Annual Report 2016

Bankhaus Lampe

Contents

GEGR • 1852

Bankhaus Lampe

Overview of Business Performance

in million euros	2012	2013	2014	2015	2016
Total assets	3,132	2,903	2,779	2,658	2,885
Business volume	3,329	3,065	2,938	2,796	3,058
Loans and advances to clients	1,308	1,324	1,258	1,236	1,393
Loans and advances to banks	358	273	317	247	196
Client deposits	2,462	2,322	2,196	2,076	2,121
Liabilities to banks	212	152	114	99	137
Equity (including group net income for the year)	239	259	281	304	348
Net interest income (including current income)	57	56	64	43	49
Net commission income	71	87	92	110	100
Net income from proprietary trading	8	4	8	4	0,3
Administrative expenses	117	128	135	143	162
Group net income	21	21	22	23	55
Number of employees	650	678	677	675	693

Annual Report 2016

Dear clients and business partners,

The megatrends digitalisation, demographic change, globalisation and sustainability are significantly influencing the scope of activities of the financial industry. Regulation and the interest rate policy of the central banks limit the degree of freedom of banks' business models. On the other hand, alternative market participants such as FinTechs are entering the market taking over parts of the traditional banking value chain in very efficient ways.

Banks have to scrutinise their traditional approach to business and rethink their business models. Mastering this adjustment process successfully requires a solid foundation of values. Traditional values and a modern spirit are not opposites but rather setting the stage for future growth.

Bankhaus Lampe has been acting flexibly in these rapidly changing times. As an independent private bank, we connect people with investment opportunities. We build bridges between various client groups and markets.

Responsibility, innovation, quality and partnership are of utmost importance to Bankhaus Lampe and its employees. These values are pre-requisites for our holistic approach to client advisory.

The Bank's equity ratio thereby represents a solid basis of trust. At well above 15%, it exceeds the requirements laid down in Basel III considerably. In addition, our longstanding history of over 160 years reflects reliability and continuity.

However, we do not just rely on our tradition; we continually expand and modernise our range of services. For the benefit of our clients we create innovative and tailored financing and investment solutions. Besides an intelligent asset management offering this also includes corporate finance and wealth management services. Our aim is to provide exceptional solutions and services to our clients.

We would like to thank our clients and business partners for their continued confidence and support. Satisfying your needs will remain our daily challenge and continue to drive our motivation.

Yours faithfully,

The General Partners of Bankhaus Lampe KG

(from right to left)
Professor Dr. Stephan Schüller (Spokesman)
Dr. Nicolas Blanchard, Ute Gerbaulet, Werner Schuster

Strategic Focus

Bankhaus Lampe
GEGR. 1852

Strategic Focus

Bankhaus Lampe is an independent private bank that was established in Eastern Westphalia in 1852. It serves wealthy private, corporate and institutional clients. These clients are offered holistic advisory services that focus on asset management and corporate finance.

The Bank aspires to deliver the best performance and quality by developing intelligent and risk-aware solutions that are individually tailored to meet each client's needs. Combining Bankhaus Lampe's skilled and motivated employees with its compact structures allow it to meet the needs of every client quickly and to the highest possible standard. Bankhaus Lampe aims to become the quality leader for complex financial matters among Germany's private banks.

An indispensable foundation for this is a holistic approach to advisory service. This includes a comprehensive examination of all the issues of relevance to clients. For example, for small and medium-sized enterprises, this analysis will always scrutinise the three interlinked areas of the corporation, private assets and the family.

Shareholder background

Bankhaus Lampe has been part of the Oetker Group since 1949. Its industrial shareholder background is unique in the banking sector and stands for independence, stability and responsibility.

// The fact that it is independent and does not belong to a financial conglomerate gives Bankhaus Lampe the entrepreneurial freedom to react quickly to market conditions. The Bank can therefore credibly promise each of its clients to find the best solution for them personally, free from corporate constraints.

// The Bank's very good capital resources and the shareholder's backing for its future strategy demonstrate the stability of our institution.

// The importance we attach to executive accountability is primarily shown by the fact that the Bank is managed by personally liable General Partners. Rather than just trying to make a quick profit, the Bank therefore focuses on a stable performance that creates long-term value.

Personality

Both the Bank's General Partners and its employees are committed to a strong set of values on which rests the foundation of its business. Its employees stand first and foremost for honesty and reliability towards its clients and business partners. These factors form the basis for a trusting relationship. Our team of advisors also has a high degree of continuity; it is risk-aware and determined to find our clients the best solution.

Transparency is essential in client relationships. As a matter of course, the Bank therefore provides informative reporting, transparent pricing and a statement of portfolio commissions. Besides this, all client advisors are required to sign a comprehensive code of conduct.

Expert on Germany

Through its experience and shareholder background, the Bank has a special understanding of Germany's Mittelstand, be it listed companies or family-run enterprises. For its clients, Bankhaus Lampe is the expert in German-speaking Europe and the first port of call for complex financial matters. Served by the Bank's subsidiaries in New York and London, international investors also increasingly hold the Bank's close ties with Germany's Mittelstand in high esteem.

The Bank has an in-depth understanding of the consumer/retail, industrials/business services, real estate and technology/digital sectors. The Bank's numerous industry contacts allow it to engage in strategic dialogue with clients and relevant business partners, for example, via the Economic Advisory Board it established in 2016.

The Bank's own Equity Research team additionally enhances its reputation as a specialist for Germany. Our research currently covers about 200 listed companies.

Ongoing development

In a challenging environment with still-low interest rates, strict regulation and global challenges, Bankhaus Lampe has been steadily developing its business model for years.

In recent years, for instance, the Bank has opened new branches, established subsidiaries both at home and abroad, and expanded its capital market business. This expansion was augmented by steadily enlarging the range of products and services for all client groups. The Asset Management and Corporate Finance businesses are currently focusing on investment. In addition, the Bank has set itself a target of more closely interlinking traditional client advisory services in the Branch business with the know-how of its product specialists for investment and financing solutions. This aspect sets the Bank apart from specialist providers and lays the foundation for the Bank's holistic advisory approach.

Asset management

Asset management is an essential element in Bankhaus Lampe's holistic approach to advisory and other services. All client groups will have access to the group's entire experience and expertise in future. These activities include liquid and illiquid asset management.

In order to be able to offer clients attractive liquid product alternatives in an environment that remains difficult, the Bank has supplemented its proven active investment approach with rule-based investment strategies.

For example, the Bank is examining how private clients and family offices can be given access to innovative solutions that were previously the sole preserve of institutional clients. These solutions include quantitative-based absolute return products that address a fast-growing market.

In the current environment, there is a high priority for illiquid alternative investments as well. Bankhaus Lampe has already offered its clients illiquid investment solutions at an early stage, e.g., in select investment sectors such as energy infrastructure or private equity/mezzanine for small and medium-sized German enterprises. The range of services will be augmented in future with further advisory services approaches that can extend from individual partial aspects through to the entire implementation of a transaction.

Corporate finance

Financing and investment matters, strategic advisory services and client-related capital market activities are part and parcel of corporate finance business.

As part of Bankhaus Lampe's holistic approach to advisory services, there are very close ties between product specialists, such as Equity Debt Capital Markets (EDCM) or Mergers & Acquisitions (M&A) and the Branch business. The Bank's M&A experts are the people to speak to about complex issues, such as public M&A and divestments from family business undergoing succession phases. Our EDCM employees develop and mentor capital market solutions for companies that may be mid-sized or even stock-exchange listed. Being a private bank, we can also guarantee a high degree of confidentiality and efficiency. This makes the Bank very different to corporate finance boutiques and even big banks.

As German Mittelstand companies are increasingly faced with the growing complexity, dynamism and globalisation of the corporate environment, the M&A business will become more international in this segment. It is very important for the Bank's clients to have strong networks and good contacts in the USA and China. We cover other relevant regions (e.g. France, Scandinavia and the UK) via co-operation agreements.

Strategic Outlook of the Bank

Based on a stable foundation, Bankhaus Lampe is continuing to develop itself systematically. Having a clearly defined set of values and personally liable General Partners sets the framework for its continuous future development. This is consistent with the Bank's risk-aware and long-term business model.

Bankhaus Lampe's independence gives it the necessary flexibility to be able to respond to a large number of external factors on a case-by-case basis. At the same time, complying with all of the regulatory requirements is a matter of highest priority to us.

Bankhaus Lampe's long history, extensive experience and strong roots in Germany's Mittelstand sector provide genuine added value for our business partners and clients. Both our employees' great capacity for innovation and the independence of our institution permit us to create forward-looking investment and financing solutions. They also represent a promising basis for a successful future.

Management Report


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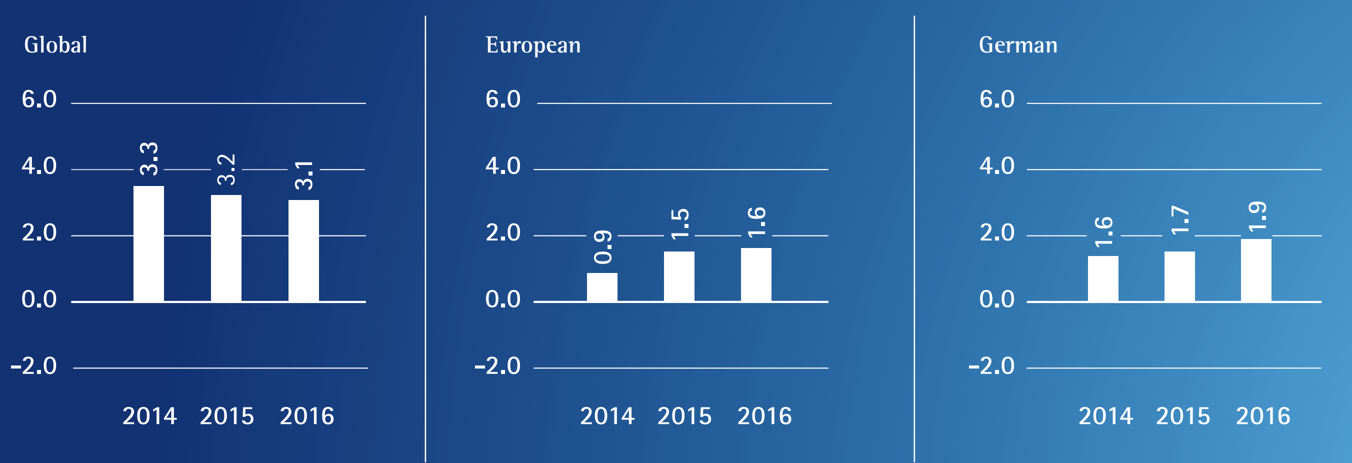
GDP in %


Global
6.0
4.0
2.0
0.0
-2.0
3.3
3.2
3.1
2014 2015 2016
European
6.0
4.0
2.0
0.0
-2.0
0.9
1.5
1.6
2014 2015 2016
German
6.0
4.0
2.0
0.0
-2.0
1.6
1.7
1.9
2014 2015 2016

Business Review 2016 and Outlook

General Economic Conditions

Global

Global growth momentum remained subdued in 2016. Economic concerns about China at the start of the year and the Brexit vote in June caused high uncertainties at times. (Geo)political tensions, high public and private debt, lack of structural reforms, and ongoing pressure in the European banking sector still thwarted a higher growth momentum of the world economy. The expansionary monetary policy, above all in industrialised nations helped to offset an even weaker growth trend. In the emerging markets, growth rates stabilised at a low level, although Russia and Brazil remained in a recession. After 3.2 % in 2015, the global gross domestic product (GDP) increased at a slightly slower rate of 3.1 % in 2016.

Eurozone

The moderate economic upswing continued in the eurozone. The European economy grew at 1.6 % in 2016. The most important pillar of growth is private consumption, which benefited from lower energy prices and better labour market conditions. Further positive impetus came from the strength of the euro against other currencies. However, structural problems persisted.

Germany

Supported by solid domestic demand, the German economy grew at 1.9 % in 2016. The improved situation on the labour market, higher real wages and the overall positive economic outlook fuelled private consumption. In addition, public-sector consumption also contributed stronger to growth than in the past few years. After very strong momentum of business activity in the first half of the year and a slightly weaker third quarter, the German economy returned to a robust growth trajectory in Q4 2016.

Consumer prices

The average inflation rates in most countries remained at very low levels or declined even further in some countries. This was mostly due to the high crude oil prices. Although it picked up from its low in early 2016, it did not once surpass the previous year's level until autumn. Since then higher energy prices have increasingly translated into higher consumer prices than last year. The inflation rate in the eurozone slowly crept up from its annual low of -0.2 % in April to 1.1 % in December. To push the inflation rate in the medium term back towards the ECB's target of close to but below 2.0 %, the ECB approved the further expansion and extension of its asset purchasing in March and December as well as another base rate cut in March.

Government bonds

Besides subdued global economic growth and partly declining inflation rates, the liquidity measures of the ECB also contributed to the persistent low-interest environment in 2016. As a result, government bond yields dropped to new historical lows at times. In Germany, the 10Y Bund yields dropped below zero in June for the first time, down from 0.63 % at the start of the year, and reached a low of -0.22 % at the end of September. Due to the prospect of a rate hike by the Fed, increasing treasury yields and the debate about a reduction of the ECB asset purchasing, yields improved to 0.30 % in mid-December. Treasury yields increased by 120 basis points from their annual low of 1.4 % in July to nearly 2.6 % in mid-December 2016.

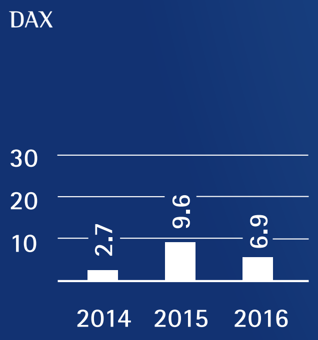
Currencies

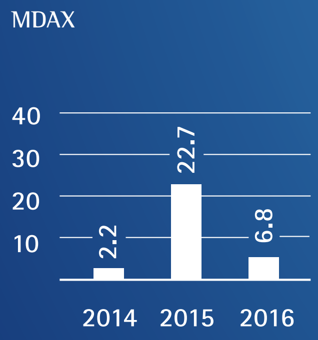
Until the end of the year, the divergence of the monetary policy of ECB and Fed resulted in strong volatility of the EUR/USD exchange rate. In global environment characterised by high uncertainties and the absence of a US rate hike, the euro recovered to 1.16 in May from 1.09 at the start of the year. Through the summer, it remained stable in a range of 1.10 to 1.12. However, after the US election at the start of November and the good prospect of a rate hike by the Fed, the rate fell to 1.04 by the end of the year.

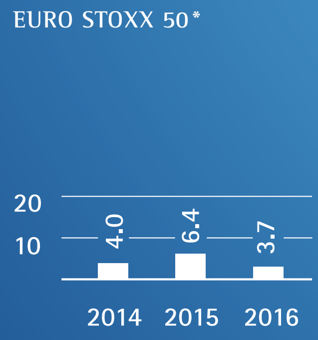
Equity markets

The DAX ended 2016 at 11,481 points, 6.9 % higher than at the beginning of the year. While economic concerns dominated the first half of the year, the positive growth trend was achieved with a significant year-end rally triggered by hopes of a strong US stimulus programme.

