EFG Bank (Luxembourg) S.A .

Société Anonyme

Audited financial statements
for the year ended
December 31, 2023

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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, 2023

Overview

For EFG International Group (hereinafter the “Group” or “EFG”) and EFG Bank (Luxembourg) S.A. (hereinafter the “Bank”), 2023 was a period of strong progress, despite the turmoil for the private banking industry, as we successfully and consistently delivered against our 2023—2025 strategic plan that is aimed at sustaining profitable growth and achieving scale.

The Bank has delivered record IFRS net profit of EUR 63.6 million for the full year 2023 (+140% compared to 2022). While recurring commission revenues remained relatively stable, tailwinds from rising interest rates benefited our net interest income.

At the same time, we have maintained our disciplined approach to costs and reported an underlying cost/income ratio for Luxembourg operations of 50.8% for 2023, a significant improvement from 63.4% in 2022.

Economic and political events that shaped the market

The banking crisis in spring 2023 created turmoil in financial centres on both sides of the Atlantic and served as a stark reminder that trust and resilience are the most important factors for long-term success in the banking business. Geopolitical tensions escalated further in the course of the year and we witnessed the tragic events related to the ongoing wars in Ukraine and Gaza.

Looking at the operating environment from a macroeconomic perspective, we were confronted with weakening global growth, an uncertain inflation path and tightening financial conditions. At the same time, we continued to see the emergence of significant new opportunities – but also risks – from megatrends such as generative AI and sustainable development that are transforming our world.

As a globally active private banking group, we know that in this type of volatile, uncertain, complex and ambiguous market environment, it is more important than ever to stay close to our clients, acting as a trusted adviser and partner to them – offering insights and solutions to ultimately create value.

Key Financials

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

Amounts in EUR ‘000	**2023**	**2022**	**Δ%**
Operating income	115,005	80,602	43%
Operating expense	-59,691	-54,973	9%
Operating profit	**55,314**	**25,629**	**116%**
Depreciation, amortisation, provisions and exceptional items	1,632	-1,164	240%
Result before taxes	**56,946**	**24,465**	**133%**
Income tax (current and deferred)	6,674	2,083	220%
Result after taxes	**63,620**	**26,548**	**140%**

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 while commission income remained relatively stable.

Operating expenses have increased by 9%. The increase was driven by higher personnel expenses due to higher accruals for variable compensation as a result of strong profitability, as well as wage indexations. Other administrative expenses have remained relatively stable as the tight cost management initiatives were offset by higher consulting expenses, and Portugal branch expenses which increased due to growth of the business.

The net operating profit of the Bank including its branches has more than doubled (+116%) and is reported at record levels of EUR 55.3 million (+29.7 million). As it is the first full year without the burden of the Milan branch losses, the Luxembourg operations are the main contributor of the profits, reporting a record operating profit of EUR 54.1 million.

The net profit of the Bank grew by 140% and is reported at EUR 63.6 million, including deferred income tax income of EUR 6.7 million. The main drivers of the increased profit of the year are the positive interest rate effect while maintaining the operational leverage.

Balance Sheet

Amounts in EUR '000	**2023**	**2022**	**Δ%**
Assets			
Cash and balances with central banks	1,638,450	1,836,196	-11%
Due from banks	154,458	84,489	83%
Loans and advances to customers	1,133,946	1,007,271	13%
Investment Securities	710,989	561,880	27%
Derivative financial instruments	5,970	8,889	-33%
Participation	12	12	0%
Other non-financial assets	54,152	51,392	5%
	3,697,977	**3,550,130**	**4%**
Liabilities			
Due to banks	107,375	125,762	-15%
Due to customers	3,277,298	3,187,282	3%
Derivative financial instruments	7,205	6,696	8%
Other non-financial liabilities	43,565	36,825	18%
	3,435,443	**3,356,564**	**2%**
Equity			
Share Capital	168,000	168,000	0%
Other equity items	94,534	25,566	270%
	262,534	**193,566**	**36%**

The balance sheet increased in 2023 by approximately 4% as compared to the previous year mainly due to the increase of customer deposits by 3% (EUR 90 million).

The increased liquidity of the Bank has been invested in loans and advances to customers (+EUR 126 million) and a further investment in highly liquid assets in the Held to Collect investment portfolio (+EUR 149 million). This investment portfolio consists of high-quality bonds denominated in USD and Euro.

The total equity of the Bank has increased from EUR 193.6 million in 2022 to EUR 262.5 million in 2023 mainly due to the result of the year and the issuance of a EUR 5 million Additional Tier 1 (AT1) capital note fully paid by EFG Group.

Research & Developments

Consistently with prior years, the Bank did not invest into research and development during 2023.

Acquisition of own shares

The Bank did not acquire own shares during the year 2023.

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 offered 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.

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.

The branch with offices in Lisbon and Porto, is staffed with 17 employees, including a Legal and Compliance Liaison Officer.

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

<u>Cyprus branch</u>
Based on developments in relation to the presence of EFG International Group of companies in Cyprus, the branch's governance and activities was reviewed in the previous years and the plan for the termination of its activities was put in place.

During 2023, the remaining branch activity of Depositary services and the remaining 2 employees have been transferred to another entity of EFG Group in Cyprus.

As a result, the Branch has terminated its operations and have deregistered from the Central Bank of Cyprus, the related register of commerce and the CSSF in December 2023.

The transfer of the services and the termination of the branch did not have any significant impact on the financial position and results of the Bank. The Bank is following the post-closure activities in line with its duties and regulatory obligations.

Risk management

The Authorised 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 Authorised 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 Authorised Management.

The organisation 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 organisation 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 organisational 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 to equities 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 (31 12 2023: 203% ¦ 31 12 2022: 170%) and the NSFR ratio (31 12 2023:

255% ¦ 31 12 2022: 250%). 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.

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.

Bank's perspective 2024

The challenges that the private banking industry has faced in recent years have underscored the fundamental importance of responsible business conduct as well as of

robust compliance and risk management frameworks. The Bank will continue to remain focused on operational and financial resilience, as they are the core foundations of success.

In today's competitive market environment, having a strong brand is an important differentiating factor. In 2023, EFG was named as one of the 500 most valuable and strongest banking brands worldwide for the first time in the annual ranking published by Brand Finance and The Banker. We continue to build one of the leading brands in the private banking industry. Going forward, we will continue to shape and differentiate our brand profile across key markets.

Based on the unique value proposition and resilient business model, the EFG Group 2023-2025 strategic plan focuses on sustaining profitable growth and achieving scale. Following the 2019-2022 strategic cycle, where strong foundations were laid for growth, there is significant potential to further grow our business, generate scale and operational leverage.

From financial perspective, the key focus areas for 2024 will be the active management of the interest-bearing assets & liabilities and costs amid expectations for declining inflation and central banks interest rates.

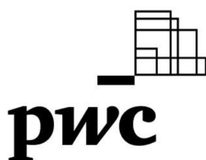
The Funds Services will continue to support the Luxembourg asset management market while the Portugal branch will continue its growth trajectory as per its business plan.

