EFG Bank (Luxembourg) S.A.
Société Anonyme

Audited financial statements
for the year ended
December 31, 2022

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INDEX TO THE REPORT AND FINANCIAL STATEMENTS

	Page
Management Report for the year ended December 31, 2022	2
Audit report	10
Statement of profit and loss and other comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	20

The figures presented in the financial statements tables may in some cases show non-significant differences due to the use of rounding. These differences do not affect in any way the fair view of the financial statements of the Bank.

Management Report for the year ended December 31, 2022

Overview

In 2022, EFG International Group (hereinafter the “Group” or “EFG”) and EFG Bank (Luxembourg) S.A. (hereinafter the “Bank”) achieved record results and maintained their growth momentum in one of the most challenging market environments since the global financial crisis. Against this backdrop, the Bank recorded net new assets of EUR 722 million in 2022.

Driven by strong operating leverage, the Bank’s net profit has returned, after several years of losses due to the UBI & BSI acquisition and the Milan branch, to strong profitability of EUR 26.5 million for 2022. This result reflected significantly higher profitability even after absorbing the final year’s loss of the Milan branch of EUR 2.1 million.

The Bank’s operating profit for 2022 increased by EUR 23 million (+767%) driven by the increase of the Luxembourg operations. In combination with the continued disciplined approach to costs, the Luxembourg operations report a significant improvement of the underlying cost to income ratio to 63.4% (improvement of 14.2 percentage points as compared to 2021).

Economic and political events that shaped the market

The hope that 2022 might signal a return to normality after two years of the coronavirus pandemic was short-lived. In February 2022, we saw the first invasion of a European nation since World War II. We also witnessed one of the toughest market environments since the global financial crisis. This time, however, the main challenge was not a credit crunch or economic turmoil but soaring inflation and the resulting interest rate hikes by central banks around the globe in a bid to tame price rises. This combination of factors weighed heavily on market performance and resulted in low visibility across asset classes.

Key Financials

The amounts reported in the audited income statement are as follows:

Amounts in EUR ‘000	2022	2021	Δ%
Operating income	80 602	57,703	40%
Operating expense	(54 973)	(54 748)	0%
Operating profit/(loss)	**25 629**	**2,955**	**767%**
Depreciation, amortization, provisions and exceptional items	(1 164)	(10 160)	89%
Result before taxes	**24,465**	**(7 206)**	**440%**
Income tax (current and deferred)	2 083	1 763	18%
Result after taxes	**26 548**	**(5 443)**	**588%**

Note: presentation of the table is as per internal management reporting classification

The operating income has increased as compared to prior year mainly because of the increase of interest rates sensitive income (net interest income and other income) driven by the increased Euro and USD interest rates.

Operating expenses have remained relatively stable with increased expenses of regulators, unrecoverable VAT, indexation of staff costs and Portugal branch expenses which increased due to growth of the business being fully neutralized by the effects of our cost management efforts.

The net operating profit of the Bank including its branches is EUR 25.6 million and includes the final losses of the Milan branch of EUR 2.1 million. Excluding the operating losses of the Italian and Portuguese branches, the Luxembourg operations are reporting a record operating profit of EUR 28.3 million, an improvement by EUR 15.8 million year on year.

The net profit of the Bank of EUR 26.5 million has increased year on year from a loss of EUR 5.4 million by EUR 31.91 million. The main driver of the increased profit of the year are the positive interest rate effect and the stop of the losses of the Milano Branch.

Balance Sheet

Amounts in EUR '000	2022	2021	Δ%
Assets			
Cash and balances with central banks	1 836 196	2 114 465	-13%
Due from banks	84 489	161 050	-48%
Loans and advances to customers	1 007 271	953 716	6%
Investment Securities	561 880	-	100%
Derivative financial instruments	8 889	13 762	-35%
Participation	12	12	0%
Other non-financial assets	51 393	51 846	-1%
	3 550 130	3 294 851	8%
Liabilities			
Due to banks	125 762	134 974	-7%
Due to customers	3 187 282	2 960 326	8%
Derivative financial instruments	6 696	14 602	-54%
Other non-financial liabilities	36 824	48 087	-23%
	3 356 564	3 157 989	6%
Equity			
Share Capital	168 000	138 000	22%
Other equity items	25 566	(1 138)	2347%
	193 566	136,862	41%

The balance sheet increased in 2022 by approximately 8% as compared to the previous year mainly due to the increase of customer deposits by 8% (EUR 227 million).

The liquidity of the Bank further improved, given the EUR 227 million increase in customer deposits, whilst the loans and advances to customers increased by EUR 53 million. The resultant increased funding has been invested mainly to highly liquid assets in a Held to Collect investment portfolio (EUR 562 million). This investment portfolio consists of high-quality bonds denominated in USD (EUR 479 million) and Euro (EUR 82 million).

The total equity of the Bank has increased from EUR 137 million in 2021 to EUR 194 million in 2022 mainly due to the share capital increase of EUR 30 million and by the impact of the profit of the current year (EUR 26.6 million).

Research & Developments

Consistently with prior years, the Bank did not invest into research and development during 2022.

Acquisition of own shares

The Bank did not acquire own shares during the year 2022.

Branches

Greek branch

The Bank opened a Representative Office in Athens on September 15, 2014, which was transformed into a non-booking branch on July 7, 2017 upon receipt of the approval from the Greek regulator.

The main objective of the presence in Athens has been to promote the Bank and EFG products and services to High Net Worth (HNW) clients in Greece whose accounts are opened and managed in Luxembourg. The Athens branch operates under the European Union passport rules.

The growth strategy of the Athens branch has been focused on organic growth based on the EFG CRO model. The Athens branch has prepared in 2022 to further extend its activities and offers since early 2023 the following additional services to clients:

- Investment advice – investment recommendations, based on market and securities analysis provided by the Luxembourg Head Office and EFG International (EFGI) Group affiliates, in order to meet the investment profiles and the clients' needs.
- The reception of orders from clients and the transmission of these orders to the Head Office.

The Athens branch is staffed with 8 employees, including a Legal and Compliance Liaison Officer.

The branch is under the direct oversight of Ms. Lena Lascari, CEO of the Bank.

Cyprus branch

The Bank opened a branch in Cyprus in June 2015 with a registered address in Nicosia. The branch is not a booking entity.

The corporate governance of the branch was strengthened by the creation in 2018 of an Advisory Board including non-executive independent members from the Cyprus community. The role of the Cyprus Advisory Committee as per its Terms of Reference approved by the Bank's Board of Directors is to provide expert advice to assist and support the Bank in its governance and consolidated supervision over its Cyprus branch.

The Cyprus branch license (following approval from the Luxembourg and Cyprus Regulators) was extended in 2017 to offer Custodian & Depositary services to Cyprus Alternative Investment Funds with a partial delegation to the Head Office.

As of January 2021 and based on developments in relation to the presence of EFG International Group of companies in Cyprus, the Branch governance and activities was reviewed.

Most of the employees have been transferred to another entity of EFG Group in Cyprus, and the Branch is now staffed with 2 employees including the Branch Manager. The Branch activity since 1st January 2021 consisted solely of providing Depositary services. These services are expected to be transferred during 2023 to another entity of EFG Group in Cyprus. The transfer of the services is not expected to have any significant impact on the financial position and results of the Bank.

The branch is under the direct oversight of Ms. Lena Lascari, CEO of the Bank.

Italian branch

Following the 2017 acquisition of BSI Europe S.A. in Luxembourg, the Bank became the Head Office of its branch in Milan, passported to perform client booking locally.

In April 2021 based on the branch's performance and significant losses in front of the growth strategy, decision was taken to close the branch.

The branch has terminated its activities on June 30th, 2022, and the Bank will follow the post-closure activities in line with its duties and regulatory obligations.

Portuguese branch

As part of its growth strategy within E.U., the Bank during January 2019 filed with the CSSF a new branch passport notification to open a non-booking branch in Portugal located in Lisbon to offer specific investment services. The regulator transmitted the passport request to the Bank of Portugal who approved the creation of the branch in March 2019.

The Portuguese branch's main objective is to attract High Net Worth clients, introduce them to the Head Office and to offer a diverse range of services and acting as one stop shop for their needs, aiming to enhance the AuMs and revenues of Bank from wealth management services.

As these investment services are provided locally, the respective agreement is executed between the Portuguese branch and its clients.

The activities of the branch have officially started in September 2019 with an inauguration that took place on September 26th, 2019.

A new country manager was hired by the branch in September 2019 to assist in the growth strategy of the branch.

The branch with offices in Lisbon and Porto, is staffed with 16 employees, including a Legal and Compliance Liaison Officer.

The branch is under the direct oversight of Ms. Lena Lascari, CEO of the Bank.

Bank's perspective 2023

The Bank is entering the EFG Group new strategic cycle 2023-2025 from a position of strength. The Group strategic plan for the next three years is focused on sustaining our profitable growth and achieving further scale. To deliver this, we need to continue to drive sustainable and profitable growth, focusing on our clients and on further driving simplicity across our organisation through a group wide transformation project. Additionally, as part of the EFG Group we plan to accelerate our performance through content innovation, including in the fields of alternative investments, digital solutions and ESG-related products.

Improving the operational efficiency of our business remains one of our key priorities, as it will ultimately lead to a better client experience and to operational leverage for our organisation. As part of these efforts, EFG and the Bank aims to boost efficiency and further improve client experience through the centralisation of activities, the streamlining and automation of processes as well as the introduction of new digital solutions.

A key focus for 2023 will be the active management of the interest-bearing assets & liabilities and containing the impact of inflation on the operating result.

The Funds Services will continue to support the Luxembourg asset management market while the Portugal branch will continue its growth trajectory as per its business plan.

For the Cyprus branch, it is expected that it will be the final year of operations.

Risk management

The Authorized Management is responsible for introducing appropriate internal control mechanisms and for providing sufficient and competent human resources to ensure sound and prudent risk management of the activities of the Bank and adherence to the risk appetite approved by the Audit & Risk Committee and the Board of Directors in the overall context of the Bank's Risk Strategy.

The Authorized Management implements, through internal risk policies and procedures and in alignment with regulatory requirements, all risk management principles defined by the Board of Directors through the Risk Management Framework of the Bank.

The Risk Management principles are outlined in the Risk Management Framework, which has been approved by the Audit & Risk Committee and the Board of Directors and are set out in the Bank's procedures, which are approved by the Authorized Management.

The organization is set up according to the concept of the three-lines of defence model, distinguishing operational units, support functions and the Internal Audit function.

Within the support functions, the Bank's organization includes two Control Functions, Compliance and Risk Management. Together with the Internal Audit function, these functions are responsible for controlling that the policies and procedures of the Bank are respected and for identifying and evaluating their appropriateness in respect to both internal and external developments in the context of their specific domain. They are independent functions which can report directly to the Board of Directors.

Finally, the Internal Audit function conducts audit missions according to a duly approved audit plan which covers all the activities of the Bank.

The Bank is also under the consolidated supervision of EFG Group.

Taking into account the scope of the business activity, the Board of Directors has drawn up a risk strategy which details the following taxonomy of risk:

- Credit risks (Client, Counterparty and Country exposure risk, Default risk, Recovery risk, Settlement risk, Concentration risk);

- Market risks (Equity risk, foreign currency (FX) risk, Interest Rate risk in the Banking Book (IRRBB), Longevity risk, Correlation risk);
- Liquidity risks (Asset liquidity risk, Funding liquidity risk);
- Operational risks (Operational risk, Compliance (Financial Crime/Conduct) risk, Legal risk, Tax risk, outsourcing risk);
- Other risks (Business/Strategic risk, Reputational risk, Emerging risk).

Below there is a description of those risk areas that constitute material risk.

1. *Credit risk:*

The credit risk is the risk of loss due to the default by a client of the Bank. The credit risk includes the risk in relation with the loans secured by financial assets and those secured by real estate, granted on a very restrictive basis.

To mitigate this risk, the Bank has established an organizational structure assigning responsibilities, administration, approval and control of credit activities escalated in management depending on the level of exposure. Credit operations are governed by a comprehensive set of policies and procedures to ensure that all aspects of credit risk are adequately covered.

The counterparty risk is the risk of loss due to the default by a financial institution or professional counterparty.

The global policy of the Bank is to select only highly rated counterparties. The Bank has received an exemption from the Regulator concerning intra-group exposures in respect to the limit regulation towards credit institutions. The Bank monitors the counterparty risk through a set of limits and performs controls on a regular basis on the different counterparties to ensure that there is no breach against these limits.

2. *Market risk:*

The market risk comprises the risk of losses on-balance-sheet and off-balance-sheet items as a result of price movements in the equity, interest rate and foreign exchange markets. Given the Bank's activity, the market risk consists mainly in interest rate risk and foreign currency risk. The Bank does not have exposure on Equity or commodities.

The Bank with the support of the Group Risk Control and Market Risk departments of the Group monitors daily interest rate and FX risks through historical Value at Risk and Exposure at Risk, standard shocks on interest and FX rates and other stress testing scenarios ensuring that Capital and Earnings sensitivities move within the set internal market limits.

3. *Liquidity risk:*

Liquidity risk is the risk that the Bank will have insufficient liquid assets to meet its commitments or to fund its asset base.

With regard to Luxembourg statutory requirements, the Bank endeavours to always maintain regulatory liquidity ratios at a high level (well above the regulatory 100% for the Liquidity Coverage ratio (170%) and the NSFR ratio). In addition, the Bank maintains adequate liquidity in order to conduct its business in a prudent manner and to be able to meet its obligations.

