	Amounts owed to credit institutions	2,056,716		
13	Amounts owed to customers	1,473,732,610		
14	Other liabilities	53,873,264		
15	Accruals and deferred income	2,205,404		
16	Provisions	16,900,532		
17	**Total liabilities**	**1,548,768,526**		
Shareholders' Equity				
18	Subscribed capital	13,000,520		CC1–1
19	Share premium account	17,999,480		CC1–1
20	Reserves	36,274,243		
21	Profit or loss brought forward	112,512		
22	Profit of loss for the financial year (before deduction of interim dividends)	2,849,040		
23	Interim dividends			
25	**Total shareholders' equity**	**70,235,795**		

Template EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

EUR		a
		Qualitative or quantitative information
1	Issuer	European Depositary Bank SA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private placement
3	Governing law(s) of the instrument	Luxembourg Law

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3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo level
7	Instrument type (types to be specified by each jurisdiction)	Ord. registered shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	13,000,000
9	Nominal amount of instrument	N/A
EU-9a	Issue price	N/A
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholder´s equity
11	Original date of issuance	30/06/2021
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	*If convertible, conversion trigger(s)*	N/A
25	*If convertible, fully or partially*	N/A
26	*If convertible, conversion rate*	N/A
27	*If convertible, mandatory or optional conversion*	N/A
28	*If convertible, specify instrument type convertible into*	N/A
29	*If convertible, specify issuer of instrument it converts into*	N/A
30	Write-down features	N/A
31	*If write-down, write-down trigger(s)*	N/A
32	*If write-down, full or partial*	N/A
33	*If write-down, permanent or temporary*	N/A
34	*If temporary write-down, description of write-up mechanism*	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

3.2. Capital adequacy

(Article 438 CRR)

The Bank applies the Standardised Approach in accordance with Part Three, Title II, Chapters 2 and 4 CRR for the calculation of own funds requirements for credit risk set out in Article 92 (3) point (a) CRR. In this context, the Financial Collateral Comprehensive Method (hereafter "FCCM") is used to mitigate credit risks to which the bank is exposed. With regards to counterparty credit risk related to derivative exposures, EDB applies the Original Exposure Method (hereafter "OEM") in accordance with Article 282 CRR. Credit valuation adjustments (hereafter "CVA") for OTC derivatives are further measured using the Standardised Approach in line with Article 384 CRR. The Basic Indicator Approach (hereafter "BIA") is applied for the calculation of own funds requirements for operational risk set out in Article 315 CRR.

Table EU OVC – ICAAP information

On the basis of Circular CSSF 07/301 (as amended), as supplemented by Circulars CSSF 08/338 (as amended), CSSF 09/403, CSSF 11/506 (as amended), CSSF 12/552 (as amended), CSSF 12/537, CSSF 12/538, CSSF 13/574, CSSF 14/597 and CSSF 16/647, EDB is required to perform an Internal Capital and Liquidity Adequacy Assessment Process in order to determine the adequacy of its internal capital and liquidity. Pursuant to the said Circular, the Bank's Executive Management Board informs the management body in its supervisory function on the institution's situation and management of risks and its internal, current and planned capital and liquidity on the situation and the management of risks, internal and regulatory capital and liquidity at least once a year.

The ICAAP serves to receive a closed picture of the risk profile of the Bank and to provide a systematic analysis of risks, which endanger the existence of the Bank or can have a negative influence on its development in the future.

In the light of the Bank´s ICAAP, risks not fully covered by the minimum regulatory own funds requirements are addressed.

In this context, the adequacy of the internal capital and the constant safeguarding of the institution's liquidity are paramount for ensuring its solvability. The ICAAP must be designed in such a way as to assess to what extent its internal capital and liquidity is adequate to cover all the risks to which it is or might be exposed. The ICAAP, thus, supplements the regulatory stipulated coefficients (e.g. Capital Adequacy Ratio). Concerning the completeness of the risks, these objectives result from the claim to secure the Bank's continued existence with always adequate capital and comfortable liquidity.

The Bank ensures under the supervision of the Accounting & Regulatory Reporting department that its capital ratios are at all times compliant with the following objectives:

- Regulatory requirements are met;
- Risk Appetite targets are respected;
- Financial flexibility is given within RWA allocation; and
- Resilience is maintained in the event of stress.

3.2.1. Capital requirements

(Article 438 (d) CRR)

Template EU OV1 – Overview of total risk exposure amounts

EUR		Total risk exposure amounts (TREA)		Total own funds requirements
		a	**b**	**c**
		2022	**2021**	**2022**
1	Credit risk (excluding CCR)	117,633,135	72,564,722	9,410,651
2	*of which the standardised approach*	117,633,135	72,564,722	9,410,651
3	*of which the Foundation IRB (F-IRB) approach*			
EU 4a	*of which equities under the simple risk weighted approach*			
5	*of which the Advanced IRB (A-IRB) approach*			
6	Counterparty credit risk - CCR	91,857,222	66,680,408	7,348,578
7	*of which the standardised approach*			
8	*of which internal model method (IMM)*			
EU 8a	*of which exposures to a CCP*			
EU 8b	*of which credit valuation adjustment - CVA*	27,290,275	19,034,884	2,183,222
9	*of which other CCR*	64,566,947	47,645,524	5,165,356
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	*of which SEC-IRBA approach*			
18	*of which SEC-ERBA (including IAA)*			
19	*of which SEC-SA approach*			
EU 19a	*of which 1250% / deduction*			
20	Position, foreign exchange and commodities risks (Market risk)	1,962,027	18,126,226	156,962
21	*of which the standardised approach*	1,962,027	18,126,226	156,962
22	*of which IMA*			
EU 22a	Large exposures			
23	Operational risk	73,250,942	61,559,039	5,860,075
EU 23a	*of which basic indicator approach*	73,250,942	61,559,039	5,860,075
EU 23b	*of which standardised approach*			
EU 23c	*of which advanced measurement approach*			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	**Total**	**284,703,326**	**218,930,395**	**22,776,226**

3.2.2. Capital buffers

(Article 440 CRR)

Template EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e	f	g	h	i	j	k	l	m
EUR		**General credit exposures**		**Relevant credit exposures – Market risk**		**Securitisation exposures Exposure value for non-trading book**	**Total exposure value**	**Own fund requirements**				**Risk-weighted exposure amounts**	**Own fund requirements weights (%)**	**Countercyclical buffer rate (%)**
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
	Breakdown by country:													
001	(AE) United Arab Emirates	3,073					3,073	246			246	3,073		
002	(BE) Kingdom of Belgium	46,565					46,565	3,725			3,725	46,565	0.10	
003	(BM) Bermuda	168,024					168,024	13,442			13,442	168,024	0.10	
004	(CH) Swiss Confederation	537,633					537,633	43,011			43,011	537,633	0.40	
005	(CY) Republic of Cyprus	338					338	27			27	338		