Subsequent Events

The Bank did not face any significant subsequent event in 2024 that would require adjustment or disclosure in the financial statements.

March 28, 2024

Lena Lascari Chief Executive Officer	Christos Deligiannis 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 2023, 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 2023;
- 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, including material accounting policy information and other explanatory information.

Basis for opinion

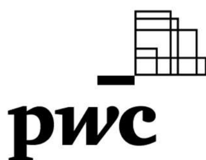
We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities 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.

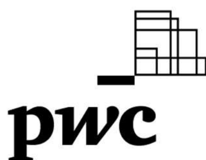
The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 34 to the financial statements.



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
Valuation of provision and contingent liabilities of ongoing litigations We refer to Note 25 of the financial statements, which states a provision of EUR 2 813 787. We focused on the valuation of the provisions as those are of material significance for the financial statements. Indeed, the Bank has some pending and ongoing legal disputes in Luxembourg and its branches. The Management's judgement towards those provisions includes the estimation in assessing the valuation but also the likelihood that a pending claim will succeed, or that a liability will arise. The evaluation of this judgement have been of most significance during the current year.	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 regarding 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; - We challenged the assumptions used by the Management as well as the methods used to determine the provisions as at 31 December 2023; - 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.
Recoverability of deferred tax assets As disclosed in Note 11 to the financial statements as at 31 December 2023, the Bank has	Our audit focused on assessing the appropriateness of Management's judgement about the recoverability of deferred tax assets through the following procedures: - We evaluated Management's assessment on the sufficiency of future taxable profits in support of the recognition of



recognised EUR 26 271 839 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.	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.

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.

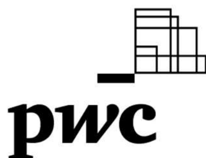
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 IFRS Accounting Standards 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;

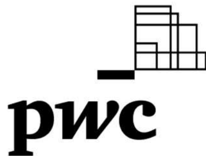
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- 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 27 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 3 April 2024

Nicolas Grillot

Statement of profit and loss and other comprehensive income for the year ended December 31, 2023

	Note	2023 EUR	2022 EUR
Interest income	5	128 436 429	35 665 985
Interest expense	5	(67 689 050)	(17 214 523)
Net interest income		**60 747 380**	**18 451 462**
Banking Fee and commission income	6	46 419 566	45 850 691
Banking Fee and commission expense	6	(1 980 638)	(1 779 944)
Net banking fee and commission income		**44 438 929**	**44 070 747**
Net other income	7	12 079 797	18 524 397
Operating income		**117 266 105**	**81 046 605**
Operating expenses	2, 8	**(60 037 127)**	**(56 429 963)**
Provisions	25	**(287 354)**	**102 276**
Loss allowances		**4 352**	**(254 033)**
Profit/(loss) before tax		**56 945 976**	**24 464 886**
Income tax	10	6 673 994	2 083 204
Net profit/(loss) for the year		**63 619 970**	**26 548 090**
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		**63 619 970**	**26 548 090**

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

Statement of financial position as at December 31, 2023

	Note	2023 EUR	2022 EUR
ASSETS			
Cash and balances with central banks	12, 13	1 638 449 906	1 836 196 293
Due from other banks	13, 14	154 458 209	84 488 619
Derivative financial instruments	15	5 969 826	8 888 733
Investment Securities	18	710 988 645	561 880 280
Loans and advances to customers	16, 17	1 133 946 032	1 007 271 455
Participations	19	12 000	12 000
Property, plant and equipment	21	12 320 065	14 414 793
Intangible assets	20	3 163 325	3 613 424
Deferred income tax assets	11	26 271 839	19 645 005
Other assets	22	12 396 832	13 719 151
Total assets		**3 697 976 679**	**3 550 129 751**
LIABILITIES			
Due to other banks	23	107 375 158	125 762 041
Due to customers	24	3 277 297 564	3 187 281 650
Derivative financial instruments	15	7 205 080	6 695 908
Current income tax liabilities	11	50 559	-
Deferred income tax liabilities	11	-	298 757
Provisions	25	2 813 787	2 752 674
Other liabilities	26	40 700 693	33 773 163
Total liabilities		**3 435 442 841**	**3 356 564 194**
EQUITY			
Share capital	27	168 000 000	168 000 000
Other equity	28, 31	8 644 861	2 100 452
Other reserves	28	2 722 076	1 394 672
Retained earnings		83 166 900	22 070 432
Total equity		**262 533 837**	**193 565 557**
Total equity and liabilities		**3 697 976 678**	**3 550 129 751**

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

EFG Bank (Luxembourg) S.A .

Statement of changes in equity for the year ended December 31, 2023

		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, 2022	**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)	-
Equity-settled share-based plan expensed in the income statement (**)	-	1 456 206	-	-	-	1 456 206
Employee equity incentive plans exercised (**)	-	(1 302 451)	-	-	-	(1 302 451)
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**
Equity-settled share-based plan expensed in the income statement	-	2 522 741	-	-	-	2 522 741
Employee equity incentive plans exercised	-	(978 334)	-	-	(1 196 099)	(2 174 433)
Issuance Additional Tier 1 instrument	-	5 000 000	-	-	-	5 000 000
Dividend	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	63 619 970	63 619 970
Legal reserve allocation	-	-	-	1 327 404	(1 327 404)	-
Balance at December 31, 2023	**168 000 000**	**8 644 859**	**-**	**2 722 076**	**83 166 900**	**262 533 837**

(*) Please refer to note 2.

(**) The comparative information has been changed to ensure comparability of the figures with previous year.

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

EFG Bank (Luxembourg) S.A .

Statement of cash flows for the year ended December 31, 2023

	Note	2023 EUR	2022 EUR
Cash flows from operating activities			
Interest received	5	128 436 429	35 665 985
Interest paid	5	(67 689 050)	(17 214 523)
Banking fee and commission received	6	47 235 202	45 521 326
Banking fee and commission paid	6	(1 980 638)	(1 779 944)
Net trading income	7	14 704 090	14 454 791
Other operating income receipts / (payments)	7	803 786	1 036 847
Staff costs paid	9	(34 589 776)	(31 214 040)
Other operating expenses paid	8	(18 376 807)	(18 200 127)
Income tax paid	10	(82 430)	(259 384)
Cash flows from operating activities before changes in operating assets and liabilities		**68 460 806**	**28 010 931**
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)		-	-
Net (increase)/decrease in derivatives financial instruments		-	-
Net decrease/(increase) in loans and advances to customers		(126 670 225)	(53 809 228)
Net decrease/(increase) in other assets		1 191 307	1 378 469
Net increase/(decrease) in due to other banks		(18 386 883)	(9 212 425)
Net increase/(decrease) in due to customers		90 015 914	239 378 255
Net increase/(decrease) in provisions	25	(226 242)	(5 828 175)
Net increase/(decrease) in other liabilities		3 713 130	(6 211 125)
Net cash flows from operating activities		**(50 362 999)**	**165 695 771**
Cash flows from investing activities			
Purchase of securities	18	(149 108 365)	(561 880 280)
Proceeds from sale of securities		-	-
Purchase of intangible assets	20	-	-
Purchase of property, plant and equipment	21	(871 558)	(886 886)
Net cash flows used in investing activities		**(149 979 923)**	**(562 767 166)**
Cash flows from financing activities			
Share capital issuance	27	-	30 000 000
Additional Tier 1 equity instruments issuance	28, 31	5 000 000	-
Net cash flows from financing activities		**5 000 000**	**30 000 000**