4. *Operational risk:*

The operational risk is the risk of loss resulting from inadequate or failed internal processes, failure of people and/or system operations, internal or external frauds or from external non idiosyncratic events. In addition, the Bank has identified among others the following “non-pure operational” categories falling within the greater perimeter of operational risks:

– Compliance (Financial Crime and Conduct) risk;
– Outsourcing risk;
– Legal risk;
– Wealth Management risk;
– IT risk;
– Tax risk.

The Bank has implemented a comprehensive manual of procedures covering the activities of all departments and respects a strict segregation of duties. Detailed workflows provide all employees with a valuable toolkit to perform their daily duties and controls. Internal processes and systems are regularly monitored and improved.

The Bank has also introduced a business continuity plan designed to enable it to continue operations under all circumstances. An IT system back-up has been put in place so that normal business can be resumed as soon as possible in the event of major problems.

The Bank considers Compliance and Legal risk as one of the main drivers of the Operational risk embedded in the Institution and has taken all necessary steps in terms of Governance, staffing, controls and processes in order to mitigate these risks.

5. Other risks:

- Reputational:

Reputation risk is the risk of harm to the Bank as a result of damage to its image or reputation. The Bank endeavours to mitigate the reputation risk in various ways including selective client acceptance policy, non-participation in non-standard or non-transparent activities, employees hiring process, Code of Conduct and ethical standards.

- Strategic & Business risk:

The strategic risk is the risk to earnings and capital resulting from adverse or delayed strategic business decisions, which may prove to be sub-optimal even though they could have been correct at the time they were taken based on the available information.

- Emerging risk:

New risks or familiar risks become apparent in new or unfamiliar conditions. Their sources can be natural or human, and often are both. Relevant emerging risk of the Bank may arise from environmental and climate aspects affecting other risk categories. However, social and governance aspects (ESG) can be affecting the Bank.

The Bank reviews on a regularly basis the strategy drawn up and the financial results. In addition, periodic monitoring of the financial key figures is performed to ensure the adherence with the strategic plan of the Bank.

Subsequent Events

The Bank did not face any significant subsequent event in 2023 that would require adjustment or disclosure in the financial statements.

The banking crisis that unfolded during March 2023 affected certain US banks and Credit Suisse. The Bank does not have a direct or indirect exposures to the US banks that have failed during March 2023 (Silicon Valley Bank, Signature Bank and Silvergate Bank). The Bank does not also have any direct exposure to Credit Suisse, while the indirect exposure (collateral base) is very limited and has been timely mitigated with no impact.

March 29, 2023

Lena Lascari	Christos Deligiannis
Chief Executive Officer	Chief Financial Officer

Audit report

To the Board of Directors of
EFG Bank (Luxembourg) S.A.

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of EFG Bank (Luxembourg) S.A. (the "Bank") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Bank's financial statements comprise:

- the Statement of profit and loss and other comprehensive income for the year then ended;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 34 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax assets As disclosed in Note 11 to the financial statements as at 31 December 2022, the Bank has recognised EUR 19 346 248 of deferred tax assets. We focused on the recoverability of the deferred tax assets, as those are of material significance for the financial statements and that significant judgement is required to assess their recoverability, which depends on the future profitability of the Bank.	Our audit focused on assessing the appropriateness of Management's judgement about the recoverability of deferred tax assets through the following procedure: - We evaluated Management's assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing Management's forecasts of future profits (business plan) to historic results; - We checked the main assumptions used by the Management for the forecast of future profits; - We checked the computation of the deferred tax assets; - We ensured that the taxes generated by future profits forecasted are sufficient to offset the deferred tax assets recognised on-balance sheet; - We ensured that the Bank has sufficiened tax losses carried forward to enable the activation of deferred tax assets. Finally, in relation to the present financial statements, we checked that the disclosures on deferred taxes in the notes are in compliance with IFRS as adopted by the European Union.
Valuation of provision and contingent liabilities of ongoing litigations We refer to Note 25 of the financial statements, which states a provision of EUR 2 752 674. We focused on the valuation of the provisions as those are of material significance for the financial statements. Indeed, the Bank closed during the year the Italian branch and used a	We obtained Management's assessment and their assumptions used to determine the provisions related to the ongoing litigations in Luxembourg and its branches: - We assessed Management's process to identify new possible obligations and changes existing obligations in compliance with IAS 37 requirements; - We analysed significant changes from prior years and obtained from the Management a detailed understanding of these items and assumption used;

large amount of the provisions recorded for this purpose in 2021. No additional provisions have been booked with regards to the closing of the Italian branch in 2022. Moreover, the Bank has some pending and ongoing legal disputes in Luxembourg and its branches. The evaluation of Management's judgements, including those that involve estimations in assessing the valuation of the provisions and the likelihood that a pending claim will succeed, or a liability will arise, as well as the quantification of those have been of most significance during the current year.	- We inspected the agreement reached with various stakeholder to justify the use of the provision recorded in 2021 related to the closure of the Italian branch; - We inspected the list of client complaints for Luxembourg and its branches and performed an external lawyer's circularization; - We checked the correspondance with the local regulators as well as the minutes of meetings of the Board of Directors and Audit & Risk Committee; Finally, in relation to the present financial statements, we verified that the disclosures related to the provisions are in line with the requirements of IAS 37.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the Board of Directors on 28 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 17 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 30 March 2023

Nicolas Grillot

Statement of profit and loss and other comprehensive income for the year ended December 31, 2022

	Note	2022 EUR	2021 EUR
Interest income	5	35 665 985	15 314 553
Interest expense	5	(17 214 523)	(10 004 320)
Net interest income		18 451 462	5 310 233
Banking Fee and commission income	6	45 850 691	43 125 294
Banking Fee and commission expense	6	(1 779 944)	(2 935 088)
Net banking fee and commission income		44 070 747	40 190 205
Net other income (*)	7	18 524 397	14 442 772
Operating income (*)		81 046 605	59 943 210
Operating expenses (*)	2, 8	(56 429 963)	(57 504 316)
Provisions	25	102 276	(9 594 410)
Loss allowances		(254 033)	(50 231)
Profit/(loss) before tax		24 464 886	(7 205 747)
Income tax	10	2 083 204	1 762 572
Net profit/(loss) for the year		26 548 090	(5 443 175)
Other comprehensive income items that may be reclassified subsequently to the income statement:			
Fair value gains and losses on financial assets at fair value through other comprehensive income		-	-
Tax effect on financial assets at fair value through other comprehensive income		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income for the year		26 548 090	(5 443 175)

* The comparative information has been changed to ensure comparability of the figures with previous year, please refer to note 3.

The notes to the financial statements are an integral part of these financial statements.

Statement of financial position as at December 31, 2022

	Note	2022 EUR	2021 EUR
ASSETS			
Cash and balances with central banks	12, 13	1 836 196 293	2 114 464 868
Due from other banks	13, 14	84 488 619	161 049 904
Derivative financial instruments	15	8 888 733	13 762 145
Investment Securities	18	561 880 280	-
Loans and advances to customers	16, 17	1 007 271 455	953 716 260
Participations	19	12 000	12 000
Property, plant and equipment	21	14 414 793	16 407 125
Intangible assets	20	3 613 424	4 003 390
Deferred income tax assets	11	19 645 005	17 512 005
Other assets	22	13 719 151	13 923 415
Total assets		**3 550 129 751**	**3 294 851 110**
LIABILITIES			
Due to other banks	23	125 762 041	134 974 466
Due to customers	24	3 187 281 650	2 960 325 645
Derivative financial instruments	15	6 695 908	14 602 079
Current income tax liabilities	11	-	165 170
Deferred income tax liabilities	11	298 757	343 175
Provisions	25	2 752 674	8 683 125
Other liabilities	26	33 773 163	38 895 133
Total liabilities		**3 356 564 194**	**3 157 988 792**
EQUITY			
Share capital	27	168 000 000	138 000 000
Other equity (*)	34	2 100 452	1 946 697
Other reserves (*)	28	1 394 672	1 394 672
Retained earnings (*)		22 070 432	(4 479 052)
Total equity		**193 565 557**	**136 862 317**
Total equity and liabilities		**3 550 129 751**	**3 294 851 110**

* The comparative information has been changed to ensure comparability of the figures with previous year, please refer to note 3.

The notes to the financial statements are an integral part of these financial statements.

Statement of changes in equity for the year ended December 31, 2022

	Attributable to equity holder of the Bank					
	Share capital EUR	Other Equity(*) EUR	Revaluation reserve EUR	Other reserves (*) EUR	Retained earnings(*) EUR	Total EUR
Balance at January 1, 2021	**118 000 000**	**2 899 060**	**(27 475)**	-	**1 735 665**	**122 607 250**
Employee share option plan	-	(329 233)	-	-	-	(329 233)
Capital increase	20 000 000	-	-	-	-	20 000 000
Dividend	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	(5 443 175)	(5 443 175)
Other comprehensive income			27 475	-	-	27 475
Balance at December 31, 2021	**138 000 000**	**2 569 827**	-	-	**(3 707 510)**	**136 862 317**
Change in accounting policy (*)	-	(623 130)	-	-	623 130	-
Reclassification (*)	-	-	-	1 394 672	(1 394 672)	-
Balance at January 1, 2022	**138 000 000**	**1 946 697**	-	**1 394 672**	**(4 479 052)**	**136 862 317**
Employee share option plan	-	153 755	-	-	-	153 755
Capital increase	30 000 000	-	-	-	-	30 000 000
Dividend	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	26 548 090	26 548 090
Other increase or (-) decrease in equity	-	-	-	-	1 395	1 395
Balance at December 31, 2022	**168 000 000**	**2 100 452**	-	**1 394 672**	**22 070 433**	**193 565 557**

* The comparative information has been changed to ensure comparability of the figures with previous year, please refer to note 3.

The notes to the financial statements are an integral part of these financial statements.

Statement of cash flows for the year ended December 31, 2022

	Note	2022 EUR	2021 EUR
Cash flows from operating activities			
Interest received	5	35 665 985	15 314 553
Interest paid	5	(17 214 523)	(10 004 320)
Banking fee and commission received	6	45 521 326	45 348 024
Banking fee and commission paid	6	(1 779 944)	(2 935 088)
Net trading income	7	14 454 791	(1 558 761)
Other operating income receipts / (payments)	7	1 036 847	3 596 758
Staff costs paid	9	(31 214 040)	(31 753 515)
Other operating expenses paid	8	(18 200 127)	(18 213 054)
Income tax paid	10	(259 384)	(200 944)
Cash flows from operating activities before changes in operating assets and liabilities		**28 010 931**	**(406 348)**
Changes in operating assets and liabilities			
Net (increase)/decrease in Treasury bills and other eligible bills		-	-
Net decrease / (increase) in due from other banks (>90 days)		-	64 389
Net (increase)/decrease in derivatives financial instruments		-	-
Net decrease / (increase) in loans and advances to customers		(53 809 228)	(177 360 145)
Net decrease / (increase) in other assets		1 378 469	8 296 840
Net increase/(decrease) in due to other banks		(9 212 425)	30 107 625
Net increase/(decrease) in due to customers		239 378 255	273 781 859
Net increase/(decrease) in provisions	25	(5 828 175)	(2 567 731)
Net increase/(decrease) in other liabilities		(6 211 125)	1 308 843
Net cash flows from operating activities		**165 695 771**	**133 631 680**
Cash flows from investing activities			
Purchase of securities	18	(561 880 280)	-
Proceeds from sale of securities		-	54 057 006
Purchase of intangible assets	20	-	(69 418)
Purchase of property, plant and equipment	21	(886 886)	(73 185)
Net cash flows used in investing activities		**(562 767 166)**	**53 914 403**
Cash flows from financing activities			
Share capital issuance	27	30 000 000	20 000 000
Net cash flows from financing activities		**30 000 000**	**20 000 000**
Effect of exchange rate changes on cash and cash equivalents		**(15 769 396)**	**2 261 534**

The notes to the financial statements are an integral part of these financial statements.

Net change in cash and cash equivalents		(354 829 860)	209 401 270
Cash and cash equivalent at beginning of period		2 275 514 772	2 066 113 502
Net change in cash and cash equivalents		(354 829 860)	209 401 270
Cash and cash equivalents	13	**1 920 684 912**	**2 275 514 772**

The notes to the financial statements are an integral part of these financial statements.

1. General

EFG Bank (Luxembourg) S.A. (the "Bank") was incorporated in Luxembourg on January 10, 2006 as a "Société Anonyme".

The Bank is engaged in the business of providing private banking services and offers following services to Undertakings for Collective Investments ("UCI"): custody, transfer agent and register, paying and listing agent.

EFG Bank (Luxembourg) S.A. is included in the consolidated accounts of EFG International AG ("EFGI"), whose registered office is in Zurich where the consolidated accounts are available. These consolidated accounts represent the biggest group of companies, which the Bank belongs to as a subsidiary. They can be viewed on the Group's website www.efginternational.com and they will be delivered to the Registrar of Companies in Luxembourg, together with the consolidated financial statements of EFG Investment (Luxembourg) S.A., the immediate parent company of the Bank and the smallest group of companies.

The Bank has branches in Greece, Cyprus, Portugal and Italy (effective closure 1st July 2022). The Bank's financial statements include the operations of the branches.

These financial statements have been approved and issued by the Board of Directors on 29 March 2023.

2. Summary of significant accounting policies and valuation rules

Basis of preparation

The financial statements are for the year ended December 31, 2022. These financial statements have been prepared in accordance with (i) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and (ii) interpretations issued by the IFRS Interpretation Committee (IFRIC) applicable to companies reporting under IFRS.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2021.

