HAUCK
AUFHÄUSER
LAMPE

2022

Annual Report

Content

3 Message Management Board/ Report Supervisory Board

9 Management Report

34 Income Statement/Balance sheet

38 Notes to the Financial Statements

Message Management Board/ Report Supervisory Board

5 Message from the Management Board
7 Report of the Supervisory Board

01

The Management Board of Hauck Aufhäuser Lampe Privatbank AG 2022

Robert Sprogies
Member of the Management Board

Madeleine Sander
(Member of the Management Board until December 2022/ currently parental leave)

Michael Bentlage
Chairman of the Management Board

Dr. Holger Sepp
Member of the Management Board

Oliver Plaack
Member of the Management Board

Message from the Management Board

**Dear customers,
dear business partners,**

We have passed the acid test: At the beginning of 2023, Hauck Aufhäuser Lampe Privatbank AG celebrated its first birthday – a momentous occasion. Because, from the very outset, the young bank that emerged from the traditional banks of Hauck & Aufhäuser and Bankhaus Lampe had to tackle the great challenge of what turned out to be a very demanding year. Yet, despite the economic and geopolitical turmoil, we started off on a successful footing. Indeed, the annual results prove that 2022 was a highly satisfactory financial year.

This financial success is largely the result of the successful development of our core business segments Asset Servicing, Private & Corporate Banking, Investment Banking and Asset Management. The merger of Hauck & Aufhäuser with Bankhaus Lampe has in particular further strengthened the Private & Corporate Banking business segment: In the first full joint year of operations, we achieved a further growth in new business, resulting in a net new volume for 2022 that was significantly higher than the previous year's figures, when our Private Banking units were still operating separately. Our objective is clear: We want to be a trusted partner for our customers, families, companies and institutions across all generations for all matters relating to wealth and financing. In the process, we will continually meet the changing needs of our customers. In addition to our traditionally high level of customer orientation, what distinguishes our private and corporate client business today are innovation, timeliness and convenience, allied with proven, historically honed expertise in investment and financing.

We are also directing our attention to new forms of investment and customer service. For example, in the reporting year we further expanded Zeedin, our digital home for assets. Zeedin offers our customers simple digital investment with access to our unit-linked asset management service starting at a minimum investment of EUR 25,000. What makes it so special is that, in addition to digital channels, we attach great importance to providing Zeedin customers with personal advisors to answer their questions and discuss their ideas. We are successively adding new services to this model, such as custody accounts for minors and joint accounts, and will continue to make interesting forms of investment available in the future.

Furthermore, additional growth was recorded in several areas of our business. To name just a few of the key developments in the reporting year:

- We established the Digital Assets business division and now cover the entire value chain: from portfolio management, capital management services, register services and the safekeeping of crypto assets to custodian services, all offered through several of our business units and subsidiaries.
- During the reporting year, Hauck Aufhäuser Innovative Capital KVG mbh launched its first fund for professional and semi-professional investors as a long-term investment opportunity in leading crypto assets.

On October 1, 2022, Hauck Aufhäuser Lampe's Asset Servicing business unit took over the services for the Luxembourg fund products of several key clients from their management company as well as other associated service providers.

In addition, our Investment Banking unit made a number of key decisions in 2022: The newly launched NuWays AG business unit is paving the way for young, growing start-ups to enter their own stock market segment at an early stage. NuWays offers them access to capital through IPOs or capital increases, while at the same time undertaking high-quality research to connect the listed companies to institutional and private investors.

Therefore, we can state: We achieved successful, operational changes in our new bank in 2022. In addition, the merger of Hauck & Aufhäuser and Bankhaus Lampe also presented us with several organizational and procedural tasks that challenged us in a variety of ways. One highlight was certainly the technical merger in the middle of the financial year, a complex process we are pleased to report we completed on time and within budget. This success was only possible thanks to the enormous commitment of our colleagues, to whom we would like to express our sincere gratitude.

Now numbering around 1,400 employees, our bank has grown substantially. Each and every one of our employees strives to ensure the success of the vision we have developed for Hauck Aufhäuser Lampe. Our employees are our most important asset – and this is something we take very seriously. What makes private banks unique is that their employees can act more freely and flexibly to meet their customers' requirements and do not offer "one-size-fits-all" solutions. We want to offer our employees the ideal working environment and, most importantly, the opportunity for personal and professional development. We also want to reward successful work. In the reporting year, for example, we decided to take advantage of the statutory framework and pay our employees a tax-free allowance to compensate for inflation.

Looking back on the 2022 financial year, we can see that change was a key factor in our successful development. We intend to keep it that way. We will continually revise, adapt, and develop our business model. And we will decide which ideas to push forward and which to shelve. But one thing will remain the same: We are a true partner that delivers a wide range of services for all wealth-related matters.

We would like to express our sincere thanks to you, our customers and our business partners, for your trust and support as we continue on our path to further growth! We look forward to working with you in the future!

The Management Board of Hauck Aufhäuser Lampe Privatbank AG

Michael Bentlage,
Chairman of the
Management Board

Dr. Holger Sepp,
Member of the
Management Board

Oliver Plaack,
Member of the
Management Board

Robert Sprogies,
Member of the
Management Board

Report of the Supervisory Board

The Supervisory Board of Hauck Aufhäuser Lampe Privatbank AG met six times in 2022. The Supervisory Board received ongoing reports on the management and development of the bank and monitored the management of the bank. At the meetings of the Supervisory Board and in numerous discussions between its Chairman and the Management Board, fundamental and individual issues were discussed. The business performance of the bank and its subsidiaries in Germany and abroad as well as the market situation were discussed in depth. In addition to the further improvement of the earnings situation, the measures taken by the management to identify and monitor risks were also the subject of detailed discussions at the meetings. In addition to the current economic situation in Germany and abroad, the Supervisory Board always discussed in detail the future development of the bank and its risk situation. The Board also dealt extensively with changes in legislation and the resulting requirements for the bank, as well as external audit reports.

The Audit Committee of the Supervisory Board dealt with the monitoring of the accounting process, the effectiveness of the internal control system (ICS) and the proper conduct of the audit of the financial statements. The Audit Committee also discussed in detail the annual reports of the Heads of Internal Audit and Compliance.

The Risk Committee of the Supervisory Board decided on the loans requiring approval and also dealt with the risk structure of the loan portfolio. The guidelines of the Minimum Requirements for Risk Management were complied with. Particular attention was paid to the recording of various risk aspects and appropriate risk provisioning.

An extraordinary Supervisory Board meeting was held on February 22, 2022, which resolved to establish an Audit Committee and elected the members and the Chairperson of the Audit Committee.

At the spring meeting on April 13, 2022, the auditor reported on the annual financial statements for 2021 and was available to answer questions. In addition, the Supervisory Board adopted the report of the Supervisory Board for the 2021 financial year and the invitation to the Annual General Meeting on May 25, 2022. It dealt in depth with the bank's annual financial statements and the auditors' reports. The Supervisory Board then adopted the annual financial statements for 2021. At its meeting prior to the Annual General Meeting on May 25, 2022, the Supervisory Board dealt with the technical migration of the IT of the former Bankhaus Lampe KG in addition to its consideration of the bank's compensation system. The technical migration as of July 31, 2022 was also the focus of the extraordinary Supervisory Board meeting on July 22, 2022.

On May 25, 2022, the Annual General Meeting acknowledged the annual financial statements for 2021 and approved the proposal for the appropriation of profits; the Executive Board and the Supervisory Board were discharged from responsibility. It also resolved a capital increase against cash contributions.

At its fall meeting on September 14, 2022, the Supervisory Board analyzed in detail the earnings figures for the current financial year, both for the Group as a whole and for the individual business areas.

At its year-end meeting on December 7, 2022, the Supervisory Board focused on the preliminary annual results for 2022 and on the planning for 2023 and subsequent years.

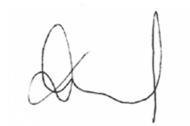
In accordance with the amendment to the Articles of Association dated February 25, 2022, the Supervisory Board of Hauck Aufhäuser Lampe Privatbank AG was expanded from six to nine members. At the Extraordinary General Meeting on February 22, 2022, Ms. Xiaomin Chen and Ms. Carmen Herbstritt were appointed as additional members of the Supervisory Board with effect from February 25, 2022. By order of the Local Court of Frankfurt am Main (Amtsgericht Frankfurt am Main) dated April 6, 2022, Mr. Nils Becker was appointed as a member of the Supervisory Board.

The consolidated financial statements and the annual financial statements as of December 31, 2022 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The auditors included the accounting records and management reports and, following the audit, issued unqualified audit opinions on the consolidated financial statements, the annual financial statements and management reports, and the dependency report.

At its meeting on March 28, 2023, where the auditors were available to answer questions, the Supervisory Board examined the consolidated financial statements, the annual financial statements, the management reports, the proposal for the appropriation of net income, the auditor's reports and the dependency report without raising any objections. Following the final results of its examination, the Supervisory Board raises no objections to the management of the Company or the content of the audited documents, approves the annual financial statements and declares its agreement with the management reports of the Executive Board and its proposal for the appropriation of profits. The annual financial statements of Hauck Aufhäuser Lampe Privatbank AG are thus adopted.

Frankfurt am Main, March 28, 2023

The Supervisory Board



Wolfgang Deml
Chairman

Wolfgang Deml
Chairman

Liu Qiang
Deputy Chairman

Dr. Thomas Duhnkrack
Member

Carmen Herbstritt
Member
(since February 25, 2022)

Hualong Jin
Member

Xiaomin Chen
Member
(since February 25, 2022)

Nils Becker
Employee Representative
(since April 6, 2022)

Michael Mannig
Employee Representative

Ingo Repplinger
Employee Representative

Management report of Hauck Aufhäuser Lampe Privatbank AG

10 Significant event in business policy
10 Business activities of the Bank
10 Economic report
17 Performance in the core business segments
19 Opportunities and outlook
22 Risk report
27 Corporate governance statement
27 Non-financial statement
33 Concluding statement on the dependent company report

02

Significant event in business policy

The completion of the acquisition of Bankhaus Lampe KG took place on October 1, 2021 after the approvals from the supervisory authorities were issued. The change of name of Hauck & Aufhäuser Privatbankiers AG to Hauck Aufhäuser Lampe Privatbank AG was already entered in the commercial register in December 2021. The acquisition of Bankhaus Lampe comprises the acquisition of all shares in the company. This is associated with a complete takeover and integration of all employees, subsidiaries, customers and locations as of January 1, 2022, which we have fully completed in the course of 2022.

Business activities of the Bank

Hauck Aufhäuser Lampe Privatbank AG offers a comprehensive range of services. The focus here is the integrated consulting for and the management of assets of private and corporate customers, asset management for institutional investors, comprehensive fund services for financial and real assets in Germany, Luxembourg and Ireland as well as cooperation with independent asset managers. The bank additionally offers research, sales and trading activities specializing in small and mid-cap companies in German-speaking countries as well as individual services for IPOs and capital increases.

Hauck Aufhäuser Lampe Privatbank AG itself is not listed and is not a capital market-oriented company within the meaning of Section 264d HGB.

Hauck Aufhäuser Lampe Privatbank AG is owned by Bridge Fortune Investment S.à r.l., which has its registered office in Luxembourg and holds 99.69 percent of the company. Bridge Fortune is an indirect equity interest of Fosun International Ltd., which is listed and maintains its registered office in Hong Kong.

Fosun is a strategic investor with a long-term focus that enjoys a global presence and possesses expertise in the financial sector thanks to its equity interests in banks and insurance companies.

Economic report

Economic situation

The global economy was exposed to severe pressures in the past year. This was due in particular to the war in Ukraine, the resulting uncertainty and the massive rise in energy prices. In addition, the strict COVID restrictions in China caused major disruptions to production and global supply logistics. Material bottlenecks, high prices for intermediate products, energy and a widening upward pressure on prices for goods and services caused considerable losses in purchasing power for private households and companies, which could only be partially cushioned by government relief programs. In addition, leading central banks adopted an increasingly restrictive monetary policy in their fight against high inflation rates. As a result, global economic momentum slowed noticeably in the course of the year. According to the calculations of our Economic Research, the global economy grew by only 3.1 percent in 2022, with the three economic regions – the USA, the EU and China – showing very different trends over the course of the year. For example, gross domestic product (GDP) in the USA contracted in the first half of the year, but rose again markedly from the third quarter. Following a relatively strong upward trend in the first half of the year, the economy in the euro zone lost considerable momentum, partly due to the sharp rise in energy prices. In China, the almost full-year adherence to the strict zero COVID strategy weighed heavily on economic performance.

Monetary policy

The U.S. Federal Reserve (Fed) has tightened its monetary policy stance significantly since March 2022 in order to achieve a weakening of overall economic demand and thus a reduction in the high inflation rate. Starting from 0.00 to 0.25 percent, the key interest rate target range has been increased to 4.50 to 4.75 percent by February 2023. In addition, since June 2022, proceeds from maturing bonds held by the Fed have not been fully reinvested. Via this balance sheet shrinkage, liquidity is continuously being withdrawn from the financial system. For the coming months, the U.S. central bank is holding out the prospect of further increases in the key interest rate and a continuation of the balance sheet shrinkage.

The ECB ended its negative interest rate policy in July 2022 and raised its key interest rates for the first time since 2011 to counter the significantly increased inflation risks. In four steps, it raised the deposit rate from –0.50 percent to 2.00 percent and the main refinancing rate by 250 basis points to 2.50 percent by the end of the year. It discontinued its net bond purchases on July 1, 2022. However, redemption amounts from bullet securities purchased under various purchase programs will continue to be reinvested in full. At its December meeting, the ECB Council announced further key interest rate increases and the intention to start reducing the central bank balance sheet at a measured and predictable pace from March 2023.

Fixed-income securities

Global bond markets were under considerable pressure for most of 2022, mainly because leading central banks increasingly tightened their monetary policy stance in the fight against high inflation rates. Accordingly, the U.S. 10-year treasury yield rose, with wide fluctuations, from 1.60 percent at the beginning of the year to 4.20 percent. The only slight easing of inflationary pressure and the prospect of a slower pace of interest rate increases by the U.S. Federal Reserve were sufficient for the treasury yield to fall back to 3.40 by early December. By the end of the year, however, it had risen again to 3.80 percent as expectations solidified in financial markets that the peak in U.S. key interest rates might be somewhat higher than expected. The yield on the 10-year German government bond showed a similar, and at times even stronger, fluctuation intensity, ranging from –0.15 to close to 2.60 percent. Here, too, the ECB's greater emphasis on inflation risks underpinned the rise in yields, but at times its comments on increased economic risks over the summer caused yields to fall to around 0.80 percent.

Shares

Stock markets around the world recorded significant price losses in the first three quarters of 2022. Negative factors included the tightening of monetary policy expected by market participants at leading central banks, uncertainty emanating from the war in Ukraine, concerns about an energy crisis in Europe and a global economic slowdown. The latter weakened somewhat in the final quarter and contributed to the incipient recovery on the stock markets. As a result, however, key benchmark indices worldwide were well below their high levels at the beginning of the year. The German share index (DAX) fell from over 16,250 points to 11,976 points by the end of September and closed the year at 13,923 points. The S&P 500 started the year at 4,766 points, reached its low at 3,577 points and then recovered to 3,839 points.

Industry environment

After the industry environment for financial services institutions had been significantly shaped by the Corona pandemic over the past two years, this main influencing factor receded into the background in 2022. Instead, the outbreak of war in Ukraine, a jump in inflation, the initiated interest rate turnaround with an associated return of liability products as well as the negative development on the traditional capital markets and various crashes on the crypto market shaped the business environment for banks.

Against the background of globally disrupted supply chains, among other things, as well as the war that has broken out in Ukraine and the resulting energy crisis, the inflation rate in Germany has risen rapidly – with an annual high of 8.8 percent in October and November 2022 and a year-end value of 8.1 percent in December 2022. As a result, the European Central Bank initiated an interest rate turnaround in the second half of 2022.

After years of a zero interest rate policy, this means for the banking industry that deposits will again earn interest, that the interest business, which had been under pressure for years, will again offer more attractive opportunities, and ultimately that bank customers will again expect to earn interest on their overnight and time deposits.

As a result of the consequent rapid rise in construction interest rates, the previously booming real estate financing business in the German banking market has collapsed. In December 2022, the volume of new financing in terms of private real estate loans fell to its lowest level since 2011 – at around EUR 13.5 billion, this corresponded to a slump of 43 percent compared with December 2021.

Looking at developments on the capital market, it can be said that the year 2022 – together with 2002 (bursting of the dotcom bubble) and 2008 (financial market crisis) – is one of the similarly bad years in recent capital market history. The reason for these developments was in particular the largely unexpected and long underestimated return of very high inflation rates (see above). Such high rates of price increases had not occurred since the 1970s. The high inflation rates, coupled with rising money market interest rates, directly weighed on the bond markets, which were characterized by extraordinarily high volatility – but also on all other asset classes. In 2022, the correlations of almost all (liquid) asset classes approached one.

Even more drastic developments than in the traditional capital market occurred in the crypto markets in 2022. The market capitalization of the overall market collapsed from 3 trillion USD in 2021 to less than 1 trillion USD at the end of 2022. In addition to the challenging macroeconomic environment, this was due in particular to a massive loss of confidence in this asset class. The collapse of the stable coin TerraUSD and the cryptocurrency LUNA, the insolvency of the crypto company Celsius, and the collapse of the crypto exchange FTX were among the reasons for this.

In addition to the uncertainties on the capital market, an impending recession and the initiated interest rate turnaround, banks are also subject to the challenge of recruiting personnel in sufficient numbers to meet their requirements – the shortage of skilled workers also extends into the labor market of German financial institutions. According to a personnel market study for Handelsblatt, in the first half of 2022 German banks wrote off a total of over 65,000 vacancies in the first half of 2022 – a year-on-year increase of +81 percent. In addition to highly specialized positions, banks are also finding it increasingly difficult to find qualified employees in the traditional branch business.

In the context of German banks' cost management coupled with customers' reduced need for face-to-face contact – due to the pandemic as well as a shift in preferences towards mobile and digital banking – the total number of branches in Germany decreased by almost 10 percent in 2021. Specifically, the number of branches fell from 24,100 at the end of 2020 to 21,712 at the end of 2021. This development also reflects the impact of ongoing digitization on the sales channels of German banks due to intensified use of online access.

The current developments in the banking industry environment outlined are embedded in the current and future regulatory environment and in ongoing megatrends such as digitization, sustainability/ESG and demographic change, each of which will be addressed separately.

Financial performance of the banking industry

To examine the earnings situation of the banking industry, we can refer to the statistics on banks' income statements in their entirety, which the Bundesbank publishes in its monthly report for the previous year. This means that the statistics for 2021 are currently available here. Another source is the quarterly publications of institutions listed on the capital market, which are published shortly after the respective reporting dates and are therefore more up-to-date, but only provide a snapshot of specific institutions.

For some years now, the earnings situation of German banks has been characterized by low returns in a European and global comparison. The main drivers here have regularly been rising costs and the associated low efficiency coupled with declining developments on the earnings side. In 2021, however, the earnings situation of German banks improved significantly year-on-year according to the Bundesbank's statistics on banks' income statements. Net income before taxes increased cumulatively by EUR 12.8 billion to EUR 27.1 billion, almost double the comparative figure for the previous year. For the first time since 2017, it was well above the long-term average of EUR 18.0 billion.

Three quarters of this effect can be attributed to a drop in net valuation expenses of around 70 percent compared with 2020. Following the economic recovery in 2021 and the non-occurrence of feared loan defaults, German banking institutions recognized significantly lower loan loss provisions compared with 2020 (and partially reversed loan loss provisions recognized in the previous year). In addition, an increase in operating income of around 5 percent made a positive contribution to the development of profit before tax. However, an increase in administrative expenses of around 6 percent compared with the previous year's figure had a negative impact on net profit. As a result, the profitability of German banks deteriorated slightly in 2021 despite the increase in operating income – translated to a cost-income ratio of 72.9 percent, up 0.6 percentage points on average.

A differentiated look at the different types of banking institutions in Germany shows, on the one hand, that almost all types of institution have benefited from an improved valuation result and have consequently been able to increase their return on equity. On the other hand, it is evident that to date only individual types of institution have been able to exceed the 7.0 percent return on equity threshold. This is particularly true for those banks with focused business models – such as the automotive banks, which have been leading the return ranking for years and will continue to do so in 2021 with an average return on equity of 8.0 percent. Private banks also belong to this top group, with an average equity ratio of 7.7 percent, which is only marginally lower. This type of institution has been able to position itself just as strongly in the market due to strongly commission-based business models and ongoing consolidation. It is to be expected that, despite numerous challenges in 2022, banking institutions will again be able to increase their profitability over the year as a whole – in particular due to significantly higher margins in the interest business as a result of the increase in key interest rates. Earnings figures already published for 2022 confirm this.