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

	Note		
Effect of exchange rate changes on cash and cash equivalents		**(894 681)**	**(15 769 396)**
Net change in cash and cash equivalents		**(127 776 797)**	**(354 829 860)**
Cash and cash equivalent at beginning of period		1 920 684 912	2 275 514 772
Net change in cash and cash equivalents		(127 776 797)	(354 829 860)
Cash and cash equivalents	13	**1 792 908 115**	**1 920 684 912**

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 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, Portugal and Cyprus (effective closure 1st November 2023). 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 March 28, 2024.

2. Summary of significant accounting policies and valuation rules

Basis of preparation

The financial statements are for the year ended December 31, 2023. 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, 2022.

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 in 2022 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 2023:
- IFRS 17 Insurance Contracts,
- Definition of Accounting Estimates – amendments to IAS 8,
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12,
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12,
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2,
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Amendments to IAS 1 – Non-current Liabilities with Covenants.

These standards and amendments do not have a material impact on the Bank 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, 2023 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 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.

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

(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 subsidiary 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 statement of financial position and are monitored off-balance sheet.

(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 (refer to note 4.3, 9, 26 and 35).

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 coordination 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.

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.

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.

<u>Due from other banks and investment securities</u>

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.

Mortgages and other loans

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. The Bank 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 are 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.

		2024	2025	2026
World GDP growth	Base	2.9%	3.2%	3.2%
	Upside	4.5%	3.8%	3.5%
	Downside	1.5%	2.6%	2.9%
	Stress	(0.1%)	1.9%	2.6%
Switzerland GDP growth	Base	1.8%	1.2%	1.8%
	Upside	3.6%	2.1%	2.1%
	Downside	0.2%	0.4%	1.5%
	Stress	(1.6%)	(0.5%)	1.1%
Weighted G7 GDP growth	Base	1.2%	1.7%	1.8%
	Upside	3.1%	2.6%	2.4%
	Downside	(0.4%)	0.8%	1.1%
	Stress	(2.3%)	(0.1%)	0.4%
G7 Unemployment rate	Base	4.3%	4.2%	4.1%
	Upside	3.3%	3.4%	3.3%
	Downside	5.1%	4.9%	4.7%
	Stress	6.1%	5.7%	5.4%
House price index Switzerland	Base	3.5%	3.8%	3.8%
	Upside	1.5%	1.9%	1.9%
	Downside	5.3%	5.5%	5.5%
	Stress	7.3%	7.4%	7.3%
House price index UK (London)	Base	(1.1%)	0.3%	1.1%
	Upside	2.9%	3.8%	4.2%
	Downside	(4.7%)	(2.9%)	(1.8%)
	Stress	(8.6%)	(6.4%)	(4.9%)

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	-5%	5%	10%
Mortgages and other loans	House price indices	0%	16%	408%
Lombard loans	Volatilities	n.a.	n.a.	18%

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, 2023:

31 December 2023	Total carrying value EUR	ECL Staging			ECL allowance included in carrying values EUR
		Stage 1	Stage 2	Stage 3	
Cash and balances with central banks	1 638 450 163	(257)	-	-	1 638 449 906
Due from other banks	154 458 209	-	-	-	154 458 209
Loans and advances to customers	1 134 647 382	(11 952)	(15 673)	(673 724)	1 133 946 032
Investment Securities	711 022 328	(33 683)	-	-	710 988 645
Other assets	12 396 832	-	-	-	12 396 832
Total on-balance sheet assets as at 31 December 2023	**3 650 974 914**	**(45 893)**	**(15 673)**	**(673 724)**	**(735 290)**
Commitments and financial guarantees	103 603 454	-	25 962	-	25 962
Total	**3 754 578 369**	**(45 893)**	**10 289**	**(673 724)**	**(709 328)**

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			ECL allowance included in carrying values EUR
		Stage 1	Stage 2	Stage 3	
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)**

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
IPCLoss allowance as at 1 January 2023	**(59 105)**	**(8 009)**	**(674 203)**	**(741 317)**
Increase due to origination and acquisition	(3 546)	(15 673)	-	(19 220)
Decrease due to derecognition	2 185	8 196	-	10 382
Changes due to change in credit risk (net)	13 907	-	479	14 386
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	667	(188)	-	479
Loss allowance as at 31 December 2023	**(45 893)**	**(15 673)**	**(673 724)**	**(735 290)**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	(6 184 803)	6 184 803	-	-
Transfer from Stage 1 to Stage 3	(12 200 367)	-	12 200 367	-
Transfer from Stage 2 to Stage 1	1 359 167	(1 359 167)	-	-

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 2023	**(266)**	**-**	**-**	**(266)**
Increase due to origination and acquisition	-	-	-	-
Decrease due to derecognition	-	-	-	-
Changes due to change in credit risk (net)	9	-	-	9
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 2023	**(257)**	**-**	**-**	**(257)**
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 2023	**-**	**-**	**-**	**-**
Increase due to origination and acquisition	-	-	-	-
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 2023	**-**	**-**	**-**	**-**
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 2023	**(24 873)**	**(8 009)**	**(674 203)**	**(707 085)**
Increase due to origination and acquisition	(3 830)	(15 673)	-	(19 503)
Decrease due to derecognition	2 185	8 196	-	10 382
Changes due to change in credit risk (net)	13 898	-	479	14 377
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	667	(188)		480
Loss allowance as at 31 December 2023	**(11 952)**	**(15 673)**	**(673 724)**	**(701 350)**
Gross carrying amount transfers:				
Transfer from Stage 1 to Stage 2	(6 184 803)	6 184 803	-	-
Transfer from Stage 1 to Stage 3	(12 200 367)	-	12 200 367	-
Transfer from Stage 2 to Stage 1	1 359 167	(1 359 167)	-	-

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 2023	**(33 967)**	**-**	**-**	**(33 967)**
Increase due to origination and acquisition	283	-	-	283
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 2023	**(33 683)**	**-**	**-**	**(33 683)**
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 2023, the carrying value of the exposure of the ten largest borrowers (excluding Central Bank and intragroup) was EUR 439 million (2022: EUR 660 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 other than the Hold to Collect Investment portfolio, 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, 2023. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by currency.

