# Annual Report 2023

(Annual accounts, Management Report and Report of the Réviseur d`Entreprises Agréé as of 31 December 2023)

## BTG Pactual Europe S.A.

(formerly FIS Privatbank S.A.)

BTG Pactual Europe S.A.
53, Rue Gabriel Lippmann L-6947 Niederanven
R.C.S Luxembourg: B 79.983

# Content

# Management Board

**Iuri Dias**
Chairman of the Board of Directors (appointed 20/09/2023)

**Markus Schachner**
Member of the Board of Directors (resigned 31/03/2023)

**Martin Huber**
Member of the Board of Directors

**Katja Huber-Blattmann**
Member of the Board of Directors (appointed 01/04/2023)

# Supervisory Board

**Markus Schachner**
Chairman of the Supervisory Board (appointed 19/05/2023)

**Markus A. Ullmer**
Member of the Board of Directors (resigned 19/05/2023)

**Axel Schweizer**
Member of the Board of Directors (resigned 20/09/2023)

**Daniel Schröder**
Member of the Board of Directors (resigned 20/09/2023)

**Joao Marcello Dantas Leite**
Member of the Supervisory Board (appointed 20/09/2023)

**Rogerio Pessoa**
Member of the Supervisory Board (appointed 20/09/2023)

**Mariana Cardoso**
Member of the Supervisory Board (appointed 20/09/2023)

**Bruno Duque**
Member of the Supervisory Board (appointed 20/09/2023)

# Management Report

## Fundamentals of BTG Pactual Europe S.A.

BTG Pactual Europe S.A. (the "Bank") is a fully licensed private bank in Luxembourg with a solid and trustworthy brand providing its clients with a safe and stable banking partner for wealth management, asset management and financing services. Its subsidiary Inter-Portfolio Verwaltungsgesellschaft S.A. ("Inter-Portfolio") offers tailor-made solutions for the management of UCITS investment funds.

On 20 September 2023, BTG Pactual Group concluded the acquisition of 100% of FIS Privatbank S.A. Following the acquisition, the Bank received two capital injections of EUR 55 million and EUR 150 million, on 28 September 2023 and 2 January 2024, respectively.

### *Wealth management*

The services provided encompass advising both wealthy private clients and institutional clients, alongside the management of investment portfolios. This quality of advisory service is further enhanced by our award-winning asset management capabilities.

### *Asset Management*

Our investment experts are specialized in developing tailored investment strategies for our clients. These strategies are implemented through mutual fund, insurance solution and discretionary management for institutional investors.

### *Lending*

The Bank is focused on the private client's segment being specialized in Lombard lending (based on secured portfolio) and real estate loans.

### *Institutional fixed income sales*

Provides to institutional clients' access to European and Latin American bonds transacting on a riskless principal basis.

## Ownership, strategy, governance

Following its acquisition by the BTG Pactual Group, the Bank has approved a new business strategy with a clear focus on its core banking operations. This strategy entails enhancing its current service offerings while also introducing new business initiatives.

The primary emphasis will be on wealth management, asset management, and institutional fixed income sales and lending services. By concentrating resources on these core areas, the Bank aims to capitalize on its strengths and drive sustainable growth under the stewardship of the BTG Pactual Group.

The Bank has been active in the Luxembourg banking center since 1994 and since 2001 as a legally independent full bank in the legal form of a stock corporation.

The Bank does not currently have any branches. The European presence will be strengthened and further expanded based on the execution of the strategic business plan that will target specific markets.

BTG Europe has a robust internal governance framework that takes sufficient account of its business model and scope, and which is regularly monitored - at least annually - by the Supervisory Board and adjusted as necessary. BTG Europe has a flat organizational structure that promoted agility while respecting the segregation of functions between and among front and back-office functions. The Bank performs the compliance and risk management functions as original control functions. The internal audit control function is outsourced to a renowned auditing firm with the approval of the Luxembourg supervisory authority (CSSF). In addition, it uses other consulting and non-audit services from auditing firms based in the banking center.

## Sustainability

BTG Pactual Europe aims to handle the resources entrusted to us responsibly and to use them sustainably, to minimize its environmental impact and to reduce the environmental pollution caused by its business operations. In order to achieve these goals, three areas of action have been identified: ecology, economic and social issues. The Bank views ecology as the responsibility to use resources as sparingly as possible and to identify and leverage optimization potential. This includes the areas of resources (consumables, water consumption and waste), energy (electricity and heating requirements) and mobility (business travel activities, home office, vehicle fleet). Economy issues focuses on the areas of products, customers, business partners/service providers, projects/measures and processes. Social issues include the workplace environment, employee health and safety and the promotion of social causes.

Inter-Portfolio also pursues an active sustainability strategy. In addition to the topics mentioned above, through a focus on its product range including several funds in accordance with Article 8 of the SFDR (transparency in the advertising of environmental or social characteristics in contractual information).

### Overall economic development and capital markets

The 2023 growth was primarily driven by the momentum of the post-pandemic economic rebound experienced in the preceding two years. However, this economic expansion abruptly halted, leading to a period of broad stagnation in activity. This slowdown occurred amidst declining household purchasing power, a collapse in external demand, aggressive monetary tightening measures, and the partial withdrawal of fiscal support throughout 2023.

The inflation data has shown a decline, primarily attributed to easing commodity prices and supply chain constraints. However, core inflation persists at stubborn levels, posing challenges for mitigation efforts.

The prolonged Russia-Ukraine conflict also poses further uncertainties, with potential ramifications on markets and economies, including heightened global tensions and market volatility.

On the capital markets, after the monetary policy of the leading central banks was very expansionary for a long time, the monetary authorities are now taking the fight against inflation very seriously. The sharpest rise in consumer prices for four decades forced the central banks to radically change their monetary policy. Central banks have increased its key interest rates in 2023 to contain the inflation.

### Outlook 2024

Capital market participants will continue to face challenges in 2024 but all in all, the condition for a gradual acceleration of the economic activity for 2024 appears to be still in place.

As inflation decelerates, real wage growth and resilient employment are expected to bolster a rebound in consumption. Although profit margins are declining, investment is set to benefit from a gradual easing of the credit conditions. Overall, the pace of growth is anticipated to stabilize, aligning closely with potential growth rates, particularly in the second half of this year.

