DISCLOSURE REPORT 2022

Disclosure in accordance with Article 431 *et seqq*. CRR including disclosure pursuant to the Remuneration Ordinance for Institutions (InstitutsVergV)

HAUCK
AUFHÄUSER
LAMPE

Contents

List of Abbreviations

€ thousand	EUR thousands
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Manager Directive
ALCO	Asset Liability Committee
BaFin	Federal Financial Supervisory Authority (BaFin)
BHL	Bankhaus Lampe KG
CoRep	Common Reporting
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRSA	Credit Risk Standardized Approach
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit valuation adjustment
EBA	European Banking Authority
e.g.	For example
ESMA	European Securities and Markets Authority
FTE	Full Time Equivalent
i.e.	That is
InstitutsVergV	Remuneration Ordinance for Institutions
inter alia	Among others
KAGB	Capital Investment Code (Kapitalanlagegesetzbuch)
KWG	Banking Act (Kreditwesengesetz)
LCR	Liquidity coverage ratio
NSFR	Net stable funding ratio
RExCo	Risk Executive Committee
RWA	Risk-weighted assets
SolvV	Solvency Regulation (Solvabilitätsverordnung)
TREA	Total Risk Exposure Amount

1. Introduction

Significant business policy event

The acquisition of Bankhaus Lampe KG, which was announced in the previous year, was completed on October 1, 2021, following approval by the regulatory authorities. The acquisition of Bankhaus Lampe KG encompasses the purchase of all shares in the company. This entails the 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.

The previous year's figures include all assets and liabilities resulting from additions in the Group, but the consolidated income statement only includes the expenses and income of Bankhaus Lampe KG and all of its subsidiaries for the fourth quarter of 2021, meaning that the subsequent financial statements for the 2021 and 2022 financial years only offer limited comparability.

Disclosure Report of the Hauck Aufhäuser Lampe Group

Regulation (EU) No. 575/2013 (CRR – Capital Requirements Regulation) entered into force on January 1, 2014 with the aim of creating more transparency with regard to the risks incurred by institutions. This regulation has since become applicable throughout the European Union. The regulation has now been supplemented by Regulation (EU) No. 2019/876 of May 20, 2019, which entered into force on June 28, 2021.

The Disclosure Report of the Hauck Aufhäuser Lampe Group was prepared in accordance with the provisions of Part 8 of the CRR in conjunction with Section 26a of the Kreditwesengesetz (KWG).

Article 431 *et seqq*. of the CRR places an obligation on banks to regularly publish qualitative and quantitative information on its capital, the risk exposure, risk management processes, and credit risk mitigation techniques deployed and to have formal procedures and rules in place to fulfill these disclosure obligations.

The quantitative information contained in this Report is generally the same as at the reporting date of December 31, 2022.

Hauck Aufhäuser Lampe has an overarching risk management system that integrates all companies of the Hauck Aufhäuser Lampe Group. The disclosures in this Report relate to all companies within the regulatory scope of consolidation.

The contents presented in this report are subject to the principle of materiality in accordance with Article 432 of the CRR and in line with the EBA guidelines of August 4, 2017 (EBA/GL/2016/11) on materiality and confidentiality regarding disclosure. Legally protected or confidential information do not form part of this Report. The contents of the report are regularly reviewed to ensure proper disclosure. The corresponding responsibilities and framework conditions are set out in standard operating procedures. The following report provides a comprehensive picture of the risk profile of Hauck Aufhäuser Lampe Privatbank AG.

If a field in the tables contains the entry "0," a value exists, but this value corresponds to zero thousand EUR due to the rounded presentation in thousand EUR. The entry "--," on the other hand, means that no value is available.

1.1. Frequency of disclosure (Article 433 CRR)

Upon entry into force of the new CRR, Hauck Aufhäuser Lampe will neither be considered as a small and non-complex institution pursuant to Article 4 (1) No. 145 CRR nor as a large institution pursuant to Article 4 (1) No. 146 CRR. Thus, Hauck Aufhäuser Lampe falls under the requirement for "Disclosure by other institutions" under Article 433c CRR. As Hauck Aufhäuser Lampe is not publicly listed, the exemptions of Article 433c (2) CRR are to be applied. Reporting shall take place as of the reporting date of December 31, 2022, with an annual reporting frequency, meeting at minimum the following requirements:

- Article 435 (1) (a), (e) and (f) CRR – Disclosure of risk management objectives and policies,
- Article 435 (2) (a), (b) and (c) CRR – Disclosure of corporate governance arrangements,
- Article 437 point a CRR – Disclosure of own funds and eligible liabilities,
- Article 438 points c and d CRR – Disclosure of own funds requirements and risk-weighted exposure amounts,
- Article 442 points a to e CRR – Disclosure of exposures to credit risk and dilution risk,
- Article 447 CRR – Disclosure of key metrics,
- Article 450 (1) points a to d and h to k CRR – Disclosure of remuneration policy.

1.2. Means of disclosure (Article 434 CRR)

The information to be disclosed in accordance with Article 434 of the CRR is published on the website of Hauck Aufhäuser Lampe Privatbank AG at https://www.hal-privatbank.com/en/the-bank/about-us/investor-relations and can be accessed without requiring registration.

2. Risk management objectives and policies (Article 435 CRR)

2.1. Risk management systems (Article 435 (1) points a to d CRR)

The most important components of our Group-wide risk management system for the controlling of risks and capital are:

- Our business strategy, the business areas derived therefrom and the types of identified risk,
- The risk strategy, the capital allocated to the respective business areas taking into consideration expected returns,
- Through the risk-bearing capacity concept, the risk capital: the maximum capital available for covering risks in the Group, and the risk capital limit, i.e., the actual capital allocated to cover risks,
- Ongoing risk management and controlling processes,
- Ongoing monitoring of our risk management system by Internal Audit.

The identification of risks can be construed from the business strategy and specified through the risks defined in the risk strategy. The Hauck Aufhäuser Lampe Group distinguishes between the following categories of material risk:

- Credit risks,
- Market risks,
- Liquidity risks,
- Operational risks,
- Strategic risks,
- Concentration risks (implicitly covered by the foregoing risks).

The Management Board bears overall responsibility for risk and capital management within the Hauck Aufhäuser Lampe Group. A market-neutral member of the Management Board is responsible for risk management in respect of our credit, market, liquidity, operational and strategic risks; this person also controls the risk capital within the Hauck Aufhäuser Lampe Group. The Supervisory Board monitors our risk and capital profile at regular intervals, at minimum, however, on a quarterly basis.

The Management Board has overall responsibility for the business strategy and the risk strategy. It presents its strategies to the Supervisory Board for discussion with the same.

Risks, in particular, adherence to the risk-bearing capacity, are monitored at the operational level by a business unit separated from the market, the Risk Controlling team. It identifies, analyses, evaluates, monitors and reports risks in order for control mechanisms to be put in place.

Risk Controlling is responsible for the methods that will be used to control risks for the Bank as a whole. The development of results/profit is controlled by our Financial Controlling unit. Investments are monitored by the Legal & Corporate Secretary department, Corporate Secretary team, in cooperation with the Accounting department.

The elements of our risk management process are:

- Risk identification (including early warning indicators) and risk inventory,
- Risk analysis (measurement and assessment of risks),
- Risk management and
- Risk monitoring and communication.

Each represents a summary of the material duties within the process.

The separation of functions is assured up to the level of the Management Board through our organizational structure, methods and procedures, and our risk management processes.

The Asset Liability Committee (ALCO) and the Risk Executive Committee (RExCo) serve as overarching bodies for the decision-takers within the organizational units, who bear daily responsibility for risk management at the operational level.

A comprehensive reporting system ensures regular and timely communication on the utilization of the risk capital, thus enabling rapid reaction.

Internal Audit is responsible for risk-oriented and process-independent examination of the risk management. The Management Board reports regularly to the Supervisory Board on the material findings of Internal Audit. The audits strictly relate to all activities and processes of the Hauck Aufhäuser Lampe Group.

2.2. Risk statement (Article 435 (1) points e and f CRR)

The business activities of the Hauck Aufhäuser Lampe Group focus on the following areas:

- Holistic advice and wealth management for private and corporate investors,
- Asset management for institutional investors,
- Comprehensive fund services for financial and real assets in Germany, Ireland and Luxembourg,
- Cooperation with independent asset managers,
- Research, sales and trading activities specializing in small and mid-cap enterprises in German-speaking countries,
- Tailored services for initial public offerings and capital increases,

Consequently, the main focus of our economic capital requirements is on counterparty risks (68%), followed by market price risks (14%), and operational risks (13%).

The business strategy sets out the Hauck Aufhäuser Lampe Group's targets for each of the key business activities and the measures required to achieve such targets. The risk strategy is adjusted to the nature, complexity, scope and risk inherent to such business activities and is to be viewed as a component of the risk management process that controls the earnings-focused acceptance of risk taking into account the regulatory requirements placed on the risk-bearing capacity. The risk strategy determines our propensity for risk at the Group level.

The economic risk-bearing capacity approach is aligned towards protecting creditors and, together with the regulatory capital ratios that are aligned towards business continuity (normative perspective), comprise the Hauck Aufhäuser Lampe Group's risk management approaches.

Hauck Aufhäuser Lampe provides the individual business units with only a portion of the risk capital. The non-deployed risk capital serves as a strategic risk buffer.

Pursuant to the CoRep report, the total capital ratio of the Hauck Aufhäuser Lampe Group as of the reporting date of December 31, 2022 was 15.66%. After adoption of the annual financial statements, this improved to 17.05%, while the utilization of the economic risk coverage capital amounts to 48%.

To ensure the economic risk-bearing capacity, compliance with the regulatory capital ratios and to guarantee adequate liquidity, the Hauck Aufhäuser Lampe Group has implemented a pro-active risk management system. This has been appropriately designed with regard to our business activities, our strategic alignment and the fulfillment of regulatory requirements.