006	(DE) Federal Republic of Germany	26,238,496					26,238,496	215,754			215,754	2,696,929	2.10	
007	(EE) Republic of Estonia	5,112					5,112	409			409	5,112		
008	(GB) Great Britain and Northern Ireland	466,618					466,618	37,329			37,329	466,618	0.40	1.0
009	(GG) Guernsey	3,034					3,034	243			243	3,034		
010	(IE) Ireland	25					25	2			2	25		
011	(IT) Italian Republic	75,528					75,528	6,042			6,042	75,528	0.10	
012	(JE) Jersey	5,187					5,187	415			415	5,187		
013	(KY) Cayman Islands	3,548					3,548	284			284	3,548		
014	(LI) Principality of Liechtenstein	24					24	2			2	24		
015	(LT) Republic of Lithuania	78					78	6			6	78		
016	(LU) Grand Duchy of Luxembourg	83,491,019					83,491,019	6,679,282			6,679,282	83,491,019	66.20	0.50
017	(MT) Republic of Malta	97,534					97,534	7,803			7,803	97,534	0.10	
018	(NL) Kingdom of Netherlands	3,073					3,073	246			246	3,073		
019	(US) United States of America	3,710,116					3,710,116	296,809			296,809	3,710,116	2.90	
020	Other	34,827,098					34,827,098	2,786,168			2,786,168	34,827,098	27.60	
020	**Total**	**149,682,123**					**149,682,123**	**10,091,244**			**10,091,244**	**126,140,556**	**100**	

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	EUR	**31.12.2022**
1	Total risk exposure amount	284,703,326
2	Institution specific countercyclical capital buffer rate	0.33%
3	Institution specific countercyclical capital buffer requirement	942,210

3.3. Leverage ratio

(Article 451 CRR)

Table EU LRA – Disclosure of LR qualitative information

The leverage ratio is a measure which allows for the assessment of an institutions' exposure to the risk of excessive leverage.

EDB calculates and manages its leverage ratio in accordance with Part 7 CRR. In this context, managing the Bank´s risk of excessive leverage means both calibrating its Tier 1 capital measure (leverage ratio nominator) and monitoring its exposure measure (leverage ratio denominator) on a daily basis. Whereas on-balance sheet exposures represent the biggest component of EDB´s leverage ratio denominator, off-balance sheet exposures and derivative positions are also considered for the determination of the Bank´s exposure measure. The Bank´s leverage exposures are actively managed by the departments Sales & Treasury and Credit. The Accounting and Regulatory Reporting department is in charge of the monitoring and calibration of the leverage ratio. Target is to maintain an internally defined leverage ratio level which is set well above the minimum requirement of 3% in accordance with Article 92 (1) (d) CRR. The respective leverage ratio levels are regularly reported to the Bank´s Executive Management and Board of Directors.

The Bank´s leverage exposures are primarily influenced by the volume of its client deposits. More precisely, the main trigger for the leverage ratio constitutes the client behaviour – the deposits received are kept at BCL or reinvested predominately in short-term high quality liquid assets on the market.

As at 31 December 2022, EDB maintained a leverage ratio of 3.41%.

Template EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EUR		a
		Applicable amount
1	Total assets as per published financial statements	1,629,165,508
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustment for derivative financial instruments	157,980,830
9	Adjustment for securities financing transactions (SFTs))	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	515,296
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	

EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	6,343,317
13	**Total exposure measure**	**1,781,318,317**

Template EU LR2 – LRCom: Leverage ratio common disclosure

EUR		**CRR leverage ratio exposures**	
		a	**b**
		2022	**2021**
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,629,165,508	1,568,949,371
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-6,343,317	-1,979,348
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1,622,822,191**	**1,566,970,023**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method	157,980,830	117,302,630
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**157,980,830**	**117,302,630**
Securities financing transaction (SFT) exposures			

14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	1,030,592	1,803,460
20	(Adjustments for conversion to credit equivalent amounts)	-515,296	-919,730
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**515,296**	**883,730**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**		
	Capital and total exposure measure		
23	**Tier 1 capital**	**60,666,116**	**54,187,556**
24	**Total exposure measure**	**1,781,318,317**	**1,685,156,383**
	Leverage ratio		
25	Leverage ratio (%)	3.41%	3.22%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	3.41%	3.22%

25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	3.41%	3.22%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	*of which: to be made up of CET1 capital*		
27	Leverage ratio buffer requirement (%)		
EU-27a	**Overall leverage ratio requirement (%)**	**3.00%**	**3.00%**
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,781,318,317	1,685,156,383
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,781,318,317	1,685,156,383
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.41%	3.22%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.41%	3.22%

Template EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EUR		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**1,629,165,508**
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	
EU-4	Covered bonds	24,958,827
EU-5	Exposures treated as sovereigns	1,405,262,334

EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	
EU-7	Institutions	95,494,157
EU-8	Secured by mortgages of immovable properties	
EU-9	Retail exposures	
EU-10	Corporates	57,752,300
EU-11	Exposures in default	
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	45,697,890

4. Credit risk

4.1. Credit risk management

(Article 435 (1) (a), (b), (d) and (f) CRR)

Table EU CRA – General qualitative information about credit risk

Credit risk defines the risk of loss of assets as a result of partial or complete default of asset positions with different characteristics in the form of counterparty, settlement, issuer, investment and shareholder as well as country risk. Credit risk comprises receivables and credit equivalents from customers and banks as well as securities receivables from issuers. The lending business is an activity complementary to the bank's core business.

To mitigate and control credit risks, the Bank has specified limits, in place for money market transactions, foreign currency transactions, securities and derivative transactions.

In accordance with the credit risk strategy, the Bank's lending business focuses on Lombard loans for external managed private customers with assets deposited with the Bank and short-term loans to investment funds, for which EDB has the depositary bank function. Regularly assessed collaterals are an important instrument for minimising risk.

The Bank considers its foreign currency loans defined in the CSSF Circular CSSF 12/538 and the related risks to be insignificant in view of the low proportion of non-currency congruent collateralised foreign currency loans in the balance sheet total and in view of the intended monitoring of systemic risks as originating from the Circular. The mandatory requirements of the Circular are implemented by the binding organisational instructions in the Bank's internal policies.

For the Bank's holdings in interest-bearing securities, it observes issuer limits as well as the list of approved products in its proprietary trading. New investments focus on securities exempt from regulatory own funds backing on account of their creditworthiness and German covered bonds. A further selection criterion is the eligibility for refinancing at the ECB, especially for EUR denominated securities.

The Credit Risk Management team prepares a regular report of exposures (counterparty default risk report) that are overdrawn and/or have a lending value shortfall. The report also includes all doubtful receivables, overdrafts of issuers, overdraft of country limits and overdrafts of risk limits set for shadow banking entities.

Continuous credit monitoring is carried out by the responsible customer advisor and the Credit Risk Management team in order to identify changes in the credit rating in a timely manner. The Credit Risk Management team monitors compliance with the competences and the timely repayment of overdrafts on an ongoing basis and reports this as part of the allocation of competences. In addition, the exposures are monitored daily for collateral value shortfall, with any underfunding re-ported as part of the competence allocation and communicated to the Chief Risk Officer, once the internally defined threshold values are reached.

Unexpected losses, i.e. losses exceeding the expected amount, are measured against this limit. Furthermore, a surcharge for migration risks is applied to the limit resulting from the selected method as part of the risk-bearing capacity approach. In principle, all positions with counterparty risk are included in the portfolio analysis when determining CVaR. The unexpected loss is defined by the credit value at risk (CVaR) as the 99.5% quantile of the loss distribution of the Bank's credit portfolio. The migration risk surcharge is calculated as the difference between the expected loss of the actual portfolio and the expected loss of the actual credit portfolio of all borrowers under stressed conditions. The calculation is carried out using the internal credit risk model, into which the unsecured portions and default probabilities of the individual borrowers as well as correlations (via an industry / sector classification) flow. In addition, a central additional condition is that the regulatory limitation of capital requirements regulation must always be complied with.