During the change of control occurred in 2023 the Bank has drawn up a strategic business plan for the years 2024 to 2026 with a clear focus on its core banking operations. The primary emphasis will be on wealth management, asset management, and institutional fixed income sales and lending services. By concentrating resources on these core areas, the Bank aims to capitalize on its strengths and drive sustainable growth under the stewardship of the BTG Pactual Group.
The plan is based on two scenarios, a baseline scenario and an adverse scenario and quantifies concrete income initiatives and investments initiatives.

On the investment side, significant investments in IT and personnel are take into consideration which is in line with the strategic growth objectives outlined in the Bank's development plan.

In summary, the Bank is expected to benefit in the coming years primarily from new business initiatives set in its strategic business plan. Despite the relevant investments, as describe in the paragraph above, the revenue growth combined with operational scalability and cost control will support the expected profitability in the upcoming years.

The Bank balance sheet will grow, primarily due to the expansion of the loan portfolio and the increase in the deposit from clients. The two capital injections (i) EUR 55 million on 28 September and (ii) EUR 150 million on 2 January 2024 will support this expansion both for a capital and liquidity perspective.

### Review of the financial results

#### Balance Sheet

The Bank has closed 2023 with comfortable regulatory ratios. The liquidity coverage requirement (LCR) was 3,145% (2022: 322%) and the capital ratio (CET 1) was at 188% (2022: 36%), both significantly impacted by the recent capitalization of EUR 55 million in September 2023. These will be further impacted by the January 2024 capitalization of additional EUR 150 million. Such ratios provide a stable platform to support the Bank's strategy and growth.

Total assets surged by 368.8% year-on-year to EUR 248,675,763 (compared to EUR 53,042,040 in 2022). This increase was predominantly driven by a significant rise in cash balances, primarily stemming from the capital increase and shareholders' advance for future capitalization. Consequently, deposits at BCL escalated by 1,120% to EUR 220,049,800 (compared to EUR 18,040,364 in 2022), reflecting the Bank's conservative investment policy.

The customer lending business fell by 10.8% to EUR 16,881,578 (2022: EUR 18,916,529) and amount owed to customer decrease by 16.7% reaching EUR 34,349,083 due to outflows on the short-term deposit.

## Earnings situation

In the past financial year, the bank reported negative earnings before taxes of EUR 3,350,815, compared to EUR 2,255,615 in 2022.

Since the acquisition of the Bank by the BTG Group in September 2023, efforts have been focused on developing and initiating the implementation of a revised strategic business plan, the results of which will mostly impact 2024 and beyond. The results for 2023 were adversely affected by costs associated with integration with BTG Pactual Europe S.A., and initial investments towards the Bank’s strategy implementation.

## Profit and loss

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Net interest income | 2,299,872 | 829,514 |
| Net commission income | 1,230,829 | 2,192,922 |
| Net profit/ (loss) on financial operations | 41,368 | (795,065) |
| Net operating income | 159,031 | 176,660 |
| Income from transferable securities | 10,250 | 21,753 |
| General administrative expenses | (6,684,278) | (4,469,682) |
| Value adjustment in respect of intangible and tangible assets | (407,887) | (211,717) |
| **Loss on ordinary activities** | **(3,350,815)** | **(2,255,615)** |
| Other taxes not shown under the preceding items | (55,185) | (54,385) |
| **Loss for the financial year** | **(3,406,000)** | **(2,310,000)** |

### *Net interest income*

Net interest income increased significantly by 177.3% to EUR 2,299,872 (2022: EUR 829,514) mainly due to the development of the ECB's interest rate policy in 2023. Interest income from fixed-interest securities, which largely relates to the Bank's own investments, fell by around 55.7% compared to the previous year to EUR 66,480 (2022: EUR 150,148).

### *Net commission income*

At EUR 1,230,829 (2022: EUR 2,192,922), net fee and commission income decreases significantly by 43.9%, driven by the decline in assets under management to EUR 408 million (2022: EUR 485 million).

### *Income from transferable securities*

Income from securities fell sharply year-on-year to EUR 10,250 (2022: EUR 21,753). This is due to a significant reduction in the securities portfolio for risk management reasons.

### *Net profit/ (loss) on financial operations*

The financial result from the Bank's proprietary trading activities had a positive impact on earnings of EUR 41,368 (2022: EUR -795,065). The Bank significantly reduced its securities portfolio during the year focusing in its core private banking business.

### *Net operating income*

The other operating result, which also includes the provision of services within the group for subsidiaries, is slightly above the previous year's result at EUR 159,031 (2022: EUR 176,660).

### *Administrative expenses and depreciation*

Personnel and operating expenses surged by approximately 49.5% to EUR 6,684,278 (2022: EUR 4,469,682). This increase was primarily driven by a 66.5% rise in personnel expenses, reaching EUR 4,314,775 (2022: EUR 2,591,591). The rise in personnel expenses was driven by the expansion of our workforce, which is in line with the strategic growth objectives outlined in the Bank's development plan.

General administrative expenses also increase, rising by approximately 26.2% to EUR 2,369,503 (2022: EUR 1,878,091). This uptick was mostly attributed to costs associated with business development initiatives.

## Risk Report

The Risk Report is contained in the Notes (section D) of the Annual Accounts.

## Employee and social report

As at the reporting date of 31 December 2023, the total number of employees was 34 (2022: 26). This headcount takes into account both regulatory requirements and the growing volume of business. In the current financial year, the headcount is expected to increase to 48 as planned.

The bank offers its employees remuneration components that are in line with the market and combined with social benefits. It does not offer any share option programs, neither for its management bodies nor for its employees.

The basis for cooperation and for the required operational excellence in terms of service quality is the Bank's business strategy, which is familiar to all employees. The Bank's mission statement was developed together with the employees.

With its guiding principles, it serves as a code for appreciative and results-oriented cooperation. The quality and satisfaction of employees is a key success factor for the Bank. Similarly, the ability to recruit qualified staff to realize the growth strategy will have a direct impact on the Bank.

## Subsequent events

On 2 January 2024, the Bank received an additional capital contribution of EUR 150,000,000 reinforcing the commitment of the Bank's shareholders in the execution and development of the strategic business plan.

On 15 January 2024, the Bank’s name was changed to BTG Pactual Europe S.A.

We would like to thank our clients and business partners for the trust they have placed in us and for their loyalty to the Bank and look forward to continuing our trusting and successful cooperation.