2.3. Governance arrangements (Article 435 (2) CRR)

Hauck Aufhäuser Lampe Privatbank AG is majority-owned by Bridge Fortune Investment S.à r.l., based in Luxembourg, which in turn is an indirect holding of Fosun International Ltd. of Hong Kong, which is listed on the Hong Kong stock exchange. The management of Hauck Aufhäuser Lampe Privatbank AG is vested in the members of the Management Board.

In the 2022 financial year, the company was managed by the members of the Management Board, Michael Bentlage (Chairman), Oliver Plaack, Madeleine Sander (until December 20, 2022), Dr. Holger Sepp, and Robert Sprogies.

The Management Board manages the Company and conducts its business in accordance with the law, the Articles of Association and the Rules of Procedure laid down for the Management Board. A schedule of responsibilities defines primary responsibilities and representations.

Detailed biographies of the members of the Management Board are presented on the website of Hauck Aufhäuser Lampe under https://www.hal-privatbank.com/en/bank/about-us/organizational-structure.

Information on the directorships held by members of the management body (Article 435 (2)(a) CRR)

In addition to their duties on the Management Board, the members of the Management Board hold the following further directorships. The reporting date for all disclosures is December 31, 2022.

Table 1: Number of directorships held by members of the management body

	Number of directorships	Number of supervisory roles
Michael Bentlage	4	1
Oliver Plaack	2	1
Madeleine Sander	--	--
Dr. Holger Sepp	--	2
Robert Sprogies	6	2

Recruitment policy and diversity strategy for the selection of members of the Management Board (Article 435 (2) points (b) and (c) CRR)

Only such persons who possess the qualifications to be management board members as stipulated in Section 25c KWG and meet all other stock market/banking regulatory supervision requirements may be appointed to the Management Board of the Bank. Pursuant to the Rules of Procedure of the Supervisory Board, the Personnel Committee supports the Supervisory Board in identifying suitable candidates for appointment to an executive role. Expertise and balance play a key role, as do diversity of knowledge, skills, and experience. At December 31, 2022, the Management Board of Hauck Aufhäuser Lampe consisted of four members. The regulatory separation into Front Office and Credit Operations is guaranteed.

Disclosures on the Risk Committee and description of the information flow on risk to the management body (Article 435 (2) points (d) and (e) CRR)

Hauck Aufhäuser Lampe has established a risk committee, the Risk Executive Committee, which meets at least on a quarterly basis. Its purpose is to support the Management Board and the Risk Committee in monitoring the risk situation with regard to Hauck Aufhäuser Lampe from an economic and regulatory perspective at the operational level. The RExCo is firmly anchored in the Company’s decision-making and information processes and, as a cross-divisional source of information, is designed to guarantee regular sharing of information on all risk-related issues throughout the Bank with the involvement of key officers from the controlling, front office and support units as well as the Management Board, thus ensuring a constant flow of information to the management body.

3. Scope of application (Article 436 points a, b, f and g CRR)

The regulatory scope of consolidation for determining the aggregate capital adequacy is defined in accordance with Section 10a KWG in conjunction with Articles 18 *et seqq.* of the CRR. Accordingly, Hauck Aufhäuser Lampe Privatbank AG is to be classified as a superordinated undertaking of the Hauck Aufhäuser Lampe Group.

The regulatory scope of consolidation includes one credit institution, two securities firms and eight financial institutions on a fully consolidated basis. Since the previous year, the companies Competo Development Fonds No. 3 GmbH & Co. KG and LD zweite Beteiligung GmbH have been included in the regulatory scope of consolidation.

The other material Hauck Aufhäuser Lampe companies in the Group with a capital share of > 10% are not included because, in accordance with Article 19 (1) of the CRR, they are of minor importance to the net assets, financial position and results of operations of the Hauck Aufhäuser Lampe Group. No undertakings are proportionally consolidated.

The member companies of the Hauck Aufhäuser Lampe Group that are not included in the summary in accordance with Article 18 of the CRR do not exhibit shortfalls in capital within the meaning of Article 436 (g) of the CRR.

There are no current or foreseen material practical or legal impediments to the transfer of financial resources or own funds within Hauck Aufhäuser Lampe within the meaning of Article 436 (f) of the CRR.

Hauck Aufhäuser Lampe does not exercise the waiver rules stipulated under Article 7 and Article 8 of the CRR in conjunction with Section 2a KWG.

The scope of consolidation under commercial law, however, is prepared solely in accordance with the provisions of the Handelsgesetzbuch [Commercial Code]. In the financial year under review, Hauck Investment Management Co. Ltd, Nanjing and Hauck Private Fund Management Co. Ltd, Shanghai were deconsolidated and reported in the balance sheet under shares in affiliated companies.

In the following consolidation matrix, the member companies of the Hauck Aufhäuser Lampe Group covered by the regulatory scope of consolidation are juxtaposed against the scope of consolidation under commercial law. They are broken down according to classification under Article 4 of the CRR and are extended by the other undertakings that are not covered under the regulatory scope of consolidation.

Table 2: Regulatory and accounting (HGB) scope of consolidation

Corporate form	Name	Regulatory Treatment: Consolidation purs. Art. 18 CRR	Exemption purs. Art. 19 CRR	Consideration purs. Art. 470 (2b) and (3) CRR (threshold approach)	CET 1 deduction purs. Sec. 32 Solvency Regulation	Risk-weighted investments	Consolidation purs. accounting standards, full
Credit institution	Hauck Aufhäuser Lampe Privatbank AG	X	-	-	-	-	X
Investment firm	DALE Investment Advisors GmbH	X	-	-	-	-	X
	Lampe Asset Management GmbH	X	-	-	-	-	X
Financial institution	Hauck & Aufhäuser Fund Platforms S.A.	X	-	-	-	-	X
	Hauck & Aufhäuser Fund Services S.A.	X	-	-	-	-	X
	Hauck & Aufhäuser Alternative Investment Services S.A.	X	-	-	-	-	X
	FidesKapital Gesellschaft für Kapitalbeteiligungen mbH	X	-	-	-	-	X
	Competo Development Fonds No. 3 GmbH & Co. KG	X	-	-	-	-	X
	Lampe Alternative Investments GmbH	X	-	-	-	-	X
	Lampe Beteiligungsgesellschaft mbH	X	-	-	-	-	X
	LD zweite Beteiligung GmbH	X	-	-	-	-	X
	ALH European Debt Management S.à r.l.	-	X	X	-	X	-
	ALH European Equity Management S.à r.l.	-	X	X	-	X	-
	BHL Equity Invest I Verwaltungs GmbH	-	X	X	-	X	-
	BTF Beteiligungs- und Treuhandgesellschaft mbH	-	X	X	-	X	-
	Competo Development Fonds No. 3 Verwaltungsgesell-schaft mbH	-	X	X	-	X	-
	Core Energy Infrastructure Holding GP S.à r.l.	-	X	X	-	X	-
	Crossroads Capital Management Limited	-	X	X	-	X	-
	DB PWM Private Markets I GP S.à r.l.	-	X	X	-	X	-
	Equity Invest Management II GmbH	-	X	X	-	X	-
	HAL Fund Services Ireland Limited	-	X	X	-	X	-
	Hauck & Aufhäuser Innovative Capital Kapitalverwaltungs-gesellschaft mbH	-	X	X	-	X	-
	Hauck Aufhäuser Digital Custody GmbH	-	X	X	-	X	-
	Hauck Aufhäuser IB Limited	-	X	X	-	X	-
	Hauck Investment Management (Nanjing) Co., Ltd.	-	X	X	-	X	-
	Hauck Private Fund Management (Shanghai) Co., Ltd.	-	X	X	-	X	-
	HI-Management S.à r.l.	-	X	X	-	X	-
	Kapital 1852 Beratungs GmbH	-	X	X	-	X	-
	Kapital 1852 General Partner S.à r.l.	-	X	X	-	X	-
	Lampe Capital Finance GmbH	-	X	X	-	X	-
	Lampe Capital UK Limited	-	X	X	-	X	-
	Lampe Investment Management GmbH	-	X	X	-	X	-
	Lampe Mittelstands Management GmbH	-	X	X	-	X	-
	Lampe Private Advisory GmbH	-	X	X	-	X	-
	Lampe Privatinvest Management GmbH	-	X	X	-	X	-
	Lampe Privatinvest Verwaltung GmbH	-	X	X	-	X	-

Corporate form	Name	Regulatory Treatment: Consolidation purs. Art. 18 CRR	Exemption purs. Art. 19 CRR	Consideration purs. Art. 470 (2b) and (3) CRR (threshold approach)	CET 1 deduction purs. Sec. 32 Solvency Regulation	Risk-weighted investments	Consolidation purs. accounting standards, full
	Lampe Verwaltungs-GmbH	-	X	X	-	X	-
	LBG Ventures GmbH	-	X	X	-	X	-
	LD Beteiligungs GmbH	-	X	X	-	X	-
	Lending GP S.à r.l.	-	X	X	-	X	-
	PERSEUS Capital S.à r.l.	-	X	X	-	X	-
	Sino-EU Bridge Fortune S.à r.l.	-	X	X	-	X	-
	TETRARCH Aktiengesellschaft	-	X	X	-	X	-
	Vilmaris Private Investors GmbH & Co. KG	-	X	X	-	X	-
	Vilmaris Private Investors Verwaltungs GmbH	-	X	X	-	X	-
Insurance undertaking	H&A Pension Trust GmbH	-	X	X	-	X	-
Other corporate	CLEC Vermögensverwaltung GmbH	-	-	-	-	X	-
	FOPEX GmbH	-	-	-	-	X	-
	H&A “Green Office Hamburg-Hafencity“ GmbH & Co. KG	-	-	-	-	X	-
	Hauck & Aufhäuser Verwaltungs GmbH	-	-	-	-	X	-
	Medienlogistik Stuttgart Service GmbH	-	-	-	-	X	-
	Projekt Maybach Beteiligungs GmbH	-	-	-	-	X	-
	SI Verwaltung GmbH	-	-	-	-	X	-
	Unterstützungskasse GmbH der Bankhaus Lampe KG	-	-	-	-	X	-
	Zeitungsvertrieb München City GmbH	-	-	-	-	X	-
	ZV Service GmbH	-	-	-	-	X	-
	ZVK Zeitungsvertrieb Kirchheim GmbH	-	-	-	-	X	-
	ZVL Zeitungsvertrieb Laim GmbH	-	-	-	-	X	-
	ZVT Zeitungsvertrieb Ramersdorf GmbH	-	-	-	-	X	-
	ZVR Zeitungsvertrieb Thalkirchen GmbH	-	-	-	-	X	-

4. Own funds structure and capital requirements

4.1. Own funds structure (Article 437 CRR)

The following discloses information on the Group's own funds in accordance with Article 437 CRR.