4.2. Credit exposure

(Articles 442 and 444 CRR)

Table EU CRD – Qualitative disclosure requirements related to standardised approach

The Bank applies the Standardised Approach in accordance with Part Three, Title II, Chapters 2 and 4 CRR to determine its own funds requirements for credit risk set out in Article 92 (3) point (a) CRR.

The Standardised Approach assigns standardised risk weights based on external ratings given by eligible External Credit Assessment Institutions ("ECAI") as per Part Three, Title 2, Chapter 2, Section 3 CRR. Under the Standardised Approach, the external credit assessments assigned by the nominated ECAI Standard & Poor´s (hereafter "S&P") are used by the Bank for the exposure classes central governments or central banks, regional governments or local authorities and public sector entities. Where no external credit assessment is available, the Bank assigns the specific predefined risk weights as per CRR.

In line with Commission Implementing Regulation (EU) 2016/1799, the following table depicts the mapping of the long-term S&P external credit assessments to credit quality steps, the latter being relevant for the Bank´s determination of risk weights.

S&P credit assessment	Mapping to credit quality steps
AAA to AA-	1
A+ to A-	2
BBB+ to BBB-	3
BB+ to BB-	4
B+ to B-	5
CCC+ and below	6

As at 31 December 2022, the Bank did not have any non-performing or forborne exposures and its non-performing loans ratio was below 5%. Since the Bank further does not constitute a large institution, the following disclosure requirements do not apply:

- Template EU CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries
- Template EU CQ1 – Credit quality of forborne exposures
- Template EU CQ2 – Quality of forbearance
- Template EU CQ6 – Collateral valuation - loans and advances;
- Template EU CQ7 – Collateral obtained by taking possession and execution processes
- Template EU CQ8 – Collateral obtained by taking possession and execution processes – Vintage breakdown

Template EU CR1 – Performing and non-performing exposures and related provisions

	EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**Accumulated partial write-off**	**Collateral and financial guarantees received**	
		Performing exposures			**Non-performing exposures**			**Performing exposures – accumulated impairment and provisions**			**Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**				**On performing exposures**	**On non-performing exposures**
			Of which: stage 1	Of which: stage 2		Of which: stage 2	Of which: stage 3		Of which: stage 1	Of which: stage 2		Of which: stage 2	Of which: stage 3			
005	Cash balances at central banks and other demand deposits	1,008,353,559	1,008,353,559					-9,367	-9,367						5,246,210	
010	Loans and advances	42,859,926	42,859,926					-46,765	-46,765						15,804,807	
020	Central banks															
030	General governments															
040	Credit institutions															
050	Other financial corporations	40,093,840	40,093,840					-24,232	-24,232						13,119,921	
060	Non-financial corporations															
070	*of which: SMEs*															
080	Households	2,766,086	2,766,086					-22,532	-22,532						2,684,886	
090	Debt securities	528,604,139	528,604,139													
100	Central banks															
110	General governments	305,015,808	305,015,808													
120	Credit institutions	223,288,330	223,288,330													
130	Other financial corporations															

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140	Non-financial corporations															
150	Off-balance-sheet exposures	1,030,592	1,030,592					850	850						82,500	
160	Central banks															
170	General governments															
180	Credit institutions															
190	Other financial corporations	924,613	924,613					277	277						30,000	
200	Non-financial corporations	75,980	75,980					451	451							
210	Households	30,000	30,000					121	121						52,500	
220	**Total**	**1,580,548,216**	**1,580,548,216**					**-55,282**	**-55,282**						**8,361,196**	

Template EU CR1-A: Maturity of exposures

EUR		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	42,859,926					42,859,926
2	Debt securities		168,534,042	305,806,089	53,964,008		528,304,139
3	**Total**	**42,859,926**	**168,534,042**	**305,806,089**	**53,964,008**		**571,164,065**

Template EU CQ3 – Credit quality of performing and non-performing exposures by past due days

EUR	a	b	c
	Gross carrying amount / Nominal amount		
	Performing exposures		
		Not past due or Past due < 30 days	Past due > 30 days < 90 days
Cash balances at central banks and other demand deposits	1,008,353,559	1,008,353,559	
Loans and advances	42,859,926	42,859,926	
Central banks			
General governments			
Credit institutions			
Other financial corporations	40,093,840	40,093,840	
Non-financial corporations			
of which: SMEs			
Households	2,766,086	2,766,086	
Debt Securities	528,304,139	528,304,139	
Central banks			
General governments	305,015,808	305,015,808	
Credit institutions	223,288,330	223,288,330	
Other financial corporations			
Non-financial corporations			
Off-balance sheet exposures	1,030,592		
Central banks			
General governments			
Credit institutions			
Other financial corporations	924,613		
Non-financial corporations	75,980		
Households	30,000		
Total	**1,580,548,216**	**1,579,517,624**	

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Template EU CQ4 – Quality of non-performing exposures by geography

	EUR	a	b	c	d	e	f	g
		Gross carrying/Nominal amount				**Accumulated impairment**	**Provisions on off-balance sheet commitments and financial guarantees given**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
010	On balance sheet exposures	571,491,246				-46,765		
020	DE	300,394,074				-661		
030	LU	130,086,959				-23,145		
040	US	76,280,015				-22,440		
050	PH	24,525,452						
060	GB	23,129,643				-280		
070	SE	12,129,844				-62		
080	Other countries	4,945,260				-176		
090	Off balance sheet exp.	1,030,592					-850	
100	LU	924,613					-277	
101	IT	75,980					-451	
102	DE	30,000					-121	
103	**Total**	**572,521,839**				**-46,765**	**-850**	

4.3. Credit risk mitigation techniques

(Article 453 CRR)

Table EU CRC – Qualitative disclosure requirements related to CRM techniques

The Bank applies the Financial Collateral Comprehensive Method in accordance with Article 223 CRR and considers only eligible collateral meeting the conditions set out in Articles 197 and 198 CRR, respectively.

As at 31 December 2022, the Bank used the following eligible collateral as credit risk mitigation techniques:

- Cash on deposit or cash on accounts;
- Margins relating to derivative transactions; and
- Debt securities.

No further collateral like immovable property, receivables, leasing, other physical collateral, guarantees or any types of credit derivatives are in use. Moreover, EDB does not apply on- or off-balance sheet netting. The Credit Risk department is in charge of the monitoring, evaluation and management of eligible collateral.

EDB used FlexFinance (Fernbach) and ABACUS360 (BearingPoint) as supporting application to manage valuations and eligibility of collateral.