The preparation of financial statements in conformity with IFRS, as adopted by the European Union, require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Please also refer to Note 3 regarding the accounting estimates and judgements.

Change in accounting policies

The Bank changed its accounting policy regarding employee equity incentive plans at exercise date. As permitted under IFRS 2, the Bank previously did not transfer corresponding amounts between reserves in the shareholders' equity to reflect the settlement of Restricted Stock Units using treasury shares or new shares issued. The Bank reviewed the presentation of the shareholders' equity and changed the accounting policy to
present more reliable and relevant information. As a result, when treasury shares or new shares issued are used to settle Restricted Stock Units, the corresponding reserves
will be transferred and any difference arising from the variation of the share price between the grant date and the exercise date will be reflected through retained earnings.
The change in accounting policy is reflected as a retrospective application. As a result, the below table presents the corresponding change in the comparative information:

	01/01/2022	01/01/2022 restated	Difference
Other equity	2,569,827	1,946,697	623,130
	-	-	
Retained earnings	(3,707,510)	(3,084,380)	(623 130)

The Bank has also reclassified the 31 December 2021 legal reserve (EUR 1 394 672) that was presented under Retained Earnings into Other Reserves to more faithfully disclose the reserves that are limited for distribution.

The Bank has also reclassified the 31 December 2021 Net Wealth Tax expense (EUR 553 278) that was presented under Net Other Income into Operating Expenses.

New and amended standards applied by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 01 January 2022:
- Property, Plant & Equipment – amendments to IAS 16,
- Onerous Contracts – Cost of fulfilling a contract – Amendments to IAS 37,
- Reference to the Conceptual Framework – Amendments to IFRS 3.

These standards and amendments do not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

New and amended standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and foreseeable future transactions.

(a) Business combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in IFRS 3.

A business combination may be structured in a variety of ways for legal, taxation or other reasons, which include but are not limited to:
- one or more businesses become subsidiaries of an acquirer or the net assets of one or more businesses are legally merged into the acquirer;
- one combining entity transfers its net assets, or its owners transfer their equity interests, to another combining entity or its owners;
- all of the combining entities transfer their net assets, or the owners of those entities transfer their equity interests, to a newly formed entity (sometimes referred to as a roll-up or put-together transaction); or
- a Group of former owners of one of the combining entities obtains control of the combined entity.

The Bank shall account for each business combination by applying the acquisition method that requires:
- identifying the acquirer;
- determining the acquisition date;
- recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- recognising and measuring goodwill or a gain from a bargain purchase. This means allocating, at the acquisition date, the purchase price to the assets acquired and liabilities and contingent liabilities assumed.

The acquisition date is the date on which the Bank (as acquirer) effectively obtains control of the acquiree. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Bank (as the acquirer), liabilities incurred by the Bank to the former owners of the acquirees and the equity interests issued by the Bank in exchange for control of the acquiree with specific exception for employee benefit, income taxes, contingent liabilities, reacquired rights, share-based payment transactions and assets held for sale. After the business combination, the assets acquired and liabilities assumed are measured in accordance with the respective IFRS.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Bank as acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

a) the aggregate of:
    - the consideration transferred measured in accordance with IFRS 3, which generally requires acquisition-date fair value except for the above exceptions;
    - the amount of any non-controlling interest in the acquire measured in accordance with IFRS 3; and
    - in a business combination achieved in stages, the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree.
b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

After initial recognition, goodwill is measured at cost and tested for impairment at least annually. Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the amount (b) exceeds the aggregate of the amounts (a). If that excess remains after applying the requirements in IFRS 3, the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

In addition, the Bank as acquirer shall recognise, separately from goodwill, the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion. After initial recognition, these intangible assets are measured at cost less accumulated depreciation and impairment losses.

However, IFRS 3 does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. IFRS principles do not cover accounting treatment that should be applied to business combinations involving entities under common control.

(b) Foreign currencies

The Bank’s functional and presentation currency is Euro (EUR).

Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items valued at fair value, such as derivatives, are reported as part of the Net other income fair value gain or loss.

(c) Derivative financial instruments

Derivative financial instruments, including foreign exchange contracts such as currency forwards and currency swaps, are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, such as the option in a structured product, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement, unless the Bank chooses to designate the hybrid contracts at fair value through profit and loss. The Bank does not have any such embedded derivatives.

The Bank does not use hedge accounting. Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

(d) Statement of profit and loss and other comprehensive income

(i) Interest income and expenses

Interest income and expenses are recognised for all interest-bearing instruments on an accrual basis, using the effective interest method. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and any other premiums or discounts. Negative interest on assets is recorded as an interest expense, and negative interest on liabilities is recorded as interest income. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income classified in Stage 3 for expected credit loss purposes, the original effective interest rate is applied to the amortised cost of the asset rather than to the gross carrying amount.

(ii) Banking Fee and commission

Fees and commissions are recognised on an accrual basis.
The Bank generates fees and commission income from services provided over time (such as portfolio management and advisory services) or when the Bank delivers a specific transaction at a point in time (such as brokerage services). The Bank recognises fees earned on transaction-based arrangements at a point in time when the service has been fully provided to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Except for certain portfolio management and advisory fees, all fees are generated at a fixed price.
Portfolio management and advisory fees can be variable depending on the size of the customer portfolio and the Bank's performance as fund manager. Variable fees are recognised when the performance benchmark has been met and when collectability is assured. The Bank acts as principal in the majority of contracts with customers. When the Bank acts as agent (in certain brokerage, custody and retrocession arrangements), it recognises income net of fees payable to other parties in the arrangement.

Fee income generated from providing a service that does not result in the recognition of a financial instrument is presented within banking fees and commission income. Fees generated from the acquisition, issue or disposal of a financial instrument are presented in the income statement in line with the balance sheet classification of that financial instrument. Performance-related fees or fee components are recognised when the performance criteria are fulfilled and the fee can be reliably measured.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Computer hardware: 3–10 years;
- Furniture, equipment and motor vehicles: 3–10 years;
- Right-of-use assets: over the non-cancellable period for which the Bank has the right to use an asset, including optional periods when the Bank is reasonably certain to exercise an option to extend (or not to terminate) a lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the income statement.
The Bank primarily leases office premises, as well as some IT equipment. Rental contracts vary from fixed periods of six months to 15 years.

The Bank recognises lease liabilities in relation to leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of entering the lease.

The remeasurements to the lease liabilities are recognised as adjustments to the related right-of-use assets immediately after the date of initial application. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet.

(f) Intangible assets

This includes the following categories:

Computer software

Amortisation is calculated using the straight-line method over a 3- to 10- year basis. The acquisition cost of software capitalised is on the basis of the cost to acquire and bring into use the specific software, licenses and other assets.

Client relationships

Amortisation is calculated on the basis of a 13 to 14 years useful life. The remaining life is reviewed periodically for reasonableness.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Bank's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised on a systematic basis over their useful lives.

Intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortisation and accumulated impairment losses.

(g) Financial assets and liabilities

All financial assets are recorded on the day the transaction is undertaken, with the exception of loans and advances to customers, which are entered in the balance sheet on their respective value dates. Purchases and sales of other financial assets at fair value or amortised cost are recognised on trade date, which is the date on which the Bank commits to purchase or sell the asset. Loans and advances to customers are recognised when cash is advanced to the borrowers.

(i) Measurement methods: Amortised cost and effective interest rate

The amortised cost does not consider expected credit losses and does include transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Bank revises the estimates of future cash flows, the carrying value of the respective financial asset or financial liability is adjusted to reflect the new estimated discount using the original effective interest rate. Any changes are recognised in profit or loss.

(ii) Initial recognition and measurement

At initial recognition, the Bank measures a financial asset or financial liability at its fair value. In case of a financial asset or financial liability subsequently not measured at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions are included to the fair value at initial recognition. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Business models: The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key Management personnel, how risks are assessed and managed and how Management are compensated.

Solely Payment of Principal and Interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, based on qualitative or quantitative criteria, the related financial asset is classified and measured at fair value through profit or loss.

(iii) *Fair value through other comprehensive income (FVTOCI)*

Debt instruments that are held for collection of contractual cash flows and for selling the assets, where the asset's cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for loss allowances, interest revenue and foreign exchange gains and losses on the instruments amortised cost, which are recognized in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Net other income". Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Equity instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit and loss, except where the Bank's Management has elected at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments in fair value through other comprehensive income when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit and loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit and loss as other income when the Bank's right to receive payment is established.

(iv) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Other movements in the fair value (for example from interest rate or credit risk changes) which are not part of a hedging relationship, are presented in the income statement within "Fair value gains less losses on financial instruments measured at fair value" in the period in which they arise.

Gains and losses on equity investments at fair value through profit and loss are included in "Net other income".

The Bank does not have financial assets classified at fair value through profit or loss except derivatives.

(v) *Impairment*

The Bank assesses loss allowances at each reporting date as further detailed in note 4. The measurement of expected credit loss reflects:

- An unbiased and probability-weighted value that is determined by evaluating a range of possible outcomes;
- Time value of money;

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Classification and subsequent measurement of financial liabilities, financial guarantees contracts and loan commitments

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking). Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the value of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the value that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining value of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial guarantee contracts and loan commitments: financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the expected credit loss value; and the premium received on initial recognition less any income recognised upfront. Loan commitments provided by the Bank are measured as the value of the expected loss allowance. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. If the contract includes both a loan and an undrawn commitment and the expected credit loss on the undrawn commitment cannot be separated from the loan component, the expected credit loss on the undrawn commitment is recognised together with the loss allowance for the loan.

(vii) Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from the asset have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control. A financial liability is derecognised when extinguished (i.e. the obligation specified in the contract is discharged, cancelled or expires).

(viii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Such a right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- In the normal course of business;
- In the event of default;
- In the event of insolvency or bankruptcy.

(h) Investment in subsidiaries

The Bank has elected, as allowed by IAS 27, to account for the investment in subsidiaries at cost. In case of impairment indicators the Bank measures and records the impairment loss in the reporting period. The Bank determines that investments are potentially impaired when there has been a significant or prolonged decline in the fair value of the investments below their cost.

(i) Income tax expense

Current tax expense comprises income tax payable on profits, based on the applicable tax law in each jurisdiction, and is recognised as an expense in the period in which profits arise.

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from intangible amortisation, pension obligations, and revaluation of certain financial assets and liabilities.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax relating to changes in fair values of financial assets classified as "Investment Securities", which is taken directly to the "Statement of other comprehensive income", is charged or credited directly to other comprehensive income and for debt instruments is subsequently recognised in the income statement together with the deferred gain or loss on disposal. The Bank does not currently have Investment Securities revalued through other comprehensive income.

(j) Employee benefits

(i) Retirement benefit obligations

The Bank operates a defined contribution pension plan. The Bank pays the contribution to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(ii) Short-term employee benefits

The Bank recognises short-term compensated absences and approved bonuses as a liability and an expense.

(iii) Share-based compensation

The parent company EFG International AG operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options or restricted stock units is recognised as an expense over the vesting period for options or restricted stock units granted under the plan.

(k) Related party transactions

Related parties include associates, fellow subsidiaries, directors and key members of the management, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis.

(l) Provisions

The Bank is involved in various legal and arbitration proceedings in the normal course of its business operations. The Bank establishes provisions for current and pending legal proceedings if Management is of the opinion that the Bank is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated. The nature and amount of provisions are disclosed, unless management expects the disclosure of that fact could prejudice our position with other parties in the matter.

Restructuring provisions comprise employee termination payments and costs to terminate contracts. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(m) Share Capital and dividends

Ordinary shares issued are classified as equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or Bons de Participation are shown in equity as a deduction from the proceeds attributable to share premium.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholder.

(n) Fiduciary activities

Where the Bank acts in a fiduciary capacity, such as nominee, trustee or agent, assets and income arising on fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term deposits and other short-term highly liquid investments with original maturities of less than 90 days maturity.

(p) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Critical accounting estimates and judgements in applying accounting policies

In the process of applying the accounting policies, the Bank's Management makes various judgements, estimates and assumptions that affect the reported amounts of assets and liabilities recognised in the financial statements in future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring the expected credit losses are further detailed in note 4, which also sets out the key sensitivities of the expected credit losses to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring the expected credit losses, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated expected credit losses;
- Establishing groups of similar financial assets for the purposes of measuring the expected credit losses.

(b) Income taxes and deferred taxes

The Bank and its branches are subject to income taxes in various jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Bank is also subject to a tax consolidation in Luxembourg with its parent company, EFG Investment (Luxembourg) S.A., which is effective since the fiscal year 2007.

Significant estimates are required to determine the current and deferred tax assets and liabilities. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. To the extent that it is not probable that taxable profit will be available against which unused tax losses can be utilised, the deferred tax asset is not recognised.

(c) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The determination of whether an outflow is probable and the amount, which are assessed by Bank's Management in conjunction with the Bank's and EFG Group's legal and other advisors, requires the judgement of the Bank's Management.

(d) Impairment of intangible assets

The Bank tests at least annually whether goodwill has suffered impairment in accordance with the accounting policy stated in note 2 (f). The recoverable amounts of cash-generating units are the higher of the assets' value in use and fair value less costs of disposal which is determined on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's-length transaction, after deduction of the costs of disposal. The value in use is determined by using a discounted cash flow calculation based on the estimated future operating cash flows of the asset. An impairment is recorded when the carrying amount exceeds the recoverable amount. For key assumptions used in value in use calculations and further information please refer to note 20.