As at December 31, 2022, the own funds of the Hauck Aufhäuser Lampe Group in accordance with Article 72 of the CRR are € 575.6 million and are mainly composed of Common Equity Tier 1 capital, which essentially comprises the paid-up capital, the reserves (Core Tier 1) and the special items for general banking risks in accordance with Section 340g of the HGB.

The following table shows the own funds structure of the Hauck Aufhäuser Lampe Group based on the regulatory figures according to the CoRep report and is presented in accordance with Annex VII to Commission Implementing Regulation (EU) No. 2021/637.

Table 3: EU CC1 – Composition of regulatory own funds

12/31/2022		a) Amount	b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
		Amounts in € thousand	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	304,152	
	of which: shares	28,839	A
	of which: capital reserves	275,313	B
2	Retained earnings	275,091	C
3	Accumulated other comprehensive income (and other reserves)	--	
EU-3a	Funds for general banking risks	78,375	D
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	--	
5	Minority interests (amount allowed in consolidated CET1)	--	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	--	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**657,618**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-509	
8	Intangible assets (net of related tax liability) (negative amount)	-27,412	E
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-60,918	F
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	--	
12	Negative amounts resulting from the calculation of expected loss amounts	--	
13	Any increase in equity that results from securitized assets (negative amount)	--	
14	Gains or losses on liabilities of the institution that are valued at fair value resulting from changes in own credit standing	--	

12/31/2022		a) Amount	b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
		Amounts in € thousand	
15	Defined-benefit pension fund assets (negative amount)	--	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	--	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	--	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	--	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	--	
20	Empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	--	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	--	
EU-20c	of which: securitization positions (negative amount)	--	
EU-20d	of which: free deliveries (negative amount)	--	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	--	
22	Amount exceeding the 17.65% threshold (negative amount)	--	
23	of which: direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities	--	
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences	--	
EU-25a	Losses for the current financial year (negative amount)	--	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	--	
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	--	
27a	Other regulatory adjustments	--	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-88,839**	**Sum of rows 7 to 20a, 21, 22, 25a to 27a**
29	**Common Equity Tier 1 (CET1) capital**	**568,779**	**Row 6 minus row 28**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	--	
31	of which: classified as equity under applicable accounting standards	--	
32	of which: classified as liabilities under applicable accounting standards	--	

12/31/2022		a) Amount	b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
		Amounts in € thousand	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	--	
EU-33a	Amount of qualifying items referred to in Article 494a (1) CRR subject to phase out from AT1	--	
EU-33b	Amount of qualifying items referred to in Article 494b (1) CRR subject to phase out from AT1	--	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	--	
35	of which: instruments issued by subsidiaries subject to phase out	--	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	--	**Sum of rows 30, 33 to 34**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	--	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	--	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	--	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	--	
41	Empty set in the EU		
42	Qualifying Tier 2 deductions that exceed the Tier 2 items of the institution (negative amount)	--	
42a	Other regulatory adjustments to AT1 capital	--	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**--**	**Sum of rows 37 to 42a**
44	**Additional Tier 1 (AT1) capital**	**--**	**Row 36 minus row 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**568,779**	**Sum of rows 29 and 44**
Tier 2 (T2) capital: instruments and reserves			
46	Capital instruments and the related share premium accounts	--	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	--	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	--	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	--	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	--	

12/31/2022		a) Amount	b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
		Amounts in € thousand	
49	of which: instruments issued by subsidiaries subject to phase out	--	
50	Credit risk adjustments	6,817	
51	**Tier 2 (T2) capital before regulatory adjustments**	**6,817**	**Sum of rows 46 to 48, 50**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	--	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	--	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	--	
54a	Empty set in the EU		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	--	
56	Empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	--	
EU-56b	Other regulatory adjustments to T2 capital	--	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**--**	**Sum of rows 52 to 56b**
58	**Tier 2 (T2) capital**	**6,817**	**Row 51 minus row 57**
59	**Total capital (TC = T1 + T2)**	**575,596**	**Sum of rows 45 and 58**
60	**Total risk-weighted assets**	**3,675,741**	
Capital ratios and buffers			
61	Tier 1 (as a percentage of total risk exposure amount)	15.47	
62	Tier 1 (as a percentage of total risk exposure amount)	15.47	
63	Total capital (as a percentage of total risk exposure amount)	15.66	
64	Institution-specific buffer requirement (minimum requirement for the Common Equity Tier 1 capital ratio in accordance with Article 92 (1)(a), plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of the total risk exposure)	7.9255	
65	of which: capital conservation buffer requirement	2.50	
66	of which: countercyclical buffer requirement	0.0817	
67	of which: systemic risk buffer requirement	--	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	--	

12/31/2022		a) Amount	b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation (EU CC2)
		Amounts in € thousand	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.84	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.16	
National minima (if different from Basel III)			
69-71	[non-relevant in EU Regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	16,167	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	16,295	
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	15,112	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	6,817	
77	Cap on inclusion of credit risk adjustments in T2 under the standardized approach	37,043	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)	--	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	--	
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2014 and January 1, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	--	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	--	
82	Current cap on AT1 instruments subject to phase out arrangements	--	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	--	
84	Current cap on T2 instruments subject to phase out arrangements	--	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	--	

In order to meet the disclosure requirements pursuant to Article 437 point a CRR, Table 4 provides a reconciliation between regulatory own funds and the own funds items reported in the published balance sheet under commercial law on the basis of the reference letters indicated in the EU CC1 and EU CC2 reporting forms. As the presentation only shows items that are relevant for the calculation of regulatory own funds under the CRR, it is not necessarily possible to reconcile these items with the reported own funds under German commercial law, or there may be deviations from the own funds under German commercial law.

The table also shows a reconciliation of the scope of consolidation for accounting purposes under commercial law to the regulatory scope of consolidation. There are no differences between the regulatory and commercial scope of consolidation.

Table 4: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Balance sheet	a) Balance sheet as in published financial statements 12/31/2022	b) Under regulatory scope of consolidation 12/31/2022	c) Reference to Table 3 EU CC1
	Amounts in € thousand		
Assets			
1. Cash reserve			
a) Cash at hand	108	108	
b) Balances with central banks	47,359	47,359	
	47,467	**47,467**	
2. Due from banks			
a) On demand	6,163,401	6,163,401	
b) Other receivables	14,861	14,861	
	6,178,262	**6,178,262**	
3. Due from customers	**2,163,597**	**2,163,597**	
4. Bonds and other fixed-income securities			
a) Money market instruments			
aa) Of public-sector issuers	--	--	
ab) Of other issuers	--	--	
b) Debt securities			
ba) Of public-sector issuers	1,187,331	1,187,331	
bb) Of other issuers	1,322,141	1,322,141	
	2,509,472	**2,509,472**	
5. Equity shares and other variable-yield securities	**198,255**	**198,255**	
5a. Trading portfolio	**4,827**	**4,827**	
6. Investments	**16,211**	**16,211**	
7. Shares in affiliated companies	**12,772**	**12,772**	
8. Associated companies	**3,021**	**3,021**	
9. Fiduciary assets	**36,231**	**36,231**	
10. Intangible assets			
a) Concessions, trademarks and similar rights and assets acquired against payment	20,418	20,418	
b) Advance payments	1,206	1,206	
	21,624	**21,624**	E
11. Fixed assets	**21,271**	**21,271**	
12. Other assets	**422,094**	**414,073**	
13. Prepaid expenses	**54,525**	**54,525**	
14. Deferred tax assets	**75,276**	**75,276**	F
15. Excess of plan assets over pension liability	**1,725**	**1,725**	
Total assets	**11,766,630**	**11,758,609**	

Balance sheet	a) Balance sheet as in published financial statements 12/31/2022	b) Under regulatory scope of consolidation 12/31/2022	c) Reference to Table 3 EU CC1
	Amounts in € thousand		
Liabilities			
1. Due to banks			
a) On demand	153,776	153,776	
b) With agreed term or period of notice	33,323	33,323	
	187,099	**187,099**	
2. Due to customers			
a) Saving deposits			
aa) With three months' agreed period of notice	54	54	
ab) With more than three months' agreed period of notice	--	--	
b) Other liabilities			
ba) On demand	8,841,328	8,841,328	
bb) With agreed term or period of notice	1,252,985	1,252,985	
	10,094,367	**10,094,367**	
3. Liabilities in certificate form	**39**	**39**	
3a. Trading portfolio	**--**	**--**	
4. Fiduciary liabilities	**36,231**	**36,231**	
5. Other liabilities	**411,214**	**403,193**	
6. Deferred income	**43,753**	**43,753**	
7. Provisions			
a) Provisions for pensions and similar obligations	61,284	61,284	
b) Provisions for taxation	42,243	42,243	
c) Other provisions	143,661	143,661	
	247,188	**247,188**	
8. Profit-participation certificates	**--**	**--**	
9. Funds for general banking risks	**78,375**	**78,375**	
10. Equity			
a) Paid-up capital	28,914	28,914	A
b) Capital reserves	276,666	276,666	B
c) Revenue reserve			
ca) Statutory reserve	2,900	2,900	C
cb) Other revenue reserves	228,135	228,135	C
d) Difference in equity capital from currency translation	--	--	
e) Adjustment item for minority interests	72	72	
f) Net profit	128,118	128,118	C
	664,805	**664,805**	
11. Balance from capital consolidation	**3,559**	**3,559**	
Total liabilities	**11,766,630**	**11,758,609**	

After adoption of the audited financial statements and taking into account a dividend of EUR 40.0 million still subject to approval at the Annual General Meeting, the Hauck Aufhäuser Lampe Group's own funds amount to EUR 626.9 million and are summarized as follows for the year ending December 31, 2022:

Table 5: Own funds after adoption of the audited financial statements

12/31/2022	**Regulatory capital**
	Amounts in € thousand
Paid-up capital	28,914
Capital reserves	276,666
Other eligible reserves	275,078
Net profit	84,124
Dividend payment	-40,034
Difference in equity capital from currency translation	--
Funds for general banking risks	78,375
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**703,123**
Value adjustment for prudent valuation	-509
Intangible assets	-21,624
Deferred tax assets arising from loss carryforwards	-60,917
Other regulatory adjustments	--
Insignificant investments	--
Regulatory adjustments (CET 1)	**-83,050**
Common Equity Tier 1 (CET1) capital	**620,073**
General credit risk adjustment	6,817
Tier 2 (T2) capital	**6,817**
Regulatory capital	**626,890**

4.2. Capital requirements (Article 438 CRR)

4.2.1. Regulatory capital requirements (Article 438 point d CRR)

Hauck Aufhäuser Lampe determines its regulatory capital requirements in accordance with the CRR regulations. Credit risk is determined in accordance with the Credit Risk Standardized Approach as set out in Part 3 Title II Chapter 2 of the CRR.