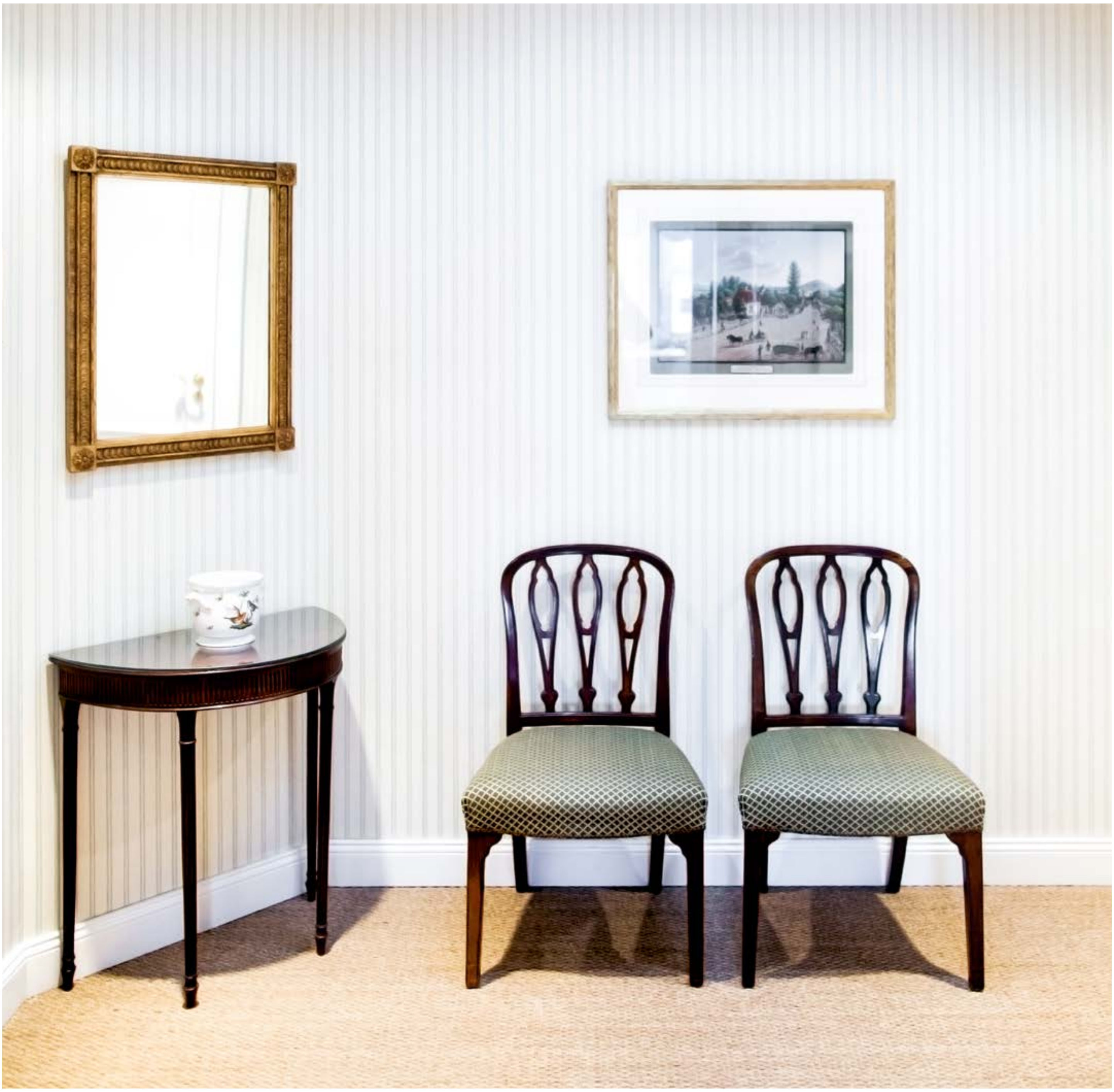
Annual performance of key stock market indices in %







*Performance index with dividends



Market and Sector Environment

The changes in the environment following the emergence of the financial crisis and the subsequent sovereign debt crisis are still having various consequences with regard to banks' business models. In particular, the persistent low-interest rate policy in conjunction with the ECB's expansive monetary policy and the ever tighter regulatory regime characterise the difficult environment for financial institutions. In addition, there are the effects from megatrends such as digitalisation, demographic change, globalisation and sustainability.

Traditional sources of interest income are disappearing

The ongoing low-interest environment hampers the generating of income via maturity transformation. First, client deposits can no longer be invested profitably because the ECB deposit rate has dropped below zero. Second, investments and loans with higher interest rates are gradually maturing and cannot be replaced at comparable terms. The result is the permanent erosion of interest income.

This has led to a wide range of asset and liability-related effects and adjustments to the business models. While some financial institutions have expanded their maturity transformation, extending loan terms and thereby bearing a higher risk when interest levels rise again, others have loosened their lending policy, in particular in the corporate client business. On the liabilities side, financial institutions are increasingly introducing negative interest rates, thereby passing on the ongoing negative interest rates on the ECB's deposit facility to their clients.

In particular the lending business with the large group of creditworthy Mittelstand clients has become highly competitive. This is further exacerbated by the generally high cash positions of Mittelstand companies, which limits their demand for loans. Furthermore, the traditional corporate client business is also changing. Companies are abandoning their traditional principal bank relationships diversifying their financing across several – including alternative – lenders.

While the aforementioned low-interest environment has significantly negative effects on the maturity transformation result of large retail banks, the effect on private banks is rather small. This is because private banks are mostly active in the short-term lending business with the corresponding short-term refinancing. Due to the congruent balance sheet structure, maturity transformation is of minor importance. However, private banks are traditionally strongly engaged in the investment business for both private and institutional clients. Here, ongoing low interest rates lead to significant problems in investing. The service offering of asset management solutions needs to be developed further.

Sector consolidation encumbered by low-interest rate policy

The combination of ongoing low ECB refinancing rates and the expansionary monetary policy such as the asset purchasing as part of quantitative easing permit lending activities which may not be viable in the long term. Thus, a necessary consolidation of the sector is artificially protracted. Instead of giving the financial sector a positive impetus, the monetary policy measures have caused various, counter-productive interactions.

Regulatory measures still affecting banking business models

Due to the ever tightening regulation, i.e. increasing requirements and laws in the banking sector, financial institutions are forced to implement extensive changes to their systems and processes. The increasing requirements not only result in rising expenses for the IT infrastructure but also greater complexity of the organisational structure of the business operations. Especially smaller banks are facing challenges as they cannot distribute these fixed costs well across their smaller client base and thus, the lack of economies of scale is further exacerbated by increasing supervisory requirements. In particular by international standards, these supervisory requirements may represent a competitive disadvantage.

The current regulatory topics include the preparation for Basel IV, MREL and TLAC (resolution and restructuring of banks), EMIR, MiFID II, AnaCredit, the new version of the Remuneration Ordinance for Institutions (InstitutsVergV) and the automatic exchange of information (AIA).

Besides the low-interest environment, the regulatory measures can affect not only a bank's profitability but also its capitalisation rate or equity ratio. The strengthening of the latter has been and will continue to be a key objective of the regulation to make banks more resilient against losses. In contrast, the higher equity capital requirements also cut into the banks' profitability.

The principle of double proportionality no longer holds true

The increasing regulation of the banking sector as well as new international standards and regulations are weighing on the participants in the financial industry. The principle of double proportionality ensures the competitiveness of smaller financial institutions. It aims to balance both generally regulatory requirements and the intensity the operating supervision with respect to the size, business activities and risk profile of the respective financial institution. However, in the last few years, small and mid-sized banks have been disproportionally weighed down by regulations. This is increasingly distorting the competition. The economic impact of the more stringent requirements for the various business models of banks is much less predictable. Furthermore, specific national aspects, such as the three-pillar system in Germany, or other legal forms of banks other than a public limited company, are not adequately taken into account, especially in view of the regulatory harmonisation efforts. Thus, the principle of double proportionality appears to no longer hold true.

Digitalisation

The digitalisation megatrend covers various key topics for banks and greatly influences the different business segments of financial institutions. Customers increasingly expect to be able to manage all of their banking activities anytime and anywhere. Meanwhile, digital channels and online banking have become the minimum standard and essential to stay competitive. FinTechs are taking advantage of this trend, increasingly attacking specific parts of the banks' value-added chain.

Traditional financial institutions are very much aware of how important implementing and developing new technologies is. Yet some banks are still behind with respect to systematic digitalisation of their sales and communication channels as well as their business processes. Capacity shortages due to persistent regulatory pressure and partly declining profitability are encumbering technological advancement. Thus, the focus is set to remain on securing and optimising existing business operations. However, it is not possible to cope with the regulatory regime and the consequences of the low-interest phase without a functioning and sophisticated IT architecture. After a costly implementation process, banks should be able to reap significant cost savings through efficient technologies and processes and to secure their profitability in the long term.

Demographic change

The needs and requirements of the private banks' ageing clientele are changing and financial institutions have to respond accordingly. In particular, there is a greater need for advice on company succession due to longer life expectancy and environmental complexity. The successful handover of a company to the next generation is often the primary goal for a family business. However, the probability of failure increases disproportionately from one generation to the next. As a result, 85 % of successions fail in the fourth generation.

Moreover, financial institutions are not only facing the challenge to fulfil the needs of their older clientele but also to cater to the younger generation. Young customers are increasingly turning to digital channels of information and communication as well as alternative suppliers such as FinTechs, disbanding traditional private banking relationships.

In the course of the demographic change, the problem of the shortage of skilled professionals due to the ageing population is also steadily increasing. Banks are under immense pressure to convince high-potentials from an ever shrinking pool of candidates to join their institution.

Globalisation

The need for globally oriented services is increasing among all customer groups. Investors are increasingly looking for opportunities abroad, particularly in the US dollar region. German companies seeking capital are benefiting from the rising interest of foreign investors of buying stakes in the German Mittelstand.

Sustainability

In addition, customers are increasingly making investment decisions taking into account ecological and ethical criteria. Thus, the banking sector is encouraged to offer transparent, ethically responsible products and services in order to capitalise on the growing trend of sustainable investing. Here, business partners and customers are to be selected according to ethical minimum standards. The mandatory reporting of non-financial key figures in the financial statements from 2017 onwards is putting the spotlight on sustainability.

Banking business models are influenced by global megatrends

The megatrends digitalisation, demographic change, globalisation and sustainability are significantly influencing the scope of activities of the financial industry. Although not every trend is equally relevant to the different banking business models, an intensive assessment of all topics is necessary for financial institutions to maintain their future competitiveness. The megatrends and thus the rapidly changing environment require great flexibility and willingness to adapt from the participants in the banking sector.

Increasing competition due to external influences

The competitive environment in the banking sector is characterised by changing conditions. In the wake of globalisation, more and more foreign financial service providers are entering the market increasing the competitive pressure in the business with wealthy private customers, corporate clients and institutional investors. In the business with wealthy private clients, independent asset managers are also entering the market, targeting parts of the service offering of traditional financial institutions.

Companies are increasingly tapping the capital market to both raise and invest capital and thus become more independent of banks. Besides private investors, large, regional and private banks are also competing for corporate customer business.

In the business with institutional investors, fund and asset managers are also offering their services, which puts greater competitive pressure on traditional banks.

Due to the increasing competition, various banks already had to slim down business units or give them up entirely in order to remain profitable. A permanent critical evaluation of the value chain with respect to risk and profitability will remain an important task to secure the sustainability of the bank. Some banking business models will no longer be viable on the market. The transformation of the banking sector is set to accelerate. A focused business model, a solid balance sheet and a sustainable strategy are necessary to prevail in the current market environment.

Business Review of Bankhaus Lampe Group in 2016

In Germany, the Bankhaus Lampe Group has offices in Berlin, Bielefeld, Bonn, Bremen, Dresden, Dusseldorf, Frankfurt/Main, Hamburg, Munich, Münster, Osnabruck and Stuttgart. With its subsidiaries and co-operation arrangements abroad, the Bank is also represented in London, New York and Vienna. As expected, Bankhaus Lampe continued to hold its ground in 2016 in what once again proved to be a challenging financial market environment. In view of one-off effects, the overall business performance can be regarded as satisfactory.

Bankhaus Lampe offers its clients not only traditional services but also modern and alternative services that take account of the current financial market conditions and meaningfully bring together various client groups.

The Bank continues to focus its business activities on client advisory and support services for its three client groups, i.e. wealthy private clients, corporate clients and institutional clients. The Bank pursues a close relationship and cross-client co-operation of its branches and capital market-oriented business units.

Changes in the competitive landscape, regulatory challenges, the ongoing low interest rate phase in connection with extensive monetary measures of the central banks, and the resulting serious changes on the market call for regular, critical reviews of the business model. Bankhaus Lampe works continuously towards addressing these challenges while focusing at all times on its clients' interests, the Bank's economic viability and the interests of its shareholder partners. Against this backdrop – as outlined in the previous annual reports – the Bank has been actively tackling the following challenges for a number of years:

// Core capital ratio
// Refinancing
// Company size

For a private bank that prepares its accounts in accordance with the German Commercial Code (HGB) and therefore has no external rating, a high core capital ratio serves as an indicator of its financial reputation. Despite Basel III, Bankhaus Lampe has accordingly improved its core capital ratio in recent years, from 10.2 % in 2010 to more than 15.0 % in 2016. The Bank has thus met all of the regulatory requirements by more than a comfortable margin.

Bankhaus Lampe's traditionally high client deposits once again ensured a solid refinancing base again in 2016; however, the negative ECB deposit rate weighed on earnings.

To ensure adequacy in terms of size, the Bank continues to pursue an organic growth strategy that meets its clients' needs best, albeit without expanding its risk-weighted assets and hence total assets. Principally, Bankhaus Lampe KG puts the focus of its business activities on advisory services rather than balance sheet operations. As a private bank, Bankhaus Lampe KG strives to build an independent, robust and diversified earnings base, especially in view of the ongoing low-interest rate phase. This includes the gradual increase of the share of net commission income vs. net interest income.

However, individual planning components did not perform as well as expected due to the current market environment. To strengthen its earnings momentum, the Bank initiated the following three strategic initiatives in 2016, which yielded the first successes in the second half of the year:

// Strategic development of the asset management business (expansion of the scope of asset management; to be able to offer more alternatives in a difficult environment, the Bank is also setting up a range of quantitative-based absolute-return products, in addition to its proven active approach)
// Strategic development of the branch business (stronger focus on the product offering and consequent interlinking of client advisory services and product specialists)
// Sharpening of the brand image

The growing base of actively managed assets in the past few years shows the high trust in the Bank's competency. As per 31 December 2016, the Bank's assets under management came to € 18.6 billion.

Business Review by Segment

Wealthy private clients

In an ongoing difficult environment, dominated by volatile capital markets and persistently low or even negative interest rates, Bankhaus Lampe achieved a satisfactory performance in its asset management business. In a highly competitive market environment, the Bank was able to keep its actively managed assets base stable in 2016.

In the ongoing low-interest environment, alternative investments are becoming more important. Bankhaus Lampe responds to continuing high level of interest by consistently adjusting and expanding its individual investment strategies. For instance, the alternative investments strategy was implemented in the asset management unit. The equity strategy was particularly successful with its focus on high-dividend stocks.

Other investment alternatives developed by Bankhaus Lampe in 2016 included providing access to entrepreneurial investments. The Bank also complemented its offering with alternative investment opportunities participating in global megatrends such as digitalisation. This included investment solutions that are based on internet technology-related business models. Wealthy private clients were also offered attractive real estate investments in Germany and the US.

Corporate clients

In 2016, the corporate client business focused on holistic advisory services and close co-operation with the capital market business. For instance, numerous entrepreneurs to whom Bankhaus Lampe already provided advisory services at the corporate level also decided to appoint the Bank to look after their private assets. Equity and debt transactions carried out for companies in 2016 significantly enhanced the Bank's perception as a strategic partner for corporate clients. As part of the close co-operation of its branches and capital market-oriented business units, Bankhaus Lampe filled various managerial positions.

Besides solutions in the lending and corporate finance business, the Bank consistently expanded its asset management concepts for companies with high cash positions.

Despite a challenging market environment, the Bank was able to slightly increase lending volumes and keep margins stable. Thus, the Bank remains a provider of short-term loans for Germany's Mittelstand. Thanks to its high-quality credit portfolio, Bankhaus Lampe did not require the planned risk costs for FY 2016.

Institutional clients

For institutional investors, Bankhaus Lampe expanded its portfolio of services and intensified its support approach in 2016.

The rapidly growing equity and bond issuance business is based on profound expertise in the German market. This is also shown by ranking 4th in the Broker Extel Ranking in Germany. Bankhaus Lampe advises institutional investors on German stocks in Germany, in London through its Lampe Capital UK, and in New York through Lampe Capital North America.

In addition, the Bank continues to offer its investors interesting alternative investments solutions. Bankhaus Lampe's broad investor base is a key argument in favour of acquisitions in the primary market.

As a result of the massive pressure on earnings exerted by the low-interest environment, alternative investments are still very important for institutional investors too. The Bank meets these needs, for instance, with equity investments in renewable sources of energy and in German Mittelstand companies through its Lampe Equity Management subsidiary. Through Lampe Capital Finance, the Bank facilitates the investment of mezzanine capital in fast-growing German Mittelstand companies. Since issuing the Lampe Mezzanine Fund I, five investments have taken place. Further engagements are on the cards for 2017.

In addition to Bankhaus Lampe's excellent economic research, its equity strategy gives its institutional clients a solid basis for their investment decisions.

The Bank's analysts cover most of the DAX and MDAX companies in addition to analysing a large number of SDAX, TecDAX and Prime Standard stocks, as well as a number of European blue chips. Our research coverage currently comprises about 200 listed companies. Regular scheduled contacts with companies in addition to visits at the top management level ensure an in-depth understanding of companies' business performance while guaranteeing that our analyses are up-to-date, for which Bankhaus Lampe Research again received several awards.

Management System of Bankhaus Lampe KG

Bankhaus Lampe KG is managed based on financial performance indicators, which indicate the Bank's profitability taking account of its risk-bearing capacity. The three key objectives, return on equity (RoE), a solid core capital ratio and – based on the first two objectives – an adequate distribution, are designed to demonstrate the Bank's profitability.

The management system is based on an annual strategic plan, which contains growth targets that are continuously evaluated as regards the achievement of these targets. The planning uses both a top-down and a bottom-up approach and is supported by the risk controlling and regulatory affairs departments. First, the targets as well as measures to reach them are defined for the general partners in close co-operation with the extended management board. Second, the set targets are aligned with the forecasts of the individual departments to accurately determine the final planning figures.