(e) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are validated before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Financial risk management

4.1 Financial risk factors

The Bank's Management has implemented risk management procedures which are based on policies and procedures of EFGI. Ultimate responsibility for the risk management of the Bank lies with the Bank's Board of Directors, who set the Bank policies and risk appetite in collaboration with EFGIs Group Risk Committee (GRC).

4.2 Credit risk

Credit risk is the risk of loss due to borrower or counterparty default. To address this risk, the Bank has established an organizational structure allocating responsibilities, administration, approval and control of credit activities. Credit operations are governed by a comprehensive set of policies and procedures to ensure that all aspects of credit risk are adequately covered.

Credit risk related to transactions with clients of the Bank is managed according to the Bank Credit competence procedure. The credit approval process is under the responsibilities of the Head of Credit department and the Regional Business Head for approval of credits up to the lending limit delegated to the Credit Committee in accordance with this procedure.

Management of exposure to financial institutions is based on a system of counterparty limits. Financial institutions as well as country risk exposures are the responsibility of the Bank's Credit Function. Both exposures are coordinated at the EFGI level with the Central Correspondent Banking Unit.

The Bank's Management ensures the implementation of the credit policies and procedures defined by the Board of Directors and the approval of the client credit risks according to the competencies defined by the Board of Directors. The Credit department monitors credit exposures against approved limits and pledged collateral on a daily, weekly, and monthly basis. The Bank applies additional margins if the loan and the collateral are not in the same currency. Management insists on a thorough understanding of the underlying collateral and the purpose of the loan, ordinarily property or cash. The credit policy of the Bank and the nature of the loans ensure that the Bank's loan book is of high quality.

Each exposure receives a grading from 1 to 10, whereas 1 (top) is the best and 10 (expected loss) is the worst grading. The classification into one of the grading levels depends mainly on the provided collateral.

Credit loss measurement

The Bank applies the "three-stage" approach introduced by IFRS 9 for impairment measurement:

- Stage 1: for financial assets that have not experienced a significant increase in credit risks (SICR) since initial recognition a 12-months expected credit losses (ECL) is measured;
- Stage 2: for financial assets that experienced a significant increase in credit risks since initial recognition (but not yet deemed to be credit-impaired) a lifetime ECL is measured;
- Stage 3: for credit-impaired or defaulted financial assets a lifetime ECL is measured.

Specific ECL measurements have been developed for each type of credit exposure. Generally the three components of ECL are exposure at default, probability of default and loss given default, defined as follows:

- Exposure at default (EAD) is based on the amounts the Bank expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur;
- Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per 'definition of default' below), either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation; and
- Loss given default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of EAD expected to be non-recoverable if the default occurs in the next 12 months and lifetime LGD is the percentage of EAD expected to

be non-recoverable, the default occurs over the remaining expected lifetime of the loan.

Due from other banks and investment securities

This includes all assets that are classified as follows:
- Cash and balances with central banks;
- Treasury bills and other eligible bills;
- Due from other banks; and
- Investment Securities.

Inputs and assumptions

The ECL for all products above is estimated using three components:
- EAD (exposure at default): book value (amortised cost assets) and purchase value adjusted for amortisation and discount unwind (financial assets at fair value through other comprehensive income);
- PD (probability of default): estimated based on external counterparty credit risk rating information (Standard & Poor's annual global corporate default study and rating transition). For unrated instruments a BBB is considered as a proxy;
- LGD (loss given default): for stage 1 and stage 2 assets aligned to the credit default swap ISDA market standard (recovery rate 40%). In case of stage 3 assets, determined on an individual basis.

Estimation techniques

Macroeconomic expectations for sovereign securities and central banks debt are incorporated via their respective rating obtained from Standard & Poor's as part of their assessment of counterparty credit risk. For banks and corporate counterparties the PD and related transition matrices are impacted on the basis of the Bank's macroeconomic expectations.

Significant increase in credit risk

A significant increase in credit risk (SICR) is determined based on rating changes and individually assessed by an internal expert panel considering a range of external market information (e.g. credit default spreads, rating outlook).

Definition of default

The default is triggered through a payment default on the instrument or any cross-default indication.

Lombard lending

Lombard lending includes loans and advances to customers covered by financial collaterals. Being secured by diversified portfolios of investment securities, the risk of default of the loan is driven by the collateral.

Inputs and assumptions

The ECL for Lombard loans considers potential drawdowns, and the ECL is estimated by means of two components :

- ECL due to adverse market price movements that captures the risk that a shortfall arises when collateral values decrease to a level insufficient to cover the respective lombard loan exposure (based on assumptions regarding market price volatility of collateral asset classes, currency mismatch between loan and collateral, close-out periods and LGD considering collateral liquidation sales cost) and;
- ECL due to a default of a large single collateral position (top 1 to top 5) yielding a shortfall for the lombard loan exposure (based on PD and LGD for each sub-asset class based on counterparty risk ratings, LGD to assess the collateral value after default and close-out periods).

Estimation techniques

As opposed to the general measurement approach, the ECL measurement for lombard loans is not based on the PD but on the probability to reach the close-out trigger level and the related expected positive exposure (EPE). The latter corresponds to an uncovered shortfall which in combination with the LGD parameter determines the ECL. No additional macro-conditioning of variables is necessary as macroeconomic effects are captured through parameters such as volatility and loan-to-value (LTV) levels. Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

Significant increase in credit risk

A SICR occurs once the close-out trigger (based on collateral LV) is reached and contextually the computed ECL is above a materiality threshold.

Definition of default

Lombard loans that were closed out or have their collateral liquidated, resulting in an actual shortfall, or where liquidation is still in progress, resulting in a potential shortfall, are considered credit-impaired and classified as stage 3.

<u>Mortgages and other loans</u>

All loans and advances to customers not considered lombard lending are included in this classification. These are residential and commercial mortgages, commercial loans, and overdrafts.

Inputs and assumptions

The ECL for mortgages and for other loans is estimated using three components:

- EAD: the exposure considers contractual repayments, as well as potential drawdown over the lifetime of the loan;

- PD: derived from historical transition matrices. To derive forward-looking default estimates, these matrices are calibrated to the macroeconomic expectation;
- LGD: calculated based on the possibility to cure (derived from the transition matrix), considering the current LTV and the future recovery value of underlying properties for mortgages (computed considering house price development and sales costs proxies).

Estimation techniques

Each loan is assigned to a risk grade on the basis of its credit quality (i.e. rank order estimation).
Forward-looking macroeconomic effects are incorporated with forecasts on gross domestic product (GDP) growth, unemployment rate and house price index (HPI).
Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

Significant increase in credit risk

A SICR is experienced by any exposure greater than 30 days past due, or with a deterioration of other criteria (such as rank order estimation or watchlist status), or previously defaulted (one-year cure).

Definition of default

Any exposure greater than 90 days past due, or other criteria (such as rank order estimation or watchlist status) or following an individual assessment is considered credit-impaired and classified as stage 3.

Contractual modifications

The Bank modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view of maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms of initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. EFG International may determine that the credit risk has significantly reduced after restructuring, so that the assets are removed from stage 3 or stage 2 in accordance with the new terms for the six consecutive months or more.

Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:
- Ceasing enforcement activity;
- Where The Bank recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write off financial assets that are still subject to enforcement activity. The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectations of full recovery.

Macro-economic scenario and sensitivity analysis

The ECL results are based on forward-looking projections. These projections consider different macroeconomic scenarios, in particular a baseline, upside and downside scenario is considered.

The most significant assumptions affecting the ECL are as follows:
- For residential and commercial mortgages: HPI, given the impact it has on mortgage collateral valuations; GDP and unemployment rate, given the correlation with the customers' wealth, as well as the commercial clients' business environment, hence in turn their ability to repay the loans;
- For due from customers – lombard lending: asset volatility, given the impact it has on financial collateral valuations.

		2023	2024	2025
World GDP growth	Base	2.7%	3.2%	3.4%
	Upside	3.3%	3.5%	3.5%
	Downside	2.1%	2.9%	3.2%
	Stress	1.4%	2.6%	3.0%
Switzerland GDP growth	Base	0.8%	1.8%	1.2%
	Upside	1.7%	2.2%	1.4%
	Downside	0.0%	1.4%	1.0%
	Stress	(0.9%)	0.9%	0.8%
Weighted G7 GDP growth	Base	0.8%	1.3%	1.7%
	Upside	1.7%	2.0%	2.3%
	Downside	(0.0%)	0.6%	1.1%
	Stress	(1.0%)	(0.2%)	0.5%
G7 Unemployment rate	Base	0.6%	0.4%	(0.1%)
	Upside	0.2%	0.2%	(0.2%)
	Downside	0.9%	0.5%	(0.0%)
	Stress	1.2%	0.7%	0.1%
House price index Switzerland	Base	0.4%	0.2%	0.7%
	Upside	3.9%	3.4%	3.6%
	Downside	(2.8%)	(2.7%)	(1.9%)
	Stress	(6.3%)	(5.8%)	(4.7%)
House price index UK (London)	Base	(2.0%)	2.0%	4.9%
	Upside	5.2%	8.6%	10.5%
	Downside	(8.6%)	(4.0%)	(0.2%)
	Stress	(15.8%)	(10.6%)	(5.8%)

The table below illustrates the impact on stage 1 and stage 2 ECL from reasonably possible changes in the main parameters from the actual assumptions used. For mortgages and other loans the upside, downside and stress ECL scenarios have been applied, while for lombard loans the volatilities have been doubled (stress scenario).

Portfolio	**Parameter**	**Scenario**		
		Upside sensitivity %	Downside sensitivity %	Stress sensitivity %
Mortgages and other loans	GDP growth	-2%	2%	4%
Mortgages and other loans	House price indices	-1%	22%	199%
Lombard loans	Volatilities	n.a.	n.a.	38%

Exposure to credit risk

Quality of assets and liabilities measured at amortised cost

The table below summarises the carrying values, expected credit loss allowance by stage of those financial assets that were measured at amortised cost as of December 31, 2022:

31 December 2022	Total carrying value EUR	ECL Staging Stage 1	Stage 2	Stage 3	ECL allowance included in carrying values EUR
Cash and balances with central banks	1 836 196 559	(266)	-	-	1 836 196 293
Due from other banks	84 488 619	-	-	-	84 488 619
Loans and advances to customers	1 007 978 539	(24 873)	(8 009)	(674 203)	1 007 271 455
Investment Securities	561 914 247	(33 967)	-	-	561 880 280
Other assets	13 719 151	-	-	-	13 719 151
Total on-balance sheet assets as at 31 December 2022	**3 504 297 115**	**(59 105)**	**(8 009)**	**(674 203)**	**(741 317)**
Commitments and financial guarantees	52 409 848	14 204	10 782	-	24 986
Total	**3 556 706 963**	**(44 901)**	**2 773**	**(674 203)**	**(716 331)**

The table below summarises the carrying values, expected credit loss allowance by stage of those financial assets that were measured at amortised cost as of December 31, 2021:

31 December 2021	Total carrying value EUR	ECL Staging Stage 1	Stage 2	Stage 3	ECL allowance included in carrying values EUR
Cash and balances with central banks	2 114 465 224	(356)	-	-	2 114 464 868
Due from other banks	161 051 100	(1 196)	-	-	161 049 904
Loans and advances to customers	954 169 990	(64 721)	(10 066)	(378 943)	953 716 260
Other assets	13 923 415	-	-	-	13 923 415
Total on-balance sheet assets as at 31 December 2021	**3 243 609 729**	**(66 273)**	**(10 066)**	**(378 943)**	**(455 282)**
Commitments and financial guarantees	37 251 911	(3 446)	(61 886)	-	(65 332)
Total	**3 280 861 640**	**(69 719)**	**(71 952)**	**(378 943)**	**(520 614)**

Loss allowances

Total

The table below presents the total aggregate changes in gross carrying values and loss allowances:

Loss allowance	Stage 1 12-month ECL EUR	Stage 2 Lifetime ECL EUR	Stage 3 Lifetime ECL EUR	Total EUR
Loss allowance as at 1 January 2022	**(66 272)**	**(10 066)**	**(378 943)**	**(455 282)**
Increase due to origination and acquisition	(36 761)	-	-	(36 761)
Decrease due to derecognition	15 195	340	2 225	17 759
Changes due to change in credit risk (net)	33 043	1 901	(329 862)	(294 918)
Changes due to modifications without derecognition (net)	-	-	-	-
Changes due to update in the institution's methodology for estimation (net)	-	-	-	-
Decrease in allowance account due to write-offs	-	-	-	-
Other adjustments	(4 309)	(183)	32 378	27 885
Loss allowance as at 31 December 2022	**(59 105)**	**(8 009)**	**(674 203)**	**(741 317)**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	(16 873 500)	16 873 500	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	669 066	(669 066)	-	-

Cash and balances with central banks

The table below presents the aggregate changes in gross carrying values and loss allowances for balances with central banks:

Loss allowance	Stage 1 12-month ECL EUR	Stage 2 Lifetime ECL EUR	Stage 3 Lifetime ECL EUR	Total EUR
Loss allowance as at 1 January 2022	**(356)**	-	-	**(356)**
Increase due to origination and acquisition	-	-	-	–
Decrease due to derecognition	-	-	-	-
Changes due to change in credit risk (net)	90	-	-	90
Changes due to modifications without derecognition (net)	-	-	-	-
Changes due to update in the institution's methodology for estimation (net)	-	-	-	-
Decrease in allowance account due to write-offs	-	-	-	-
Other adjustments	–	-	-	-
Loss allowance as at 31 December 2022	**(266)**	-	-	**(266)**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	--
Transfer from Stage 1 to Stage 3	-	-	-	--
Transfer from Stage 2 to Stage 1	-	-	-	--