As a trading book institution in accordance with Article 4 (1)(86) of the CRR, Hauck Aufhäuser Lampe considers market risks to be exposures pertaining to share prices, foreign currencies, commodities, and interest rate changes in the trading book. Hauck Aufhäuser Lampe uses the regulatory standardized approach in accordance with Article 325 *et seqq.* of the CRR for share price/currency/commodities exposures. Interest rate risks are quantified using the maturity method in accordance with Article 339 of the CRR. The delta-plus method is used for options price risks in accordance with Article 329 of the CRR.

For regulatory purposes, the Hauck Aufhäuser Lampe Group's operational risk is calculated using the Basic Indicator Approach in accordance with Article 325 of the CRR.

The regulatory capital for the credit valuation adjustment (CVA) risk is calculated on the basis of the standardized method in accordance with Article 384 of the CRR.

In accordance with Article 438 point d CRR, the following table provides an overview of the total risk exposure amount (Total Risk Exposure Amount – TREA/ Risk Weighted Assets – RWA) and the corresponding regulatory capital requirements for the individual risk exposure classes as per the CoRep report as of December 31, 2022.

Table 6: EU OV1 – Overview of risk-weighted exposure amounts

		Total Risk Exposure Amount (TREA)		Own funds requirements
		a	b	c
		12/31/2022	09/30/2022	12/31/2022
		Amounts in € thousand		
1	**Credit risk (excluding CCR)**	**2,762,128**	**2,964,767**	**220,970**
2	Of which the standardized approach	2,762,128	2,964,767	220,970
3	Of which the Foundation IRB (FIRB) approach	--	--	--
4	Of which slotting approach	--	--	--
EU 4a	Of which equities under the simple risk-weighted approach	--	--	--
5	Of which the Advanced IRB (AIRB) approach	--	--	--
6	**Counterparty credit risk - CCR**	**247,709**	**250,858**	**19,817**
7	Of which the standardized approach	100,794	115,760	8,064
8	Of which internal model method (IMM)	--	--	--
EU 8a	Of which exposures to a CCP	17,032	17,329	1,363
EU 8b	Of which credit valuation adjustment (CVA)	44,180	41,350	3,534
9	Of which other CCR	85,703	76,419	6,856
10-14	Empty set in the EU			
15	**Settlement risk**	**143**	**1,710**	**12**
16	Securitisation exposures in the non-trading book (after the cap)	--	--	--
17	Of which SEC-IRBA approach	--	--	--
18	Of which SEC-ERBA (including IAA)	--	--	--
19	Of which SEC-SA approach	--	--	--
EU 19a	Of which 1250% / deduction	--	--	--
20	**Position, foreign exchange and commodities risks (market risk)**	**10,468**	**38,787**	**837**
21	Of which the standardized approach	10,468	38,787	837
22	Of which IMA	--	--	--
EU 22a	Large exposures	--	--	--
23	**Operational risk**	**655,292**	**655,292**	**52,423**
EU 23a	Of which basic indicator approach	655,292	655,292	52,423
EU 23b	Of which the standardized approach	--	--	--
EU 23c	Of which advanced measurement approach	--	--	--
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	78,518	77,968	6,218
25-28	Empty set in the EU			
29	**Total**	**3,675,740**	**3,911,414**	**294,059**

After adoption of the audited financial statements and the dividend payment, our capital ratios for the year ending December 31, 2022 are summarized as follows:

Table 7: Summary of capital adequacy

Capital	Own funds pursuant to audited financial statements	Capital requirements	Exposures	Capital ratio
		Amounts in € million		
Common Equity Tier 1 capital	620	294	3,676	16.87%
Tier 1 capital	620	294	3,676	16.87%
Total capital	627	294	3,676	17.05%

This means that each of the capital ratios are comfortably above the regulatory minimum requirements.

4.2.2. Internal capital adequacy (Article 438 point c CRR)

Our risk strategy and our risk-bearing capacity concept are used for conducting qualitative assessments of the adequacy of our available internal capital in relation to our risk profile.

The risk strategy is the general definition of targets to manage the risks of key business activities and is closely connected to the business strategy. It includes risk policy principles and determines our risk appetite, which represents the desired balance between risk tolerance and risk-bearing capacity. It defines how we deal with quantifiable and non-quantifiable risks.

Furthermore, internal capital, i.e. of the risk coverage potential, is allocated to the individual business segments/types of risk in order to monitor the risk-bearing capacity of our Group. In addition to the regulatory requirements and target returns, risk-bearing capacity is one of the key indicators of our Group's overall planning and control process.

The Group level is defined in accordance with the scope of consolidation and the commercial importance of each individual unit. Here, we use our financial risk scale, which enables us to objectively define the Group level and, hence, the risk-adjusted steering of the Hauck Aufhäuser Lampe Group.

The key factors for calculating the risk-bearing capacity are the risk coverage potential, i.e. the maximum internal capital available for hedging risks, and the risk capital limit, i.e. the internal capital actually used to cover risks. In accordance with our risk policies and in order to limit risk, only a portion of the risk capital is used to cover risks. The remaining strategic risk buffer is used to cover possible fluctuations in our risk capital and ensures room for maneuver in the context of risk management.

The risk-bearing capacity is assured when the risk coverage potential is higher than the risk capital requirement. In order to ensure this, our risk strategy stipulates limits for all risk types and roles that define the decision-takers' room for maneuver. In so doing, the limit system used in the Bank is applied to allocate limits to the individual types of risk and/or business segments. These are expressed in the form of global limits that are subdivided into individual limits. Compliance with these limits and, hence, with the risk-bearing capacity is monitored through regular reporting.

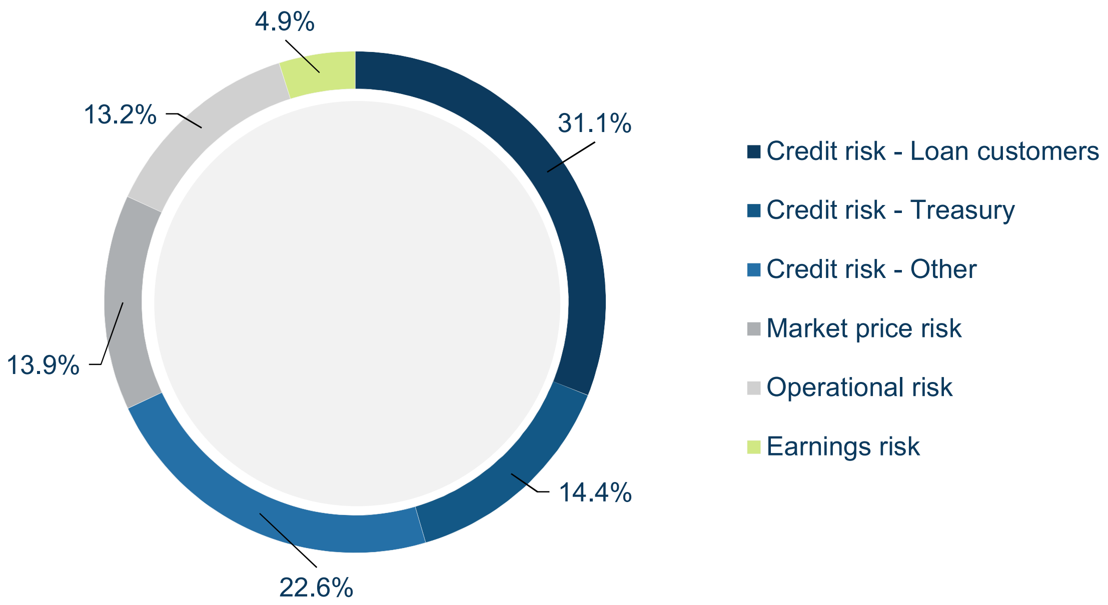
Risk capital, the risk capital limit and risk capital requirements are planned in the course of the annual business and risk strategy review. They are based on the regulatory capital planning, the strategic earnings targets and the risk capital requirements calculated on the basis of the key future business activities.

The economic risk-bearing capacity is calculated monthly with a 99.9% level of confidence and for a risk analysis horizon of one year.

The decrease in the utilization of the risk coverage potential at Group level from 50% as of December 31, 2021 to 48% as of the balance sheet date resulted primarily from diversification effects following the full methodological integration of the risk calculation for the portfolios of the former Bankhaus Lampe KG. In 2022, the average utilization rate was 51% (53% in 2021).

The following chart shows the breakdown of the risk capital requirements relative to the individual types of risk of the Hauck Aufhäuser Lampe Group quantified in the risk-bearing capacity.