To achieve the group-wide targets, defining and reaching growth and structural targets is key. Bankhaus Lampe is aiming to expand both its client base and its assets under management to make its business operations ever more efficient and maintain the high quality of service. The targeted organic growth and the resulting efficiency gains should be reflected in rising commission income, which is the third growth target.

These structural goals should help to secure the independence from single sources of earnings and client segments. The objective is to develop a robust and diversified earnings base that is independent of the interest-rate environment. This includes gradually increasing the share of commission income vs. net interest income, diversifying the commission income and balancing the distribution of earnings across all client segments. A balanced distribution of the earnings across all client segments is essential to avoid becoming dependent on a single segment while the business risk is diversified and the interlinking of the segments is ensured.

By reaching various milestones Bankhaus Lampe is aiming to achieve these key objectives. Besides consistently high customer satisfaction, a balanced financing structure and a manageable base of risk-weighted assets are of great importance.

Definition of key performance indicators

Return on equity (RoE)	Net profit before taxes / average balance sheet equity
Core capital ratio	Core capital / risk-weighted assets
Payout ratio	Payout / net profit
Assets under management	Value of assets that Bankhaus Lampe Group manages on behalf of its clients
Commission ratio	Commission income / (commission income + interest income) (excl. income from shareholdings/associated companies)
Cost-income ratio	Administrative expenses / earnings (minus annual net profit)

Notes on Net Assets and the Financial Situation

The **total assets** of Bankhaus Lampe KG as per the balance sheet date of 31 December 2016 stood at € 2,885 million compared with € 2,658 million last year.

Loans and advances to banks declined by € 52 million to € 196 million in the year under review.

At € 1,393 million, **loans and advances to clients** were slightly above the prior-year level of € 1,236 million as per 31 December 2016. The magnitude of the credit portfolio facilitates an adequate diversification of risks on the one hand and is also commensurate with the risk-bearing capacity of a private bank on the other.

Debentures and other fixed income securities increased slightly from € 148 million to € 161 million.

The **trading portfolio** as per the balance sheet date stood at € 453 million (previous year: € 441 million) and essentially comprises bonds and equities.

Liabilities to banks rose from € 99 million to € 137 million.

Client deposits as per the balance sheet date of 31 December 2016 rose by € 45 million to € 2,121 million (previous year: € 2,076 million). Accounting for 74 % of total assets (previous year: 78 %), client deposits represent the most important source of refinancing and substantially exceed the Bank's credit business. This underscores the solidity of the balance sheet structure.

In the year under review, € 20 million were allocated to **funds for general banking risks** pursuant to Section 340g of the German Commercial Code (HGB). As per the end of the year, funds for general banking risks amounted to € 57 million.

The Bank enjoyed a comfortable **liquidity position** throughout FY 2016. As at 31 December 2016, the liquidity ratio pursuant to the German Liquidity Regulation came to 5.4 (previous year: 6.1). It was therefore well above the requirements laid down by Germany's Federal Financial Supervisory Authority (BaFin), which demands a minimum co-efficient of more than 1.0.

Due to the allocation from shareholder funds of € 11.5 million, the Bank's **reported equity** rose to € 293 million and made up 10.2 % of total assets as at 31 December 2016 (previous year: 10.6 %).

On the balance sheet date, the **irrevocable lending commitments** amount to € 98 million (previous year: € 57 million).

Balance sheet structure in 2016 in %

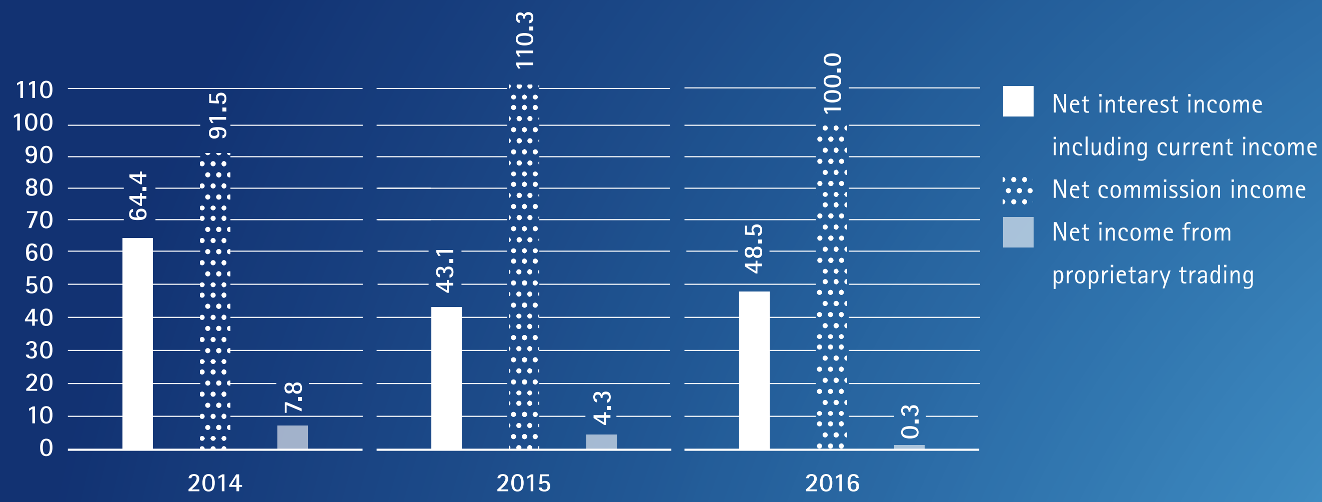
Assets

Loans and advances to clients	48.2 %
Loans and advances to banks	6.8 %
Securities	21.3 %
Other items	23.7 %

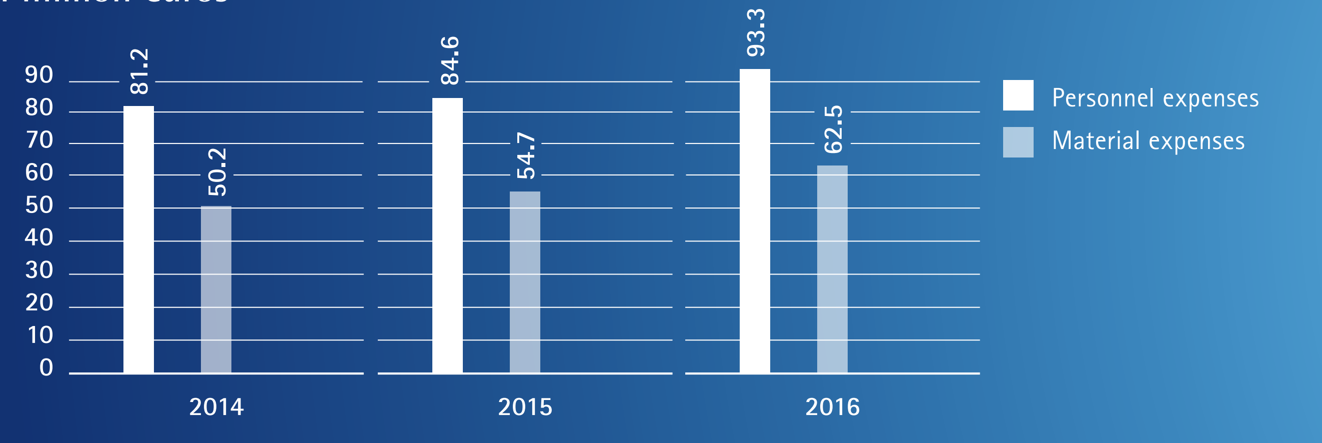
Liabilities

Liabilities to clients	73.5 %
Liabilities to banks	4.8 %
Other items	11.6 %
Balance sheet equity	10.1 %

Components of results
in million euros



Personnel and material expenses
in million euros



Notes on the Income Situation

The Bank ended FY 2016 with a **group net income for the year** of € 55.0 million (last year € 23.0 million). The Bank thus significantly exceeded the steady result predicted in the 2015 management report. However, the result was positively affected by the sale of the 47.5 % stake in Universal-Investment-Gesellschaft mbH and partly negatively affected by declines in the operating business. The proceeds from the sale of this non-strategic asset are balanced by maximum provisions for all possible obligations resulting from contract of sale. Bankhaus Lampe believes that the transformation processes implemented in the year under review will help to boost the earnings momentum. However, these transformation processes are associated with project and up-front costs not only in 2016 but also in 2017.

Net commission income declined in FY 2016 due to the difficult market environment, but it still documents the Bank's good position in the service business, which is of particular importance for the business model. Net commission income, which is dominated by securities trading, totalled € 100.0 million, down 9.3 % from the previous year's level of € 110.3 million.

Net interest income as balance of interest income and interest expenses – including ongoing income from equity and other variable-yield securities as well as shareholdings – rose from € 5.4 million to € 48.5 million due to transactions. The current net interest income decreased from € 32.2 million to € 28.3 million, essentially due to the historically low level of interest rates. Ongoing income from equity and other variable-yield securities as well as shareholdings rose by € 9.0 million to € 20.2 million.

The **ratio of net commission income to current net interest income** (excl. income from shareholdings and associated companies) has continued to develop positively in 2016 and stood at 78/22 (previous year: 77/23). This ratio underlines how important the commission business is for Bankhaus Lampe KG and confirmed how successful the focus on commission income has been as part of the re-orientation of the business model.

On balance, **net income from proprietary trading** was down € 4.0 million to € 0.3 million, still contributing positively and in line with our forecast. Statutory reserves derived from net income from trading activities were also allocated in FY 2016 (as in the previous year) pursuant to Section 340g of the German Commercial Code (HGB) in conjunction with Section 340e Paragraph 4 HGB and will be available as additional risk cover in the future.

The Bank reported a **net valuation result** of € -12.2 million as per 31 December 2016 (previous year: € 9.2 million). This includes a valuation result from the lending business of € -16.6 million (previous year: € 6.2 million), which comprises net additions of specific valuation adjustments, provisions, depreciation and contingency reserves pursuant to Section 340f HGB as well as changes in general valuation adjustments. All recognisable risks were provided for through adequate value allowances and provisions.

There was a net valuation gain on securities held in the liquidity reserve of € 4.4 million as per 31 December 2016 (previous year: € 3.0 million).

Personnel and material expenses, including depreciation and valuation adjustments on intangible assets and property, plant and equipment, rose by 12.9 % in FY 2016 due to one-off effects, up from € 143.2 million to € 161.6 million. This is essentially due to increased material expenses of € 62.5 million (previous year: € 54.7 million) and higher personnel expenses of € 93.3 million (previous year: € 84.6 million).

The **net valuation result from shareholdings** as balance of the items "Earnings from write-ups to shareholdings, shareholdings in affiliated companies and securities treated as fixed assets" and "Depreciation and valuation allowances to shareholdings, shareholdings in affiliated companies and securities treated as fixed assets" came to € 108.4 million.

The **cost-income ratio** shows the administration costs in relation the net result from net interest income, net commission income, net income from proprietary trading and other operating earnings. As per 31 December 2016, it stood at 106.5 vs. 88.4 last year, primarily due to the aforementioned project and up-front costs.

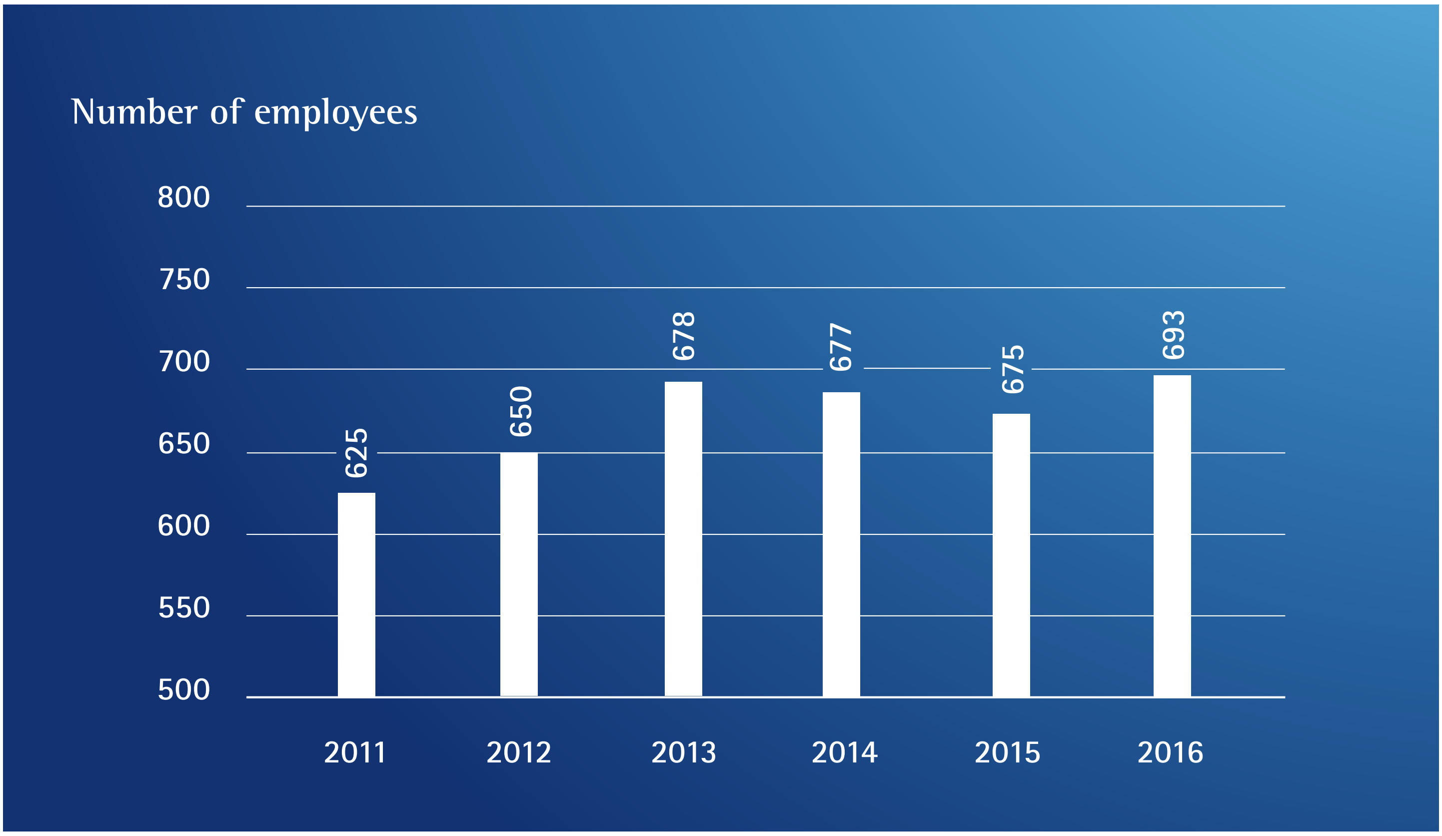
Other comprehensive income in FY 2016 declined by € 1.4 million to € 2.8 million. Other operating income rose to € 8.4 million (previous year: € 6.7 million) primarily due to reversal of provisions. Other operating expenses increased to € 5.5 million (previous year: € 2.4 million).

Corporate Responsibility

As a private bank with a strong focus on quality, Bankhaus Lampe assigns a high priority to its employees. In addition to its clients, they are a company's most important and valuable resource.

As at 31 December 2016, 693 staff were employed at Bankhaus Lampe Group (previous year: 675). Their average length of service was more than 10 years. The staff turnover rate – i.e. the ratio of those leaving the Bank to the total number of staff – was 4.1 % (previous year: 6.9 %) and thus markedly below the sector average of 6.7 %.

In times of skills shortage and the declining reputation of the banking sector as employer, human resources management has been facing major challenges.
Once again in 2016, Bankhaus Lampe invested great effort into the recruitment, support and sustainable development of its employees.


Number of employees
800
750
700
650
600
550
500
625
650
678
677
675
693
2011
2012
2013
2014
2015
2016

Bankhaus Lampe attaches great importance to a high level of professional development of its employees. Bankhaus Lampe's declared aim is to retain staff at the Bank for as long as possible. The Bank's courses and training activities in 2016 focused on leadership and motivating, developing and retaining employees. Other key aspects included training related to regulatory and legal requirements and English language courses. Bankhaus Lampe also supports its employees' continuing education and certification training courses, for example as financial planner or Chartered Financial Analyst. In addition, the Bank also supports selected employees in their endeavours of pursuing a master's degree in parallel with their professional career. In 2016, employees enrolled in degree programmes such as inheritance and estate law, facility management, financial services, real estate law and company succession.

Since 2014, an occupational health management programme is part of the Bank's business guidelines. Various measures with respect to prevention, exercise, nutrition and stress management are offered through this programme. The goal of the programme is to maintain and promote the health, well-being and performance of the Bank's employees.

The Bank's in-house trainee programme is designed to train qualified university graduates specifically with respect to the requirements of Bankhaus Lampe, and to provide an opportunity for their further professional and personal development. Since 2012, 14 trainees have successfully completed this ambitious programme with a focus on the private and corporate client as well as the capital market business. Two new trainees have joined the programme since the autumn of 2016. The integration of select junior staff at the Bank into the interdisciplinary trainee workshops has also borne fruit.