Due from other banks

The table below presents the aggregate changes in gross carrying values and loss allowances for Due from other banks:

Loss allowance	Stage 1 12-month ECL EUR	Stage 2 Lifetime ECL EUR	Stage 3 Lifetime ECL EUR	Total EUR
Loss allowance as at 1 January 2022	**(1 195)**	**-**	**-**	**(1 195)**
Increase due to origination and acquisition	(654)	-	-	(654)
Decrease due to derecognition	357	-	-	357
Changes due to change in credit risk (net)	(48)	-	-	(48)
Changes due to modifications without derecognition (net)	-	-	-	-
Changes due to update in the institution's methodology for estimation (net)	-	-	-	-
Decrease in allowance account due to write-offs	-	-	-	-
Other adjustments	1 541	-	-	1 541
Loss allowance as at 31 December 2022	**-**	**-**	**-**	**-**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-

Loans and advances to customers

The table below presents the aggregate changes in gross carrying values and loss allowances for Loans and advances to customers:

Loss allowance	Stage 1 12-month ECL EUR	Stage 2 Lifetime ECL EUR	Stage 3 Lifetime ECL EUR	Total EUR
Loss allowance as at 1 January 2022	**(64 721)**	**(10 066)**	**(378 943)**	**(453 730)**
Increase due to origination and acquisition	(2 141)	-	-	(2 141)
Decrease due to derecognition	14 838	340	2 225	17 402
Changes due to change in credit risk (net)	33 000	1 901	(329 862)	(294 961)
Changes due to modifications without derecognition (net)	-	-	-	-
Changes due to update in the institution's methodology for estimation (net)	-	-	-	-
Decrease in allowance account due to write-offs	-	-	-	-
Other adjustments	(5 850)	(183)	32 378	26 344
Loss allowance as at 31 December 2022	**(24 873)**	**(8 009)**	**(674 203)**	**(707 085)**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	(16 873 500)	16 873 500	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	669 066	(669 066)	-	-

During the year the Bank recognized additional provisions of EUR 330 thousands related to one loan with a carrying value of Euro 3.7 million that is secured with a mortgage and cash collateral valued at a significantly higher amount. Due to the legal complexities that span in 4 different countries to liquidate the collaterals, the Bank assessed several potential different scenarios and allocated a 10% probability to reflect potential currently unknown factors that might restrict its ability to enforce the liquidation of the mortgage and concluded that the provision of EUR 330 thousand is adequate. The Bank also performed a sensitivity analysis on the key assumption of enforceability of the mortgage and estimated that in case the allocated probability will increase to 20% and 30%, an additional amount of provision in the range of EUR 200 to 400 thousands might be required.

Investment Securities

The table below presents the aggregate changes in gross carrying values and loss allowances for Investment Securities:

Loss allowance	**Stage 1 12-month ECL EUR**	**Stage 2 Lifetime ECL EUR**	**Stage 3 Lifetime ECL EUR**	**Total EUR**
Loss allowance as at 1 January 2022	-	-	-	-
Increase due to origination and acquisition	(33 967)	-	-	(33 967)
Decrease due to derecognition	-	-	-	-
Changes due to change in credit risk (net)	-	-	-	-
Changes due to modifications without derecognition (net)	-	-	-	-
Changes due to update in the institution's methodology for estimation (net)	-	-	-	-
Decrease in allowance account due to write-offs	-	-	-	-
Other adjustments	-	-	-	-
Loss allowance as at 31 December 2022	(33 967)	-	-	(33 967)
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-

Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate the credit risk. The most traditional of these is the taking of security for credit exposures. The Bank adheres to guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

- Charged over financial instruments such as debt securities and equities; and
- Mortgages over residential and to a limited extent commercial properties.

Concentration of risks of financial assets with credit risk exposure

The Bank manages the risk of concentration by monitoring and reviewing on a regular basis its large exposures.

As of 31 December 2022, the carrying value of the exposure of the ten largest borrowers (excluding Central Bank and intragroup) was EUR 660 million (2021: EUR 303 million.)

4.3 Market Risk

Market risk is the risk of the fair value or cash flow of the financial instruments will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The exposure of the Bank to the market risk is considered as limited as no investment in equity, metals and commodities portfolios and no treasury and trading activity for its own account. The Bank's portfolio on derivative instrument is for covering customer transactions and for closing the on-balance net currency exposure mainly denominated in USD. Their mirroring on the Bank's side is managed through a Service Level Agreement with EFGI. The Bank ensures that no exposure to significant market risk stays open at the end of the day, by verifying correct mirroring of clients' transactions.

(a) Price risk

Price risk is the potential for the decline in the price of an asset or security relative to the rest of the market. The Bank has no treasury and trading activities for its own account.

(b) Foreign exchange risk

The Bank carries out foreign currency operations for its clients. As a general rule, the Bank does not take any forex exposure. All contracts initiated by clients are directly mirrored/covered by the Bank. The Bank monitors on a daily basis the eventual foreign exchange exposure that the Bank may encounter. In most of the cases, such exposures are caused by automatic currency conversion done within the Bank main banking application (limited to specific transactions and amounts).
For the net currency position that derives from on balance sheet transactions (mainly driven by USD net customer deposits), the Bank enters into cross currency swaps to close any foreign currency position. The related nominal values of the cross currency swaps are disclosed in Note 15.

The table below summarises the Bank's on balance sheet exposure to foreign currency exchange rate risk at December 31, 2022. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by currency.

			2022			
			EUR			
	GBP	USD	EUR	CHF	Other	Total
Assets						
Cash and balances with central banks	17 978	2 045	1 836 161 527	14 743	-	1 836 196 293
Due from other banks	3 402 603	14 809 181	19 614 795	3 503 323	43 158 717	84 488 619
Derivative financial instruments	197 914	3 811 628	2 102 252	802 142	1 974 797	8 888 733
Investment Securities	-	479 413 247	82 467 033	-	-	561 880 280
Loans and advances to customers	71 728 281	76 154 636	850 270 046	7 122 810	1 995 681	1 007 271 455
Participation	-	-	12 000	-	-	12 000
Property, plant and equipment	-	-	14 414 793	-	-	14 414 793
Intangible assets	-	-	3 613 424	-	-	3 613 424
Deferred income tax asset	-	-	19 645 005	-	-	19 645 005
Other assets	44 599	2 991 018	10 664 502	19 032	-	13 719 151
Total assets	75 391 375	577 181 755	2 838 965 377	11 462 051	47 129 195	3 550 129 752

	2022					
	EUR					
	GBP	USD	EUR	CHF	Other	Total
Liabilities						
Due to other banks	11 425 015	2 921 147	110 778 528	-	637 350	125 762 041
Due to customers	98 138 616	1 041 873 422	1 819 738 592	62 751 838	164 779 182	3 187 281 650
Derivative financial instruments	595 938	4 337 685	308 067	594 302	859 916	6 695 908
Deferred income tax liabilities	-	-	298 757	-	-	298 757
Provision	-	3 546	2 749 128	-	-	2 752 674
Other liabilities	34 590	1 383 570	32 310 331	40 622	4 050	33 773 163
Total liabilities	110 194 160	1 050 519 370	1 966 183 404	63 386 762	166 280 498	3 356 564 193
Net balance sheet position	(34 802 785)	(473 337 615)	872 781 973	(51 924 711)	(119 151 303)	193 565 558
Contingent liabilities and Commitments	-	8 925	20 050 853	-	-	20 059 778

	2021					
	EUR					
	GBP	USD	EUR	CHF	Other	Total
Assets						
Cash and balances with central banks	5 290	41 216	2 114 404 309	14 053	-	2 114 464 868
Due from other banks	1 363 831	53 630 028	27 567 457	40 838 232	37 651 551	161 051 100
Derivative financial instruments	-	2 678 016	11 053 654	30 475	(1)	13 762 145
Loans and advances to customers	79 585 897	196 729 066	669 294 605	5 064 028	3 041 470	953 715 064
Participations	-	-	12 000	-	-	12 000
Property, plant and equipment	-	-	16 407 125	-	-	16 407 125
Intangible assets	-	-	4 003 390	-	-	4 003 390
Deferred income tax asset	-	-	17 512 005	-	-	17 512 005
Other assets	55 182	43 356	13 746 083	-	78 795	13 923 415
Total assets	81 010 199	253 121 681	2 874 000 627	45 946 787	40 771 815	3 294 851 110
Liabilities						
Due to other banks	3 689 274	3 181 964	123 330 242	1 935 558	2 837 428	134 974 466
Due to customers	107 682 706	934 911 065	1 666 814 551	104 163 455	146 753 867	2 960 325 645
Derivative financial instruments	-	118 023	14 484 055	-	1	14 602 079
Current income tax liabilities	-	-	165 170	-	-	165 170
Deferred income tax liabilities	-	-	343 175	-	-	343 175
Provision	14 296	-	8 668 829	-	-	8 683 125
Other liabilities	5 436	253 787	38 635 909	-	-	38 895 133
Total liabilities	111 391 712	938 464 839	1 852 441 932	106 099 013	149 591 296	3 157 988 792
Net balance sheet position	(30 381 513)	(685 343 157)	1 021 558 695	(60 152 225)	(108 819 481)	136 862 317
Contingent liabilities and Commitments	-	(6 278)	5 160 560	-	-	5 154 282

The Bank performs on a daily basis a Value at Risk (VaR) on its FX exposures. In regard to VaR calculations, a 10D VaR is calculated with 99% confidence interval-meaning that the Bank is 99% confident that the most of losses will not exceed 1% (Historical 501 days). At the end of December 2022, the VaR is evaluated at EUR (16 337) (2021: EUR (8 521)).

(c) Interest rate risk

The cash flow interest rate risk is limited as there is a matching process between the assets and liabilities. The Bank's income and operating cash flows are substantially independent of changes in market interest rates. The Bank maintains small interest rate risks in its banking book and a high level of balance sheet liquidity as a matter of policy by adhering to conservative gapping limits and through its substantial excess funding from client deposits.

The table below summarises the Bank's exposure to interest rate risk at December 31, 2021. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2022					
	Up to 3 months	3 - 12 months	1- 5 years	Over 5 years	Non-interest bearing	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Assets						
Cash and balances with central banks	1 836 196 293	-	-	-	-	1 836 196 293
Due from other banks	84 377 373	111 246	-	-	-	84 488 619
Derivative financial instruments	-	-	-	-	8 888 733	8 888 733
Investment Securities	129 271 629	432 608 651	-	-	-	561 880 280
Loans and advances to customers	623 998 484	256 285 911	78 862 060	48 125 000	-	1 007 271 455
Participations	-	-	-	-	12 000	12 000
Property, plant and equipment	-	-	-	-	14 414 793	14 414 793
Intangible assets and goodwill	-	-	-	-	3 613 424	3 613 424
Deferred income tax assets	-	-	-	-	19 645 005	19 645 005
Other assets	-	-	-	-	13 719 151	13 719 151
Total assets	2 673 843 778	689 005 808	78 862 060	48 125 000	60 293 106	3 550 129 751
Liabilities						
Due to banks	16 257 388	6 565 603	54 814 050	48 125 000	-	125 762 041
Due to customers	3 002 121 688	175 012 465	10 146 889	608	-	3 187 281 650
Derivative financial instruments	-	-	-	-	6 695 908	6 695 908
Deferred income tax liabilities	-	-	-	-	298 757	298 757
Provisions	-	-	-	-	2 752 674	2 752 674
Other liabilities	-	-	-	-	33 773 163	33 773 163
Total liabilities	3 018 379 076	181 578 068	64 960 939	48 125 608	43 520 502	3 356 564 194
Net balance sheet position	(344 535 297)	507 427 740	13 901 121	(608)	16 772 604	193 565 557
Contingent liabilities and commitments	20 059 778	-	-	-	-	20 059 778

Impact of stress testing in relation with interest rate is detailed in note 4.5.

The table below summarises the Bank's exposure to interest rate risk at December 31, 2021. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2021					
	Up to 3 months EUR	3 - 12 months EUR	1- 5 years EUR	Over 5 years EUR	Non-interest bearing EUR	Total EUR
Assets						
Cash and balances with central banks	2 114 464 868	-	-	-	-	2 114 464 868
Due from other banks	160 987 100	64 000	-	-	-	161 051 100
Loans and advances to customers	616 667 612	262 126 055	54 421 397	20 500 000	-	953 715 064
Derivative financial instruments	-	-	-	-	13 762 145	13 762 145
Participations	-	-	-	-	12 000	12 000
Intangible assets and goodwill	-	-	-	-	4 003 390	4 003 390
Property, plant and equipment	-	-	-	-	16 407 125	16 407 125
Deferred income tax asset	-	-	-	-	17 512 005	17 512 005
Other assets	-	-	-	-	13 923 415	13 923 415
Total assets	2 892 119 580	262 190 055	54 421 397	20 500 000	65 620 080	3 294 851 110
Liabilities						
Due to banks	83 322 239	19 683 361	11 868 820	20 100 047	-	134 974 466
Due to customers	2 921 744 565	38 581 080	-	-	-	2 960 325 645
Derivative financial instruments	-	-	-	-	14 602 079	14 602 079
Provisions	-	-	-	-	8 683 125	8 683 125
Deferred income tax liabilities	-	-	-	-	343 175	343 175
Current income tax liabilities	-	-	-	-	165 170	165 170
Other liabilities	-	-	-	-	38 895 133	38 895 133
Total liabilities	3 005 066 804	58 264 441	11 868 820	20 100 047	62 688 682	3 157 988 793
Net balance sheet position	(112 947 224)	203 925 614	42 552 577	399 953	2 931 398	136 862 317
Contingent liabilities and commitments	5 154 282	-	-	-	-	5 154 282

4.4 *Liquidity risk*

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Bank's liquidity risk management process is carried out by Cash Operations department and monitored by the Chief Risk Officer and the Head of Accounting in collaboration with the Head Office. It includes:

- The day-to-day review of placements, balances and limits to ensure respect of Group and regulator principles, is done by Cash Operations department;
- The day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, is done by Cash Operations Department;
- The monitoring balance sheet, liquidity ratios against internal and regulatory requirements is done by Finance and Accounting department;
- The communication of any modifications in term of eligible assets and liquidity buffer on a monthly basis is done by the Chief Risk Officer; and
- The global control, management and reporting of limit with Head Office, is done by the Chief Risk Officer.