The Board of Directors of BTG Pactual Europe S.A. Luxembourg, 25 April 2024.

| | | |
|---|---|---|
| Iuri Dias | Katja Huber-Blattmann | Martin Huber |

# Balance Sheet

| | Note | 2023<br>EUR | 2022<br>EUR |
|---|---|---|---|
| **ASSETS** | | | |
| Cash in hand, balances with central banks and post office banks | B.1 | 220,049,800 | 18,040,364 |
| Treasury bills and other bills eligible for refinancing with central banks | B.2 | - | 2,378,440 |
| a) treasury bills and similar securities: | | - | 2,378,440 |
| Loans and advances to credit institutions | B.3 | 6,952,052 | 7,941,363 |
| a) repayable on demand: | | 6,003,092 | 6,740,322 |
| b) other loans and advances: | | 948,960 | 1,201,041 |
| Loans and advances to customers | B.4 | 16,881,578 | 18,916,529 |
| Debt securities and other fixed-income securities | B.5 | 3 | 315,394 |
| a) issued by public bodies: | | - | 99,543 |
| b) issued by other borrowers: | | 3 | 215,851 |
| Shares and other variable-yield securities | B.6 | 2,518,451 | 2,470,001 |
| Shares in affiliated undertakings | B.7 | 434,644 | 233,497 |
| Intangible assets | B.8 | 666,155 | 744,385 |
| Tangible assets | B.8 | 547,787 | 642,323 |
| Other assets | B.9 | 381,136 | 1,136,568 |
| Prepayments and accrued income | | 244,157 | 223,176 |
| **Total Assets** | | **248,675,763** | **53,042,040** |
| | | | |
| **LIABILITIES** | | | |
| Amounts owed to customers | B.11 | 34,349,083 | 41,216,328 |
| a) other debts | | 34,349,083 | 41,216,328 |
| aa) repayable on demand: | | 24,919,832 | 22,383,581 |
| ab) with agreed maturity dates or periods of notice: | | 9,429,251 | 18,832,747 |
| Other liabilities | B.12 | 150,241,211 | 285,038 |
| Accruals and deferred income | | 38,215 | 4,194 |
| Provisions | | 1,261,354 | 344,580 |
| a) other provisions: | | 1,261,354 | 344,580 |
| Subscribed capital | B.14 | 9,989,000 | 9,989,000 |
| Share premium account | B.14 | 55,000,000 | - |
| Reserves | B.15 | 3,564,900 | 3,564,900 |
| a) legal reserve: | | 900,000 | 900,000 |
| b) other reserves: | | 2,664,900 | 2,664,900 |
| Loss brought forward | B.16 | (2,362,000) | (52,000) |
| Loss for the financial year | B.16 | (3,406,000) | (2,310,000) |
| **Total Liabilities** | | **248,675,763** | **53,042,040** |

| | | 2023<br>EUR | 2022<br>EUR |
|---|---|---|---|
| ***Off-balance sheet items*** | | | |
| Contingent liabilities | B.17 | 129,700 | 159,313 |
| of which: | | | |
| - guarantees and assets pledged as collateral security | | 129,700 | 159,313 |

The accompanying notes form an integral part of these annual accounts.

# Profit and loss account

| | Note | 2023 EUR | 2022 EUR |
|---|---|---|---|
| Interest receivable and similar income | C.8 | 2,709,146 | 959,040 |
| arising from fixed-income securities | | 66,480 | 150,148 |
| Interest payable and similar charges | | (409,274) | (129,526) |
| Income from transferable securities | C.8 | 10,250 | 21,753 |
| a) Income from shares in affiliated undertakings | | 10,250 | 21,753 |
| Commissions receivable | C.8 | 1,475,506 | 2,470,315 |
| Commissions payable | | (244,677) | (277,393) |
| Net profit or net loss on financial operations | C.8 | 41,368 | (795,065) |
| Other operating income | C.2 | 209,617 | 250,650 |
| General administrative expenses | | (6,684,278) | (4,469,682) |
| a) staff costs: | | (4,314,775) | (2,591,591) |
| aa) wages and salaries | | (3,900,139) | (2,315,148) |
| ab) social security costs | | (290,700) | (237,961) |
| b) other administrative expenses | | (2,369,503) | (1,878,091) |
| Value adjustments in respect of intangible and tangible assets | | (407,887) | (211,717) |
| Other operating charges | C.2 | (50,586) | (73,990) |
| **Loss on ordinary activities** | | **(3,350,815)** | **(2,255,615)** |
| Other taxes not shown under the preceding items | C.3 | (55,185) | (54,385) |
| **Loss for the financial year** | | **(3,406,000)** | **(2,310,000)** |

The accompanying notes form an integral part of these annual accounts.

# Notes to the accounts

## A. Principles and Methods

### Corporate matters

BTG Pactual Europe S.A. (hereafter the “Bank”), previously known as FIS Privatbank S.A, R.C.S Luxembourg: B 79.983, was incorporated on 1 January 2001 and organized under the laws of Luxembourg as a Société Anonyme for an unlimited period. The head office of the Bank is located at 53, Rue Gabriel Lippmann L-6947 Niederanven, Luxembourg.

On 20 September 2023, FIS Privatbank S.A was acquired by BTG Pactual Holding Internacional S.A (“Parent”). The Company is ultimately controlled by its indirect parent BTG Pactual G7 Holding S.A. ("Indirect Parent"), a company incorporated in Brazil.

BTG Pactual Group is an investment bank and asset and wealth manager with a dominant franchise in Brazil, and a successful international investment and distribution platform. It currently has offices distributed on three continents offering a broad portfolio of financial services to a Brazilian and foreign customer base, including corporations, institutional investors, governments, high net worth individuals and more recently, high-income retail customers.

The Bank is a member of the Association des Banques et Banquiers Luxembourg (ABBL) as well as the deposit guarantee scheme "Fonds de Garantie des depots Luxembourg" (FGDL).

### Nature of the Bank’s business

The purpose of the company is to conduct banking and financial transactions of all kinds for its own account and for the account of third parties in the Grand Duchy of Luxembourg and abroad, as well as all activities directly or indirectly related to this.

### Annual accounts

The Bank’s financial year is aligned with the calendar year.
The Bank’s presentation and functional currency is the Euro.

### Parent undertakings

BTG Pactual Europe S.A. is a parent company pursuant to Article 77 (1) of the law adopted on 17 June 1992 regarding the annual accounts and consolidated accounts of banks incorporated under Luxembourg law (in its amended version; hereinafter referred to as the law on the accounts of banks). BTG Pactual Europe S.A used the exemption from the obligation to prepare its own consolidated accounts and a consolidated Management Report pursuant to Article 83 (2bis) of the law on the accounts of banks.