According to a current assessment by McKinsey, banks will have been more profitable on average worldwide in 2022 than at any time since the financial crisis. Specifically, returns on equity of 11.5 to 12.5 percent are expected, which corresponds to a 14-year high. German banking institutions will also have increased their profitability considerably on average – however, although the expected average returns on equity of over 5 percent are above the previous year's average, they mark a profitability that is not even half as high in a global comparison. In the event of a global recession, returns on equity could fall again to an average of 7 percent (globally) or 6 percent (Europe) by 2026.

Regulatory influence on bank business models to continue in the future

For years, European financial institutions have been subject to rapidly changing and expanding regulatory requirements – this development represents a key challenge in the industry environment. As a result, it can be assumed that banks will have to continue to make high investments in the corresponding personnel and system equipment in order to be able to cope with and implement all current and future regulatory measures in a timely manner.

Also in 2022, the Single Supervisory Mechanism (SSM) consisting of the European Central Bank and national supervisors has revised and updated its supervisory priorities. The supervisory priorities for 2023 to 2025 to address identified vulnerabilities of banks are broadly structured as follows:

- Priority 1: Strengthening resilience to immediate macrofinancial and geopolitical shocks (credit risk, funding risk).
- Priority 2: Addressing the challenges of digitalization and strengthening the governance capacity of management bodies (business model, operational risk, governance).
- Priority 3: Intensifying efforts to combat climate change (climate and environmental risk).

Translated in concrete terms with a view to 2023, the banking industry will – among other things – address the following regulatory issues:

- Basel III implementation to strengthen resilience to economic shocks
- ESG regulation to strengthen resilience to environmental, social and governance risks
- MiCA (Markets in Crypto Assets) to regulate risks associated with crypto assets

Digitization

Digitization continues to be one of the megatrends that is having a major impact on the industry environment of the financial services sector. On the one hand, this includes interaction with the respective customers (new and existing business) – for example, digital account opening processes, online construction financing, omni-channel banking, and digital service or investment advice meetings have become market standard. On the other hand, the bank's internal service provision and working methods are just as strongly influenced by digitalization. For example, the increasing use of artificial intelligence and machine learning is paying dividends for institutions' efficiency, and blockchain technology is enabling the digitization of securities based on the Electronic Securities Act (eWpG), which comes into force in 2021.

To assess the overarching progress in digitization efforts across the banking landscape, Deloitte's 2022 Digital Banking Maturity Study surveyed over 1,200 digital functionalities of more than 300 banking institutions in 41 countries. In almost 90 percent of the countries surveyed, bank customers' preference for digital channels has increased compared to the last survey in 2020. Banking institutions in countries with the strongest increases in digital customer expectations thus also focused more strongly on expanding their own level of digital maturity at the same time.

Looking at the different types of institutions, it is clear that challenger banks – i.e., comparatively young (neo)banks and FinTechs – have a significantly higher level of digital maturity than traditional banks. The majority of the challenger banks surveyed operate on a purely app-based basis, and the banking group is characterized in particular by very high user-friendliness and rapid responses to customer expectations with innovative digital features.

With regard to the level of digital maturity in the banking environment in Germany, Deloitte's Digital Banking Maturity Study for 2022 suggests that German banks are stagnating in the midfield on average. While the global industry environment is reacting intensively to increasingly changing customer expectations, the level of digital maturity in Germany has remained virtually unchanged and extensive potential thus remains largely untapped. At the same time, however, digital customer expectations have also risen in Germany since 2020. The faster development of customer expectations compared to the level of the digital maturity could lead to an increasing loss of competition for the German banking-location and increasingly favor market entries by foreign banking institutions – in this respect, intensive efforts to increase the digital maturity level in the German banking environment will continue to be a high priority.

The relevant authorities, such as the European Market and Securities Authority (ESMA), also aim to make greater use of technology. In its annual work program for 2022, ESMA has identified the use of innovative digital technologies as a significant focus area for supervisory activities. For example, digitization and innovation should also contribute to the implementation of the Digital Operational Resilience Act (DORA).

ESG – Environmental, Social and Governance

The global megatrend of climate change and sustainability continues to develop under the term ESG, whereby ESG in this context describes the consideration of criteria and factors from the areas of environment, social affairs and responsible corporate management (governance). In recent years, this megatrend has also become increasingly important for banks, as the allocation of financial resources to the various areas of the economy provides for important decisions regarding future developments, and banks play a central role in these allocation processes. Politically, the involvement of the financial industry in the transformation of the economy is driven by the EU Commission, which has launched several initiatives with its Sustainable Finance Strategy to steer the transition to a sustainable economy in the EU via the financial system. An important aspect here is the obligation of the financial industry to report on the sustainability of its activities by means of the EU's Sustainable Finance Disclosure Regulation, which has been in force since 2021.

In November 2022, with the adoption of the Corporate Sustainability Reporting Directive, reporting obligations with regard to sustainability were extended to a broader set of companies than the financial sector and thus cover around 50,000 companies EU-wide. To implement this directive, the European Financial Reporting Advisory Group (EFRAG) published a draft for European Sustainability Reporting Standards (ESRS) in November 2022, which will also guide implementation in the banking industry.

In addition to regulating the disclosure of sustainability issues, BaFin has also addressed the importance of ESG in several initiatives and announcements in 2022. For example, the seventh amendment to the Minimum Requirements for Risk Management, which was put out for consultation on September 26, 2022, for the first time includes requirements to consider ESG risks.

ESG risks include physical, transitory and greenwashing risks. Physical risks arise for banks, for example, if their customers or collateral are affected by extreme weather events, resulting in negative effects on credit exposure. For banks, transitory risks result from the transition or conversion of their customers' business models to a sustainable economy and the associated revaluation of assets. And greenwashing risks arise from misleading claims made by providers about the sustainability of their financial products with the aim of increasing sales. These greenwashing risks were increasingly an issue in 2022, particularly in the investment industry, and led to numerous downgrades of SFDR Art. 9 funds during the year.

In addition to the requirements from regulatory initiatives at the EU and national level, banks are also increasingly facing demand-side pressure from customers to act more sustainably. For example, the Private Customer Study 2021 by Eurogroup Consulting concluded that two-thirds of the customers surveyed would like their bank to show greater commitment in the area of sustainability. Accordingly, banks must increasingly consider how they can align their business model more sustainably in order to remain fit for the future.

A third aspect to be considered with regard to ESG, in addition to increasing regulatory requirements and changing customer needs, is also the business potential for banks. For example, the consulting firm Oliver Wyman sees a global revenue potential induced by the climate transition of USD 15 to 20 billion in the next three years in the banking business with large and corporate customers (wholesale banking) alone. McKinsey, in turn, estimates the total global revenue potential from the transition to a net zero economy in the financing business of banks at USD 100 billion annually by 2030.

The topic of sustainability thus offers banks both challenges and opportunities and, in our estimation, will be of the highest relevance for banks in the coming years.

Demographics

The megatrend of demographic change refers to the current structure and future development of the population – the age structure, birth rates and death rates are the key influencing parameters. In Germany, the baby boomer generation (from 1955 to 1970), with its very high birth rates, is still one of the largest age groups today – but this generation has already reached retirement age. At the same time, current birth rates cannot compensate for the deficit in terms of current death rates. As a result, German society is aging – with burdensome consequences for the pension system.

This development, with consequently changing customer needs, also has a strong impact on the industry environment of the banking business. With a view to the aging society, in the context of wealth management, in addition to the more revenue-generating wealth accumulation phase, an increasing focus must also be placed on the withdrawal phase with significantly different customer preferences – here, individual customer needs still receive too little explicit attention in the respective advisory offerings. Not only tax and estate planning are coming to the fore – numerous questions of general life planning also play an extraordinary and no less complex role for this special phase in life. Wealth managers who also support their customers in this phase of life with specific advice and service offerings tailored to their individual needs can accordingly tap additional potential in customer satisfaction and returns. In addition, the first financial service providers are already expanding their range of products and services to include products tailored to the end of life – such as platforms for older customers to arrange everyday assistance in the respective region.

In view of the inheritance of increasingly large and complex asset structures, the generational shift in particular represents a major challenge in asset management. It should be noted here that the following generations in turn have different preferences and requirements vis-à-vis their bank, to which the relevant institutions must adapt. This will have to be taken into account in particular in the next but one generational shift to the generation with a very strong digital affinity, which is largely characterized by challenger and neobanks as well as FinTechs. Furthermore, in the area of corporate banking, advice on entrepreneurial succession planning and, in particular, its professional preparation is becoming increasingly important.

Last but not least, demographic change and the resulting decline in the number of people in employment is one of the main drivers of the now pronounced shortage of skilled workers in Germany. According to the skilled worker barometer of the Munich-based Ifo Institute and KfW, business activity at almost half of all German companies was impaired in the fourth quarter of 2022 due to staff shortages. As this challenge also affects the industry environment of German banks, banking institutions will increasingly have to invest in employer and workplace attractiveness in order to be able to recruit sufficient staff to meet their requirements in the age of "New Work". For Generation Y and the subsequent Generation Z in particular, a balanced work-life relationship has become very important and – in addition to a meaningful job in a modern, flexible and hybrid working environment – has developed into one of the central decision-making criteria when choosing a career.

Conclusion

Hauck Aufhäuser Lampe's industry environment is subject to constant change driven by economic developments, geopolitical challenges, social changes and regulatory requirements. In addition, megatrends such as digitalization, ESG and demographics influence the environment in which Hauck Aufhäuser Lampe operates. We continuously monitor the risks and challenges, but above all the opportunities, arising from these changes and influences. Our goal is to identify strategic impulses at an early stage and to actively address them in order to secure and improve our positioning in the market and thus remain competitive.

Financial performance

Due to the accretion of Bankhaus Lampe KG as of January 1, 2022, the resulting additions of assets and liabilities are reported in the balance sheet and income statement for the fiscal year ended December 31, 2022. The previous year's figures do not include the income and expenses or assets and liabilities from the addition, so that the successive financial statements for fiscal years 2021 and 2022 are only comparable to a limited extent.

The Hauck Aufhäuser Lampe Privatbank AG financial year concluded with positive earnings after tax of EUR 66.7 million (prior year EUR 23.4 million).

Net interest income increased by EUR 57.6 million year-on-year to EUR 91.5 million in the reporting year. The turnaround in interest rates is clearly reflected in the overall trend towards a reduction in the reporting of negative interest. Interest income includes EUR 18.9 million in negative interest from receivables, while interest expense includes EUR 32.6 million in negative interest from liabilities.

Net commission income grew to EUR 192.3 million following EUR 163.4 million in the prior year.

General and administrative expenses increased year on year by EUR 89.7 million to EUR 267.6 million. The increase mainly reflects the effects of the integration of Bankhaus Lampe KG, the costs of the digitization projects, and the increase in headcount.

The other operating result came to EUR 91.4 million (prior year EUR 15.3 million). The increase in the reporting year is mainly due to the accretion gain and the reversal of accruals

Risk provisions in the lending business including write-downs and write-ups on specific securities were increased year on year to EUR 13.0 million (prior year EUR 4.5 million). In the reporting year, there were considerably higher write-downs on securities than in the prior year.

The balance of depreciation, amortization, impairment losses, and reversals of impairment losses on investments, shares in affiliated companies, and securities treated as fixed assets resulted in income of EUR 0.6 million in the reporting year (prior year expense of EUR 0.2 million).

No additions were made to the fund for general banking risks in the reporting year (prior year EUR 15.0 million).

Earnings before tax from ordinary activities came to EUR 107.4 million in the year under review compared with the corresponding prior year's figure of EUR 32.8 million.

Income and other tax expenses amounted to EUR 40.7 million (prior year EUR 9.5 million).

Financial position and financial performance

The bank has been responding to the trend toward digitization for several years by adjusting its catalog of measures every year, adapting them to new developments and successively implementing them in a large number of internal projects. In addition, there are major challenges arising from the new regulatory requirements, particularly in sustainability reporting and the recruitment of specialist staff.

The bank had unrestricted access to the money and capital markets in the period under review. Liquidity and the ability to make payments was given at all times. At all times it was possible to raise the funds necessary for a balanced funding mix. Hauck Aufhäuser Lampe continued to enjoy a comfortable liquidity position throughout the period under review.

Notes to the balance sheet

Total assets of the Hauck Aufhäuser Lampe Privatbank AG increased in comparison with December 31, 2021 by EUR 3,350 million to EUR 11,759 million.

The cash reserve decrease by EUR 4,522.8 million to EUR 47.5 million in the year under review (prior year EUR 4,569.2 million). Since the turnaround in interest rates, cash reserves have been invested as overnight deposits at the central bank and are accordingly reflected in the balance sheet item loans and advances to banks.

Loans and advances to banks at EUR 6,175.6 million were up EUR 6,026.6 million year on year through the addition of overnight deposits at central banks.

Loans and advances to customers moved up by EUR 1,629.2 million to EUR 2,181.5 million, a significant effect of the integration of Bankhaus Lampe KG.

Debt securities and other fixed-income securities increased moderately by EUR 423.4 million to EUR 2,509.5 million as of the reporting date.

The portfolio of shares and other variable-yield securities decreased by EUR 71 million to EUR 178 million year on year.

Other assets rose by EUR 3.3 million to EUR 405.5 million. The increase is mainly attributable to assets from derivatives including option premiums, whereas receivables from cash collaterals decreased significantly.

Loans and advances to banks moved down by EUR 150.9 million to EUR 187,10 million, largely due to the decline in time deposits. Loans and advances to customers rose by EUR 2.907,3 million to EUR 10,138.5 million, also a significant effect of the integration of Bankhaus Lampe KG.

Foreign currency assets increased by EUR 137.8 million to EUR 1,643.6 million, while foreign currency liabilities increased by EUR 110,5 million to EUR 1,665.5 million.

In comparison to December 31, 2021, subscribed capital increased by KEUR 75 to EUR 28.9 million, and is divided by the issue of new no-par value registered shares amounting to a total of 556.031 (prior year 554.603) with a notional value of EUR 52.00 each.

The bank has reported equity of EUR 599.6 million (prior year EUR 531.5 million) as at the reporting date.

As at December 31, 2022, the bank's own funds pursuant to Article 72 CRR amount to EUR 643.2 million (prior year EUR 546.6 million) and consist of common equity tier 1 capital, which essentially comprises the subscribed capital, the reserves (core tier 1) and the special item for general banking risks in accordance with Section 340g and Section 340e HGB in the amount of EUR 134.1 million (prior year EUR 64.4 million).

Hauck Aufhäuser Lampe calculates its regulatory capital in accordance with the rules of the Capital Requirements Regulation (CRR).

Counterparty credit risk is calculated using the credit risk standardized approach.

As a trading book institution, Hauck Aufhäuser Lampe takes share price, foreign currency, commodity and interest rate risks into account as the market risk exposure. The regulatory standardized approach is used for this. Interest rate risk is quantified using the original exposure method. The delta-plus method is applied in the option price risk.

The banks's operational risk is calculated for regulatory purposes using the basic indicator approach.

The regulatory own fund requirements for the credit valuation adjustment (CVA) risk are calculated on the basis of the standardized method.

In the reporting year, risk assets increased by EUR 2,014.0 million to a total of EUR 3,612.4 million (prior year EUR 1,598.4 million), mainly due to the accretion of Bankhaus Lampe KG as of January 1, 2022. Risk-weighted assets break down as follows:

Risk-weighted assets

in EUR million	31 Dec 2022
Risk-weighted assets	**3,612.4**
Counterparty risk	2,982.2
Market risk	10.5
Operational risk	575.6
Total risk amount on account of the credit valuation adjustment (CVA)	44.2

The resulting total capital ratio amounts to 17.81 percent (prior year 34.20 percent).

The leverage ratio comes to 4.97 percent (prior year 12.14 percent).

The regulatory requirements are satisfied in full.

Off-balance sheet obligations were up against the prior year by EUR 146.9 million (prior year EUR 144.3 million). While contingent liabilities increased by EUR 33.5 million, irrevocable loan commitments rose by EUR 113.4 million.

Funding

As in previous years, in the year under review the traditionally high levels of customer deposits bolstered the bank's funding base.

Overall statement on the business situation

Overall, Hauck Aufhäuser Lampe recorded a very satisfactory performance, particularly in view of the challenge of completing the full integration of Bankhaus Lampe KG both technically and organizationally in the year under review.

The goal of creating synergies through the acquisitions and offering our clients a broader range of services, particularly through the expansion of our branch network, is proceeding according to plan.

Despite the political and economic factors in 2022, as well as the still lingering effects of the Pandemic of the Ukraine crisis and one that has not been the case for many years Inflation rate, we are looking at a overall successful year. Our performance factors, the profit after tax as net interest income and net commission income also developed continues to be positive.

Hauck Aufhäuser Lampe will also aim to generate further growth – organic and inorganic – in 2023.

Moreover, a variety of initiatives for digitization and modernizing the bank are being examined on an ongoing basis and are also implemented if they are found to be suitable.

In addition to traditional private banking solutions, Hauck Aufhäuser Lampe also offers its clients a large number of other services for financial intermediaries, entrepreneurs and institutional investors.

The ongoing changes in the competitive environment due to megatrends such as digitization, the steadily increasing requirements of regulation, the interest rate turnaround that has occurred in conjunction with the spectrum of monetary policy measures taken by central banks, and the resulting changes in the markets require a regular critical review of the business model.

The bank works constantly on the following challenges:

- Company size
- Strategic growth
- Profitability

The operating activities continue to focus more strongly on the consulting business than the on-balance sheet business.

Performance in the core business segments

Hauck Aufhäuser Lampe, including its subsidiaries, focuses its business activities on Germany and Luxembourg, with one location in Luxembourg itself and a total of eleven locations in Germany. The latter include the key economic areas of Frankfurt am Main, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart. In addition, we are represented in Europe in Dublin, Paris, Vienna and Zurich, and in China in Nanjing and Shanghai.

At these locations, we conduct business along the core business lines of Asset Servicing, Private & Corporate Banking, Investment Banking and Asset Management.

Asset Servicing

The core Asset Servicing business segment comprises the Financial Assets, Real Assets and Digital Assets divisions. We offer here all the services related to the administration of investment products for independent asset managers, financial service providers, institutional investors, asset managers and investment companies with a focus on Germany, Luxembourg, Switzerland, Ireland and Austria. Some of these services are provided by subsidiaries within the Group.

As a single source, one-stop provider, the Financial Assets business segment provides support for fund initiators in designing, launching and establishing their financial market products. As a depositary for alternative investment funds (AIFs), the Real Assets business division offers a broadly diversified range of services for investments in tangible assets, such as the asset classes involving real estate, private equity and venture capital, infrastructure and renewable energies – and it does so for both German and Luxembourg fund structures. In addition, we offer other fund services in Luxembourg, such as central administration and fund management as an alternative investment fund manager (AIFM), either as individual modules or in a package.The Digital Assets unit bundles all activities relating to the development and expansion of the product and service range, for example in the area of fund services or portfolio management for digital assets.

In Asset Servicing, as elsewhere in the bank, 2022 was influenced by the negative developments on the capital market, particularly in the area of financial assets. Nevertheless, we succeeded in continuing the growth course of Asset Servicing, in particular through a positive development in Real Assets overall. In the Digital Assets area, we further expanded our product offering in 2022. For example, we received the first BaFin approval as an AIF capital management company for digital assets in Germany and completed the expansion of our product range to include fully regulated crypto custody.

Financial performance in our core asset servicing business exceeded expectations in the reporting period.

Private & Corporate Banking

The Private & Corporate Banking core business segment at Hauck Aufhäuser Lampe focuses on asset management, investment advice, access to alternative investments and financing solutions. Our solutions are designed in particular to meet the needs of high net worth individuals, families and enterprises. A particular feature of our establishment is that our range of products and services are geared equally to the private sphere and the corporate realm.

One of our traditional core competences lies here in the development of integrated asset solutions, in the form either of asset management or of investment advice. In a first step, we analyse together with the customer their values, investment mentality and investment objectives. At the same time, the desired relationship between security, profitability and availability of the assets is defined.

In addition to traditional consulting, Hauck Aufhäuser Lampe also provides a digital sales channel for asset management that operates under the Zeedin name. The client here enjoys digital access to Hauck Aufhäuser Lampe's investment management expertise and additionally to the option to take advantage of personal advice.

If our clients' needs extend beyond traditional wealth solutions, we also advise them on financial and liquidity planning, succession planning, foundation consulting and execution of wills.

In the area of financing solutions, we focus on entrepreneurial loans and individual financing solutions for companies and entrepreneurs, asset management companies and family offices, as well as financing for real estate properties and projects.

In our core business area Private & Corporate Banking, 2022 was dominated by the integration of Bankhaus Lampe with many changes. For example, customer assets under management were significantly increased with the aim of improving the perception of Hauck Aufhäuser Lampe in the market for medium-sized private banks. Furthermore, the previous network of locations, which included branches in Frankfurt am Main, Hamburg, Cologne/Düsseldorf and Munich, was expanded with new branches in Bielefeld, Berlin, Bonn, Münster, Osnabrück and Stuttgart. This was accompanied by a significant increase in the number of relationship managers, who can look after customers on site. Thirdly, the integration strengthened the financing business for entrepreneurs by taking over Bankhaus Lampe's complementary product range and customer relationships in this area.