The Bank's liquidities, which are constituted of clients deposits and the capital, are either placed with the Banque Centrale du Luxembourg (52.75%) (December 31, 2021: 65.40%), invested in its own securities portfolio (16.14%) (December 31 2021: nil), used to finance the loan book (28.94%) (December 31, 2021: 29.50%), placed with the Group entities (2.13%) (December 31, 2021: 4.30%) (as a result of an exemption granted by the CSSF on the intra-group limit according to their letter dated September 21, 2010).

The Bank directly trades all client's deposits and exchange transactions with the Treasury Desk of EFG Bank AG, Geneva.

(a) Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial instruments by remaining contractual undiscounted cash flows.

	2022					
	Up to 1 month EUR	1 - 3 months EUR	3 - 12 months EUR	1 - 5 years EUR	Over 5 years EUR	Total EUR
Financial Liabilities						
Due to other banks	16 696 183	2 394	6 547 069	54 391 395	48 125 000	125 762 041
Due to customers	2 765 436 454	237 341 559	175 503 029	9 000 000	608	3 187 281 650
Total Financial liabilities (Contractual maturity dates)	**2 782 132 637**	**237 343 953**	**182 050 098**	**63 391 395**	**48 125 608**	**3 313 043 691**
Guarantees and loan commitments	10 090 894	412 018	2 224 214	14 820 184	24 862 538	52 409 848

	2021					
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Financial Liabilities						
Due to other banks	91 137 998	512 647	11 354 997	11 868 820	20 100 004	134 974 466
Due to customers	2 807 026 498	114 718 067	38 581 080	-	-	2 960 325 645
Total Financial liabilities	**2 898 164 496**	**115 230 714**	**49 936 077**	**11 868 820**	**20 100 004**	**3 095 300 110**
(Contractual maturity dates)						
Guarantees and loan commitments	**9 970 494**	**243 300**	**1 704 857**	**8 748 949**	**16 584 311**	**37 251 911**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include "cash and balances with central banks" and "loans and advances to banks"".

(b) Derivative cash flows

The Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives: currency forwards and currency swaps. There are no derivatives settled on a net basis.

The table below analyses the Bank's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Due to the unpredictability of option's exercise, options are not disclosed in table below.

At December 31, 2022	Up to 1 month	1-3 months	3-12 months	Total
	EUR	EUR	EUR	EUR
Derivatives held for trading				
• Foreign exchange derivatives				
o Outflow	988 034 010	232 862 201	71 112 454	**1 292 008 665**
o Inflow	990 260 412	232 913 140	71 160 590	**1 294 334 142**

At December 31, 2021	Up to 1 month	1-3 months	3-12 months	Total
	EUR	EUR	EUR	EUR
Derivatives held for trading				
• Foreign exchange derivatives				
o Outflow	1 004 870 079	542 216 996	229 251 781	**1 776 338 856**
o Inflow	1 004 851 003	541 585 126	229 341 222	**1 775 777 351**

4.5 Stress tests and scenario analysis

Sensitivity on changes in market circumstances is limited for all the risks linked to market fluctuations (mainly foreign exchange and interest rate risks). The Bank neutralized through forex forward transactions its excess funding in the main currencies.

The Economic Value of Equity (EVE) sensitivity refers to risks on the Bank's Tier 1, arising from adverse movements in interest rates that affect the Bank's banking book positions. Changes in interest rates affect the underlying value of the Bank's assets, liabilities and off-balance sheet items and hence its economic value.

The impact on the Statement of profit and loss and other comprehensive income of a stress testing on the Bank of +200 basis points parallel shift in interest rate results to EUR (8 865 547) (2021: EUR 2 375 036).

The European Banking Authority IRRBB stress scenario approach prescribes that the Bank's EVE sensitivity deriving from the worst of the six stress scenarios must not exceed 15% of Tier 1 capital.

The worst scenario concludes to an impact of EUR (9 111 822) (2021: EUR (796 050)).

4.6 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Therefore, for financial instruments where no market price is available, the fair values are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

Transactions undertaken for trading purposes and available for sale investments are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated on the basis of discounted cash flows models are based on observable market data.

A significant amount of the Bank's other financial assets and liabilities are at floating rates of interest, which re-price at frequent intervals. Therefore, the Bank has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is similar to their fair value as applicable, unless otherwise stated.

Fair value hierarchy

IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities measured at fair value

There has been no transfer of assets and liabilities measured at fair value between Level 1, Level 2 and Level 3.

	2022				2021			
	EUR				EUR			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	8 888 733	-	**8 888 733**	-	13 762 145	-	**13 762 145**
Investment Securities	561 880 280	-	-	**561 880 280**	-	-	-	-
Total assets measured at fair value	**561 880 280**	**8 888 733**	-	**570 769 012**	-	**13 762 145**	-	**13 762 145**
Derivative financial instruments	-	6 695 908	-	**6 695 908**	-	14 602 079	-	14 602 079
Total liabilities measured at fair value	-	**6 695 908**	-	**6 695 908**	-	**14 602 079**	-	**14 602 079**
Net measured at fair value	**561 880 280**	**2 192 825**	-	**564 073 104**	-	**(839 934)**	-	**(839 934)**

Assets and liabilities not measured at fair value

The following financial assets and liabilities are presented on the Bank's balance sheet at their carrying value and not at fair value. Their carrying value is a reasonable approximation of fair value.

(i) Due from other banks

Due from other banks includes inter-bank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is based on a discounted cash flow method and is assumed to be their carrying amount, as the effect of discounting is not significant and as there is no significant change of the credit risk during that period. The fair values are within Level 2 of the fair value hierarchy. The carrying values equal to the fair values as at December 31, 2022 and December 31, 2021.

(ii) Loans and advances to customers

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers is considered to assimilate the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Determined fair values are within Level 2 of the fair value hierarchy. The carrying values equal to the fair values as at December 31, 2022 and December 31, 2021.

(iii) & (iv) Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. Expected cash flows are discounted at current market rates to determine the fair value. Determined fair values are within Level 2 of the fair value hierarchy. The carrying values of deposits are considered to assimilate the fair values as at December 31, 2022 and December 31, 2021.

5. Net interest income

	2022 EUR	2021 EUR
Interest income		
Central Banks	6 680 484	-
Banks	1 128 278	670 533
Customers	20 028 306	14 528 626
Investment Securities	7 828 917	115 394
Total interest income	**35 665 985**	**15 314 553**
Interest expense		
Banks	(734 684)	90 684
Customers	(10 187 985)	(1 109 734)
Central Banks	(6 240 836)	(8 910 074)
Lease Liabilities	(51 018)	(75 195)
Total interest expense	**(17 214 523)**	**(10 004 320)**
Net interest income	**18 451 462**	**5 310 233**

6. Net banking fee and commission income

	2022 EUR	2021 EUR
Commissions related to securities and investment activities	36 987 649	35 048 042
Commission income from other services	8 863 042	8 077 252
Commission income	**45 850 691**	**43 125 294**
Commission expense	(1 779 944)	(2 935 088)
Commission expense	**(1 779 944)**	**(2 935 088)**
Net banking fee and commission income	**44 070 747**	**40 190 205**

7. Net other income

	2022 EUR	2021 EUR
Foreign exchange income	21 850 239	17 776 212
Foreign exchange expense	(4 362 689)	(7 484 389)
Client relationship services income	1 780 384	1 900 581
Net other intercompany income / expense	79 987	713 410
Net other operating income	380 083	3 486 629
Operational losses	(102 195)	(1 055 282)
Client relationship services expense	(1 101 412)	(894 389)
Net other income	**18 524 397**	**14 442 772**

8. Operating expenses

	2022 EUR	2021 EUR
Staff costs (note 9)	(34 960 650)	(34 969 108)
General and administrative expenses	(18 200 127)	(18 766 332)
Depreciation of property, plant and equipment (Note 21)	(457 841)	(581 884)
Amortisation of intangible assets (Note 20)	(389 966)	(744 947)
Computer software and licences (Note 20)	(70 381)	(73 139)
Client relationships (Note 20)	(157 380)	(157 380)
Other intangible assets (Note 20)	(162 206)	(514 428)
Impairment of intangible assets (Note 20)	-	(40 000)
Depreciation of tangible fixed assets – Leasing (Note 21)	(2 421 379)	(2 402 045)
Operating expenses	(56 429 963)	(57 504 316)

General and administrative expenses comprise of an amount of EUR (5 686 453) (2021: EUR (5 880 423)) which corresponds to royalties and services paid to Group's entities.

The European Regulation UE n°806/2014 of 15 July 2014 determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF), represented in Luxembourg by the "Fonds de Resolution Luxembourgeois" (Luxembourg Resolution Fund). In addition to this instrument, the "Fonds de Résolution Nationale" (National Resolution Funds) exists for institutions subject to this resolution mechanisms, but not to the SRF.

The Single Resolution Fund, established in January 2016, shall receive annual contributions (included in General and administrative expenses) from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments (IPC).

Following the September 9, 2020 decision of European Court of Justice on a dispute of a EU domiciled bank with ECB, the Bank has opted to adopt an accounting policy which allows to recognise the IPC as a contingent liability and the related deposit under other assets. IPCs can be defined as an obligation on the part of credit institutions to pay their contributions in the future. The IPCs are mandatorily backed by a cash collateral for the same amount as the IPCs. The SRB is entitled to call for payment of the IPC by sending a notice to the credit institution.

In this respect, starting 2021, the Bank entered into the standard IPC agreement with the Single Resolution Board. The related 2022 contribution is analysed as follows:

Total contribution (EUR)	**1 597 784**
IPC deposit (15% of total)	239 668
Contribution expensed	1 358 116

As of the December 31, 2022 and at the date of issuance of the financial statements there are no indications that the Single Resolution Board would call for cash payment. At the absence of a present obligation, no provision has been set up for the IPC contingent liability.

9. Staff costs

	2022 EUR	2021 EUR
Wages, salaries and bonuses	(28 808 898)	(28 492 157)
Social security costs	(2 858 126)	(3 279 898)
Pension plan expenses - defined contribution	(922 161)	(1 137 788)
Employee Equity Incentive Plans	(1 456 206)	(1 065 023)
Other	(915 259)	(994 242)
Total staff costs	**(34 960 650)**	**(34 969 108)**

10. Income tax

	2022 EUR	2021 EUR
Current tax expense	(94 214)	(272 179)
Total current tax expense	**(94 214)**	**(272 179)**
Increase (decrease) in deferred expense tax	2 177 418	2 034 751
Total deferred tax income (expense)	**2 177 418**	**2 034 751**
Income tax income (expense)	**2 083 204**	**1 762 572**

The tax on the Bank's loss (profit) before tax differs from the theoretical amount as follows:

	2022 EUR	2021 EUR
Taxable profit (loss) before tax	24 464 886	(7 205 747)
Applicable standard deferred tax rate	24.94%	24.94%
Theoretical deferred tax (expense)/income	(6 101 543)	1 797 113
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	(275 864)	(181 245)
Tax effect related to the branch with permanent establishment outside Luxembourg	(31 528)	113 574
Deferred tax not recognised on branches	(698 078)	(4 560 517)
Deferred tax not recognised on Luxembourg	7 057 217	3 101 277
Deferred tax income (expense) before tax integration	(49 796)	270 202
Deferred tax income (expense) from tax integration	2 133 000	1 492 370
Total income tax (expense)/income	2 083 204	1 762 572

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

During the year the Bank has recognised deferred tax assets relating to cumulative tax losses for an amount of EUR 2.2 million (2 million in 2021) on the basis that the Luxembourg operations reports sustainable taxable profits will be able to recover partially the accumulated tax losses in the foreseable future. The Bank has used prudent assumptions to ensure that adequate taxable profits will be available in the foreseeable future.

The Bank is participating to a tax unity with another EFG entity with which carries forward from prior years tax losses .

11. Deferred income taxes

Deferred income taxes are calculated on all temporary differences using the enacted local applicable rate.