The annual accounts of BTG Pactual Europe S.A. are included in the consolidated accounts of Banco BTG Pactual S.A., whose registered office is located at Avenida Brigadeiro Faria Lima, 3477, Sao Paulo, Brazil. The consolidated financial statements are available at the Group’s investor relations website, at https://ri.btgpactual.com/en/.

### Accounting and Valuation Principles

The Bank prepares its annual accounts in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and the accounting principles chosen are those commonly referred to as LUX GAAP, encompassing the principles set forth in the amended law of 17 June 1992 and the related instructions and circulars of the CSSF.

Particular attention was paid to the valuation of the items in the annual accounts, in particular the principles of: (i) the principle of business continuity, (ii) the principle of consistency, (iii) the principle of accrual of income and expenses, (iv) the principle of prudence, (v) the principle of individual valuation and (vi) the principle of balance sheet consistency.

### Foreign currencies

Revenue and expenses are translated and posted daily using the ECB reference rates.
All assets and liabilities in foreign currencies are valued at the foreign exchange rate at the balance sheet date using the ECB reference rates.

### Loans and advances

Loans and advances are recorded at acquisition cost.

Individual value adjustments are made for doubtful debts and deducted from the respective asset item which they related. At the balance sheet date, there were no individual value adjustments and no collective value adjustments

### Tangible and intangible assets

Fixed assets that are not financial assets are valued at acquisition or production cost.

In the case of fixed assets, the use of which is limited in time, the acquisition or production costs are reduced by depreciation calculated so that the value of the assets is depreciated as planned during their period of use.
The amortization rates are:

- 25% per annum for intangible assets; and
- between 10% per annum to 25% per annum for property, plant and equipment.

Low-value assets are fully expensed in the year of acquisition.

### Debt securities and other fixed-income securities

The Bank has divided its portfolio of fixed-income securities into three categories, whose principal characteristics are the following:

- An investment portfolio of financial fixed assets, which are intended to be used on a continuing basis in the Bank's activities;
- A trading portfolio of securities purchased with the intention of resale in the short term (less than six months); and
- A structural portfolio of securities, which do not fall within either of the two other categories.

Fixed-income securities are valued as follows:

*Investment portfolio*

The securities in the investment portfolio have a long-term investment horizon and are recorded at acquisition costs.

Securities in the investment portfolio are valued at acquisition costs or at market values if lower. The retention option is not exercised.

Premiums are allocated on a pro rata basis. Discounts are recognized in the income statement upon maturity or sale.

*Trading portfolio*

Securities held for trading include securities purchased with the intention of reselling them in the short term. The securities are held for a maximum of six months.

The trading portfolio are stated at the lower of cost or market value adjusted by the pro rata premium or discount if applicable. The Bank records the value adjustment, corresponding to the negative difference between the market value and the acquisition cost.

*Structural portfolio*

Securities in the structural portfolio include securities that are acquired with the intention of reselling them in the near future, but whose characteristics do not allow them to be allocated to the trading portfolio. Securities whose holding period exceeds the maximum of six months in the trading portfolio are also allocated to the structural portfolio.

The securities in the structural portfolio are valued at the lower of cost or market value. Premiums are allocated on a pro rata basis. The Bank records the value adjustment, corresponding to the negative difference between the market value and the acquisition cost.

### Shares in affiliated undertakings

The share in affiliated undertakings is valued at the original acquisition costs. A value adjustment is made when the Board of Directors considers the depreciation as durable.

### Payables

Liabilities are recognized at their settlement amount.

### Provisions

Provisions are intended to cover clearly defined liabilities, which as at the balance sheet date are either likely to or certain to be incurred, but uncertain with respect to the amount or the date on which they will arise.

Collective valuation allowances are formed in the permissible amount on the basis of the instructions of the Luxembourg tax authorities dated December 16, 1997. The risk assets from on-balance sheet and off-balance sheet transactions calculated to determine the equity backing serve as the basis for assessment. The value adjustments are deducted from the corresponding asset items.

## B. Notes to the Balance Sheet

### 1. Cash on hand, balances with central banks and post office banks

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Cash on hand | - | - |
| Balances at central banks | 220,049,800 | 18,040,364 |
| **Total** | **220,049,800** | **18,040,364** |

### 2. Treasury bills and other bills eligible for refinancing with central banks

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Public sector debt securities and similar securities | - | 2,877,970 |
| Value adjustment | - | (499,530) |
| **Total** | **-** | **2,378,440** |

As at 31 December 2022 the whole balance was related to liquidity stock. No balance at as 31 December 2023.

### 3. Loans and advances to credit institutions

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| On demand | 6,003,092 | 6,740,322 |
| Up to three months | 948,960 | 1,201,041 |
| More than three months but not more than one year | - | - |
| More than one year but not more than five years | - | - |
| **Total** | **6,952,052** | **7,941,363** |
| **thereof affiliated companies** | **2,029,427** | **-** |

### 4. Loans and advances to customers

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| On demand | 5,040,900 | 13,031,854 |
| Up to three months | 40,026 | 72,146 |
| More than three months but not more than one year | 900,000 | 300,000 |
| More than one year but not more than five years | 8,490,652 | 3,057,529 |
| More than five years | 2,410,000 | 2,455,000 |
| **Total** | **16,881,578** | **18,916,529** |
| **thereof affiliated companies** | 21 | - |

### 5. Debt securities and other fixed-income securities

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Fixed-interest securities | 239,512 | 609,144 |
| *Of which: listed on stock exchange* | *239,512* | *609,144* |
| Value adjustment (lowest value) | (239,509) | (293,750) |
| **Total** | **3** | **315,394** |

## 6. Shares and other variable-yield securities

| | 2023 EUR | 2022 EUR |
|---|---|---|
| Non-fixed-interest securities | 2,685,575 | 2,685,575 |
| *Of which: non-listed on the stock exchange* | 2,685,575 | 2,685,575 |
| Value adjustment (lowest value) | (167,124) | (215,574) |
| **Total** | **2,518,451** | **2,470,001** |

## 7. Shares in affiliated undertakings

The Bank holds 100.00% (2022: 95.30%) of the shares in Inter-Portfolio Verwaltungsgesellschaft S.A. (“Inter-Portfolio”).

On 26 October 2023, the Bank made an additional capital contribution of EUR 50,000 into Inter-Portfolio share premium account. On 27 December 2023, the Bank acquired the remaining 4.70% of ownership in Inter-Portfolio for EUR 165,000.