As in past years, Bankhaus Lampe continued to promote young academic talent through the support of the University of Duisburg-Essen scholarship programme. Together with other companies, the UDE scholarship programme provides financial support to talented and top-performing students. In addition, close co-operation with selected universities has afforded many students the opportunity to complete their internships at Bankhaus Lampe.

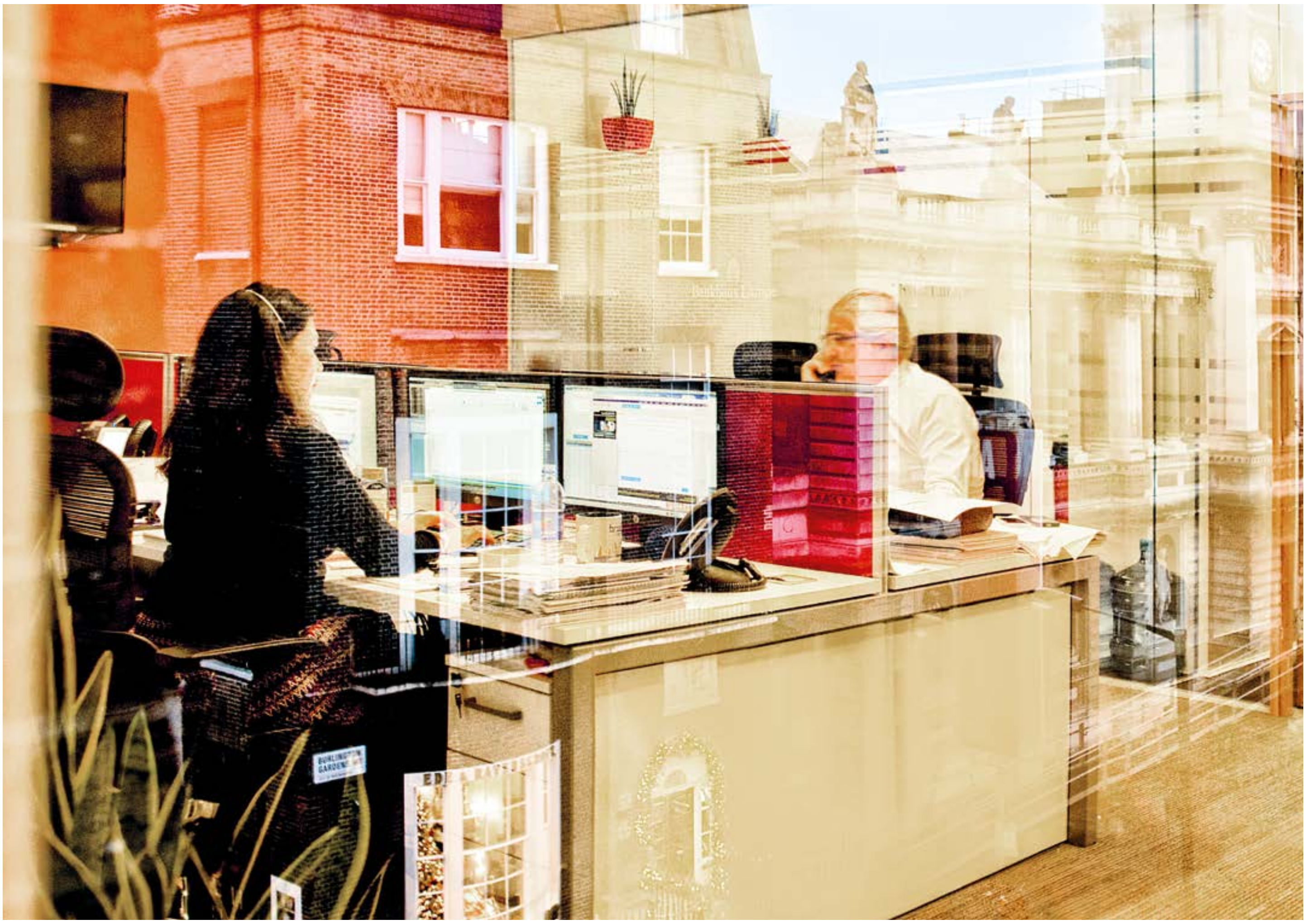
Related to their major fields of study, 29 student trainees and 41 interns were able to apply their theoretical knowledge in practice in 2016. Moreover, the individual departments gained the opportunity to become better acquainted with potential candidates for future positions at the Bank. The Oetker Group's "Stay in Touch" programme also provides Bankhaus Lampe with an interesting approach to remaining in contact with high-potential, motivated trainees in the future. Currently, 32 former interns and student trainees take part in this programme on the recommendation of the different departments.

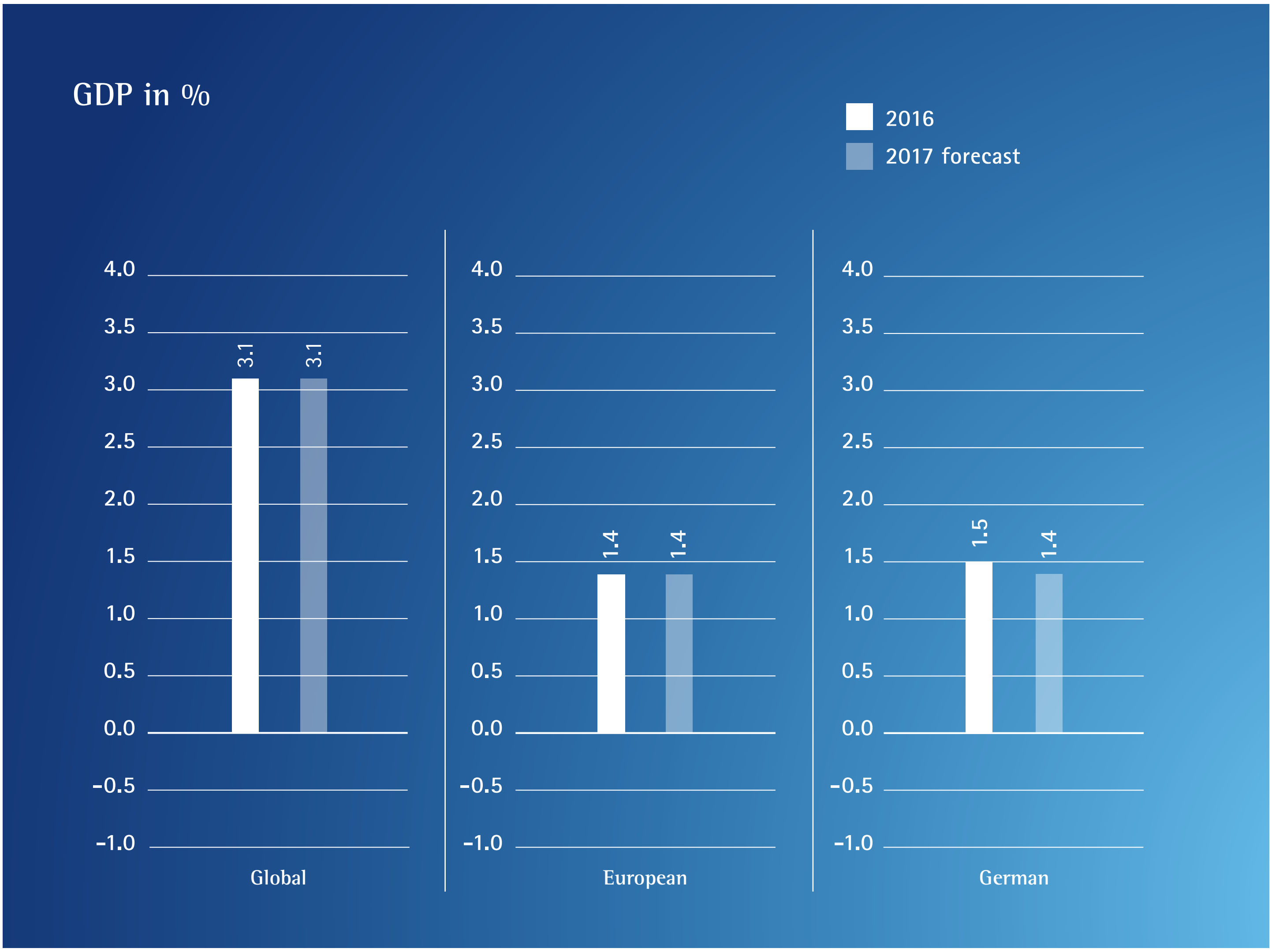
Bankhaus Lampe was actively involved in cultural, social and community projects through personal involvement of its employees as well as donations. For example, in co-operation with Steinway Germany the Bank awarded regional sponsorships to talented young pianists. The Bank also continued its successful collaboration with Kunstmuseum Bonn and Zeit-Stiftung Ebelin & Gerd Bucerius foundation in Hamburg. Numerous conferences and symposiums on current financial, political and inter-generational topics of the future were held at the Bank's branches.

Many employees also actively engaged outside their activities at the Bank, e.g. as speakers, visiting lecturers, association board members or association treasurers.

For example, in the area of social and healthcare services, our staff were involved with Kinderschutzbund (association for the protection of children) in Bielefeld and Deutsche Multiple Sklerose Gesellschaft (German multiple sclerosis society).

The aspects of sustainability and environmental protection are of central importance to a private bank that thinks and acts for the long term. As part of its environmental mission statement, the Bank developed corresponding binding guidelines for all employees. The key objective of Bankhaus Lampe Group is to preserve natural resources, to protect the environment and to save energy. For example, nearly all locations are supplied with electricity from renewable sources. In addition, energy-saving measures are implemented along with planned renovations.




GDP in %
2016
2017 forecast
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
-0.5
-1.0
3.1
3.1
Global
1.4
1.4
European
1.5
1.4
German

Outlook // Economy

Global

After 3.1 % in 2016, growth of global GDP in 2017 is projected to remain merely stable at 3.1 %. In the emerging countries, growth is likely to stabilise too, and in the industrialised nations, economic momentum is unlikely to improve as current growth drivers are tailing off.

Eurozone

The robust economic recovery in the eurozone is set to continue in 2017 and economic activity is forecast to increase by 1.4 %. The expansionary monetary policy will no longer provide additional impetus. An expected firmer euro and the higher crude oil price will have a slightly negative effect. The situation in the labour market may well improve further slightly and thus, private consumption should remain the most important economic driver.

Germany

Growth momentum is unlikely to be considerably stronger in 2017 in the absence of additional impetus for private consumption and investment, and in the face of subdued global economic growth. As a result, GDP is forecast to grow by 1.4 % in 2017.

Consumer prices

By end of 2017, the inflation rate should slowly move towards 1.5 %. However, it is set to remain well below the ECB's target rate.

Government bonds

In the current environment, government bond yields are likely to remain low in 2017. The slightly higher yields compared with 2016 result from the inflation trend, the reduced ECB asset purchasing and higher base rates along with the probably more expansionary course of the fiscal policy in the United States.

Currencies

The EUR/USD exchange rate in 2017 is expected to move in a range of 1.0 to 1.15. The high expectations of a strong economic recovery and accelerated rate hikes in the US are unlikely to materialise. The ECB will probably announce a further reduction of its asset purchasing and thus, exchange rates at around 1.10 are more probable than rates at or below parity.

Equity markets

The year 2017 is likely to be dominated by the expected US stimulus package. Fiscal policy decisions could prolong the current equity cycle. However, investors have anticipated some this during the December rally and a more aggressive trade policy from the new US administration could lead to new risks for the export-dependent DAX. German corporate earnings will probably increase somewhat, however, the optimistic estimates of the analysts consensus expecting double-digit growth rates may well be disappointed. The DAX is forecast to fluctuate during 2017 and reach 11,400 points by the end of the year. In the course of the year, the index may well drop markedly below 10,000 points (misgivings about China, disappointment about the US stimulus and/or temporary uncertainty in the eurozone). It also may well overshoot the target to 12,200 and higher (due to excessive US fiscal hopes).

Outlook // Market and Competition

The banking sector is still facing a similarly difficult environment in 2017 as in the past few years. The ongoing low-interest phase is challenging for both for the deposit business and the lending business. As a result, the net interest income of banks remains considerably under pressure. A loosening of the regulatory requirements in the banking sector is still not on the cards. External factors – including the megatrends of digitalisation, demographic change, globalisation and sustainability – will continue to have a determining influence the banking sector environment. In particular the breaking up of the value chain and the partial replacement of banking business models by FinTechs are shaping the sector in the area of digitalisation. In addition, there are the challenges of the skills shortage and the changing demands of an ageing clientele. Merely institutions that are highly flexible and willing to change, will remain successful in the coming year.

Outlook // Bankhaus Lampe

To offer all clients a high-quality and independent range of services will remain Bankhaus Lampe's main objective. The challenges of core capital ratio, refinancing and company size have been addressed.

- The equity base and the distribution capability shall be strengthened by an adequate group net profit in 2017.
- A well-differentiated client deposit mix will ensure a solid refinancing base for Bankhaus Lampe. As in the past, growth in total assets is not one of the Bank's objectives.
  Refinancing options have to be continuously reviewed in the context of the general interest rate environment to be able to adapt flexibly to legal and regulatory requirements.
- Bankhaus Lampe will continue to pursue its organic growth strategy across all divisions in 2017.

Wealthy private clients

Against the backdrop of the persisting negative interest rate environment and the volatile stock markets, the business with wealthy private clients requires intensive market analysis, a successful portfolio management and a customised product range. One of the effects the Bank has been anticipating, is the increasing demand for alternative investments, which it is responding to with an expanded service offering.

Corporate clients

With a comprehensive advisory approach, Bankhaus Lampe addresses and helps to co-ordinate the needs of companies, entrepreneurs and family wealth. For example, the Bank is offering capital-market related advisory services to serve the need for independent financing. In addition, the requirements of defined client groups are met by the Bank's existing service offering, supplemented by special services provided through subsidiaries and selected co-operations.

The corporate client business has generated stable contributions to earnings in recent years and has been largely characterised by high credit quality combined with low default rates. Bankhaus Lampe continues to pursue a cautious lending policy in 2017. As in the previous year, its objective is to not require all of the planned risk budget.

Institutional clients

Thanks to its strong track record in placements, Bankhaus Lampe will continue to expand its issuing business with institutional clients. The spotlight is on a holistic and strategic dialogue with institutional investors. In this way, Bankhaus Lampe is able to deliver genuine added value thanks to its extensive expertise. Moreover, the Bank has been continuously expanding its alternative investment offering.

Outlook // Income Components

Net interest income

Overall, Bankhaus Lampe expects net interest income to weaken again as the prevailing low interest rate level will continue and there will be no significant expansion of the capital-intensive business. Owing to its largely maturity-matched balance sheet structure, however, interest-related operations at Bankhaus Lampe will barely be affected compared with other competitors by the decline in maturity transformation.

Net commission income

Bankhaus Lampe is confident regarding its net commission income. The extension of service offering to all three client groups is expected to have a positive impact provided the financial markets will remain stable.

Net profit from proprietary trading

It is difficult to estimate net income from proprietary trading given the uncertainties in the financial markets. However, the Bank anticipates that its trading activities will continue to contribute positively to earnings in 2017.

Administrative expenses

The expected increase in administrative expenses will be moderate, however, it will include investment and up-front costs for the implementation of strategic projects.

Group net income for the year

On balance, the Bank expects net income in 2017 to be significantly below last year's level, which was noticeably influenced by the sale of the stake in Universal. Moreover, the Bank only makes cautious assumptions about the increase of individual income components as the effects of the strategic adjustment measures are subject to considerable uncertainty.

Outlook // Strategy

The Bankhaus Lampe is continuously working on improving its business model. It is well equipped to operate in the current market environment thanks to its solid core capital base, a comfortable deposit situation and stable background provided by its owners. Meeting upcoming regulatory requirements will remain a key challenge. The importance of prudent management at the Bank increases in periods of significant market turmoil. Nonetheless, the Bank is in a solid position thanks to its business model and is set to benefit from the problems in the financial services industry.

Breakdown of conservatively calculated aggregate risk contribution

34.5 %	credit risks
26.3 %	shareholding risks
18.0 %	market risks proprietary trading/liquidity reserve
16.0 %	operational risks/reputation risks
2.7 %	interest rate risks in the banking book
2.5 %	market liquidity risks proprietary trading/ liquidity reserve

Risk Report

The key objective of Bankhaus Lampe KG's risk management is to appropriately limit the major risks from business operations according to its risk-bearing capacity to enable it to generate a return on capital employed commensurate with risk.

To support efficient risk management, the Bank's management attaches particular importance to promoting and maintaining an adequate risk culture in the Bank as a whole. Based on the risk-oriented approach in its guiding principles, the Bank demands its managers and employees to act risk-consciously. Open communication and critical dialogue as well as adequate incentive structures are a matter of course.