In parallel with these integration efforts, the first fully joint year of operations in Private & Corporate Banking saw a significant increase in new business in the area of wealth solutions.

Financial performance in the core Private & Corporate Banking business area was well above expectations in the reporting period.

Investment Banking

The core business area Investment Banking comprises the business units Investment Banking and Financial Markets, which we describe below:

Investment Banking business field

Our Investment Banking offers a wide range of services in the equity area and concentrates on institutional investors with a focus on mid-cap companies in German-speaking countries. On the one hand, we offer institutional investors our range of research, sales and trading activities. We also focus on our expertise in corporate finance activities for mid-cap companies – especially IPOs and other equity capital measures.

The close cooperation between our research, sales and trading departments and our investor access allows us to provide integrated advice to institutional investors, financial investors and companies.

As a designated sponsor, we are active on the trading platform of Deutsche Börse (Xetra) and as a market maker on the Austrian stock exchange (Xetra Vienna).

In addition to our trading activities, we also advise companies, shareholders, financial investors and family offices on all important strategic issues regarding corporate development as well as M&A transactions.

In terms of IPOs, 2022 was characterized by strong restraint due to geopolitical tensions, interest rate increases and high volatility. Accordingly, business development in 2022 also fell short of expectations.

Financial Markets business field

The Financial Markets business area comprises securities trading, fixed income sales trading, and interest rate and currency management.

The bank thus offers a broad range of services, including securities trading, fixed income sales and sales trading, and interest rate and currency management.

Securities trading has traditionally been one of Hauck Aufhäuser Lampe's core competencies. The services offered to our clients include cross-asset execution, fund trading and pooling for mutual funds and exchange-traded funds, as well as futures trading, in which we offer the opportunity to take advantage of volatile market developments through our trading expertise in exchange-traded derivatives, particularly on the Eurex derivatives exchange. Another focus is on fixed income sales for traditional fixed income products as well as advisory services for structured products and derivatives in this area. Fixed Income Sales was further strengthened by the integration of the corresponding activities of Bankhaus Lampe KG in 2022.

In the area of Fixed Income Sales Trading, we support our customers in the national and international bond markets with orientation and the profitable implementation of investment decisions. Furthermore, we support our customers in generating investment ideas and design individually tailored solutions that are based on the strategic orientation and reflect an independent market assessment.

In the area of interest rate and currency management, we offer our clients structured solutions for hedging interest rate and currency risks, also in order to live up to our claim of serving the business sphere of entrepreneurial private individuals in a comprehensive and holistic manner.

Overall, financial performance in the core business area of investment banking was below expectations in the reporting period.

Asset Management

The core business area Asset Management covers the whole range of services for the management of liquid assets on the one hand, and our offering for illiquid, alternative investments in private capital markets on the other. In both cases, we offer asset solutions for high net worth individuals as well as professional and institutional investors.

In the context of liquid asset management, we offer a fundamental, analytical or a systematic, rules-based asset management approach. The fundamental, analytical approach focuses on the active management of individualized, globally oriented fixed income, equity and multi-asset mandates. The systematic, rules-based approach to investment decisions is in turn based on the fact-based analysis of market data, fundamental and alternative data on the basis of verified findings of modern capital market research. Both approaches are embedded in transparent and risk-managed investment processes.

With regard to liquid asset management, the 2022 financial year and thus the achievement of results were strongly characterized by rising inflation and high volatility, with negative consequences for the performance of almost all liquid asset classes. Illiquid asset management was largely stable over the course of 2022.

Financial performance in the core asset management business area was in line with expectations in the reporting period.

Opportunities and outlook

Outlook – Macroeconomic environment

Many of the strongly negative influences on economic activity in 2022, such as the Corona pandemic, supply chain disruptions, the Ukraine war, the energy crisis and high inflation rates, will no longer have such a strong impact in 2023. However, there is unlikely to be a sweeping revival of the global economy, partly because of the restrictive monetary policy in many countries. In the euro zone and Germany in particular, high real income losses will also have a negative impact. For the time being, there are recessionary trends in key industrialized countries, which are not expected to reverse until the spring. For 2023, our Economic Research expects a increase in gross domestic product (GDP) of 1.5 percent in the USA, following growth of 2.1 percent in 2022. The People's Republic of China is expected to grow by 5.0 percent (2022: 3.0 percent) and the global economy by 2.5 percent, following growth of 3.0 percent in the previous year.

Eurozone/Germany

Key sentiment indicators signal continued economic weakness for the first quarter of 2023. The economic recovery is then expected to pick up from the spring. Stimulus is expected above all from the global economy and the euro, which is expected to remain weak, and lower energy prices. Although the inflation rate is expected to fall in 2023, underlying core inflationary pressure will remain high. A dynamic upswing is therefore unlikely to materialize. As member states are affected differently by higher energy prices and gas supplies, economic development in the euro area is likely to be heterogeneous. Our Economic Research forecasts GDP growth of 0.6 percent for the euro zone in 2023 (2022: 3.5 percent) and stagnation for Germany (0.0 percent, down from 1.8 percent in 2022).

Consumer prices

As a result of the massive increase in energy prices and broad-based price pass-through, the strong rise in inflation in the euro area is still continuing at the beginning of 2023. However, over the course of the year, particularly in the second half of the year, a significantly lower rate is emerging. Average inflation for the year is expected to rise by 5.3 percent (2022: 8.4 percent).

Government bonds

The U.S. Federal Reserve and the European Central Bank are holding out the prospect of raising key interest rates somewhat further into the cyclically dampening range in 2023. In addition, from March 2023 the ECB will also no longer fully reinvest proceeds from maturing bonds and will keep monetary conditions tighter by reducing its balance sheet accordingly. Despite signs of easing on the inflation front, yields on first-class government bonds are therefore likely to remain at higher levels. We expect the yield on ten-year Bunds to be in a range of 2.20 to 2.60 percent in 2023. The corresponding US Treasury yield is likely to be quoted in a range of 3.40 to 3.80 percent.

Stock markets

In view of continuing global economic weakness for the time being and the tense inflation situation, there is little scope for a stronger price recovery on the stock markets. However, despite the restrictive stance of monetary policy and higher yield levels for first-class government bonds, the gradual brightening of the economic outlook expected from spring onwards will create more favorable conditions for higher share price levels in the second half of 2023.

Outlook – Market and competition

For 2023, we expect the environment in the banking market to remain challenging and highly dynamic. We attribute this on the one hand to the interest rate turnaround in 2022, and on the other hand to continued high inflation and geopolitical uncertainties regarding the Ukraine war and the related energy crisis.

Thus, while the turnaround in interest rates is strengthening the interest income of banks, at the same time, the continued high inflation expectation for 2023 has already led to further key interest rate increases in February 2023 and the announcement of further increases by the ECB.

The fighting in Ukraine is having a further strong impact on the business environment. Further political developments and the implications for the overall economic situation cannot be predicted at present.

With regard to the Covid 19 pandemic in Germany, we expect the situation to normalize further in 2023 and do not anticipate any far-reaching effects as in previous years. However, we will continue to monitor the situation closely. At the same time, it will be important to see how the further situation in China develops following the departure from the zero covid policy with regard to further disruptions to global supply chains and thus effects on the real economy as a whole.

Taken together, these factors, i.e. other interest rate hikes, and secondly, a deterioration in the economic situation, driven by geopolitical tensions and the Covid19 development, negative impact on the real economy and, consequently, on the banking sector.

In addition to the external influencing factors, the banking sector will continue to be characterized by a high significance of the topic of regulation in the following year. In particular, the contribution of the financial sector to the transformation of the economy toward greater sustainability, which is required as part of the regulatory process, will have a significant influence on the business policy of banks. Another regulatory focus in the area of sustainability will concern the topic of sustainability risk management. For example, on September 26, 2022, BaFin put out for consultation a new version of MaRisk, which for the first time also includes minimum requirements for the risk management of ESG risks. Here, banks will have to integrate ESG risk factors into the risk management of the previous risk classes of counterparty default risks, market price risks, liquidity risks, and operational risks. The second major regulatory topic is in the area of IT security, such as the Digital Operation Resilience Act (DORA), which was adopted by the European Council on November 28, 2022, and which aims to formulate uniform requirements for network and information systems of companies in the financial sector. Banks will then have to implement this regulation over the next two years.

In addition to these two topics, we at Hauck Aufhäuser Lampe are closely monitoring further developments in the area of regulation for the topics of digital assets and blockchain, as this will result in corresponding impulses and effects on our new Digital Assets business area. For example, the EU Parliament is expected to adopt the EU Markets in Crypto Assets (MiCA) regulation at the beginning of 2023, which will set rules with regard to consumer protection and market integrity.

As a bank, we continue to expect to operate our business in the context of the megatrends of sustainability, demographics, and digitalization. In addition, our business is subject to short- and medium-term developments, some of which are indirect – for example, the consequences of the pandemic and geopolitical conflicts. To survive in this environment, we need a high degree of adaptability and willingness to innovate.

In the current market environment, we see potential for positive and growth-promoting stimuli structurally in the emergence and increasing readiness to use new technologies, such as the use of artificial intelligence. These can help banks, and thus also us, to make internal processes leaner and more efficient and thus to save costs, while on the other hand there is the possibility of increasing the perceived customer benefit or the time available with customers with limited use of resources. At the same time, the use of artificial intelligence also enables other business opportunities – for example, at work with new customers or the forecast of customer departures.

We expect competition in our industry environment to remain strong in 2023. The competitive landscape will remain diverse and competitive. The individual competitive segments are all highly dynamic. In the private bank segment, the major German banks in particular are experiencing a trend reversal after years of declining developments. With the exception of foreign banks, consolidation momentum has recently picked up again in 2022 in the other pillars of the German banking sector among savings banks, cooperative banks, and private banks. As the size of the institutions increases, we continue to expect intense competitive pressure in these segments, provided that the institutions and Hauck Aufhäuser Lampe compete in one business area. In the competitor group of FinTechs, 2022 showed a significant decline in funding volumes from the middle of the year, as well as insolvencies, devaluations and rounds of redundancies. 2023 is also likely to be a difficult year for these market players, when FinTechs that had recently still been raising capital will run out of it and further rounds of financing are due. Ultimately, we expect this development to lead to further consolidation among FinTechs, with the winners being able to compete all the stronger with the established banks.

As Hauck Aufhäuser Lampe Privatbank AG, we compete in particular with other private banks, individual independent asset managers, multi-family offices, asset servicing service providers and selectively other foreign institutions and financial service providers. Among these institutions, we currently expect the competitive environment to remain strong. In addition, we see further pressure from strengthened FinTech companies. Against this backdrop and due to the increasing regulatory requirements, we expect further market consolidation among private banks and a further focusing of business models.

Outlook – Opportunities

Looking ahead, we see both risks and opportunities in the context of the expected macroeconomic situation, the challenges facing the financial sector, and the competitive situation. In this context, we aim to use the continuous changes in our market environment and the high level of dynamism as an opportunity for us to further position ourselves in existing but also new business areas. This should help us realize future business potential in the growth areas we have identified.

On the one hand, we believe we are well positioned to continue on our growth path in the business areas of asset servicing and private banking. On the other hand, we will also drive forward initiatives in less established areas of banking. For 2023, for example, we see opportunities for further positive development in the illiquid assets asset class. At first glance, this may seem counterintuitive in the context of the interest rate turnaround that has taken place and the return of a yield on bonds. At the same time, however, it can be observed on the market that alternative and illiquid forms of investment have now established themselves as a firmly accepted asset class on the market and continue to be used in the current period for diversification purposes or also for inflation protection. We are therefore continuing to work on expanding and positioning our business activities in real assets and private markets in order to offer our customers the product and service range they need here.

As part of our digitalization activities, we will continue to drive forward the digitalization and automation of our internal processes in 2023. This gives us the opportunity to tap potential for reducing complexity and cutting costs through technology in all areas of the bank.

We are also pursuing additional digitization efforts in our business areas. For example, we will further accelerate and expand the development of our offering in the “Digital Assets” business area in 2023. We are also pursuing investments in the digital customer interface in both Asset Servicing and Private & Corporate Banking.

In addition to the initiatives we have already launched in the context of digitalization, we are continuously monitoring current developments in the FinTech market and evaluating potential collaborations with FinTechs along all steps of our value chain. The aim is to identify positive contributions for our company and to secure them through cooperations or acquisitions.

Outlook – Operational planning and earnings components

In the outlook on the operational planning and earnings components, we examine below the integrated overall plan of Hauck Aufhäuser Lampe for 2023.

Risk factors for forecasts are a different than expected interest rate development, political or regulatory measures affecting banks, geopolitical and global economic developments, and possible negative economic effects as a result of far-reaching political decisions.

Depending on further developments in the Ukraine war, the interplay with pandemic implications, increased energy costs, and continued higher inflation, we anticipate a moderate year-on-year increase in earnings in our operational planning for fiscal 2023.

The implementation of regulatory requirements, in particular through newly established and specifically structured data repositories for EU taxonomy reporting requirements, NFRD/CSRD, SFDR and ESG disclosures, as well as further optimization of a cost-efficient and lean platform for the provision of our services, as well as the advancement of digitalization in the Asset Servicing, Private & Corporate Banking and Digital Assets business divisions will result in significant investments in administrative expenses.

In detail, we expect the following development of our earnings components:

Interest income

Based on the developments in previous years and the partly unpredictable macroeconomic developments, we expect a stable to slightly declining development of the interest business in the coming year. The forecast may still change as a result of the interest rate turnaround that has occurred in the current year 2023.

Net commission income

Due to our expanded product range, we expect significant growth in net fee and commission income compared to the previous year.

In 2023, we expect further positive development in the core business areas of Private & Corporate Banking and Asset Management. In Asset Servicing, we also expect our current growth trajectory to continue. In Investment Banking, we expect a decline in the development of commissions, mainly due to the market environment.

Administrative expenses

Due to the cost-saving effects (realization of initial synergies and leveraging of economies of scale) following the migration and the further optimizations as well as targeted digitization and automation projects, we expect administrative expenses to stabilize.

Risk provisions

Following the consolidation and adjustment phase in the reporting year, we expect the need for an allowance for losses on loans and advances in the lending business to decline.

Earnings before tax

Planned earnings before tax from operating activities are to increase moderately in 2023.

Financial performance indicators

Overall bank management is carried out via the HAL Group. The resulting key performance indicators for us and the development expected in fiscal 2023 according to current planning are shown in the following table:

Group financial ratio	2022 Actual in %	2023 Plan in %
Cost Income Ratio	75.0	79.0
Return on equity (after taxes)	14.7	11.0
Total capital ratio	15.7	>16.0
Leverage ratio	4.5	4.0

Cost income ratio

The cost/income ratio comprises operating expenses in relation to operating income. Operating expenses consist of administrative expenses including depreciation, amortization and impairment losses on intangible assets and property, plant and equipment. Operating income is the sum of net interest income, net fee and commission income, net income from the trading portfolio, and other operating income.

Taking into account lower positive special effects in the 2023 financial year, we expect other operating income to be lower. This is expected to result in a slightly higher cost/income ratio.

Return on equity

Return on equity is the ratio of profit after tax to equity at the beginning of the year, taking into account capital increases and dividend distributions.

Due to lower earnings after taxes, we assume that the return on equity will decrease.

Total capital ratio

The total capital ratio expresses the ratio of own funds (core capital and supplementary capital) to risk-weighted assets in accordance with Art. 92 Para. 2 lit. c CRR.

We expect the total capital ratio and core capital ratio (CET1 ratio) to exceed 16 percent as a result of profit retention at the Annual General Meeting. Due to the current planning to increase risk-weighted assets only insignificantly beyond 2023, we also do not expect any major variability in these two ratios until the end of 2023.

Leverage ratio

This is the ratio of core capital to business volume pursuant to Art. 429 (2) CRR.

Further balance sheet growth as a result of further growth in deposits from our institutional investors will result in a further increase in the leverage position in the long term without a simultaneous increase in the overall risk position. For 2023, we do not expect any significant change in the leverage ratio, which should remain at around 4 percent at year-end 2023.

Risk report

Our risk management pursues the primary goal of managing the material risks associated with the business operations in accordance with the risk-bearing capacity in order to generate a return on capital employed that is commensurate with the risks involved.

The Hauck Aufhäuser Lampe Management Board promotes the risk culture throughout the bank. Based on a risk-oriented tone from the top, all executives and employees are required to consider risks actively in their actions. Open communication and critical dialogue are as much a matter of course as are suitable incentive structures.

The material risks at bank level are identified, assessed, managed, monitored, communicated and capitalized in a timely manner. Appropriate attention is paid to risk concentrations. The annual risk inventory is designed to ensure the completeness of all risks. The Group's economic risk-bearing capacity calculation and the monitoring of the target ratios defined in the normative view as part of the annual capital planning are carried out on a monthly basis.

In the course of the calculation of the economic risk-bearing capacity, all risk types that are included are estimated at a confidence level of 99.9 percent and with a risk horizon of one year. All individual risks are calculated aggregated to produce the bank's total risk without taking any risk-mitigation correlations into account. The total value at risk at bank level must always be lower than the risk coverage potential, where positive planned profit/loss are not recognized conservatively.

In the financial year 2022, the overall risks determined at Group level were always within the defined risk-bearing capacity. Up to and including July 2022, the risks from the portfolios of the former Bankhaus Lampe and the former Bankhaus Hauck & Aufhäuser were included in the economic risk-bearing capacity using an additive approach based on the respective risk models of the former banks. Following the successful completion of the technical merger, Hauck Aufhäuser Lampe performed a consolidated risk calculation for the first time as of August 31, 2022, largely based on the risk models of the former Hauck & Aufhäuser bank for the entire portfolio. The resulting diversification effects, in addition to the reduction of the remaining trading book positions of the former Bankhaus Lampe, are the main reasons for the risk reduction of EUR 11.2 million in the course of 2022. In parallel, the total allocated limit was reduced by EUR 34.8 million.

As of December 31, 2022, the total risk contribution of EUR 270.3 million was divided among the different risk types as follows:

Utilization

Risk type	Actual in EUR million	Limit in EUR million	Utilization
Total utilization	270.3	431.0	62.7%
Counterparty risk	190.7	300.0	63.5%
Market price risk	38.8	62.0	62.5%
Operational risk	27.2	52.0	52.4%
Business risk	13.6	17.0	79.9%

The effects of economic risks on the normative view of risk-bearing capacity, which focuses on all regulatory and supervisory requirements, are determined using a three-year adverse capital planning scenario. Even in the adverse scenario, which corresponds to a severe recession, taking into account a waiver of dividend payments as a countermeasure at bank level, all minimum regulatory capital requirements are met over the entire observation horizon.

A stress test across all risk types is also performed at Bank level every quarter. The following scenarios are taken into consideration here:

- severe global economic crisis
- financial crisis/extreme loss of confidence among customers

A scenario that may be critical for the viability of Hauck Aufhäuser Lampe is additionally calculated in a quantitatively determined reverse stress test.

Derivative financial instruments are used by the bank primarily as hedging instruments. Interest rate swaps on the OTC market and futures on the Eurex are the preferred products here. The relevant positions are closely integrated in the risk management. Appropriate provisions in the financial accounts are created for valuation adjustments.

In summary, no risks jeopardising the Bank's ability to continue as a going concern or having an adverse impact on its development were identified as at the reporting date or in the year under review, as in the prior year. The risk cover was given consistently on all reporting dates. The validation procedures that were carried out confirmed the appropriateness of the risk controlling methods. Internal Audit additionally audited core elements of the risk management system in the course of its multi-year planning.

The risk types that the Bank defines as material are presented in greater detail below.

Counterparty risks

Counterparty risks result primarily from the lending business with corporate and private clients as well as real estate project developers, from investment and interbank business with institutional customers and also from the derivatives business with various customer groups.

Counterparty risks are understood to be

- the default of a debtor: the inability of one or more debtors to meet their loan obligations (interest and principal repayments in particular),
- the credit risk: the potential deterioration in the economic situation of a debtor,
- the collateral risk: the potential change in prices of assets that have been used as collateral in the lending business,
- the spread risk: widening of bond credit spreads,
- the portfolio or cluster risk: the excessive concentration and dependency on a single debtor or group of debtors,
- the issuer and country risk

in particular.

Precisely defined lines of authority and standards for lending and investment decisions ensure that the counterparty risk is diversified and minimised. The rating methods of CredaRate Solutions GmbH, Cologne, are used to assess the credit rating of the customers. The collateral is measured on the basis of standard procedures, while the dual control principle is also applied. The lending values for securities furnished as collateral are defined in a risk-adjusted manner on the basis of market data that is updated regularly.

The counterparty risks are managed on the basis of quantitative and qualitative criteria.

