



Bankhaus Lampe

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Press Release

Bankhaus Lampe publishes Annual Report for 2018

Solid annual results and looking to the future

- **Group net income for the year in 2018 came to € 14.9 million**
- **Core capital ratio raised to 15.46 percent**
- **Strategic development after change in management**

Fiscal year 2018

In a challenging market environment, Bankhaus Lampe finished FY 2018 with a **group net income for the year** of € 14.9 million, which was a solid result on a par with last year (2017: € 15.0 million). The **core capital ratio** was increased in line with the long-term target of recent years. For FY 2018, it stands at 15.46 % (2017: 14.55 %), still far above the regulatory requirements. The **assets under management** amount to € 19.1 billion (2017: € 22.4 billion). This decline is mainly due to negative developments on the capital markets – particularly towards the end of the year. The **return on equity** comes to 4.9 %, which is slightly down on a year ago (2017: 5.1 %). As forecast, the cost-income ratio was improved yoy to 92 % (2017: 101.8 %).

Strategic development after change in management

Following the changes among its General Partners, Bankhaus Lampe has been undergoing a strategy process. “We are expanding our range of services, particularly in wealth and asset management, and we are strengthening our salesforce and implementing an efficiency programme we have imposed on ourselves. The aim is to direct the Bank with an eye to the future,” said Klemens Breuer, Spokesman for Bankhaus Lampe’s General Partners.



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The future strategic development includes specific measures:

- The expansion of services in liquid asset management to include the individual security-based asset management concept Lampe Select
- The bundling of product expertise in liquid asset management in the subsidiary Lampe Asset Management
- The expansion of illiquid asset management with our own products for real estate, minority shareholdings in SMEs, and venture capital.
- The strengthening of institutional sales in liquid and illiquid asset management
- The improvement of processes geared to client needs

“We are working systematically on the further development of our range of products and services – always in the service of our clients. As a result of our comprehensive spectrum and our expertise, we are the trusted advisor for our clients for financing, investing, and strategic consulting. We endeavour to find the best solution to meet individual client needs in every situation,” Klemens Breuer summed up.



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Notes on net assets and the financial situation

As per the balance sheet date of 31 December 2018, the **total assets** of Bankhaus Lampe Group came to € 2,938 million. This figure was less than the previous year's € 3,104 million and was still characterised by the high level of **client deposits** (€ 2,077 million vs. € 2,254 million in previous year). Accounting for 71 % of total assets (previous year: 73%), 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.

Loans and advances to banks rose by € 67 million to € 242 million in the year under review. This is essentially due to the increase in repo transactions (+€ 66 million) and term deposits (+€ 13 million). As per the balance sheet date of 31 December 2018, **loans and advances to clients** came to € 1,530 million, which is a gain of 5.1 % yoy. This increase is essentially due to +€ 87 million from intermediate construction financing. The size 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 fell from € 327 million to € 307 million. Most of the securities are from other issuers (92 %).

The **trading portfolio** as per the balance sheet date stood at € 433 million (previous year: € 613 million) and essentially comprises bonds and equities.

As per the balance sheet date, **liabilities to banks** had risen from € 229 million to € 331 million, essentially due to an increase in repo transactions (+€ 141 million).

In the year under review, € 0.2 million was allocated to **funds for general banking risks** pursuant to Section 340e Para 4 of the German Commercial Code (HGB). As per the end of the year, funds for general banking risks amounted to € 57.4 million.

Bankhaus Lampe Group enjoyed a comfortable **liquidity position** throughout FY 2018. As per 31 December 2018, the liquidity coverage ratio (LCR) stood at 174.73, far in excess of the regulatory minimum.

As at 31 December 2018, the **balance sheet equity** amounted to € 301 million and therefore 10.2 % of the total assets (previous year 9.4 %) before the determination of the balance sheet profit. The return on equity therefore stood at 4.9 % (previous year 5.1 %) and was therefore not yet increased moderately, as forecast in the group management report for 2017. The return on capital as a ratio of group net profit for the year and group total assets comes to 0.5 % (previous year 0.5 %).

As per the balance sheet date, the **irrevocable lending commitments** amounted to € 62 million (previous year € 133 million).



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Notes on the Income Situation

The Bank ended FY 2018 with a **group net profit** of € 15.2 million (previous year € 15.5 million). Of the € 15 million in net profit generated by Bankhaus Lampe KG in 2017, € 7.0 million was paid out as a dividend. The group management report for FY 2017 already pointed out that overall, a group net profit on a par with the year before was to be expected, which has correspondingly also happened. The group net income amounted to € 14.9 million (previous year € 15.0 million).

The **net commission income** declined in FY 2018, largely due to a tough market environment. The net commission income, which is dominated by the securities business, stood at € 78.1 million (previous year € 90.2 million) and was therefore less than expected.