The Bank therefore identifies, assesses, controls, monitors and communicates the main risks promptly at Group level and backs them with capital. Particular focus is placed on risk concentrations. An annual risk review ensures that all risks are taken into account in their entirety.

For the purpose of a quarterly risk-bearing capacity calculation in accordance with the liquidation approach, all types of risk are evaluated at a confidence level of 99.9 % using a risk horizon of one year. All individual risks are calculated using a conservative approach, i.e. risk-lowering correlations are disregarded, and then aggregated to an overall bank risk level. The resulting figure must always be less than the sum of the Bank's equity and allowable reserves. Positive budget results are disregarded under the conservative approach. A utilisation of risk cover funds of 80 % or more triggers internal sanction measures.

In FY 2016, based on the liquidation approach the overall bank risks calculated according to these methods were always well below the Bank's defined risk-bearing capacity. Utilisation at all reporting dates was between 46 % and 59 %.

As at 31 December 2016, the conservatively calculated total risk contribution of € 187.2 million was broken down by type of risk as follows:

// 34.5 % credit risks
// 26.3 % shareholding risks
// 18.0 % market risks proprietary trading/liquidity reserve
// 16.0 % operational risks/reputation risks
// 2.7 % interest rate risks in the banking book
// 2.5 % market liquidity risks proprietary trading/liquidity reserve

A feasibility test of the results is also performed every quarter in accordance with the going concern approach. Core capital and total capital invested in accordance with the Capital Requirements Regulation (CRR) is subtracted from the regulatory risk cover funds. The total bank risks (calculated at a confidence level of 95 %) are then compared to the remaining level of risk cover. According to this method, utilisation of core capital was between 55 % and 72 %, and utilisation of total capital was between 59 % and 81 % as of all reporting dates.

Moreover, as part of a quarterly stress test that includes all risk classes, we simulate a serious economic downturn and an extreme loss of confidence in the markets or among clients following an external event. Utilisation of risk coverage including subordinate funds was between 46 % and 67 %. Through qualitative inverse stress tests we analyse various scenarios, which could be critical to the survival of the Bank. These scenarios are based on the business model of a private bank and on the main sources of income and risk for the Bank.

In accordance with the requirements of the CRR, the consolidated total ratio in the report submitted to the supervisory authorities stood at 18.6 % as per 31 December 2016. The mandatory minimum requirements for core capital and total capital were clearly exceeded during the entire financial year.

The Bank uses derivative financial instruments primarily as hedging instruments. Interest rate swaps in the OTC market and futures and options on Eurex are the preferred products. Such items are closely integrated into the risk management system.

The report on the use of derivative financial instruments is included in the Consolidated Financial Statements Annex.

As in the previous year, no risks that endangered the continued existence of Bankhaus Lampe or its performance were identified neither at the balance sheet date nor in the course of the reporting year. Risks were covered based on all methods of analysis and at all times during the period under review. All executed stress tests confirmed the adequate risk coverage. All executed valuation measures confirmed the adequacy of the risk controlling measures.

In the following, the material risks as defined by the Bank are explained in more detail.

Credit Risks

Credit risks include potential losses due to default or a change in the credit rating of business partners. They are subdivided into general credit risks, counterparty risks, issuer risks and country risks.

The Bank's credit risk strategy follows all qualitative and quantitative requirements for risk control, and forms the basis of the credit business. The focus is on short-term financing in Germany. In order to avoid inappropriate concentrations of risk, the credit risk strategy specifies limits for the total credit risk, gross and net volumes of commitments, and other aspects.

The Bank's credit committee is responsible for the management of credit risks in both individual cases and the total portfolio. Supported by an early-warning system, risks are managed by the profit centres and individual key personnel including the back office. Close co-operation between the risk controlling department and back-office functions, together with the professional handling of problematic loans, ensures the prompt identification of potential risks. The client credit portfolio is characterised by above-average credit ratings.

The Bank applies a widely used and recognised credit portfolio model to quantify portfolio risk. The key performance indicator is the credit value-at-risk in the client credit portfolio including banks and issuers at a confidence level of 99.9 % for a one-year period. As at 31 December 2016, the credit value-at-risk came to € 55.3 million.

In addition, migration risks for the client credit portfolio including banks are calculated at the same confidence level. At year-end, the risk contribution stood at € 2.7 million. Furthermore, the default risk of commitments as per 31 December 2016 was determined to be € 6.7 million.

The analyses are complemented by regular model-based, historical and hypothetical stress tests and ongoing monitoring of relevant early-warning indicators. These provided no evidence of developments threatening the Bank's continued existence as a going concern. The procedure is based on specific rating systems for target customer groups (retail clients, corporate clients, banks and real estate) and takes into account both quantitative and qualitative criteria.

Significant parameter and method specifications are regularly reviewed and, if appropriate, adjusted to take account of altered conditions. The methods and models used for risk control undergo an extensive validation process at least once every year.

Both the risk controlling department and the credit back office submit comprehensive quarterly reports on risks within the credit portfolio and significant individual commitments, together with information on the utilisation of the various limits to the general partners and the advisory board. Efficient ad-hoc reporting completes the reporting. No unacceptable risks were detected at any time in the reporting year.

The Bank does not use securitisation or loan derivatives to hedge risks. It mitigates risks on an individual basis through volume reductions, sub-participations or by obtaining additional collateral or appropriate covenants. In addition, portfolio effects are used to minimise total risk.

In the year under review, the Bank reported a positive valuation result in the credit business. Additions to risk provisioning were below the planned standard risk expenses.

Market Risks

Market risks are potential losses due to detrimental changes in market prices or other price-influencing market parameters. Depending on the relevant factors, they can be subdivided into interest rate change risks, currency risks and other price risks, as well as spot rate, forward and option risks. Depending on the relevant factors, they can be subdivided into interest rate change risks, currency risks and price risks, as well as spot rate, forward and option risks. Moreover, market risks also include spread risks from bonds and promissory note loans.

A detailed trading strategy is applied to manage market risks. It defines proprietary trading as a supplementary source of revenue that contributes correspondingly to basic profitability. Proprietary trading occurs mainly in euros on European markets and stock exchanges and thus currency risks play a subordinate role. The bank has no exposure to commodity risks.

The limit system is laid down in the trading strategy. It defines upper loss limits, loss limits, risk limits and volume limits if applicable, and includes reporting regulations as well as sanction mechanisms for cases of critical limit utilisations. At year-end, the loss limits for proprietary trading, including the liquidity reserve of € 21.6 million, were broken down by type of risk as follows:

// 42.7 % spread risks
// 23.2 % price risks
// 22.0 % interest rate risks
// 12.1 % currency risks

In addition, a loss limit was set up for capital market transactions mostly as a reserve limit of € 10.0 million. All the aforementioned loss limits count as risk contributions in the calculation of the risk-bearing capacity instead of actual value-at-risks. In the case of mostly low limit utilisations, this represents a conservative approach. Market risks are managed by an internal risk management committee, which meets at least once a month. The risk control department monitors risks controlled by trading.

The Bank uses the variance-covariance approach as its main instrument for risk measurement. Using this approach, it calculates risks from market price changes in the form of potential losses based on historical data from the last 250 trading days. Bankhaus Lampe quantifies the risks from potential changes in the market price as part of the daily control process at a confidence level of 97.7 % assuming a holding period of one trading day. In addition, risks are calculated on the basis of 99.0 % and a ten-day holding period. As at 31 December 2016, these regulatory parameters resulted in a value-at-risk of € 5.8 million for all proprietary trading including the liquidity reserve portfolio and the capital market business. Limit allocation, specification of risk parameters and risk evaluation methods are regularly checked and adjusted as necessary if conditions change.

Trading results, risk estimates and limit utilisations are compiled every working day divided by risk area and broken down to the sub-portfolio level. This report is submitted to the general partners. Additional special analyses as well as historical and hypothetical stress tests complement the reporting. The quality of the risk assessment is ensured by back-testing analyses, in which the statistical assumptions are compared with actual empirical trends, and a wide range of other validation measures.

In the case of critical utilisations, the Bank implements immediate reductions in its risk positions to protect the upper loss limit and loss limits at a confidence level of 99.9 %. In the year under review, there were no cases that necessitated action.

Interest Rate Risks in the Banking Book

In accordance with the trading strategy, interest rate risks in the banking book are kept to a minimum based on a refinancing policy and managed by the treasury department separately from other market risks. Additional monitoring is performed by the internal risk management committee.

In order to quantify a value-at-risk, a monthly historical simulation is carried out using the net present value method at a confidence level of 99.9 % with a risk horizon of one year. For fixed interest rate positions, agreed interest terms are taken into account throughout. For variable and open-ended interest rate positions, appropriate mixing ratios of sliding averages are assumed based on expert assessments. Implicit options and potential special repayments play a subordinate role due to short-term fixed interest rates.

A monthly report to the general partners details the cash values, cash flow structures and key risk figures for the interest rate positions in the banking book, broken down by sub-portfolio. The report also contains limit utilisations, the results of stress tests and back-testing and on a quarterly basis the effects of interest rate shocks pursuant to German regulations. As significant fixed interest positions in the banking book are usually refinanced or interest-rate hedged through simultaneous back-to-back transactions with matching maturities and typically very short periods of fixed interest rates, this type of risk is of minor importance for the Bank. As at 31 December 2016, the value-at-risk came to € 1.5 million with a loss limit of € 5.0 million.

Risks from Shareholdings

Risks from shareholdings are defined as potential losses that could arise from the provision of equity and mezzanine capital by the Bank to other companies including supplemental loans and capital commitments.

Bankhaus Lampe's strategic objectives for shareholdings are set out in a separate shareholding strategy. All of the Bank's shareholdings are classified as strategic holdings (including private equity), other financial holdings, and other enterprises. They are allocated to the appropriate Bank division according to the operational management and responsibility.

Shareholding risk is controlled by the Bank risk controlling department. In addition, for each of its associated companies the Bank has appointed a risk controller either at the company or at the Bank. Major decisions on shareholdings are made after a vote by the credit department on a case-by-case basis by the Bank's general partners and, to some extent, with involvement of the limited partners. Moreover, a separate limit for the total volume of private equity deals is also in place. The business performance of the shareholdings is constantly monitored and analysed.

As part of internal risk control, capital backing is provided for all investments following the simple risk weighting approach in accordance with the CRR, based on a risk contribution of 47.6 % calibrated at a confidence level of 99.9 %. The basis for this calculation comprises the book values of shareholdings, mezzanine capital, loans and, if applicable, additional funding obligations from open capital commitments. As at 31 December 2016, this resulted in a conservatively calculated risk contribution of € 49.2 million. Ongoing monitoring of early-warning indicators completes the risk monitoring.

In comprehensive quarterly shareholdings reports and appropriate ad-hoc reporting, the risk controlling department informs the general partners and the advisory board about the individual capital components of shareholdings as well as on all important developments of the various companies with respect to performance and risk. There were no critical developments for the Bank in the year under review.

For risk management purposes, Bankhaus Lampe is generally granted extensive information and voting rights in the individual companies. In addition, the general partners or employees of the Bank normally sit on supervisory bodies.

Liquidity Risks

Liquidity risks include call, maturity, refinancing and market liquidity risks.

The main objective, set out in a separate liquidity strategy, is to secure the Bank's solvency at all times and at the same time optimise profit. Sufficient liquidity funds are maintained permanently to avoid liquidity bottlenecks. Securities and derivative financial instrument transactions are generally concluded within the most liquid markets. The Bank also takes ECB eligibility into account in the case of annuity bonds and promissory note loans for the trading portfolio. The liquidity reserve portfolio exclusively consists of high-quality liquid assets. For the most part, liquidity maturity transformation is conducted on a very short-term basis. Thanks to a comfortable deposit situation in client business, liquidity remained very sound throughout the past year.

The Bank's treasury department is responsible for controlling liquidity risks. The refinancing structure is constantly optimised by taking costs into account. The internal risk management committee is responsible for management of the risks, while the risk controlling department is in charge of monitoring them.

A model-based method is not applied to quantify liquidity risks. Bankhaus Lampe's consistently very good liquidity situation is demonstrated, for example, by the liquidity ratio according to the German Liquidity Regulation (LiqV), which was 5.42 as per 31 December 2016, and was consistently well above the minimum requirement of 1.0. The regulatory liquidity coverage ratio came to 2.12 as of 31 December 2016.

The Bank uses detailed monthly liquidity forecasts, early warning indicators and various stress tests to monitor liquidity risks, which are reported to the general partners. Such tests simulate in particular the effects of significant damage to the Bank's reputation or an extreme economic crisis on the Bank's liquidity situation. The results prove that sufficient refinancing would be ensured even if extreme scenarios were to occur. Additional statements from the treasury department complement the reporting to the general partners.

A conservative liquidity policy and ongoing controlling reduce liquidity risks in money market trading. For potential emergency situations, Bankhaus Lampe maintains a sufficient liquidity reserve of demand deposits at all times. Market liquidity risks are restricted through limitation of the permissible markets for the individual trading portfolios and by means of rigorous internal requirements for counterparties and product selection. In addition, an appropriate capital charge is set for this type of risk in the risk-bearing capacity calculation. As at 31 December 2016, the risk contribution for proprietary trading, including the liquidity reserve, was € 4.8 million.

Operational Risks / Reputation Risks

Operational risks comprise the risks of losses incurred as a result of the inadequacy or failure of internal procedures, people or systems, or as a result of external events such as natural disasters. Legal risks are also defined as operational risks.

Reputation risks are indirect or direct risks of the loss of trust of its stakeholders or the reputation of the Bank due to negative events related to its business operations. Thereby the loss of stakeholder trust or the Bank's reputation must have a potential impact on the Bank's core business. Stakeholders include clients, competitors, business partners, media, the general public, supervisory authorities, government institutions, employees and the general partners of the Bank.

A special strategy for operational and reputation risks forms the basis for handling operational risks throughout the Bank. The general partners are responsible for managing this type of risk. Risk control is carried out by specific officers in the specialist departments. To limit reputation risks, the Bank has significantly expanded its specifications and restrictions in the year under review. In particular, the Bank defined explicit transactions in which its is not allowed to participate knowingly neither directly nor indirectly.

Law firms retained by the Bank and the legal department of the bank are responsible for legal risks. An important tool for risk reduction here is the use of standardised agreements customary in the industry. Adequate provisions have been recognised for current litigation.

The particularly sensitive area of IT risks is covered by extensive and appropriate protective measures of technical and organisational character. The Bank also continually refines its information security and business continuity management systems in accordance with prevailing standards. For this purpose, the company appointed an information security officer who is independent from its IT department. The central outsourcing management of the organisation/IT department is in charge of the outsourcing of services.

The Bank does not use model-based quantification of operational and reputational risks. Its methods of analysis consist of the maintenance of an internal risk and loss database (for cases from € 1,000 upward) together with a regular bank-wide self-assessment programme. Bankhaus Lampe uses the basis indicator approach in accordance with CRR to measure the regulatory capital requirement for operational risks.

For the internal risk calculation, the regulatory risk cover calculated at group level is adjusted for potential new or discontinued business divisions or shareholdings. To cover reputation risks, the ratio is subsequently multiplied by a pre-determined factor to raise it to an appropriate level. As at 31 December 2016, the risk contribution thus stood at € 30.0 million.

The general partners are always kept fully informed about the Bank's operational and reputational risks. This is achieved through the quarterly standard reports taken from the risk and loss database, a regular presentation on the development of selected operational and reputational risks, and ad hoc reporting on special cases.

The reduction of operational and reputational risks is achieved primarily through close communication between the risk units and the decision-makers and case-by-case risk-mitigating action. Raising risk awareness among all employees creates transparency and reduces the risk of loss. Reputation risks are also limited through specific business guidelines.

Strategic Risks

Strategic risks refer to the uncertainty relating to earnings performance due to business policy decisions or changed conditions such as market environment, customer behaviour or technological advances.

Management of strategic risks by the Bank's general partners is based on an annual forward projection of the overall bank strategy as part of the strategy and planning processes. The decision makers are supported in their strategic management by the quarterly short-term income statement, the monthly profit and loss account, and analyses of the earnings structure in response to specific situations. This process ensures close monitoring of compliance with the strategic goals and guidelines.

Subsidiaries and Holdings

Lampe Asset Management

Lampe Beteiligungsgesellschaft

Lampe Credit Advisors

Lampe Privatinvest

Lampe Equity Management

Lampe Capital Finance

Lampe Investment Management

cee

DALE Investment Advisors

UNIVERSAL INVESTMENT

VILMARIS

Subsidiaries and Holdings

The Bankhaus Lampe Group comprises several subsidiaries and various shareholdings in addition to Bankhaus Lampe KG. With a comprehensive range of banking and advisory services, the group thereby meets its clients' many and varied requirements.

Lampe Asset Management

Besides traditional asset management services, *Lampe Asset Management GmbH* also offers individual specialty fund mandates and mutual fund concepts with investments in bonds, equities and commodities. Thus, the company offers a comprehensive and professional array of asset management services.