The focus of the quantitative risk management is compliance with the economic limits for ensuring the risk-bearing capacity that are defined as part of the risk strategy. The regulatory ratios represent a strict additional condition here.

Investment and credit risk strategies form the basis for the qualitative risk management. Internal ceilings for individual exposures are defined here for customer and issuer groups, credit ratings, volumes and internal capital requirements. Concentration risks are also limited by this.

The credit risk strategy contains all the key qualitative and quantitative requirements for risk management and thus provides the basis for the lending business. The focus here is on short-term financing in Germany. Limits are defined in the credit risk strategy for the overall credit risk, for gross and net exposure volumes and for other aspects. The aim is to prevent critical risk concentrations.

The bank's Credit Risk Management unit is responsible for managing the credit risks in relation both to individual cases and to the overall portfolio. Supported by a risk monitoring system, the risks are managed by the individual authorized persons. The Risk Controlling and Credit Risk Management units work intensively together here. The customer loan portfolio is characterized by good to very good credit ratings.

The economic capital requirements for covering the counterparty risks and the portfolio risk are calculated at Hauck Aufhäuser Lampe using

- a credit portfolio model based on CreditRisk+ for the customer lending and interbank business and
- an additional credit portfolio model for the investment portfolio,
- a variance-covariance approach for individual fund investments,
- sensitivity-based estimates of potential changes in valuation adjustments for unsecured OTC derivative positions,

where migration risks are taken into appropriate consideration for all transactions and portfolios.

The key management parameter is thus credit value at risk. The overall value at risk at bank level is calculated by adding together all the individual risks.

The risk analyses are supplemented by regular stress tests and the continual monitoring of relevant early warning indicators. This did not produce any indications of developments jeopardising the bank's existence. The basis for the various risk procedures is formed by CredaRate Solutions' rating systems specific to target customer groups, which take both quantitative and qualitative criteria into consideration.

Key definitions of parameters and methods are reviewed on a regular basis and, if necessary, adapted to any changes in conditions. The methods and models used in Risk Controlling are subjected here to comprehensive validation procedures at least once a year.

Risk Controlling and Credit Risk Management inform the Management Board and the Risk Committee every quarter in comprehensive reports on the risks relating to the credit portfolio and significant individual exposures as well on the various limit utilisations. Ad hoc reporting completes the reporting. During the entire year under review, there were no indications that either the overall limit or the limits at portfolio level had been exceeded in terms of counterparty risk in the risk-bearing capacity.

Securitisation and credit derivatives to hedge risks are not used. Risks are mitigated in the individual case by reducing volumes, through sub-participations or by obtaining additional collateral. Portfolio effects are additionally used to reduce the overall risk.

Market price risks

Market price risks refer to potential losses resulting from adverse changes in market prices or market parameters that influence prices. Based on the relevant dependencies, they can be divided into interest rate, currency and price risks as well as spot, forward and option risks. Market price risks arise as a result of trading and investment activities as well as asset/liability management transactions.

Possible changes in valuation adjustments of material unsecured OTC derivative positions are included.

Market price risks for all risk positions in the trading and banking book are determined throughout the bank using value-at-risk (VaR) approaches. The entire market price risk is aggregated without considering correlations between share, interest and foreign exchange markets. The VaR ratios are based on one year of historical data and are calculated for a holding period of one year at a confidence level of 99.9 percent.

The bank's Risk Controlling unit is responsible for measuring and monitoring the market price risks. The unit prepares market price risk reports for the management on a daily basis. These contain the core risk metrics of all risk types (results and VaR ratios) at portfolio and Bank level as well as the utilisation of the capital limits.

The monthly Asset/Liability Management Committee (ALCO) is the central committee for monitoring the market price risks at bank level. Its primary task consists in monitoring the development of the market price risks and proposing recommendations for action.

Bank-wide assets and liabilities mainly consist of floating rate positions. Fixed-interest positions in the assets are generally hedged by means of interest rate swaps, which are usually micro-hedges of bonds in the bank's banking book. Both the underlying and hedging transactions are included in the risk calculation for interest rate risk and are reflected in the relevant limit utilizations, which are monitored on a daily basis.

The foreign currency risk is of secondary importance, as the business is mainly concentrated on Germany or countries in the eurozone.

In addition to other validation procedures, regular backtesting is carried out to review all risk models. The forecast risk ratios are compared here with the actual changes in net assets.

In addition to the economic capital limits defined as part of the risk strategy, the general conditions laid down in the investment strategies of the portfolios (credit rating, liquidity, maturity, stop-loss limits and volume limits) constitute the guidelines for managing the market price risk.

Worst-case simulations are additionally carried out for all classes of market price risk (shares, funds, foreign exchange, interest rates, interest rate options) on the basis of extraordinary historical market movements and hypothetical stress scenarios.

Interest rate risks in the banking book

The interest rate risks in the banking book are managed by Treasury. The bank-wide risks are manageable as a result of appropriate investment strategies. Not only the changes in present value in the interest rate book, but additionally the impact on the income statement under commercial law are monitored in order to limit the risks.

The interest rate risks were quantified and reported at Hauck Aufhäuser Lampe on a daily basis using the procedures applied for market price risks.

All interest-bearing transactions from the trading book, the banking book as well as the liabilities are taken into account on a daily basis at Hauck Aufhäuser Lampe to calculate the changes in present value in the interest rate book.

In addition, a variety of interest rate shock scenarios are simulated on a bank-wide basis. The interest shock defined in the regulations (+200/–200 basis points) would result in a negative change in the present value in the banking book of EUR 12.5 million in the +200 bp scenario at the bank level at year end, which is equivalent to 1.9 percent of the own funds.

Participation risk

Investment risks are understood to be potential losses that can arise as a result of the bank providing capital to other companies in the form of equity and mezzanine capital and also as a result of additional loan extensions and capital commitments.

The bank-wide strategic objectives for the equity interests are defined in separate equity interest strategies. Hauck Aufhäuser Lampe divides its equity interests here into strategic equity interests, financial equity interests and business equity interests.

Strategic equity interests provide support in particular for expanding the bank's customer base, opening up new sales channels and developing new products. The vast majority of the strategic equity interests are operating companies that are majority-owned by Hauck Aufhäuser Lampe and that are assigned to and fully integrated in the bank's core business segments. These companies are included in the Hauck Aufhäuser Lampe Group at financial, organisational and economic levels. This includes ongoing controlling and monthly monitoring in the risk management.

The financial holdings of Hauck Aufhäuser Lampe are concentrated at the subsidiary FidesKapital Gesellschaft für Kapitalbeteiligungen mbH, which has its registered office in Munich. These are predominantly minority interests in private equity and venture capital funds.

The business equity interests essentially offer customised individual solutions for customers, for example in the area of fiduciary transactions in the investment segment.

Through sponsorship investments within the Lampe Beteiligungsgesellschaft, Hauck Aufhäuser Lampe invests in special funds to support sales.

The capital charge in the framework of internal risk management is determined for investments of Hauck Aufhäuser Lampe using the credit portfolio model at a confidence level of 99.9 percent and a risk horizon of one year.

A variance-covariance approach is also used for various fund investments within these holdings.

Liquidity risks

Liquidity risks specifically comprise insolvency, funding and market liquidity risks.

One focus of the business strategy of Hauck Aufhäuser Lampe is placed on generating commission income without organic growth in the balance sheet. Funding is based essentially on deposits of institutional investors from the custodian business that have proven to be stable and growing over several cycles.

Surplus liquidity is invested primarily in ECB-eligible securities in order to secure a high refinancing facility at the ECB in the event of a liquidity shortage.

The Asset & Liability Committee (ALCO) is the central management committee for the Bank's liquidity risks and meets every month. It defines how the desired liquidity status is to be achieved, while Treasury conducts the operational liquidity management. The unit also manages the daily liquidity and the balance sheet structure using the defined risk tolerance and reports to the ALCO on the liquidity situation and development.

Economic liquidity risks are monitored bank-wide by Risk Controlling on the basis of liquidity developments under normal and stressed conditions.

The market liquidity risks are monitored implicitly through the credit portfolio model for counterparty risks in the banking book and also by the daily calculation of unrealized gains and losses in the market risk report. All other liquidity risks are controlled not as part of the calculation of the risk-bearing capacity, but using other tools.

In addition to the liquidity management in accordance with the Liquiditätsverordnung (LiqV – Liquidity Regulation), the liquidity risks are monitored on the basis of the regulatory liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) in accordance with Articles 411 to 426 CRR as well as an internally developed procedure. In this process, all cash flows are compared over time on a daily, monthly and yearly basis, the marketability and ECB-eligibility of the individual positions in the banking and trading books as well as liquidity outflows from contingent liabilities are taken into consideration and a prospective analysis of liquidity based on defined scenarios is made possible. All liabilities due within certain defined periods need to be serviced within this period in the event of full withdrawal.

In addition to these indicators, the liquidity costs that are taken into consideration in the market interest method are fundamental cornerstones of the liquidity risk management for the management of the operating activities and the regular reviews of the contingency plan for liquidity shortages.

Operational risks

Hauck Aufhäuser Lampe defines operational risks as the risk of financial effects that occur as a result of the inadequacy or failure of internal processes and systems or people or as a result of external events. Legal risks and IT security risks, including cyber risks, are allocated to operational risks.

Hauck Aufhäuser Lampe has introduced a group-wide operational risk management framework that is binding for all subsidiaries, managers and departments. This framework lays down the strategic focus on four possible courses of action when dealing with operational risks:

- Risk avoidance, e.g. by withdrawing from certain business fields
- Risk mitigation, e.g. by optimising processes or conducting training measures for employees
- Risk transfer, e.g. by taking out insurance policies to settle large claims with a low probability of occurrence and
- Risk acceptance, e.g. when relevant countermeasures prove impractical from a business perspective.

Key decisions on dealing with operational risks are regularly examined and documented.

The Risk Controlling unit is responsible for monitoring operational risks and supports the specialist departments that are responsible for managing these risks. It reports to management and to the Risk Executive Committee responsible for managing operational risks.

At Hauck Aufhäuser Lampe the capital charge for operational risks is calculated in the economic perspective using a VaR approach on the basis of internal loss data and data on legal cases as well as estimates of other potential risks.

Tools for managing operational risks across the bank include:

- processes for the systematic and standardized recording, reporting, analysis and administration of information on losses and risks
- regular reporting to management and the specialist departments
- risk self-assessment processes for regular recording of all major risks as comprehensively as possible and
- the development of scenarios for assessing the consequences of potential losses and the options for preventing these.

Operational risks are limited by regular, updated documentation of all relevant workflows, guidelines and approval policies.

The Legal department is responsible for assessing and dealing with legal risks. External law firms are engaged, especially in the event of legal proceedings. Appropriate provisions have been created for ongoing legal disputes. Risks also result for the bank from investigations carried out in by the criminal investigation and tax authorities in past financial years with regard to possible cum/ex successor models or cum/cum transactions. As the bank itself has never invested in such constructions or initiated them for customers or third parties, potential material risks to the bank's financial position and results of operations relate exclusively to our role as a custodian bank and any associated liability claim by the tax authorities. The criminal investigations are initially directed exclusively against third parties, former employees of our company, and not against the bank or current employees. Based on the applicable legal situation and expert assessments of the tax valuation of the transactions, we are of the opinion that we have acted in accordance with the legal requirements.

Safeguards of a technical and organisational nature are put in place to take account of the especially sensitive area of IT and cyber risks. The information security officer is responsible for managing information security and business continuity planning. Outsourcing activities and processes are managed by the central outsourcing management function.

Appropriate processes and contingency plans are implemented in order to safeguard the security of the IT systems and the continuation of our relevant operating activities in the event of system failures. Other processes, such as regular employee appraisals and the standardisation of contracts used, also work to mitigate the risks.

An ongoing crisis team faced the challenges of the corona crisis, supported by an in-house task-force unit. Regular employee information assisted in coping with the exceptional situation. For reducing dangers of becoming infected, the focus was on temporarily expanding mobile work and ensuring measures to provide protection against the corona virus.

Business risks and reputational risks

The risk that income and cost targets are substantially missed on account of internal or external causes constitutes business risks. Possible reasons here include inadequate implementation of the strategic targets or changes in the macroeconomic conditions or the competitive situation.

The responsibility for managing these risks lies with the core business segments and the members of the Management Board in charge of them and is based on independent figures provided by Financial Controlling.

Reputational risks describe the risk of declines in income, disruptions in the liquidity position or a reduced enterprise value caused by events which damage confidence in Hauck Aufhäuser Lampe among its stakeholder groups. Against this background, reputational risks are considered to be an integral and potential amplifier of income and liquidity risks.

The responsibility for managing reputational risk rests with the core business segments and the members of management in charge of them. They are supported in this task by the units that are in charge of complaints management.

Strategic risks are quantified at Hauck Aufhäuser Lampe using a VaR approach on the basis of historical planning variances in the operating income.

Corporate governance statement

In accordance with German legal requirements, the auditor has not audited the content of the following corporate governance statement (women's quota).

Hauck Aufhäuser Lampe has set itself the goal of increasing the percentage of women in management positions as team leaders and heads of department and at the Management Board level to 30 percent by 2023. This percentage of women at the level of the Management Board was not yet reached in the financial year 2022. The percentage of women in management positions remained unchanged overall in 2022. Currently, approximately 25 percent of all executives are women. A total of 41 percent of the workforce is female. 27 percent (prior year 33 percent) of team leader positions are filled by women. Compared to the prior year, the percentage of women in head of department roles increased by approximately 4 percentage points. Accordingly, a total of 22 percent (prior year 18 percent) of the department head functions are filled by women.

Pursuant to Section 21 (1) EntgTranspG, Hauck Aufhäuser Lampe is an employer with more than 500 employees that is bound by collective agreements pursuant to Section 5 (4) EntgTranspG and applies collective agreements pursuant to Section 5 (5) EntgTranspG. Pursuant to Section 13 (5) EntgTranspG, Hauck Aufhäuser Lampe has agreed to apply collectively agreed regulations on remuneration in accordance with Section 5 (5) EntgTranspG and to prepare the equal pay report every five years. In 2018, an operational audit procedure was used for the first time within the bank to review equal pay within the company. The review showed that there is no pay inequity based on gender at Hauck Aufhäuser Lampe Privatbank AG. Measures to establish equal pay were therefore not required to be initiated. For the year 2023, a renewed review will be carried out in accordance with the statutory measures from the German Pay Transparency Act (Entgeltstransparenzgesetz). A report on pay transparency is planned for the completed fiscal year 2023 in accordance with the statutory provisions.

Non-financial statement

The contents of the following non-financial statement in accordance with Section 340a (1a) in conjunction with Section 289b HGB was not audited by the auditor in accordance with Section 317 (2) sentence 4 HGB.

Corporate governance

Hauck Aufhäuser Lampe Privatbank AG focuses on advice and wealth management for private and corporate clients, fund services for financial and real assets and cooperation with independent asset managers. Trading orders in all common asset classes are also executed within the Bank on exchanges as well as over the counter. Research, sales and trading activities specialising in small and mid-cap enterprises in German-speaking countries and services for initial public offerings and capital increases are offered.

The values of Hauck Aufhäuser Lampe Privatbank AG are founded on responsibility, performance and innovation. The bank's strategic focus is geared towards continuous value creation. Sustainability is also anchored in the operating activities.

The values that are binding for Hauck Aufhäuser Lampe of responsibility, partnership and innovation are rooted in the foundations of how we act in business. These basic requirements must be complied with by all employees. The canon of values provides support and serve as guidance in our day-to-day work. Strict compliance with the law is the basis here and serves as the foundation for further requirements that are of fundamental importance for today's business world:

- Competitiveness, conduct in dealings with supervisory authorities, conduct towards one another
- Segregation of private and business interests
- Environmental protection: expansion of a comprehensive sustainability programme that was launched in 2020

In addition to this code of conduct, all employees within the bank have to comply with the guidelines for employee transactions, an organisational instruction for dealing with conflicts of interest, while all customer relationship managers have to comply with the principles of customer service.

Implementation of compliance

Management ensures that the bank complies with the implementation of and adherence to relevant laws, rules, regulations and relevant market practice in the conduct of its business. To achieve this, it promotes a strong compliance culture and has codified and communicated these values in the Code of Conduct. Management authorizes the existing compliance functions to advise and assist in the control and management of compliance risks in accordance with all applicable laws, rules, regulations, good market practice and the Code of Conduct. It is also the responsibility of the Compliance functions to establish appropriate governance, procedures and systems to enable the Bank to avoid undesirable exposure to risks within the scope of Compliance's responsibilities.

The Compliance department, which combines various compliance functions, forms the so-called second line of defense in the three lines of defense model. In addition to capital market compliance and the functions for combating money laundering, terrorist financing and fraud (central office), the MaRisk function, the information security officer, the data protection officer and the officer for the protection of customer financial instruments are located independently in the Compliance department. Compliance with sanctions and embargoes is also part of the area of responsibility.

The compliance functions are designed appropriately and effectively. Dangers and risks arising from a violation of legal requirements or criminal acts are thus detected at an early stage. This serves to protect the interests and assets of customers, business partners and Hauck Aufhäuser Lampe Privatbank AG.

The aim of all compliance functions is to be responsible for systematic compliance with laws and regulations throughout the group. They aim to identify compliance risks before they arise and to manage them if they do arise. Risk analyses relating to the bank's core tasks and processes form the basis for assessing and minimizing potential compliance risks. They are generally carried out once a year and in some cases also cover group companies and compliance-relevant business units in Germany and abroad. The preventive measures derived from the analyses are regularly reviewed, further developed in the light of new requirements, and their compliance is checked for effectiveness and appropriateness as part of controls carried out by the compliance functions.

Other key prevention systems include employee training, support and advice for business units on process development and transactions, compliance-integrated committees, case-by-case approvals by the compliance function, background checks on potential employees, third-party due diligence, and an internal whistleblower system.

Capital market compliance

Capital market compliance ensures compliance with all regulatory requirements for the securities business, adherence to rules of conduct and the avoidance of conflicts of interest. This includes the prevention of the illegal use of insider information, market abuse, the prevention of unfair treatment of customers, and the identification and investigation of such cases. Capital Market Compliance also ensures that the bank complies with the relevant monitoring scenarios for trade monitoring and – where applicable – communication monitoring. The measures of Capital Market Compliance have been established in the bank to protect against financial losses and reputational damage caused by misconduct of customers, employees and business partners. The compliance function of Hauck Aufhäuser Lampe Privatbank AG has extensive rights of instruction and escalation as well as information and investigation powers to enforce the internal regulations throughout the group.

Anti-money laundering, sanctions, combating terrorist financing and fraud prevention

The core tasks of the anti-money laundering, sanctions, combating terrorist financing, and fraud prevention unit include fulfilling regulatory requirements for preventing and combating money laundering and terrorist financing, corruption, and avoiding violations of sanctions and embargoes. Performing the duties of the central office pursuant to Section 25a of the German Banking Act (KWG) is also part of the scope of duties.

In addition to locally applicable laws, regulatory requirements and industry standards, we take into account internationally recognized standards. These requirements and standards are implemented internally both during the customer acceptance process and in the further course of the customer relationship, not only through internal rules and controls, but also through the use of appropriate monitoring systems.

Data privacy and information security

In compliance, information security is independent of the bank's IT and ensures the necessary protection of systems and information assets. This enables information assets to be protected against threats such as unauthorized access or manipulation, thus preventing economic damage to the bank.

The data protection function ensures and documents compliance with data protection, in particular the DSGVO (GDPR), across the entire corporate group.

Dealing with sustainability risks and reputational risks

For Hauck Aufhäuser Lampe Privatbank AG, reputational risks are regarded as major risks. Identifying, analysing and managing this risk type is therefore afforded particular importance. Reputational risks are understood to be the direct or indirect threat of a loss of confidence in or reputation of the bank among its stakeholders that can occur especially as a result of a breach of sustainability principles. This can have potentially relevant effects on the bank's core business. Special requirements for and restrictions on the bank's operating activities are necessary in order to adequately mitigate reputational risks. The bank therefore does not participate in transactions that result in any of the following consequences:

- Breaches of universal human rights (in particular personal rights and civil liberties)
- Breaches of the law and regulations (e.g. crimes, drug dealing, tax evasion, fraud, money laundering, corruption, insider dealing)
- Supply of military equipment and weapons
- Environmental pollution
- Exploitation of resources and nuclear energy
- Speculative transactions that are socially unacceptable or not accepted by the shareholders (e.g. on the availability of food, death, illness, invalidity)
- Other business segments that are socially unacceptable or not accepted by the shareholders (e.g. prostitution, pornography) and gambling
- Breaches of industry-specific minimum standards (e.g. safety, quality)
- Infringements of rules on the conduct of business and banking practices (e.g. triggering conflicts of interest, lack of professionalism)

These kinds of matters can arise in principle in any customer relationship and during any transaction, e.g. loan financing. Appropriate reviews and a documented assessment of the situation must be carried out when the involvement of any natural persons or legal entities is suspected.

