Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

LUXEMBOURG

ANNUAL FINANCIAL STATEMENTS AND OPERATIONS REPORT 2022

DZ PRIVATBANK Société Anonyme

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DZ PRIVATBANK

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The figures in this report are rounded in accordance with standard commercial practice. The totals shown in the tables and diagrams may thus deviate slightly from the calculated totals of the individual values shown.

LIST OF ABBREVIATIONS

Abbreviation	Designation
AC	Amortised cost
AI	Alternative investment funds
AIP	Annual improvement projects
ASSEP	l'association d'épargne-pension
BMR-compliant	Compliant with the Benchmarks Regulation
BVR	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V.
CF	Cash flow
CRR	Capital Requirements Regulation
CSSF	Commission de Surveillance du Secteur Financier
DIP	Debt issuance programme
DVA	Debt valuation adjustment
DZ PRIVATBANK	DZ PRIVATBANK Group subsidiary
ECB	European Central Bank
EWB	Individual value adjustment
FGDL	
FVO	Fair value option
FVTPL	Financial assets measured at fair value through profit or loss
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank offered rates
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest risk in the banking book
ISDA	International Swaps and Derivatives Association
IT	Information technology
LCR	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
NAG	De minimis limit
NFM Team	Emergency Management Team

NII	Net interest income
ORC	Operational Risk Centre
OTC	Over the counter
p.a.	per annum
RCL policy	Risk, capital and liquidity policy
RCL strategy	Risk, capital and liquidity strategy
S.A.	Société Anonyme
SEPCAV	La société d'épargne-pension à capital variable
SIIL	Système d'indemnisation des investisseurs, Luxembourg
SNB	Swiss National Bank
TEUR	Thousand euros
VaR	Value at risk

REPORT OF THE SUPERVISORY BOARD

In the 2022 financial year, the Supervisory Board, and Executive Committee appointed by it, advised and supervised the members of the Board of Management in accordance with legal requirements and the provisions of the Articles of Association and took decisions on the transactions submitted for their approval.

COOPERATION WITH BOARD OF MANAGEMENT

The Board of Management reported regularly, promptly and extensively in verbal and written form to the Supervisory Board regarding the performance of the company and the DZ PRIVATBANK Group regarding day-to-day business. Furthermore, the Board of Management informed the Supervisory Board on a regular basis concerning the business policy including the strategic and organisational direction of DZ PRIVATBANK. The commercial position of the company, the corporate planning and strategy, as well as key financial data and risk management, were highlighted in the statements.

Four meetings of the Supervisory Board were held in the 2022 financial year. During its meetings, the Supervisory Board primarily dealt with the following key topics: accompanying the bank to continue its successful growth strategy in the business areas of Private Banking, Fund Services and Credit, continuously enhancing its service, solution and product ranges, developing and digitalization of front-to-end processes and continuously improving its market and competitive position. The topic of sustainability also took on special significance. In the past year, the DZ PRIVATBANK Group took further steps to integrate sustainability even more firmly as an interdisciplinary topic. On the one hand, by establishing an independent subject area of sustainability (CSR), institutionalising the round table "sustainability" and, in particular, by successfully completing the "Sustainability" programme in October 2022. Since 2020, the "Sustainability" programme has served to coordinate the implementation of regulatory sustainability requirements in the segments and subject areas. These are primarily the implementation of the sustainability preference query in the advisory services, the Disclosure Regulation regarding transparency obligations and product categorisation as well as the preparation of the taxonomy ratio within the framework of the requirements for the non-financial statement.

At the meeting on 14 March 2022, the Supervisory Board dealt with the 2021 annual financial statements and operations report, including the appropriation of profit and preparations for the Annual General Meeting on 31 March 2022. At the meeting on 7 July 2022, the Supervisory Board addressed the development of the business areas and the topic of the "workplace of the future" in the DZ PRIVATBANK Group. On 30 September 2022, the Supervisory Board discussed both the business development and the strategic planning for 2023-2026. In the December 2022 meeting, the business strategy for 2023 was defined and the risk, capital and liquidity strategy were adopted along with the bank's IT strategy. In addition, the very encouraging results of the 2022 employee survey were presented, which – despite major realignments and changes since 2019 – showed significant improvements compared to the last survey in 2019. Among other things, the significant increase in the OCI (Organizational Culture Inventory) from 69 percent to 76 percent and a very strong improvement in the assessment of employees with regard to employee loyalty to the DZ PRIVATBANK Group as well as future viability and competitiveness should be highlighted. The high participation rate of 84 percent compared with the rest of the Group was also noteworthy.

The Supervisory Board welcomed the fact that at the end of the 1st half of the year – given the continued decline in infection figures and the extensive opening up of public life – the preventive and very well managed coronavirus measures were lifted for all locations of the DZ PRIVATBANK Group. As a result, the personal exchange with customers again came to the fore. Staff also responded very positively to the increased personal interaction. Nevertheless, the DZ PRIVATBANK Group is continuing with the hybrid working model that proved its worth during the pandemic. An essential part of this is the bank's location strategy. The opening of two rented locations close to the border in Luxembourg planned for the end of 2023 with the simultaneous leasing of a rented building at the Strassen location is intended to shorten employee travel times, in some cases considerably, and thus also increases the attractiveness as an employer and contribute to cutting the CO_2 emissions caused by commuting.

The Supervisory Board acknowledged the very good operating result achieved by the DZ PRIVATBANK Group in 2022, particularly given the challenging capital market environment. It impressively confirms the successful and sustainable growth path of the DZ PRIVATBANK Group since 2019, which is expected to continue in the coming years. Due to the significant further growth in earnings contributions in private banking and the continuation of the positive development in the Fund Services business, the increased net commission income became a significant driver of earnings. Net interest income also improved, partly as a result of higher income in the credit business. Overall, the DZ PRIVATBANK Group set a new record in value added for the Volksbanken Raiffeisenbanken with a year-on-year increase of 14 percent (+53 percent since 2018).

Due to significantly improved margins and a high level of net new business (+EUR 1.4 billion), the Private Banking business segment increased net income significantly, despite very difficult capital market conditions and the related lower assets under management. As a result of higher volumes, the credit business also improved net income. In the Fund Services business segment, the inflow of funds in the custodian business of alternative investments was able to partially offset the market-related decline in custodian bank volumes, so that net income developed positively compared to the previous year.

In the Private Banking business segment, it was possible to build on the comprehensive realignment of the last years and dynamic growth was accelerated again in the year under review. The combination of regional customer proximity combined with international financial expertise led to record net sales in the VR-PrivateBanking and DZ-PrivateBanking sales channels. The key driver was asset management, which was again able to achieve very high net inflows in cooperation with the Volksbanken Raiffeisenbanken. This emphasises how successfully the two sales channels are now being accepted by the participating Volksbanken Raiffeisenbanken. The sales successes are also reflected in the repeated increase in the asset management ratio in the bank. The main drivers were solutions with ESG integration and "Swissness solutions made by DZ PRIVATBANK".

Worthy of special mention here is "swiss gold plus" – an investment solution which, by focusing on investments in Switzerland and physical gold, focuses on diversified asset values and thus made a positive contribution to sales with a good performance. The personal customer contact was innovatively supported by additional customer and demand-oriented digital options for addressing customers. With the introduction of "Mein Vermögensportal" – DZ PRIVATBANK's new private banking customer and advisor portal – a decisive digital milestone was reached in 2022.

"Mein Vermögensportal" enables clients to holisticcally manage and visualize their assets, including illiquid assets. A detailed asset status can be conveniently accessed at any time via the online financial portal, or the personal portfolio documentation can be viewed via the integrated e-Postbox. In addition, the integrated sales process allows the combination of the success factors regionality with international special know-how. In general, the focus of the digital future strategy in private banking is on the targeted expansion of online support services and digital support in customer relationship management.

In the Fund Services business segment, the custodian bank volume in the Luxembourg, Zurich and Frankfurt custodians was below the record level of the previous year. This was, among other things, due to falling capital markets in response to the war in Ukraine and the historically sharp rise in interest rates. Despite this challenging market environment, large-volume fund projects were successfully implemented. A total of 49 fund projects were launched and migrated in the reporting period, including 16 new clients and 10 mandates from transfers from competitors. Demand for alternative investment strategies remains particularly high among institutional investors. Against this backdrop, the Fund Services business segment achieved remarkable successes in the acquisition and administration of alternative investment funds in 2022. Its many years of experience and expertise in the field of alternative investments were of particular benefit here. Overall, the programme with alternative asset classes was significantly above the previous year (EUR 16.3 billion) at EUR 24.0 billion. The Fund Services business segment has therefore further strengthened and expanded its position as a cross-border full-service provider.

The Credit business segment confirmed its positive operational development. The total lending volume increased compared to the previous year. In addition, as part of the realignment of the LuxCredit business in mid-2022, the strengths of the Private Banking and Credit business segments were combined in order to better and more consistently utilise the existing sales potential. In addition to a unified planning process, market development will be carried out from a single source in the future. The focus was particularly on the relaunch of the sales solution "VR ImmoFlex" (formerly "VR Eigenheim & Flexibilität"), with which DZ PRIVATBANK, together with the cooperative banks, is targeting the generation of best agers, most of whose assets are in their own property and for whom access to financing is made much easier via "VR ImmoFlex". The plans with Volksbanken Raiffeisenbanken for 2023 confirm the course taken and indicate high net inflows of funds.

Treasury / Brokerage, in cooperation with the Private Banking, Fund Services and Credit business segments, made an important contribution to the bank's overall result. The result in Treasury was supported by the favourable refinancing costs of the European Commercial Papers and trust funds. Due to the high market volatility, the result in brokerage was increased compared to the previous year, despite declining assets under custody and assets under management.

The Supervisory Board participated in internal qualification measures on the topics of "Prevention of money laundering and terrorist financing" and "Management of IT risks and information security". Within the framework of an overview of the legal and supervisory regulations in Luxembourg, the main differences between the legal provisions in Germany / Luxembourg / Switzerland were highlighted. This was followed by an insight into the CSSF's on-site inspections and their main findings and into the methods of preventing money laundering and terrorist financing at the DZ PRIVATBANK Group by means of AML risk analysis, customer risk classification procedures and transaction monitoring. Due to intensified cybercrime as well as regulation in the context of increasing IT use in banks, another focus was on the development of the risk situation in banks.

The Supervisory Board conducted the annual evaluation of the Board of Management and the Supervisory Board at the beginning of the second half of 2022. It came to the conclusion that the structure, size, composition and performance of the Board of Management and the Supervisory Board as well as the knowledge, skills and experience of the individual members of the Board of Management and the Supervisory Board and of the Board of Management and the Supervisory Board as a whole meet the requirements without any restriction. The Supervisory Board has determined both the suitability of the individual members of the Board of Management and Supervisory Board and the collective suitability of the Board of Management and Supervisory Board as a whole.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board of DZ PRIVATBANK S.A. has elected from among its members the Executive Committee, which performs the tasks of the Audit Committee, the Risk Committee and the Nomination and Remuneration Control Committee. The Audit Committee met three times in 2022, the Remuneration Control Committee twice. Topics of the Risk Committee as well as the Nomination Committee were dealt with in a Executive Committee meeting.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Executive Committee and the Supervisory Board had detailed discussions on the annual financial statements and the operations report for the 2022 financial year. The auditor issued an unqualified audit opinion. The Supervisory Board has confirmed the annual financial statements for the 2022 financial year prepared by the Board of Management. It is proposed to distribute a dividend to shareholders at the previous year’s level of EUR 0.50 per share.

CHANGES IN THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

On 8 June 2022, Ralf Bringmann retired from the Board of Management of DZ PRIVATBANK S.A. after 42 years of work when his contract expired. The Supervisory Board would like to thank Ralf Bringmann for his many years of valuable support in the strategic development of the Bank.

The Supervisory Board also expresses its thanks to the employees and to the Board of Management of DZ PRIVATBANK for their successful work in 2022.

Luxembourg, 8 March 2023

DZ PRIVATBANK S.A.

Uwe Fröhlich

Chairman of the Supervisory Board

OPERATIONS REPORT

GENERAL PERFORMANCE

DZ PRIVATBANK S.A. is publishing its financial statements in accordance with International Financial Reporting Standards (IFRS).

Within the framework of the integrated business model, the earnings before tax of DZ PRIVATBANK increased to EUR 51.6 million (2021: EUR 41.5 million) in the financial year with the integration of subsidiaries. After tax, the earnings amount to EUR 31.0 million (2021: EUR 32.1 million). DZ PRIVATBANK S.A. reported earnings after tax of EUR 79.4 million for the 2022 financial year (2021: EUR 23.4 million) The balance sheet total of DZ PRIVATBANK S.A. increased by EUR 3.9 billion to EUR 24.8 billion in the financial year.

ASSETS

The cash reserves, which consists of cash on hand and balances with central banks, increased by EUR 2.4 billion to EUR 12.4 billion.

Amounts due from banks totalled EUR 1.4 billion (2021: EUR 1.4 billion), with EUR 0.4 billion (2021: EUR 0.4 billion) originating from currency loans to cooperative banks.

Loans and advances to clients increased to EUR 6.2 billion (2021: EUR 5.9 billion). EUR 5.6 billion (2021: EUR 5.4 billion) of these loans are to clients in Germany.

Financial assets increased by EUR 1.0 billion to EUR 4.2 billion (2021: EUR 3.2 billion). This is due to the build-up of the original securities portfolio and the acquired money market surrogates in the form of SNB bills.

LIABILITIES

Securitised liabilities reduced by EUR 1.6 billion to EUR 3.3 billion (2021: EUR 4.9 billion). Liabilities to banks increased by EUR 2.0 billion to EUR 4.4 billion (2021: EUR 2.4 billion). Liabilities to clients increased by EUR 2.8 billion to EUR 15.1 billion (2021: EUR 12.3 billion). Together with securitised liabilities, these deposits represent approximately 74 percent (2021: approximately 82 percent) of the total refinancing funds.

The balance sheet equity of EUR 1,168.1 million (2021: EUR 850.0 million) increased by 37 percent compared to the previous year. The main reasons for this increase are the issuance of AT1 bonds in the amount of EUR 250.0 million and the EUR 56 million higher result for the 2022 financial year in the amount of EUR 79.4 million (2021: EUR 23.4 million).

STATEMENT OF COMPREHENSIVE INCOME

Net interest income including income from affiliated companies increased by EUR 49.5 million to EUR 117.5 million (2021: EUR 68.0 million). The interest result was positively influenced in particular by higher income in the credit and money market divisions due to the changed interest rate regime as well as by taking advantage of market opportunities in liquidity management. Income from the collection of dividends from participations increased from EUR 9.3 million to EUR 36.9 million. Net interest income at the level of the DZ PRIVATBANK Group rose by EUR 24.1 million or 41 percent from EUR 58.8 million to EUR 82.9 million.

In terms of net commission income, the bank recorded an increase of 3.6 percent to EUR 157.3 million (2021: EUR 151.8 million). This development is mainly due to higher income contributions in the fund services business and in private banking.
At the level of DZ PRIVATBANK Group, commission income rose by 4 percent from EUR 212.0 million to EUR 220.5 million.

The trade income decreased by EUR 0.8 million to EUR 12.9 million (2021: EUR 13.7 million). At the level of DZ PRIVATBANK Group, the increase amounted to EUR 0.2 million to EUR 21.1 million, to which the strongly increased client-induced transaction volume of DZ PRIVATBANK (Schweiz) AG contributed in particular.

The result from financial investments of EUR 30.0 million relates exclusively to the write-up of the carrying amount of the investment in DZ PRIVATBANK (Schweiz) AG due to an updated company value calculation.

Administrative expenses rose by EUR 21.7 million to EUR -226.2 million (previous year: EUR -204.5 million). Personnel expenses increased by EUR 3.8 million to EUR -130.3 million (previous year: EUR -126.5 million) due to a higher number of employees, the statutory indexation of salaries and salary increases and the recognition of provisions for severance payments. Due to higher costs for information technology, increased regulatory contributions, costs for the maintenance of the bank building as well as – in connection with investments to strengthen the growth path of the market divisions – higher costs for advertising and consulting, the non-personnel expenses of EUR -80.0 million (previous year: EUR -61.3 million) were above the level of the comparable period. Depreciation and amortisation decreased by 4.5 percent to EUR -15.9 million (2021: EUR -16.6 million). Administrative expenses of DZ PRIVATBANK Group increased by EUR 25.3 million to EUR -276.8 million (previous year: EUR -251.5 million).