Its tailor-made investment solutions are based on an active approach to asset management that focuses on the absolute return achievable for the client. Lampe Asset Management co-operates in settlement with many renowned custodian banks and capital investment companies. The company is a sought-after partner for segment funds in the Master KVG environment. Risk management is of particular importance, being a fundamental element of portfolio management – especially in the case of guaranteed value mandates.

In addition to traditional investments, Lampe Asset Management GmbH is also increasingly offering investment solutions that are geared towards sustainability criteria. In this area, Lampe Asset Management GmbH co-operates with oekom research AG.

The asset management business with institutional clients put in a very good performance in 2016. Specialty and mutual funds registered a slightly negative performance. While the managed volumes in the insurance and corporate client segment declined, assets under management for associations, family offices and church-related investors increased significantly. The focus of the new business was on equity funds and absolute-return strategies. Traditional fixed-income products declined due to the low-interest rate environment.

The company's response to a changed capital market environment is a more global approach to investment solutions as well as innovative multi-asset concepts and risk-based investment strategies.

In a challenging capital market environment, assets under management were slightly down on a year ago at € 6.36 billion (previous year: € 6.45 bn).

Once again, the editorial team of RenditeWerk has honoured the best endowment funds of the year. The endowment fund LAM-Stifterfonds-Universal won the second place in the competition. The newest LAM mutual fund, LAM-Euro-Corporate Hybride, was rated for the second time by Telos GmbH. The fund was awarded an AA+ rating as it meets the very high standards of quality.

Lampe Beteiligungsgesellschaft

Lampe Beteiligungsgesellschaft mbH offers Bankhaus Lampe KG's medium-sized corporate clients a range of complementary services for all aspects of acquisition and management of corporate investments of any type or legal form. In addition, its services also include the structuring and execution of customised fiduciary operations.

Lampe Credit Advisors

Lampe Credit Advisors GmbH offers advisory services for complex issues relating to European financial institutions, insurance companies and public-sector institutions. These services include regulatory advice, the structuring and arrangement of investment and refinancing solutions, portfolio and risk management services and comprehensive advisory and other services relating to strategic partnerships and equity holdings.

Lampe Credit Advisors GmbH is a partner in Caplantic GmbH, a joint venture established between Bankhaus Lampe, Nord/LB and Talanx Group. Caplantic provides banks, insurance companies and institutional investors with administrative support, risk modelling and reporting on various investment products, especially alternative asset classes. Caplantic also structures innovative investment products, such as alternative (credit) funds or managed debt accounts that invest in loans and comparable financial instruments.

Lampe Equity Management

Lampe Equity Management GmbH offers institutional investors exclusive investment opportunities in the field of real assets.

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Investments in the energy infrastructure sector are made via the holding company *CEE Holding GmbH & Co. KGaA*. In conjunction with a Luxembourg-based specialist fund, Lampe Alternative Investments S.A, SICAV-FIS (with the three sub-funds LAI-CEE Sidefund I, II and III), institutional investors have pooled roughly € 460 million in equity and thus achieved a total investment volume of some € 1.2 billion.

The CEE investments currently include 28 photovoltaic parks with a total output of 300 megawatts, of which 22 in Germany, three in France and three in England. In addition, the company has invested in 14 German and four French windparks with a total output of 256 megawatts. The CEE group thereby expanded its portfolio of renewable energies plants to an output of more than 550 megawatts.

In addition to these activities, CEE Holding has worked with RWE Innogy since 2011 to invest in technology companies in the field of cleantech, thus benefiting from the industrial expertise of the RWE Group.

Founded in 2014, *CEE Fund Advisory GmbH (CEEFA)* is an investment advisory firm that specialises in infrastructure investments. CEEFA provides advisory services to the investment manager of an infrastructure debt fund with a target volume of € 1 billion. The fund offers institutional investors the option to participate in profitable infrastructure projects. Deutsche Bank acts as distribution partner for this infrastructure debt fund.

Lampe Privatinvest

The subsidiary *Lampe Privatinvest Management GmbH* permits a select group of entrepreneurially minded private investors to buy up majority and minority shareholdings in all sectors of Germany's Mittelstand. A conscious decision has been taken not to use fund structures so that every investment is flexible and geared to the relevant investor's needs, as well as to ensure long-term support for the respective companies.

Lampe Capital Finance

The investment fund Lampe Mezzanine Fonds I GIKG GmbH & Co. KG, established by the subsidiary *Lampe Capital Finance GmbH* in 2014, represents an interesting investment alternative for institutional investors especially in the current low-interest environment, while providing companies with an additional source of financing in the form of mezzanine capital. The funds raised are exclusively invested in German Mittelstand companies, where they are used to finance growth situations or corporate transactions. With the investments made by the end of 2016, about one third of the funds have been allocated thus far.

Lampe Investment Management

Founded in 2015, *Lampe Investment Management GmbH (LIM)* is the investment management company of Bankhaus Lampe Group. The firm manages alternative investment funds (abbreviated "AIF") for semi-professional and professional investors, in particular in areas of energy & infrastructure, private equity, venture capital & mezzanine as well as real estate. Besides the related core services such as administration, portfolio and risk management, the company also offers planning and structuring services for setting up new AIF. The company's managed fund volume stands at around € 215 million.

VILMARIS

Vilmaris Management GmbH provides further investment opportunities in the shipping sector. This is the management company of Vilmaris GmbH & Co. KGaA, a shipping investment company that purchases, sells and charters sea-going vessels. Its portfolio currently consists of one bulk carriers and a newly built container ship that was added in 2013.

DALE Investment Advisors

Bankhaus Lampe has access to the Austrian market through its majority holding in Vienna-based *DALE Investment Advisors GmbH*. DALE has longstanding experience in the management of significant family wealth and private foundations. DALE also increasingly manages pension plans of professional associations and other public corporations. Moreover, DALE has established itself in the field of ethical and sustainable investments and is specialised in an absolute-return based, systematic approach to asset management. Bankhaus Lampe's German clients also benefit from this expertise as DALE acts as an advisor to the Lampe Universal Solid Fonds. DALE managed a total of € 1.8 billion in institutional and private assets as per 31 December 2016. This makes DALE one of the largest multi-family offices in the German-speaking countries.

UNIVERSAL INVESTMENT

In the second half of 2016, Bankhaus Lampe sold the majority of its 50 % stake in *Universal-Investment-Gesellschaft mbH*, Frankfurt/Main, to Montagu Private Equity, a UK-based firm. With funds under management of some € 290 billion (as per 31 December 2016), more than 1,000 specialty and mutual fund mandates and approximately 650 staff, Universal-Investment is one of Germany's most successful investment companies. It remains an important partner for Bankhaus Lampe Group in the specialty fund area.

Consolidated Financial Statements for 2016

Consolidated Balance Sheet for Bankhaus Lampe KG

as at 31 December 2016

Assets

in euros				2016	2015 in T euros
Cash Reserves					
a) Cash on hand			708,279.55		635
b) Balances with central banks			548,921,848.20		455,058
thereof: at Deutsche Bundesbank	548,921,848.20			549,630,127.75	(455,693)
Loans and advances to banks					
a) Due on demand			125,236,656.83		174,910
b) Other claims			70,276,138.06	195,512,794.89	72,331
Loans and advances to clients				1,392,572,453.59	1,236,448
thereof: secured by liens on property	42,628,439.77				(63,583)
thereof: loans to municipalities	45,268,000.00				(55,400)
Debt securities and other fixed income securities					
Bonds and debt securities					
a) From public issuers		50,655,477.08			15,043
thereof: eligible as collateral for advances from Deutsche Bundesbank	50,655,477.08				(15,043)
b) From other issuers		110,039,584.59	160,695,061.67		133,313
thereof: eligible as collateral for advances from the Deutsche Bundesbank	110,039,584.59			160,695,061.67	(133,313)
Equity and other variable-yield securities				400.00	0
Trading portfolio				452,684,001.06	440,633
Shareholdings				42,346,089.42	30,657
thereof: banks	8,147,193.04				(7,453)
thereof: financial services institutions	8,605,068.01				(5,923)
Shareholdings in affiliated companies				352,000.00	276
thereof: banks	0.00				(0)
thereof: financial services institutions	0.00				(0)
Shareholdings in associated companies				0.00	28,706
Fiduciary assets				11,855,266.91	11,889
thereof: fiduciary loans	11,855,266.91				(11,889)
Intangible assets				4,290,472.19	5,224
Property, plant and equipment				28,243,885.24	28,949
Other current assets				30,621,889.26	22,348
Accruals and deferred items				16,403,777.10	1,784
Total assets				2,885,208,219.05	2,658,206

Liabilities

in euros				2016	2015 in T euros
Liabilities to banks					
a) Due on demand			71,957,522.07		49,368
b) Subject to an agreed term or period of notice			65,480,816.22	137,438,338.29	49,333
Liabilities to clients					
Other liabilities					
a) Due on demand		1,694,393,633.90			1,850,335
b) Subject to an agreed term or period of notice		426,166,168.25	2,120,559,802.15	2,120,559,802.15	225,399
Trading portfolio				32,844,154.61	23,860
Fiduciary liabilities				11,855,266.91	11,889
thereof: fiduciary loans	11,855,266.91				(11,889)
Other liabilities				31,578,247.20	14,943
Accruals and deferred items				17,855,139.45	1,586
Provisions					
a) Provisions for pensions and similar obligations			10,866,608.84		11,308
b) Tax provisions			2,882,104.47		4,862
c) Other provisions			66,926,785.82	80,675,499.13	26,436
Subordinated liabilities				27,723,640.28	27,724
thereof: due within two years	723,640.28				(724)
Profit participation capital				20,000,000.00	20,000
thereof: due within two years	10,000,000.00				(0)
Funds for general banking risks				56,950,000.00	36,900
thereof special items according to Section 340e Paragraph 4 German Commercial Code (HGB)	4,250,000.00				(4,200)
Equity					
a) Subscribed capital			70,000,000.00		70,000
b) Capital reserve			205,500,000.00		194,000
c) Other surplus reserves			16,749,861.39		16,748
d) Adjustments for minority interests			478,269.64		517
e) Consolidated profit			55,000,000.00	347,728,131.03	23.000

Total liabilities	2,885,208,219.05	2,658,206
Contingent liabilities		
Liabilities arising from guarantees and warranty agreements	74,965,931.22	80,466
Other liabilities		
Irrevocable lending commitments	98,298,310.07	57,397

Consolidated Profit and Loss Account of Bankhaus Lampe KG

for the period from 1 January to 31 December 2016

Expenses

in euros			2016	2015 in T euros
Interest payable			24,459,789.43	29,375
Commission payable			10,190,948.43	22,147
General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	82,876,505.89			76,215
ab) Social security contributions and expenditures for pensions and related benefits	10,413,644.63	93,290,150.52		8,403
including pensions: 2,517,879.83 EUR				(2,270)
b) Other administrative expenses		62,481,926.40	155,772,076.92	54,694
Depreciation and valuation allowances on intangible assets and property, plant and equipment			5,845,125.10	3,876
Other operating expenses			5,529,693.61	2,426
Depreciation and valuation allowances to accounts receivable and certain securities and allocation of provisions in the credit business			12,244,523.77	0
Allocation to fund for general banking risks			20,000,000.00	0
Depreciation and valuation allowances to shareholdings, shareholdings in affiliated companies and securities treated as fixed assets			0.00	5
Taxes on income and profit			10,828,833.76	4,582
Other taxes not shown under “other operating expenses”			62,023.30	96
Consolidated net income for the year			55,341,475.08	23,377
Total expenses			300,274,489.40	225,195

Income

in euros		2016	2015 in T euros
Interest earned on			
a) Credit and money market transactions	30,316,160.77		35,040
b) Fixed-income securities and debt register claims	22,439,752.67	52,755,913.44	26,504
Current income from			
a) Equity and other variable-yield securities	9,135,073.96		981
b) Shareholdings	11,088,977.37	20,224,051.33	3,205
Earnings from associated companies		0.00	6,789
Commission earnings		110,212,159.42	132,488
Net earnings from financial transactions		276,723.62	4,323
thereof: allocation according to Section 340e Paragraph 4 German Commercial Code (HGB)	50,000.00		(500)
Earnings from write-ups to accounts receivable, certain securities and from reversal of provisions in the credit business		0.00	9,198
Earnings from write-ups to to shareholdings, shareholdings in affiliated companies and securities treated as fixed assets		108,431,584.54	0
Other operating earnings		8,374,057.05	6,666
Total income		300,274,489.40	225,195
Net income for the year		55,341,475.08	23,377
thereof: profit due to other partners		-341,475.08	-377
Profit carryforward from previous year		0.00	0
Withdrawal from capital reserves		0.00	0
Withdrawals from retained earnings		0.00	0
Advance distribution		0.00	0
Allocations to retained earnings		0.00	0
Advance withdrawals from partners		0.00	0
Group profit		55,000,000.00	23,000

Auditors' Certificate

We have audited the consolidated financial statements prepared by Bankhaus Lampe KG comprising the balance sheet, the profit and loss account, the annex as well as the cash flow statement and consolidated statement of change in shareholders' equity, and the group management report for the business year from 1 January to 31 December 2016. In accordance with the requirements of German commercial law, the preparation of the consolidated financial statements and the group management report is the responsibility of the general partners of the Company. Our responsibility is to express an opinion on the annual consolidated financial statements and the consolidated annual report based upon our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). These standards require that we plan and perform an audit such that any misstatements and infringements that would materially affect the presentation of net assets, financial position and results of operations in the consolidated financial report in accordance with principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations regarding potential misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report have primarily been examined on a random sample basis within the framework of the audit.
The audit includes assessing the annual financial statements of the companies included in the consolidation, the determination of the companies to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the Company's general partners, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Dusseldorf, 13 March 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Peter Kleinschmidt	ppa. Ralf Scherello
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Consolidated Financial Statements Annex General Disclosures

Basic Accounting Principles

Bankhaus Lampe KG is headquartered in Bielefeld and registered under the commercial register number 12924 at the district court of Bielefeld.

The consolidated financial statements of Bankhaus Lampe KG as at 31 December 2016 were prepared in accordance with the provisions laid down in the German Commercial Code (HGB) in conjunction with the Regulation on Accounting for Credit and Financial Service Institutions (RechKredV).

Pursuant to Section 313 HGB, these consolidated financial statements have an exempting effect on the companies included in the List of Shareholdings, published in the electronic Bundesanzeiger (German Federal Gazette), within the meaning of Section 264 Paragraph 4 HGB.

The consolidated financial statements comprise the balance sheet, the profit and loss statement, the notes, the cash flow statement and the statement of changes in equity capital. Furthermore, a group management report pursuant to Section 315 HGB has been prepared.

Scope of Consolidation

In addition to Bankhaus Lampe KG, the scope of consolidation ncludes the following companies:

Company	Equity in thousand euros	Share in company
BTF Beteiligungs- und Treuhandgesellschaft mbH, Frankfurt/Main[1]	52	100 %
DALE Investment Advisors GmbH, Vienna	1,269	61 %
Lampe Asset Management GmbH, Dusseldorf[1]	3,000	100 %
Lampe Beteiligungsgesellschaft mbH, Dusseldorf[1]	1,100	100 %
Lampe Credit Advisors GmbH, Dusseldorf	1,021	100 %
Lampe Equity Management GmbH (subgroup), Hamburg[1]	-686	100 %
Lampe Immobilien GmbH & Co. KG, Dusseldorf	51	100 %
Lampe Immobilien Verwaltungs GmbH, Dusseldorf	25	100 %
Lampe Private Advisory GmbH (previously Poseidon Beteiligungs-GmbH), Bielefeld[1]	52	100 %
Lampe UI Beteiligungs GmbH, Dusseldorf	24,631	100 %
Lampe UI Holding GmH & Co. KG, Dusseldorf	5,917	100 %
Lampe Verwaltungs-GmbH, Dusseldorf	6,084	100 %
TETRARCH Aktiengesellschaft, Dusseldorf[1]	50	100 %

1) A profit-and-loss transfer agreement exists with Bankhaus Lampe KG

Due to the sale to a third party, Universal-Investment-Gesellschaft mbH is no longer regarded as an associated company and thus not consolidated. The sale led to an earnings effect of € 137.4 million.

Other group companies were not included as the companies are of secondary importance for the net assets, financial position and results of operation pursuant to Section 296 Paragraph 2 HGB.

Shareholdings in subsidiary companies that did not have to be included are stated at historical cost under financial assets.

Consolidation principles

The capital consolidation of the subsidiaries acquired before 31 December 2009 was done according to the book value method. The acquisition costs of an affiliated company were offset against the parent company share in its equity capital at the time of the affiliated company's acquisition or initial consolidation. Since 1 January 2010, capital consolidation has been done according to the revaluation method. Acquisition costs of an affiliated company are offset against the Group's share in equity at that date at which the company became a subsidiary. Equity of the subsidiary is set at the amount corresponding to the present value of assets, liabilities, prepaid and deferred items and special items to be included in the consolidated financial statements (if applicable, after adjustment of the valuation rates pursuant to Section 308 Paragraph 2 HGB). If a difference remains on the asset side after offsetting, it is shown in the Group balance sheet as goodwill under the position "intangible assets" and is depreciated according to schedule over the expected useful life. A difference accruing on the liabilities side is shown under the item "Difference from capital consolidation" after equity.