In cases of doubt, the Management Board must be involved in the final assessment of any reputational risks. As an internal minimum requirement, a loss database has to be maintained and regular self-assessments and annual risk assessments have to be performed as part of the OpRisk Committee's responsibilities.

Obligation to customers

Customer satisfaction and retention are a key focus of Hauck Aufhäuser Lampe Privatbank AG's client advisory process. We achieve these goals by using innovative solutions to meet our customers' needs. To supplement this, the bank also works on optimising its value chain for the benefit of its customers.

Hauck Aufhäuser Lampe Privatbank AG attaches great importance to a dialogue with its customers that is consistent, honest and based on trust. In order to adequately address customers' needs, it is important to know their social, ecological and economic interests and their expectations, needs, requirements and experiences. Qualified product specialists are consulted whenever needed by the customer in order to ensure a continuous and strategic customer dialogue.

In addition, dialogue with our clients is also regularly sought at presentation events, which generally focus on current industry topics. The bank additionally uses these events to pursue the objective of delivering added value for our customers by networking.

The bank's employees also show their commitment by giving regular lectures at universities such as the Frankfurt School and at the chambers of commerce and industry and other associations.

Sustainability

Overview – society, and regulation

In 2022, environmental protection, and climate protection in particular, remained a dominant topic in political and social discourse. Even if the Corona pandemic and the Ukraine war temporarily dominated the news, the issue of sustainability remains one of the most frequently cited challenges of our time.

This was again evident in numerous global, European or and national sustainability conferences as well as initiatives.

The UN Climate Change Conference in Sharm El-Sheikh (COP27) reaffirmed the goal of limiting global warming to 1.5 degrees compared to pre-industrial levels. Although no concrete measures were adopted to this end, countries are nevertheless required to further reduce their greenhouse gas emissions. Specifically, support was agreed for developing countries that are particularly vulnerable to weather extremes and produce comparatively low CO_2 emissions. For this purpose, a fund for climate-related damage and losses was created.

The importance of the European financial industry in implementing the multiple sustainability goals was emphasized by the European Banking Authority (EBA) in December 2022 with the update of its Roadmap for Sustainable Finance. This sets out targets and a timetable for implementing sustainable finance tasks over the next three years. The goal here is to further integrate ESG risks into institutions' risk management and support EU efforts to transition to a more sustainable economy.

At national level, the German Federal Financial Supervisory Authority (BaFin) has made clear in various publications the role it assigns to financial institutions in developing sustainable finance. In September, BaFin published an amended draft of its circular "Minimum Requirements for Risk Management" (MaRisk) for consultation. The primary objective of this seventh amendment to MaRisk is to implement the guidelines of the European Banking Authority (EBA) for lending and monitoring. BaFin had already announced this in its compliance statement to the EBA. Requirements for the management of sustainability risks are also included for the first time.

Reporting requirements arising from the EU taxonomy

In the reporting year, we continued to apply the requirements arising from Delegated Regulation (EU) 2021/2139 on the Technical Assessment Criteria for the first two environmental targets in conjunction with Delegated Regulation (EU) 2021/2178 as the basis for the first-time publication of taxonomy disclosures in non-financial reporting.

We would like to address the applicable reporting requirements for credit institutions for the financial year 2021/2022 below:

Of the six environmental targets of the European Union, which also specify the structure of the taxonomy, the first two

- **Climate protection (mitigation)**
- **Adjustment to climate change (adaptation)**
- Water and marine resources
- Circular economy
- Environmental pollution
- Biodiversity and ecosystems

are to be reported on.

The ESG program already launched in 2020 was continued. The sustainability strategy was further expanded along the dimensions of market, regulation and organization, and a set of values covering the entire value chain of the bank was established as a guiding principle.

In 2022, the program focused on implementing the extended requirements of the Disclosure Regulation and the requirements resulting from the amendments to MiFID II for structured consideration of the sustainability preferences of our customers in investment advice and asset management.

The EU Disclosure Regulation means that financial market participants and financial advisors must comprehensively disclose information relating to sustainability. Investors should use this information in their investment decisions. The Disclosure Regulation has already been applicable since March 10, 2021. With the regulatory technical standards adopted in 2022, the requirements regarding the scope and level of detail of the information to be disclosed were increased once again. The application of these extended disclosure requirements came into force on January 1, 2023. The necessary adjustments affected in particular the offerings in our Asset Management, Asset Servicing and Private & Corporate Banking business areas.

With the implementation of the MiFID II adjustments, we have been integrating sustainability aspects more closely into investment advice and asset management since August 2022. Since then, it has been mandatory to ask customers about their sustainability preferences when determining their investment objectives. These must be taken into account in the investment recommendation, so that only products that meet the customer's sustainability requirements may be offered.

Building knowledge on the subject of sustainability was also an important element of continuous employee training in 2022. A particular focus was on training courses for sales staff in Private & Corporate Banking. These served to strengthen advisory skills with regard to the new rules for inquiring about the sustainability preferences of our customers.

In 2022, we decided to balance our operational greenhouse gas emissions. In doing so, we were guided by the Greenhouse Gas Protocol. The GHG Protocol is an internationally recognized standard that can be understood as a guideline for the correct preparation of a GHG balance. After preparing the GHG balance, we had it verified by GUTcert. GUTcert has many years of experience with the verification of GHG balances. GUTcert confirmed the conclusiveness of the balance for us.

Based on the GHG balance, we have developed initial measures to help us reduce our GHG emissions. As an exemplary measure, all sites in Germany will be switched to green electricity.

Another reporting requirement from Article 8 of the EU Tax Regulation is that financial companies that are within the scope of the Non-Financial Reporting Directive (NFRD) provide information on how and to what extent their activities are linked to economic activities that can be classified as environmentally sustainable. The EU TaxVO is to be understood here as a uniform classification system of numerous economic activities that are classified as taxonomy-eligible or taxonomy-non-eligible.

For the financial years 2021 and 2022, KPIs on the share of taxonomy-eligible risk positions in the total risk positions covered are to be disclosed.

Also to be disclosed for the financial years 2021 and 2022 is the share of covered assets vis-à-vis central governments, central banks, supranational issuers and derivatives and, as a third KPI, the share of risk positions vis-à-vis entities that are not required to publish a non-financial statement. In addition, credit institutions disclose the share of their trading portfolio and short-term interbank loans in total assets.

Here, we have subsequently oriented ourselves to Annex 6 from Article 8 of the EU taxonomy in the tabular presentation in the 2026 target picture.

The most important indicator for credit institutions in the future will be the Green Asset Ratio (GAR), which indicates the share of "green" financing in the total portfolio. The GAR is based on the EU Tax Regulation (EU/2020/852), a very comprehensive classification system with uniform terminology that provides information on the environmental friendliness of various economic sectors.

To determine taxonomy eligibility, we used the NACE codes in our data budget and the Taxonomy Compass published by the EU, which contains the "Taxonomy NACE definition" of industries, to guide our Finrep reporting.

Following the full integration of Bankhaus Lampe KG in the reporting year, we are consolidating the data budget in order to establish the structures required by the reporting obligations. Accordingly, comparability with the prior-year figures is only possible to a limited extent and is indicative for the year 2022.

The following table shows the seven key figures to be disclosed:

KPI	**Share of total assets**	
in %	**31 Dec 2022**	**31 Dec 2021**
Taxonomy-eligible assets	6.22	4.04
Non-taxonomy-eligible assets	21.37	47.31
Total taxonomy-relevant	**27.59**	**51.35**
Exposures of non-NFRD entities	4.27	3.12
Derivatives	9.61	19.18
Interbank loans	54.20	4.04
Sovereigns and central banks	10.64	60.80
Trading portfolio	0.04	0.03

Employees

Our employees put in an exceptional performance in a complex market environment in the past financial year and thus played in a key role in the success of the bank.

As at the reporting date, 1,133 people worked in the Bank, of whom 923 were full-time staff and 210 were part-time staff. We employed 464 women and 669 men as at the reporting date.

Development and support

Recruitment

Personnel management is confronted by major challenges in times when there are skill shortages and the attractiveness of the banking industry as an employer has faded. The Hauck Aufhäuser Lampe Group responds to the demands here with efficient human resources management.

It is a constant challenge, both within and outside the bank, to be seen as an attractive employer and to retain highly qualified employees over the long term. Hauck Aufhäuser Lampe has set itself a clear focus in order to achieve this goal: to systematically plan and realize the potential of young talent, develop leaders, streamline processes and make targeted investments in the training budget.

Training and continuous professional development

Hauck Aufhäuser Lampe sees added value in a high-quality and constant level of training of its employees. It is the bank's stated aim to retain and develop its employees over the long term.

Hauck Aufhäuser Lampe Privatbank AG offers its employees interesting opportunities for in-service training – from qualifications in banking and business administration to bachelor's and master's degrees. On the one hand, there are development and further training opportunities through seminar offers implemented exclusively for Hauck Aufhäuser Lampe in cooperation with experienced trainers and further training institutes. Through external cooperations, such as the connection to the Frankfurt School of Finance & Management, employees also have access to further seminars and training courses for professional, methodological and personal development.

2022 once again saw our employees attend a large number of internal and external seminars matching their needs and personal development plan. The events can essentially be divided into the following topics:

- Events for sharing experiences and conferences on specialist subjects
- Seminars on new statutory requirements
- Skills development seminars (personal development, leadership development, professional development, health and self-leadership and international skills)

The topic of personnel management is also a high priority for Hauck Aufhäuser Lampe Privatbank AG, as we understand leadership to be a key lever in sustainable development, performance and satisfaction. Motivated, qualified, competent and satisfied employees are essential for our success as a customer-oriented service company. It is therefore in the bank's long-term interest to invest in and systematise the training and development of our executives. In addition to individual professional and personal development, which is open to all employees, managers are prepared for their function through internal and external training, regular management feedback and, if necessary, professional coaching measures (leadership development), and are continuously supported and developed in the performance of their duties.

Our long-term talent management approach to employee retention, motivation and development via the Transformer program was also further expanded in 2022. The program focuses on strengthening interdisciplinary competencies and thus offers development options for employees with technical, management and project ambitions in equal measure. Both personal and professional development are taken into account, as participants work on and implement a bank-related project and also undergo an individual development program tailored to their needs.

Work-life balance

To encourage a work-life balance, the group makes a great effort to offer employees opportunities to perform various roles also during parental leave in order to make their return to the demanding environment of professional life at a later date as smooth as possible. Flexible working time models and a works agreement on the subject of working from home also prove beneficial here.

Health management

The bank currently uses the in-house medical service to regularly carry out the mandatory computer workstation preventive health examinations (G37). As a great deal of the working day is spent in front of a computer monitor, it is important to choose the correct visual aid – if required – for the workstation. The policy in force ensures that all employees receive a suitable pair of glasses if they need them. Furthermore, the bank offers a free flu vaccination once a year.

Thanks to the Employee Assistance Programme (EAP), all employees and their close family living in their household additionally have access to extensive professional coaching, consultancy and other services (e.g. specialist medical services, arrangements for therapy, family services). Use of the EAP is free for all those eligible to access it, can be contacted 24/7 and is strictly confidential. The bank's objective with the EAP is to stabilise the workforce, as professional support can be accessed as quickly and simply as possible when private and professional issues and crises arise.

The bank again endeavoured to encourage participation in joint sporting events in 2022. For example, numerous runners from the Hauck Aufhäuser Lampe Group showed their team spirit and their enjoyment in getting active by competing in the J.P. Morgan Corporate Challenge race. An increasing number of employees have also taken advantage of the bank's cooperation with a national provider of back strength training and a chain of gyms that has locations throughout Germany.

The bank will further expand its health management programme in the 2023 financial year.

Social and charitable commitment

Hauck & Aufhäuser is engaged in numerous cultural and social projects. Its non-profit activities are bundled among other things in the Hauck & Aufhäuser Kulturstiftung (HAKS), which was founded in 2008. In 2022, the focus was primarily on promoting social projects and cultural commitment.

Cultural projects

Children like to be creative. And to enable as many children as possible to engage with art, adopt different perspectives and find their own way of expressing themselves, the Hauck & Aufhäuser Cultural Foundation encouraged eight- and nine-year-old children in the Eifel region, which was badly affected by the floods, to engage creatively with the theme "This is my world!"

From June 7 to September 30, 2022, the children were able to paint their world. On the first sheet the child could draw itself and explain its own picture idea. The second sheet was for the actual picture.

The jury, consisting of Professor Dr. Frank Günter Zehnder, Director of the International Art Academy Heimbach/Eifel, the Eifel artist Heidrun van Dörfjes and the Managing Director Karen Krämer, then awarded a special picture in November 2022. The prize, a voucher for the "Art Academy for Young People" in Heimbach, goes to Felia (9 years) from Mechernich-Kallmuth. In her picture, Felia has opened a door to her world for us. She was inspired by nature and animals. In her picture you can see everything that keeps her busy and that she enjoys at the moment, Felia wrote to us.

And to inspire more children, the MIT-MAL invitation will be left on our website as an incentive for all children to be creative.

Social projects

In the social area, Hauck Aufhäuser Lampe supported, among others, Freundeskreis ARCHE Frankfurt am Main e. V., which is committed to providing children with educational and future opportunities.

Hauck Aufhäuser Lampe employees are also committed to working for good causes. For many years, the Group has made donations at Christmas to non-profit organizations instead of giving gifts to clients and staff. In 2022, the focus was again on donations to institutions that are predominantly active on a local basis. In addition, the Hauck Aufhäuser Lampe Group encouraged its employees to take part in the Malteser Social Day Frankfurt, a working day spent on performing charitable activities, and in the J.P. Morgan Corporate Challenge, in which a large percentage of the entry fees goes to help young people with disabilities.

Concluding statement on the dependent company report

Section 311 of the Aktiengesetz (AktG – German Stock Corporation Act) prohibits discrimination against dependent public limited companies (AG) or partnerships limited by shares (KGaA) that have neither entered into a control or profit or loss transfer agreement nor have been integrated (de facto group relationship). The Management Board has to prepare a report on relations with affiliated enterprises (dependent company report) within the first three months of the financial year.

Hauck Aufhäuser Lampe Privatbank AG is a financial institution that is dependent on Fosun International Holding, Hong Kong, within the meaning of Section 312 AktG. The report has been prepared and concludes with the following statement:

The Management Board declares that Hauck Aufhäuser Lampe received appropriate consideration overall for the entirety of the legal transactions based on the circumstances known to the management at the time when the legal transactions or actions were carried out. No acts in the interests or at the instigation of the controlling company Fosun or its affiliated companies were undertaken or omitted to the detriment of Hauck Aufhäuser Lampe.

IS/BS of Hauck Aufhäuser Lampe Privatbank AG

35 Income statement
36 Balance sheet

03

Income statement of Hauck Aufhäuser Lampe Privatbank AG for the period from January 1 to December 31, 2022

				2022	2021
	EUR	EUR	EUR	EUR	KEUR
Interest income from					
a) Lending and money market business	100,724,190.31				11,850
less negative interest from money market business	–18,931,030.56				–17,688
		81,793,159.75			–5,838
b) Fixed-income securities and government-inscribed debt		17,716,409.29			3,467
			99,509,569.04		**–2,371**
Interest expenses					
Interest expenses from banking business		–40,582,423.28			–329
less positive income from banking business		32,572,303.60			36,584
			–8,010,119.68		36,255
				91,499,449.36	**33,884**
Current income from					
a) Shares and other variable-yield securities			115,330.00		138
b) Equity interests			1,355,653.45		869
c) Shares in affiliated companies			9,961,613.65		18,884
				11,432,597.10	**19,891**
Income from profit-pooling, profit-transfer and partial profit-transfer agreements				**4,467,959.51**	**0**
Commission income			212,606,567.70		173,607
Commission expenses			–20,347,636.93		–10,238
				192,258,930.77	**163,369**
Net income or net income from trading book positions				**8,980,299.63**	**6,897**
Other operating income				**96,737,521.93**	**21,087**
General and administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		–132,174,867.80			–90,203
ab) Social security, pension and other benefits		–24,758,228.22			–12,907
thereof: for pensions (EUR –7,914,253.03)					–3,071
			–156,933,096.02		–103,110
b) Other administrative expenses			–110,677,546.90		–74,848
				–267,610,642.92	**–177,958**
Amortization, depreciation and impairment of intangible assets and property and equipment				**–10,921,651.61**	**–8,816**
Other operating expenses				**–5,367,282.83**	**–5,828**
Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for loan losses				**–13,034,617.29**	**–4,496**
Write-downs of equity interests, shares in affiliates and securities classified as fixed asset				**0.00**	**–185**
Income from write-ups and disposal gains on participating interests, investments in affiliated companies and securities treated as fixed assets				**632,193.43**	**0**
Allocation to the fund for general banking risks				**0.00**	**–15,000**
Expenses from loss transfer				**–1,716,221.41**	**0**
Result from ordinary activities				**107,358,535.67**	**32,845**
Income taxes			–40,592,082.68		–9,513
Other taxes not shown under "Other operating expenses"			–94,416.36		57
				–40,686,499.04	**–9,456**
Net income (+)/net loss for the year (–)				**66,672,036.63**	**23,389**
Profit carryforward from the prior year				43,130,673.36	20,641
Net retained profit				**109,802,709.99**	**44,030**

Balance sheet as at December 31, 2022

ASSETS			2022	2021
	EUR	EUR	EUR	KEUR
1. Cash reserve				
a) Cash on hand		106,309.92		119
b) Balances at central banks		47,358,968.83		4,569,101
of which: at Deutsche Bundesbank EUR 165,910.16				(4,305,787)
			47,465,278.75	**4,569,220**
2. Loans and advances to banks				
a) payable on demand		6,160,752,796.64		143,918
b) Other loans and advances		14,861,083.24		5,046
			6,175,613,879.88	**148,964**
3. Loans and advances to customers			**2,181,549,409.63**	**552,342**
thereof: Public-sector loans EUR 83,173,979.88				(37,364)
4. Debt securities and other fixed-income securities				
Money market securities				
ab) by other issuers	0.00	0.00		1,501
of which: eligible as collateral with Deutsche Bundesbank EUR 0.00				(0)
b) Bonds and debt securities				
ba) issued by the public sector	1,187,330,627.61			877,173
of which: eligible as collateral with Deutsche Bundesbank EUR 655,538,119.26				(462,670)
bb) by other issuers	1,322,141,362.09	2,509,471,989.70		1,207,359
of which: eligible as collateral with Deutsche Bundesbank EUR 1,076,006,581.51				(1,044,567)
			2,509,471,989.70	**2,086,033**
5. Equities and other variable-yield securities			**177,959,400.44**	**248,928**
5a. Trading book positions			**4,826,928.40**	**2,981**
6. Equity interests			**3,425,191.83**	**3,471**
of which: to banks EUR 6,136.50				(0)
of which: to financial service providers EUR 3,021,053.69				(3,021)
7. Shares in affiliated companies			**120,258,628.57**	**312,489**
of which: to banks EUR 0.00				(215,505)
of which: to financial service providers EUR 17,165,564.32				(3,000)
8. Trust assets			**21,325,351.58**	**18,800**
of which: trust loans EUR 0.00				(0)
9. Intangible assets				
a) Purchased concessions, industrial and similar rights and assets		19,267,270.99		17,794
b) Goodwill		1,206,341.23		2,413
c) Advance payments		1,206,261.23		840
			21,679,873.45	**21,047**
10. Property, plant and equipment			**20,658,485.03**	**13,317**
11. Other assets			**405,452,109.26**	**402,190**
12. Prepaid expenses			**54,712,357.33**	**8,926**
13. Deferred tax assets			**12,398,719.55**	**18,276**
14. Excess of plan assets over pension and comparable long-term liabilities			**1,725,309.17**	**1,572**
Total assets			**11,758,522,912.57**	**8,408,556**

Balance sheet as at December 31, 2022

LIABILITIES AND EQUITY			2022	2021
	EUR	EUR	EUR	KEUR
1. Liabilities to banks				
a) payable on demand		153,776,393.85		211,493
b) with an agreed term or period of notice		33,371,426.36		126,543
			187,147,820.21	**338,036**
2. Liabilities to customers				
a) Savings deposits				
aa) with an agreed period of notice of three months		53,503.70		56
b) Other liabilities				
ba) payable on demand	8,885,473,094.27			7,201,239
bb) with an agreed term or period of notice	1,252,985,200.36	10,138,458,294.63		29,869
			10,138,511,798.33	**7,231,164**
3. Securitised liabilities				
Debt securities issued			**38,858.17**	39
4. Trust liabilities			21,325,351.58	18,800
of which: trust loans EUR 0.00				(0)
5. Other liabilities			**407,187,004.53**	**101,168**
6. Deferred income			**43,176,325.94**	**13,137**
7. Provisions				
a) Provisions for pensions and similar obligations		58,048,375.50		13,953
b) Tax provisions		40,960,213.49		17,343
c) Other provisions		128,452,928.52		63,931
			227,461,517.51	**95,227**
9. Fund for general banking risks			**134,123,000.00**	**79,533**
10. Equity				
a) Subscribed capital		28,913,628.00		28,839
b) Capital reserves		276,666,159.45		275,313
c) Revenue reserves				
ca) statutory reserve	2,900,000.00			2,000
cb) other revenue reserves	181,268,738.86	184,168,738.86		181,269
d) Net retained profit		109,802,709.99		44,031
			599,551,236.30	**531,452**
Total equity and liabilities			**11,758,522,912.57**	**8,408,556**
1. Contingent liabilities				
Liabilities from guarantees and indemnity agreements			34,242,376.55	710
2. Other obligations				
Irrevocable loan commitments			256,989,060.69	143,603