Deferred income tax assets and liabilities comprise the following:

	2022 EUR	2021 EUR
Deferred income tax assets	19 645 005	17 512 005
Deferred income tax liabilities	(298 757)	(343 175)
Net deferred income tax assets	**19 346 248**	**17 168 830**

The movements on the net deferred income tax assets account are as follows:

	2022 EUR	2021 EUR
Beginning of year	**17 168 829**	**15 134 078**
Deferred tax gain/(loss) for the year in the income statement	2 177 418	2 034 751
Net deferred income tax assets	**19 346 247**	**17 168 830**

Deferred income tax assets and liabilities are attributable to the following items:

Tax losses carried forward	19 453 955	17 398 547
IFRS 9	191 050	113 458
Deferred income tax assets	**19 645 005**	**17 512 005**
Arising from acquisition of intangible assets	298 757	343 175
Other differences between local tax rules and accounting standards	-	-
Deferred income tax liabilities	**298 757**	**343 175**
Net deferred income tax assets	**19 346 248**	**17 168 830**

Current Tax Liabilities

The Bank is liable to taxes on income and net assets as per applicable National laws where the Bank and the branches are located. The caption "Current income tax liabilities" include provisions regarding income taxes.

12. Cash and balances with central banks

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	2022 EUR	2021 EUR
Cash in hand	820 783	742 674
Balances with central banks	1 835 375 776	2 113 722 550
Less: Loss Allowance	(266)	(356)
Cash and balances with central banks	**1 836 196 293**	**2 114 464 868**

13. Cash and cash equivalents

	2022 EUR	2021 EUR
Cash and balances with central banks (Note 12)	1 836 196 293	2 114 464 868
Due from other banks (Note 14)	84 488 619	161 049 904
Cash and cash equivalents	**1 920 684 912**	**2 275 514 772**

Maturities of cash and cash equivalents are disclosed in Note 30.

14. Due from other banks

	2022 EUR	2021 EUR
Due from other banks at sight	84 377 373	77 952 337
Due from other banks at term, maturing within 3 months	-	83 098 763
Less: Loss Allowance	-	(1 196)
Included in cash and cash equivalents	84 377 373	161 049 904
Due from other banks at term, maturing	111 246	
after 3 months	-	-
Less: Loss Allowance	-	-
Due from other banks	**84 488 619**	**161 049 904**
Due from other banks without Loss allowance	**84 488 619**	**161 051 100**

Maturities of assets due from other banks are disclosed in Note 30.

The credit quality of exposures on banks without ECL can be assessed by reference to the rating given by Moody's, Standard and Poors or Fitch:

Rating	2022 EUR	2021 EUR
Aa2	3 765 725	1 813 184
A1	80 103 696	157 454 352
A2	129	129
AA	7 316	5 881
Aa3	100 100	-
Ba1	104 240	182 828
Baa1	27 731	196 139
Baa2	-	718 732
BBB	307 175	263 092
BBB+	-	382 643
Caa1	72 508	34 120
	84 488 619	161 051 100

As at December 31, 2022 and 2021, there are no impaired loans nor loans past due but not impaired on assets due from other Banks.

15. Derivative financial instruments

The derivative financial instruments relate to forward exchange transactions and options outstanding as at December 31, 2022.

	December 31, 2022 EUR			December 31, 2021 EUR		
		Fair values			Fair values	
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Derivatives held for trading						
Currency forwards	404 306 410	2 469 381	2 367 868	497 743 715	3 053 709	2 823 036
Currency swaps	782 323 733	5 433 253	3 341 941	975 629 764	1 647 323	2 717 930
Options	117 193 723	986 099	986 099	271 537 788	9 061 113	9 061 113
Total derivative assets/liabilities held for trading	**1 303 823 866**	**8 888 733**	**6 695 908**	**1 744 911 267**	**13 762 145**	**14 602 079**

Credit risk of OTC derivative instruments is calculated using the original risk method as follows:

	December 31, 2022 EUR			
	Contract/ notional amount	Risk-equivalent amounts – Provisions	Collateral/ Guarantees	Net risk exposure
Internal rating (see Note 16)				
1	983 389 269	9 356 586	-	9 356 586
2	84 380	833	-	833
3	203 156 493	1 540 117	-	1 540 117
Total	1 186 630 142	10 897 536	-	10 897 536

	December 31, 2021 EUR			
	Contract/ notional amount	Risk-equivalent amounts – Provisions	Collateral/ Guarantees	Net risk exposure
Internal rating (see Note 16)				
1	1 238 210 325	11 968 011	6 892 233	5 075 778
2	876 325	6 990	24 124	(17 134)
3	234 286 829	2 250 740	-	2 250 740
Total	1 473 373 479	14 225 741	6 916 357	7 309 384

16. Loans and advances to customers

The ratings of a major rating agency are mapped to the Bank's rating classes based on the long-term average default rates for each external grade. The rating contributes to the determination of the loanable value for the collateral. The Bank uses total standard loanable values to benchmark its internal credit risk assessment.

Bank's rating	Rating	Description of grade	Grade description	Moody's rating
1	Top	Secured by "cash collateral or equivalent" Good diversification	Investment grade	Aaa/Aa1/Aa2
2	High	Secured by "cash collateral or equivalent", imperfect diversification	Investment grade	Aa3/A1
3	Very good	Secured by "other collateral"	Investment grade	A2/A3
4	Good	Partly secured by "cash collateral or equivalent"	Standard monitoring	Baa1/Baa2
5	Acceptable	Unsecured by prime borrower	Standard monitoring	Baa3
6	Weak	Borrower situation/collateral value is deteriorating	Standard monitoring	Ba1/Ba2/Ba3
7	Poor	Conditions of initial credit are no longer being met	Standard monitoring	B1/B2/B3
8	Unacceptable	Interest is no longer being paid collateral is being held	Special monitoring	Caa/Ca/C
9	Potential loss	Bank holds illiquid, uncollectible or no collateral	Substandard	C
10	Loss	No collateral or uncollectible collateral	Substandard	D

Table below presents loans and advances to customers classified according to credit internal rating criteria:

	2022		2021	
Internal Rating	EUR	%	EUR	%
1 Top	345 632 341	34.31%	360 841 740	37.84%
2 High	434 824 160	43.17%	313 308 918	32.85%
3 Very good	108 199 372	10.74%	177 106 814	18.57%
4 Good	79 501 434	7.89%	81 534 604	8.55%
5 Acceptable	-	0.00%	3 665 454	0.38%
6 Weak	35 678 798	3.54%	13 591 083	1.43%
8 Unacceptable	3 435 349	0.34%	3 667 077	0.38%
10 Loss	-	0.00%	569	0.00%
	1 007 271 455	100.00%	953 716 260	100.00%

Maturities of loans and advances to customers are disclosed in Note 30.
Economic sector risk concentrations within the Bank's customer loan portfolio were as follows:

	2022		2021	
	EUR	%	EUR	%
Private individuals	355 974 626	35.34%	329 622 192	34.56%
Financial companies	297 641 644	29.55%	287 095 048	30.10%
Private non-financial business	268 957 740	26.70%	271 454 580	28.46%
Services	66 259 328	6.58%	47 540 049	4.98%
Other	18 438 117	1.83%	18 004 391	1.89%
	1 007 271 455	**100%**	**953 716 260**	**100%**

Geographic sector risk concentration within the Bank's customer loan portfolio is mainly in Europe.

17. Collateral for loans and commitments

Loans and advances to customers are secured as follows:

	2022	2021
	EUR	EUR
<u>Loans and advances to customers</u>		
Secured by cash deposits and securities	742 028 855	769 752 321
Secured by immovable property	242 018 154	182 046 867
Unsecured	23 224 446	1 917 072
	1 007 271 455	**953 716 260**
<u>Off Balance-sheet commitments</u>		
Commitment secured by cash deposits and securities	20 059 778	4 606 865
	20 059 778	**4 606 865**

The fair value of the collateral of each individual non-impaired loan is greater than the carrying value of the receivable amount.

18. Investment Securities

Investment securities held to maturity are detailed in the tables below.

		2022 EUR	2021 EUR
Debt securities	Amortised cost	561 914 247	-
Gross investment securities		**561 914 247**	**-**
Less: Loss allowance on investment secuities at amortised cost		(33 967)	-
Investment securities		**561 880 280**	**-**

The following table presents the split by issuer and respective loss allowances (ECL):

	2022		2021	
	Carrying amount	**Loss allowance**	Carrying amount	Loss allowance
	EUR	**EUR**	EUR	EUR
Central Governments	425 816 670	(26 978)	-	-
Credit Institutions	108 791 560	(5 370)	-	-
Other issuers	27 306 017	(1 619)	-	-
Total	**561 914 247**	**(33 967)**	**-**	**-**

The credit quality of the investment securities can be assessed by reference to the rating given by Moody's, Standard and Poors or Fitch:

Rating	2022				2021			
	Central Governments	Credit institutions	Others issuers	Total	Central Governments	Credit institutions	Others issuers	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Aaa	365 481 320	108 786 190	27 304 398	501 571 908	-	-	-	-
Aa+	47 959 491	-	-	47 959 491	-	-	-	-
Aa	12 348 880	-	-	12 348 880	-	-	-	-
Total	425 789 692	108 786 190	27 304 398	561 880 280	-	-	-	-

19. Participations & Assets classified as Held for Sale

As at December 31, 2022, the Bank held the following unlisted participation:

	Acquisition value	Carrying value	Proportion of capital held	Net Equity (1)
	EUR	EUR	%	EUR
EFG Alternative Investment GP	12 000	12 000	100	12 000
Total	**12 000**	**12 000**	**100**	**12 000**

(1) Unaudited figures as at December 31, 2022

20. Intangible assets

	Computer software and Licences	Client relationships & other intangibles	Goodwill on acquisition of business	Total Intangible assets
	EUR	EUR	EUR	EUR
At December 31, 2021				
Cost	1 070 679	5 495 999	1 914 106	8 480 784
Accumulated amortisation	(731 100)	(1 776 005)	-	(2 507 105)
Accumulated impairment	-	(780 982)	-	(780 982)
Write-off		(1 189 307)		(1 189 307)
Net book value at December 31, 2021	**339 579**	**1 749 705**	**1 914 106**	**4 003 390**
Cost				
At December 31, 2021	1 070 679	5 495 999	1 914 106	8 480 784
Additions	-	-	-	-
Adjustment	-	-	-	-
At December 31, 2022	**1 070 679**	**5 495 999**	**1 914 106**	**8 480 784**
Accumulated amortisation				
At December 31, 2021	(731 100)	(1 776 005)	-	(2 507 105)
Amortisation charge for the year	(70 381)	(319 585)	-	(389 966)
Disposals	-	-	-	-
At December 31, 2022	**(801 481)**	**(2 095 590)**	**-**	**(2 897 071)**
Impairment / Write-Off				
At December 31, 2021	-	(1 970 289)	-	(1 970 289)
Impairment for the year	-	-	-	-
Write-off	-	-	-	-
At December 31, 2022	**-**	**(1 970 289)**	**-**	**(1 970 289)**
Total At December 31, 2022				
Cost	1 070 679	5 495 999	1 914 106	8 480 784
Accumulated amortisation	(801 481)	(2 095 590)	-	(2 897 071)
Impairment	-	(780 982)	-	(780 982)
Write-off	-	(1 189 307)	-	(1 189 307)
Net book value at December 31, 2022	**269 198**	**1 430 120**	**1 914 106**	**3 613 424**

Impairment test on BSI related intangible asset

In accordance with IFRS 3, the customer relationship/contracts arising from business combinations recognized at the date of acquisition (i.e. 1st January 2017) in relation with BSI amounted EUR 1 769 202.

As at end of December 2017, an impairment of an amount of EUR 740 982 on the intangible asset related to BSI has been recognised due to the loss of all clients of the Italian branch during 2017.

As at end of December 2022, the unamortized carrying value of the BSI related intangible asset (EUR 506 379) has been tested for impairment at year end.

Based on the revenues generated and the related profitability achieved during the year, the Bank has concluded that there are no impairment indicators.

Impairment test on UBI related goodwill and intangible asset ("Intangibles")

On November 1, 2017, the Bank acquired 100% of the voting rights in UBI and recognised the following intangible assets:

Goodwill (as adjusted in 2018)	EUR 1 914 106
Intangible asset related to client contracts	EUR 1 096 000

The Intangibles acquired in business combinations are reviewed at least annually for impairment by comparing the recoverable amount of each cash generating unit (CGU) to which Intangibles have been allocated at carrying value following the approaches described below.

The Bank has estimated the present value of the future cash flows expected to be derived from the Cash Generating Unit (value in use) using a discount rate of 13.18%.

The cash flows projections used to determine the net present values have been limited to 20 years.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Description	Assumption	Basis
Customer AuM	5% per year reduction	Prudent assumption
Return on AuM	43 bps	Based on past experience
Cost to income ratio	70%	Based on prudent scenario that the ratio of the Luxembourg operations will not improve over the next years

The recoverable amount of the CGU was estimated to be higher (approximately for an amount of EUR 6.3 million) than the carrying amount of the Goodwill (EUR 1 914 106) and the intangible asset (EUR 691 524). Hence no impairment was required.

The Bank has performed a sensitivity analysis and stressed by 20% all the above key assumptions and the discount rate. None of the stressed assumptions would indicate an impairment.

The Bank has also stressed the base scenario assumptions by stressing by 10% the net profitability of the CGU. In this scenario, the recoverable amount was also higher than the carrying value.