The carrying amount of the investment in Inter-Portfolio is EUR 434,644 (2022: EUR 233,497), and its share capital amounts to EUR 245,000 and share premium amounts to EUR 50,000.

The Bank has refrained from preparing subgroup financial statements under commercial law due to the minor significance of the investment (Art. 83 (2) of the Accounting Act of 1992).

The result for the financial year 1 May 2022 – 30 April 2023 amounts to EUR (29,249).

| | 2023 EUR | 2022 EUR |
|---|---|---|
| **Amount as of 1 January** | **233,497** | **221,994** |
| Additions | 215,000 | 23,006 |
| Disposals | - | - |
| **Amount as of 31 December** | 448,497 | **245,000** |
| Accumulated depreciation | (13,853) | (11,503) |
| **Net value as of 31 December** | **434,644** | **233,497** |

Accumulated depreciation is linked to the acquisition of additional ownership in Inter-Portfolio above it cost base.

## 8. Tangible and Intangible assets

| | EUR | |
|---|---|---|
| | **Property, plant and equipment** | **Intangible** |
| **Amount as of 1 January 2023** | **1,235,566** | **1,236,253** |
| Additions | 95,863 | 138,702 |
| Disposals | (41,501) | - |
| **Amount as of 31 December 2023** | **1,289,928** | **1,374,955** |
| **Accumulated depreciation as of 1 January 2023** | (593,244) | (491,867) |
| Additions | (190,398) | (216,932) |
| Disposals | 41,501 | 0 |
| **Accumulated depreciation as of 31 December 2023** | **(742,141)** | **(708,799)** |
| **Net value as of 31 December 2023** | **547,787** | **666,155** |
| **Net value as of 31 December 2022** | **642,322** | **744,385** |

Property, plant and equipment are mostly comprised of office furniture and company vehicles.
Intangible assets consist of software and developments.

## 9. Other assets

| | 2023<br>EUR | 2022<br>EUR |
|---|---:|---:|
| Accrual on sales and management fees | 119,857 | 650,188 |
| Accrual on asset management fees | 131,451 | 192,102 |
| Refunds | - | 80,550 |
| Receivables from Inter-Portfolio | 36,000 | 71,500 |
| Tax receivables | 93,828 | 69,027 |
| Other receivables from customers | - | 57,201 |
| Investment grant | - | 16,000 |
| **Total** | **381,136** | **1,136,568** |

The tax receivables are made up of EUR 75,584 of value added taxes and EUR 18,244 of German capital gains tax.

## 10. Assets and liabilities in foreign currency

Assets and liabilities denominated in foreign currencies amount to the following in euro equivalent:

| | 2023<br>EUR | 2022<br>EUR |
|---|---:|---:|
| Assets | 2,785,433 | 2,092,000 |
| Liabilities | 2,743,921 | 2,091,000 |

## 11. Amount owed to customers

| | 2023<br>EUR | 2022<br>EUR |
|---|---:|---:|
| On demand | 24,919,832 | 22,383,581 |
| Up to three months | 7,179,362 | 16,932,747 |
| More than three months but not more than one year | 2,249,889 | 300,000 |
| More than one year but not more than five years | - | 1,600,000 |
| More than five years | - | - |
| **Total** | **34,349,083** | **41,216,328** |
| **thereof affiliated companies** | **3,785,858** | **-** |

## 12. Other liabilities

| | 2023<br>EUR | 2022<br>EUR |
|---|---:|---:|
| Advance for future capital increase | 150,000,000 | - |
| Invoices | 75,050 | 217,653 |
| Preferential liabilities | 144,789 | 39,023 |
| Value-added taxes | 17,217 | 23,798 |
| Tax liabilities | 4,155 | 4,564 |
| **Total** | **150,241,211** | **285,038** |

On 27 of December 2023, the shareholder entered into an agreement to make a cash advance for future capitalization. The amounts have been subsequently capitalized on 2 January 2024.

## 13. Subordinated liabilities

There were no subordinated liabilities for the year ended on 31 December 2023 (2022: nil).

## 14. Subscribed capital and Share premium account

The subscribed capital is divided into 9,989 registered shares with a nominal value of EUR 1,000 each.

As at 31 December 2023, all shares are fully paid up.

| | N. of shares | Share Capital | Share premium |
|---|---|---|---|
| **At 1 January 2022** | **9,000** | **9,000,000** | **-** |
| Issuance of shares | 989 | 989,000 | - |
| **At 31 December 2022** | **9,989** | **9,989,000** | **-** |
| Share premium contribution | - | - | 55,000,000 |
| **At 31 December 2023** | **9,989** | **9,989,000** | **55,000,000** |

On 28 September 2023, a share premium (without issuance of shares) contribution of EUR 55,000,000 was made by the shareholder.
On 2 January 2024, there was a further capitalization of EUR 150,000,000 to the share premium account (without issuance of shares) (please refer to Note 12).

## 15. Reserves

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Legal reserve | 900,000 | 900,000 |
| Other reserves | 2,664,900 | 2,664,900 |
| **Total** | **3,564,900** | **3,564,900** |

## 16. Appropriation of profits

The result of the financial year should be used as follows:

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Loss carry forward | (2,362,000) | (52,000) |
| Loss of the year | (3,406,000) | (2,310,000) |
| **Total** | **(5,768,000)** | **(2,362,000)** |

## 17. Contingent liabilities

Guarantees EUR 129,700 (2022: EUR 159,313)
There are no further contingent liabilities as of 31 December 2023.

## 18. Derivatives

The Bank does not hold any derivatives as of 31 December 2023 (2022: nil)

## 19. Other contingent liabilities

In 2022, BTG Pactual Europe S.A. has extended its current lease agreement for the period of 5 years. Future expenses of EUR 1,020,866 will result from rental obligations.

## 20. Commitments

As of 31 December 2023, the Bank has EUR 1,509,577 (2022: nil).

## 21. Lump-sum provision

The Bank has no lump-sum provisions as of 31 December 2023 (2022: nil).