Notes to the Financial Statements

39 General information

44 Events after the reporting period

44 Notes to the income statement

45 Notes on the statement of financial position

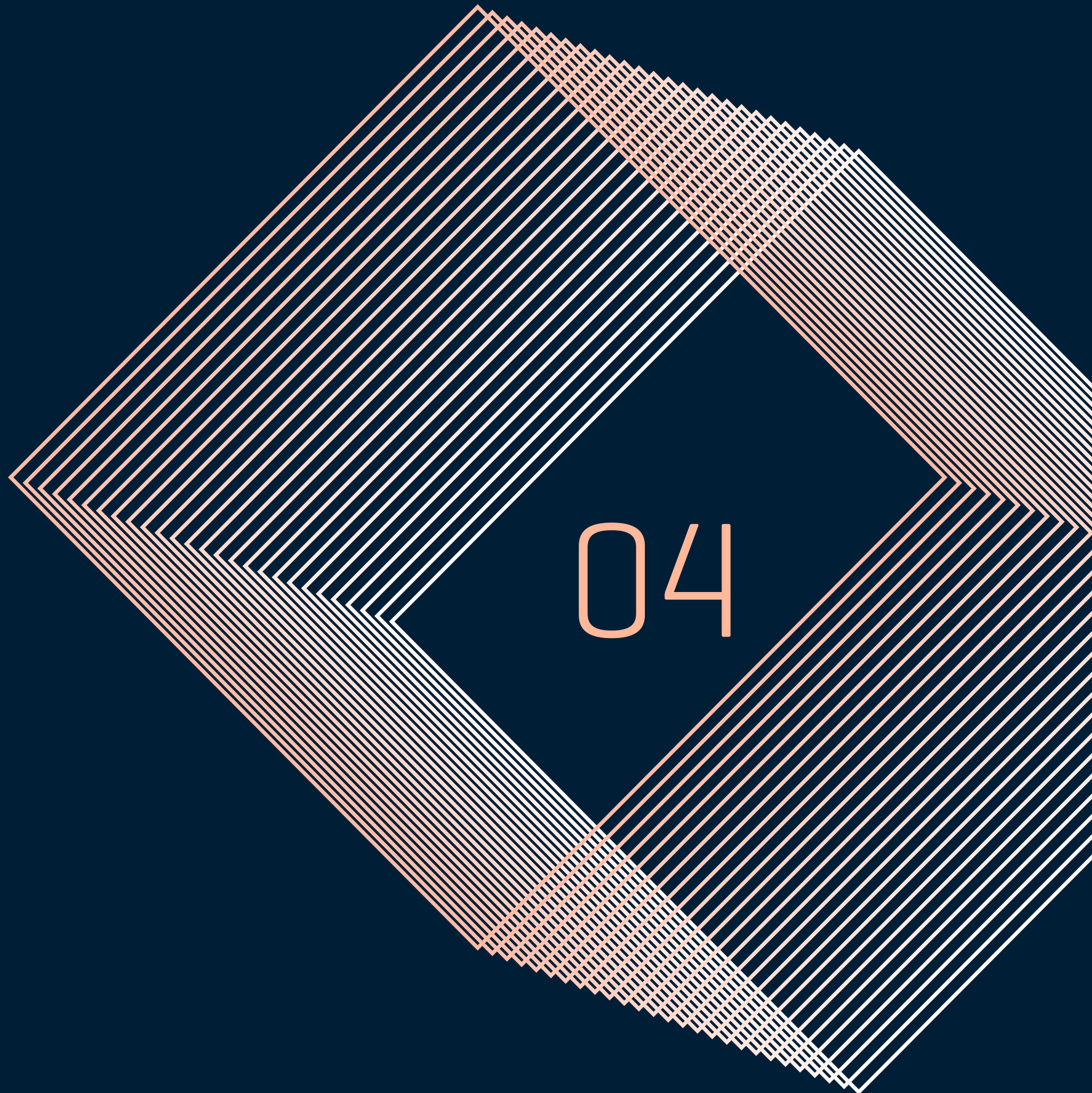
54 Other disclosures

58 Shareholdings

63 Responsibility statement

64 Independent auditor’s report

68 Branch offices and representative offices



General information

Basis of accounting

Hauck Aufhäuser Lampe Privatbank AG has its registered office in Frankfurt am Main.

The Company is entered in the Commercial Register under HRB 108617 at the Local Court of Frankfurt am Main. The change of name from Hauck & Aufhäuser Privatbankiers AG to Hauck Aufhäuser Lampe Privatbank AG was already entered in the commercial register in December 2021.

Hauck Aufhäuser Lampe is owned by Bridge Fortune Investment S.à r.l., which has its registered office in Luxembourg and holds 99.69 percent of the company. Bridge Fortune is an indirect equity interest of Fosun International Ltd., which is listed and maintains its registered office in Hong Kong.

Hauck Aufhäuser Lampe itself is not listed and is not a capital market-oriented company within the meaning of Section 264d HGB.

The financial statements of the bank for the financial year 2022 have been prepared in accordance with the regulations of the Handelsgesetzbuch (HGB – German Commercial Code), the Kreditwesengesetz (KWG – German Banking Act), the Aktiengesetz (AktG – German Stock Corporation Act) and the Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV – German Bank Accounting Regulation). In addition to the annual financial statements, comprising the income statement, statement of financial position, notes to the financial statements, a management report has also been prepared in accordance with Section 289 HGB. The publication will be made in the Federal Gazette.

Unless otherwise indicated, all figures are shown in thousands of euro (KEUR). Due to rounding, there may be some cases where individual figures do not add up exactly to the stated total.

Accounting policies

The cash reserve is recognized at nominal amount.

Loans and advances to banks and customers are recognized at amortized cost. Adequate provision has been made for all identifiable risks by recognizing specific valuation allowances and provisions. An adequate amount of global valuation allowances has been recognized for latent risks.

Specific valuation allowances are recognized for exposures at risk of default after deduction of the available collateral. For all other receivables, general allowances are recognized using the statistical mathematical method based on the expected loss method.

Unless they are shown as hedge accounting, securities held in the liquidity reserve are accounted for at the lower of cost or fair value in accordance with the regulations for current assets and in line with the strict lower of cost or market principle. Long-term securities are measured following the modified lower of cost or market principle, where the premiums/discounts incurred when the securities were purchased are spread over the remaining term and recognized in net interest income on the income statement.

Derivative financial instruments are used to hedge the fair value of inventories and are initially measured individually at the balance sheet date. The fair values of derivative financial instruments are determined using the discounted cash flow method. The underlying interest rate curves correspond to the market standard. The valuation is performed by an external provider. The valuation results are offset within a valuation unit against the valuation results of other transactions to the extent permissible, insofar as losses are offset. In the case of underlying transactions valued on the basis of interest rates, fluctuations in value are recognized in the income statement on an imparity basis using the net hedge presentation method.

In accordance with Section 254 HGB and in line with IDW RS HFA 35 we essentially recognize micro hedges to offset opposing changes in the value of promissory note loans and other fixed-income securities as well as interest rate derivatives that are used to hedge the interest rate risk that arises here, where we apply the net hedge presentation method. Similarly, valuation units are formed for debt securities sold forward and other fixed-income securities. Furthermore, hedges are recognized in the portfolio of forward exchange transactions and currency options that are not used to hedge interest-bearing statement of financial position items, but to hedge the exchange rate risk. For both groups, the offsetting changes in value are hedged over the entire term.

When hedges are recognized for promissory note loans and other fixed-income securities in the bank's own portfolio, interest rate risks are hedged using interest rate derivatives. Interest rate derivatives with customers are hedged using offsetting back-to-back interest rate derivatives. Forward exchange transactions with customers are hedged using offsetting FX derivatives.

The effectiveness of the hedging relationships used for statement of financial position transactions is verified retrospectively and prospectively by means of regression analysis. If no fewer than seven observation dates are present in retrospect, the dollar-offset method is applied. Only the dollar-offset method is used retrospectively to verify the effectiveness of the hedging relationships for derivatives. The critical terms match method is applied prospectively for all hedging relationships when they are formed and during the subsequent measurement.

Risks from the settlement of unsecured OTC derivatives are taken into account using valuation adjustments. A credit valuation adjustment is created for expected credit losses on account of third-party credit risks. A debit valuation adjustment for the bank's own credit risk is not recognized on the basis of the imparity principle. The institution's own financing conditions are additionally taken into consideration by means of a funding valuation adjustment.

The trading portfolio is measured at fair value. The result of the fair value measurement is reduced by a risk discount in accordance with Section 340e (4) HGB, which is deducted from the trading portfolio on the assets side. The risk discount is based on the value-at-risk approach determined in accordance with regulatory requirements, with the proviso that the maximum loss from the trading book is not exceeded with a probability level of 99 percent for a holding period of 10 days. The historical observation period is one year.

An allocation in the reporting year to the fund for general banking risks (Section 340 HGB) is charged to net income from the trading portfolio. The reversal of this balance sheet item is charged to the net expense of the trading portfolio. In accordance with the regulations of Section 340e in conjunction with Section 253 (3) HGB that apply to fixed assets, equity interests and shares in affiliated companies are accounted for at amortized cost. We have made appropriate write-downs if permanent impairment is expected. If the reasons that have led to a write-down no longer exist, it is reversed up to the amount of the acquisition cost.

Repurchase agreements are reported in accordance with the applicable regulations of Section 340b HGB. In securities lending transactions, securities that are lent continue to be accounted for based on the beneficial ownership of Hauck Aufhäuser Lampe, while borrowed securities are not reported in the statement of financial position.

Intangible assets and property, plant and equipment are recognized at acquisition or production cost, less amortization and depreciation if they are finite-lived. For the underlying useful lives and amortization and depreciation rates, we follow the guidelines of the general table of depreciation for wear and tear that is published by the tax authorities. Goodwill contained in the intangible assets is amortized over a period of 5 to 10 years. A write-down is made if permanent impairment is identified. Assets that cost more than EUR 250 but no higher than EUR 1,000 excluding value added tax are grouped together in an umbrella item each year and written down by 20 percent in the financial year in which the item is recognized and in each of the following four financial years (pool depreciation). Low-value assets that cost no more than EUR 250 excluding value added tax are written down in full in the year they are acquired.

Prepaid expenses consist of expenses in the financial year that are recognized in the following financial years. Liabilities are carried at their settlement amount. Differences between repayment and disbursement amounts are accounted for as prepaid expenses or deferred income and reversed and recognized in profit or loss pro rata temporis.

Independent actuaries calculate pension provisions annually using the projected unit credit method. The parameters for the calculation are described in the disclosure on the provisions.

The plan assets intended to cover the pension obligations are measured at fair value, and netted against the provisions recognized for these and reported in accordance with Section 246 (2) sentence 2 HGB. Netting against the plan assets is carried out for phased retirement obligations at the outstanding settlement amounts in accordance with IDS RS HFA 3. Any excess of assets resulting after plan assets have been offset against provisions for pensions or phased retirement recognized for them is reported under the item “Excess of plan assets over post-employment benefit liability”. The necessary addition to pension provisions in accordance with Article 67 (1) of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB – Introductory Act to the German Commercial Code) will be transferred by no later than December 31, 2024.

Provisions for taxes and other provisions are recognized at the settlement value that is necessary based on prudent business judgement; provisions with a remaining term of more than one year are recognized at their present value. The discount rates that are used correspond to the interest rates of the Deutsche Bundesbank published for December 2022 for the respective remaining terms of the provisions. The expense for the interest cost of the provisions is reported in other operating result. Provisions for expected losses from executory contracts have been recognized in the financial accounts.

All interest-related transactions outside the trading book have measured at net realizable value in accordance with the regulations of IDW RS BFA 3. We have applied the present value approach to measure the net realizable value of the banking book. Here we compared the calculated present value from the cash flows of the relevant financial instruments discounted as at the reporting date with the book value. Risk and administrative expenses still expected to be incurred were taken into account as a correction of the (gross) present value calculated without these components.

Deferred taxes are recognized for all temporary differences between the carrying amounts of the reported assets, liabilities, prepaid expenses and deferred income in the financial accounts and their tax carrying amounts. Deferred taxes are measured using company-specific tax rates that apply on the reporting date or that have essentially been adopted in law and that are expected to apply at the time the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that a taxable profit will be available against which the temporary difference can be offset. When calculating deferred tax assets, tax loss carryforwards and interest carryforwards are taken into account in the amount of the loss/interest offset to be expected in the next five years.

In the event of a surplus of deferred tax assets, deferred tax assets are recognized in accordance with the option provided for in Section 274 of the HGB.

Contingent liabilities are reported at nominal value less recognized provisions.

Negative interest from loans and advances is recognized in interest income; we report negative interest from liabilities in the interest expenses.

Currency translation

Foreign currencies are translated in accordance with the regulations of Sections 256a ff in conjunction with Section 340h HGB. In this context, assets and liabilities denominated in foreign currencies are translated at the ECB reference rate or, alternatively, if not available from our external provider of market data, forward exchange contracts at the forward rate on the balance sheet date. Income and expenses are recognized in the income statement at the exchange rate on the relevant date. When measuring forward exchange transactions used to hedge interest-bearing statement of financial position transactions, the bank makes use of the forward rate split and recognizes the agreed swap rates pro rata temporis. Based on the special coverage, gains and losses from currency translation are recognized in the income statement under other operating result in accordance with Section 340h HGB.

Changes to accounting policies

We have not made any changes to the accounting polices compared with the prior year, except for the circumstances described in the following chapter.

Other disclosures

The closing of the acquisition of Bankhaus Lampe KG took place with the approvals of the regulatory authorities as of October 1, 2021. The acquisition of Bankhaus Lampe KG comprises the purchase of all shares in the company. This is associated with a complete takeover and integration of all employees, subsidiaries, customers and locations as of January 1, 2022 , which we fully completed in the course of 2022.

As a result of the accretion of Bankhaus Lampe KG as of January 1, 2022, the resulting additions to assets and liabilities have been recognized in the balance sheet and income statement for the fiscal year ended December 31, 2022. The previous year's figures do not include the income and expenses or assets and liabilities from the addition, so that the successive financial statements for fiscal years 2021 and 2022 are only comparable to a limited extent.

As part of the accretion, the initial valuation of Bankhaus Lampe KG of October 1, 2021, in which all assets, liabilities and contingent liabilities were measured at fair value at the acquisition date, was carried forward to January 1, 2022, and the differences allocated to the recognized assets and liabilities were carried forward to January 1, 2022. Accretion is therefore at fair value in accordance with the general provisions of Sections 253 and 255 of the German Commercial Code (HGB). The bank's accretion gain is reported in other operating income.

The following table shows the addition of the final fair values of the assets and liabilities of Bankhaus Lampe KG directly at the time of addition:

Assets		**Liabilities**	
in EUR million	**1 Jan 2022**		**1 Jan 2022**
Cash reserve	642	Liabilities to banks	467
Accounts due to banks and customers	1,841	Debts with customers	2,396
Bonds and other fixed-income securities and shares	619	Trading liabilities	11
Trading portfolio	52	Other liabilities	237
Investments, shares in associated companies and shares in affiliated companies	21	Accrued liabilities	126
Property, plant and equipment	6	Fund for general banking risks	58
Other assets	413	Shareholders' equity	299
Total assets	**3,594**	**Total liabilities**	**3,594**

In order to make comparisons more transparent, we show the income statement of Bankhaus Lampe KG as of December 31, 2021:

Expenses		**Income**	
in EUR million	**1 Jan – 31 Dec 2021**		**1 Jan – 31 Dec 2021**
Interest expenses	–2	Interest income	44
Commission expenses	11	Current income from shares, investments, affiliated companies and profit transfer agreements	11
General and administrative expenses	137	Commission income	58
Amortization, depreciation and impairment of intangible assets and property and equipment	2	Net income from trading portfolio	9
Other operating expenses	6	Other operating income	11
Write-downs of and allowances on loans and advances and certain securities as well as allocations to provisions for possible loan losses	10	Taxes on income and earnings	12
Write-downs of equity interests, shares in affiliates and securities classified as fixed asset	1		
Allocation to fund for general banking risks	10	Net loss for the year	30
Total expenses	**175**	**Total income**	**175**

The business of the London branch of Hauck Aufhäuser Lampe Privatbank AG was discontinued in December 2022.

Events after the reporting period

The impact of the corona pandemic still cannot be quantified today. We provide an assessment of the situation in the management report.

From what we can see today, the outbreak of war in Ukraine will have an influence on the subsequent periods after the reporting date as a result of the macroeconomic developments, and are just as difficult to quantify today as the impact of the pandemic. We also offer an assessment of this situation in the management report. We do not anticipate any major effects from the exposures of the bank in Ukraine and Russia.

Moreover, there have been no significant events to report that have occurred after the end of the financial year and that have not yet been taken into consideration in the income statement or the statement of financial position.

Notes to the income statement

Income by geographical market

The total amount contains the following items of the income statement:

Interest income, current income from shares and other variable-yield securities, equity interests, shares in affiliated companies, commission income, net income from the trading book and other operating income.

Breakdown by geographical market

in KEUR	Germany	Luxembourg	Great Britain
Income 2022	370,359	69,192	24
Income 2021	156,316	62,743	53

Other operating result

In the year under review, other operating income of KEUR 96,738 (prior year KEUR 21,087) mainly comprised the accrual gain of KEUR 52,927, the recharging of intercompany expenses of KEUR 9,615 (prior year KEUR 8,192), income relating to other periods from the reversal of provisions of KEUR 22,190 (prior year KEUR 4,582), and income from foreign exchange transactions of KEUR 4,948 (prior year KEUR 2,525). In the reporting year, there was no significant income from the reversal of sales tax liabilities (prior year KEUR 1,807).

Other operating expenses of KEUR 5,367 (prior year KEUR 5,828) mainly include interest accrued on provisions of KEUR 2,225 (prior year KEUR 114) and additions to other provisions of KEUR 1,012 (prior year KEUR 3,760). In the reporting year, there were no significant expenses from the derecognition of sales tax receivables (prior year KEUR 795).

Auditor's fee

The fees for audit services cover the audit of the annual financial statements of Hauck Aufhäuser Lampe Privatbank AG. Other audit-related services are essentially fees for legally prescribed, contractually agreed or voluntarily commissioned audit and audit-related services. They also include audits pursuant to Section 89 (1) GwG. The fees for other service essentially cover fees for project-related advisory services. The amount of the auditor's fee is disclosed in the consolidated financial statements in accordance with Section 285 no. 17 HGB.

Services to third parties

The main services provided to third parties were custody account management, asset management, management of trust loans, processing of payment transactions and securities brokerage business.

Notes on the statement of financial position

Breakdown of loans and advances and liabilities by residual maturity

Loans and advances broken down by residual maturity

in KEUR	Loans and advances to banks		Loans and advances to customers	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
With an indefinite term	0	0	1,401,435	344,397
Residual maturity of				
up to three months	9,861	46	529,095	118,045
more than three months and up to one year	0	0	107,259	17,387
more than one year and up to five years	5,000	5,000	123,760	52,447
more than five years	0	0	20,000	20,000
Total	**14,861**	**5,046**	**2,181,549**	**552,342**

Liabilities broken down by residual maturity

in KEUR	Liabilities to banks		Liabilities to customers	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Residual maturity of				
up to three months	33,371	8,893	954,236	20,766
more than three months and up to one year	0	0	287,169	6,153
more than one year and up to five years	0	117,650	11,580	2,950
more than five years	0	0	0	0
Total	**33,371**	**126,543**	**1,252,985**	**29,869**

Related party disclosures

The table below shows loans and advances and liabilities to other long-term investees and investors as well as affiliated companies:

Related party disclosures

in KEUR	to investees		to affiliated companies	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Loans and advances to banks	0	0	0	35
Loans and advances to customers	0	0	22,504	0
Other assets	0	15	16,553	19,293
Total	**0**	**15**	**39,057**	**19,328**
Liabilities to banks	0	0	0	314
Liabilities to customers	12,080	14,102	50,502	44,349
Other liabilities	0	0	0	0
Total	**12,080**	**14,102**	**50,502**	**44,663**

Securities

Negotiable securities break down as follows as at December 31, 2022:

Securities

in KEUR	Listed		Not listed	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Debt securities and other fixed-income securities	2,134,020	1,856,143	375,452	229,890
Equities and other variable-yield securities	26	7	0	1
Total	**2,134,046**	**1,856,150**	**375,453**	**229,891**

Of the debt securities and other fixed-income securities amounting to KEUR 2,509,472 (prior year KEUR 2,086,033), KEUR 537,866 is paybale in fiscal year 2023.