Template EU CR3 – CRM techniques overview – Disclosure of the use of credit risk mitigation techniques

EUR		**Unsecured carrying amount**	**Secured carrying amount**	Of which: secured by collateral	Of which: secured by financial guarantees	
						Of which: secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	1,035,464,810	15,804,807	15,804,807		
2	Debt securities	1,531,411,487	5,246,210	5,246,210		
3	**Total**	**2,566,876,297**	**21,051,017**	**21,051,017**		
4	*of which: non-performing exposures*					
EU-5	*of which: defaulted*					

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Template EU CR4 – Standardised approach – Credit risk exposure and CRM effects

EUR	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	949,122,194		949,122,194		0	0.00%
2	Regional government or local authorities	141,260,461		141,260,461		0	0.00%
3	Public sector entities	108,342,354		108,342,354		2,424,445	2.24%
4	Multilateral development banks	206,537,324		206,537,324		0	0.00%
5	International organisations						
6	Institutions	95,494,157		95,494,157		19,098,831	20.00%
7	Corporates	57,752,300	1,029,743	47,059,409	856,677	47,916,086	100.00%
8	Retail						
9	Secured by mortgages on immovable property						
10	Exposures in default						
11	Exposures associated with particularly high risk						
12	Covered bonds	24,958,827		24,958,827		2,495,883	10.00%
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	45,697,890		45,697,890		45,697,890	100.00%
17	**Total**	**1,629,165,508**	**1,029,743**	**1,618,472,617**	**856,677**	**117,633,135**	**7.26%**

Template EU CR5 – Standardised approach

EUR	Exposure classes	0%	10%	20%	100%	Total	Of which unrated
		a	**d**	**e**	**j**	**p**	**q**
1	Central governments or central banks	949,122,194				949,122,194	949,122,194
2	Regional government or local authorities	141,260,461				141,260,461	141,260,461
3	Public sector entities	96,220,131		12,122,224		108,342,355	108,342,355
4	Multilateral development banks	206,537,324				206,537,324	206,537,324
6	Institutions			95,494,157		95,494,157	95,494,157
7	Corporates				48,784,206	48,784,206	48,784,206
12	Covered bonds		24,958,827			24,958,827	
16	Other items				45,697,890	45,697,890	45,697,890
17	**Total**	**1,393,140,110**	**24,958,827**	**107,616,381**	**94,482,096**	**1,620,197,414**	**1,595,238,587**

4.4. Counterparty credit risk

(Article 439 CRR)

Table EU CCRA – Qualitative disclosure related to CCR

Counterparty credit risk ("CCR") is the risk arising from the possibility that a counterparty to a transaction may default before the final settlement of the transaction's cash flows.

For exposures that give rise to counterparty credit risk (i.e. OTC derivatives) the Bank applies the Original Exposure Method ("OEM") in accordance with Article 282 CRR in order to determine its RWA.

For the limitation of risks in connection with market activities, the Bank has specified internal limits for counterparty credit risk which are a component of the counterparty and the related group's overall credit limit. Those counterparty credit limits are granted with regards to money market transactions, foreign currency transactions, securities and derivative transactions after consideration of the characteristics of transactions eligible under these limits and the assessment of the overall credit quality of the counterparty. 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 unsecured portions of the debt, the likelihood of the counterparty defaulting, taking into account recovery factors for public borrowers (sovereigns; other public entities) and for banks, and the relevant correlations.

EDB did not apply any netting agreements for regulatory purposes and did not have any credit derivatives exposures.

Template EU CCR1 – Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
	EUR	**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
EU-1	EU - Original Exposure Method (for derivatives)	31,997,097	80,846,353		1.4	157,980,830	157,980,830	124,701,106	64,566,947
EU-2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)				1.4				
2	IMM (for derivatives and SFTs)								
2a	*of which securities financing transactions netting sets*								
2b	*of which derivatives and long settlement transactions netting sets*								
2c	*of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	**Total**					**157,980,830**	**157,980,830**	**124,701,106**	**64,566,947**

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Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

EUR		a	b
		Exposure value	**RWEA**
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	155,944,429	27,290,275
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**155,944,429**	**27,290,275**

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

EUR	**Exposure classes**	**Risk weight**	
		e	**i**
		20%	100%
6	Institutions	76,252,849	
7	Corporates		48,448,257
11	**Total exposure value**	76,252,849	48,448,257

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4.5. Asset encumbrance

(Article 443 CRR)

Table EU AE4 – Accompanying narrative information

An asset shall be treated as encumbered where it has been pledged or is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn.

Encumbrance at EDB mainly arises from collateralising movements of market values stemming from derivative transactions.

The figures related to the Bank´s encumbrance reflected in the templates below correspond to the median of 2022 quarterly values. The totals correspond to the median of total values and are consequently not equal to the sum of the medians of sub-components.

Template EU AE1 – Encumbered and unencumbered assets

	EUR	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which: notionally eligible EHQLA and HQLA		of which: notionally eligible EHQLA and HQLA		of which: EHQLA and HQLA		of which: EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**93,818,098**	**75,254,551**			**1,495,393,721**	**1,275,874,289**		
030	Equity instruments					26,729		26,729	
040	Debt securities	75,254,551	75,254,551	75,254,551	75,254,551	374,928,948	374,928,948	374,928,948	374,928,948
050	*of which: covered bonds*	32,683,687	32,683,687	32,683,687	32,683,687	200,697,611	200,697,611	200,697,611	200,697,611
060	*of which: securitisations*								
070	*of which: issued by general governments*	42,570,864	42,570,864	42,570,864	42,570,864	174,231,337	174,231,337	174,231,337	174,231,337
080	*of which: issued by financial corporations*	32,683,687	32,683,687	32,683,687	32,683,687	200,697,611	200,697,611	200,697,611	200,697,611
090	*of which: issued by non-financial corporations*								
120	Other assets	18,563,548		-	-	1,120,438,044	900,945,341	-	-

Template EU AE2 – Collateral received and own debt securities issued

EUR		**Fair value of encumbered collateral received or own debt securities issued**		**Unencumbered**	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	*of which: covered bonds*				
180	*of which: securitisations*				
190	*of which: issued by general governments*				
200	*of which: issued by financial corporations*				
210	*of which: issued by non-financial corporations*				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitisations				
241	Own covered bonds and securitisation issued and not yet pledged				
250	**Total collateral received and own debt securities issued**	**95,881,568**	**75,853,616**		

Template EU AE3 – Sources of encumbrance

EUR		**Matching liabilities, contingent liabilities or securities lent**	**Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered**
		010	**030**
010	Carrying amount of selected financial liabilities	21,605,858	70,656,967

5. Market risk

5.1. Market risk management

(Article 435 CRR)

Table EU MRA – Qualitative disclosure requirements related to market risk

As per 31 December 2022, EDB continued its activities as a non-trading book institution.

Market risk is the risk of losses arising from adverse movements in market prices (interest rates, exchange rates, stock and commodity prices). Market risks result from price changes in securities held in the Bank's own holdings portfolio as well as open foreign exchange positions and the negative effects of changes in the interest rate structure as part of maturity transformation. Market risk under Pillar II of the Basel Accord includes interest rate risk in the banking book (hereafter "IRRBB"), and mainly refers to the negative impact caused by interest rate changes on a bank's net interest income or on the value of its equity (please refer to Chapter 5.3).

The following types of transactions are processed in money market and foreign exchange trading:

- Money market transactions;
- Spot foreign exchange transactions;
- Foreign exchange forwards;
- Currency swaps; and
- Other financial instruments.

In order to limit the market price risks associated with the Bank´s portfolio, a value-at-risk method (VaR-method) based on a Monte Carlo simulation is applied by the Bank.

For the daily management and monitoring of the potential market price risks, the VaR calculation is based on a confidence interval of 99% and a holding period of 1 day (standard VaR). For the purposes of capital management, the risk-bearing capacity, a conversion to the 99.5% quantile and a holding period of 60 days is applied. The VaR is calculated for the total portfolio and for the individual sub-portfolios. Additional alarm thresholds in the form of a traffic light system are implemented for the purpose of monitoring the VaR limit utilisations.