21. Property, plant and equipment

	Leasehold improvements EUR	Furniture and equipment EUR	Computer hardware EUR	Right-of-use assets EUR	Total EUR
At December 31, 2021					
Cost	2 506 403	1 793 948	2 569 759	20 751 550	27 621 660
Accumulated depreciation	(1 081 433)	(1 171 942)	(2 436 213)	(6 524 946)	(11 214 534)
Net book value at December 31, 2021	**1 424 970**	**622 007**	**133 546**	**14 226 604**	**16 407 127**
Cost					
At January 1, 2022	2 506 403	1 793 948	2 569 759	20 751 550	27 621 660
Additions	-	2 761	171 756	712 369	886 886
Disposals/eliminations	-	-	-	-	-
Write-Off	-	-	-	-	-
At December 31, 2022	**2 506 403**	**1 796 709**	**2 741 515**	**21 463 919**	**28 508 546**
Accumulated depreciation					
At January 1, 2022	(1 081 433)	(1 171 942)	(2 436 213)	(6 524 946)	(11 214 534)
Depreciation charge for the year	(231 827)	(125 345)	(100 669)	(2 421 379)	(2 879 220)
Disposals/eliminations	-	-	-	-	-
Write- Off	-	-	-	-	-
At December 31, 2022	**(1 313 260)**	**(1 297 287)**	**(2 536 882)**	**(8 946 325)**	**(14 093 754)**
Total At December 31, 2022					
Cost	2 506 403	1 796 709	2 741 515	21 463 919	28 508 546
Accumulated depreciation	(1 313 260)	(1 297 287)	(2 536 882)	(8 946 325)	(14 093 754)
Net book value at December 31, 2022	**1 193 143**	**499 423**	**204 633**	**12 517 594**	**14 414 793**

The right-of-use assets as at December 31, 2022 are composed of office premises for EUR 12.5 million (EUR 14.2 million as at December 31, 2021).

22. Other assets

	2022 EUR	2021 EUR
Fees receivables	3 237 261	3 065 063
Transitory accounts	3 005 609	6 112
Prepaid expenses and accrued income	717 577	560 410
VAT recoverable	3 332 183	5 438 133
Guarantee deposits (*)	694 868	448 308
Intercompany receivables	2 178 822	1 697 901
Other	552 831	2 707 488
Other assets	13 719 151	13 923 415

(*) The amount includes the IPC contribution for the year ended 31 december 2022, refer to note 8.

23. Due to other banks

	2022 EUR	2021 EUR
Due to other banks at sight	5 585 532	1 932 716
Due to other banks – term deposits	120 176 509	133 041 750
Due to other banks	125 762 041	134 974 466

24. Due to customers

	2022 EUR	2021 EUR
Current accounts	1 806 793 233	2 665 996 738
Term deposits	1 380 488 417	294 328 906
Due to customers	3 187 281 650	2 960 325 644

Maturities of Due to customers are disclosed in Note 30.

25. Provisions

	2022 EUR	2021 EUR
Additional provision through profit and loss	(276 792)	(9 661 640)
Write back through profit and loss	379 068	67 231
Total provision through profit and loss	**102 276**	**(9 594 409)**

	2022 EUR	2021 EUR
Opening balance	8 683 124	1 656 446
Increase in provision recognised in the Income Statement	276 792	9 661 640
Release of provision recognised in the Income Statement	(379 068)	(67 231)
Provisions used during the year	(5 828 175)	(2 567 731)
Total provisions	**2 752 674**	**8 683 124**

26. Other liabilities

	2022 EUR	2021 EUR
Preferential creditors	4 281 542	8 092 764
Accrued expenses	13 209 326	10 918 922
Lease liabilities	13 266 035	14 585 839
Other	3 016 260	3 267 707
Margin account	-	2 029 900
Total other liabilities	**33 773 163**	**38 895 132**

2022	Up to 1 month EUR	1 - 3 months EUR	3 - 12 months EUR	1- 5 years EUR	Over 5 years EUR	Total EUR
Lease liabilities	221 802	444 193	1 996 468	9 822 398	781 174	13 266 035
Total lease liabilities	**221 802**	**444 193**	**1 996 468**	**9 822 398**	**781 174**	**13 266 035**

27. Share capital

As at December 31, 2021, the total authorised number of ordinary shares at year-end is 1 380 000 with a value of EUR 100 per share. All issued shares are fully paid. 100% of the capital is held by EFG Investment (Luxembourg) S.A..

As at June 16, 2022, the extraordinary shareholder's meeting has decided to increase the number of ordinary shares by issuing 300 000 new shares with a value of EUR 100 per share.

As at December 31, 2022, the total authorised number of ordinary shares at year-end was 1 680 000 with a value of EUR 100 per share. All issued shares are fully paid. 100% of the capital was held by EFG Investment (Luxembourg) S.A..

28. Other Reserves

In accordance with Luxembourg law the Bank is required to transfer at least 5% of its annual profit to legal reserve until this equals at least 10% of subscribed capital. The legal reserve is not available for distribution to shareholders. As at December 31, 2022, the legal reserve amounts to EUR 1 394 672 (2021: EUR 1 394 672). As at December 31, 2021, the legal reserve was presented under Retained Earnings.

29. Guarantees and commitments

	2022 EUR	2021 EUR
Guarantees:		
Guarantees issued in favour of third parties	32 325 084	32 097 629
	32 325 084	32 097 629

The guarantees are as follows:

	2022 EUR	2021 EUR
Guarantees:		
Credit card guarantees	17 657 261	14 898 257
Other guarantees	13 888 903	16 467 900
Rent guarantees	778 920	731 472
	32 325 084	32 097 629

30. Maturity of assets and liabilities

The table below analyses the Bank's assets and liabilities into relevant maturity groupings based on the remaining period at December 31, 2022 to the contractual maturity date.

	2022			2021		
	Up to 1 year EUR	**Over 1 year** EUR	**Total** EUR	**Up to 1 year** EUR	**Over 1 year** EUR	**Total** EUR
Assets						
Cash and balances with central banks	1 836 196 293	-	1 836 196 293	2 114 464 868	-	2 114 464 868
Due from other banks	84 488 619	-	84 488 619	161 049 904	-	161 049 904
Derivative financial instruments	8 888 733	-	8 888 733	13 762 145	-	13 762 145
Investment Securities	3 042 803	558 837 477	561 880 280	-	-	-
Participation	-	12 000	12 000	-	12 000	12 000
Loans and advances to customers	711 401 211	295 870 243	1 007 271 455	703 536 635	250 179 625	953 716 260
Property plant and equipment	2 870 059	11 544 734	14 414 793	2 762 076	13 645 046	16 407 122
Intangible assets	335 145	3 278 279	3 613 424	360 791	3 642 598	4 003 390
Deferred income tax assets	-	19 645 005	19 645 005	-	17 512 005	17 512 005
Other assets	13 719 151		13 719 151	11 628 199	2 295 216	13 923 415
Total assets	**2 660 942 014**	**889 187 738**	**3 550 129 753**	**3 007 564 618**	**287 286 490**	**3 294 851 112**
Liabilities						
Due to other banks	23 245 646	102 516 395	125 762 041	103 005 642	31 968 824	134 974 466
Due to customers	3 178 281 042	9 000 608	3 187 281 650	2 960 325 645	-	2 960 325 645
Derivative financial instruments	6 695 908	-	6 695 908	14 602 079	-	14 602 079
Current income tax liabilities	-		-	165 170	-	165 170
Deferred income tax liabilities	39 250	259 507	298 757	46 102	297 073	343 175
Provisions	1 810 745	941 929	2 752 674	8 683 125	-	8 683 125
Other liabilities	23 169 591	10 603 572	33 773 163	26 221 099	12 674 033	38 895 133
Total liabilities	**3 233 242 182**	**123 322 011**	**3 356 564 193**	**3 113 048 862**	**44 939 931**	**3 157 988 793**
Net liquidity gap	**(572 300 169)**	**765 865 740**	**193 565 559**	**(105 484 244)**	**242 346 562**	**136 862 317**

31. Capital management

The Bank's objectives when managing regulatory capital is to comply with the capital requirements set by the regulatory requirements in Luxembourg and to safeguard the Bank's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital are monitored continually by the Bank's Management employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives as implemented by the CSSF for supervisory purposes.

The Bank assesses the capital demand for material risks (not restricted to credit market and operational risks) in an ICAAP (Internal Capital Adequacy Assessment Process) document. Each material risk is assessed, relevant mitigants considered and appropriate levels of capital determined. ICAAP documents are subject to ongoing supervisory review and evaluation.

Capital adequacy is calculated on a quarterly basis as part of the preparation of the CSSF reports that are submitted to the Management.

The eligible capital is mainly composed by Tier 1 capital, including share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of intangible assets is deducted.

The solvency ratio (unaudited) is equal to 25.58% (2021: 26.46%).

32. Return on assets

The return on assets of the Bank for the year ended December 31, 2022 stands at 0.73% (-0.17% as at December 31, 2021). The return on assets is calculated as being the net profit divided by the total balance sheet.

33. Related party transactions

The below table summarizes the transactions of the Bank with the related parties

	2022		2021	
	Group EUR	Key Management personnel EUR	Group EUR	Key Management personnel EUR
Assets				
Due from other banks	74 068 710	-	138 949 697	-
Derivative financial instruments	5 909 245	-	9 295 807	-
Participations	12 000	-	12 000	-
Loans and advances to customers	-	14 659	-	-
Other assets	2 179 226	-	1 697 901	-
Liabilities				
Due to other banks	125 762 031	-	134 967 451	-
Due to customers	11 503 723	507 658	10 885 921	567 915
Derivative financial instruments	4 628 195	-	8 099 911	-
Other liabilities	811 945	-	792 928	-
Interest income	1 188 224	-	725 331	-
Interest expense	(695 123)	-	197 262	-
Net banking fee and commission income	(2 167 873)	-	(1 468 306)	-
Net other income	833 792	-	1 778 082	-
Operating expenses (note 8)	(5 642 153)	-	(5 880 353)	-
Guarantees issued in favour of related parties		10 000	-	10 000

The above deposits are unsecured carry variable interest rates and are repayable on demand.

All banking transactions entered into (including with related parties) are in the normal course of business.

Key Management personnel comprise Authorised Management, the Board members, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence.

34. Fees of the independent auditor

The fees for the independent auditor of the Bank for the year ending December 31, 2022 are as follows:

	2022 EUR	2021 EUR
Audit services	540 887	533 293
Non-audit services	16 950	5 700
Total	557 837	538 993

Non-audit services are composed of Agreed-Upon Procedures required by law and trainings provided to the Bank's employees.

35. Staff and directors

a) Staff

Average number of employees during the financial year:

	2022	2021
Senior Management	5	5
Employees	178	196
Total	183	201

b) Information relating to Directors and Management

Senior Management received the following remuneration in respect of their duties:

	2022 EUR	2021 EUR
Cash compensation (salary + Vested Contribution cash)	1 993 371	1 835 652
Pension contributions	125 273	127 185
Other compensation and social charges	170 361	168 155
Restricted stock units	333 147	436 272
Total	2 622 152	2 567 264

Board members received emoluments in respect of their duties totalling to a gross amount of EUR 155 100 (2021: EUR 173 445).
At the end of 2022, there was one loan to a member of the Board of Directors outstanding for the amount of EUR 14 659 (end of 2021: nil). The terms of the loan are on an arm length basis.

The Bank did not grant any credit to the other Board of Directors members, Senior Management or supervisory bodies during the year (2021: EUR 0).

c) Employee Equity Incentive Plan

The EFG International Employee Equity Incentive Plan (the "Plan") has different classes of options and restricted stock units, which have a vesting period of one, two and three years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

The expense recorded in the statement of profit and loss spreads the cost of the grants equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the Plan in the Income Statement for the period ended December 31, 2022 was EUR 1 456 206 (2021: EUR 1 065 023).

As at December 31, 2022 the Bank has recognized in equity, as a contribution from the parent, a total amount of EUR 2 100 452 (2021 restated: EUR 1 946 697) corresponding to the rights attributed to the Management.

The table below summarises the outstanding options and restricted stock units at December 31, 2022 which, when exercised, will each result in the issuance of one ordinary share:

	31 December 2022
At 01 January	566 376
Granted	307 330
Lapsed	(1 809)
Exerciced	(197 604)
At 31 December	674 293

2022 incentive plan

The EFG Group granted 307 330 restricted stock units in 2022 to employees and managers of the Bank (2021: 218 549).

There are two classes of restricted stock units as follows:
- With a 3-year lock-up restriction ("Restricted stock units with 3- year lock-up"); and
- With no lock-up condition attached ("Restricted stock units with 1/3 exercisable annually").

Both of the classes vest 1/3 every year over the next three years. All restricted stock units have no exercise price.

The deemed value of each restricted stock unit granted in 2022 is CHF 6.60 for the one vesting in 12 months, CHF 6.19 for the one vesting in 24 months and CHF 5.76 for the one vesting in 36 months. The values of the restricted stock units were determined by the EFG Group using a model which takes into account the present value of the expected dividends during the period between the grant date and the earliest exercise date. The significant inputs into the model were the spot share price (CHF 6.98), market consensus discount pay-out and the expected life of the restricted stock units (12 to 36 months).

d) 2023 incentive plan

In 2023 and going forward, shares will be delivered instead of RSUs. EFG International will grant shares in June 2023 at prices to be determined based on the relevant valuation inputs on the date of issue.

e) Complementary Pension Plan

In 2007, the Bank contracted a pension plan for all employees under employment contract. This plan is a defined contribution plan and comprises a retirement benefit a death benefit and a disability benefit.

36. Post balance sheet events

There are no significant subsequent events that require disclosure or adjustment in the financial statements.

The banking crisis that unfolded during March 2023 affected certain US banks and Credit Suisse. The Bank does not have a direct or indirect exposures to the US banks that have failed during March 2023 (Silicon Valley Bank, Signature Bank and Silvergate Bank). The Bank does not also have any direct exposure to Credit Suisse, while the indirect exposure (collateral base) is very limited and has been timely mitigated with no impact.