Earnings before tax of DZ PRIVATBANK S.A. amount to EUR 94.4 million (2021: EUR 26.6 million). After taking into account actual taxes of EUR 0.7 million (2021: EUR -2.8 million) and deferred taxes of EUR -15.7 million (2021: EUR -0.4 million), DZ PRIVATBANK S.A. reported earnings after tax of EUR 79.4 million (2021: EUR 23.4 million).

The subsidiaries of DZ PRIVATBANK S.A. continued to report positive results in 2022: DZ PRIVATBANK (Schweiz) AG was able to achieve very positive net earnings before tax of EUR 6.6 million in 2022 according to IFRS (2021: EUR -3.8 million). Pre-tax earnings of IPConcept (Luxemburg) S.A. amounted to EUR 15.3 million (2021: EUR 16.7 million). IPConcept (Schweiz) AG contributed a pre-tax profit of TEUR 608 (2021: TEUR 803).

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

The Board of Management proposes to the ordinary general meeting that the annual financial statements be approved and that an unchanged dividend of EUR 0.50 per share (totalling EUR 11.4 million) be paid to shareholders from the annual profit.

EMPLOYEES

On the reporting date, DZ PRIVATBANK S.A. had 1,052 employees (2021: 1,008 employees). This figure corresponds to an FTE figure of 920 (2021: 891 FTE). The employees remain spread across the Bank's head office in Luxembourg and eight branches in Germany.

SUSTAINABILITY

Sustainability is part of DZ PRIVATBANK S.A.'s responsibility as a member of the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) and an integral part of its mission statement. As part of the “Marktinitiative Nachhaltigkeit” (a sustainability market initiative)” initiated by the DZ BANK Group, DZ PRIVATBANK S.A. has been integrating sustainable aspects into its corporate activities since 2012. Since 2013, it has recognised the ten principles of the UN Global Compact, and in 2021 it signed the United Nations Principles for Responsible Investment (UNPRI).

DZ PRIVATBANK S.A. is included in the non-financial group reporting of DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main, and is therefore exempt from issuing its own non-financial statement. The non-financial group statement is part of DZ BANK's sustainability report and is available in German on the following website: https://www.dzbank.de/berichte

RISK MANAGEMENT SYSTEM

A key feature of DZ PRIVATBANK Group's bank management is the established, cross-location risk management system for quantifying and managing all risks, in particular market price, liquidity, counterparty default and operational risks, and for exploiting business opportunities. Risk management should be regarded in particular against the backdrop of overall operations, sophisticated products and multi-layered risk factors.

The methods and procedures used within the risk management system and the stages of the process for identifying, quantifying, analysing, controlling and monitoring risks are regularly updated and validated each year. The bank has an integrated risk-monitoring and control system to accomplish these tasks. All risk limits and the bank's risk-bearing capacity are reviewed daily and, if necessary, adjusted in accordance with the risk, capital and liquidity strategy adopted by the Supervisory Board and the implementation measures of the risk, capital and liquidity policy enacted by the Board of Management.

Functioning independently, the Risk Control Department continuously ensures that all the measured risks remain within the limits approved by the Supervisory Board. All forms of risk are monitored and aggregated daily throughout the entire bank and at Group level. All relevant committees and departments are kept up to date regarding the bank's risk situation.

In addition to balance sheet assets and liabilities, the bank also uses derivative financial instruments to control risk. These essentially comprise currency and interest futures transactions. All these instruments are taken into account in full when controlling and monitoring market price, default and liquidity risks.

In the reporting year, the bank generally compliedwith the regulatory requirements on capital adequacy, liquidity and credit limits. The regulatory minimum leverage ratio of 3.0 percent was only marginally breached on two days.

OUTLOOK

No events of particular significance occurred after the balance sheet date.

Overall, DZ PRIVATBANK is optimistic about the new financial year, although the consequences of the war in Ukraine, continued high inflation rates and persistent supply bottlenecks will slow down the expansion of the global economy and its recovery. In addition, additional measures taken by the central banks, among others, will have a decisive influence on future developments. To further strengthen its growth path and business model, the bank has initiated a project aimed at, among other things, optimizing governance, while maintaining its successful business strategy and taking into account the changed regulatory environment.

According to estimates by the International Monetary Fund (World Economic Outlook January 2023), global economic growth will slow to 2.9 percent in 2023, down from 3.4 percent in 2022. This is 0.2 percentage points more than assumed in October 2022. However, the growth is below the historical average compared to the past two decades and reflects the interest rate hikes by central banks in the fight against inflation – especially in the industrialised countries – as well as the war in Ukraine. For the eurozone, the International Monetary Fund forecasts growth of 0.7 percent in 2023 – 0.2 percentage points higher than previously assumed. Contrary to earlier assumptions, slight growth of 0.1 percent is also expected for Germany. Global inflation is projected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above the pre-pandemic level (2017-2019) of around 3.5 percent.

PRIVATE BANKING

In 2023, the Private Banking business segment, in close cooperation with the cooperative banks, aims to consistently continue and expand the successful growth path started in 2019..

With a forecasted growth rate of between 4 and 6 percent p.a., the private banking market in Germany offers exceptionally high growth and earnings potential for the Genossenschaftliche FinanzGruppe (Cooperative Financial Network). Accordingly, the Bundesverband der Volksbanken Raiffeisenbanken (BVR) – which has established private banking as a new independent business segment – expects the annual additional earnings potential for the Volksbanken Raiffeisenbanken – especially in cooperation with DZ PRIVATBANK's Private Banking centre of expertise – to be well over one hundred million euros. This is also reflected in the plans of the cooperative banks active in private banking with DZ PRIVATBANK: despite challenging and highly competitive conditions, the banks are planning an additional increase in net sales of around 25 percent to over EUR 2.5 billion in the 2023 financial year. Following record sales in 2021 (EUR 1.3 billion) and 2022 (EUR 1.4 billion), the Private Banking business segment will continue to significantly expand net inflows based on the plans in 2023. The resulting net fees are non-grant commission income and therefore increasing future-proof sources of fixed income for the cooperative banks.

The focal points in market development geared towards the customer and potential differ depending on the sales channel:

In VR PrivateBanking, activities will focus on intensifying the market development that has been very successfully established since 2019, with the aim of further stabilising net inflows at the high level of recent years and increasing them in a targeted manner. In addition to the traditional asset management solutions, significant additional sales opportunities arise, among other things, from the further increase of sustainable investment solutions (share of assets under management already > 20 percent) and / or in Swissness mandates from the further expansion of addressing specific client needs, e.g. the mandates initiated since 2019.

The increasing intensification of the Volksbanken Raiffeisenbanken market development is ideally supported by the further optimisation of private banking advisory processes and the ongoing expansion of digital services by DZ PRIVATBANK. The focus of the support for the personal approach (private banking as "people's business") is on emotional worlds of experience as well as the advisory and transaction process for DZ PRIVATBANK's asset management solutions in agree21.

In DZ-PrivateBanking, the expansion of growth momentum based on the group of measures successfully implemented in 2019 will ensure further increases in net sales. The successful repositioning of individual sales regions led and leads to further positive effects on joint market development with the cooperative banks in both, asset management and advisory. The long-standing and high market penetration of the Volksbanken Raiffeisenbanken in the corporate customer segment forms the ideal starting point for this and, in addition to the international positioning of DZ PRIVATBANK, represents a real competitive advantage in terms of approach.

In Wealth Management, which focuses on the individual servicing of high-net-worth clients with very different needs, a significant increase in net inflows is planned. The starting point here is a very broad international range of services that has won awards in renowned specialist media and ranges from conventional asset management to asset structuring, financial and pension planning, generation management, corporate investments and foundation consulting. The implementation of special solutions such as "Stiftung nachhaltig", international booking locations such as Switzerland or intelligent solutions in the rising interest rate environment will also act as a recommendation for DZ PRIVATBANK as the centre of expertise in the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) for wealth management in 2023.

FUND SERVICES

The Fund Services business segment performed very well in a challenging market environment in the 2022 reporting year. The strategic focus continues to be on expanding the strong market position with the companies of the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) as well as with the client groups of institutional investors, family offices, asset managers and administrators. As a stable and reliable partner with comprehensive asset services and recognised expertise in the market, 49 new fund projects were implemented. Depositary assets decreased as a result of the market in 2022 by 7.7 percent to EUR 168.0 billion. Despite the challenges in the markets, net inflows of EUR 7.3 billion (2021: EUR 29.6 billion) were recorded. This is exemplified by the close cooperation with Union Investment, the investment company of DZ BANK Group, for which the depositary function is performed in Luxembourg.

The outstanding market position in the business with third-party fund initiators is based on the impressive service portfolio that has been in place for years. DZ PRIVATBANK – together with its IPConcept subsidiaries in Luxembourg and Switzerland – plans to further expand the market leadership among independent asset managers in German-speaking countries. Market development together with DZ BANK as part of the “Fund & Investor Services” initiative was successfully established and FONDSHAFEN will continue to be rigourously pursued.

Demand for alternative investment strategies remains particularly high among institutional investors and fund initiators. In this context, the Fund Services business segment achieved impressive successes in the acquisition (27 new AI mandates to a total of 105 AI mandates in 2022) and administration (2022: AI Fund EUR 24.0 billion, increase of more than 47 percent) of alternative investment funds in 2022. Its many years of experience and expertise in the field of alternative investments came into its own.

To ensure competitiveness and future viability, investments will continue to be made in staff training and improving work processes, IT infrastructure as well as in forward-looking technologies. One example is the pilot project "DLT / Digital Assets", in which fund units are to be tokenised using blockchain technology.

LENDING

The LuxCredit financing offers for private and corporate clients complement the product ranges of the cooperative banks in currency and euro-denominated variable interest loans. The topics of flexibility, terms and conditions, simplification of regulatory and credit processes and bank and earnings management are the main advantages that come to the fore.

Based on a comprehensive realignment of LuxCredit's range of solutions, the cooperative banks are planning high additional net inflows of approximately EUR 400 million from 2023 onwards, particularly in the "VR ImmoFlex" (formerly "VR Eigenheim&Flexibilität") subject area. With "VR ImmoFlex", DZ PRIVATBANK, together with the Volksbanken Raiffeisenbanken, offers a range of services that is unique among the competition and enables customers ("best agers" target group) to use existing collateral for financing even beyond the intended use of the property.

As a result, customers benefit from new sources of financing with top purchase conditions, without restrictions on the rights of use of the property, as is the case with other competitive offers, e.g. in the case of a partial sale. For the Volksbanken Raiffeisenbanken, significant additional income opportunities arise in the product life cycle of real estate. The market for real estate annuities and partial sales is growing dynamically and offers additional earnings potential of more than EUR 100 million per year in the medium term for the Volksbanken Raiffeisenbanken in their cooperation with DZ PRIVATBANK.

A key further development of DZ PRIVATBANK in this context is also a comprehensive planning and support process based on client needs as well as the bank and target group-specific potential for the Volksbanken Raiffeisenbanken. The consistent improvement and further development of the sales and process structures will support the development of this growth area at the Volksbanken Raiffeisenbanken.

ACKNOWLEDGMENTS

We would like to thank our employees for their outstanding service and great commitment, which significantly contributed to client satisfaction and the company’s success in 2022. Our sincere thanks also go to the cooperative banks for the close and successful partnership and cooperation and to our private and institutional clients for the confidence they have shown in us over many years.

Luxembourg, 22 February 2023

The Board of Management

Peter Schirmbeck Stefan Bielmeier Dr Frank Müller

Chairman

ANNUAL FINANCIAL STATEMENTS

The annex forms an integral part of the annual financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022

Income statement (in TEUR)	**Annex**	**2022**	**2021**
Net interest income	27	**117,531**	**67,954**
Interest income	12	189,824	5,433
Interest income calculated using the effective interest method	12	87,941	-13,758
Interest income not calculated using the effective interest method	12	101,883	19,191
Interest expense	12	-109,235	53,237
Dividends / current result	12	36,942	9,284
Net commission income	28	**157,325**	**151,790**
Commission income		259,237	273,998
Commission expenses		-101,912	-122,208
Trade income	29	12,918	13,747
Result from financial assets	30	30,000	0
Other valuation result from financial instruments	31	3,877	-2,735
Result from derecognition of financial assets (AC only)	32	-1,508	-238
Risk provisions	33	-1,535	111
Administrative expenses	34	-226,190	-204,510
Other operating income	35	2,020	528
Earnings before tax		**94,438**	**26,647**
Taxes on earnings	36	-14,997	-3,279
Result		**79,441**	**23,368**

Statement of Comprehensive Income (in TEUR)	**Annex**		**2022**	**2021**
Result			**79,441**	**23,368**
Components that cannot be reclassified into the income statement				
Gains and losses on equity instruments for which the fair value OCI option was exercised			-246	0
Gains and losses from changes in proprietary default risk of financial liabilities for which the fair value option was exercised	38	60	-960	1,673
Gains and losses from remeasurements of defined benefit plans	38	86	871	2,414
Taxes on earnings	38		86	-1,050
Result not affecting net income			**-249**	**3,037**
Overall result			**79,192**	**26,405**

BALANCE SHEET AS AT 31 DECEMBER 2022

Assets (in TEUR)	See Annex			31.12.2022	31.12.2021
Cash reserves	13	39		12,407,996	9,962,738
Loans and advances to banks	14	40		1,409,696	1,382,290
Loans and advances to clients	14	41		6,163,198	5,939,759
Positive market values from hedging instruments	15	42		214,797	11,017
Trading assets	16	43		313,933	271,730
Financial assets	17	44		4,151,057	3,171,704
Tangible fixed assets and rights of use	18	45		54,024	49,318
Tangible fixed assets	18	45		*38,971*	*40,634*
Rights of use	18	45	83	*15,053*	*8,685*
Income tax assets	19	46		36,382	63,880
Other assets	20	47		64,199	63,916
Risk provisions	21	48	66	-2,550	-1,205
Transferable securities				*-513*	*-348*
Loans and advances to banks and clients				*-2,037*	*-857*
Total assets				**24,812,733**	**20,915,147**

Liabilities (in TEUR)	See Annex			31.12.2022	31.12.2021
Liabilities to banks	22	49		4,426,445	2,373,649
Liabilities to clients	22	50		15,131,483	12,295,529
Securitised liabilities	23	51		3,254,298	4,899,189
Negative market values from hedging instruments	15	52		1,633	47,336
Trading liabilities	16	53		632,163	259,790
Provisions	24	54		80,070	96,383
Income tax liabilities	19	46		60,611	49,279
Other liabilities	20	55		57,908	43,681
Equity		**56**		**1,168,122**	**850,312**
Subscribed capital				*116,555*	*116,555*
Capital reserve				*426,973*	*426,973*
Retained earnings				*300,444*	*287,811*
Reserve from the result not affecting net income				*-5,291*	*-4,395*
Additional equity components				*250,000*	*0*
Profit for the year				*79,441*	*23,368*
Total liabilities				**24,812,733**	**20,915,147**

STATEMENT OF CHANGES IN EQUITY

Figures in TEUR	Annex	Subscribed capital	Capital reserve	Generated equity	Reserve from the result not affecting net income	Additional equity components	**Equity**
Equity as at 1 January 2021	56	**116,555**	**426,973**	**297,400**	**-5,638**	**0**	**835,289**
Result		0	0	23,368	0	0	23,368
Result not affecting net income		0	0	1,794	1,243	0	3,037
Overall result		0	0	**25,162**	**1,243**	**0**	**26,405**
Dividends paid		0	0	-11,382	0	0	-11,382
Equity as at 31 December 2021 / 1 January 2022		**116,555**	**426,973**	**311,179**	**-4,395**	**0**	**850,312**

Figures in TEUR	Annex	Subscribed capital	Capital reserve	Generated equity	Reserve from the result not affecting net income	Additional equity components	**Equity**
Equity as at 1 January 2022	56	**116,555**	**426,973**	**311,179**	**-4,395**	**0**	**850,312**
Result		0	0	79,441	0	0	79,441
Result not affecting net income		0	0	647	-896	0	-249
Overall result		0	0	**80,088**	**-896**	**0**	**79,192**
Capital increase / repayment		0	0	0	0	250,000	250,000
Dividends paid		0	0	-11,382	0	0	-11,382
Equity as at 31 December 2022	56	**116,555**	**426,973**	**379,885**	**-5,291**	**250,000**	**1,168,122**

The reserve from other comprehensive income includes changes in the value of financial liabilities classified as at fair value through profit or loss that are attributable to changes in the Group's own default risk in the amount of TEUR -713 after deferred taxes (2021: TEUR +1,243) and fair value changes concerning the FVOCI-categorised investment in amberra GmbH in the amount of TEUR -183 after deferred taxes. At the BVR general meeting on 24 June 2022, it was decided to establish this company, which offers services outside the traditional cooperative banking business. In the course of this foundation and following a resolution of the Board of Management, DZ PRIVATBANK S.A. acquired a 0.3 percent share in amberra GmbH in the reporting year.