To assess the forecast quality of the risk model, the Bank uses a so-called clean back testing procedure, which calculates the current Mark to Market value for positions of the previous day and compares this value with the risk calculated on the previous day. In this case, the back-testing are examined, and where back testing failures rated as outliers are not taken into account.

Risk limits are in place to limit the market risk exposures. Apart from the VaR, negative Mark-to-Market results accumulated in the course of the year also lead to a reduction of the open/unused limit, with the objective that potential losses in the current financial year are limited to the approved risk limits.

In addition to the regulatory IRRBB stress test, several other stress tests are carried out on a quarterly basis and are integrated in the quarterly risk report. These contain sensitivity analyses, each with different parameters for share price risk, foreign currency risk and interest rate risk, with both directions of change being examined (e.g. rising and falling prices). In addition, several hypothetical and historical scenarios are examined, based on stress situations that have occurred in the past.

As EDB is an institution without material trading activity, the Bank was only subject to own funds requirements for foreign exchange risk and hence does not have any reportable items under the following disclosure tables and templates:

- Table EU MRB – Qualitative disclosure requirements for institutions using the internal Market Risk Models
- Template EU MR2-A – Market risk under the internal Model Approach (IMA)
- Template EU MR2-B – RWEA flow statements of market risk exposures under the IMA
- Template EU MR3 – IMA values for trading portfolios
- Template EU MR4 – Comparison of VaR estimates with gains/losses

- Template EU PV1 – Prudent valuation adjustments (PVA)

5.2. Market risk exposure

(Article 445 CRR)

Template EU MR1 – Market risk under the standardised approach

EUR		a RWEAs
	Outright products	
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	
3	Foreign exchange risk	1,962,027
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	**Total**	1,962,027

5.3. Interest rate risk in the banking book (IRRBB)

(Article 448 CRR)

Table EU IRRBBA – Qualitative information on interest rate risks of non-trading book activities

The Bank defines interest rate risk as the loss risk from non-congruent refinancing in the banking book, if interest rate structure changes. The IRRBB arise from potential losses due to unfavourable fluctuations in interest rates.

The IRRBB as part of the market price risk is taken into account and controlled accordingly with the aim of an efficient management of earnings opportunities.

An interest maturity of one day is assumed for items with an indefinite contractual interest rate fixation, which thus represents both the average and the longest period for interest rate adjustments.

In order to comply with the Luxembourgish requirements, as amended by the Circular CSSF 20/762, the Bank assesses the impact of the interest rate risk, in form of a sudden interest rate shift of +/- 200 basis points (parallel shift), according to paragraph 113 of the EBA/GL/2018/02, as well as the other prescribed six stress scenarios with currency specific parameterizations, on the interest-bearing net positions of the banking book on the economic value of the equity (EVE) and on the net interest income (NII), on a quarterly basis. The results are submitted to the CSSF annually by 31 December and by the end of the quarter if the thresholds of 20% change in economic value for the parallel shift and 15% change in economic value for the six additional scenarios are exceeded.

The change in EVE is calculated at minimum for each currency where the assets or liabilities denominated in that currency amount to 5% or more of the total non-trading book financial assets.

In addition, historical and hypothetical interest rate scenarios are explored, which are based on stress situations that have occurred in the past.

Template EU IRRBB1 – Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		**Changes of the net interest income**	
		Current period	**Last period**	**Current period**	**Last period**
1	Parallel up	-2,385,373	-990,981	-3,263,802	-1,110,789
2	Parallel down	1,416,348	2,040,010	3,215,723	8,563,276
3	Steepener	855,812	1,144,442		
4	Flattener	-2,158,055	-952,500		
5	Short rates up	-2,818,104	-1,232,384		
6	Short rates down	1,489,292	1,913,275		

6. Liquidity risk

6.1. Liquidity risk management

(*Article 451a (4) CRR)*

Table EU LIQA – Liquidity risk management

Liquidity risk is defined as the risk that the Bank will be unable to meet its payment obligations in full and at all times. The Bank's liquidity shortage may be triggered by the consequences of a default risk and/or maturity mismatch arising from a negative deviation between expected and actual date of a cash inflow.

The Bank's liquidity risk is managed under the strict condition of adhering to the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and internal liquidity maturity mismatch limits.

Liquidity management is the responsibility of the Sales & Treasury department. It analyses known and expected cash flows and uses these to devise liquidity planning while always taking into account compliance with the regulatory and internal liquidity principles. The cash inventories must be managed in such a way that the expected cash outflows are always offset by sufficient cash inflows..

In the framework of the ILAAP provisions, Risk Controlling has implemented a liquidity monitoring procedure. In addition, the liquidity risk is also analysed within the risk register assessment.

Liquidity management planning is monitored by means of a daily gap analysis by the Risk Controlling department. The liquidity maturity statements take into account, in addition to all balance sheet items and the irrevocable loan commitments and guarantees provided, also the repayment flows from derivatives.

At the end of each month, historical, hypothetical and inverse stress tests are carried out, which simulate the liquidity position in extreme situations in order to identify possible liquidity concerns. In order to carry out inverse stress tests, the extent to which negative effects of the risk driver – deposit outflow, collapse of prices of eligible securities and drawing of open commitments – would lead to insolvency on the following day. This is simulated for the individual risk drivers on the basis of extreme scenarios and for mixed scenarios.

The aim is to ensure that the Bank remains liquid for at least one month in a stress scenario.

The results of all stress tests within the daily report for end of month, the members of the Board of Directors as part of the quarterly risk report. In addition, the Executive Management Board is informed about the daily balance sheet and the LCR as a key figure of the liquidity coefficients in a separate report, provided by the Accounting department.

In liquidity crises, it is particularly important for the Bank to be able to implement problem-solving processes and measures quickly and effectively. To this end, the Bank has developed and approved a liquidity emergency plan.

The Bank´s management bodies have approved that the liquidity risk management system is adequate with regards to EDB´s profile and strategy. Liquidity risk is part of the risk management framework and is considered in Risk Appetite statements of the Bank.

6.2. Regulatory liquidity ratios

(Article 451a (2) and (3) CRR)

Table EU LIQB – On qualitative information on LCR, which complements Template EU LIQ1

The Liquidity Coverage Ratio (LCR) promotes the short-term resilience of a bank's liquidity risk profile by ensuring that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The regulatory requirements are laid down in Part 6 CRR in connection with Commission Delegated Regulation (EU) 2015/61.

At EDB, the LCR is calculated and monitored on a daily basis and the Bank has set internal limits as part of the risk appetite for the LCR, lying well above the regulatory minimum requirement of 100% in order to counteract any negative developments at an early stage.

In line with Article 415 (2) CRR, the Bank publishes liquidity reports separately in its reporting currency EUR as well as in each currency amounting to or exceeding 5% of the Bank´s total liabilities on the respective reporting date, excluding own funds and off-balance sheet items. Throughout the year 2022, EDB calculated and reported its liquidity reports mainly in EUR, USD and GBP.

In 2022, the Bank´s LCR was always above the internal limit of 150% and hence met the regulatory minimum requirement at all times. More precisely, EDB´s average LCR for the four quarters ranged from 157% to 171% during the year 2022. Decisive for the Bank´s comfortable liquidity balances is the high level of BCL reserves, the stock of own unencumbered securities as well as the high volume of stable deposits.