	2023					
	EUR					
	GBP	USD	EUR	CHF	Other	Total
Assets						
Cash and balances with central banks	6 841	64 379	1 638 365 109	9 738	3 838	1 638 449 906
Due from other banks	3 246 590	13 856 087	96 479 539	1 350 534	39 525 461	154 458 209
Derivative financial instruments	11	1 243 144	1 816 518	1 765 810	1 144 344	5 969 826
Investment Securities	-	464 202 613	246 786 032	-	-	710 988 645
Loans and advances to customers	55 679 294	87 146 633	818 387 016	88 413 798	84 319 291	1 133 946 032
Participations	-	-	12 000	-	-	12 000
Property, plant and equipment	-	-	12 320 065	-	-	12 320 065
Intangible assets	-	-	3 163 325	-	-	3 163 325
Deferred income tax asset	-	-	26 271 839	-	-	26 271 839
Other assets	18 758	2 882 741	9 495 334	(1)	0	12 396 832
Total assets	58 951 494	569 395 597	2 853 096 775	91 539 878	124 992 934	3 697 976 679

	2023					
	EUR					
	GBP	USD	EUR	CHF	Other	Total
Liabilities						
Due to other banks	12 173 280	21 965 635	73 226 123	10 119	-	107 375 158
Due to customers	100 366 441	1 177 558 187	1 796 531 023	60 440 664	142 401 248	3 277 297 564
Derivative financial instruments	68 783	2 727 770	3 623 804	291 953	492 769	7 205 080
Current income tax liabilities	-	-	50 559	-	-	50 559
Deferred income tax liabilities	-	-	-	-	-	
Provision	-	-	2 813 787	-	-	2 813 787
Other liabilities	339 210	6 658 658	33 637 880	44 605	20 339	40 700 693
Total liabilities	112 947 713	1 208 910 251	1 909 883 177	60 787 341	142 914 357	3 435 442 839
Net balance sheet position	(53 996 220)	(639 514 654)	943 213 598	30 752 537	(17 921 422)	262 533 838
Contingent liabilities and Commitments	-	-	64 078 021	200 000	-	-

	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**
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 19 4 160**	**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

(c) Interest rate risk

The table below summarises the Bank's exposure to interest rate risk at December 31, 2023. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2023					
	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	1 638 449 906	-	-	-	-	1 638 449 906
Due from other banks	154 448 084	-	10 125	-	-	154 458 209
Derivative financial instruments	5 969 826	-	-	-	-	5 969 826
Investment Securities	463 684 806	247 303 839	-	-	-	710 988 645
Loans and advances to customers	875 725 912	154 450 874	58 144 246	45 625 000	-	1 133 946 032
Participations	-	-	-	-	12 000	12 000
Property, plant and equipment	-	-	-	-	12 320 065	12 320 065
Intangible assets and goodwill	-	-	-	-	3 163 325	3 163 325
Deferred income tax assets	-	-	-	-	26 271 839	26 271 839
Other assets	-	-	-	-	12 396 832	12 396 832
Total assets	**3 138 278 533**	**401 754 713**	**58 154 371**	**45 625 000**	**54 164 061**	**3 697 976 678**
Liabilities						
Due to banks	4 126 329	10 653 292	46 970 537	45 65 000	-	107 375 158
Due to customers	2 846 575 516	418 848 133	11 869 379	4 536	-	3 277 297 563
Derivative financial instruments	7 205 080	-	-	-	-	7 205 082
Current income tax liabilities	-	-	-	-	50 559	50 559
Provisions	-	-	-	-	2 813 787	2 813 787
Other liabilities	-	-	-	-	40 700 693	40 700 964
Total liabilities	**2 857 906 925**	**429 501 425**	**58 839 916**	**45 629 536**	**43 565 039**	**3 435 442 841**
Net balance sheet position	**280 371 608**	**(27 746 712)**	**(685 545)**	**(4 536)**	**10 599 022**	**262 533 837**
Contingent liabilities and commitments	-	2 311 837	7 067 634	54 898 550	-	64 278 021

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, 2022. 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 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	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	**2 682 732 512**	**689 005 808**	**78 862 060**	**48 125 000**	**51 404 373**	**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	**3 025 074 984**	**181 578 068**	**64 960 939**	**48 125 608**	**36 824 594**	**3 356 564 194**
Net balance sheet position	**(342 342 472)**	**507 427 740**	**13 901 121**	**(608)**	**14 579 779**	**193 565 557**
Contingent liabilities and commitments	20 059 778	-	-	-	-	20 059 778

(*) The comparative information has been changed to ensure comparability of the figures with previous year.

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 Middle Office department and monitored by the Finance department 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 Middle Office Department;
- The day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, is done by Middle Office Department;
- The monitoring balance sheet, liquidity ratios against internal and regulatory requirements is done by Finance Department;
- The global control, management and reporting of limit with Head Office, is done by the Finance Department.

The Bank trades the majority of client's deposits and exchange transactions through the Treasury Desk of EFG Bank AG, Geneva.

(1) *Non-derivative financial liabilities cash flows*

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

Although due to customers are mainly at sight from a contractual point of view, in practice and from an economical perspective, it has been observed that they provide a stable funding source, thereby reducing the exposure to liquidity risk.

	2023					
	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	3 579 300	547 028	10 653 292	46 970 537	45 625 000	107 375 158
Due to customers	2 359 212 498	487 363 018	419 716 990	11 000 522	4 537	3 277 297 564
Total Financial liabilities	**2 362 791 798**	**487 910 045**	**430 370 282**	**57 971 059**	**45 629 537**	**3 384 672 722**
(Contractual maturity dates)						
Guarantees and loan commitments	10 804 078	2 148 050	5 639 879	9 787 926	75 054 541	103 434 474

	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	**2 782 132 637**	**237 343 953**	**182 050 098**	**63 391 395**	**48 125 608**	**3 313 043 691**
(Contractual maturity dates)						
Guarantees and loan commitments	**10 090 894**	**412 018**	**2 224 214**	**14 820 184**	**24 862 538**	**52 409 848**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include “cash and balances with central banks”, “loans and advances to banks” and “Investment securities”.

(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, 2023	Up to 1 month EUR	1-3 months EUR	3-12 months EUR	Total EUR
Derivatives held for trading				
• Foreign exchange derivatives				
o Outflow	1 115 208 684	151 070 597	120 315 484	**1 386 594 765**
o Inflow	1 115 534 950	150 735 137	119 225 068	**1 385 495 155**

At December 31, 2022	Up to 1 month EUR	1-3 months EUR	3-12 months EUR	Total 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**

4.5 Sensitivity analysis and stress tests

(a) *Sensitivity analysis*

The risk assessment through sensitivity analysis considers all major market risks deriving from assets, liabilities and off-balance-sheet transactions. The simulations analyse the impacts on risk exposures of adverse movements in market parameters. For interest rate risk, the following risk exposures are assessed:

- Impact on net interest income (NII): the NII assessment determines the impact of a change in the interest rate structure on the forecasted interest income (and thus on current earnings). This view is based on nominal values and considers the impact on the basis of a 12-month time horizon.
- Impact on economic value of equity (EVE): the EVE assessment measures the impact of changes in interest rates on current values of future cash flows and thus on the current economic value of Bank's equity

In contrast to the first approach, which focuses solely on a one-year time frame, the impact on the economic value of equity expresses the long-term impact deriving from all future cash flows, if there is a shift in market interest rates.