CASH FLOW STATEMENT

Figures in TEUR	31.12.2022	31.12.2021
Result (statement of comprehensive income)	79,441	23,368
Depreciation and value adjustments	15,891	14,745
Impairment of financial instruments	1,535	-111
Result from financial assets	-30,000	0
Non-cash changes in provisions	55,866	52,880
Non-cash changes in other operating income	-3,453	-4,599
Accrued interest / amortisation	19,401	-34
Change in value of financial assets	229,590	0
IFRS 15 relevant commissions	-36,156	-36,308
Result from financial assets and liabilities assessed at fair value through profit or loss (mandatory + voluntary)	-3,843	2,830
Non-cash changes in the trading result	12,918	9
Taxes	-14,997	3,279
Net interest income	-117,531	-67,954
Balance of other adjustments	-7,609	41,603
Subtotal	**201,054**	**29,708**

Cash changes in assets and liabilities

Trading assets and liabilities	330,170	-33,685
Trading assets	-42,202	-84,102
Trading liabilities	372,373	50,417
Loans and advances to banks	-27,406	247,980
Loans and advances to clients	-223,440	-215,249
Other assets from operating business activities	-5,465	-5,808
Liabilities to banks	2,052,797	182,053
Liabilities to clients	2,835,954	2,971,838
Positive and negative market values from derivative hedging instruments	-249,483	-69,982
Positive	-203,780	-10,789
Negative	-45,703	-59,194
Securitised liabilities incl. subordinated capital	-1,644,891	684,290
Other liabilities from operating business activities incl. provisions	37,314	14,871
Interest received	301,056	116,647
Dividends received	36,942	9,284
Interest paid	-214,109	-57,977
Income tax payments	-5,550	-7,400
CASH FLOW from operating business activities	**3,424,945**	**3,866,570**

Figures in TEUR	31.12.2022	31.12.2021
Payments for additions to financial assets	-2,377,820	-692,649
Proceeds from disposals of financial assets	1,173,835	860,487
Payments for additions to tangible fixed assets (excluding leases)	-3,104	-3,590
Proceeds from disposals of tangible fixed assets (excluding leases)	218	0
Payments for additions to intangible assets	-7,492	-4,505
Proceeds from disposals of intangible assets	878	0
CASH FLOW from investment activities	**-1,213,485**	**159,743**
Proceeds from the issue of AT1 bonds	250,000	0
Dividend payments	-11,382	-11,382
Repayment portion of lease liabilities	-4,819	-5,650
CASH FLOW from financing activities	**233,798**	**-17,033**
Cash and cash equivalents as of 1 January	**9,962,738**	**5,953,457**
Cash flow from operating business activities	**3,424,945**	**3,866,570**
Cash flow from investment activities	**-1,213,485**	**159,743**
Cash flow from financing activities	**233,798**	**-17,033**
Cash and cash equivalents as of 31 December	**12,407,996**	**9,962,738**

The cash flow statement, prepared using the indirect method within the meaning of IAS 7.20, shows the changes in cash and cash equivalents in the reporting period. Cash and cash equivalents correspond to the cash reserves, which comprise the cash on hand and balances with central banks. The cash reserves do not contain any financial investments with remaining terms of more than 3 months at the time of acquisition. Changes in cash and cash equivalents are assigned to operating business, investment or financing activities.

Cash flow from operating business activities primarily relates to the Bank's revenue-generating activities or arises from other activities that are not investment or financing activities. Cash flow in connection with additions and disposals of non-current assets is assigned to investment activities. Cash flow from financing activities includes cash flow from transactions with equity providers and from other borrowings to finance business activities.

ANNEX

A. GENERAL INFORMATION

1. General information

DZ PRIVATBANK S.A. was incorporated as a Société Anonyme under Luxembourg law on 28 December 1977. The Company is established for an indefinite period. The registered office of DZ PRIVATBANK S.A. is at: 4, rue Thomas Edison, L-1445 Strassen in the Grand Duchy of Luxembourg.

In accordance with the Articles of Association, the object of the Company is to conduct banking and financial operations of all kinds, for its own account and that of third parties, in and outside the Grand Duchy of Luxembourg, and all activities directly or indirectly connected therewith. The Bank operated eight branches in Germany as at 31 December 2022. The branches are used to coordinate subsidiary cooperation with the cooperative banks in Germany.

The capital of DZ PRIVATBANK S.A. as at 31 December 2022 of 91.8 percent (unchanged compared to the previous year) is held by DZ BANK AG, Frankfurt am Main. 8.2 percent (unchanged compared to the previous year) is held by 271 cooperative banks (2021: 279 banks) in Germany. The post-tax returns of the Bank measured against the balance sheet total amounted to 32 basis points during the 2022 financial year (2021: 11 basis points). The annual financial statements of DZ PRIVATBANK S.A. are included in the consolidated financial statements of DZ BANK AG. DZ BANK AG's consolidated financial statements are filed at the Commercial Register in Frankfurt am Main. In accordance with Article 80(1b) of the Law of 17 June 1992 with respect to annual financial statements and consolidated financial statements of banks operating under Luxembourg law, the Bank is exempt from the obligation to prepare consolidated financial statements and a Group operations report, as all minority shareholders have agreed to the exemption.

As the parent company, DZ PRIVATBANK S.A. has two subsidiaries (2021: two) in which it holds shares with 100 percent of the capital:

Company	Registered office	Financial year	Participation in %	Book value (in TEUR)	Equity (in TEUR)	Annual result (in TEUR)
DZ PRIVATBANK (Schweiz) AG	Zurich	2022	100%	186,700	187,196	7,330
IPConcept (Luxemburg) S.A.	Luxembourg	2022	100%	8,000	10,080	10,407

Figures in TEUR

Company	Registered office	Financial year	Participation in %	Book value (in TEUR)	Equity (in TEUR)	Annual result (in TEUR)
DZ PRIVATBANK (Schweiz) AG	Zurich	2021	100%	156,700	179,252	21,679
IPConcept (Luxemburg) S.A.	Luxembourg	2021	100%	8,000	10,080	12,555

DZ PRIVATBANK S.A., Strassen, Luxembourg, with its head office in Luxembourg and its wholly owned subsidiaries DZ PRIVATBANK (Schweiz) AG and IPConcept (Luxemburg) S.A., is the cooperative centre of expertise for private banking for the Volksbanken Raiffeisenbanken. The equity and net income figures shown in the table above are the unaudited figures for the 2022 financial year prepared in accordance with the corresponding national law.

DZ PRIVATBANK (Schweiz) AG in turn holds 100 percent of the shares in IPConcept (Schweiz) AG, which can be seen as a sister company of IPConcept (Luxemburg) S.A.

The current result from investments in subsidiaries is included in net interest income.

2. Information on how to deal with macroeconomic developments

The beginning of 2022 was essentially still characterised by the spread of the Omicron variant of the coronavirus. The high infection figures led to high sickness rates in the population with moderate containment measures. Added to this were the problems in the international supply chains, which posed challenges for the industry. The pandemic has faded into the background over the course of the year. With the start of the Russian war of aggression on Ukraine on 24 February 2022, other economic risks became increasingly important. These initially included the direct effects of this war, a further intensification of supply chain issues and the Western sanctions against Russia. The energy dependence of the German economy on Russia quickly became the focus of attention. In addition to the question of energy security, the cost of energy also played an increasingly important role. Finally, inflation rates reached new highs, forcing monetary policy to turn away from years of zero interest rates.

Since the outbreak of the Ukraine war, a permanent gas supply stop by Russia has been seen as the greatest risk for the German economy. While this has indeed become a reality, enormous efforts have been made since the beginning of the war to fill the gas storage facilities. Supported by increased natural gas deliveries from other supplier countries, high gas storage levels were reached faster in 2022 than in the previous year. Further relief in the tight supply situation in Germany can be expected from the commissioning of the first liquefied natural gas terminals in early 2023. In addition, due to the mild winter, increased energy saving efforts and high energy prices, a reduction in consumption is taking place, which was essential to prevent a gas shortage.

Global supply chain issues, which could be exacerbated again by pandemic events in China, geopolitical tensions and related trade disputes between the United States and China continue to be a constraint on the development of the global economy. The intensity of the expected recession, especially in Europe, is likely to depend on the further development of the war in Ukraine as well as on the supply of raw materials and energy and the further development of the corresponding prices, irrespective of government support measures.

At DZ PRIVATBANK S.A., the aforementioned economic developments have no impact on the established processes and models for determining expected losses in accordance with IFRS 9. At individual exposure level, the effects of the Ukraine war are also being examined. In addition to primary effects due to client or supplier relationships, secondary effects such as energy price increases are also taken into account in the context of impact analyses. These effects are reflected on the one hand in the determination of the individual risk provision and on the other hand in the individual rating.

The risk parameters adjusted via the macroeconomic scenarios then flow into the determination of the risk provision.

Significant effects of the macroeconomic factors described on the economic situation and on the past and future financial year of DZ PRIVATBANK S.A. are currently not discernible due to the measures described.

3. Principles for the preparation of the separate financial statements

The annual financial statements of DZ PRIVATBANK S.A. as of 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The annual financial statements as of 31 December 2022 have been prepared in accordance with Regulation (EC) No 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July 2002, the Law of 17 June 1992 on the annual financial statements and consolidated financial statements of banks under Luxembourg law and other regulations adopting certain international accounting standards on the basis of the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC).

All standards and interpretations whose application is mandatory in the EU for the 2022 financial year have been taken into account.

Mandatory, new IFRS for the 2022 financial year, which have already been endorsed by the European Union, are as follows:

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use,
- Amendments to IAS 37: Provisions – Onerous Contracts – Costs of Fulfilling a Contract and
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework.

The objective of the amendments to IAS 16 was to determine the accounting treatment of proceeds before the intended use of the property, plant and equipment to be capitalised. Whereas in the past proceeds generated from the sale of marketable pre-products created during test runs had to be deducted from the manufacturing costs of the assets concerned, these proceeds are now to be recognised immediately in profit or loss.

The amendments to IAS 37 relate to contracts in which the unavoidable costs of fulfilling the contractual obligations exceed the economic benefits expected to be received under it. The unavoidable costs to be taken into account result from the lower of (all) fulfilment costs and any compensation payments or penalties resulting from the non-fulfilment.

In IFRS 3, a reference to the conceptual framework was adjusted. The amendment of a reference to the conceptual framework in IFRS 3 to the new conceptual framework published in 2018 concerns the introduction of exceptions to recognition or measurement principles.

All three amendments have no significant impact on the annual financial statements of DZ PRIVATBANK S.A.

In addition, there were innovations for the 2022 financial year from the IASB's annual improvement project "Cycle 2018 to 2020":

- IFRS 1 Subsidiaries as first-time adopters of IFRS
- IFRS 9 Treatment of fees on derecognition of financial liabilities
- IFRS 16 Amendment to illustrative example no. 13
- IAS 40 Consideration of tax effects in fair value measurement

These four amendments have no impact on the annual financial statements of DZ PRIVATBANK S.A.

The financial statements as at 31 December 2022 comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes (“Notes”). Segment reporting is explained in section 26.

Assets are generally measured at amortised cost unless IFRS standards require a different measurement. The latter relates to financial instruments measured at fair value in accordance with IFRS 9. Income and expenses are accrued pro rata temporis and recognised and reported in the period to which they are economically attributable. The main accounting and valuation methods are presented below.

The annual financial statements are prepared in euros, the functional currency of DZ PRIVATBANK S.A.

The financial year corresponds to the calendar year. For reasons of clarity, certain items have been combined in the statement of comprehensive income and the balance sheet and supplemented by additional disclosures in the notes. Unless otherwise indicated, all amounts are presented in thousands of euros (TEUR). The figures are rounded in accordance with standard commercial practice. This may result in minor discrepancies in the formation of totals and in the calculation of percentages.

Accounting and measurement were carried out on a going concern basis. DZ BANK AG has issued a comfort letter for DZ PRIVATBANK S.A. confirming that it can meet its contractual obligations, apart from political risks, within the scope of its investment quota.

The Bank is a member of the FGDL (Fonds de garantie des dépôts Luxembourg), the Luxembourg deposit guarantee fund and the SIIL (Système d'indemnisation des investisseurs Luxembourg), the Luxembourg investor compensation scheme, established by the Law of 18 December 2015 on the resolution of banks and their assets under custody.

The deposits are guaranteed up to an amount of TEUR 100 and assets under custody up to an amount of TEUR 20. However, the law stipulates that deposits which result from specific transactions or serve specific social or other purposes are covered for twelve months once over TEUR 100 is paid in.

During the year under review, the Bank paid an ex-ante contribution of EUR 0.4 million (2021: EUR 0.4 million) to the FGDL. In contrast to the FGDL, the SIIL works according to the ex-post procedure: a contribution, which is limited to five percent of capital resources, is only levied when a security event occurs.

The Luxembourg Resolution Fund (Fonds de résolution Luxembourg, FRL) was established under Article 105 of the aforementioned Law. DZ PRIVATBANK S.A. paid a national bank levy of EUR 14.7 million during the year under review (2021: EUR 13.1 million). The Bank made use of the option of setting aside 15 percent of the bank levy as "irrevocable payment commitments (IPCs)" with EUR 2.2 million (2021: EUR 2.0 million).

DZ PRIVATBANK S. A. is also a member of the BVR protection scheme under the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR). The branches of DZ PRIVATBANK S.A. in Germany are legally dependent and are managed by DZ PRIVATBANK S.A.. Member of the statutory deposit guarantee scheme in Luxembourg and the BVR protection scheme. In order to meet guarantee obligations that are accepted by BVR for the collective guarantee scheme, DZ PRIVATBANK S.A. has assumed a guarantee obligation of EUR 9.7 million (2021: EUR 7.5 million).

The release for publication of the annual financial statements of DZ PRIVATBANK S.A. was given by the Board of Management after approval of the annual financial statements by the Supervisory Board on 8 March 2023.

4. Accounting policies and estimates

IBOR transition

For the conversion of the LIBOR interest rates into the currencies CHF, GBP, JPY and USD, a project was set up in 2021, which coordinated, monitored and implemented the necessary steps in DZ PRIVATBANK S.A. and the subsidiaries during the year.

In derivative financial instruments, the LIBOR successor products based on risk-free rates were introduced in the currencies USD, CHF, GBP and JPY. The interest rate swaps with CHF-LIBOR were switched to the successor reference rate (SARON) in December 2021. The conversion to SARON involved nine interest rate swaps with a nominal volume of CHF 161.4 million. In the credit business, suitable successors were established for variable-rate loans based on CHF-LIBOR and USD-LIBOR. The conversion of the CHF-LIBOR loans has taken place with the maturity of the last LIBOR period in the 1st quarter of 2022.

The conversion of the USD-LIBOR derivatives (IRS) is planned by the central banks for the 2nd quarter of 2023. The conversion of the USD-LIBOR loans will take place with the maturity of the last LIBOR period in the 3rd quarter of 2023.

The changes in reference rates made have had little impact on the balance sheet. With reference to the amendments to IFRS 7 and IFRS 9 for the reform of reference rates published in September 2019, no hedge accounting relief has been taken up.

Estimates

Assumptions and estimates have been made in accordance with the relevant accounting standards in determining the book values of assets and liabilities and income and expenses recognised in the annual financial statements. These are based on historical experience, planning, expectations or forecasts of future events and are reviewed regularly.

If estimates of a larger scope are required, the valuation parameters and estimation factors are adequately presented and evaluated retrospectively based on actual events. The estimate is made in an appropriate and reasonable manner. Any changes in estimates are taken into account in the relevant period.

Assumptions and estimates are used primarily in determining the fair values of financial assets and financial liabilities and in calculating the impairment of financial assets. Assumptions and estimates also affect provisions for employee benefits, other provisions and the recognition and measurement of income tax assets and income tax liabilities.