Template EU LIQ1 – Quantitative information of LCR

EUR		a	b	c	d	e	f	g	h
		Total unweighted value (average)				**Total weighted value (average)**			
EU 1a	Quarter ending on	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2022	30.09.2022	30.06.2022	31.03.2022
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**1,283,256,214**	**1,293,032,448**	**1,446,693,934**	**1,292,858,225**
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	7,062,153	6,595,201	7,310,165	8,234,344	662,207	571,873	659,833	796,192
3	*Stable deposits*	2,393,749	2,665,583	2,619,682	2,146,013	119,687	133,279	130,984	107,301
4	*Less stable deposits*	4,668,404	3,929,618	4,690,483	6,088,330	542,520	438,594	528,849	688,891
5	Unsecured wholesale funding	1,467,736,659	1,509,128,291	1,587,344,107	1,433,773,897	803,587,931	839,506,248	914,241,410	802,079,711
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	882,382,134	889,227,279	893,955,824	839,675,157	220,595,534	222,306,820	223,488,956	209,918,789
7	*Non-operational deposits (all counterparties)*	585,354,525	619,901,012	346,694,141	594,098,740	582,992,397	617,199,428	690,752,454	592,160,922
8	*Unsecured debt*								
9	*Secured wholesale funding*	-							
10	Additional requirements	1,030,592	1,721,745	1,545,141	1,608,948	1,002,092	1,331,330	1,108,899	1,276,226

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11	*Outflows related to derivative exposures and other collateral requirements*		229,714				229,714		
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*	1,030,592	1,492,031	1,545,141	1,608,948	1,002,092	1,101,616	1,108,899	1,276,226
14	Other contractual funding obligations	2,738,000	2,430,000	2,503,000	2,391,000	0	0	0	0
15	Other contingent funding obligations								
16	**Total cash outflows**					**805,252,230**	**841,409,451**	**916,010,142**	**804,152,130**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	116,330,766	177,816,564	126,925,530	129,429,645	8,915,999	15,732,580	18,670,438	18,296,995
19	Other cash inflows	46,900,967	0	7,482,748	7,116,476	46,900,967	0	7,482,747	7,116,477
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b									

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	(Excess inflows from a related specialised credit institution)								
20	**Total cash inflows**	**163,231,733**	**177,816,564**	**134,408,278**	**136,546,121**	**55,816,966**	**15,732,580**	**26,153,185**	**25,413,472**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	163,231,733	177,816,564	134,408,278	136,546,121	55,816,966	15,732,580	26,153,185	25,413,472
TOTAL ADJUSTED VALUE									
EU-21	**Liquidity buffer**					**1,283,256,214**	**1,293,032,448**	**1,446,693,934**	**1,292,858,225**
22	**Total net cash outflows**					**749,435,264**	**825,676,871**	**889,856,956**	**778,738,658**
23	**Liquidity Coverage Ratio**					**171.23%**	**156.60%**	**162.58%**	**166.02%**

Template EU LIQ2 – Net Stable Funding Ratio

	EUR	a	b	c	d	e
		Unweighted value by residual maturity (average)				**Weighted value**
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) items						
1	Capital items and instruments	60,666,116				60,666,116
2	*Own funds*	60,666,116				60,666,116
3	*Other capital instruments*					
4	Retail deposits		7,062,153			6,475,625
5	*Stable deposits*		2,393,749			2,274,061
6	*Less stable deposits*		4,668,404			4,201,564
7	Wholesale funding		1,468,005,931	714,017		445,331,719
8	*Operational deposits*		886,182,331	714,017		443,448,174
9	*Other wholesale funding*		581,823,600			1,883,545
10	Interdependent liabilities					
11	Other liabilities:		48,079,528		23,863,955	23,863,955
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		48,079,528		23,863,955	23,863,955
14	**Total available stable funding (ASF)**					536,337,416
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					68,320,653
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		126,348,889			35,231,423
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and*		112,505,275			11,250,528

	advances to financial institutions					
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		3,825,490			1,912,745
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					
22	*Performing residential mortgages, of which:*					
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		10,018,123		20,069,516	22,068,150
25	Interdependent assets					
26	Other assets:		13,319,221		39,193,995	49,210,104
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		111,039			111,039
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		19,810,139		39,193,995	49,099,065
32	Off-balance sheet items		284,865	745,728		51,530
33	**Total RSF**					**152,813,709**
34	**Net Stable Funding Ratio (%)**					**350.97%**

7. Operational risk

(Articles 435 (1) and 446 CRR)

Table EU ORA – Qualitative information on operational risk

Operational risk is defined as the potential loss resulting from the inadequacy or failure of internal procedures, people and systems or as a result of external events. It includes legal and compliance risks.

The Bank applies the Basic Indicator Approach (hereafter "BIA") for the calculation of own funds requirements for operational risk in accordance with Article 315 CRR. In line with this approach, the Bank´s capital requirements for operational risk are determined as 15% of the average over three years of the relevant indicator set out in Article 316 CRR.

The Bank addresses operational risks by clearly defined competences and responsibilities. The identification, containment and avoidance of operational risks is carried out by continuously of all essential work processes, competences and responsibilities across the Bank. Strict adherence to the principle of segregation of functions at all levels of the Bank, includes internal controls and approvals, integrated into workflows and technical systems, constitute of important aspects of the risk mitigation. By maintaining a Business Recovery Centre and setting up backup workstations, including enabling the staff to work from home, the Bank has taken precautionary measures to mitigate the risks associated with an IT failure and pandemics. In order to maintain a high level of availability and performance of the systems, the Bank also continuously invests in the IT infrastructure. These measures are accompanied by insurance policies (e.g. electronics insurance or small machinery insurance).

Legal risks are countered by the Bank through an extensive use of standardized contracts, the review and update of individual contracts on a regular basis as applicable, according 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 this context all employees receive regular trainings on the prevention of money laundering and the financing of terrorism as well as training on fraud prevention. For the purpose of risk transfer, the Bank has concluded insurance policies, in order to reduce operational risk, for which the Bank could be held liable under statutory liability provisions. The Bank has taken out a Professional Indemnity, D&O and comprehensive crime insurance policies, which serve to provide coverage for claims for damages arising from the operating business or for the company managers against financial losses.

The Risk Register is the central element for the assessment of operational risks in EDB. The assessment of the residual risk, i.e. after taking into account the key controls, provides the parameters the operational risk quantification.. To calculate the potential damage, a value-at-risk for operational risks is calculated using a Monte-Carlo simulation. The internal model applied is the loss distribution approach, combining the results of the Risk Register assessment with stochastic actuarial distribution assumptions. Operational risk is understood as the 99.5% quantile of the distribution of possible losses incurred by the Bank based on operational events within one year. This defines the value-at –risk of operational risks to which a corresponding risk capital is allocated. In addition, a stress test is calculated that assumes a higher correlation between the operational events.

In order to manage risk, measures are defined for reporting loss events. In addition, risk management measures can be adopted by the EDB's Committees, as operational events are discussed at the regular meetings. Additional alarm thresholds for operational risk are in place within the framework of the risk-bearing capacity.

Regarding legal and reputational risk, the Bank has its own Legal department. Externally, the Bank is advised and represented by lawyers based in Luxembourg. In order to identify legal risks at an early stage, The Bank has set up a complaint management system within the meaning of CSSF Regulation No. 16-07. The complaints management system provides, among other things, the possibility to escalate cases of complains to the CSSF and monitoring their careful and prompt processing by the appointed complaints manager.