For foreign exchange rate risk, the sensitivity measurement covers in particular:
- The mismatch between on- and off-balance-sheet positions denominated in foreign currencies
- The forecasted earnings that are originated by positions in foreign currencies

(b) Stress tests

VaR calculation and sensitivity analysis are complemented by stress tests, which identify the potential impact of extreme market scenarios on Bank's equity and income statement. These stress tests simulate both exceptional movements in prices or rates, and drastic deteriorations in market correlations.

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.
The stress tests include:
- Risk factor stress testing, where stress movements are applied to each risk category
- Ad hoc stress testing, which includes applying possible stress events to specific positions
- Reverse stress test to examine vulnerabilities of the implemented models and risks embedded in Bank's exposures

The Value at risk (VaR) is an indicator used to estimate the maximum potential loss of a position, given predefined confidence interval and time horizon, under normal market conditions following adverse movements of markets parameters (interest rates, credit spreads and foreign currencies).

The VaR methodology applied by the Bank is based on a full revaluation historical approach based on 251 daily observations and considering a confidence interval of 99% and a time horizon of 10 days (VaR 10d / 99%).

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.

	2023 EUR				2022 EUR			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments	-	5 969 826	-	**5 969 826**	-	8 888 733	-	**8 888 733**
Total assets measured at fair value	**-**	**5 969 826**	**-**	**5 969 826**	**-**	**8 888 733**	**-**	**8 888 733**
Derivative financial instruments	-	7 205 080	-	**7 205 080**	-	6 695 908	-	**6 695 908**
Total liabilities measured at fair value	**-**	**7 205 080**	**-**	**7 205 080**	**-**	**6 695 908**	**-**	**6 695 908**
Net measured at fair value	**-**	**(1 235 254)**	**-**	**(1 235 254)**	**-**	**2 192 825**	**-**	**2 192 825**

Assets and liabilities not measured at fair value

The table below summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 31 December 2023:

	Carrying value EUR	Fair value EUR	Difference EUR
Financial assets			
Cash and balances with central banks	1 638 449 906	1 638 449 906	-
Due from other banks	154 458 209	154 458 209	-
Loans and advances to customers	1 133 946 032	1 132 976 032	970 000
Investment securities	710 988 645	711 875 074	(886 429)
Financial liabilities			
Due to other banks	107 375 158	106 972 645	402 513
Due to customers	3 277 297 564	3 267 597 564	9 700 000
Net assets and liabilities not measured at fair value	**253 170 070**	**263 189 012**	**(10 018 942)**

(i) Cash and balances with central banks and Due from other banks

Cash and balances with central banks and Due from other banks include 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 assumed to be their carrying amount, as the effect of discounting is not significant. The fair values are within level 2 of the fair value hierarchy.

(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 represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within level 2 of the fair value hierarchy.

(iii) Investment securities

Investment securities held to maturity are reflected on an amortised costs basis. The fair value of the investment securities is based on the quoted market price of the instrument. The fair values are within level 1 of the fair value hierarchy.

(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 fair value. Determined fair values are within level 2 of the fair value hierarchy.

5. Net interest income

	2023 EUR	2022 EUR
Interest income		
Central Banks	51 672 625	6 680 484
Banks	4 403 492	1 128 278
Customers	53 399 848	20 028 306
Investment Securities	18 960 464	7 828 917
Total interest income	**128 436 429**	**35 665 985**
Interest expense		
Banks	(2 188 790)	(734 684)
Customers	(65 467 715)	(10 187 985)
Central Banks	-	(6 240 836)
Lease Liabilities	(32 544)	(51 018)
Total interest expense	**(67 689 049)**	**(17 214 523)**
Net interest income	**60 747 380**	**18 451 462**

6. Net banking fee and commission income

	2023 EUR	2022 EUR
Commissions related to securities and investment activities	37 327 915	36 987 649
Commission income from other services	9 091 651	8 863 042
Commission income	**46 419 566**	**45 850 691**
Commission expense	**(1 980 638)**	**(1 779 944)**
Net banking fee and commission income	**44 438 928**	**44 070 747**

7. Net other income

	2023 EUR	2022 EUR
Foreign exchange income	19 701 284	21 850 239
Foreign exchange expense	(8 425 273)	(4 362 689)
Client relationship services income	1 744 459	1 780 384
Net other intercompany income/expense	200 782	79 987
Net other operating income	311 541	380 083
Operational losses	(48 860)	(102 195)
Client relationship services expense	(1 404 136)	(1 101 412)
Net other income	**12 079 797**	**18 524 397**

8. Operating expenses

	2023 EUR	2022 EUR
Staff costs (note 9)	**(38 109 437)**	**(34 960 650)**
General and administrative expenses	(18 511 305)	(18 200 127)
Depreciation of property, plant and equipment (Note 21)	(469 982)	(457 841)
Amortisation of intangible assets (Note 20)	(315 601)	(389 966)
Computer software and licences (Note 20)	(158 221)	(70 381)
Client relationships (Note 20)	(157 380)	(157 380)
Other intangible assets (Note 20)	-	(162 206)
Impairment of intangible assets (Note 20)	(134 498)	-
Depreciation of tangible fixed assets – Leasing (Note 21)	(2 496 304)	(2 421 379)
Operating expenses	**(60 037 127)**	**(56 429 963)**

General and administrative expenses comprise of an amount of EUR (5 542 343) (2022: EUR (5 686 453)) which corresponds to royalties and services paid to Group's entities.

Single Resolution Fund contributions

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. A share of the annual contributions can be provided through irrevocable payment commitments (IPC).

The Bank has opted in 2021 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 2023 contribution is analysed as follows:

	2023
Total contribution (EUR)	**1 647 172**
IPC deposit (22.5% of total) (2022: 15%)	370 614
Contribution expensed	1 276 558

As of the December 31, 2023 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

	2023 EUR	2022 EUR
Wages, salaries and bonuses (*)	(30 748 009)	(28 494 406)
Social security costs (*)	(3 182 983)	(3 172 618)
Pension plan expenses - defined contribution	(942 409)	(922 161)
Employee Equity Incentive Plans	(2 522 742)	(1 456 206)
Other	(713 294)	(915 259)
Total staff costs	**(38 109 437)**	**(34 960 650)**

(*) The comparative information has been changed to ensure comparability of the figures with previous year.