Fair value of financial instruments

The determination of the fair values of financial assets and financial liabilities is associated with estimation uncertainties if no prices in active markets are available for the financial instruments concerned. Estimation uncertainties arise primarily when fair values are determined using valuation techniques that incorporate significant valuation parameters that cannot be observed on the market. This applies both to financial instruments measured at fair value and to financial instruments measured at amortised cost whose fair values are disclosed in the notes. The assumptions on valuation parameters and valuation methods used to determine fair values are presented in the disclosures on financial instruments in sections 5 and 66.

Impairment of financial assets

When determining the need for a value adjustment of financial assets that are debt instruments, loan commitments and financial guarantees as described in section 5, the expected future cash flows from interest and principal payments and from the realisation of collateral are determined. Uncertainties arise from the estimates and assumptions required for this with regard to the amount and timing of future cash flows. Factors influencing the need for a value adjustment, which are determined by discretionary decisions, include, for example, economic conditions, the financial performance of the counterparty and the value of collateral held. Parameters determined with the aid of statistical models, such as the probability of default, are also included in the estimates and assumptions when determining the need for a value adjustment.

Intangible assets

Identifiable intangible assets acquired are recognised on the basis of their future economic benefits. This is assessed by management on the basis of reasonable and justified assumptions. Further information on intangible assets is provided in section 20.

Provisions

Estimation uncertainties in connection with provisions for employee benefits arise primarily from defined benefit pension obligations, the measurement of which is significantly influenced by actuarial assumptions. The actuarial assumptions include numerous long-term, future-oriented factors such as salary and pension trends or average future life expectancies.

Actual future cash outflows resulting from matters for which other provisions have been recognised may differ from the expected utilisation.

The valuation bases and the assumptions and estimates used to determine the provisions are presented in section 24.

Income tax assets and liabilities

The determination of deferred income tax assets and liabilities presented in section 36 is based on estimates of future taxable income of the taxable entities, which affect, in particular, the assessment of the recoverability of deferred income tax assets. Furthermore, the calculation of the actual income tax assets and liabilities at the time of preparation of the financial statements under commercial law requires estimates of income tax-relevant circumstances.

5. Financial instruments

Recognition and initial measurement

All financial instruments are generally measured at fair value on initial recognition. In the case of financial instruments carried at amortised cost, this regularly corresponds to the purchase price or the nominal amount.

Derivative financial instruments are initially recognised and derecognised on the trade date. Regular way purchases and sales of non-derivative financial assets are generally recognised on the settlement date. Changes in fair value between the trade date and the settlement date are recognised in accordance with the categorisation of the financial assets.

Financial assets

On initial recognition at DZ PRIVATBANK S.A., a financial asset is classified and measured either at amortised cost or at fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Bank changes its business model for managing financial assets. DZ PRIVATBANK S.A. did not make any reclassifications in the 2022 and 2021 financial years.

Financial assets measured at amortised cost

A financial asset is classified in this category if it is held within the framework of a business model whose objective is to hold financial assets in order to collect the contractual cash flows (business model: "hold"). The contractual terms of the financial asset give rise to cash flows at specified dates that are solely principal and interest payments on the outstanding capital amount.

Financial assets in this category consist exclusively of debt instruments due to the cash flow condition. They are measured at amortised cost using the effective interest method. Interest income, value adjustments and effects from currency translation must be recognised in the statement of comprehensive income through profit or loss.

Financial assets measured at fair value through profit or loss

All financial assets that are not measured at amortised cost are measured at fair value with changes in value recognised in profit or loss. The category at fair value with changes in value in profit or loss is used by DZ PRIVATBANK S.A. for two reasons:

Financial assets that must be categorised as at fair value through profit or loss

The subcategory "financial assets that must be categorised as at fair value through profit or loss" comprises financial assets that do not meet the cash flow requirements of IFRS 9 or are acquired for the purpose of being sold in the short term.

Financial assets designated as at fair value through profit or loss (“fair value option”)

The fair value option is used to eliminate or significantly reduce valuation incongruities resulting from the different measurement of non-derivative financial instruments and derivative financial instruments entered into to hedge them. Derivative financial instruments are measured at fair value through profit or loss, while non-derivative financial instruments are measured at amortised cost. If hedge accounting is not applied, this leads to valuation incongruities, which are significantly reduced by exercising the fair value option. In connection with the avoidance of valuation incongruities, the fair value option is exercised for financial assets for loans and advances to banks and clients as well as financial investments.

Classification and subsequent measurement of financial liabilities

On initial recognition at DZ PRIVATBANK S.A., a financial liability is classified and measured either at amortised cost or at fair value through profit or loss.

Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses on derecognition are also recognised in profit or loss.

Financial liabilities that must be categorised as at fair value through profit or loss

The sub-category “financial liabilities designated as at fair value through profit or loss” comprises financial liabilities issued with the intention of short-term repayment. For this to be the case, these financial liabilities must be part of a portfolio of clearly identified financial instruments that are managed together and for which there was evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities designated as at fair value through profit or loss (“fair value option”)

The subcategory “financial liabilities designated as at fair value through profit or loss” may be assigned to financial liabilities by exercising the fair value option if this eliminates or significantly reduces recognition or measurement inconsistencies (valuation incongruities), if these are managed as a portfolio on a fair value basis or if they contain one or more embedded derivatives that must be separated. Financial liabilities for which the fair value option is exercised to eliminate or significantly reduce valuation incongruities are securitised liabilities.

For financial liabilities designated at fair value through profit or loss by exercising the FV option, the gain or loss resulting from the change in fair value attributable to changes in the entity's own default risk is recognised in the result not affecting net income or in the reserve from the result not affecting net income. The remaining portion of the change in the fair value of that liability shall be recognised in profit or loss.

The valuation of own issues is based on a funding curve in line with the market.

Derecognition of financial instruments

Financial assets

Financial assets are derecognised when the contractual rights to cash flows from the financial assets have expired or have been transferred to third parties and essentially all opportunities and risks have been transferred. If the derecognition criteria for financial assets are not met, the transfer to a third party is accounted for as a secured borrowing.

Financial liabilities

Financial liabilities are derecognised when the contractual obligations have been settled or cancelled or have expired.

6. Hedge accounting

Hedges against risks from financial instruments are undertaken as part of the risk management strategy.

To the extent that accounting mismatches between the hedged items and the hedging instruments used arise from the hedging of risks from financial instruments, hedging relationships are generally designated in order to eliminate or reduce them in accordance with the provisions of IFRS 9.

Fair value hedges

The fair values of a hedged item are offset by opposite changes in the fair values of the hedging instrument. For this purpose, the changes in the fair value of the hedged items attributable to the hedged risk and the changes in the fair value of the hedging instruments are recognised in the statement of comprehensive income. Hedging is carried out by designating individual hedging relationships.

Hedged items in the category “financial assets measured at amortised cost” are measured in accordance with the general measurement principles for these financial instruments and adjusted in each case for the change in fair value attributable to the hedged risk.

Interest income and interest expenses resulting from hedged items and hedging instruments are recognised in the net interest income.

In the case of fully effective hedging relationships, the changes in fair value attributable to the hedged risk that are recognised in the statement of comprehensive income in profit or loss offset each other in full during the term of the hedging relationships.

Ineffectiveness is recognised accordingly in profit or loss under "Other valuation result from financial instruments".

7. Currency conversions

All monetary assets and liabilities as well as unsettled spot transactions are converted into the functional currency (EUR) of DZ PRIVATBANK S.A. at the closing rate. Foreign notes and coins are valued at the buying rate on the balance sheet date. The conversion of non-monetary assets and liabilities is based on the valuation standards applied to them. Where non-monetary assets are measured at amortised cost, they are converted at the historical rate. Non-monetary assets measured at fair value are converted at the closing rate. Income and expenses are converted at the time they are recognised in profit or loss. Income and expenses are converted at the corresponding spot rate on the date of the transaction or, for convenience, at the average rate.

8. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported in the balance sheet as a net amount if DZ PRIVATBANK S.A. currently has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset in question and settle the associated liability simultaneously.

The legal right to offset must not depend on a future event and must be enforceable in the normal course of business, in the event of default, and in the event of insolvency of the Bank and all counterparties.

If offsetting financial assets and financial liabilities would impair the true and fair view, DZ PRIVATBANK S.A. voluntarily refrains from offsetting.

9. Securities repurchase agreements

Securities repurchase agreements are transactions in which the lender and the borrower agree to sell and subsequently repurchase securities at a specified price and time. The opportunities and risks of securities sold under repurchase agreements remain entirely with the lender, provided that the transactions are genuine repurchase agreements. Securities sold as part of repurchase agreements (repo transactions) remain on the balance sheet due to non-compliance with the derecognition criteria of IFRS 9. A corresponding liability to banks is recognised in the amount of the purchase price received. DZ PRIVATBANK S.A. only enters into genuine repurchase agreements as a lender.

10. Collateral

Assets provided as collateral in the form of cash collateral result in the recognition of receivables. Other assets pledged as collateral remain unchanged in the balance sheet.

Liabilities are recognised in the corresponding amount for cash collateral received. Other financial and non-financial assets received as collateral are not recognised in the balance sheet unless they are taken over in connection with the realisation of the collateral or in the context of bail-out acquisitions. For further statements on collateral, see sections 62 and 66.

11. Leases

At the inception of the contract, the Bank assesses whether a contract gives rise to a lease. This is the case when the contract conveys the right to control the use of an identified asset for a period of time in exchange for payment of a fee. To assess whether a contract conveys the right to control an identified asset, the Bank uses the definition of a lease under IFRS 16.

The Bank as lessee

The lessee recognises a right-of-use asset and a corresponding lease liability for all leases of the asset. The amount of the right of use generally corresponds to the amount of the lease liability at the time of addition and is reported under tangible fixed assets and rights of use. In subsequent periods, the right of use is measured at amortised cost. Scheduled amortisation is carried out on a straight-line basis over the entire term and is recognised in administrative expenses. The lease liability is measured as the present value of future lease payments and is reported under other liabilities. The leasing instalments are divided into an interest and a repayment portion. While the interest portion is recognised as interest expense on the basis of the internal interest rate or the marginal borrowing rate, the repayment portion reduces the liability. On the provision date or upon modification of a contract that includes a lease component, the Bank allocates the contractually agreed consideration on the basis of relative stand-alone selling prices. The Bank only makes use of the option not to separate the individual lease and non-lease components and to account for the contract as a whole as one lease if the separation of the non-lease components does not correlate positively to the gain in information.

The Bank as lessor

If the Bank acts as lessor, it classifies each lease as either a finance lease or an operating lease at the inception of the contract. To classify each lease, the Bank has made an overall assessment of whether the lease essentially transfers all the risks and opportunities incidental to ownership of the underlying asset. If so, the lease is classified as a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease covers the major part of the economic useful life of the asset.

The Bank accounts for the head lease and the sublease separately when it acts as an intermediate lessor. It classifies the sublease based on its right-of-use asset from the head lease rather than the underlying asset.

Lease payments from operating leases are collected by the Bank over the term of the lease and recognised in other operating income.

12. Income

Interest and dividends

Interest is accrued and recorded on an accrual basis. Where the effective interest method is used to calculate interest income, this is reported under interest income calculated using the effective interest method.

The cash flows used to calculate the effective interest rate take into account contractual agreements in connection with the corresponding financial assets and financial liabilities.

Premiums and discounts are calculated and amortised over the term of the financial instruments using the effective interest method. Additional directly attributable transaction costs incurred are included in the calculation of the effective interest rate if they are directly related to the acquisition or disposal of a financial asset or financial liability.

Dividends are recognised when the legal entitlement to payment arises.

Interest income from and interest expenses on derivative financial instruments entered into without intention to trade or to hedge financial instruments for which the fair value option has been exercised are reported in net interest income. In addition, the deferral effects from foreign exchange swaps used for the economic management of interest income are reported in net interest income in accordance with their economic allocation.

Revenue from contracts with clients

Revenue from contracts with clients is recognised when the underlying service has been provided, it is probable that the economic benefits will flow to the Bank and the revenue can be measured reliably.

At DZ PRIVATBANK S.A., revenue from contracts with clients is essentially fee and commission income. The main fee and commission income includes fee and commission income from asset management, custodian bank services, securities business, payment transactions and credit business.

Commissions earned over the period of service include certain fees for administration and custody in the context of asset management and securities business. In these cases, revenue is recognised when the contractually agreed performance criteria are met. In the case of commissions where the service is provided at a specific point in time, the revenue is collected after the service has been provided.

Fees and charges that are an integral part of the effective interest rate are excluded from the scope of IFRS 15 and are accounted for in accordance with IFRS 9 regardless of whether the financial assets are measured at fair value or valued at amortised cost.

The discretionary right under IFRS 15 to capitalise contract initiation costs is not applied.

13. Cash reserves

Cash on hand and balances with central banks are reported as cash reserves.

Cash on hand comprises cash reserves denominated in EUR and foreign currency, which are valued at nominal value or converted at the buying rate. Balances with central banks are assigned to the category “amortised cost”. Interest income or interest expenses (negative interest) from financial assets in the cash reserves are recorded as interest income or interest expenses from credit and money market transactions.

14. Loans and advances to banks and clients

Loans and advances to banks and clients are generally measured at amortised cost using the effective interest method. In fair value hedge accounting, the book values of hedged receivables are adjusted for the change in fair value attributable to the hedged risk. The resulting book value adjustments are recognised as part of the other valuation result from financial instruments in the result from hedge accounting. Certain receivables are categorised “at fair value” only to eliminate or significantly reduce accounting mismatches.

Value adjustments of loans and advances to banks and clients are calculated in accordance with the provisions of IFRS 9 applicable to the category “amortised cost” and disclosed as a separate balance sheet item on the assets side of the balance sheet.

Interest income from loans and advances to banks and clients is recognised under interest income from credit and money market transactions. These also include the amortisation of book value adjustments in fair value hedge accounting. Realised gains and losses on receivables categorised at amortised cost are reported in “Result from derecognition of financial assets measured at cost”. Results from the valuation of loan and advances for which the fair value option was exercised are recognised in the result of the same name as part of the other valuation result from financial instruments.

15. Positive and negative market values from hedging instruments

The book values of financial instruments designated as hedging instruments in effective and documented hedging relationships are reported as positive and negative market values from hedging instruments.

These financial instruments are measured at fair value. Changes in the fair value of hedging instruments in the category “Financial assets measured at fair value through profit or loss” for fair value hedges are recognised in profit or loss as part of the Other valuation result from financial instruments in the result from hedge accounting.

16. Trading assets and liabilities

Trading assets and liabilities solely comprise financial assets and financial liabilities held for trading.

Derivative financial instruments with positive fair values are assigned to trading assets if they were entered into with the intention of trading or do not meet the requirements for hedge accounting despite the intention to hedge.

The assignment of derivative financial instruments with negative fair values to trading liabilities corresponds to the procedure for trading assets.

Financial instruments reported under trading assets and trading liabilities are always measured at fair value through profit or loss. Valuation results, interest income and expenses and dividends from trading assets and liabilities are recognised in trade income if there is an actual intention to trade the instruments concerned.

Valuation results from derivative financial instruments that are entered into for hedging purposes, but are not included in hedge accounting are recognised in Other valuation result from financial instruments as result from derivative financial instruments entered into without intention to trade. If, in order to avoid accounting mismatches, underlying transactions are assigned to the category “financial assets measured at fair value through profit or loss”, the valuation results of the allocated derivatives are recognised in the result from financial instruments designated as at fair value through profit or loss. Interest income from and interest expenses on derivative financial instruments entered into without intention to trade or used to hedge financial instruments measured at fair value through profit or loss are reported in net interest income.

17. Financial assets

Financial assets include bearer bonds and other fixed-income securities as well as shares in subsidiaries, provided that these securities or company shares are not held for trading purposes.

Bonds and other fixed-interest securities

Financial assets are initially recognised at fair value. Financial assets are subsequently measured in accordance with the principles of the measurement category to which they are assigned. Value adjustments of financial assets are determined in accordance with the provisions of IFRS 9 applicable to the corresponding category of financial assets.

Interest and premiums and discounts on financial assets amortised over the term using the effective interest method are recognised in net interest income.

Realised gains and losses on financial assets categorised at amortised cost are reported in “Result from derecognition of financial assets measured at cost”. Realised income on financial assets for which the fair value option has been exercised are recognised in the result of the same name as part of the other valuation result from financial instruments. Valuation results of financial assets to be measured at fair value through profit or loss are reported in Other valuation result from financial instruments.