## 22. Classification by remaining maturity

The remaining contractual term to maturity of selected balance sheet items at 31 December are as follows:

### Primary financial instruments outside the trading portfolio (at book value) in EUR as at 31.12.2023

| | On demand <= 1 month | >1 month <= 3 months | >3months <= 1 year | >1 year <= 5 years | > 5 years | Book value Total | Fair value * Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash in hand, balances with central banks and post office banks | 220,049,800 | - | - | - | - | **220,049,800** | **220,020,093** |
| Treasury bills and other bills eligible for refinancing with central banks | - | - | - | - | - | - | - |
| Loans and advances to credit institutions | 6,003,092 | 948,960 | - | - | | **6,952,052** | **6,951,114** |
| Loans and advances to customers | 5,040,900 | 40,026 | 900,000 | 8,490,652 | 2,410,000 | **16,881,578** | **16,863,099** |
| Debt securities and other fixed-income securities | - | - | - | - | 3 | **3** | **3** |
| Shares and other variable-yield securities | - | - | - | - | 2,518,451 | **2,518,451** | **2,518,451** |
| **Total** | **231,093,792** | **988,987** | **900,000** | **8,490,652** | **4,928,455** | **246,401,884** | **246,352,760** |
| **Financial liabilities** | | | | | | | |
| Amounts owed to customers | 24,919,832 | 7,179,362 | 2,249,890 | - | - | **34,349,083** | **34,349,083** |
| **Total** | **24,919,832** | **7,179,362** | **2,249,890** | **-** | **-** | **34,349,083** | **34,349,083** |

### Primary financial instruments outside the trading portfolio (at book value) in EUR as at 31.12.2022

| | On demand <= 1 month | >1 month <= 3 months | >3months <= 1 year | >1 year <= 5 years | > 5 years | Book value Total | Fair value * Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash in hand, balances with central banks and post office banks | 18,040,364 | - | - | - | - | **18,040,364** | **18,038,873** |
| Treasury bills and other bills eligible for refinancing with central banks | - | - | - | 2,378,440 | - | **2,378,440** | **2,445,164** |
| Loans and advances to credit institutions | 6,740,322 | 1,201,041 | - | - | - | **7,941,363** | **7,940,453** |
| Loans and advances to customers | 13,031,854 | 72,146 | 300,000 | 3,057,529 | 2,455,000 | **18,916,529** | **18,873,806** |
| Debt securities and other fixed-income securities | - | - | - | 315,387 | 7 | **315,394** | **327,792** |
| Shares and other variable-yield securities | - | - | - | - | 2,470,001 | **2,470,001** | **2,470,000** |
| **Total** | **37,812,540** | **1,273,187** | **300,000** | **5,751,356** | **4,925,008** | **50,062,091** | **50,096,088** |
| **Financial liabilities** | | | | | | | |
| Amounts owed to customers | 22,383,581 | 16,932,747 | 300,000 | 1,600,000 | - | **41,216,328** | **41,216,328** |
| **Total** | **22,383,581** | **16,932,747** | **300,000** | **1,600,000** | **-** | **41,216,328** | **41,216,328** |

(*) Net of expected credit loss

# C. Notes to the Profit and Loss account

## 1. Administration and representation services

The Bank provides the following services to third parties: (i) investment advice, (ii) asset management, (iii) custody and management of securities, (iv) custody of gold in depots, (v) mediation of unit-linked life insurance policies and (vi) mediation of credit cards.

## 2. Other operating charges / income

| | 2023 EUR | 2022 EUR |
|---|---|---|
| Increase of provisions | 44,207 | 67,472 |
| Sundry expenses | 6,379 | 6,518 |
| **Other operating charges** | **50,586** | **73,990** |
| | | |
| Inter-Portfolio allocation | 119,759 | 149,202 |
| FGDL contributions | 20,000 | 20,000 |
| Release of provisions | 43,255 | 13,013 |
| Sundry income | 26,603 | 68,435 |
| **Other operating income** | **209,617** | **250,650** |

## 3. Taxes

The taxes recognized as expenses in the financial year break down as follows:

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Corporate tax | - | - |
| Municipal business taxes | - | - |
| **Taxes on the result from ordinary activities** | - | - |
| | | |
| Net wealth tax | 55,185 | 54,385 |
| **Other taxes** | **55,185** | **54,385** |

The BTG Pactual group is within the scope of the OECD Global Anti-Base Erosion (Pillar Two) model rules. The bank is incorporated and tax resident in the Luxembourg and the Luxembourg enacted the Pillar Two rules (including the transitional safe harbor rules issued by the OECD in December 2022) with effect from 1 January 2024.

The management of the Bank recognizes based on the last filed tax return that the Company has EUR 2,303,537 of carried forward tax losses available as at 31 December 2022 and estimates approximately EUR 3,165,845 of additional tax losses for the current/subsequent period (FY2023), which could lead to a potential deferred tax asset of EUR 1,364,055 at a tax rate of 24.94%.

The utilization of the aforementioned losses, all generated from 2017 onwards, is subject to review by the Luxembourg tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year. The general statute of limitation may be extended to 10 years in case of (i) insufficient or incomplete tax return or (ii) failure to file a tax return. The existence of the carried forward tax losses remains therefore uncertain (at least) until the end of the fifth fiscal year after the fiscal year in which they are used.

## 4. Lump-sum provision

There were no collective valuation allowances as at the reporting date 31 December 2023 (2022: nil).

## 5. Number of employees

The average number of employees was 34 (2022: 26), including three members of the Management Board and eight senior executives.

## 6. Fees for auditing, tax consulting and other services

The fees agreed as expenses for the statutory auditor of the Bank in the financial year break down as follows:

| | 2023<br>EUR | 2022<br>EUR |
|---|---|---|
| Audit | 144,500 | 134,500 |
| Other audit related services | 28,650 | 35,500 |
| Tax consulting | 16,000 | 13,300 |
| **Total** | **189,150** | **183,300** |

## 7. Return on assets

The Bank's return on assets corresponds to -1.4% as at 31 December 2023 (2022: -4.4%). The return on assets is calculated from the ratio of net loss to total assets.

### 8. Geographical distribution

**Distribution of income according to geographical origin as at 31.12.2023**

| | Luxembourg | Germany | Rest of Europe | Other countries |
|---|---|---|---|---|
| Interest receivable and similar income | 1,496,948 | 529,712 | 653,697 | 28,789 |
| Income from securities | 10,250 | - | - | - |
| Commission receivable | 1,280,572 | 111,351 | 76,798 | 6,785 |
| Net profit/ (loss) on financial operations | 41,368 | - | - | - |
| Other operating income | 204,306 | 5,311 | - | - |
| **Total** | **3,033,445** | **646,373** | **730,495** | **35,574** |

**Distribution of income according to geographical origin as at 31.12.2022**

| | Luxembourg | Germany | Rest of Europe | Other countries |
|---|---|---|---|---|
| Interest receivable and similar income | 193,300 | 371,124 | 222,559 | 172,057 |
| Income from securities | 21,753 | - | - | - |
| Commission receivable | 1,133,975 | 1,036,604 | 26,181 | 273,555 |
| Net profit/ (loss) on financial operations | (575,039) | (214,681) | (5,345) | - |
| Other operating income | 248,079 | 2,528 | 43 | - |
| **Total** | **1,022,068** | **1,195,575** | **243,438** | **445,612** |

## D. Risk Report

### Profit-oriented risk policy

All business policy decisions must serve to achieve an appropriate profitability or risk/return ratio.