10. Income tax

	2023 EUR	2022 EUR
Current tax expense	(132 989)	(94 214)
Total current tax expense	**(132 989)**	**(94 214)**
Increase (decrease) in deferred expense tax	6 806 983	2 177 418
Total deferred tax income (expense)	**6 806 983**	**2 177 418**
Income tax income (expense)	**6 673 994**	**2 083 204**

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

	2023 EUR	2022 EUR
Taxable profit (loss) before tax	56 945 977	24 464 886
Applicable standard deferred tax rate	24.94%	24.94%
Theoretical deferred tax (expense)/income	**(14 202 327)**	**(6 101 543)**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	(272 885)	(275 864)
Tax effect related to the branch with permanent establishment outside Luxembourg	9 679	(31 528)
Deferred tax not recognised on branches	-	(698 078)
Deferred tax asset utilization during the year	14 273 240	-
Deferred tax not recognised on Luxembourg	-	7 057 217
Deferred tax income (expense) before tax integration	**(192 293)**	**(49 796)**
Deferred tax income (expense) from tax integration	6 866 287	2 133 000
Total income tax (expense)/income	**6 673 994**	**2 083 204**

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

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 6.8 million (2.2 million in 2022) on the basis that the Luxembourg operations reports sustainable taxable profits will be able to recover the accumulated tax losses in the foreseeable future. The Bank has used prudent assumptions to ensure that adequate taxable profits will be available in the foreseeable future.

The Bank is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Bank is incorporated which has come into effect for fiscal years starting on or after 31 December 2023.

Since the Pillar Two legislation was not effective at the reporting date, the Bank has no related current tax exposure. The Bank applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.
The Bank is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

Due to the complexities in applying the legislation and calculating group income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably

estimable. The entity is currently engaged with tax specialists to assist them with applying the legislation.

For more information, please refer to the Group consolidated financial statements.

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:

	2023 EUR	2022 EUR
Deferred income tax assets	26 271 839	19 645 005
Deferred income tax liabilities	-	(298 757)
Net deferred income tax assets	**26 271 839**	**19 346 248**

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

	2023 EUR	2022 EUR
Beginning of year	**19 346 248**	**17 168 829**
Deferred tax gain/(loss) for the year in the income statement	6 806 983	2 177 418
Other movements	118 608	-
Net deferred income tax assets	**26 271 839**	**19 346 247**

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

	2023	2022
Tax losses carried forward	26 271 839	19 453 955
IFRS 9	-	191 050
Deferred income tax assets	**26 271 839**	**19 645 005**
Arising from acquisition of intangible assets	-	298 757
Other differences between local tax rules and accounting standards	-	-
Deferred income tax liabilities	**-**	**298 757**
Net deferred income tax assets	**26 271 839**	**19 346 248**

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:

	2023 EUR	2022 EUR
Cash in hand	659 478	820 783
Balances with central banks	1 637 790 685	1 835 375 776
Less: Loss Allowance	(257)	(266)
Cash and balances with central banks	**1 638 449 906**	**1 836 196 293**

13. Cash and cash equivalents

	2023 EUR	2022 EUR
Cash and balances with central banks (Note 12)	1 638 449 906	1 836 196 293
Due from other banks (Note 14)	154 458 209	84 488 619
Cash and cash equivalents	**1 792 908 115**	**1 920 684 912**

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

14. Due from other banks

	2023 EUR	2022 EUR
Due from other banks at sight	51 773 110	84 377 373
Due from other banks at term, maturing within 3 months	102 674 974	-
Less: Loss Allowance	-	-
Included in cash and cash equivalents	154 448 084	84 377 373
Due from other banks at term, maturing after 3 months	10 125	111 246
Less: Loss Allowance	-	-
Due from other banks	**154 458 209**	**84 488 619**
Due from other banks net of Loss allowance	**154 458 209**	**84 488 619**

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	2023 EUR	2022 EUR
Aa2	4 350 036	3 765 725
A1	149 802 720	80 103 696
A2	129	129
AA	27 492	7 316
Aa3	-	100 100
Ba1	66 098	104 240
Baa1	30 139	27 731
BBB	-	307 175
Caa1	181 596	72 508
	154 458 209	**84 488 619**

As at December 31, 2023 and 2022, there are no impaired nor past due but not impaired receivables due from other Banks.

15. Derivative financial instruments

The derivative financial instruments relate to forward exchange transactions and options outstanding as at December 31, 2023.

	December 31, 2023 EUR			**December 31, 2022** EUR		
		Fair values			Fair values	
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Derivatives held for trading						
Currency forwards	394 114 549	2 898 383	2 770 145	404 306 410	2 469 381	2 367 868
Currency swaps	1 010 484 590	2 712 595	4 076 087	782 323 733	5 433 253	3 341 941
Options	15 541 486	358 848	358 848	117 193 723	986 099	986 099
Total derivative assets/liabilities held for trading	**1 420 140 625**	**5 969 826**	**7 205 080**	**1 303 823 866**	**8 888 733**	**6 695 908**

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

	December 31, 2023 EUR			
Internal rating (See Note 16)	Contract/ notional amount	Risk-equivalent amounts – Provisions	Collateral/ Guarantees	Net risk exposure
1	1 229 312 881	10 424 028	-	10 424 082
2	19 792 100	150 341	-	150 341
3	155 494 158	992 235	-	992 235
Total	**1 404 599 139**	**11 566 657**	**-**	**11 566 657**

	December 31, 2022 EUR			
Internal rating (See Note 16)	Contract/ notional amount	Risk-equivalent amounts – Provisions	Collateral/ Guarantees	Net risk exposure
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**

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:

	2023		2022	
Internal Rating	EUR	%	EUR	%
1 Top	345 278 696	30.45%	345 632 341	34.31%
2 High	508 581 613	44.85%	434 824 160	43.17%
3 Very good	135 798 302	11.98%	108 199 372	10.74%
4 Good	95 359 687	8.41%	79 501 434	7.89%
6 Weak	34 056 943	3.00%	35 678 798	3.54%
8 Unacceptable	14 870 791	1.31%	3 435 349	0.34%
	1 133 946 032	**100.00%**	**1 007 271 455**	**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:

	2023		2022	
	EUR	%	EUR	%
Private individuals	347 636 858	30.66%	355 974 626	35.34%
Financial companies	352 656 314	31.10%	297 641 644	29.55%
Private non-financial business	254 535 366	22.45%	268 957 740	26.70%
Services	118 914 401	10.49%	66 259 328	6.58%
Other	60 203 093	5.31%	18 438 117	1.83%
	1 133 946 032	**100%**	**1 007 271 455**	**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:

	2023	2022
	EUR	EUR
Loans and advances to customers		
Secured by cash deposits and securities	873 180 586	742 028 855
Secured by immovable property	227 832 868	242 018 154
Unsecured	32 932 578	23 224 446
	1 133 946 032	**1 007 271 455**
Off Balance-sheet commitments		
Commitment secured by cash deposits and securities	64 395 077	20 059 778
	64 395 077	**20 059 778**

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.