For debt securities and other fixed-income securities in the banking book with a book value of KEUR 515,228 (prior year KEUR 149,025) and a fair value of KEUR 506,619 (prior year KEUR 148,059), write-downs of KEUR 8,609 (prior year KEUR 966) were not carried out based on the modified lower of cost or market principle in accordance with Section 253 (3) sentence 5 HGB and in due consideration of the hedging relationships, as the impairments are temporary. These relate exclusively to negotiable debt securities.

Similarly, write-downs of KEUR 448 (prior year KEUR 461) were not recognized on non-negotiable shares and other variable-yield securities with unchanged book values of KEUR 11,651 compared with the prior year with fair values of KEUR 11,203 thousand (prior year KEUR 11,190) due to the mitigated lower-of-cost-or-market principle.

Shares and other fixed-income securities include non-negotiable shares in special assets within the meaning of Section 1 (10) of the German Investment Code (Kapitalanlagegesetzbuch – KAG), of which the Group holds more than 10 percent of the shares in each case. Due to their classification as fixed assets of the Bank, we apply the moderate lower of cost or market principle.

The fair value of the investment funds corresponds to the net fund assets and is determined by the market value or liquidation value of the individual fund components. Of the carrying amounts of KEUR 166,282 (prior year KEUR 237,269) and fair values of KEUR 164,894 (prior year KEUR 241,545), write-downs of KEUR 3,845 (prior year KEUR 3,584) were not recognized, as the impairments are temporary.

As in the prior year, no distributions were made in the current fiscal year. There were no other write-downs not taken in the reporting year.

Trading book positions

No changes from the prior year were made to the criteria for allocating financial instruments to the trading book in the year under review.

In the fund for general banking risks, KEUR 3,110 (prior year KEUR 141) was transferred at the expense of the net income of the trading book (in accordance with Section 340e (4) HGB). As the provision recognized under Section 340e (4) HGB exceeded the assets held for trading reported in the statement of financial position, the risk discount was recognized only in the amount of the reserves in the trading book, as in the prior year.

No securities were transferred from the trading book to the banking book in the year under review.

Assets held for trading

in KEUR	31 Dec 2022	31 Dec 2021
Equities and other variable-yield securities	4,985	3,104
Value at risk discount	–158	–123
Total	**4,827**	**2,981**

Designated hedges

To offset opposing changes in value, micro hedges are recognized as a hedge against resulting interest rate or currency risks:

- Interest rate risks relating to promissory note loans and other fixed-income securities held in the Bank's own portfolio were hedged using interest rate derivatives. The average residual maturity was 4 years (prior year 5 years).
- Valuation units have also been formed for the portion of bonds and notes sold forward. The average remaining term of the hedged items was 36 years (prior year 26 years).
- Interest rate derivatives with customers were hedged using offsetting back-to-back interest rate derivatives. The average residual maturity was 9 years (prior year 9 years);
- Forward exchange transactions and currency options with customers are hedged using offsetting FX derivatives. The average residual maturity was less than 3 months as in the prior year.

Hedge accounting

in KEUR	Book values		Nominal values		Amount of the hedged risk	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Bonds and debt securities	1,994,943	1,438,296	1,981,065	1,419,689	186,975	37,554
Promissory note loans	20,708	20,708	20,000	20,000	437	6,261
Interest rate derivatives			3,010,978	252,595	101,762	26,916
Currency options			66,472	0	697	0
Forward exchange transactions			8,030,123	8,249,631	139,461	121,664
Total	**2,015,651**	**1,459,004**	**13,108,638**	**9,941,915**	**429,332**	**192,395**

Trust business

Trust assets

in KEUR	31 Dec 2022	31 Dec 2021
Loans and advances to banks	21,325	18,800
Total	**21,325**	**18,800**

Trust liabilities

in KEUR	31 Dec 2022	31 Dec 2021
Liabilities to customers	21,325	18,800
Total	**21,325**	**18,800**

Statement of changes in fixed assets

in KEUR	Intangible assets	Property, plant and equipment	Securities in the banking book	Equity interests	Shares in affiliated companies
Acquisition/production cost, 1 Jan 2022	**56,477**	**36,361**	**1,904,682**	**3,607**	**312,489**
Additions	7,709	11,144	553,536	158	24,359
Disposals	83	3,727	273,171	340	215,504
Exchange rate changes	0	0	–1,258	0	0
Acquisition/production cost, 31 Dec 2022	**64,103**	**43,778**	**2,183,788**	**3,425**	**121,344**
Accumulated amortization, depreciation and impairment, 1 Jan 2022	**35,430**	**23,044**	**0**	**136**	**0**
Additions	7,076	3,803	0	53	1,085
Disposals	83	3,727	0	189	0
Accumulated amortization, depreciation and impairment, 31 Dec 2022	**42,423**	**23,120**	**0**	**0**	**1,085**
Residual book values, 31 Dec 2022	**21,680**	**20,658**	**2,183,788**	**3,425**	**120,259**
Residual book values, 31 Dec 2021	**21,047**	**13,317**	**1,904,682**	**3,471**	**312,489**

Land and buildings with a total carrying amount of KEUR 7,871 (prior year KEUR 7,270) are exclusively owner-occupied. Operating and office equipment included in property, plant and equipment amounted to KEUR 12,787 (prior year KEUR 6,047).

Other assets

Other assets amounted to KEUR 405,452 (prior year KEUR 402,190). The increase is mainly attributable to assets from derivatives including option premiums in the amount of KEUR 132,850 (prior year KEUR 1,757), while cash collateral management payments in the amount of KEUR 218,595 (prior year KEUR 360,616) decreased in connection with the institutional fund business and derivatives business. Other items mainly include receivables from affiliated companies of KEUR 16,693 (prior year KEUR 18,921), trade receivables of KEUR 21,551 (prior year KEUR 16,861), and tax receivables of KEUR 6,436 (prior year KEUR 765).

Prepaid expenses

Prepaid expenses

in KEUR	31 Dec 2022	31 Dec 2021
Upfront payments and premiums	43,365	3,041
Other prepaid expenses	11,347	5,885
Total	**54,712**	**8,926**

Subordinated assets

Subordinated assets

in KEUR	31 Dec 2022	31 Dec 2021
Loans and advances to customers	20,725	10,659
Securities	65,386	41,324
Total	**86,111**	**51,983**

Deferred tax assets

As at the reporting date, there were deferred tax assets totalling KEUR 12,399 (prior year KEUR 18,276). In the year under review, a tax rate for corporate income tax, solidarity surcharge and trade tax of 31.88 percent (prior year 31.77 percent) was used as the basis for the calculation. Temporary differences underlying deferred taxes relate primarily to pension and provisions for expected losses and tax adjustment items for equity interests and funds.

Foreign currency assets and liabilities

As at the reporting date, KEUR 1,643,622 (prior year KEUR 1,505,797) was recorded in assets denominated in foreign currency, while liabilities denominated in foreign currency stood at KEUR 1,665,536 (prior year KEUR 1,555,012).

Other liabilities

The other liabilities totalling KEUR 407,187 (prior year KEUR 101,168) primarily involve liabilities from collateral furnished of KEUR 236,337 (prior year KEUR 80,660), liabilities from derivatives incl. option premiums KEUR 136,758 (prior year KEUR 121) and taxes payable of KEUR 12,328 (prior year KEUR 6,212).

Provisions

Changes in provisions

in KEUR	Opening balance	Additions	Reclassification[1]	Unwinding discounts	Utilisation	Write-ups	Additions	Closing balance	Closing balance
	1 Jan 2022	2022	2022	2022	2022	2022	2022	**31 Dec 2022**	**31 Dec 2021**
Pension provisions	13,953	40,540	411	2,211	2,305	158	3,397	58,048	13,953
Tax provisions	17,343	6,595	159	–15,689	10,806	0	43,358	40,960	17,343
Other provisions	63,931	78,449	–6,488	–912	46,753	56,775	97,001	128,453	63,931
	95,227	**125,584**	**–5,918**	**–14,390**	**59,864**	**56,933**	**143,756**	**227,461**	**95,227**

[1] Contains currency translation differences and consolidation items

Other provisions mainly comprise provisions for personnel matters, for derivatives, and for litigation and recourse risks. The provisions for personnel relate, among other things, to bonuses, restructuring and partial retirement.

In addition to the pension obligations, there were obligations for phased retirement agreements.

The provision for phased retirement was offset partly against the plan assets from the individually agreed life insurance policies to cover pension obligations in the period under review. The excess of plan assets over post-employment benefit liability totalling KEUR 1,725 (prior year KEUR 1,572) was recognized as the difference between the plan assets for covering pension obligations of KEUR 3,422 (prior year KEUR 3,680) and the provisions recognized for these of KEUR 1,697 (prior year KEUR 2,108). The plan assets for covering pension obligations are measured at the capitalised value. This represents the fair value and, at the same time, the amortized cost of the life insurance policies to cover the pension obligations. Income and expenses were not offset.

The provisions for pensions and other post-employment benefits are determined using actuarial techniques on the basis of biometric probabilities (Heubeck 2018 G mortality tables) in accordance with the entry age normal method.

The pension provisions recognized are for firm commitments. Pension increases are currently taken into account by an annual adjustment of 2.25 percent. Salary and wage increases and staff turnover rates were not taken into account. The interest rate used as the basis for discounting the pension obligations is 1.79 percent; for discounting, use is made of the option to use the average market rate calculated and published by the Deutsche Bundesbank, which results from an assumed residual term of 10 years. The interest rate used for discounting is based on the projection of the interest rate published by the Bundesbank on October 31, 2022 to the reporting date.

The difference pursuant to Section 253 (6) sentence 1 HGB between the amount of the provisions recognized using the relevant average market interest rate for the last 10 financial years and the amount of provisions recognized using the average market interest rate for the last seven financial years was calculated for the financial year; it amounted to KEUR 4,071 as at the reporting date (prior year KEUR 583) and is subject to the restriction on distribution.

Fund for general banking risks

In the bank, the fund for general banking risks pursuant to Section 340g HGB increased by KEUR 52,700 to KEUR 129,648 (prior year KEUR 76,948) due to the accrual of Bankhaus Lampe KG. The liability item pursuant to Section 340e (4) HGB increased by KEUR 5,000 as a result of the accrual of Bankhaus Lampe KG. Due to the reduction in the trading portfolio, there is a reversal in favor of net income from trading assets at the end of the year in the amount of KEUR 3,110, so that the bank had formed provision reserves in accordance with Section 340e (4) of the HGB in the amount of KEUR 4,475 at the end of the year (prior year KEUR 2,585).

Equity

Capital structure

Equity

in KEUR	31 Dec 2022	31 Dec 2021
Subscribed capital	28,914	28,839
Capital reserve	276,666	275,313
Revenue reserves	184,169	183,269
Statutory reserve	2,900	2,000
Other revenue reserves	181,269	181,269
Net retained profits (+)/net accumulated losses (–)	109,802	44,031
Total	**599,551**	**531,452**

Subscribed capital

The subscribed capital (share capital) was recognized at the bank at the nominal value. The bank's share capital increased by KEUR 75 year-on-year to KEUR 28,914 and is divided into a total amount of 556,031 (prior year 554,603) new no-par value registered shares, each with an arithmetical value of EUR 52.00.

Capital reserve

A capital increase was carried out by issuing new shares in the year under review. As a result, the bank increased its capital reserve by KEUR 1,353 to KEUR 276,666 (prior year KEUR 275,313). Premiums from the issue of shares in Hauck Aufhäuser Lampe Privatbank AG are reported in the capital reserve.

Revenue reserves

Statutory reserves increased by KEUR 900 year-on-year to KEUR 2,900 (prior year KEUR 2,000).

Other retained earnings were unchanged from the prior year at KEUR 181,269.

A proposal will be submitted to the shareholders at the annual general meeting in April 2023 for a resolution to appropriate the net profit from 2022 totalling KEUR 66,672 as follows: Transfer to retained earnings of KEUR 26,638 and payment of a dividend of KEUR 40,034.

Amounts subject to restriction on distribution

Amounts subject to the restriction on distribution totalling KEUR 18,195 in the year under review (prior year KEUR 20,431) result from the difference between the average market rates for 10 and 7 years that are used to discount provisions for pension obligations in accordance with Section 253 (6) sentence 1 HGB totalling KEUR 4,071, from the recognition of deferred taxes in accordance with Section 268 (8) HGB totalling KEUR 12,399 and the excess of plan assets over post-employment benefit liability in accordance with Section 246 (2) sentence 2 HGB totalling KEUR 1,725.

Other disclosures

Contingent liabilities and other obligations

The liabilities from guarantees and indemnity agreements of KEUR 34,242 (prior year KEUR 710) essentially involve primary banking business with customers that generates commission income. The bank's risk consists in claims arising from the contractual obligations as a result of a deterioration in the credit rating of the debtor. The credit risks are taken into account through the recognition of provisions. The risk of a claim arising from contingent liabilities is assessed on the basis of the parameters of the credit risk management.

Irrevocable loan commitments are part of Hauck Aufhäuser Lampe AG's lending business and are reported below the line. As at the reporting date, there were irrevocable loan commitments totalling KEUR 256,989 (prior year KEUR 143,603).

Risks can arise from the deterioration of the customer's credit rating, for which a corresponding provision is recognized in the statement of financial position.

Other financial obligations

There were payment obligations arising from tenancy agreements for our locations which totalled KEUR 14,349 for the 2023 financial year (prior year KEUR 7,238). The average remaining term of the tenancy agreements is 8 years (prior year 7 years).

Risks also arise for the bank from investigations carried out in past financial years into possible cum/ex successor models or cum/cum transactions by the criminal investigation and tax authorities. Since the bank itself has never invested in such constructions or initiated them for customers or third parties, any significant risks to the bank's financial position and results of operations relate exclusively to our role as a custodian bank and an associated liability claim by the tax authorities. The criminal investigations are initially directed exclusively against third parties, former employees of our company, and not against the bank or current employees. Based on the applicable legal situation and expert assessments of the tax valuation of the transactions, we are of the opinion that we have acted in accordance with the legal requirements.

The Bank additionally has proportionate liability to pay additional funding contributions for other banks belonging to the Bundesverband deutscher Banken e. V. (Federal Association of German Banks), Berlin.

Securities lending

The bank conducts securities lending transactions in order to improve liquidity management. The borrowed securities are not recognized in the statement of financial position, while the loaned securities remain there. These transactions give rise to a settlement risk, i.e. the risk of an unexpected loss of value during the settlement period between performance and receipt of consideration.

As of the reporting date, the Bank had issued bonds and debt securities with a book value totalling KEUR 824,708 (prior year KEUR 684,951) and a nominal value totalling KEUR 836,118 (prior year KEUR 677,560). In the prior year, shares with a total market value of KEUR 1,515 were lent as of the balance sheet date.

As of December 31, 2022, no shares were lent (prior year KEUR 1,515).

Forward transactions

As of the balance sheet date, the following table shows unsettled forward transactions for which only a settlement risk as well as currency, interest rate and/or other market price risks from open positions and, in the event of counterparty default, also from closed positions are outstanding:

Volume of forward transactions

in KEUR	Residual maturities				Fair values		
	up to 1 year	> 1–5 years	> 5 years	Total	positive	negative	net
Interest-related forward transactions							
OTC products							
Interest rate swaps	729,038	1,468,750	2,317,409	**4,515,197**	228,550	104.429	124.121
Interest options	109,643	71,667	679,800	**861,110**	6,046	6,046	0
Forward transactions in foreign currencies							
OTC products							
Forward exchange contracts	9,000,161	60,835	0	**9,060,996**	141,386	148,089	–6,703
Currency options	66,472	0	0	**66,472**	697	697	0
Other forward transactions							
OTC products							
Security options – sales	135,300	84,300	0	**219,600**	66,039	0	66,039
Total	**10,040,613**	**1,685,551**	**2,997,209**	**14,723,374**	**442,718**	**259,261**	**183,458**

All transactions are concluded to cover fluctuations in interest rates, exchange rates or market prices; no part of them is attributable to trading transactions.

Employees

Average number of employees (heads)

	31 Dec 2022			31 Dec 2021		
	Female	Male	Total	Female	Male	Total
Part-time employees	180	30	210	90	20	110
Full-time employees	284	639	923	166	377	543
Total	**464**	**669**	**1,133**	**256**	**397**	**653**

Remuneration of and loans to executive bodies

The remuneration paid to the members of the Supervisory Board amounted to KEUR 298 (prior year KEUR 334).

Total remuneration paid to former general partners and their surviving dependants amounted unchanged from prior year KEUR 96.

Pension provisions of KEUR 752 (prior year KEUR 706) were recognized for pension entitlements of the former general partners and their surviving dependants.

The remuneration of the Board of Management amounted to KEUR 4,224 in the year under review; in the previous year, the disclosure pursuant to Section 286 (4) HGB was waived.

Advances and loans to executive bodies of the Parent Company

As in the prior year, no advances or loans had been made to the members of the Management Board or of the Supervisory Board as at the reporting date.

Members of the management/board of directors

- Michael Bentlage, Chairman of the Management Board
- Dr. Holger Sepp, Member of the Management Board
- Robert Sprogies, Member of the Management Board
- Madeleine Sander, Member of the Management Board (until December 2022)
- Oliver Plaack, Member of the Management Board

Members of the Supervisory Board

- Wolfgang Deml, Rottach-Egern, (Chairman)
- Qiang Liu, Managing Director of Fosun Shanghai/ China (Deputy Chairman)
- Dr. Thomas Duhnkrack, entrepreneur, Kronberg im Taunus
- Hualong Jin, Fosun Global Partner, Beijing/China
- Xiaomin Chen, Managing Director Fosun, Shanghai/China (since February 25, 2022)
- Carmen Herbstritt, Independent Consultant, Frankfurt/Main (since February 25, 2022)
- Nils Becker, Mettmann, (Employee Representative) (since April 6, 2022)
- Ingo Repplinger, Konz-Könen (Employee Representative)
- Michael Mannig, Karben (Employee Representative)

Legal representatives and other members of supervisory committees

The following members of the Management Board held other management and Supervisory Board mandates in the period under review:

Michael Bentlage:

Group mandates

- Angestellten-Unterstützungs-Verein von Hauck & Aufhäuser Privatbankiers AG Frankfurt am Main und München e. V., Association Chairman (since June 20, 2018)
- Fosun Management (Germany) GmbH, Frankfurt, Vice President (as of October 1, 2021)

Investee mandates

- Hauck Investment Management (Shanghai) Co. Ltd., Chairman of the Company's Board (since April 15, 2021)
- btov Industrial Technologies SCS, SICAR, St. Gallen/ Switzerland, Member of the Advisory Board

Supervisory board mandates

- H&A Global Investment Management GmbH, Deputy Chairman of the Supervisory Board (since December 27, 2019)

Association activities

- Association of German Banks, Deputy Chairman (since May 11, 2022) on the Committee for Private Bankers
- Association of German Banks, Member of the Assembly of Delegates
- Association of German Banks, Member of the Deposit Guarantee Committee (from August 9, 2022)
- Stock Exchange Council of the Munich Stock Exchange, Member
- Münchener Handelsverein e. V., Member of the Executive Board and of the Advisory Board
- Stifterverband für die Deutsche Wissenschaft, Member (State Board of Trustees, Bavaria)
- Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Member of the Advisory Board (until June 27, 2022)

Other mandates

- Objektgesellschaft 1 Hardenbergstraße mbH, Managing Director (since January 14, 2020)
- 1796 Verwaltungs GmbH, Managing Director (since June 7, 2022)

Oliver Plaack:

Group mandates

- DALE Investment Advisors GmbH, Chairman of the Advisory Board (since January 1, 2022), Member since September 1, 2016)
- Lampe SICAV, Member of the Board of Directors (since June 18, 2017; until June 30, 2022)

Supervisory Board mandates

- Atrium Invest S.A. SICAV RAIF, Chairman of the Board of Directors (since January 19, 2019)

Association activities

- Bankenverband Nordrhein-Westfalen e. V., Member of the Board of Directors (since November 3, 2021)

Madeleine Sander:

Association activities

- Federal Association of German Banks, Member of the Digital Finance Committee (since February 2022)
- Bankenverband Mitte e. V., Member of the Working Committee for the Private Bankers Group (since March 30, 2022).