Figure 1: Breakdown of the total exposure



5. Credit and Dilution Risk (Article 442 CRR)

5.1. Definitions (Article 442 point a CRR)

Counterparty risks mainly result from our lending business with corporate and retail clients, including real estate project developers and property developers, as well as from our investment and interbank business with institutional clients and the derivatives business with our customer groups.

Counterparty risk in particular is understood as

- The default of a debtor: the inability of a debtor or several debtors to meet their credit obligations (in particular interest and principal payments),
- The creditworthiness risk: the possible deterioration of a debtor's economic situation,
- The collateral risk: possible changes in the price of assets used as collateral in lending transactions,
- The spread risk: broadening of credit spreads of bonds,
- The portfolio or cluster risk: the excessive concentration and dependence on one debtor or group of debtors,
- The issuer and country risk.

Precisely defined authority rules and standards for credit and investment decisions ensure risk diversification and minimize our counterparty risk. The rating procedures of CredaRate Solutions GmbH, Cologne, and the S&P Global Market Intelligence – Credit Assessment Scorecards, New York, are used to assess the creditworthiness of our customers. Collateral is valued on the basis of standardized procedures using the two-person check principle. The lending values for securities collateral are determined on a risk-adjusted basis using regularly updated market data.

Counterparty risk management is based on quantitative and qualitative criteria.

The focus of quantitative management is on compliance with the economic limits for ensuring risk-bearing capacity, which are defined as part of the risk strategy. The regulatory ratios represent a strict secondary requirement in this respect.

The qualitative risk management is based on the credit risk and investment strategy. Internal limits are defined for individual exposures in terms of customer and issuer groups, credit ratings, volumes and internal capital requirements. This is also used to limit concentration risks.

The credit risk strategy thus forms the basis for the lending business with all the key qualitative and quantitative requirements for risk management.

The Bank's Credit Risk Management unit is responsible for managing credit risks, both in relation to individual cases and to the portfolio as a whole. The individual risk managers, supported by an early warning system, are responsible for managing the risks. Risk Controlling and Credit Risk Management work closely together in this process. The customer loan portfolio is characterized by good credit ratings.

At Hauck Aufhäuser Lampe, the economic capital required to cover counterparty risks and portfolio risks is calculated using

- a credit portfolio model based on CreditRisk+ for the credit customer 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,

whereby migration risks are appropriately considered for all above-mentioned transactions and portfolios.

All credit exposures are subject to regular review. This involves determining the extent to which the outstanding receivables are partially or completely unrecoverable. An extraordinary review of the receivables, including collateral, is performed if Hauck Aufhäuser Lampe becomes aware of information that indicates a negative change in the risk assessment of the exposure or the collateral.

In the lending business, we define the following criteria for defaults in the lending business:

- Late payment (e.g., principal due, interest due, account overdrafts, collateral shortfall, premium arrears on ceded insurance, returned checks and direct debits),
- Violation of covenants under the loan agreement (e.g., failure to submit agreed documentation, failure to comply with contractual obligations),
- Initiation of enforcement measures by third parties (e.g. garnishments, payment bans),
- Filing of an application for commencement of insolvency proceedings.

The relevant time limits at which an engagement is considered impaired and thus non-performing are detailed in our organizational directives.

Receivables are defined as “non-performing” or “impaired” if we expect that a counterparty will be unable to meet its obligations to service the principal on a sustained basis or will breach contractual obligations under the loan agreement.

Hauck Aufhäuser Lampe does not use an accrual-based definition of “past due” and “default” for accounting purposes.

In the disclosure report, receivables are reported as “past due” if they are more than 90 consecutive days in arrears to a debtor and they are not already classified as “non-performing” or “impaired”. In accordance with Article 178 CRR, this default is determined on a borrower-by-borrower basis for all exposure classes.

5.2. Approaches and methods for determining risk provisions (Article 442 (b) CRR)

Risk provisions are formed in accordance with the strict lower-of-cost-or-market principle as required under German commercial law. Uncollectible receivables are written off, and specific loan loss allowances or provisions are recognized for doubtful receivables. Adequate general loan loss provisions have been recognized for latent risks. Specific loan loss provisions are recognized for exposures at risk of default after deduction of the available collateral. For all other receivables, general loan loss provisions are recognized using the statistical mathematical method in accordance with the expected loss-based method.

During the year, it is ensured that specific loan loss provisions and provisions are recognized immediately. Individual specific loan loss provisions are only reversed when there is a discernible and sustained improvement in the financial circumstances of the borrower.

On a case-by-case basis, we examine the possibility of setting up an internal interest rate suspension to neutralize the effect on earnings.

Proposals for additions to the risk provisions (SLLP, provisions, direct write-downs) are submitted to the Management Board for approval. The adequacy of the risk provision is adjusted at the end of each month throughout the financial year. Detailed information on the recognition of the risk provision is available in the form of a comprehensive set of internal regulations.

5.3. Quantitative information on credit risk exposures (Article 442 points c to e CRR)

In line with the EBA ITS on Disclosure (CIR (EU) 2021/637), all institutions are now required to disclose a limited amount of NPE information. For Hauck Aufhäuser Lampe, as an institution subject to the disclosure requirements under Article 433c (2), the disclosure requirement of quantitative information on credit risk exposures covers the following tables:

- Exposures broken down into performing and non-performing loans and advances, debt securities and off-balance sheet exposures and related provisions (EU CR1),
- Disclosure of the credit quality of forborne exposures (EU CQ1),
- Credit quality of performing and non-performing exposures by past due days (EU CQ3),
- Exposures by geographical area (EU CQ4),
- Exposures by industry (EU CQ5).

Although disclosure of table EU CQ7 is mandatory, it is not made because Hauck Aufhäuser Lampe did not have any collateral obtained through repossession and enforcement proceedings on its balance sheet as of the reporting date of December 31, 2022.

Furthermore, the Implementing Regulation provides for extended disclosure of tables EU CQ2, EU CQ6 and EU CQ8 as well as columns b and d of tables EU CQ4 and EU CQ5 if an institution or group has an NPL ratio of at least 5.00% on the reporting date.

In accordance with the requirements of Article 8 (3) of Regulation (EU) 2021/637, the NPL ratio is calculated as the ratio between the gross carrying amount of non-performing loans and advances and the total gross carrying amount (loans and advances held for sale, cash at central banks and other demand deposits are to be excluded in accordance with Article 8 (4) of Regulation (EU) 2021/637).

As of December 31, 2022, the NPL ratio of Hauck Aufhäuser Lampe was 3.51% Consequently, the Hauck Aufhäuser Lampe Group is not subject to the extended disclosure requirements.

Table 8: EU CR1 – Performing and non-performing exposures and related provisions

		a	b	c	d	e	f
		Gross carrying amount / nominal amount					
		Performing exposures			Non-performing exposures		
			of which Stage 1	of which Stage 2		of which Stage 2	of which Stage 3
		Amounts in € thousand					
005	**Cash balances at central banks and other demand deposits**	6,210,760	--	--	--	--	--
010	**Loans and advances**	2,126,493	--	--	77,309	--	--
020	Central banks	--	--	--	--	--	--
030	Central governments	77,322	--	--	8,111	--	--
040	Credit institutions	7,411	--	--	--	--	--
050	Other financial corporations	279,026	--	--	40,000	--	--
060	Non-financial corporations	1,616,557	--	--	29,186	--	--
070	*of which: SMEs*	484,814	--	--	899	--	--
080	Households	146,176	--	--	12	--	--
090	**Debt securities**	2,509,472	--	--	--	--	--
100	Central banks	--	--	--	--	--	--
110	Central governments	1,217,933	--	--	--	--	--
120	Credit institutions	1,131,416	--	--	--	--	--
130	Other financial corporations	101,237	--	--	--	--	--
140	Non-financial corporations	58,886	--	--	--	--	--
150	**Off-balance sheet exposures**	1,221,595	--	--	34	--	--
160	Central banks	--	--	--	--	--	--
170	Central governments	3,372	--	--	--	--	--
180	Credit institutions	--	--	--	--	--	--
190	Other financial corporations	207,798	--	--	--	--	--
200	Non-financial corporations	914,905	--	--	27	--	--
210	Households	95,520	--	--	7	--	--
220	**Total**	**12,068,319**	**--**	**--**	**77,343**	**--**	**--**

		g	h	i	j	k	l
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			of which Stage 1	of which Stage 2		of which Stage 2	of which Stage 3
		Amounts in € thousand					
005	**Cash balances at central banks and other demand deposits**	--	--	--	--	--	--
010	**Loans and advances**	-4,797	--	--	-28,217	--	--
020	Central banks	--	--	--	--	--	--
030	Central governments	--	--	--	-1,300	--	--
040	Credit institutions	-4,159	--	--	--	--	--
050	Other financial corporations	-308	--	--	-6,756	--	--
060	Non-financial corporations	-86	--	--	-20,161	--	--
070	*of which: SMEs*	--	--	--	-501	--	--
080	Households	-244	--	--	--	--	--
090	**Debt securities**	--	--	--	--	--	--
100	Central banks	--	--	--	--	--	--
110	Central governments	--	--	--	--	--	--
120	Credit institutions	--	--	--	--	--	--
130	Other financial corporations	--	--	--	--	--	--
140	Non-financial corporations	--	--	--	--	--	--
150	**Off-balance sheet exposures**	-9,577	--	--	--	--	--
160	Central banks	--	--	--	--	--	--
170	Central governments	--	--	--	--	--	--
180	Credit institutions	--	--	--	--	--	--
190	Other financial corporations	--	--	--	--	--	--
200	Non-financial corporations	-9,577	--	--	--	--	--
210	Households	--	--	--	--	--	--
220	**Total**	**-14,374**	**--**	**--**	**-28,217**	**--**	**--**

		m	n	o
		Accumulated partial write-off	Collateral and financial guarantees received on	
			Performing exposures	Non-performing exposures
		Amounts in € thousand		
005	**Cash balances at central banks and other demand deposits**	--	--	--
010	**Loans and advances**	--	1,217,696	2,020
020	Central banks	--	--	--
030	Central government	--	--	--
040	Credit institutions	--	--	--
050	Other financial corporations	--	128,624	--
060	Non-financial corporations	--	995,133	2,020
070	*of which: SMEs*	--	338,445	--
080	Households	--	93,939	--
090	**Debt securities**	--	--	--
100	Central banks	--	--	--
110	Central government	--	--	--
120	Credit institutions	--	--	--
130	Other financial corporations	--	--	--
140	Non-financial corporations	--	--	--
150	**Off-balance sheet exposures**		320,498	--
160	Central banks		--	--
170	Central government		--	--
180	Credit institutions		--	--
190	Other financial corporations		54,395	--
200	Non-financial corporations		236,538	--
210	Households		29,565	--
220	**Total**	**--**	**1,538,194**	**2,020**