The Bank´s management bodies have approved that EDB´s operational risk management system is adequate and in line with its internal profile and strategy.

Template EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

EUR	a	b	c	d	e
	Relevant indicator			**Own funds requirements**	**Risk exposure amount**
	Year-3	Year-2	Last year		

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1	Banking activities subject to basic indicator approach (BIA)	29,756,923	43,117,132	44,327,453	5,860,075	73,250,942
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

8. Risks arising from securitisations

(Article 449 CRR)

The Bank does not engage in securitisation activities and therefore does not have any reportable items under the respective disclosure templates related to securitisation exposures (EU SEC1 to EU SEC5).

9. Environmental, social and governance risks

(Article 449a CRR)

In accordance with Article 449a CRR in conjunction with Commission Implementing Regulation (EU) 2022/2453, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State shall disclose information on environmental, social and governance risks (hereafter "ESG"), including physical and transition risks.

While neither qualifying as large institution nor issuing securities admitted to trading on regulated markets, EDB is well aware of the growing importance of ESG risks and has developed an effective strategy to deal with such.

To this end the EDB has implemented an Environment and Climate Policy, which sets out the goals, commitments and framework for environmental and climate risks at European Depositary Bank. Its purpose is to define how these risks are taken into account in of the Bank's business conduct and decisions.

According to CSSF Circular 21/773 on Climate and Environmental Risk the Bank has undertaken a Materiality Assessment of climate-related and environmental Risks in its business to identify where near-term and long-term risks may arise. The goal of the Materiality Assessment is to evaluate impact and exposure of the Bank's climate risk arising from the Bank's activities and the resulting material risks. The materiality is evaluated for a short-, mid- and long-term period taking in account the physical and transition nature of climate related risks. As overall result, climate-related and environmental risk are classified as non-material.

ESG metrics are the three central themes for measuring the sustainability and positive impact of an investment or business. Being part of the Apex Group EDB's purpose as a business is to drive sustainable change for future generations. It is recognized that all private companies and individuals all have a responsibility to take immediate action to understand and reduce our impact on the environment. In that context, the group has installed a Sustainability Committee which meets regularly and is comprised of both senior stakeholders and employee elected representatives – their mission is to drive progressive change within the business and to have a positive impact on People, Planet and Society is installed.

EDB recognises that climate change presents opportunities as well as risks. The Bank intends to adapt its Business Strategy as needed to further support the climate targets of the Apex group and to support its clients and counterparties in their transition to a more sustainable and green economy.

With regard to our clients ESG Ratings and Advisory service of the group helps investors unlock real value and drive transformational change by offering a high quality, global, independent, end-to-end service for the private markets. By deploying intelligent ESG data and insights we aim to drive capital towards ESG performance while influencing significant behavioural change.

10. Remuneration

(Article 450 CRR)

Table EU REMA – Remuneration Policy

EDB has in place a Remuneration Policy that is accessible to all staff members of the Bank through publication in the Organizational Handbook enabling them to understand the criteria used to determine their remuneration. The Remuneration Policy is acknowledged by the specialised Appointments & Remuneration Committee of the Board of Directors as well as approved by the Board of Directors. The Policy has been further shared with the CSSF according to the statutory guidelines. EDB's Remuneration Policy is adhering to the principle of effective risk management and sound business practices in line with the strategy, objectives, values and long-term interests of the Bank. The Remuneration Policy is published on EDB's website.

The Policy's scope comprises alignment of incentives for employees with the Bank's long-term objectives, risk appetite and overall performance.

It also seeks to attract, retain, and motivate talented individuals regardless of gender, ethnicity, age, disability or any other factors unrelated to performance, skills and experience, while ensuring that the Bank's remuneration practices comply with applicable laws, regulations and best practices on the market.

The roles and responsibilities regarding the Remuneration Policy and operating effectiveness of remuneration activity within the Bank are assigned to different levels of responsibility within the organisation:

Board of Directors

The Board of Directors establishes the general principles governing EDB's Remuneration Policy and ensures it is appropriately implemented and aligned with the governance framework, culture, risk appetite and the Bank´s (risk-taking) strategy.

The Board of Directors, in prior consultation with Apex Group, sets the remuneration of the members of the EMB of EDB, approves bonus and incentive payments following the rules implemented in the Policy (in particular for Identified Staff & Material Risk Takers).

Appointments & Remuneration Committee

In line with the regulatory framework and in view of EDB´s organizational structure, the Bank has established the specialised Appointments & Remuneration Committee of the Board of Directors.

The role of the Committee, as a specialized Committee of the Board, is to assist and advise the Board in all analyses and decisions related to appointments and remuneration that have an impact on risk and risk management.

The Appointments & Remuneration Committee is involved in the performance of risk assessments in which objectives of the Bank, business units and staff deriving from EDB´s business and risk strategy, corporate culture and values (including equal treatment and gender neutrality), risk appetite (including ESG risks) and long-term interests are considered.

This Committee further oversees proportionality assessment of the Bank, assessment of the Identified Staff and remuneration of the Identified Staff & Material Risk Takers.

The Committee is constituted in a way that enables it to exercise competent and to provide independent judgment on the remuneration policies, practices as well as the incentives created for managing risks.

The Appointments & Remuneration Committee is responsible for scrutinising the design and the monitoring of the implementation of the Remuneration Policy in compliance with legislation and regulations. It has a supervisory role in the remuneration practice and in the related decision making process.

Executive Management Board and its internal EMB Committees

Notwithstanding the fact that the overall responsibility for the Policy remains with the Board of Directors, it is important to note the active role of the Executive Management Board. The latter shall ensure the operational implementation of the Policy and shall take appropriate measures to facilitate a compliant application of the Policy.

Human Resources

The Human Resources function is the ultimate owner of this Policy and its implementation follow-ups. Human Resources shall participate in developing and evaluating the Bank´s Remuneration Policy, including the remuneration structure, remuneration levels and incentive schemes, in a way to not only attract and retain the staff the Bank needs, but also assuring that the Remuneration Policy is aligned with EDB's risk profile.

Human Resources is also in charge of the procedures and the involved processes or practices in line with the Remuneration Policy and shall coordinate the periodical reviews with the control functions.

Control functions (Risk, Compliance, Internal Audit)

The control functions are involved in the design and ongoing oversight of the Remuneration Policy and in performing regular reviews:

- The Risk Management Function should assist with and inform on the definition of suitable risk-adjusted performance measures (including ex post adjustments), as well as with assessing how the variable remuneration structure affects the risk profile and culture of the institution. The Risk Management function should validate and assess risk adjustment data.
- The Compliance function, in cooperation with Human Resources, performs a periodic analysis of the compliance of the Remuneration Policy with the applicable regulatory requirements.
- The Risk and Compliance functions should provide effective input in accordance with their roles into the setting of bonus pools, performance criteria and remuneration awards where those functions have concerns regarding the impact on staff behaviour and the riskiness of the business undertaken.
- The Internal Audit function should perform independent and regular review of the design, implementation and effects of the Bank's Remuneration Policy, on its risk profile and the way these effects are managed in line with the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04).

The aforementioned control functions are further responsible for reporting on the review to EMB, to the specialised Committees and to the Board of Directors.