Shares in subsidiaries

Subsidiaries are companies controlled by the Bank, for which it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over the company.

Shares in subsidiaries are measured at acquisition cost including transaction costs in accordance with IAS 27. The value of shares in subsidiaries is reviewed once a year as part of an internal company valuation.

Dividends from equity instruments are included in current income under net interest income.

18. Tangible fixed assets and rights of use

The balance sheet item “Tangible fixed assets and rights of use” includes land and buildings used by DZ PRIVATBANK S.A., office furniture and equipment with an expected useful life of more than one year and rights of use arising from leases. Minor value assets are posted directly as an expense in the year of acquisition.

Tangible assets are carried at cost, which is reduced by accumulated depreciation and accumulated value adjustments in subsequent financial years. Depreciation is mainly calculated on a straight-line basis over the useful life of the asset.

If facts or circumstances indicate that an asset may be impaired, the recoverable amount is determined. An impairment loss is recognised if the recoverable amount is less than the book value at which the asset is recognised. The recoverable amount is the higher of fair value less sales costs and value in use.

The scheduled depreciation allowances are as follows:

	in %
Buildings	2
Installations	10
Furniture, fittings and equipment	25

Depreciations of tangible fixed assets are recognised as an administrative expense. Impairment losses and reversals of impairment losses are included in other operating income.

Rights of use from leases are generally amortised over the contractual useful life (see also section 83).

19. Income tax assets and liabilities

Deferred tax assets and liabilities are calculated as the difference between the book value of an asset or liability in the balance sheet and the corresponding tax base. The deferred tax assets and deferred tax liabilities due to temporary differences are expected to result in income tax charge or income tax relief effects in future periods. They were measured using the tax rates applicable for the period in which an asset is realised or a liability is settled.

The current income tax assets and liabilities and deferred tax assets and liabilities are offset if the conditions for such are met. No discounting is performing. Depending on the treatment of the underlying circumstances, the deferred tax assets or liabilities are either recognised in profit or loss or directly in equity.

The breakdown into current and deferred income tax assets and liabilities for the year under review is shown in section 46. The current and deferred income tax assets and liabilities are presented in the balance sheet.

20. Other assets and other liabilities

Other assets include intangible assets, other receivables and other assets. Intangible assets are carried at cost. Software, acquired client relationships and other intangible assets with definite useful lives are reduced by cumulative amortisation and cumulative value adjustments on subsequent measurement.

Software and licences are amortised on a straight-line basis over 4 years. Depreciation is recognised in administrative expenses affecting net income. Acquired client relationships are amortised on a straight-line basis over 10 years. Depreciation and amortisation are reported in other operating income.

The depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if necessary.

In addition to miscellaneous other liabilities, Other liabilities largely comprise lease liabilities (see also section 55).

Other assets and Other liabilities include assets and liabilities that cannot be allocated to any of the other asset or liability items.

Borrowing costs on intangible assets are not capitalised.

21. Risk provisions

Risk provisions for cash reserves, loans and advances to banks and clients, financial investments and other assets, which are categorised at amortised cost, are openly deducted from assets as a separate balance sheet item. Additions to and reversals of risk provisions for these balance sheet items are recognised in the statement of comprehensive income as risk provisions.

Risk provisions also include changes in provisions for loan commitments, provisions for financial guarantees. Additions to and reversals of provisions for loan commitments and financial guarantees and other provisions in the lending business are also recognised through profit or loss under risk provisions.

In accordance with the IFRS 9 standard, the expected loss is generally determined at the level of the individual financial instrument (referred to as the accounting object). Risk provisions are calculated on the basis of the expected credit loss model as defined by IFRS 9, taking into account the probability of default, the loss given default and the expected amount of the loan at the time of default. DZ PRIVATBANK S.A. calculates its risk provisions in compliance with the requirements of the DZ BANK Group and, in particular, applies the centrally specified risk parameters. In principle, the risk provisions under IFRS 9 is determined in accordance with the general impairment model (“general approach”). The calculation of risk provisions under the general approach depends on the allocation of the corresponding financial instrument to one of the three possible levels. The level 1 and 2 risk provisions are formed for latent default risks and correspond to the amount of the credit loss expected over the remaining term, in the case of level 1 limited to the amount of the expected 12-month credit loss. Risk provisions for identifiable credit risks (impairments incurred) are determined in Level 3 and correspond to the amount of the credit loss expected over the remaining term. The results in Level 3 are determined on the basis of individual expert estimates of recoverable cash flows and probability-weighted scenarios.

Due to the high level of collateralisation in the loan portfolio of DZ PRIVATBANK S.A., this usually results in provision values of zero (so-called "loan loss provisions") for loans guaranteed by associated banks or fully collateralised Lombard loans. At the time of addition, the transactions to be included in the risk provisions are assigned to Level 1. Assets are assigned to Level 2 on each balance sheet date if there has been a significant increase in the default risk since initial recognition but there is no objective evidence of impairment. Both quantitative and qualitative criteria are used to determine whether there is a significant increase in the default risk compared with the default risk at the time of addition in accordance with the internal technical concept "Risk provision determination for the implementation of IFRS 9". In accordance with the requirements for DZ BANK Group, the low credit risk exemption applies. Accordingly, all financial instruments with a rating in the investment grade range are allocated to level 1 across the board, provided no qualitative transfer criteria are met on the reporting date.

The risk parameters specified centrally by DZ BANK Group include, in particular, default probabilities that reflect macroeconomic expectations. The underlying economic data is usually collected by DZ BANK Group's economic round table and made available to the subsidiaries in the form of PD shift factors or adjusted PDs for mandatory use in the IFRS consolidated financial statements. For consistency reasons, DZ PRIVATBANK S.A. also applies this to its local financial statements. As of the reporting date, a combination of macroeconomic scenarios (80 percent baseline and 20 percent risk scenario) is used, which is based on the forecasts of the economic round table of November 2022.

In response to exceptional economic situations (e.g. during the SARS-CoV-2 pandemic), DZ BANK Group has established a groupwide "shift-override process" in addition to the regular process. The latter subjects the PD shifts determined to a further detailed review if necessary.

For DZ PRIVATBANK S.A., the resulting effects on risk provisions are of minor significance overall, as also outlined in section 2.

The key parameters and methods for calculating the expected credit loss (ECL) are agreed between DZ PRIVATBANK S.A. and the parent company. In particular, the modelling of DZ PRIVATBANK S.A.'s expectations regarding macroeconomic developments in the coming years ("forward-looking information") is closely coordinated with the economic round table so that climate change is also appropriately reflected in the coordinated parameters. Counterparty-specific influences of climate change are also reflected in the rating grades.

Overall, the development of risk provisioning is unremarkable in the reporting year 2022. The observable additions are essentially due to the rating downgrade of a Russian correspondent bank. There are no significant effects for DZ PRIVATBANK S.A. due to climate change.

Further information on risk provisions is presented in section 66.

22. Liabilities to banks and clients

All bearer liabilities are reported as liabilities to banks and clients. These mainly include liabilities due on demand and fixed-term liabilities from the deposit and money market business.

Liabilities to banks and clients are generally measured at amortised cost using the effective interest method. The fair value option and hedge accounting are not applied.

Interest expenses and interest income (negative interest) for liabilities to banks and clients are recorded separately in net interest income. Interest expenses also include results from the early redemption.

23. Securitised liabilities

Securitised liabilities include bonds and money market instruments for which transferable bearer certificates (e.g. euro commercial papers) have been issued.

Securitised liabilities are generally valued at amortised cost using the effective interest method. If the fair value option has been exercised, the valuation results are recognised in the result from non-derivative financial instruments within the other valuation result from financial instruments.

24. Provisions

Provisions for employee benefits

The company pension scheme agreed with the employees of DZ PRIVATBANK S.A. is based on various types of pension schemes, which include both defined contribution and defined benefit plans.

In the case of defined contribution plans, fixed contributions are paid to external pension providers. The amount of the contributions as well as the investment income generated from them determine the amount of the future pension benefits. The risks arising from the obligation to pay corresponding benefits in the future lie with the pension provider. No provisions are formed for these indirect pension commitments. The contributions made are recognised in administrative expenses as pension costs. For further details, see section 86.

The valuation of defined benefit obligations is based on the projected unit credit method. The valuation is based on various actuarial assumptions. In particular, assumptions are made about the long-term salary and pension trends as well as average life expectancy. The assumptions on salary and pension trends are based on developments observed in the past and take into account expectations on the future development of the labour market. The average life expectancy is estimated on the basis of recognised biometric calculation principles. The interest rate used to discount the future payment obligations is an adequate market interest rate for first-class, fixed-interest corporate bonds with a term corresponding to the defined benefit pension obligations. The interest rate is derived according to the commitment structure (duration) on the basis of a portfolio of high-quality corporate bonds that must meet defined quality characteristics and quantity criteria (outstanding nominal value). Quality criteria include, in particular, an AA rating from Moody's Investors Service, New York, Standard & Poor's, New York, Fitch Ratings, New York / London, and / or DBRS, Toronto.

Actuarial income and expenses resulting from experience adjustments and the effects of changes in actuarial assumptions of defined benefit obligations as well as income and expenses from the remeasurement of plan assets and reimbursement rights are recognised in retained earnings not affecting net income in the reporting period in which they occur.

In addition to provisions for defined benefit plans, provisions for employee benefits also include provisions for other long-term employee benefits, provisions for termination benefits and provisions for short-term employee benefits.

Provisions for employee benefits are generally charged to administrative expenses and reversed to other operating income. Deviating from this, restructuring provisions are recognised in Other operating income.

Restructuring provisions

In 2014, the Board of Management negotiated a company agreement with the staff representatives, which was extended on 1 January 2022 to 31 December 2023, to accompany the necessary structural adjustments at the bank. This regulates the material framework for the group of employees affected by a termination for operational reasons.

Provisions for share-based payment transactions

DZ PRIVATBANK S.A. has concluded an agreement on variable remuneration with the relevant members of the Board of Management and other risk takers. The amount of the variable remuneration is based on a contractually defined reference bonus. Depending on target achievement, the variable remuneration can amount to between 0 and 150 percent of the reference bonus.

To determine the bonus amount, quantitative and qualitative targets are derived from the corporate strategy in the form of Group, bank, departmental and individual targets. The targets have a 3-year assessment period based on the past. The reference bonus is determined by the Supervisory Board at the latest after approval of the annual financial statements.

The payment of the annual amount calculated this way is spread over 7 years. The first payout amount of 20 percent of the reference bonus is paid out immediately after determination. A further 20 percent are subject to a lock-up period of one year. The remaining 60 percent will be spread over a period of 5 years. The retained bonus is divided into 5 equal parts for this purpose.

All deferred payments are linked to the sustainable development of the company value of DZ PRIVATBANK S.A. The company value is determined annually by means of an independent company valuation. A reduction of the company value results in, depending on the amount of the reduction, a lessening of the retained bonus shares.

A disbursed bonus can be reclaimed up to 2 years after the end of the retention period if the Board of Management member was heavily involved in conduct that resulted in significant losses, a significant regulatory sanction or a significant regulatory action for the institution or was responsible for seriously violating relevant external or internal regulations regarding suitability and conduct. If, at the time of the determination of negative performance contributions for an assessment period, claims to the payment of retained bonus shares still exist, these claims may be extinguished.

For remuneration transactions whose targets relate to a multi-year retrospective performance period, the provision is recognised on the basis of the underlying performance period. Provisions for share-based payment transactions are recognised when it is sufficiently probable that the payment will be made in the future. The date of initial recognition is therefore earlier than the date of payment in subsequent years. This results in corresponding deviations from the granted, unpaid share-based payments disclosed in section 89 in their nominal amounts.

Other provisions

Provisions represent liabilities that are uncertain in terms of their amount or maturity. They are recognised for present obligations arising from past events to the extent that an outflow of resources embodying economic benefits is probable and the amount of the obligation can be reliably estimated.

Provisions are recognised and measured at the best estimate of the expected settlement amount. The risks and uncertainties associated with the relevant circumstances as well as future events are taken into account.

Provisions for irrevocable loan commitments and provisions for financial guarantees are recognised in the amount of the expected credit losses on the basis of the same model as for financial assets.

Provisions are made for risks arising from ongoing legal disputes to cover possible resulting losses. These provisions are formed if there are more reasons for DZ PRIVATBANK S.A. to be obliged to pay as a result of the legal dispute in question than against it. Any concentration risks due to the comparability of individual cases are taken into account. The amount of provisions recognised for risks arising from ongoing legal disputes is based in each case on the information available and is subject to scope for judgement and assumptions. These may be due, for example, to the fact that DZ PRIVATBANK S.A. does not yet have all the information it needs to make a final assessment of the legal risk, particularly at an early stage of the proceedings. Forecasts made by DZ PRIVATBANK S.A. regarding changes in the legal framework and changes in official interpretations as well as – in the context of legal proceedings – regarding orders or decisions of the courts or the expected procedural submissions of the opposing parties may also later prove to be inaccurate.

25. Contingent liabilities

Contingent liabilities are possible obligations that arise from past events not under the control of DZ PRIVATBANK S.A. and whose existence has yet to be confirmed by future events. In addition, present obligations that arise from past events but are not recognised as provisions because of the unlikelihood of an outflow of resources embodying economic benefits, or where the amount of the obligation cannot be estimated with sufficient reliability, are also contingent liabilities.

Contingent liabilities are measured at the best estimate of possible future utilisation.

Contingent liabilities for litigation risks are reported if there is no obligation, but the possibility exists that a payment obligation for DZ PRIVATBANK S.A. will result from the relevant legal dispute. Risks from legal disputes are measured according to their probability of occurrence. For more details on contingent liabilities, see section 81.

B. DISCLOSURES ON THE STATEMENT OF COMPREHENSIVE INCOME

26. Segment reporting

The members of the Board of Management of DZ PRIVATBANK S.A. assume the associated specialist management responsibility within the framework of the cross-location segment management of DZ PRIVATBANK S.A. in their function as segment managers. The Board of Management is informed on a monthly basis about the development of the individual business segments. On the basis of this reporting, the Board of Management assesses the development of the individual business segments.

Information on business segments of DZ PRIVATBANK S.A.

Financial year 2022

Basis: IFRS in TEUR	Private Banking	Fund services	Lending	Treasury / Brokerage	Other	Total
Net interest income	12,307	38,634	16,792	25,854	23,944	117,531
Net commission income	68,768	97,982	2,794	-919	-11,300	157,325
Trade income	14	11,918	965	-344	365	12,918
Result from financial assets	0	0	0	0	30,000	30,000
Other valuation result from financial instruments	0	250	20	-8,931	12,538	3,877
Result from the derecognition of AC-valued financial instruments	0	0	0	-1,660	152	-1,508
Risk provisions	0	0	0	0	-1,535	-1,535
Other operating income	95	158	0	-15	1,781	2,020
Net income	**81,184**	**148,943**	**20,571**	**13,984**	**55,946**	**320,628**
./. Direct costs of the profit centres	-51,493	-32,092	-5,836	-12,740	-1,205	-103,365
Net result from services	1,985	2,324	244	123	637	5,312
Profit contribution I	**31,677**	**119,175**	**14,979**	**1,367**	**55,378**	**222,575**
./. Cost allocation						-69,576
Profit contribution II						**152,999**
./. Structural costs						-58,561
Profit contribution III						**94,438**

Financial year 2021

Basis: IFRS in TEUR	Private Banking	Fund services	Lending	Treasury/ Brokerage	Other	Total
Net interest income	2,461	29,887	13,829	22,015	-237	67,954
Net commission income	63,805	86,295	2,730	-825	-214	151,790
Trade income	2,499	10,673	865	-100	-190	13,747
Result from financial assets	0	0	0	0	0	0
Other valuation result from financial instruments	0	12	1	12	-2,760	-2,735
Result from the derecognition of AC-valued financial instruments	0	0	0	-483	245	-238
Risk provisions	0	0	0	0	111	111
Other operating income	-2,028	706	-300	269	1,880	528
Net income	**66,736**	**127,574**	**17,125**	**20,888**	**-1,165**	**231,157**
./. Direct costs of the profit centres	-46,649	-28,639	-8,810	-12,138	-1,256	-97,492
Net result from services	2,012	2,111	203	89	483	4,897
Profit contribution I	**22,099**	**101,046**	**8,517**	**8,839**	**-1,938**	**138,562**
./. Structural costs						-64,200
Profit contribution II						**74,363**
./. Structural costs						-47,716
Profit contribution III						**26,647**

General information on business segments

The disclosures on business segments are prepared in accordance with IFRS 8 using the management approach based on the internal management reporting system.