### Ensuring risk-bearing capacity

The assumption of risks requires a corresponding risk coverage capital in order not to endanger the existence of the Bank, even in the event of unexpected losses. Risk-bearing capacity must be ensured. It therefore represents the interface between risk strategy and the operational management of individual risks and also ensures risk management as a whole.

### Risk capital - management through limitation

The Bank manages risks as required with risk limits for the Bank as a whole, for portfolios and for contract partners. All risk limits are derived from the available risk capital.

The Bank determines the available risk capital in accordance with the criteria set out in its governance documents. The risk capital essentially consists of equity, statutory reserves, other reserves and the current result, taking into account various deductible items such as standard operating costs, deferred taxes and a capital conservation buffer. The sum of the risks aggregated should not exceed the risk capital calculated in this way, and the utilization of the overall Bank limit, which is set depending on the amount of risk capital, is monitored and measured. This is done by means of a traffic light system. Depending on the utilization, a distinction is made between the green, yellow and red phases, and appropriate measures are taken depending on the phase.

The utilization of the overall Bank limit is made up of various individual limits that are allocated for each significant risk type. The remaining difference serves as implicit backing for other risks that are defined as immaterial for the Bank or are not specifically backed with risk capital.

### Risk management governance

The control of risks (including future risks) is implemented in the Bank in various forms. The Bank has set up a risk management function. Reports are submitted to the Supervisory Board at regular intervals.

The overall risk management concept consists of several components and documents. The Bank's "risk strategy" describes the Bank's risk appetite, the principles of risk management and its organization. The "Risk Manual" creates transparency about the Bank's risk management system for all employees responsible for measuring, monitoring and managing risks and can be seen as a comprehensive systematic navigator for the existing risk management and controlling processes. The "Risk-bearing capacity concept" explains how risk-bearing capacity is determined in the economic and normative management circle. As part of the

"Risk Management Policy", the "Stress Test Program" to be approved annually by the Bank's Management Board is a key component of the Bank's active risk management. The document also regulates the methodological framework and the time intervals for measurement and monitoring as well as the corresponding responsibilities. This is supplemented by a detailed set of rules consisting of functional descriptions, work instructions and the organizational manual. All documents in the rules and regulations, including the limit systems, are regularly reviewed to ensure that they are up to date and appropriate and adjusted if necessary.

Due to its strategic business areas, the Bank is exposed to the following material risks

### *Credit and counterparty risk*

Regular checks on compliance with limits and incoming payments as well as a regular collateral assessment ensure that credit risk is limited. In the course of the bank's realignment and the growing lending business, the bank has revised the credit rating of loan customers and established a two-dimensional rating system and fundamentally revised the SICR process.

The Bank takes account of counterparty default risk by only trading with counterparties from a predefined group of counterparties. Credit risks to customers are spread across the Lombard loans segments, which are adequately secured by liquid securities with corresponding loan-to-value exposures, and real estate loans, which are mainly secured by mortgages and entrepreneurship credit lines with a small proportion of unsecured loans.

### *Market risk*

Market risk can be defined as the risk of losses due to adverse movements of market variables. The Bank market price risks exists in the form of the position risk, interest rate risks, and exchange rate risks. To mitigate these risks, trading transactions are subject to daily limit monitoring. Notably, high-risk and complex instruments like credit derivatives are avoided for proprietary trading.

In currency management, the bank closely monitors open foreign currency positions on a daily basis. These positions typically result from margins from covered transactions and are kept within predefined limits.

Interest rate risk is managed meticulously, especially when matching maturities of deposits or loans from/to customers. The bank utilizes regulatory stress tests and predefined scenarios quarterly to assess the impact of interest rate fluctuations.

Forward exchange transactions with customers, if undertaken, are hedged with corresponding offsetting positions. Additionally, the bank refrains from entering into uncovered short positions.

The Bank has undertaken de-risking measures to reduce market price and liquidity risks, primarily by reducing securities holdings and refocusing on its core business.

### *Liquidity risk*

The bank monitors and measures its liquidity in accordance with regulatory requirements. The liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) required by the regulatory authorities was generally well above the required minimum.

The bank manages its Liquidity Risks through various instruments and measures. The Risk Strategy, which includes the Liquidity Risk Strategy, serves as an important guide for the fundamental orientation in dealing with liquidity risks. Furthermore, in the Liquidity Risk Management, the bank describes its specific liquidity risks, risk appetite, and outlines corresponding countermeasures, control instruments, and measurement tools. These are complemented by the Risk Management Policy, which provides relevant parameters for risk measurement, and by developed Stress Scenarios that serve to assess the resilience of liquidity adequacy.

In 2023, the bank maintains a liquid balance sheet structure, with refinancing primarily through equity and customer deposits. Additionally, access is available to credit refinancing facilities from credit institutions.

### *Operational risk*

Operational risk is the risk of potential losses or damage that occur due to faulty internal workflows and systems, the misconduct of the Bank's own employees or force majeure, such as the collapse of the Bank's own or external infrastructure.

The Bank counters this risk by promoting and training its employees, implementing internal controls, by the close involvement of the senior management in the daily activities, the contractually agreed IT emergency plan and corresponding insurance agreements.

### *Compliance risk*

The compliance function at the Bank has an organizational, coordination and control function. It ensures that the bank carries out its activities in accordance with the applicable standards and that its internal regulations, such as the organizational and workplace guidelines, are adapted to regulatory developments. The Bank has adopted a compliance charter and policy.

The aim is to promote honest and honorable conduct, to adhere to ethical standards and to ensure compliance with laws, guidelines, regulations and professional standards as well as a corporate policy that pursues the protection of the integrity of the financial markets.

### *Investment risk*

Investment risks exist in the form of losses that may arise due to investments in other companies. The Bank has identified the investment risk as material in 2023.

In 2023, the Bank further capitalized and acquired the remaining ownership on its subsidiary InterPortfolio.