		2023	2022
		EUR	EUR
Debt securities	Amortised cost	711 022 329	561 914 247
Gross investment securities		**711 022 329**	**561 914 247**
Less: Loss allowance on investment securities at amortised cost		(33 683)	(33 967)
Investment securities		**710 988 645**	**561 880 280**

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

	2023		2022	
	Carrying amount	**Loss allowance**	Carrying amount	Loss allowance
	EUR	**EUR**	EUR	EUR
Central Governments	463 226 217	(21 001)	425 816 670	(26 978)
Credit Institutions	183 611 330	(8 917)	108 791 560	(5 370)
Other issuers	64 151 099	(3 765)	27 306 017	(1 619)
Total	**710 988 645**	**(33 683)**	**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	2023				2022			
	Central Governments	Credit institutions	Other issuers	Total	Central Governments	Credit institutions	Other issuers	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Aaa	373 917 971	98 188 277	26 431 155	**498 537 403**	365 481 320	108 786 190	27 304 398	**501 571 908**
Aa+	26 728 904	33 561 920	8 430 314	**68 721 138**	47 959 491	-	-	**47 959 491**
Aa	62 579 341	51 861 133	29 289 631	**143 730 104**	12 348 880	-	-	**12 348 880**
Total	**463 226 217**	**183 611 330**	**64 151 099**	**710 988 645**	**425 789 692**	**108 786 190**	**27 304 398**	**561 880 280**

19. Participations & Assets classified as Held for Sale

As at December 31, 2023, 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	62 169
Total	12 000	12 000	100	62 169

(1) Audited figures as at December 31, 2022

20. Intangible assets

	Computer software and Licences EUR	Client relationships & other intangibles EUR	Goodwill on acquisition of business EUR	Total Intangible assets EUR
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)
Accumulated 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**
Cost				
At December 31, 2022	1 070 679	5 495 999	1 914 106	8 480 784
Additions	-	-	-	-
Adjustment	-	-	-	-
At December 31, 2023	**1 070 679**	**5 495 999**	**1 914 106**	**8 480 784**
Accumulated amortisation				
At December 31, 2022	(801 481)	(2 095 590)	-	(2 897 071)
Amortisation charge for the year	(60 502)	(255 098)	-	(315 600)
Disposals	-	-	-	-
At December 31, 2023	**(861 983)**	**(2 350 688)**	**-**	**(3 213 671)**
Impairment / Write-Off				
At December 31, 2022	-	(1 970 289)	-	(1 970 289)
Impairment for the year	-	(134 498)	-	(134 498)
Write-off	-	-	-	-
At December 31, 2023	**-**	**(2 104 787)**	**-**	**(2 104 787)**
Total At December 31, 2023				
Cost	1 070 679	5 495 999	1 914 106	8 480 784
Accumulated amortisation	(861 983)	(2 350 688)	-	(3 212 671)
Impairment	-	(915 480)	-	(915 480)
Write-off	-	(1 189 307)	-	(1 189 307)
Net book value at December 31, 2023	**208 696**	**1 040 524**	**1 914 106**	**3 163 326**

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 2023, the unamortized carrying value of the BSI related intangible asset (EUR 427 285) 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 16.22%.

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	27 bps	Based on past experience
Cost to income ratio	55%	Based on prudent scenario that the ratio of the Luxembourg operations will increase over the next years

The recoverable amount of the CGU was estimated to be higher (approximately for an amount of EUR 1.4 million) than the carrying amount of the Goodwill (EUR 1 914 106) and the intangible asset (EUR 613 238). 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	Furniture and equipmen t	Computer hardware	Right-of-use assets	Total
	EUR	EUR	EUR	EUR	EUR
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**
Cost					
At January 1, 2023	2 506 403	1 796 709	2 741 515	21 463 919	28 508 546
Additions	25 877	6 047	233 235	592 160	857 319
Disposals/eliminations	-	(102 135)	(180 832)	(35 858)	(318 825)
Write-Off	-	-	-	-	-
At December 31, 2023	2 532 280	1 697 621	2 793 918	22 020 221	29 044 040
Accumulated depreciation					
At January 1, 2023	(1 313 260)	(1 297 287)	(2 536 882)	(8 946 325)	(14 093 754)
Depreciation charge for the year	(239 748)	(119 880)	(94 534)	(2 484 477)	(2 938 639)
Disposals/eliminations	-	95 285	190 686	22 447	308 418
Write- Off	-	-	-	-	-
At December 31, 2023	(1 553 008)	(1 321 882)	(2 440 730)	(11 408 355)	(16 723 975)
Total At December 31, 2023					
Cost	2 532 280	1 697 621	2 793 918	22 020 221	29 044 040
Accumulated depreciation	(1 553 008)	(1 321 882)	(2 440 730)	(11 408 355)	(16 723 975)
Net book value at December 31, 2023	979 272	375 739	353 188	10 611 866	12 320 065

The right-of-use assets as at December 31, 2023 are composed of office premises for EUR 10.6 million (EUR 12.5 million as at December 31, 2022).

22. Other assets

	2023 EUR	2022 EUR
Fees receivables	2 411 887	3 237 261
Transitory accounts	2 969 563	3 005 609
Prepaid expenses and accrued income	727 315	717 577
VAT recoverable	3 357 911	3 332 183
Guarantee deposits (*)	1 056 595	694 868
Intercompany receivables	480 831	2 178 822
Other	812 729	552 831
Margin account	580 000	-
Other assets	**12 396 832**	**13 719 151**

(*) The amount includes the IPC contribution for the year ended 31 December 2023, refer to note 8.

23. Due to other banks

	2023 EUR	2022 EUR
Due to other banks at sight	3 518 871	5 585 532
Due to other banks – term deposits	103 856 287	120 176 509
Due to other banks	**107 375 158**	**125 762 041**

24. Due to customers

	2023 EUR	2022 EUR
Current accounts	1 173 714 091	1 806 793 233
Term deposits	2 103 583 473	1 380 488 417
Due to customers	**3 277 297 564**	**3 187 281 650**

Maturities of Due to customers are disclosed in Note 30.

25. Provisions

	2023 EUR	2022 EUR
Additional provision through profit and loss	(409 623)	(276 792)
Write back through profit and loss	122 269	379 068
Total provision through profit and loss	**(287 354)**	**102 276**

	2023 EUR	2022 EUR
Opening balance	2 752 674	8 683 124
Increase in provision recognised in the Income Statement	409 623	276 792
Release of provision recognised in the Income Statement	(122 269)	(379 068)
Provisions used during the year	(226 242)	(5 828 175)
Total provisions	**2 813 787**	**2 752 674**

26. Other liabilities

	2023 EUR	2022 EUR
Preferential creditors	5 997 187	4 281 542
Accrued expenses (*)	14 401 993	13 405 074
Lease liabilities	11 100 594	13 266 035
Intercompany payable (*)	749 061	728 450
Other (*)	7 871 859	2 092 062
Margin account	580 000	-
Total other liabilities	**40 700 693**	**33 773 163**

(*) The comparative information has been changed to ensure comparability of the figures with previous year.

	2023					
	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	231 443	463 311	2 053 269	8 323 032	29 539	11 100 594
Total lease liabilities	**231 443**	**463 311**	**2 053 269**	**8 323 032**	**29 539**	**11 100 594**

	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, 2023, the total authorised number of ordinary shares at year-end is 1 680 000 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..