Dr. Holger Sepp:

Group mandates

- Hauck & Aufhäuser Fund Services S.A., Chairman of the Supervisory Board (since March 15, 2019)
- Hauck & Aufhäuser Alternative Investment Services S.A., Chairman of the Supervisory Board (since March 15, 2019)

Robert Sprogies:

Group mandates

- Angestellten-Unterstützungs-Verein von Hauck & Aufhäuser Privatbankiers AG Frankfurt am Main und München e. V. (since June 20, 2018) Deputy Chairman
- Hauck & Aufhäuser Kulturstiftung, (since April 1, 2018) Member of the Board of Directors

Investment mandates

- FidesKapital Gesellschaft für Kapitalbeteiligungen mbH, Managing Director (since August 5, 2003) Managing Director (until December 31, 2022)
- Hauck & Aufhäuser Verwaltungs GmbH, (until September 30, 2022) Managing Director
- Stella Verwaltungs GmbH, (since October 26, 2017) Managing Director
- CredaRate Solutions GmbH, (since January 1, 2022) Member of the Advisory Board, (supervisory notification)

Supervisory Board mandates

- The NAGA Group AG, Deputy Chairman of the Supervisory Board (until December 16, 2022)

Association activities

- Bavarian Bankers Association e. V., Member
- Bundesverband deutscher Banken e. V., Member of SSM2 committee and Member of committee

Further mandates

- 1796 Verwaltungs GmbH, Managing Director (since June 7, 2022)

Shareholdings

The table below shows the Bank's shareholdings:

Shareholdings pursuant to Section 271 (1), Section 285 (11 and 11a) HGB

No.	Name and registered office	Shares held by no.	Share of capital (in %)	Currency	Equity (KEUR)	Net profit/loss for the year (KEUR)
I.	**Consolidated entities (Section 313 (2) no. 1 HGB)**					
1.	Hauck Aufhäuser Lampe Privatbank AG, Frankfurt am Main		100	EUR	609,860	76,981[1]
2.	Competo Development Fonds No. 3 GmbH & Co. KG, Munich	8.	100	EUR	12,589	329[1]
3.	DALE Investment Advisors GmbH, Vienna (Austria)	1.	95	EUR	1,426	974[1]
4.	FidesKapital Gesellschaft für Kapitalbeteiligungen mbH, Munich	1.	100	EUR	24,430	–82[1, 5, 6]
5.	Hauck & Aufhäuser Alternative Investment Services S.A., Luxembourg	7.	100	EUR	8,541	8,069[1]
6.	Hauck & Aufhäuser Fund Platforms S.A., Luxembourg	1.	100	EUR	109,412	19,304[1]
7.	Hauck & Aufhäuser Fund Services S.A., Luxembourg	6.	100	EUR	35,608	16,309[1]
8.	Lampe Alternative Investments GmbH, Düsseldorf	1.	100	EUR	3,664	47[1, 5, 6]
9.	Lampe Asset Management GmbH, Düsseldorf	1.	100	EUR	4,900	1,634[1, 6]
10.	Lampe Beteiligungsgesellschaft mbH, Düsseldorf	1.	100	EUR	1,100	49[1, 5, 6]
11.	LD Zweite Beteiligung GmbH, Düsseldorf	10.	100	EUR	1,375	1,304[1]
II.	**Associated companies (Section 311 (1) HGB)**					
12.	H&A Global Investment Management GmbH, Frankfurt am Main	1.	40	EUR	10,946	3,389[2]

[1] 2022 year-end figures
[2] 2021 year-end figures
[5] Exemption pursuant to Section 264 (3) HGB
[6] There is a profit and loss transfer agreement with Hauck Aufhäuser Lampe Privatbank AG

Shareholdings pursuant to Section 271 (1), Section 285 (11 and 11a) HGB

No.	Name and registered office	Shares held by no.	Share of capital (in %)	Currency	Equity (KEUR)	Net profit/loss for the year (KEUR)
III.	**Non-consolidated companies (Section 296 (2) HGB)**					
13.	ALH European Equity Management S.à r.l. Luxembourg	4.	100	EUR	12	0[2]
14.	ALH European Debt Management S.à r.l., Luxembourg	4.	100	EUR	12	0[2]
15.	BHL Equity Invest I Verwaltungs GmbH, Düsseldorf	36.	100	EUR	55	6[2]
16.	BTF Beteiligungs- und Treuhandgesellschaft mbH, Düsseldorf	1.	100	EUR	77	–44[1,6]
17.	CLEC Vermögensverwaltungs GmbH, Bielefeld	49.	100	EUR	4	–3[2]
18.	Competo Development Fonds No. 3 Verwaltungs GmbH, Munich	8.	100	EUR	26	0[2]
19.	Core Energy Infrastructure Holding GP S.à r.l., Luxembourg	4.	100	EUR	5	–7[2]
20.	DB PWM Private Markets I GP S.à r.l., Luxembourg	6.	100	EUR	13	0[2]
21.	Equity Invest Management II GmbH, Düsseldorf	36.	100	EUR	52	5[2]
22.	Fopex GmbH, Frankfurt am Main	4.	100	EUR	25	334[1]
23.	HAL Fund Services Ireland Limited, Dublin (Irland)	7.	100	EUR	484	–797[2]
24.	Hauck & Aufhäuser Digital Custody GmbH, Frankfurt am Main	1.	100	EUR	241	–791[1]
25.	Hauck & Aufhäuser Innovative Capital Kapitalverwaltungsgesellschaft mbH, Frankfurt am Main	1.	100	EUR	750	–1,554[1,6]
26.	Hauck & Aufhäuser IB Ltd., London (Großbritannien)	42.	100	GBP	55	3[2]
27.	Hauck & Aufhäuser Pension Trust GmbH, Frankfurt am Main	4.	100	EUR	25	0[1,8]
28.	Hauck & Aufhäuser Verwaltungs GmbH, Munich	4.	100	EUR	48	3[1]
29.	Hauck Investment Management (Nanjing) Co., Ltd., Nanjing (China)	1.	100	CNY	405	–348[1]

[1] 2022 year-end figures
[2] 2021 year-end figures
[6] There is a profit and loss transfer agreement with Hauck Aufhäuser Lampe Privatbank AG
[8] There is a profit and loss transfer agreement with FidesKapital Gesellschaft für Kapitalbeteiligungen mbH

Shareholdings pursuant to Section 271 (1), Section 285 (11 and 11a) HGB

No.	Name and registered office	Shares held by no.	Share of capital (in %)	Currency	Equity (KEUR)	Net profit/loss for the year (KEUR)
30.	Hauck Private Fund Management (Shanghai) Co., Ltd., Shanghai (China)	1.	100	CNY	951	–432[1]
31.	HI-Management S.à r.l., Luxembourg	4.	100	EUR	13	0[2]
32.	NuWays AG, Hamburg*	1.	85	EUR		
33.	Kapital 1852 Beratungs GmbH, Düsseldorf	1.	100	EUR	190	–6[2]
34.	Kapital 1852 General Partner S.a.r.l., Luxembourg	36.	100	EUR	112	0[2]
35.	Lampe Capital Finance GmbH, Düsseldorf	1.	100	EUR	412	–13[1]
36.	Lampe Investment Management GmbH, Düsseldorf	1.	100	EUR	923	66[2]
37.	Lampe Mittelstands Management GmbH, Düsseldorf	36.	100	EUR	26	1[2]
38.	Lampe Privat Advisory GmbH, Düsseldorf	16.	100	EUR	25	0[1,7]
39.	Lampe Privatinvest Management GmbH, Düsseldorf	8.	100	EUR	–9	1,206[1]
40.	Lampe Privatinvest Verwaltung GmbH, Hamburg	40.	100	EUR	69	7[2]
41.	Lampe Verwaltungs GmbH, Düsseldorf	1.	100	EUR	1,274	–8[1]
42.	LBG Ventures GmbH, Düsseldorf	10.	100	EUR	142	27[1]
43.	LD Beteiligung GmbH, Düsseldorf	10.	100	EUR	42	3[2]
44.	Lending GP S.à r.l., Luxembourg	4.	100	EUR	12	0[2]
45.	Medienlogistik Stuttgart Service GmbH, Stuttgart	4.	51	EUR	340	3[2]
46.	PERSEUS Capital S.à r.l., Luxembourg	4.	100	EUR	12	0[1]
47.	SI Verwaltung GmbH, Frankfurt am Main	4.	100	EUR	22	–1[2]

* Newly formed/newly acquired company. No annual financial statements are available yet.
[1] 2022 year-end figures
[2] 2022 year-end figures
[7] There is a profit and loss transfer agreement with BTF Beteiligungs- und Treuhandgesellschaft mbH

Shareholdings pursuant to Section 271 (1), Section 285 (11 and 11a) HGB

No.	Name and registered office	Shares held by no.	Share of capital (in %)	Currency	Equity (KEUR)	Net profit/loss for the year (KEUR)
48.	TETRARCH Aktiengesellschaft, Düsseldorf	1.	100	EUR	55	–5[1, 6]
49.	Unterstützungskasse GmbH der Bankhaus Lampe KG, Bielefeld	1.	100	EUR	26	0[2]
50.	Vilmaris Private Investors GmbH & Co. KG i.L., Hamburg	49.	74	EUR	–1,073	–86[2]
51.	Vilmaris Private Investors Verwaltungs GmbH, Hamburg	8.	100	EUR	21	–3[2]
52.	Zeitungsvertrieb Munich City GmbH, Munich	4.	75	EUR	14	6[2]
53.	ZV Service GmbH, Munich	4.	75	EUR	218	17[2]
54.	ZVK Zeitungsvertrieb Kirchheim GmbH, Munich	4.	75	EUR	66	18[2]
55.	ZVL Zeitungsvertrieb Laim GmbH, Munich	4.	75	EUR	161	6[2]
56.	ZVR Zeitungsvertrieb Ramersdorf GmbH, Munich	4.	75	EUR	211	22[2]
57.	ZVT Zeitungsvertrieb Thalkirchen GmbH, Munich	4.	75	EUR	59	–7[2]
IV.	**Non-consolidated entities (Section 296 (1) no. 2 and no. 3 HGB)**					
58.	H&A “Green Office, Hamburg Hafencity” GmbH & Co. KG, Hamburg	4.	100	EUR	796	–32[2]
V.	**Companies (Section 313 (2) no. 4 HGB)**					
59.	AC VI Initiatoren GmbH & Co. KG, Eichenried	4.	8	EUR	6	–4[3]
60.	CredaRate Solutions GmbH, Köln	1.	13	EUR	4,515	–17[4]
61.	H&A “Bezirksamt Nord, Hamburg” GmbH & Co. KG, Hamburg	1., 4., 28.	12	EUR	–86	–6[4]
62.	H&A “Munich, Lamontstraße” GmbH & Co. KG, Munich	1., 4.	12	EUR	–7	–5[4]

[1] 2022 year-end figures
[2] 2021 year-end figures
[3] 2020 year-end figures
[4] 2019 year-end figures
[6] There is a profit and loss transfer agreement with Hauck Aufhäuser Lampe Privatbank AG

Shareholdings pursuant to Section 271 (1), Section 285 (11 and 11a) HGB

No.	Name and registered office	Shares held by no.	Share of capital (in %)	Currency	Equity (KEUR)	Net profit/loss for the year (KEUR)
63.	HANNOVER LEASING Sun Invest 2 Spanien GmbH & Co. KG, Pullach i. Isartal	4.	1	EUR	5,258	–7[2]
64.	HANNOVER LEASING Sun Invest 3 Italien GmbH & Co. KG, Pullach i. Isartal	4.	6	EUR	5,784	–180[3]
65.	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	4.	8	EUR	24,176	8,494[2]
66.	Kapital 1852 SCS SICAV-SIF – Equity Invest IV “MidCapPlus”, Strassen	11.	15	EUR	0	–1,260[2]
67.	Kapital 1852 SCS SICAV-SIF – Equity Invest V “Digital Growth II”, Strassen*	11.	28	EUR		
68.	Kapital 1852 SCS SICAV-SIF – Private Debt Invest I “Alternative Income”, Strassen	11.	22	EUR	0	–118[2]
69.	Lampe Mezzanine Fonds I GmbH & Co. KG, Düsseldorf	8.	13	EUR	17,212	2,415[2]
70.	MS “Alina” Schifffahrtsgesellschaft mbH & Co. KG, Drochtersen	4.	23	EUR	3,162	605[2]
71.	MS “Rike” Schifffahrtsgesellschaft mbH & Co. KG, Drochtersen	4.	17	EUR	3,684	474[2]
72.	Sino EU Bridge Fortune S.à r.l., Luxembourg	4.	50	EUR	–40	–40[2]
73.	Spielbank Wicker GmbH & Co. KG, Bad Homburg	4.	19	EUR	2,416	674[2]
74.	Spielbank Wicker Beteiligungs GmbH, Ahnatal	4.	20	EUR	36	3[3]
75.	Swift Group, Hulpe (Belgien)	1.	0	EUR	616,152	52,234[3]
76.	The Naga Group AG, Hamburg	4.	3	EUR	19,134	–3,486[3]
77.	VCM Initiatoren GmbH & Co. KG, Eichenried	4.	9	EUR	169	–8[2]
78.	VCM Partners GmbH & Co. KG, Eichenried	4.	8	EUR	53	–3[3]
79.	VCM VII European Mid-Market Buyout GmbH & Co. KG, Cologne	4.	8	EUR	1,688	2,787[2]
80.	VCM/BHF Initiatoren GmbH & Co. Beteiligungs KG, Eichenried	4.	4	EUR	20	–10[3]

* Newly formed/newly acquired company. No annual financial statements are available yet.
[2] 2021 year-end figures
[3] 2020 year-end figures
[4] 2019 year-end figures

Responsibility statement

To the best of our knowledge, we confirm that, in accordance with the applicable accounting framework, the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company and that the management report gives a true and fair view of the development, performance and position of the company, and also describes the principal opportunities and risks relating to the expected future development of the company.

Frankfurt am Main, March 23, 2023

The Management Board

Michael Bentlage,
Chairman of the
Management Board

Dr. Holger Sepp,
Member of the
Management Board

Robert Sprogies,
Member of the
Management Board

Oliver Plaack,
Member of the
Management Board

Independent Auditor's report

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Hauck Aufhäuser Lampe Privatbank AG, Frankfurt am Main, which comprise the balance sheet as at 31 December 2022 and the income statement for the financial year from 1 January to 31 December 2022 as well as the notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of Hauck Aufhäuser Lampe Privatbank AG for the financial year from 1 January to 31 December 2022.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying financial statements comply, in all material respects, with the legal requirements of German commercial law applicable to financial institutions and give a true and fair view of the net assets and financial position of the Company as at 31 December 2022 and of its results of operations for the financial year from 1 January to 31 December 2022 in accordance with German principles of proper accounting, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliancewith German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5(1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Determination of the provisions for legal risks

The Company's disclosures on the principles for measuring provisions are included in section 1.2 "Accounting policies" under provisions for taxes and other provisions in the notes to the consolidated financial statements and in the section "Operational risks" of the risk report in the management report.

The Financial Statement Risk

Hauck Aufhäuser Lampe Privatbank AG is exposed to a variety of legal risks as a result of its business activity. Third-party legal claims are sometimes asserted after some delay from the underlying circumstances, or risks can arise from changes in legal opinions. The measurement of the provisions for legal risks is subject to the exercise of judgement. It requires assumptions about the prospects of success of the third-party legal claims as well as the Bank's prospects of success in the claims that are asserted, where these prospects are subject to uncertainty. It was therefore important for our audit that appropriate assumptions were made when calculating the value of the provisions.

Our Audit Approach

Applying the risk-oriented audit approach, we based our audit opinion on substantive audit procedures. The audit procedures we performed thus included the following.

To begin with, we gained an understanding of the process and also assessed the structure and implementation of the internal controls that have been set up to assess the legal risks. We additionally obtained confirmation letters from all lawyers that have been engaged by management as well as assessments from the Bank's Legal department, and we inspected the minutes of the Management Board and Supervisory Board meetings.

Moreover, we considered the legal risks that have been identified by the Bank to see whether it is necessary to recognise provisions and also satisfied ourselves here that the provisions recognized in the past are appropriate for proceedings that have since been concluded.

For the significant legal risk of the bank resulting from investigations of past financial years regarding possible Cum/Ex successor models or Cum/Cum transactions by the criminal investigation and tax authorities, we reviewed significant documents and correspondence with the tax authorities. We involved our own employees specializing in tax law in the audit team in order to assess the risk assessment of the legal representatives and the assessment of the external expert commissioned by them. In addition, we held discussions with the Executive Board and Internal Audit. Furthermore, we inspected expert opinions and statements and assessed them from a tax perspective against the background of current case law. Based on the current legal situation and expert opinions on the tax valuation of the transactions, the legal representatives are of the opinion that the bank has acted in accordance with the legal requirements. Based on our audit procedures, we have evaluated this assessment of the legal representatives with regard to the assumptions about the bank's prospects of success on the claims raised.

Our Observations

Management's assumptions underlying the measurement of the provision for legal risks are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. information comprises the following components of the management report, whose content was not audited:

- the non-financial statement, which is included in the management report, and
- the corporate governance statement, which is included in the management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the annual financial statements, the management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information specified above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to financial institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards or protective measures taken to eliminate independence threats.

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected by the annual general meeting on 25 May 2022 as auditor of the financial statements. We were engaged by the supervisory board on 13 December 2022. We have been the auditor of Hauck Aufhäuser Lampe Privatbank AG without interruption since financial year 2021

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the audited Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the management report:

- Review in accordance with the Review Instructions of the Group Auditor in relation to the Reporting Package as of June 30, 2022 of Hauck Aufhäuser Lampe Privatbank AG.
- Other audit services relate to ISAE audit opinions and statutory or contractual audits, such as the audit of the securities services business in accordance with Section 89(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) and the depositary function in accordance with Section 68(7) of the KAGB, as well as other contractually agreed audit services.
- Audit in accordance with the General Terms and Conditions of Deutsche Bundesbank in connection with the use of credit claims as collateral for central bank loans (credit submission procedure) at Hauck Aufhäuser Lampe Privatbank AG.
- The other services comprise support services for the appraisal of and advice on individual matters.

German Public Auditor Responsible for the Engagement

The auditor responsible for the engagement is Jan Möllenkamp.

Frankfurt am Main, 24 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schobel	Möllenkamp
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Branch Offices and Representative Offices

Hauck Aufhäuser Lampe Privatbank AG

Carmerstrasse 13
10623 Berlin
Phone +49 30 319002-0
Fax +49 30 319002-324

Alter Markt 3
33602 Bielefeld
Phone +49 521 582-0
Fax +49 521 582-1195

Heinrich-Brüning-Strasse 16
53113 Bonn
Phone +49 228 850262-0
Fax +49 228 850262-99

Schwannstrasse 10
40476 Düsseldorf
Phone +49 211 4952-0
Fax +49 211 4952-111
Phone +49 211 301236-0
Fax +49 211 301236-6050

Königsallee 27
40212 Düsseldorf
Phone +49 211 301236-0
Fax +49 211 301236-6050

Freiherr-vom-Stein-Strasse 65
60323 Frankfurt am Main
Phone +49 69 97119-0
Fax +49 69 97119-119

Kaiserstrasse 24
60311 Frankfurt am Main
Phone +49 69 2161-0
Fax +49 69 2161-1340

Ballindamm 11
20095 Hamburg
Phone +49 40 302904-0
Fax +49 40 302904-18
Phone +49 40 4506342-0
Fax +49 40 4506342-3020

Mittelweg 16–17
20148 Hamburg
Phone +49 40 414388-590
Fax +49 40 414388-571

Virchowstrasse 22
50935 Cologne
Phone +49 221 139319-700
Fax +49 221 139319-7019

Brienner Strasse 29
80333 Munich
Phone +49 89 29035-600
Fax +49 89 29035-799

Lenbachplatz 4
80333 Munich
Phone +49 89 2393-1
Fax +49 89 2393-2849

Domplatz 41
48143 Münster
Phone +49 251 41833-0
Fax +49 251 41833-50

Schloßstrasse 28/30
49074 Osnabrück
Phone +49 541 580537-0
Fax +49 541 580537-99

Büchsenstrasse 28
70174 Stuttgart
Phone +49 711 933008-0
Fax +49 711 933008-99

1c, rue Gabriel Lippmann
5365 Munsbach
Luxembourg
Phone +352 451314-1
Fax +352 451314-229

e-Mail: info@hal-privatbank.com
www.hal-privatbank.com

Representative Office Paris
Hauck Aufhäuser Lampe
Privatbank AG
Representative Office Paris
18, Rue Pasquier
75008 Paris
France
Phone +33 1784140-62

Representative Office Zürich
Hauck Aufhäuser Lampe
Privatbank AG
Representative Office Zürich
Talstrasse 58
8001 Zürich
Switzerland
Phone +41 43 497 30 23

Imprint

Publisher
Hauck Aufhäuser Lampe Privatbank AG,
Frankfurt am Main

Responsible for the Content
Hauck Aufhäuser Lampe Privatbank AG,
Frankfurt am Main

Concept and Design
MPM – Part of RYZE Digital
www.mpm.de

Photography Credits
Hauck Aufhäuser Lampe Privatbank AG,
Frankfurt am Main

The Annual Report is published in German and English.