Table 9: EU CQ1 – Credit quality of forborne exposures

		a	b	c	d
		Gross carrying amount / nominal amount of forborne exposures			
		Performing forborne	Non-performing forborne		
				of which: defaulted	of which: impaired
		Amounts in € thousand			
010	**Loans and advances**	**10,137**	**40,000**	**--**	**--**
020	Central banks	--	--	--	--
030	General governments	--	--	--	--
040	Credit institutions	--	--	--	--
050	Other financial corporations	--	40,000	--	--
060	Non-financial corporations	10,137	--	--	--
070	Households	--	--	--	--
080	**Debt securities**	**--**	**--**	**--**	**--**
090	**Loan commitments given**	**--**	**--**	**--**	**--**
100	**Total**	**10,137**	**40,000**	**--**	**--**

		e	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures		Of which: non-performing exposures with forbearance measures
		Amounts in € thousand			
010	**Loans and advances**	**--**	**-6,756**	**8,317**	**--**
020	Central banks	--	--	--	--
030	General governments	--	--	--	--
040	Credit institutions	--	--	--	--
050	Other financial corporations	--	-6,756	--	--
060	Non-financial corporations	--	--	8,317	--
070	Households	--	--	--	--
080	**Debt securities**	**--**	**--**	**--**	**--**
090	**Loan commitments given**	**--**	**--**	**--**	**--**
100	**Total**	**--**	**-6,756**	**8,317**	**--**

Table 10: EU CQ3 – Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e
		Gross carrying amount / nominal amount				
		Performing exposures			Non-performing exposures	
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Likely payment default for exposures that are not past-due or past due ≤ 90 days
		Amounts in € thousand				
005	**Cash balances at central banks and other demand deposits**	**6,210,760**	**6,210,760**	**--**	**--**	**--**
010	**Loans and advances**	**2,126,492**	**2,113,540**	**12,952**	**77,309**	**27,559**
020	Central banks	--	--	--	--	--
030	Central governments	77,322	77,322	--	8,111	--
040	Credit institutions	7,411	7,411	--	--	--
050	Other financial corporations	279,026	276,596	2,429	40,000	--
060	Non-financial corporations	1,616,558	1,606,039	10,519	29,186	27,559
070	*of which: SMEs*	*484,814*	*476,421*	*8,393*	*899*	--
080	Households	146,176	146,172	4	11	--
090	**Debt securities**	**2,509,472**	**2,509,472**	**--**	**--**	**--**
100	Central banks	--	--	--	--	--
110	Central governments	1,217,933	1,217,933	--	--	--
120	Credit institutions	1,131,416	1,131,416	--	--	--
130	Other financial corporations	101,237	101,237	--	--	--
140	Non-financial corporations	58,886	58,886	--	--	--
150	**Off-balance sheet exposures**	**1,221,595**			**34**	
160	Central banks	--			--	
170	Central governments	3,372			--	
180	Credit institutions	--			--	
190	Other financial corporations	207,798			--	
200	Non-financial corporations	914,905			27	
210	Households	95,520			7	
220	**Total**	**12,068,319**	**10,833,772**	**12,952**	**77,343**	**27,559**

		f	g	h	i	j	k	l
		Gross carrying amount / nominal amount						
		Non-performing exposures						
		Past due						
		> 90 days ≤ 180 days	**> 180 days ≤ 1 year**	**> 1 year ≤ 2 years**	**> 2 years ≤ 5 years**	**> 5 years ≤ 7 years**	**> 7 years**	**of which: defaulted**
		Amounts in € thousand						
005	**Cash balances at central banks and other demand deposits**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
010	**Loans and advances**	**40,683**	**57**	**--**	**1,437**	**--**	**7,573**	**827**
020	Central banks	--	--	--	--	--	--	--
030	Central governments	--	--	--	982	--	7,129	--
040	Credit institutions	--	--	--	--	--	--	--
050	Other financial corporations	40,000	--	--	--	--	--	--
060	Non-financial corporations	676	52	--	455	--	444	827
070	*of which: SMEs*	--	--	--	*455*	--	*444*	--
080	Households	7	5	--	--	--	--	--
090	**Debt securities**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
100	Central banks	--	--	--	--	--	--	--
110	Central governments	--	--	--	--	--	--	--
120	Credit institutions	--	--	--	--	--	--	--
130	Other financial corporations	--	--	--	--	--	--	--
140	Non-financial corporations	--	--	--	--	--	--	--
150	**Off-balance sheet exposures**							**--**
160	Central banks							--
170	Central governments							--
180	Credit institutions							--
190	Other financial corporations							--
200	Non-financial corporations							--
210	Households							--
220	**Total**	**40,683**	**57**	**--**	**1,437**	**--**	**7,573**	**827**

Table 11: EU CQ4 – Quality of non-performing exposures by geography

		a	c	e	f	g
		Gross carrying amount / nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: defaulted			
		Amounts in € thousand				
010	**On balance sheet exposures**	**10,924,033**	**827**	**-33,014**		**--**
020	Germany	8,225,606	827	-26,646		--
030	United States of America	485,589	--	--		--
040	France	231,311	--	--		--
050	Luxembourg	217,267	--	--		--
060	Spain	185,366	--	--		--
070	Finland	146,475	--	--		--
080	Netherlands	125,071	--	-6,368		--
090	Norway	108,406	--	--		--
100	Switzerland	98,804	--	--		--
110	Italy	86,470	--	--		--
120	Other countries	1,013,668	--	--		--
130	**Off-balance sheet exposures**	**1,221,629**	**--**		**-9,577**	
140	Germany	1,018,999	--		-9,577	
150	Luxembourg	148,882	--		--	
160	Other countries	53,748	--		--	
170	**Total**	**12,145,662**	**827**	**-33,014**	**-9,577**	**--**

Table 12: EU CQ5 – Credit quality of loans and advances by industry

		a	c	e	f
		Gross carrying amount / nominal amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: defaulted		
		Amounts in € thousand			
010	Agriculture, forestry and fishing	10,762	--	--	--
020	Mining and quarrying	--	--	--	--
030	Manufacturing	153,582	--	-12,545	--
040	Electricity, gas, steam and air conditioning supply	13,665	--	-141	--
050	Water supply	--	--	--	--
060	Construction	83,684	--	--	--
070	Wholesale and retail trade	120,237	--	-360	--
080	Transport and storage	37,082	--	--	--
090	Accommodation and food service activities	5,750	--	--	--
100	Information and communication	16,633	--	--	--
110	Financial and insurance activities	831	827	-696	--
120	Real estate activities	679,757	--	-6,368	--
130	Professional, scientific and technical activities	149,620	--	-51	--
140	Administrative and support service activities	342,350	--	-86	--
150	Public administration and defense, compulsory social security	--	--	--	--
160	Education	0	--	--	--
170	Human health services and social work activities	18,690	--	--	--
180	Arts, entertainment and recreation	12,508	--	--	--
190	Other services	592	--	--	--
200	**Total**	**1,645,743**	**827**	**-20,247**	**--**

6. Key metrics (Article 447 CRR)

Upon entry into force of the revised CRR, an overview of the regulatory key parameters required in accordance with Article 447 points a) to g) CRR and Article 438 point b) CRR is required.

The following table shows the Hauck Aufhäuser Lampe Group's key metrics pursuant to the CoRep report and is presented in accordance with Annex I to Commission Implementing Regulation (EU) No. 2021/637.

Table 13: EU KM1 – Key metrics

		a	b
		12/31/2022	12/31/2021
		Amounts in € thousand	
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	568,779	541,747
2	Tier 1 capital (T1)	568,779	541,747
3	Total capital	575,597	548,887
Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	3,675,741	3,739,623
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.47	14.49
6	Tier 1 ratio (%)	15.47	14.49
7	Total capital ratio (%)	15.66	14.68
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.50	1.50
EU 7b	Of which: to be made up of CET1 capital (percentage points)	0.84	0.84
EU 7c	Of which: to be made up of Tier 1 capital (percentage points)	1.13	1.13
EU 7d	Total SREP own funds requirements (%)	9.50	9.50
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	--	--
9	Institution specific countercyclical capital buffer (%)	0.08	0.03
EU 9a	Systemic risk buffer (%)	--	--
10	Global Systemically Important Institution buffer (%)	--	--
EU 10a	Other Systemically Important Institution buffer (%)	--	--
11	Combined buffer requirement (%)	2.58	2.53
EU 11a	Overall capital requirements (%)	12.08	12.03
12	CET1 available after meeting the total SREP own funds requirements (%)	6.16	5.18
Leverage ratio			
13	Total exposure measure	12,770,408	8,208,611
14	Leverage ratio (%)	4.45	6.60
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			

		a	b
		12/31/2022	12/31/2021
		Amounts in € thousand	
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	--	--
EU 14b	of which: to be made up of CET1 capital (percentage points)	--	--
EU 14c	Total SREP leverage ratio requirements (%)	3.00	4.37
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%	--	--
EU 14e	Overall leverage ratio requirement (%)	3.00	4.37
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (weighted value-average)	7,011,095	6,501,335
EU 16a	Cash outflows – total weighted value	5,594,269	5,947,789
EU 16b	Cash inflows – total weighted value	638,365	1,248,222
16	Total net cash outflows (adjusted value)	4,955,904	4,699,568
17	Liquidity coverage ratio (%)	141.47	138.34
Net Stable Funding Ratio			
18	Total available stable funding	4,528,357	4,453,315
19	Total required stable funding	2,397,211	2,569,326
20	NSFR ratio (%)	188.90	173.33

7. Remuneration policy (Article 450 CRR)

In line with the Institutsvergütungsverordnung (InstitutsVergV) [Remuneration Ordinance for Institutions], in the course of the annual appraisals of the remuneration system, we evaluated the incentive and remuneration systems of Hauck Aufhäuser Lampe, and compiled the principles of our remuneration policy and salary systems. It serves to document the key principles and current instruments, and forms the basis for the practical implementation of our remuneration systems as well as providing guidance for the further development of these systems.