Intra-Group receivables and liabilities, provisions, contingent liabilities and other liabilities, as well as expenses and income, are offset against each other. Interim results that are of secondary importance to providing an accurate view of the Group's net assets, financial position and results of operations are not eliminated.

Group Accounting Principles and Valuation Methods

The annual financial statements of Bankhaus Lampe KG and the domestic and foreign subsidiary companies included in the consolidated financial statements are prepared in accordance with standard accounting principles and valuation methods.

The accounting principles and valuation methods have essentially remained unchanged from the previous year.

There has been an amendment to the accounting principles and valuation methods in connection with the introduction of the trading system for foreign currency transactions. In the profit-and-loss account, income and expenses from currency conversion are not balanced in the trading portfolio but reported under "other operating earnings" and "other operating expenses", respectively. Income and expenses from foreign currency transactions in the trading portfolio are reported as net income or the net expenses in the trading portfolio.

In addition, accruals for securities commissions from volume-based fee models have been allocated to the accounting period due to further development of the respective systems.

Loans and advances to banks and clients are always reported at their nominal amount or at their acquisition costs. All foreseeable credit and country risks have been taken into account by setting up specific valuation allowances and provisions.

Latent credit risk is accounted for by general valuation allowances according to commercial law principles. Furthermore, there is a provision for general banking risks pursuant to Section 340f HGB. For the purpose of showing risk provisioning in the profit and loss statement, the option of compensation of expenses and revenue was applied.

Separate valuation units (micro-hedges) are formed for the valuation of own issues, selected client transactions and single credits of the non-trading portfolio.
The objective of micro-hedges is to cover interest fluctuations related to assets and debt instruments via derivatives with matching values, currencies and maturities.

These micro-hedges are formed in accordance with the regulations set out in Section 254 HGB and the reporting principles for financial derivatives (IDW RS HFA 35). These hedging relationships end when the underlying transaction or the hedging instrument matures, is sold or exercised, or the requirements for the formation of valuation units are no longer met.

These valuation units are accounted for under the net hedge presentation method. Using this method, balancing value changes resulting from the hedged risk (effective part) are not stated on the balance sheet. If the valuation unit results in an unrealised gain, it is not taken account of. However, if the non-effective part of the value changes from the hedged item and hedging instruments results in a loss, a corresponding provision is made.

Forecasting and the retroactively assessing the valuation unit's effectiveness is done by way of the critical term match method as the terms for the hedged item and the hedging instruments are working in the opposite direction.

As of the balance sheet date, liabilities with a book value € 60 million and derivatives with a positive market value of € 51.5 million were hedged in valuation units. The derivatives used as hedging instruments have a negative market value of € 52.1 million.

There are no valuation units with a high probability for expected transactions.

Henceforth, the strict lower-of-cost-or-market principle is applied to securities from the liquidity reserve pursuant to Section 340e Paragraph 1 Clause 2 HGB in conjunction with Section 253 Paragraph 4 HGB.

Financial instruments in the trading portfolio are assessed at fair value minus a risk premium. Fair value is the amount at which an asset could be swapped between competent business partners who are willing to enter into a contract and who are independent of each other or at which a liability could be settled. There was an active market for all financial instruments shown in the trading portfolio so that the fair value corresponds to the market price.

The trading portfolio comprises all financial instruments that are purchased or sold with the intent of gaining a short-term proprietary-trading profit. Liabilities that are entered into with the intent of repurchasing them in the short term for the purpose of gaining a trading profit are shown as trading liabilities.

In order to account for possible residual realisation risks, the amount resulting from the market valuation is reduced by a risk premium, which is deducted from the asset side trading portfolio. The risk premium constitutes a value at risk according to the variance-covariance method pursuant to Section 365 CRR. The calculation is based on a monitoring period of 250 days, a holding period of ten trading days and a confidence level of 99 %. As per 31 December 2016, the risk premium came to € 5,267 thousand.

Shareholdings and non-consolidated shares in affiliated companies are shown in the balance sheet at amortised acquisition costs according to the regulations applying to fixed assets. In case of anticipated permanent declines in value, unscheduled depreciations are made. If the reasons that led to depreciation no longer exist, a write-up is carried out up to a maximum of the acquisition costs. As in previous fiscal years, securities managed as fixed asset holdings are not part of the portfolio. The setting off permissible according to commercial law is applied.

Repurchase agreements are reported pursuant to the applicable principles of Section 340b HGB. Securities lent in securities lending transactions remain part of the balance sheet whereas borrowed securities are not stated on the balance sheet.

Property, plant and equipment, as well as purchased intangible assets, are listed on the balance sheet at their respective acquisition or production costs, reduced by scheduled depreciations. If permanent declines in value are anticipated, unscheduled depreciations are made. By analogy with the applicable tax regulations, certain items of the fixed assets are treated as low-value assets for reasons of simplicity.

Deferred taxes are determined for time differences between the commercial-law and tax-law valuation rates of assets, liabilities and prepaid and deferred items. In addition to the booking differences related to time, tax losses carried forward are accounted for. Due to Bankhaus Lampe KG's legal form, deferred taxes are determined on the basis of an income tax rate of currently 15.8 %, which comprises only trade tax. An overall tax burden resulting from this would be shown in the balance sheet as deferred tax liability. In the event of tax relief, the corresponding option to capitalise would not be used. In the relevant financial year, there was an overall deferred tax asset that was not shown in the balance sheet.

Accrued and deferred items are created pursuant to the applicable principles of Section 250 HGB. These items are deferred correspondingly as income or expenses in the accounting period.

All other assets are stated on the balance sheet at their acquisition cost or their fair value.

Liabilities are stated on the balance sheet at their respective amount to be paid.

Provisions for pensions and similar liabilities are calculated on the basis of biometric probabilities (guideline tables Heubeck 2005G) according to the entry age actuarial cost method. The reported pension provisions include firm commitments. Pension increases are currently accounted for with an annual adjustment rate of 1.60 %. The discount rate applied to the pension obligations was 4.01 %. The bank utilises the option of using the average market interest rate for an assumed maturity of 10 years, which is determined and published by the Bundesbank. The balance as per Section 253 Paragraph 6 Clause 3 HGB comes to € 740 thousand. The interest rate used is based on the Bundesbank projection published on 31 October 2016.

In order to fulfil the obligations from deferred compensation payments of employees, the respective financial resources have been invested in investment funds or qualifying insurance policies. The investment funds are held in trust for Bankhaus Lampe KG, and other creditors have no access to them. The qualifying insurance policies are pledged to the respective employees. The valuation is calculated based on a fair value of € 2,005 thousand; this value is balanced against the individual underlying liabilities, which came to € 2,378 thousand. The liability surplus of € 373 thousand is entered under provisions. Acquisition costs amount to € 546 thousand. The balanced interest expense from this liability is € 27 thousand.

Provisions for taxes and other provisions take into consideration all recognisable risks and uncertain liabilities. Valuation is carried out in the respective amounts to be paid, in accordance with a proper commercial assessment, to cover future payment obligations. Future price and cost increases are accounted for as far as there is sufficient objective evidence for their occurrence.

For non-banking items, the effects of interest accrued and changes in interest rates in subsequent periods are reported under Other operating expenses (€ 345 thousand). The changes in interest accrued for provisions related to banking items are reported under Interest expenses (€ 11 thousand).

The item Funds for general banking risks was created in accordance with the rules and regulations of Section 340g HGB. The equity items are stated on the balance sheet at nominal value (Section 272 Paragraph 1 HGB).

Under the loss-free valuation method, provisions for anticipated losses are to be set aside in the banking book for a possible excess liability arising from transactions with interest-based financial instruments. All asset and liability items that were not assignable to the trading book or were recognised under equity or equity-like items were included in the banking book. In determining a possible excess liability, both asset and liability amount or maturity congruencies were closed through fictitious forward transactions. The valuation of the banking book was conducted using the present-value method, whereby the book values of interest-bearing transactions of the banking book are compared against interest rate-induced present values. The need to cover any anticipated risk costs and administrative costs is carried out as a discount of the gross cash value of the banking book. The audit did not ascertain any need to accrue provisions.

Pursuant to Section 256a HGB, receivables and liabilities in foreign currency were translated into euros at the middle spot exchange rate prevailing on the balance sheet date. Forward transactions that have not yet been settled at balance sheet date are translated at the forward rate prevailing on the balance sheet date.

On-balance sheet items and open transactions denominated in foreign currencies outside of the trading portfolio are evaluated pursuant to the applicable principles of Section 340h in conjunction with Section 256a HGB if a special coverage is available. If the requirements for special cover are not fulfilled, the currency conversion is carried out according to the principles laid down in Section 256a HGB. If the residual term is one year or less, unrealised profits from currency conversion are recognised as income. If the residual term is more than one year, the general valuation principles are applied.

The principle of special coverage (pursuant to Section 340h HGB) in line with IDW RS BFA 4 can be regarded as fulfilled if the currency risk is managed through a foreign currency position and the individual items are included in such position. Transactions outside of the trading portfolio are managed as a whole for each currency.

In the profit-and-loss account, income and expenses from currency conversion are not balanced in the trading portfolio, but instead reported under "other operating earnings" and "other operating expenses", respectively.

Financial instruments in the trading portfolio in foreign currency are assessed at fair value and translated at the mean spot exchange rate on the balance sheet date pursuant to Section 340c in conjunction with Section 340e Paragraph 3 HGB. Accordingly, all expenses and income arising from currency conversion are recognised in the profit-and-loss account as net income or net expenses from proprietary trading.

Expenses from depreciation on shareholdings, shareholdings in affiliated companies and securities treated as fixed assets are balanced with the earnings from write-ups to such items pursuant to Section 340c Paragraph 2 HGB.

No events of particular significance have occurred since 1 January 2016 that could be expected to have a material effect on net assets or the financial and income situation.

Notes to Consolidated Financial Statements

Breakdown of Receivables by Residual Terms

in thousand euros	31/12/2016	31/12/2015
Loans and advances to banks		
up to 3 months	36,282	42,876
more than 3 months and up to 1 year	33,994	27,434
more than 1 year and up to 5 years	0	0
more than 5 years	0	2,021
Loans and advances to clients		
up to 3 months	637,451	467,661
more than 3 months and up to 1 year	93,022	69,801
more than 1 year and up to 5 years	30,843	124,181
more than 5 years	46,098	50,451
indefinite term	23,853	70,758
Debt securities and other fixed income securities		
maturing in the next year	50,282	9,458

Breakdown of Liabilities by Residual Terms

in thousand euros	31/12/2016	31/12/2015
Liabilities to banks with a definite term or notice period		
up to 3 months	22,292	4,187
more than 3 months and up to 1 year	40,775	42,900
more than 1 year and up to 5 years	2,414	2,229
more than 5 years	0	17
Liabilities to clients with a definite term or notice period		
up to 3 months	197,625	69,217
more than 3 months and up to 1 year	143,486	128,004
more than 1 year and up to 5 years	50,030	3,178
more than 5 years	35,025	25,000

Relations with Affiliated Companies

in thousand euros	Affiliated companies 31/12/2016	Affiliated companies 31/12/2015	Shareholdings 31/12/2016	Shareholdings 31/12/2015
Loans and advances to banks	0	0	114	100
Loans and advances to clients	152	0	3,881	536
Liabilities to banks	0	0	0	0
Liabilities to clients	1,160	841	3,259	3,694

In principle, business transactions with affiliated companies and persons are carried out at customary market terms. Major transactions at non-standard market terms, which would thus have to be reported pursuant to Section 314 Paragraph 1 No. 13 HGB, have not taken place.

Securities Negotiable on the Stock Exchange and Financial Investments

The following table itemises the securities negotiable on the stock exchange included in the balance sheet positions.

in thousand euros	exchange listed 31/12/2016	exchange listed 31/12/2015	not exchange listed 31/12/2016	not exchange listed 31/12/2015
Debt securities and other fixed income securities	160,695	148,357	0	0
Equity and other variable-yield securities	0	0	0	0

Trading Portfolio

Trading portfolio (Assets) in thousand euros	31/12/2016	31/12/2015
Derivative financial instruments	29,350	22,187
Debt securities and other fixed income securities	365,915	373,409
Equity and other variable-yield securities	62,686	50,304
Risk discount	-5,267	-5,267

Trading portfolio (Liabilities) in thousand euros	31/12/2016	31/12/2015
Derivative financial instruments	32,844	23,859

Statement of Changes in Fixed Assets

in thousand euros	Intangible assets	Property, plant and equipment	Financial assets
Historical cost as per 01/01/2016	11,787	42,629	60,495
Additions	2,635	5,359	9,113
Disposals	-1,057	-471	-26,055
Historical cost as per 31/12/2016	13,365	47,517	43,552
Accumulated depreciation	9,074	19,273	855
Book value 2016	4,291	28,244	42,698
Book value 2015	5,224	28,949	59,640
Depreciation in the financial year	2,501	3,344	0

Intangible assets comprise paid concessions amounting to € 3.6 million, goodwill of € 0.4 million and advance payments on intangible assets of € 0.2 million.

The item property, plant and equipment includes land and buildings used for the Bank's own commercial activities of € 21.4 million, operating and business equipment of € 3.9 million, technical equipment and machinery of € 0.3 million and advance payments for assets under construction.

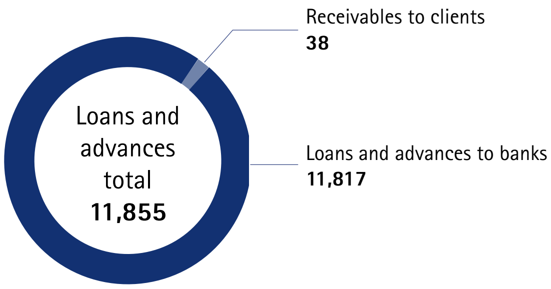
Fiduciary Operations

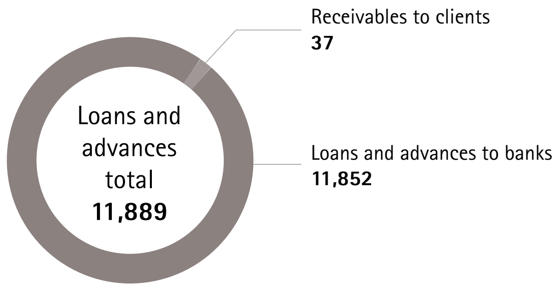
The assets and liabilities shown in the balance sheet under "Fiduciary assets" and "Fiduciary liabilities" are divided as follows:

31/12/2016

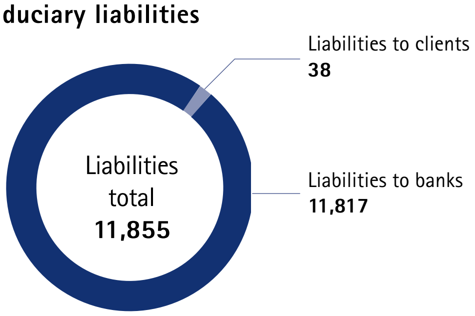
31/12/2015

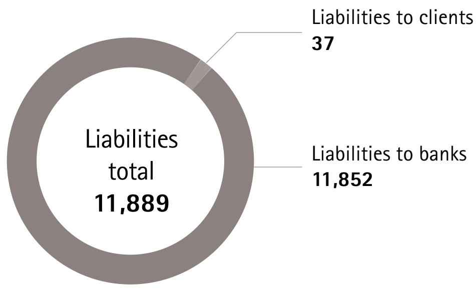
Fiduciary assets





Fiduciary liabilities





Subordinated Assets

in thousand euros	31/12/2016	31/12/2015
Loans and advances to banks	195,513	247,241
thereof: subordinated	0	0
Loans and advances to clients	1,390,181	1,236,301
thereof: subordinated	0	0
Debt securities and other fixed income securities	160,215	148,357
thereof: subordinated	0	0
Shareholdings	42,346	30,657
thereof: subordinated	2,002	2,002

Other Assets

Other assets amounting to € 30,622 thousand (previous year € 22,348 thousand) essentially include claims for tax refunds in the amount of € 17,036 thousand as well as claims against the tax authority of € 6,830 thousand, reinsurance policies of € 5,687 thousand and associated companies of € 2,453 thousand.

Foreign Currency

The total assets in foreign currency on the balance sheet date come to € 68,360 thousand (previous year: € 71,134 thousand).

Liabilities in foreign currency on the balance sheet date were € 301,493 thousand (previous year: € 130,386 thousand).

Subordinated Liabilities

In case of insolvency or liquidation, subordinated liabilities amounting to € 27,724 thousand (previous year: € 27,724 thousand) may be repaid only after all creditors that are not subordinated have been paid off. Up to that point there is no repayment obligation or any claim to interest payments. Interest expenses for subordinated liabilities in the financial year remained unchanged at € 1,916 thousand.