Definition of the business segments

The business segments

» Private Banking,

» Fund Services,

» Loans and

» Treasury / Brokerage

are shown separately in reporting.

The interest and commission income generated by the business segments and the related interest and commission expenses are shown as net interest income and net commission income respectively in the disclosures on the business segments, as the management of the business segments is based on these net figures.

Valuation standards

The internal reporting of DZ PRIVATBANK S.A. is based on the accounting policies applicable based on the current IFRS accounting standards.

The main standard for assessing the success of the business segments is the profit contribution I for each business segment. The profit contribution I is made up of the income and expenses directly attributable to the business segments.

Presentation of business segments

PRIVATE BANKING

DZ PRIVATBANK is the centre of expertise for private banking in the Genossenschaftliche FinanzGruppe (Cooperative Financial Network). Based on a subsidiary sales and cooperation concept, the Private Banking business segment offers independent, holistic advice and support for private banking clients as well as for wealth management and semi-institutional clients.

DZ PRIVATBANK offers its services in its core market of Germany through three sales channels: to provide independent advice to their private banking clients (EUR 250,000 to 1 million in disposable assets), Volksbanken Raiffeisenbanken use the range of "VR-PrivateBanking" services and solutions, which is fully integrated into the cooperative banking process and geared towards professional asset management (managed by DZ PRIVATBANK). In the case of more complex issues for high-end private banking and wealth management clients with free liquidity of over EUR 1 million, the partner institutions have access to DZ-PrivateBanking and therefore to the national and international specialist expertise of DZ PRIVATBANK with booking offices in Germany, Luxembourg and Switzerland. In addition, high net worth private clients and semi-institutional investors and their individual needs are monitored and supported by qualified advisors in wealth management.

FUND SERVICES

The Fund Services business segment acts as a service provider for Union Investment in Luxembourg, DZ PRIVATBANK's in-house funds and for private label fund initiators. Together with its IPConcept units, DZ PRIVATBANK is the market leader in the German-speaking region for third-party fund business with independent asset managers / family offices and a major player in the business with institutional clients, pension funds, insurance companies, foundations and private banks.

The range of services covers the entire value chain in the investment fund business from business development, sales support, central administration, order management including investment limit control, fund management operations and risk controlling to depositary functions. The products of the Fund Services business segment are distributed on the one hand via IPConcept in Luxembourg and Switzerland and on the other hand using the branches in Germany.
In addition to the network use of business partners, including specialised law firms and other service providers, there is also the joint market development of DZ BANK Group within the framework of the FIS initiative under the "FONDSHAFEN" brand.

LENDING

Within the Genossenschaftliche FinanzGruppe (Cooperative Financial Network), DZ PRIVATBANK is a specialist for lending business in all currencies and euro-denominated variable interest financing. In addition to refinancing for Volksbanken Raiffeisenbanken, the focus of the business is primarily on the guaranteed LuxCredit credit business with private clients and corporate clients of the German cooperative banks under their guarantee.

The main focus of the Credit business segment is on the complementary provision of (re-)financing solutions for Volksbanken Raiffeisenbanken, especially in currency financing and variable interest financing denominated in the euro. The in-house product LuxCredit offers Volksbanken Raiffeisenbanken a complementary range of solutions, especially for private clients in the area of ImmoFlex (covering variable liquidity needs, especially for "best agers" with real estate holdings), in addition for corporate clients – e.g. for "seasonal financing" – to possibilities for improving the balance sheet structure for German cooperative banks as well as the advantageous conversion of interest income into commission income with lean and consistent credit processes under agree21.

In addition, private loans such as Lombard and individual client loans as well as fund loans are part of the business segment's product range.

The Credit business segment also performs the back office and product management function for all loans from all business divisions and ensures comprehensive service quality, while continuously reviewing opportunities for standardisation and optimisation.

TREASURY / BROKERAGE

The activities of the Treasury / Brokerage business segment include, on the one hand, the execution service for customer orders from the Private Banking and Fund Services business segments and, on the other hand, liquidity management and the management of the proprietary books.
The Treasury / Brokerage business segment serves both internal and external clients. The internal customers principally include three business segments: Private Banking, Fund Services and Lending. The principal external customers are the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) companies as well as management companies and other capital market partners.

Treasury / Brokerage is the execution broker for Union, proprietary, third-party and external funds as well as for all Private Banking sales units (DZ PRIVATBANK S.A., DZ PRIVATBANK (Schweiz) AG, branches in Germany) for the asset classes equities, bonds, funds, precious metals, derivatives, stock exchange futures, money market and foreign currencies.

Information on geographic markets

The geographical breakdown of the income of DZ PRIVATBANK S.A. is as follows:

	Luxembourg		Germany		Rest of Europe		Rest of the world	
Figures in TEUR	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Interest and similar income	127,459	10,767	41,335	-13,088	11,422	4,411	9,608	3,342
Commission income	141,348	136,224	109,481	125,664	6,136	7,956	2,273	4,155
Other operating income	8,358	6,330	1,185	3,982	0	0	0	0
Total	**277,164**	**153,321**	**152,000**	**116,558**	**17,557**	**12,367**	**11,882**	**7,497**

The presentation of information on geographical markets is based on the country of domicile of clients.

Certain non-current assets – mainly tangible assets – are not disclosed separately due to their minor importance for the business model of DZ PRIVATBANK S.A.

27. Net interest income

Figures in TEUR	**2022**	**2021**
INTEREST INCOME AND CURRENT INCOME	**226,766**	**14,717**
Interest income from	**189,824**	**5,433**
Credit and money market transactions	201,516	58,584
Bonds and other fixed-interest securities	21,147	-4,297
Portfolio hedges of financial assets	0	0
Financial assets with negative interest rates	-32,839	-48,854
Other assets	0	0
Current result from	**36,942**	**9,284**
Equities and other non-variable-interest securities from financial assets	0	0
of which: income from other shareholdings	0	0
Shares in subsidiaries	36,942	9,284
INTEREST EXPENSES FOR	**-109,235**	**53,237**
Liabilities to banks and clients	-116,047	-9,620
Securitised liabilities	-31,719	1,018
Subordinated capital	0	0
Portfolio hedges of financial liabilities	0	0
Financial liabilities with positive interest rates	39,197	62,359
Interest expenses from leases	-665	-520
Total	**117,531**	**67,954**

DZ PRIVATBANK S.A.'s net interest income increased by EUR 49.5 million to EUR 117.5 million (2021: EUR 68.0 million) due to the higher interest rate level and the use of market opportunities in liquidity management.

Interest income and interest expenses are broken down by holding category in accordance with IFRS 9 as follows:

Figures in TEUR	**2022**	**2021**
Interest income according to IFRS 9 holding categories	**189,823**	**5,433**
FVTPL	108,880	45,678
FVO	1,299	1,084
AC	79,645	-41,329
Interest expenses according to IFRS 9 holding categories	**-109,234**	**53,237**
FVO	-8,140	-6,066
AC	-102,445	50,977
FVTPL	2,016	8,845
Leases	-665	-520

28. Net commission income

Figures in TEUR	**2022**	**2021**
Commission income	**259,237**	**273,998**
Securities business	197,922	218,064
Asset management	56,698	53,055
Payment transactions including card business	1,345	1,301
Credit and trust business	136	162
Other	3,136	1,416
Commission expenses	**-101,912**	**-122,208**
Securities business	-78,590	-101,348
Asset management	-22,884	-20,433
Payment transactions including card business	-413	-413
Other	-26	-14
Total	**157,325**	**151,790**

In terms of commission income, the Bank recorded an increase of 3.6 percent to EUR 157.3 million (2021: EUR 151.8 million). This development is mainly due to higher income contributions in the fund services business and in private banking as a result of the increased average volumes.

Commission income in the financial year includes income from contracts with clients in accordance with IFRS 15 amounting to EUR 259.2 million (2021: EUR 274.0 million) (see section 84).

29. Trade income

Figures in TEUR	**2022**	**2021**
Result from non-derivative financial instruments	2,361	1,920
Result from derivative financial instruments	-43	-6
Foreign exchange result	10,595	11,841
Interest and dividends	4	-9
Total	**12,918**	**13,747**

30. Result from financial assets

The result from financial investments includes results from the sale and disposal of securities and shares in companies included under the balance sheet item "Financial investments". In addition, gains and losses from the valuation of shares in subsidiaries are recognised in this item.

Proceeds from the sale of securities classified at amortised cost are reported under “Gains and losses from the derecognition of financial assets measured at amortised cost”.

The result from financial investments of EUR 30.0 million relates exclusively to the write-up of the carrying amount of the investment in DZ PRIVATBANK (Schweiz) AG due to an updated company value calculation.

31. Other valuation result from financial instruments

Figures in TEUR	2022	2021
Result from hedge accounting	**2,275**	**52**
Result from hedging transactions (FV hedge)	234,758	58,669
Result from hedged underlying transactions (FV hedge)	-232,483	-58,617
Result from derivative financial instruments entered into without the intention to trade	**-3,224**	**3,095**
Result from financial instruments designated as at fair value through profit or loss	**4,827**	**-5,881**
Result from non-derivative financial instruments	144,054	13,111
Result from FVO loans and advances to banks and clients	-10,615	1,308
Result from FVO financial assets	0	35
Result from securitised FVO liabilities	154,669	-14,454
Result from FVO subordinated capital	0	0
Result from derivative financial instruments	-139,227	-18,992
Total	**3,877**	**-2,735**

The result from derivative financial instruments entered into without the intention to trade results from the measurement and realisation of derivative financial instruments that are in economic hedging relationships, but are not included in hedge accounting or the corresponding underlying transactions do not meet the requirements of the fair value option.

32. Gains and losses from the derecognition of financial assets valued at amortised cost

Figures in TEUR	2022	2021
Gains from the derecognition of financial assets valued at amortised cost	**617**	**79**
Loans and advances to banks and clients	50	79
Financial assets	567	0
Losses from the derecognition of financial assets measured at amortised cost	**-2,124**	**-318**
Loans and advances to banks and clients	0	0
Financial assets	-2,124	-318
Contributions from portfolio hedges of financial assets	0	0
Total	**-1,508**	**-238**

33. Risk provisions

Figures in TEUR	2022	2021
Risk provisions for cash reserves	**0**	**-3**
Additions	-22	-8
Reversals	22	5
Risk provisions for loans and advances to banks	**-1,333**	**135**
Additions	-3,293	-1,058
Reversals	1,959	1,193
Recoveries on directly impaired loans and advances to credit institutions	0	0
Risk provisions for loans and advances to clients	**-71**	**8**
Additions	-879	-414
Reversals	808	421
Direct value adjustments	0	0
Recoveries on directly impaired loans and advances to clients	0	0
Other	0	0
Risk provisions for financial assets	**-158**	**-24**
Additions	-285	-110
Reversals	127	87
Other risk provisions in the lending business	**27**	**-5**
Additions to and reversals of provisions for loan commitments	27	-6
Additions to and reversals of provisions for financial guarantees	0	0
Additions to and reversals of other provisions in the lending business	0	0
Total	**-1,535**	**111**

34. Administrative expenses

Figures in TEUR	2022	2021
Personnel expenses	**-130,313**	**-126,525**
Wages and salaries	-106,698	-103,154
Social security contributions	-13,394	-12,219
Expenses for retirement benefits	-8,948	-10,521
Expenses for share-based payment transactions	-1,273	-631
Non-personnel expenses	**-79,984**	**-61,341**
Contributions and fees	-17,975	-15,726
of which: contributions to the resolution fund for CRR banks	-12,461	-11,108
Advisory services	-16,890	-9,547
Office operations	-3,704	-4,264
IT costs	-19,939	-18,100
Land and occupancy costs	-8,753	-3,804
Information procurement	-7,383	-6,422
Public relations and marketing	-5,126	-3,240
Management bodies	-212	-238
Depreciations	-15,891	-16,644
Tangible fixed assets	-4,758	-5,059
Rights of use	**-4,931**	**-5,047**
Other intangible assets	-6,202	-6,538
Total	-226,188	-204,510

Administrative expenses rose by EUR 21.7 million to EUR -226.2 million (2021: EUR -204.5 million). Personnel expenses increased by EUR 3.8 million to EUR -130.3 million (2021: EUR -126.5 million) mainly due to a higher number of employees and the statutory indexation of salaries and salary increases. Due to higher costs for information technology, increased regulatory contributions, costs for the maintenance of the bank building as well as – in connection with investments to strengthen the growth path of the market divisions – higher costs for advertising and consulting, the non-personnel expenses of EUR -80.0 million (2021: EUR -61.3 million) exceeded those of the comparable period. Depreciation and amortisation decreased by 4.2 percent to EUR -15.9 million (2021: EUR -16.6 million).

Expenses for retirement benefits and for share-based payments are explained in sections 86 and 89.

35. Other operating income

Figures in TEUR	2022	2021
Income from the reversal of provisions and accrued liabilities	5,253	6,739
Expenses for restructuring	-681	-1,363
Result from reversals of impairment losses and value adjustments and disposals of acquired client relationships and other intangible assets	-3,148	-3,148
Result from reversals of impairment losses and value adjustments and disposals of other assets	144	2
Rental income from land and buildings	1,014	1,060
Expenses from additions to provisions for litigation risks	-260	-1,480
Expenses for other taxes	-17	-49
Miscellaneous other operating income	-285	-1,233
Total	**2,020**	**528**

36. Taxes on earnings

Figures in TEUR	2022	2021
Expenses for current income taxes	711	-2,836
Income from / expenses for deferred income taxes	-15,707	-443
Total	**-14,997**	**-3,279**

Deferred income taxes are calculated using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The tax rates used are those that are enacted or substantively enacted at the balance sheet date for this period.

The following reconciliation statement shows the relationship between the expected income taxes – based on the tax law applicable in Luxembourg – and the reported income taxes:

Figures in TEUR	2022	2021
Earnings before tax	94,438	26,647
Income tax rate	25.69%	25.69%
Expected income taxes	**-24,261**	**-6,846**
Income tax effects	**9,264**	**3,566**
Effects from tax-exempt income and non-deductible expenses	9,449	2,344
Current and deferred income taxes relating to prior years	781	0
Other effects	-966	1,222
Reported income taxes	**-14,997**	**-3,279**

37. Reclassification to the statement of comprehensive income

There were no reclassifications to the statement of comprehensive income in the 2022 and 2021 financial years.

38. Income taxes not affecting net income

The following income taxes are attributable to the result not affecting net income in the statement of comprehensive income:

	2022			**2021**		
Figures in TEUR	**Change before tax**	**Taxes on earnings**	**Change after tax**	**Change before tax**	**Taxes on earnings**	**Change after tax**
Gains and losses on equity instruments for which the fair value OCI option was exercised	-246	63	-183	0	0	0
Gains and losses from changes in proprietary default risk of financial liabilities for which the fair value option was exercised	-960	247	-713	1,673	-430	1,243
Gains and losses from remeasurements of defined benefit plans	871	-224	647	2,414	-620	1,794
Total	**-335**	**86**	**-249**	**4,087**	**-1,050**	**3,037**

C. DISCLOSURES ON THE BALANCE SHEET

39. Cash reserves

Figures in TEUR	31.12.2022	31.12.2021
Cash on hand	10,063	14,953
Balances with central banks	12,397,933	9,947,784
Total	**12,407,996**	**9,962,738**

As at the balance sheet date, balances with central banks amounted to EUR 8,848 million (2021: EUR 9,854 million) at the Banque Centrale du Luxembourg, EUR 3,538 million (2021: EUR 20 million) at the Swiss National Bank and EUR 12 million (2021: EUR 74 million) at the Deutsche Bundesbank.

Deposits with central banks, which are counted as high-quality liquid assets (HQLA), are used to manage the regulatory liquidity ratio (LCR). For reasons of diversification, a portion of the central bank deposits is held at the Swiss central bank.

40. Loans and advances to banks

	Due on demand		**With an agreed maturity or notice period**		**Total**	
Figures in TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
German banks	**426,034**	**402,301**	**435,586**	**469,928**	**861,620**	**872,229**
Affiliated banks	17,531	20,252	352,418	367,834	369,949	388,086
Non-affiliated banks	408,503	382,049	83,168	102,094	491,671	484,143
Other banks	**358,620**	**363,352**	**189,456**	**146,709**	**548,076**	**510,061**
Total	**784,654**	**765,653**	**625,042**	**616,637**	**1,409,696**	**1,382,290**

Loans and advances to banks break down by transaction type as follows:

Figures in TEUR	31.12.2022	31.12.2021
Money market transactions	323,583	314,218
Current account receivables	764,228	745,401
Other loans and advances	321,885	322,670
Total	**1,409,696**	**1,382,290**

Please refer to section 48 for information on risk provisions.