The Bank has the responsibility to identify its members of staff whose professional activities have a material impact on its risk profile. This assessment is performed annually with the support of the Human Resources function together with the control functions. The situation is reviewed by the EMB, and supervised by the Appointments & Remuneration Committee. The ultimate responsibility, however, sits with the Board of Directors.

Based on the internal assessment, EDB has concluded that 43.8 persons have a material impact on the Bank´s risk profile and consequently should be considered Material Risk Takers for the purposes of the Remuneration Policy, namely:

- Members of the Board of Directors;
- Members of Executive Management Board;
- Members with managerial responsibility for the control functions or material business units; and
- Staff members entitled to significant remuneration in the previous or current financial year where they are entitled to significant remuneration equal to or greater than € 500,000 / average remuneration awarded to the members of Board of Directors and Executive Management Board and where they are performing professional activities within a material business unit and their activity having a significant impact on the relevant business unit's risk profile.

In addition to staff members identified under the above criteria, other staff members shall be deemed to have a material impact on an institution's risk profile.

The assessment of the Identified Staff and Material Risk Takers are based on both qualitative and quantitative criteria (see Articles 5 and 6 of Commission Delegated Regulation (EU) 2021/923).

In relation to qualitative criteria, such staff members shall be deemed to have a material impact when managerial responsibility exists for:

(i) Legal affairs;
(ii) Soundness of accounting policies and procedures;
(iii) Finance, including taxation and budgeting;
(iv) Performing economic analysis;
(v) Prevention of money laundering and terrorist financing;
(vi) Human resources;
(vii) Development or implementation of the remuneration policy;

(viii) Information technology;
(ix) Information security; and
(x) Managing outsourcing arrangements of critical or important functions as referred to in Article 30 (1) of Commission Delegated Regulation (EU) 2017/565.

The list of Identified Staff and Material Risk Takers is monitored by the Human Resources function on a regular basis and updated at least once a year.

Due to size and the scope and complexity of activities, EDB does not fall under the definition of a significant institution as set out in Article 131 Directive 20 13/36/EU. In the framework of this Policy, and in the light of the analysis and assessment performed by the control functions, reviewed by the Appointments & Remuneration Committee and validated by the Board, EDB resorts to the proportionality principle taken into account the size, internal organisation as well as the nature, scope and complexity of the Bank's activities as per EBA Guidelines, LFS Law and CSSF Circular 12/552 as amended. The proportionality principle encoded in Article 38-5 of the LFS Law aims to apply remuneration requirements in a proportionate manner taken into account Part 4 of EBA Guidelines (EBA/GL/2021/04). The proportionality analyses are conducted by the control functions and results are reported to the Appointments & Remuneration Committee for oversight and assessment before the final validation of the Board. This proportionality requirement is reassessed at least on an annual basis.

In this context of the EBA Guidelines on sound remuneration policies EBA/GL/2021/04 and CSSF Circular 22/797, EDB applies the waiver to the requirement to pay out 50% of variable remuneration in shares and or equivalent instruments for staff members. EDB can use shares and or equivalent instruments as part of variable remuneration for identified staff.

EDB is performing a bi-annual performance review on individual basis and has processes in place to align the business and individual goal setting throughout the Bank. The performance review and assessment is used to determine the variable remuneration components. Both financial and non-financial factors are taken into consideration when determining the individual's variable remuneration, i.e. compliance with the Group's core values, internal guidelines and procedures, including customer and investor related guidelines. For Identified Staff the performance assessment of two years in a row need to meet the above mentioned criteria to trigger any variable remuneration payments.

All staff receives a fixed base salary as determined in the employment contract. In addition to this salary, employees receive benefits and might receive variable remuneration components.

Base salary levels are intended to compensate all employees based on their level of responsibility, qualification, experience, and involvement in tasks entrusted together with their particular set of competencies. Base salary levels are set on the assumption that the employee may not receive a variable remuneration and this is the sole source of income. The individual base salary paid are in line with the requirements of the classification as per official convention (Collective Bargaining Agreement) for the staff covered by such. For other staff not covered by the aforementioned convention, the base salary is determined by the Executive Management Board or the Board of Directors, depending on the case.

In addition, EDB may grant on a purely discretionary basis, an amount of variable remuneration to be paid at the end of the year to each member of staff taking into account a performance assessment as set out above. This variable remuneration does not constitute an acquired right for staff neither in principal nor in the amount. Furthermore, the amount of the variable remuneration depends on the overall financial performance of EDB / Apex Group as well as on the individual performance of the employees. The total volume of variable remuneration shall not limit the capacity of EDB to reinforce its financial base.

Each employee is appropriately remunerated by the fixed remuneration package. The variable remuneration only represents additional remuneration and is not guaranteed. Furthermore, an appropriate balance between fixed and variable remuneration components should be maintained. Exceptions are possible for Identified Staff and Material Risk Takers ranging between 100% and 200%, depending on Shareholders' approval. For any variable remuneration exceeding 100%, a specific procedure of validation and approval (Shareholders and CSSF) is required.

The Bank and Apex Group adheres to gender neutrality and equal opportunity principles to ensure equal treatment regardless of gender and any other form of diversity, basing evaluation and remuneration criteria exclusively on professional ability.

With reference to inclusion, the Bank guarantees that all its staff are treated without distinction, exclusion, restriction or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities.

In order to demonstrate that the Policy is gender neutral and supports the equal treatment of staff of different genders Human Resource department when preparing annual Remuneration report, performs an analysis on the development of the gender pay gap[1].

[1] The gender pay gap is the difference in average gross hourly earnings between women and men. It is based on salaries paid directly to employees before income tax and social security contributions are deducted. Calculated this way, the gender pay gap does not take into account all the different factors that may play a role, for example education, hours worked, type of job, career breaks or part-time work. To ensure that work done by different Staff is comparable, institutions need to properly document the responsibilities of Staff or have a job classification system in place.

Template EU REM1 – Remuneration awarded for the financial year

			a	b	c	d
	EUR		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	4	7	19	18
2		Total fixed remuneration	312,548	1,062,119	2,506,896	945,048
3		Of which: cash-based	312,548	985,848	2,359,006	894,493
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms		76,271	147,889	50,555
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff		22[2]		6
10		Total variable remuneration		1,206,115		19,754
11		Of which: cash-based		933,169		19,754
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				

[2] For confidentiality reasons, rows 9, 10, 11, EU-14x, EU-14y and 17 of Template EU REM1 have been merged for “MB Management function” and “Other senior management”.

EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments		272,946		
EU-14y		Of which: deferred		272,946		
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		312,548	4,775,128		964,802

Template EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff			2	
2	Guaranteed variable remuneration awards - Total amount			45,000	
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				

6	Severance payments awarded during the financial year - Number of identified staff		N/A		
7	Severance payments awarded during the financial year - Total amount		Not disclosed for confidentiality reasons		
8	Of which paid during the financial year				
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person				

Template EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		Management body remuneration			**Business areas**						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										43.8
2	Of which: members of the MB	6	7	13							
3	Of which: other senior management				1		4	10	3		
4	Of which: other identified staff				11.8		1	6			
5	Total remuneration of identified staff	312,548	1,822,112	2,134,661	680,748		782,013	1,952,252	502,806		

6	Of which: variable remuneration		759,994	759,994	42,804		123,295	234,296	65,481		
7	Of which: fixed remuneration	312,548	1,062,119	1,374,667	637,944		658,718	1,717,956	437,325		

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