The remuneration systems for the employees and the management of Hauck Aufhäuser Lampe are linked to the sustainable and value-oriented alignment of the business model and are structured in such a way that they avoid giving management and employees incentives for taking disproportionately high risks while at the same time rewarding good performance and the long-term commitment of our employees.

Our remuneration policy is derived from the corporate and risk strategy. It is our intention to foster in our employees in equal measure both a long-term, values-oriented approach and entrepreneurial engagement. It is, therefore, bound to the principles of transparency and basic income as well as being performance and profit related.

Our employees are key to the success of our company. Together, we have developed a corporate culture of responsible action in which each makes a positive contribution and each has a positive impact. Sustainability and social aspects play a key role in the development of incentive systems at Hauck Aufhäuser Lampe. Hauck Aufhäuser Lampe’s remuneration policy is aligned to our business and risk strategy, the goals and interests of the Group and comprises measures to avoid conflicts of interest.

The remuneration system is reviewed at least once a year and, where necessary, adapted in order to guarantee its appropriateness and compliance with statutory requirements.

It is also our intention that, in keeping with Regulation (EU) 2019/2088 of 27 November 2019 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector, our remuneration policy provides more transparency in terms of quality or quantity with regard to the remuneration policy at Hauck Aufhäuser Lampe as a participant on the financial markets and financial adviser concerning asset management and risk management. It shall promote solid and effective risk management with regard to sustainability by ensuring that the remuneration structure does not encourage excessive risk-taking with regard to sustainability risks, and sanction any violations of ESG principles, such as employee misconduct or the taking of reputational risks.

Hauck Aufhäuser Lampe’s goal is to make a genuine, active contribution to a more environmentally friendly and fairer world. For this reason, Hauck Aufhäuser Lampe’s remuneration policy supports the appropriate management of all relevant business risk through the inclusion of sustainability risks as defined in the Disclosure Regulation.

7.1. Legal basis

Hauck Aufhäuser Lampe is not a major institution within the meaning of Section 1(3c) KWG, because its average total assets over the last four years have been clearly below € 15 billion and is not classified as such. It was also not classified as such within the meaning of Section 1(3c) KWG for the 2023 financial year. In the 2022 financial year, Hauck Aufhäuser Lampe identified risk-takers pursuant to Section 25a(5b) KWG.

Furthermore, the remuneration policies for employees of capital management companies are applied as follows: On grounds of the corporate alignment of Hauck Aufhäuser Lampe, with regard to the principle of proportionality, a decision has been taken to not apply the provisions relating to the disbursement process and the remuneration committee.

Further legal bases within the Group considered as being generally binding are the remuneration policies for employees of capital management companies in accordance with Section 37 of the Kapitalanlagegesetzbuch (KAGB) [Capital Investment Code] in conjunction with Article 13 and Annex II of Directive 2011/61/EU on Alternative Investment Fund Managers (Alternative Investment Fund Manager (AIFM) Directive) and the final report “Guidelines on Key Concepts of the AIFMD” of the European Securities and Markets Authority (ESMA) as well as guidelines issued by the Federal Financial Supervisory Authority (BaFin).

7.2. Principles

7.2.1. Principle of transparency

Hauck Aufhäuser Lampe’s target remuneration comprises two remuneration components: a monthly basic salary and a variable remuneration component.

The basic salary of employees remunerated on the basis of collective agreements is determined by how they are classified in a collective agreement group. The amount of fixed remuneration for employees not covered by collective agreements depends on the position, the qualifications required for this position, the complexity of the tasks and the associated degree of responsibility, remuneration for similar positions in the company, and the prevailing market conditions. The basis for variable compensation in both the collectively agreed and non-collectively agreed areas is the relevant company-wide agreement.

Accordingly, the variable remuneration granted to employees who are subject to collective agreement is linked to the net operating profit.

The variable remuneration for employees not subject to collective agreements is generally aligned to a contractually agreed target value.

7.2.2. Principle of living wage

The monthly salary serves to secure the living standards of the employees. For employees subject to collective agreements, it is measured through application of the Collective Agreement for the Private Banking Sector, and, for employees not subject to collective agreements, the Principles of Non-Collectively Agreed Remuneration in such a way that it enables a secure standard of living. Employees who are not subject to collective agreement are paid 12 monthly salary installments; employees subject to collective agreement are paid 13 monthly salary installments.

In addition to this, there is also the prospect of variable remuneration. This aligns with each Company Agreement in force. The maximum permissible amount of variable remuneration is equal to the amount of fixed salary.

Thus, the ratio of variable to fixed remuneration for employees in roles of particular responsibility not subject to collective agreement is aligned towards performance but does not result in increased employee dependency on variable remuneration. The ratio is generally significantly weighted in favor of the fixed remuneration components.

Employees subject to collective agreement receive a uniform additional variable salary payment.

7.2.3. Principle of performance and profit dependency

The variable remuneration under the Company Agreement for employees both subject and not subject to collective agreement is an annual, discretionary single payment. The amount of remuneration is dependent on the personal performance of employees in positions of particular responsibility as well as business performance. Employees in roles of particular responsibility include division/department managers; employees not subject to collective agreement in Investment Banking; relationship managers from Private & Corporate Banking and in Asset Servicing; branch managers; and all employees not subject to collective agreement from Financial Markets, Treasury and Internal Audit.

Employees not subject to collective agreement who are not in roles of particular responsibility and employees subject to collective agreement do not have any individual performance-related component and generally receive variable remuneration on the basis of target values that are dependent on the profitability of the company.

The performance-related component is based on the individual performance of each employee in a role of particular responsibility not subject to collective agreement, which is based on the stipulation of individual goals, 60% of which are KPI-related or derived from the (risk) strategy and 40% of which consist of individually set goals, with due regard given to quantitative and qualitative targets.

The profit component reflects the operating profit of the Hauck Aufhäuser Lampe Group and is intended to encourage employees to ensure that, in addition to reaching their targets, they always keep the profitability of the Hauck Aufhäuser Lampe Group as a whole in mind and do not take any disproportionate risks.

It enables employees to share in the success of the company and limits the payment of performance-related variable remuneration in periods of difficulty.

The profit component comprises the Hauck Aufhäuser Lampe Group Factor, which is based on key performance indicators (KPIs) at Group level.

In accordance with the agreement between the Management Board and employee representatives, the following targets are to be achieved through performance and profit-related remuneration:

- An incentive to improve performance and/or reach a higher performance level,
- Greater opportunities for individuals to increase their income through improved personal performance,
- Fostering cooperative behavior, both with regard to teams and the upstream/downstream business units,
- Performance-related differentiation in remuneration,
- Support for the implementation of the company's commercial and corporate policy objectives,
- Enhancement of the quality of planning processes,
- Improving the competitive position of the company on the employment market through an attractive remuneration system,
- Equitable remuneration within the meaning of the principle of equal opportunity through uniform procedural rules for calculating the variable remuneration component, and
- Supporting employee development through the flexible development of individual remuneration.

For employees subject to collective agreement and employees not subject to collective agreement in roles of particular responsibility, the variable remuneration is calculated generally on the basis of target values, but also on the net operating profit of Hauck Aufhäuser Lampe.

7.3. Remuneration instruments

7.3.1. Remuneration in accordance with the Collective Agreement for the Private Banking Sector

Hauck Aufhäuser Lampe is a member of the German Private Bank Employers Association and applies the Collective Agreement for the Private Banking Sector. The social partners in the banking sector have examined the provisions contained therein and determined that the remuneration instruments withstand scrutiny in line with the strictest standards currently under discussion at the international and national level.

The basic remuneration of employees subject to collective agreement is regularly revised through collective wage settlements.

7.3.2. Principles of variable remuneration

The remuneration system, which consists of a fixed salary and performance-related variable remuneration, was developed jointly by the Management Board and the People & Organization Department.

The variable remuneration for employees not subject to collective agreement is based on the contractually agreed target value. For employees subject to collective agreement, the variable remuneration is based on the monthly fixed salary.

In addition to their gross annual income, employees in roles of particular responsibility who are not subject to collective agreement may receive variable remuneration that is dependent on their personal performance (Individual Performance Factor) and the success of the Hauck Aufhäuser Lampe Group (Hauck Aufhäuser Lampe Group Factor).

Employees not subject to collective agreement who are not in roles of particular responsibility and employees subject to collective agreement may receive variable remuneration that is comprised from the Hauck Aufhäuser Lampe Group Factor. These two employee categories may be granted a Recognition Award for outstanding performance during the course of the year.

The Recognition Award provides an incentive for outstanding contributions by individuals or teams. The recognition Remuneration may be paid in a financial or non-financial payment instrument.

The Management Board and the People & Organization Department examined the company-wide agreement and the practical implementation thereof on the basis of the criteria of the MaRisk [Minimum Requirements for Risk Management] and the InstitutsVergV and established that the Company Agreements on remuneration ("Principles of Variable Remuneration") fulfill the requirements in an exemplary manner. In particular, the following points were emphasized:

- The remuneration system places the focus on the personal performance of all employees in roles of particular responsibility and determines the amount of performance-related variable remuneration on the basis of both the achievement of targets as well as on the profit of the Bank.
- Targets are agreed over the long term as annual targets. Thus, the employees in roles of particular responsibility are given a broad amount of scope for achieving their targets. Focusing on short-term daily or monthly targets does not accord with our aspiration to provide independent and sustainable advisory services.
- The performance of our client advisers is measured through their contribution to the company's success and not according to sales of specific products. This prevents an incentive being created to sell specific forms of investment or financing to clients without the clients specifically needing such forms of investment or financing.
- Taking into consideration the success of the Bank as a whole in calculating the target value for performance-related remuneration ensures that the individual performance-related remuneration payments for employees in roles of particular responsibility will not lead to any excessive burdens being placed on the Bank's profitability.