41. Loans and advances to clients

Loans and advances to clients break down as follows:

Figures in TEUR	31.12.2022	31.12.2021
Loans and advances to German clients	5,564,517	5,419,240
Loans and advances to other clients	598,681	520,519
Total	**6,163,198**	**5,939,759**

Figures in TEUR	31.12.2022	31.12.2021
Money market transactions	63,980	26,561
Finance leases	0	0
Registered securities	0	0
Other bank loans	0	0
Current account receivables	448,268	378,009
Other loans and advances	5,650,951	5,535,189
Total	**6,163,198**	**5,939,759**

EUR 6.2 billion (2021: EUR 5.9 billion) of the loans and advances to clients amounting to EUR 5.6 billion (2021: EUR 5.4 billion) are due from clients in Germany.

Other loans and advances to clients increased to EUR 5.7 billion (2021: EUR 5.5 billion). EUR 5.2 billion (2021: EUR 5.1 billion) originated from client loans guaranteed by cooperative banks (LuxCredit financing).

Loans and advances to clients include loans and advances due to IFRS 15 (Revenue from Contracts with Clients) in the amount of EUR 36.1 million (2021: EUR 36.3 million).

Please refer to section 48 for information on risk provisions.

42. Positive market values from hedging instruments

The positive market values from hedging instruments amount to TEUR 214,797 (2021: TEUR 11,017) and solely result from derivative hedging instruments for fair value hedges.

43. Trading assets

Figures in TEUR	31.12.2022	31.12.2021
Positive market values from derivative financial instruments	**313,933**	**271,730**
Interest-based transactions	9,470	9,784
Currency transactions	304,463	261,946
Total	**313,933**	**271,730**

44. Financial assets

Figures in TEUR	31.12.2022	31.12.2021
Bonds and other fixed-interest securities	**3,956,357**	**3,007,004**
Money market papers	602,425	0
Bonds and debentures	3,353,932	3,007,004
Shares in subsidiaries	**194,700**	**164,700**
Total	**4,151,057**	**3,171,704**

45. Tangible fixed assets and rights of use

Figures in TEUR	31.12.2022	31.12.2021
Tangible fixed assets	**38,971**	**40,634**
Land and buildings	31,501	33,122
Furniture, fittings and equipment	7,470	7,512
Rights of use	**15,053**	**8,685**
Rights of use for land and buildings	13,466	7,316
Rights of use for furniture, fittings and equipment	1,586	1,369
Total	**54,024**	**49,318**

The development of tangible fixed assets is as follows:

	Land and buildings		Furniture, fittings and equipment		Total tangible fixed assets	
Figures in TEUR	2022	2021	2022	2021	2022	2021
Gross value as at 1 January	**84,482**	**84,451**	**46,632**	**43,073**	**131,114**	**127,525**
Additions	0	31	3,104	3,559	3,104	3,590
Disposals	0	0	-218	0	-218	0
Gross value as at 31 December	**84,482**	**84,482**	**49,519**	**46,632**	**134,001**	**131,114**
Value adjustment in the current year	-1,621	-1,640	-2,928	-3,419	-4,549	-5,059
Value adjustments in previous years	-51,360	-49,720	-39,121	-35,702	-90,481	-85,422
Net value as at 31 December	**31,501**	**33,122**	**7,470**	**7,512**	**38,971**	**40,634**

Prepayments made are assigned to the relevant tangible fixed assets. Low-value assets are recognised directly as an expense under administrative expenses in the year of acquisition.

The depreciation methods for tangible fixed assets and intangible assets are presented in section 18.

The development of the rights of use is shown in section 83.

46. Income tax assets and liabilities

Figures in TEUR	31.12.2022	31.12.2021
Income tax assets	**36,382**	**63,880**
Current income tax assets	36,382	63,880
Deferred income tax assets	0	0
Income tax liabilities	**-60,611**	**-49,279**
Current income tax liabilities	-20,221	-24,510
Deferred income tax liabilities	-40,390	-24,769
Total	**-24,229**	**14,601**

Deferred income tax assets and liabilities are recognised for temporary differences arising from the following items:

	31.12.2022		31.12.2021	
Figures in TEUR	**Deferred income tax assets**	**Deferred income tax liabilities**	**Deferred income tax assets**	**Deferred income tax liabilities**
Tax loss carryforwards	0	0	0	0
Loans and advances to banks and clients	3,511	-8,101	0	-12,271
Trading assets / liabilities as well as positive and negative market values from hedging instruments	25,153	-47,499	5,129	0
Financial assets	47,324	-3,055	0	-4,482
Risk provisions	655	0	317	0
Tangible fixed assets	0	0	90	0
Liabilities to banks and clients	0	0	0	0
Securitised liabilities	1,766	-38,719	3,636	0
Provisions for employee benefits and for share-based payment transactions	7,126	-6,418	7,350	-413
Other provisions	460	-19,984	460	-20,136
Other balance sheet items	1,031	-3,639	0	-4,448
Total (gross value)	**87,026**	**-127,416**	**16,982**	**-41,751**
Netting of deferred income tax assets and liabilities	-87,026	87,026	-16,982	16,982
Total (net value)	**0**	**-40,390**	**0**	**-24,769**

In total, there is a deferred tax liability of EUR 40 million (2021: deferred tax liability of EUR 25 million).

Deferred income tax assets of EUR 61 million (2021: EUR 12 million) and deferred income tax liabilities of EUR 80 million (2021: EUR 42 million) are generally not realised until after 12 months.

47. Other assets

Figures in TEUR	31.12.2022	31.12.2021
Goodwill	**0**	**0**
Intangible assets (excluding rights of use)	**23,135**	**25,011**
Software and licences	8,969	4,244
Acquired client relationships	14,166	17,315
Other intangible assets	0	3,453
Other loan and advances (AC)	**8,605**	**6,407**
Miscellaneous other assets	**32,459**	**32,498**
Inventories	2,490	2,140
Deferred income and advance payments	3,600	3,685
Receivables from fiscal unities	17,407	18,793
Loans and advances to tax offices from other taxes	83	3
Reimbursement rights for defined benefit plans recognised as assets	201	197
Other assets	8,679	7,680
Total	**64,199**	**63,916**

The item “other assets” mainly includes receivables from the pension fund as well as receivables from the private client and custodian banking business.

The development of intangible assets over the course of the year can be shown as follows:

	Acquired client relationships		**Software and licences**		**Other intangible assets**		**Total intangible assets**	
Figures in TEUR	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Gross value as at 1 January	**195,732**	**195,732**	**45,903**	**42,553**	**42,125**	**40,971**	**283,761**	**279,256**
Additions	0	0	8,914	3,351	0	1,154	8,914	4,505
Disposals	0	0	-878	0	-1,422	0	-2,300	0
Gross value as at 31 December	**195,732**	**195,732**	**53,940**	**45,903**	**40,703**	**42,125**	**290,375**	**283,761**
Value adjustment in the current year	-3,148	-3,148	-3,311	-4,311	-2,031	-2,227	-8,490	-9,686
Value adjustments in previous years	-178,418	-175,270	-41,660	-37,348	-38,672	-36,445	-258,750	-249,064
Net value as at 31 December	**14,166**	**17,315**	**8,969**	**4,244**	**0**	**3,453**	**23,135**	**25,011**

The gross value of intangible assets acquired for consideration, including client bases, as of 1 January 2022 relates to private client portfolios acquired from various banks in 2011, 2012, 2013 and 2017. All acquired client bases are tested annually for impairment. Client bases are amortised over 10 years. The net value as of 31 December 2022 from the acquisitions amounts to EUR 14.2 million (2021: EUR 17.3 million), and the remaining amortisation period is 5 years.

The "Other intangible assets" are essentially licences, with those that are directly related to software being reported under the item "Software and licences".

48. Risk provisions

The risk provisions reported on the assets side of the balance sheet developed as follows:

	Risk provisions for cash reserves	Risk provisions for loans and advances to banks		Risk provisions for loans and advances to clients		Risk provisions for financial assets	
Figures in TEUR	**Level 1**	**Level 1**	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Total**
As at: 1 January 2021	**-2**	**-597**	**0**	**-367**	**-2**	**-320**	**-1,287**
Additions	-8	-1,034	-24	-401	-12	-110	-1,589
Currency translation differences	0	-27	0	-4	1	-4	-34
Dissolution	5	1,191	1	414	7	87	1,706
Step transfer	0	9	-9	1	-1	0	0
As at: 31 December 2021	**-4**	**-457**	**-32**	**-357**	**-7**	**-348**	**-1,205**
As at: 1 January 2022	**-4**	**-457**	**-32**	**-357**	**-7**	**-348**	**-1,205**
Additions	-22	-1,573	-1,720	-833	-45	-285	-4,478
Currency translation differences	0	-5	235	-6	0	-7	217
Dissolution	22	1,438	519	779	29	127	2,914
Step transfer	0	35	-35	-16	16	0	0
As at: 31 December 2022	**-4**	**-561**	**-1,032**	**-434**	**-7**	**-513**	**-2,552**

49. Liabilities to banks

	Due on demand		With an agreed maturity or notice period		Total	
Figures in TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
German banks	**682,210**	**418,741**	**1,141,504**	**288,710**	**1,823,714**	**707,451**
Affiliated banks	451,556	390,861	270,580	193,763	722,135	584,625
Non-affiliated banks	230,654	27,879	870,924	94,947	1,101,579	122,826
Other banks	**710,989**	**601,340**	**1,891,742**	**1,064,858**	**2,602,731**	**1,666,198**
Total	**1,393,200**	**1,020,081**	**3,033,246**	**1,353,568**	**4,426,446**	**2,373,649**

As at the balance sheet date, liabilities to banks increased by EUR 2,052 million to EUR 4,426 million (2021: EUR 2,374 million). Around 88 percent (2021: 89 percent) of liabilities to banks have a remaining term of up to three months. Of the liabilities to banks, 16 percent (2021: 25 percent) are attributable to cooperative banks.

50. Liabilities to clients

	Due on demand		With an agreed maturity or notice period		Total	
Figures in TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
German clients	1,126,865	1,625,675	1,158,532	259,663	2,285,398	1,885,338
Other clients	12,663,954	10,399,238	182,131	10,953	12,846,085	10,410,191
Total	**13,790,820**	**12,024,913**	**1,340,663**	**270,615**	**15,131,483**	**12,295,529**

Client deposits increased by EUR 2.8 billion to EUR 15.1 billion (2021: EUR 12.3 billion). They consist of deposits from legal entities under private law in the amount of EUR 13.3 billion (2021: EUR 10.9 billion) and deposits from natural persons in the amount of EUR 1.8 billion (2021: EUR 1.4 billion).

Together with securitised liabilities, these deposits represent 74 percent (2021: 82 percent) of the total refinancing funds.

51. Securitised liabilities

Figures in TEUR	31.12.2022	31.12.2021
Issued bonds	1,482,999	1,813,209
Other securitised liabilities	1,771,299	3,085,980
Total	**3,254,298**	**4,899,189**

The bonds issued relate in full to issues under the Debt Issuance Programme. The other securitised liabilities solely relate to European Commercial Papers.

52. Negative market values from hedging instruments

The negative market values from hedging instruments amount to EUR 1.6 million (2021: EUR 47 million) and solely result from derivative hedging instruments for fair value hedges.

53. Trading liabilities

Figures in TEUR	31.12.2022	31.12.2021
Negative market values from derivative financial instruments	**631,997**	**259,790**
of which interest-based transactions	155,811	9,663
of which currency-related transactions	476,187	250,127
Delivery liabilities from short sales of securities	165	0
Total	**632,163**	**259,790**

54. Provisions

Figures in TEUR	31.12.2022	31.12.2021
Provisions for employee benefits	**31,438**	**58,404**
Provisions for benefit plans	10,932	34,679
Provisions for termination benefits (restructuring)	3,576	5,480
Provisions for short-term employee benefits	16,930	18,245
Provisions for share-based payment transactions	**3,060**	**1,864**
Other provisions	**45,572**	**36,115**
Provisions for loan commitments	1	28
Provisions for management bonuses / bonuses to third parties	23,959	20,908
Provisions for litigation risks	1,882	1,872
Other provisions	19,730	13,307
Total	**80,069**	**96,383**

With regard to the provisions for defined benefit plans, reference is made to section 86.

Other provisions developed as follows in the year under review:

Figures in TEUR	**As at: 1 January 2022**	Consumption	Reversals	Addition	**As at: 31 December 2022**
Provisions for loan commitments	**28**	0	-37	10	**1**
Provisions for financial guarantees	**0**	0	-3	3	**0**
Provisions for management bonuses / bonuses to third parties	**20,908**	-20,513	-395	23,959	**23,959**
Provisions for litigation risks	**1,872**	-187	-63	260	**1,882**
Other provisions	**13,307**	-4,788	-1,267	12,478	**19,730**
Total	**36,115**	**-25,488**	**-1,765**	**36,709**	**45,572**

Figures in TEUR	**As at: 1 January 2021**	Consumption	Reversals	Addition	**As at: 31 December 2021**
Provisions for loan commitments	**22**	0	-27	32	**28**
Provisions for financial guarantees	**1**	0	-3	2	**0**
Provisions for management bonuses/bonuses to third parties	**11,940**	-10,881	-1,059	20,908	**20,908**
Provisions for litigation risks	**635**	-173	-69	1,480	**1,872**
Other provisions	**11,478**	-8,538	-768	11,135	**13,307**
Total	**24,076**	**-19,593**	**-1,926**	**33,557**	**36,115**

Other provisions include, amongst others, provisions for administrative expenses of EUR 10.1 million (2021: EUR 4.1 million), provisions for obligations to service process metal certificates to clients of EUR 2.0 million (2021: EUR 1.9 million), provisions for commissions in the fund services business and private banking of EUR 1.9 million (2021: EUR 2.6 million), provisions for operational risks of EUR 1.8 million (2021: EUR 1.8 million) as well as custody fees of EUR 1.0 million (2021: EUR 0.2 million). Due to quarterly reporting, expenditures in the statement may be higher than the opening balance.

The following table shows the estimated maturities of the provisions:

31.12.2022 Figures in TEUR	Up to 3 months	Over 3 months up to 5 years	Indefinite period
Provisions for loan commitments	0	1	0
Provisions for management bonuses / bonuses to third parties	23,959	0	0
Provisions for litigation risks	0	0	1,882
Other provisions	15,540	0	4,190
Total	**39,499**	**1**	**6,072**

31 December 2021 Figures in TEUR	Up to 3 months	Over 3 months up to 5 years	Indefinite period
Provisions for loan commitments	0	28	0
Provisions for management bonuses / bonuses to third parties	20,908	0	0
Provisions for litigation risks	0	0	1,872
Other provisions	9,117	0	4,190
Total	**30,025**	**28**	**6,062**

55. Other liabilities

Figures in TEUR	31.12.2022	31.12.2021
Accrued liabilities	2,280	2,574
Lease liabilities	15,415	9,036
Other financial liabilities (AC)	246	0
Liabilities to tax authorities from other taxes	16,048	9,674
Miscellaneous other liabilities	23,920	22,397
Total	**57,909**	**43,681**

The item miscellaneous other liabilities mainly includes liabilities to the pension fund and preferential liabilities.

56. Equity

Subscribed capital

The subscribed capital (share capital) of DZ PRIVATBANK S.A. continues to consist of 22,764,613 no-par value registered shares and amounts to EUR 116 million. It is entirely subscribed capital.

A dividend of EUR 0.50 per share was distributed in the 2021 financial year. A dividend of EUR 0.50 per share will be proposed to the Annual General Meeting for 2022.

The remaining profit of TEUR 68,058 (2021: TEUR 11,985) is to be allocated to retained earnings.

Capital reserve

The capital reserve remains unchanged at EUR 427 million.

The capital reserve includes the amounts by which the notional value of the shares of DZ PRIVATBANK S.A. was exceeded when they were issued.

Retained earnings

Retained earnings amount to EUR 300 million (2021: EUR 288 million).

Retained earnings include the generated undistributed capital of DZ PRIVATBANK S.A. as well as gains and losses from remeasurements of defined benefit plans after taking deferred taxes into account (see section 38).