28. Other Equity & Other Reserves

Other Equity

During the year, the Bank issued an Additional Tier 1 capital instrument note (AT1) of EUR 5 million held by the parent company. The characteristic of the instrument allows the Bank to classify the instrument as equity. The related remuneration of the instrument will assimilate to a dividend payment directly through the statement of changes in equity.

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 equal at least 10% of subscribed capital. The legal reserve is not available for distribution to shareholders. As at December 31, 2023, the legal reserve amounts to EUR 2 722 076 (2022: EUR 1 394 672).

29. Guarantees and commitments

	2023 EUR	2022 EUR
Guarantees:		
Guarantees issued in favour of third parties	39 208 377	32 325 084
	39 208 377	**32 325 084**

The guarantees are as follows:

	2023 EUR	2022 EUR
Guarantees:		
Credit card guarantees	19 873 213	17 657 261
Other guarantees	18 640 069	13 888 903
Rent guarantees	695 096	778 920
	39 208 377	**32 325 084**

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, 2023 to the contractual maturity date.

	2023			2022		
	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	1 638 449 906	-	1 638 449 906	1 836 196 293	-	1 836 196 293
Due from other banks	154 448 083	10 125	154 458 208	84 488 619	-	84 488 619
Derivative financial instruments	5 969 826	-	5 969 826	8 888 733	-	8 888 733
Investment Securities	417 536 351	293 452 295	710 988 646	3 042 803	558 837 477	561 880 280
Participation	-	12 000	12 000	-	12 000	12 000
Loans and advances to customers	796 517 837	337 428 195	1 133 946 032	711 401 211	295 870 243	1 007 271 455
Property plant and equipment	2 973 919	9 346 146	12 320 065	2 870 059	11 544 734	14 414 793
Intangible assets	209 554	2 953 771	3 163 325	335 145	3 278 279	3 613 424
Deferred income tax assets	10 508 736	15 763 104	26 271 839	-	19 645 005	19 645 005
Other assets	12 396 832	-	12 396 832	13 719 151		13 719 151
Total assets	**3 039 011 044**	**658 965 636**	**3 697 976 680**	**2 660 942 014**	**889 187 738**	**3 550 129 753**
Liabilities						
Due to other banks	14 779 607	92 595 551	107 375 158	23 245 646	102 516 395	125 762 041
Due to customers	3 266 292 505	11 005 059	3 277 297 564	3 178 281 042	9 000 608	3 187 281 650
Derivative financial instruments	7 205 080	-	7 205 080	6 695 908	-	6 695 908
Current income tax liabilities	50 559		50 559	-	-	-
Deferred income tax liabilities	-	-	-	39 250	259 507	298 757
Provisions	763 307	2 050 480	2 813 787	1 810 745	941 929	2 752 674
Other liabilities	32 348 122	8 352 571	40 700 693	23 169 591	10 603 572	33 773 163
Total liabilities	**3 321 439 180**	**114 003 661**	**3 435 442 841**	**3 233 242 182**	**123 322 011**	**3 356 564 193**
Net liquidity gap	**(282 428 136)**	**544 961 975**	**262 533 838**	**(572 300 169)**	**765 865 740**	**193 565 559**

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 prudential 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 and deferred tax assets is deducted. In November 2023 the Bank issued an AT1 capital note of EUR 5 million held by the parent company.

The solvency ratio (unaudited) is equal to 25.45% (2022: 25.58%).

32. Return on assets

The return on assets of the Bank for the year ended December 31, 2023 stands at 1.72% (0.73% as at December 31, 2022). 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

	2023		2022	
	Group EUR	Key Management personnel EUR	Group EUR	Key Management personnel EUR
Assets				
Due from other banks	145 638 335	-	74 068 710	-
Derivative financial instruments	4 387 523	-	5 909 245	-
Participations	12 000	-	12 000	-
Loans and advances to customers	4 035 832	-	-	14 659
Other assets	442 891	-	2 179 226	-
Liabilities				
Due to other banks	107 375 145	-	125 762 031	-
Due to customers	28 331 138	434 424	11 503 723	507 658
Derivative financial instruments	4 248 633	-	4 628 195	-
Other liabilities	749 061	-	811 945	-
Interest income	4 450 097	475	1 188 224	-
Interest expense	(2 512 359)	-	(695 123)	-
Net banking fee and commission income	(1 408 115)	14 611	(2 167 873)	-
Net other income	545 274	2 698	833 792	-
Operating expenses (note 8)	(5 461 527)	-	(5 642 153)	-
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, 2023 are as follows:

	2023 EUR	2022 EUR
Audit services	391 284	540 887
Non-audit services	27 450	16 950
Total	**418 734**	**557 837**

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:

	2023	2022
Senior Management	5	5
Employees	181	178
Total	**186**	**183**

b) Information relating to Directors and Management

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

	2023 EUR	2022 EUR
Cash compensation (salary + Vested Contribution cash)	2 225 855	1 993 371
Pension contributions	131 427	125 273
Other compensation and social charges	212 697	170 361
Restricted stock units	395 673	333 147
Total	**2 965 652**	**2 622 152**

Board members received emoluments in respect of their duties totalling to a gross amount of EUR 170 000 (2022: EUR 155 100).

At the end of 2023, there was an overdraft line granted to a member of the Board of Directors which was not used as of year-end 2023 (end of 2022: EUR 14 659). 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 (2022: 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 are equity settled and 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, 2023 was EUR 2 522 742 (2022: EUR 1 456 206).

As at December 31, 2023 the Bank has recognized in equity, as a contribution from the parent, a total amount of EUR 3 644 861 (2022 restated: EUR 2 100 452) corresponding to the rights attributed to the Management.

The following table summarises the outstanding options and restricted stock units at December 31, 2023 which, when exercised, will each result in the issuance of one ordinary share:

	Restricted Stock unit	Long term incentive plan units	Total
At 01 January restated	747 803	-	747 803
Granted	293 815	109 999	403 814
Lapsed	-	-	-
Exercised	(221 936)	-	(221 936)
At 31 December	819 682	109 999	929 681

2023 incentive plan

The EFG Group granted 293 815 restricted stock units (2022: 307 330), and 109 999 (2022.nil) long-term incentive plan units in 2023 to employees and managers of the Bank.

The restricted stock units have no exercise price, with two classes as follows:

– With a 3-year lock-up restriction ('Cliff vesting'),
– With 1/3 annual vesting.

The deemed value of each restricted stock unit granted in 2023 is CHF 8.70 for those vesting in 12 months, CHF 8.24 for those vesting in 24 months and CHF 7.76 for those vesting in 36 months.

The long-term incentive plan units have a vesting period of three, four and five 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 deemed value of each long-term incentive plan units granted in 2023 is CHF 7.62 for the one vesting in 36 months, CHF 7.00 for the one vesting in 48 months and CHF 6.34 for the one vesting in 60 months.

The values of the grants were determined as follows:

- restricted stock units and long-term incentive plan units were determined using a model which considers 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 9.15 for restricted stock units and CHF 9.20 for long term incentive plan units), market consensus dividend pay-out and the expected life of the restricted stock units and long-term incentive plan units (12 to 60 months).

d) 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.