Hauck Aufhäuser Lampe's remuneration systems are designed in such a way that they avoid giving incentives for taking disproportionately high risks and the oversight function of the employees of the controlling units is not compromised by their remuneration. In particular, the variable remuneration of employees in the controlling units is not directly dependent on the results of the units they oversee, but are linked to the targets set for their controlling unit. The controlling units were continuously involved in the appraisal of the remuneration systems that were conducted under the guidance of the People & Organization department in the reporting period.

Bonuses are determined using, among other things, the qualitative and quantitative individual performance of the employees in roles of particular responsibility and the profit of the business unit and the Bank as a whole.

The following criteria are used to determine bonus payments: the level of individual target achievement, the net operating profit of the Bank as a whole and the relevant business unit. These elements constitute a formula according to which the bonus is calculated. In so doing, compliance with the limits as stipulated in Section 25a KWG is assured.

If a bonus is guaranteed in connection with the establishment of an employment relationship, this guarantee will be determined at most for the first 12 months of employment. Furthermore, in accordance with Section 5(3)(2) InstitutsVergV, in the event of termination of employment, our Bank does not establish in individual contracts any entitlement to payments, which remain unchanged despite any negative individual performance contributions.

7.3.3. Annual review of adequacy

Furthermore, Hauck Aufhäuser Lampe has an overarching committee composed of representatives from the Risk Controlling & Regulatory Reporting, Compliance, Internal Audit, and People & Organization departments, which serves as a forum for formally reviewing and appraising Hauck Aufhäuser Lampe's remuneration system. The intention of this review and appraisal is to promote and enhance consistency between the variable remuneration agreements and the stability and solidity of Hauck Aufhäuser Lampe and its subsidiaries as well as the alignment of these agreements to pertinent regulatory recommendations and requirements.

Such a review was last conducted in the 2022 financial year. The Supervisory Board of Hauck Aufhäuser Lampe was informed about, among others, the remuneration system at its meeting on September 14, 2022, and approved the relevant statements for the record. Furthermore, the employees are informed in a suitable manner of the remuneration system that applies to them.

7.3.4. Remuneration Control Committee

A Remuneration Control Committee was not formed. Hauck Aufhäuser Lampe is not a major institution as defined in Section 1(3c) KWG. Furthermore, the legislator is of the opinion that such institutions have the right to waive the formation of a Remuneration Control Committee without requiring the approval of BaFin if the administrative and supervisory body contains less than ten members.

7.3.5. Quantitative disclosures on remuneration

In view of the classification of Hauck Aufhäuser Lampe as a non-significant institution (cf. Section 1 (3c) KWG) and taking into account its size, internal organizational structure, and the nature, scope and complexity of its business operations (application of Article 450 (2) of Regulation (EU) No. 575/2013 in conjunction with Regulation (EU) 2016/769 General Data Protection Regulation), the following aggregated quantitative disclosures are published in application of Section 16 (2) InstitutsVergV for the 2022 financial year:

- Fixed remuneration paid for the 2022 financial year, Article 450 (1)(h)(i) CRR;
- Variable remuneration paid for the 2022 financial year, Article 450 (1)(h)(i) CRR;
- The number of beneficiaries of fixed and variable remuneration, Article 450 (1)(h)(i) CRR.

Group-wide, the total amount of all remuneration paid for the 2022 financial year was approximately € 191 million, with approximately € 150 million in fixed remuneration and approximately € 41 million in variable remuneration paid to 1340 beneficiaries (Full Time Equivalents (FTE)).

Table 14: Remuneration broken down by company

Company	Fixed salary	Variable remuneration	Beneficiaries
	Amounts in € thousand		In FTE
Hauck Aufhäuser Lampe Privatbank AG	99,131	30,324	816
Hauck Aufhäuser Lampe Privatbank AG – Luxembourg	21,669	6,557	236
Lampe Asset Management GmbH	5,954	996	42
Hauck & Aufhäuser Fund Services S.A.	10,816	1,803	108
Hauck & Aufhäuser Alternative Investment Services S.A.	12,123	1,742	138
Total	**149,693**	**41,422**	**1,340**

The amount of variable remuneration includes severance payments to five employees whose activities have a material impact on the Bank's risk profile in accordance with the application of section 5 (6)(1) InstitutsVergV.

At Hauck Aufhäuser Lampe Privatbank AG and its subsidiaries, three employees whose activities have a material influence on the Bank's risk profile received compensation of more than EUR 1 million in the 2022 financial year.

Table 15: EU REM4 – Remuneration of 1 million EUR or more per year

	EUR	Identified employees receiving a high level of income within the meaning of Article 450(1)(i) CRR
1	1,000,000 to less than 1,500,000	1
2	1,500,000 to less than 2,000 000	2
3	2,000,000 to less than 5,000,000	--

7.4. Subsidiaries

This documentation also applies to the majority-owned domestic subsidiaries.

7.4.1. Special nature/derogations of the Luxembourg subsidiaries

In addition to the German provisions, the stipulations of Circular CSSF 10/437 "Guidelines concerning the remuneration policies in the financial sector" and Circular CSSF 18/698 "Authorisation and organisation of investment fund managers incorporated under Luxembourg law" also apply.

The remuneration system recognizes the principles of the parent group. Analogous to the regulations applicable to the German companies of the Hauck Aufhäuser Lampe Group, the Bank-wide collective agreement applicable in Luxembourg applies to the Luxembourg branch and to the subsidiaries.

Pursuant to Section 27(3) InstitutsVergV, in individual cases, a subordinated company may not be considered when establishing the Group-wide remuneration strategy provided that, due to its business activities, this ordinance cannot be applied in a reasonable manner to the subordinated company.

7.4.2. Subsidiary Lampe Asset Management GmbH

Lampe Asset Management GmbH hereinafter referred to as "LAM".

Fixed remuneration of LAM employees remunerated under collective agreements

Salaries were determined in accordance with the provisions of the Collective Agreement for the Private Banking Sector and Public Banks, as amended. Under this collective agreement, 13 salaries are paid per year. The fixed remuneration could be supplemented by a fixed bonus over and above the collective agreement.

Fixed remuneration of LAM employees not remunerated under collective agreements

Fixed salaries were determined within appropriate ranges, taking into account qualifications and experience along with the salary structure and market conditions. The annual fixed compensation consists of 13 salary payments.

Variable remuneration – organizational framework

LAM's remuneration systems are designed in such a way that incentives to take disproportionately high risks were avoided and the remuneration of employees in controlling units do not run counter to their oversight function.

Furthermore, in the vast majority of cases the bonus does not exceed 100% of the annual fixed compensation. However, a limited number of LAM employees may receive a bonus of up to 200% of the annual fixed remuneration on the basis of a shareholders' resolution (of the shareholders of the Oetker Group, to which LAM, as a former subsidiary of BHL, belonged until that date).

Variable remuneration of employees of LAM

LAM has a company agreement on variable compensation. LAM's employees subject to collective agreements and those not subject to collective agreements receive bonuses from this bonus system.

LAM's employees receive bonuses from a total bonus pool in accordance with uniform rules. The total bonus pool depends on LAM's earnings attributable to bonuses.

The amount of the respective bonus pool for an organizational unit is determined in arrears for the respective preceding financial year through what is known as cascading.

The direct line manager uses his or her reasonable discretion to allocate the individual bonus on the basis of the bonus pool made available for the respective organizational unit through the cascading process. An important element when determining individual bonuses is the achievement of the targets agreed with the employees for the respective financial year. The bonus is also determined on the basis of factors such as compliance with the strategic alignment of the company, the employee's qualifications, customer satisfaction, and also soft skills (the employee's work ethic and conduct), as well as adherence to legal and compliance requirements.

7.5. Former Subsidiary Bankhaus Lampe KG

The acquisition of Bankhaus Lampe KG by Hauck Aufhäuser Lampe Privatbank AG was completed with effect from October 1, 2021. In accordance with the transition agreement concluded in this regard between the Bank's management and the Joint Works Council, individual target values were agreed with employees of the former Bankhaus Lampe KG not subject to collective agreement following the corresponding involvement of the Joint Works Council, so that these employees not subject to collective agreement could be transferred to the variable remuneration system of Hauck Aufhäuser Lampe Privatbank AG.

7.6. Obligation

The principles and rules set out in this documentation are part of the corporate culture of Hauck Aufhäuser Lampe. They oblige the Management Board and all managerial employees to consistently interpret and apply the existing instruments in the spirit of these basic principles.

8. Concluding statement

The Management Board of Hauck Aufhäuser Lampe declares by means of affixing its signature that the risk management methods and procedures used by Hauck Aufhäuser Lampe, as described in Chapter 2 of this report (Article 435 (1) points e) and f) CRR) are a suitable means of providing a comprehensive picture at all times of the Bank's risk profile. In particular, the models deployed make it possible to ensure the long-term risk-bearing capacity of the Bank.

Furthermore, pursuant to Article 431 (3) CRR, this report has been prepared in accordance with the formal procedures and internal processes, systems and controls of Hauck Aufhäuser Lampe Privatbank AG as the superordinate institution of the Hauck Aufhäuser Lampe Group.

Michael Bentlage
Chairman of the
Management Board

Oliver Plaack
Member of the
Management Board

Dr. Holger Sepp
Member of the
Management board

Robert Sprogies
Member of the
Management Board

Annex

List of figures

List of tables

Hauck Aufhäuser Lampe
Privatbank AG

Kaiserstraße 24
60311 Frankfurt am Main
Tel.: +49 69 216 10
Fax: +49 69 2161 1340

www.hal-privatbank.com

info@hal-privatbank.com

HAUCK
AUFHÄUSER
LAMPE