## E. Other information

### Deposit Guarantee Scheme

On December 18, 2015, Luxemburg adopted the law on resolution, recovery and liquidation measures for credit institutions and certain investment firms, on deposit guarantee schemes and investor compensation schemes (the “Law”), which transposes Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions, and Directive 2014/49/EU on deposit guarantee and investor compensation schemes. With the Law, the deposit guarantee and investor compensation scheme, previously operated by the “Association pour la Garantie des Dépôts Luxembourg” (AGDL), was replaced by a new contribution-based system.

The new scheme protects eligible deposits of an investor up to a limit of EUR 100,000 per depositor (“Fonds de garantie des dépôts Luxembourg” (FGDL)) and investments up to a limit of EUR 20,000 per investor (“Systeme d'indemnisation des investisseurs Luxembourg” (SIIL)). In addition, the Law provides that certain category of deposits that fulfil a social purpose or that are linked to certain life events of the depositor remain protected for twelve months beyond the maximum limit of EUR 100,000.

In accordance with Article 1 (36) of the Law, the target amount to be held in the Luxembourg Resolution Fund (“Fonds de résolution Luxembourg” (FRL)) should reach at least 1% of the guaranteed deposits of all credit institutions in all participating member states by the beginning of 2024. This amount was and will continue to be collected from the credit institutions through annual contributions in the financial years from 2015 to 2024. The target amount to be held in the FGDL is 0.8% of the covered deposits, as defined in Article 163 (8) of the Law, of the relevant credit institutions, to have been reached by the end of 2018. Contributions were paid annually from 2016 to 2018. After achieving the initial 0.8%, Luxembourg credit institutions are required to make further contributions over the following eight years in order to build up an additional safety buffer of 0.8% of covered deposits, as defined in Article 163 (8) of the Law.

The provisions that the banks set aside in their annual financial statements over the years so that they can meet their obligations to the AGDL if necessary are used accordingly for their contribution payments to the FRL or to endow the FGDL.

The evolution of the provision in the year 2023 is as follows:

| | **EUR** |
|---|---:|
| AGDL provision on 31 December 2022 | 64,012 |
| Reversal | (20,000) |
| AGDL provision on 31 December 2023 | **44,012** |

The provision for the Deposit Protection Fund may be used for the National Resolution Fund in accordance with CSSF Circular 15/628.

### Staff

As at the reporting date of 31 December 2023, the total number of employees was 34 (2022: 26). This headcount takes into account both regulatory requirements and the growing volume of business. In 2024, the headcount is expected to increase to 48 as planned.

The bank offers its employees performance-related remuneration components that are in line with the market and combined with good social benefits (including a pension scheme). It does not offer any share option programs, neither for its management bodies nor for its employees.

**Remuneration, pension obligations, loans to executive bodies of the Bank**

| | EUR | | | |
|---|---|---|---|---|
| | Remuneration for activities/Benefits | Pension obligations | Credit | Guarantees |
| Management board * | 877,490 | - | 116,339 | 17,400 |
| **Total** | **877,490** | **-** | **116,339** | **17,400** |

(*) Including extended management and the Supervisory Board.

Luxembourg, 25 April 2024

Iuri Dias | Katja Huber-Blattmann | Martin Huber

**Audit report**

To the Management Board of
**BTG Pactual Europe S.A. (formerly: FIS Privatbank S.A.)**

## Report on the audit of the annual accounts

### Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of BTG Pactual Europe S.A. (the "Bank") as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

*What we have audited*

The Bank's annual accounts comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" 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 annual accounts. 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 6 to the annual accounts.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts 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 |
|---|---|
| *Loans and advances to customers*<br><br>The annual accounts of the Bank disclose loans and advances to customers amounting to 16,881,578 EUR. The subsequent measurement of such loans and advances towards customers is generally at acquisition cost. For doubtful loans and advances, the bank is recording impairments, which are directly deducted from the corresponding claim they adhere to. As of 31 December 2023, there are no impairments.<br><br>•The Credit Business of the Bank is - due to the different target segments - complex and requires structured and written policies as well as an efficient organisational and procedural framework;<br><br>•The bank follows standardized procedures to assess the creditworthiness of the borrowers, including the corresponding collateral. In this, the analysis and the assessment of quantitative and qualitative factors play a decisive role. It is the responsibility of the Management Board to determine and to assess the weighting of such criteria and therefore the impact on the final assessment of the creditworthiness within the limits given by the law;<br><br>•The determination of impairments is discretionary and requires assumptions about future | We reviewed the written policies and the internal controls system of the Bank in relation to its credit activities. It is the responsibility of the Management Board to implement and maintain such an internal control system. We performed test of controls to assess the control design and the operating effectiveness of the internal control system. We also performed test of details to finally conclude on the assessment of the Management Board about the creditworthiness of selected borrowers and about the recoverability of future contractual cash flows of the borrowers and/or of any collateral.We also tested the completeness and the accuracy as well as the overall presentation of loans and advances towards customers in the annual accounts including the overall presentation of the handling fees in the Profit and Loss Account. |

| | |
|---|---|
| contractual cash flows of the borrowers and/or about the recoverability of any collateral. As the credit business is a material business activity of the Bank, we consider this being a key audit matter. | |
| *Commissions receivable*<br><br>The annual accounts of the Bank disclose commissions receivable amounting to 1,475,506 EUR in the Profit and Loss Account.<br><br>•Commissions are a main revenue source of the Bank, stemming from the Private Banking, Asset Management and Credit Business activity of the Bank.;<br><br>•Commissions in relation to the Private Banking Activity are partially manually calculated and subject to discretionary conditions, which are not booked automatically;<br><br>•Commissions in relation to the Asset Management Activity are generated from funds for which the Bank conducts the fund management;<br><br>•Commissions adhering to the Credit Business Activity represent handling fees for the origination of credit commitments;<br><br>•The accrual of commissions receivable at financial year end contains an inherent estimation uncertainty. As Commissions receivable is a main income source of the bank, we consider it being a key audit matter. | We have reviewed the implemented controls system with the aim of validating that related controls are in place and operating effectively. In addition, we have performed substantive analytical procedures and tests of details (e.g. recalculation of commissions on a sample basis, reconciliation of contractual terms with conditions recorded in the IT system) for selected commissions. |

**Other information**

The Management Board is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our audit report thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 Management Board for the annual accounts**

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Management Board 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 Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts**

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.

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 annual accounts, 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 Management Board;

- conclude on the appropriateness of the Management Board's 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts 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 annual accounts 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 annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 5 June 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 23 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 25 April 2024

Electronically signed by:
Andreas Drossel

Andreas Drossel