Amount in thousand euros (nominal)	Interest rate	Maturity
12.000	6.90	31/07/2018
5.000	7.10	10/09/2018
5.000	7.21	29/08/2018
5.000	7.45	07/08/2018

Other Liabilities

Other liabilities amounting to € 31,578 thousand (previous year: € 14,943 thousand) mainly contain liabilities from variation margins of € 12,095 thousand, liabilities to tax authorities of € 9,000 thousand and provisions for profit participation capital of € 3,109 thousand.

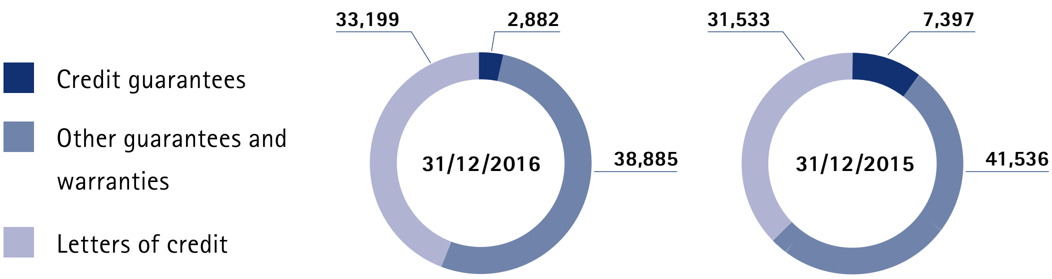
Statement of Changes in Group Equity

in thousand euros	
As per 01/01/2015	281,282
Profit distribution in 2015	-22,000
Allocation to capital reserve	22,000
Change in retained earnings	0
Adjustments for minority interests	-17
Group profit	23,000
As per 31/12/2015	304,265
As per 01/01/2016	304,265
Profit distribution in 2016	-23,000
Allocation to capital reserve	11,500
Change in retained earnings	2
Adjustments for minority interests	-39
Group profit	55,000
As per 31/12/2016	347,728

Off-Balance Sheet Transactions

Contingent liabilities

In the ordinary course of business, Bankhaus Lampe KG regularly assumes credit guarantees, other guarantees and letters of credit. As a consequence of these agreements, it is necessary that Bankhaus Lampe KG makes payments to the beneficiary if someone else does not fulfil his or her obligations or payments according to agreement. The table below lists all potential payments from credit guarantees, other guarantees and letters of credit after taking account of any cash collaterals (€ 5,310 thousand), if applicable.



The amounts stated above do not reflect the cash flows expected from these agreements in future since many of them expire without being called upon. It is possible that a provision of collateral is demanded in order to reduce the credit risk of this obligation. Cash deposits received for contingent liabilities are recognised in the balance sheet as liabilities. The probability of a possible claim on these liabilities is considered to be very low. If a full or partial claim is expected in the event of a deterioration in the borrower's credit quality, provisions are set aside. Provisions for contingent liabilities totalled € 3,083 thousand as at 31 December 2016.

Irrevocable lending commitments

Bankhaus Lampe KG makes irrevocable lending commitments in order to meet its clients' financing requirements. The portions of granted commitments which were not drawn down are included in the irrevocable lending commitments and cannot be revoked by Bankhaus Lampe KG. These lending commitments are disclosed at their nominal value after taking account of cash collaterals. The amounts listed below the balance sheet do not represent expected future cash flows since many of these agreements will expire without being drawn down. Irrevocable lending commitments are not shown in the balance sheet yet are taken into consideration in the monitoring of credit risks. On the balance sheet date the irrevocable lending commitments amount to € 96.3 million.

Other financial obligations

As at the balance sheet date, the annual financial obligations resulting from tenancy agreements, service contracts and other licence agreements amount to € 33.8 million, with residual terms of up to five years.

Notes to the Group Profit and Loss Account

Results on the profit and loss account from interest income, current income from equity and other variable-yield securities, earnings from shareholdings in associated companies, profit transfer agreements, commission income, net earnings from financial transactions and other operating income are essentially of domestic origin.

Due to the persistent low-interest phase, atypical interest rates (negative interest rates) are possible. Bankhaus Lampe KG therefore states negative interest rates from receivables as interest income (€ 1.295 thousand) and negative interest rates from liabilities as interest expenses (€ 1.222 thousand).

Other Operating Income

Other operating income in the amount of € 8,374 thousand essentially includes tax refunds (€ 2,677 thousand), reversals of provisions (€ 1,668 thousand) and income from rental and lease contracts (€ 839 thousand).

Other Operating Expenses

Other operating expenses in the amount of € 5,845 thousand essentially includes earnings or expenses from currency conversion (€ 1,782 thousand), expenses for reinsurances (€ 1,332 thousand), allocations to provisions (€ 634 thousand) and interest-related effects on pension provisions (€ 345 thousand).

As the parent company, Bankhaus Lampe KG intends to distribute its net profit of € 55.0 million to its shareholders.

Other Information

List of Equity Interests and Affiliated Companies

Bankhaus Lampe KG holds a direct or indirect interest of at least 20 % in the following companies or exceeds 5 % of voting rights with holdings in large corporations.

	Equity interest in the company %	Equity of the company as per 31/12/2016 in thousand euros	Result for the financial year in thousand euros
BDH Biodiesel Hamburg GmbH, Hamburg [5]	95.00	887	-200
BTF Beteiligungs- und Treuhandgesellschaft mbH, Frankfurt/Main [1] [2]	100.00	52	0
CEE Fund Advisory GmbH, Hamburg [5]	100.00	-2,349	-1,062
CEE Management GmbH, Hamburg [5]	99.00	224	198
CEE Natural Ressources GmbH, Hamburg [5]	100.00	-201	-205
CEE Operations GmbH, Hamburg [5]	100.00	45	0
CEE TIMBA USA Management S.a.r.l., Munsbach (Luxembourg) [5]	100.00	13	0
CEE Projekte Verwaltungs GmbH, Hamburg [5]	100.00	25	0
DALE Investment Advisors GmbH, Vienna	61.00	1,269	927
Equity Invest II GmbH, Dusseldorf	100.00	25	0
Equity Investment Management II GmbH, Dusseldorf	100.00	25	0
komm.passion GmbH, Dusseldorf [4]	25.51	542	83
Lampe Asset Management GmbH, Dusseldorf [1] [2]	100.00	3,000	0
Lampe Beteiligungsgesellschaft mbH, Dusseldorf [1] [2]	100.00	1,100	0
Lampe Capital North America LLC, New York [7]	100.00	4,150 [8]	124 [8]
Lampe Capital UK Limited, London [7]	100.00	353 [3]	53 [3]
Lampe CF Development Quattro GmbH & Co. KG, Hamburg [5]	100.00	9,703	2,164
Lampe CF Development Quattro Verwaltungs GmbH, Hamburg [5]	100.00	28	0
Lampe Credit Advisors GmbH, Dusseldorf	100.00	1,021	8
Lampe Credit Advisors (Austria) GmbH, Vienna [6]	100.00	61	-9
Lampe Equity Management GmbH, Hamburg [1] [2]	100.00	1,000	0
Lampe Immobilien GmbH & Co. KG, Dusseldorf	100.00	51	0
Lampe Immobilien Verwaltungs GmbH, Dusseldorf	100.00	25	-5
Lampe International S. A., Luxembourg	100.00	250	0
Lampe Investment Management GmbH, Hamburg [5]	94.00	-45	-57

	Equity interest in the company %	Equity of the company as per 31/12/2016 in thousand euros	Result for the financial year in thousand euros
Lampe Private Advisory GmbH (previously Poseidon Beteiligungs-GmbH), Bielefeld [1) 2)]	100.00	52	0
Lampe Privatinvest Management GmbH, Hamburg [5)]	100.00	-443	-493
Lampe Privatinvest Verwaltungs GmbH, Hamburg [5)]	100.00	33	5
Lampe UI Beteiligungs GmbH, Dusseldorf	100.00	24,631	66
Lampe UI Holding GmbH & Co. KG, Dusseldorf	100.00	5,917	5,870
Lampe Vermögenstreuhand GmbH i.L., Dusseldorf [1) 2)]	100.00	23	-3
Lampe Verwaltungs-GmbH, Dusseldorf	100.00	6,084	450
LB Ventures GmbH, Dusseldorf [4)]	100.00	18	-7
LI Immobilien Verwaltungs GmbH, Dusseldorf [4)]	100.00	27	2
LPM ETW Invest Verwaltungs GmbH, Hamburg [5)]	20.00	25	0
LPM ETW T Management GmbH, Hamburg [5)]	100.00	25	0
SEW Beteiligungs Verwaltungs GmbH, Hagen [4)]	51.00	38	-2
TETRARCH Aktiengesellschaft, Dusseldorf [1) 2)]	100.00	50	0
TWG Tanklager Wilhelmsburg GmbH, Hamburg	95.00	3,672	0
Unterstützungskasse GmbH der Bankhaus Lampe KG, Bielefeld	100.00	26	0
Vilmaris Management GmbH, Hamburg [5)]	100.00	84	19
Vilmaris Private Investors Verwaltungs GmbH, Hamburg [5)]	100.00	45	2

1) A profit-and-loss transfer agreement exists with Bankhaus Lampe KG
2) Exemption pursuant to Section 264 Paragraph 4 HGB
3) Amount in GBP
4) Indirectly via Lampe Beteiligungsgesellschaft mbH
5) Indirectly via Lampe Equity Management GmbH
6) Indirectly via Lampe Credit Advisors GmbH
7) Indirectly via Lampe Verwaltungs-GmbH
8) Amount in USD

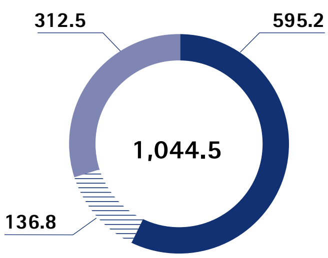
Seats in Statutory Supervisory Bodies

Name	Company	Function
Prof. Dr. Stephan Schüller	Aareal Bank AG, Wiesbaden	Supervisory board
	Universal-Investment-Gesellschaft mbH, Frankfurt/Main	Supervisory board

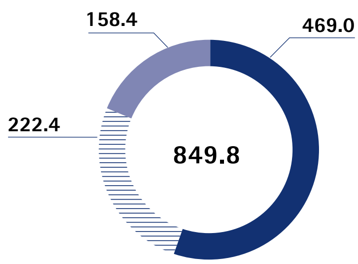
Fees for the Auditor

The fees of the auditor comprise the following items (in thousand €):

31/12/2016



31/12/2015



Auditing fees   Other consulting fees   Other fees

Forward Transactions

Forward transactions that were not yet carried out on the balance sheet date mainly include the following types of transactions:

// Interest rate-related transactions
Forward transactions on interest rate instruments, interest-rate forward transactions, interest rate swaps, interest-rate futures contracts, option dealings and option contracts on interest rates and interest rate indices

// Exchange rate-related transactions
Forward exchange transactions, currency swaps, option dealings and option contracts on foreign exchange rates, foreign exchange and precious metals futures contracts

// Other transactions
Equity forward transactions, index forward contracts, option dealings and option contracts on shares and share indices

The above transactions have been carried out for the most part to cover fluctuations of interest and exchange rates, as well as market prices for trading transactions.

31/12/2016 in million €	Nominal amount	Positive market values	Negative market values
OTC products			
Interest rate-based transactions	6,842	173	213
Exchange rate-based transactions	2,053	34	37
Other transactions	185	3	1
Exchange-traded products			
Interest rate-based transactions	236	0	3
Other transactions	210	1	5
Total	9,527	211	256

Members of the Management Board and Advisory Board

General Partners

Prof. Dr. Stephan Schüller, Banker, *Spokesman*
Dr. Nicolas Blanchard, Banker
Werner Schuster, Banker

Advisory Board of Bankhaus Lampe KG

Dr. Ernst F. Schröder, Businessman, *Chairman*
Dr. Albert Christmann, Businessman, *Vice Chairman*
Dr. Alfred Oetker, Businessman
Dr. Harald Schaub, Businessman
Dr. Arnt Vespermann, Businessman

Remuneration of Executive Bodies

Pursuant to Section 286 Paragraph 4 HGB, we dispensed with disclosing the remuneration of active and former general partners, as well as the provisions made for this group of persons.

The members of the advisory board received loans for a total amount of € 8.3 million. The remuneration for the members of the advisory board came to € 327 thousand.

Number of Employees

The average number of employees during the year was as follows:

Cash Flow Statement

in million €	31/12/2016
Net income	55
Non-cash items in net income and adjustments to reconcile net income with net cash provided by operating activities	
+/- Depreciation, valuation allowances, write-ups of receivables and fixed assets	30
+/- Change in accruals	26
+/- Change in other non-cash income/expenses	23
+/- Gains/losses from the sale of fixed assets	-108
+/- Other adjustments (on balance)	-23
Subtotal	-52
Change in assets and liabilities from operating activities	
+/- Change in loans and advances to banks	52
+/- Change in loans and advances to clients	-17
+/- Change in securities (insofar as not financial assets)	-12
+/- Change in trading portfolio	-2
+/- Change in other assets from ongoing operating activities	-23
+/- Change in liabilities owed to banks	39
+/- Change in liabilities owed to clients	44
+/- Change in securitised liabilities	0
+/- Change in other liabilities from operating activities	16
+/- Interest expenses/income	-28
+/- Expenses/income from extraordinary items	0
+/- Income tax	11
+ Interest and dividends received	71
- Interest paid	-26
+ Extraordinary cash outflow	0
- Extraordinary cash outflow	0
+/- Income tax payments	-9
Cash flow from current business activities	119
+ Cash inflow from the disposal of financial assets	-9
- Cash outflow for investments in financial assets	0
+ Cash inflow from the disposal of property, plant and equipment	0
- Cash outflow for investments in property, plant and equipment	-3
+ Cash inflow from the disposal of intangible assets	1
- Cash outflow for investments in intangible fixed assets	-3
+ Cash inflow from disposals of consolidated companies	0
- Cash outflow from additions to consolidated companies	0
+/- Change in cash flow from other investment activities (balance)	0
+ Cash inflow from extraordinary items	0
- Cash outflow from extraordinary items	0
Cash flow from investment activities	-14

+ Receipts from additions of equity from shareholders of parent company	12
+ Receipts from additions of equity from other shareholders	0
- Cash outflows from equity reductions to shareholders of parent company	-23
- Cash outflows from equity reductions to other shareholders	0
+ Cash inflow from extraordinary items	0
- Cash outflow from extraordinary items	0
- Dividends paid to shareholders of parent company	0
- Dividends paid to other shareholders	0
+/- Change in cash flow from other capital (balance)	0
Cash flow from financing activities	-11
Cash and cash equivalents at the end of the previous period	456
Cash flow from current business activities	119
Cash flow from investment activities	-14
Cash flow from financing activities	-11
Change in the group of consolidated companies	
Cash and cash equivalents at the end of period	550
Composition of cash and cash equivalents	
Cash balance	1
Balances with central banks	549

Additional disclosures in accordance with Section 26a of the German Banking Act in conjunction with Section 64r of the German Banking Act as per 31 December 2016

The requirements for country-by-country reporting laid down in Article 89 of the EU Directive 2013/36/EU (Capital Requirement Directive, CRD IV) was implemented in German law in Section 26a of the German Banking Act (KWG).

The disclosure requirements pertain to information regarding domicile, sales and wage/salary recipients of the foreign subsidiaries, which as part of the full consolidation are included in the consolidated financial statements.

The operating result excluding value impairments and administration costs, including net interest income, net commission income, trading result and other operating income are drawn upon as revenue.

Company	DALE Investment Advisors GmbH
Type of business	Financial services company
Location of registered office	Vienna (Austria)
Revenue in € million	2.6
Number of wage/salary recipients	7.0
Profit before tax in € million	1.2
Taxes on profit in € million	0.3
Public subsidies received	none

The Boards

General Partners

Prof. Dr. Stephan Schüller, Spokesman
Dr. Nicolas Blanchard
Ute Gerbaulet
Werner Schuster

Advisory Board

Dr. Ernst F. Schröder, Chairman
Dr. Albert Christmann
General partner of Dr. August Oetker KG, Bielefeld
Dr. Alfred Oetker
Partner and Deputy Chairman of the Board of Dr. August Oetker KG, Bielefeld
Dr. Harald Schaub
Member of the Management Board Chemische Fabrik Budenheim KG, Budenheim
Dr. Arnt Vespermann
Member of the Management Board Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG, Hamburg

Limited Partners

Dr. August Oetker KG
Rudolf Schweizer
Dr. h.c. August Oetker
Ludwig Graf Douglas
Christian Oetker
Richard Oetker
Dr. Alfred Oetker
Ferdinand Oetker
Julia Oetker

Members of the Executive Committee

Michael C. Maletzky
Frank-Peter Martin
Oliver Plaack

As per April 2017

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