As expected, the **net interest income** as a balance of interest income and interest expenses decreased slightly. This includes the ongoing income from equity and other variable-yield securities as well as shareholdings and shareholdings in affiliated companies -. Taking account of a change in the reporting of the level of interest income from fixed-interest securities in the trading portfolio, which as of 2018 are reported in the trading result, the net interest income has fallen from € 46.8 million to € 37.5 million. With a corresponding adjustment of the figures for the previous year, the net interest income would have risen by € 3.2 million due to the higher average values.

The **ratio of commission income to current net interest income** excluding income from shareholdings for FY 2018 stood at 70 / 30 (previous year 69 / 31). This ratio underlines the importance of the commission business for Bankhaus Lampe Group and underscores the focus on commission income.

Net income from proprietary trading was down € 1.7 million to € 1.0 million, but still contributed positively and in line with our forecast. Statutory reserves derived from net income from trading activities were also allocated in FY 2018 (as in the previous year) pursuant to Section 340g of the German Commercial Code (HGB) in conjunction with Section 340e Para 4 of the HGB and will be available as additional risk cover in the future.

As at 31 December 2018, a **positive net valuation result** was reported **from the lending and securities business** amounting to € 8.7 million (previous year € 10.8 million). This includes a valuation result from the lending business of € 11.1 million (previous year: € 11.9 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.



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As at 31 December 2018, Bankhaus Lampe reported a € -2.4 million net valuation charge on securities in the liquidity reserve (previous year: € -1.1 million).

The **net valuation result from shareholdings** as a 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 € 0.9 million (previous year: € 12.4 million).

Personnel and material expenses, including depreciation and valuation adjustments on intangible assets and property, plant and equipment (administration costs), fell by 6.9 % from € 156.9 million to € 146.1 million in FY 2018, in line with our forecasts. This is essentially due to a decrease in personnel expenses to € 84.5 million (previous year: € 88.7 million), along with a decline in other administration costs to € 58.0 million (previous year € 61.8 million).

The **cost-income ratio** shows the administration costs in relation to the net result from net interest income, current income, net commission income, net income from proprietary trading, and other operating earnings. As per 31 December 2018, it had been reduced as projected and stood at 92.0 % vs. 101.8 % a year before. This decline mainly resulted from much lower administration costs.

In FY 2018, **other comprehensive income** grew by € 19.2 million to € 33.5 million. The other operating income rose to € 37.9 million (previous year € 24.7 million), chiefly due to the release of provisions. The other operating expenses fell to € 4.4 million (previous year € 10.4 million).

The **tax income** came to € 1.9 million due to non-periodic income (previous year: tax expense of € 4.8 million).

As at 31 December 2018, a total of **612 active staff** were employed by Bankhaus Lampe KG (previous year 626). In addition, there were 34 passive employees, in semi-retirement, on paid leave or on parental leave. The employee turnover rate, i.e. the number of people leaving the company in relation to the overall number of employees on average, rose to 11.6 % (previous year 8.6 %) and was therefore above the average figure of 7.1 % recently ascertained by the banking association for the sector. The average period of continuous employment stood at 11.7 years and therefore on a par with a year ago (11.3 years).



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Bankhaus Lampe Group: Overview of Business Performance

In million euros	2018	(2017)
Total assets	2,938	(3,104)
Business volume	3,086	(3,309)
Loans and advances to clients	1,530	(1,456)
Loans and advances to banks	242	(175)
Client deposits	2,077	(2,253)
Liabilities to banks	331	(229)
Equity (including group net income for the year)	316	(308)
Net interest income (incl. current income)	38	(47)
Net commission income	78	(90)
Net income from proprietary trading	1	(3)
Administrative expenses	146	(157)
Group net income	15	(16)
Return on equity (RoE)	4.9	(5.2)
Active staff	612	(626)
Assets under management (in billion euros)	19.1	(22.4)



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About Bankhaus Lampe

With a group business volume of € 3.1 bn and assets under management worth more than € 19.1 bn, Bankhaus Lampe is one of the leading and few independent private banks in Germany. The Bank was founded in 1852 and today is part of the Oetker group. Its headquarters are located in Bielefeld and the head office is in Dusseldorf. There are further branch offices and subsidiaries in key locations throughout Germany as well as in London, New York and Vienna. The Bank's spectrum includes the two business areas of asset management and private & corporate client business as well as capital market and corporate finance. Our clients include wealthy private investors, medium-sized enterprises, institutional investors, and major corporations.

Responsible management, independence and integrity shape the actions of this traditional institution. This creates an ideal environment for long-term and trusting business relationships. We strive to deliver the best performance and act to the benefit of our clients at all times. The Bank finds individual solutions for its clients, always tailored to meet their respective requirements. In addition, its products and services offer a maximum of transparency and consistency. With its broad range of services and profound expertise, Bankhaus Lampe is equal to the challenge of complex matters and meets them with all due confidentiality.

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