The cumulative gains and losses from remeasurements of defined benefit plans after deferred taxes amount to EUR -20.6 million (2021: EUR -21.3 million).

All Luxembourg resident corporations are subject to wealth tax. The tax base for the wealth tax rate is the assessed value, which is essentially the capital at current value. The wealth tax rate is tiered: 0.5 percent on a tax base up to EUR 500 million and 0.05 percent on the part in excess, with no upper limit. The wealth tax can be credited if there is a sufficient amount of corporate income tax for the previous year and if free reserves within the meaning of Art. 8a of the Wealth Tax Act are tied up in the amount of five times the wealth tax liability – i.e. they are not used for purposes other than increasing capital for a period of 5 years. The capital commitment taking into account the tax group with IPConcept (Luxemburg) S.A. as of 31 December 2022 amounted to EUR 65.8 million (2021: EUR 65.6 million).

Reserve from the result not affecting net income

The reserve from the result not affecting net income contains changes in the value of financial liabilities in the fair value option that are attributable to the Group's own default risk as well as changes in the value of the investment in amberra GmbH categorised as FVOCI. It is reported after deferred taxes (see section 38).

Additional equity components

On 19 December 2022, DZ PRIVATBANK S.A. issued three tranches of additional Tier 1 notes (AT1 bonds) with a total volume of EUR 250 million. This tranche was taken over 100 percent by DZ BANK AG. The interest payment is payable annually and the interest payment date has been set for 1 August of each year. Pursuant to the terms and conditions of the bonds, interest payments are at the discretion of the issuer. Depending on the distributable items or by order of the competent supervisory authority, these may be omitted in whole or in part. Interest payments are not cumulative and are not made up in subsequent periods to compensate for defaulted or reduced payments.

The bonds do not have a maturity date and are subject to the terms and conditions set out in the relevant Prospectus, which include that DZ PRIVATBANK S.A. may only call the bonds in whole and not in part if there are certain regulatory or tax reasons for doing so. In any case, termination requires the consent of the competent supervisory authority. The issued tranches of AT1 bonds are reported in the sub-item additional equity components.

According to the regulations of IAS 32, AT1 bonds fulfil the character of equity. The AT1 bonds represent unsecured and subordinated bearer bonds of DZ PRIVATBANK S.A.

D. DISCLOSURES ON FINANCIAL INSTRUMENTS

57. Classes, categories and fair values of financial instruments

The net book values and fair values of financial assets and financial liabilities are distributed among the categories of financial instruments in accordance with IFRS 9 shown in the following tables:

	Assets and liabilities measured at fair value in the balance sheet	**Assets and liabilities not measured at fair value in the balance sheet**		**Hidden reserves / charges**
	Fair value / book value	Fair value	Book value	
Figures in TEUR	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Cash reserves[1)2)]	0	12,397,929	12,397,929	0
Loans and advances to banks[2)]	7,522	1,406,310	1,400,582	5,728
Loans and advances to clients[2)]	101,317	6,061,044	6,061,440	-396
Positive market values from hedging instruments	214,797	0	0	0
Trading assets	313,933	0	0	0
Financial assets[1)2)]	0	4,238,349	4,150,544	87,805
Other assets[1)2)]	0	8,606	8,606	0
Hidden reserves / charges on assets				**93,137**
Liabilities to banks	0	4,421,607	4,426,446	4,839
Liabilities to clients	0	15,129,188	15,131,483	2,295
Securitised liabilities	1,437,485	1,815,532	1,816,813	1,281
Negative market values from hedging instruments	1,633	0	0	0
Trading liabilities	632,163	0	0	0
Other liabilities[1)]	0	15,661	15,415	-246
Hidden reserves / charges on liabilities				**8,169**
Total hidden reserves / charges				**101,306**

[1)] Fair value and book value only include financial instruments within the scope of IFRS 7

[2)] Book values less risk provisions

	Assets and liabilities measured at fair value in the balance sheet	Assets and liabilities not measured at fair value in the balance sheet		Hidden reserves / charges
	Fair value / book value	Fair value	Book value	
Figures in TEUR	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Cash reserves[1)2)]	0	9,947,780	9,947,780	0
Loans and advances to banks[2)]	8,970	1,375,559	1,372,831	2,728
Loans and advances to clients[2)]	140,676	5,805,706	5,798,718	6,988
Positive market values from hedging instruments	11,017	0	0	0
Trading assets	271,730	0	0	0
Financial assets[1)2)]	0	3,312,708	3,171,356	141,352
Other assets[1)2)]	0	6,407	6,407	0
Hidden reserves / charges on assets				**151,068**
Liabilities to banks	0	2,373,479	2,373,649	169
Liabilities to clients	0	12,295,407	12,295,529	121
Securitised liabilities	1,767,480	3,131,550	3,131,709	158
Negative market values from hedging instruments	47,336	0	0	0
Trading liabilities	259,790	0	0	0
Other liabilities[1)]	0	9,036	9,036	0
Hidden reserves / charges on liabilities				**449**
Total hidden reserves / charges				**151,517**

[1)] Fair value and book value only include financial instruments within the scope of IFRS 7

[2)] Book values less risk provisions

The following table shows the assets and liabilities broken down by holding categories without taking risk provisions into account:

Assets (in TEUR)	31.12.2022	31.12.2021
Loans and advances to banks	**1,409,696**	**1,382,290**
FVO	7,522	8,970
AC	1,400,828	1,365,836
AC FV-hedged	1,346	7,484
Loans and advances to clients	**6,163,198**	**5,939,759**
FVO	101,317	140,676
AC	5,981,218	5,709,180
AC FV-hedged	80,663	89,902
Financial assets	**4,151,057**	**3,171,704**
FVO	0	0
AC	1,246,067	486,452
AC FV-hedged	2,710,290	2,520,552
Shares in subsidiaries (AC)	194,700	164,700
Other financial receivables (AC)	**8,606**	**6,407**
Other assets	**13,080,175**	**10,414,987**
Total assets	**24,812,733**	**20,915,147**

Liabilities (in TEUR)	31.12.2022	31.12.2021
Liabilities to banks	**4,426,446**	**2,373,649**
AC	4,426,446	2,373,649
Liabilities to clients	**15,131,483**	**12,295,529**
AC	15,121,600	12,295,529
AC FV-hedged	9,883	0
Securitised liabilities	**3,254,298**	**4,899,189**
FVO	1,437,485	1,767,480
AC	1,816,813	3,131,709
Other liabilities	**2,000,507**	**1,346,781**
Total liabilities	**24,812,733**	**20,915,147**

58. Assets and liabilities measured at fair value in the balance sheet

Fair values are assigned to the following three hierarchy levels in accordance with IFRS 13 depending on the type of input factors used to determine them:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Valuation via input factors that can be monitored directly or indirectly for the assets and liabilities, but that are not quoted prices included for Level 1. Quoted prices in active markets for similar assets and liabilities or significant input factors to a valuation model based on observable market data meet the definition of Level 2.
- Level 3: Application of a valuation model using valuation parameters that are not based on observable market data.

The assignment to a level must be made according to the input factor at the lowest level that is significant for determining the fair value. If a fair value measurement uses observable input factors that require significant adjustment based on unobservable input factors, it is a Level 3 measurement.
Fair value measurements in Level 2 of the fair value hierarchy are determined either by reference to quoted prices in active markets for similar, but not identical, financial instruments or by using measurement techniques (discounted cash flow method) that are based primarily on observable market data. These are mainly interest rates, currency rates, bond spreads and interest rate volatilities, which are provided centrally by DZ BANK AG on a daily basis.

DZ PRIVATBANK S.A. classifies its financial instruments in Level 2, if it cannot be guaranteed that they will have very good market liquidity at all times. If the valuation of the individual instruments deviates from prices observable on the market (e.g. for a valuation at mid-rates), bid-ask adjustments (referred to as "close-out reserves") are determined on a net basis using the option pursuant to IFRS 13.48. A valuation is carried out in accordance with DZ BANK AG's uniform Group rules.

There were no regroupings between Levels 1 to 3 in the 2022 financial year.

The fair value of derivative OTC financial instruments is measured using the option in IFRS 13.48, which permits a measurement of the net total amount. For specific counterparty default risks arising from derivative financial instruments, credit valuation adjustments (CVA) are recognised to take account of the default risk of the counterparties and debt valuation adjustments (DVA) are recognised to take account of the Bank's own default risk.

59. Assets and liabilities not measured at fair value in the balance sheet

The fair value of assets and liabilities is measured using the same methodology throughout irrespective of their recognition in the balance sheet.

60. For the measurement through profit or loss of financial assets and financial liabilities designated at fair value through profit or loss

Financial assets must be recognised at fair value if they do not meet the cash flow criterion under IFRS 9 or were acquired with the intention to sell.

The fair value option can be exercised voluntarily for financial assets and liabilities in order to eliminate or at least significantly reduce recognition or measurement mismatches (accounting mismatches). Accounting mismatches arise from the different measurement of non-derivative financial instruments and derivative financial instruments entered into to hedge them.

As part of the voluntary exercise of the fair value option for financial liabilities, DZ PRIVATBANK S.A. uses a residual value method to determine the changes in fair value attributable to changes in its own default risk. In this context, the bank’s own creditworthiness-induced valuation effect is derived from the total change in fair value less the valuation effect due to changes of other factors. The cumulative change in fair value after deferred taxes resulting from the Group's own default risk amounted to EUR -5.1 million in the financial year (2021: EUR -4.4 million) and is recognised in equity without affecting profit.

For the financial liabilities in the fair value option, the following overview compares the fair values with the amounts contractually payable to the creditors at maturity:

	Fair value		**Repayment amount**	
Figures in TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Securitised liabilities	1,437,485	1,767,480	1,576,300	1,754,733
Total	**1,437,485**	**1,767,480**	**1,576,300**	**1,754,733**

61. Offsetting of financial assets and financial liabilities

The OTC derivatives included in financial assets and financial liabilities generally reference standard master agreements (such as ISDA master agreements and the German Master Agreement for Financial Futures), although these standard master agreements generally do not meet the offsetting criteria of IAS 32.42 because the legal right to offset under these agreements is dependent on the occurrence of a future event.

If offsetting financial assets and financial liabilities impairs the true and fair view, DZ PRIVATBANK S.A. would refrain from voluntary offsetting. If they had been offset, the disclosure would have been as follows:

Disclosures on offsetting financial assets

Figures in TEUR

	Gross amount of financial assets before offsetting	Net amount of financial assets (balance sheet value)	Related amounts not offset in the balance sheet		Net amount
			Financial instruments	Cash collateral received	
31.12.2022					
Derivative financial instruments	528,730	528,730	250,308	270,659	7,762
31.12.2021					
Derivative financial instruments	282,747	282,747	29,010	116,391	137,347

Disclosures on offsetting financial liabilities

Figures in TEUR

	Gross amount of financial liabilities before offsetting	Net amount of financial liabilities (balance sheet value)	Related amounts not offset in the balance sheet		Net amount
			Financial instruments	Cash collateral provided	
31.12.2022					
Derivative financial instruments	633,630	633,630	250,308	383,322	0
31.12.2021					
Derivative financial instruments	307,126	307,126	29,010	169,259	108,858

62. Collateral and repurchase agreements

Collateral

The financial assets pledged as collateral for liabilities relate exclusively to cash collateral within the scope of collateral management. These are concluded in standard market collateral agreements.

The financial assets have the following book values:

Figures in TEUR	31.12.2022	31.12.2021
Loans and advances to banks	268,821	120,273
Loans and advances to clients	189,541	48,985
Total	**458,362**	**169,259**

Securities repurchase agreements

DZ PRIVATBANK S.A. concludes securities repurchase agreements on the basis of framework agreements customary in the industry. This is done within the framework of standard market collateral agreements.

If the fair value of the securities received or transferred under the repurchase agreements increases or decreases, the company concerned may be required to provide further collateral or may request the provision of further collateral. The transactions in the portfolio on the balance sheet date are solely genuine securities repurchase agreements. Bonds and other fixed-income securities belonging to the class of financial assets measured at fair value and financial assets measured at amortised cost are transferred. As of the balance sheet date, the book values of the securities sold under repurchase agreements amounted to EUR 407.8 million (2021: EUR 472.0 million). The book values of the liabilities associated with securities sold under repurchase agreements amount to EUR 422.7 million (2021: EUR 491.4 million).

63. Gains and losses on derecognition of assets measured at amortised cost

All sales were made within the de minimis limits set by DZ PRIVATBANK S.A. and were aimed at strategic portfolio and risk optimisation.

The harmless sales transactions including defined thresholds in the “hold” business model are therefore as follows:

» Sale due to increase in credit risk: Falling below internal rating threshold 2b on the VR rating scale (S&P A-) or rating deterioration by 3 notches on the VR rating scale since addition;

» Sale due to widening of the spread level:Credit spread widening of more than 20 basis points within 12 months;

» Sale near final maturity: As a test criterion, the remaining term to maturity is set in relation to the total term to maturity (i.e. remaining term to maturity at the time of acquisition), whereby the remaining term to maturity at the time of sale may be less than 10 percent of the total term to maturity, but no more than 3 months;

» Sales within the de minimis limit: Sales are also acceptable if they are either not significant in value or are rare. In this context, both an "portfolio-based de minimis limit" and a "result-based de minimis limit" were introduced in connection with the significance assessment with both criteria having to be met simultaneously.

- De minimis limit in terms of the portfolio: in order to assess the significance of sales in terms of the portfolio, the nominal values of the sold positions are to be set in relation to the nominal values of all financial instruments existing at the beginning of the financial year. The level of the thresholds for determining the portfolio-based de minimis limit was set taking into account the average duration of the portfolio:
  - Duration up to 1 year max. balance sheet effect p.a. at 8%
  - Duration between 2-5 years max. balance sheet effect p.a. at 7%
  - Duration between up to 5-7 years max. balance sheet effect p.a. at 6%
  - Duration over 7 years max. balance sheet effect p.a. at 4%

» With a current average duration of the portfolio of 3.2 years (2021: 3.1 years), the threshold value is 7 percent.

- Result-based de minimis limit: compliance with the result-based de minimis limit is checked as is customary in the market by means of the quotient between the realised results of a financial year and the gross interest income of the corresponding portfolio (extrapolated to a year during the year). The threshold value for the result-based de minimis limit is recorded at 8 percent p.a.

- Frequency: sales are rare if they do not exceed 15 classes of securities p.a. and no more than 5 percent of the classes of securities in the portfolio.

The de minimis limits were complied with in the previous financial year.

64. Derivative financial instruments

Derivative financial instruments are used to hedge market price risks. On the balance sheet date, the portfolio of derivative financial instruments was composed as follows:

	Nominal amount				
	Remaining term			Total amount	
Figures in TEUR	1 year and less	1 year to 5 years	Over 5 years	31.12.2022	31.12.2021
Interest-based transactions	**1,836,683**	**2,906,363**	**1,391,636**	**6,134,682**	**4,793,939**
OTC products	1,836,683	2,906,363	1,391,636	6,134,682	4,793,939
Interest rate swaps	1,836,683	2,906,363	1,391,636	6,134,682	4,793,939
Currency transactions	**30,228,937**	**43,382**	**0**	**30,272,319**	**32,207,655**
OTC products	30,228,937	43,382	0	30,272,319	32,207,655
Forward exchange transactions	30,228,937	43,382	0	30,272,319	32,207,655
Total	**32,065,620**	**2,949,745**	**1,391,636**	**36,407,001**	**37,001,594**

	Market value			
	Positive		Negative	
Figures in TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Interest-based transactions	**224,267**	**20,800**	**157,443**	**56,998**
OTC products	224,267	20,800	157,443	56,998
Interest rate swaps	224,267	20,800	157,443	56,998
Currency transactions	**304,463**	**261,946**	**476,187**	**250,127**
OTC products	304,463	261,946	476,187	250,127
Forward exchange transactions	304,463	261,946	476,187	250,127
Total	**528,730**	**282,747**	**633,630**	**307,125**

65. Hedge accounting

As part of its risk management strategy, DZ PRIVATBANK S.A. uses interest rate swaps to hedge against interest rate risks from financial instruments and designates hedging relationships between the swaps and the hedged items in order to avoid accounting mismatches. These are loans and advances to banks and clients, financial assets as well as liabilities to clients, which are measured at amortised cost.

The changes in the fair value of the hedged items attributable to the interest rate risk and the changes in the fair value of the hedging instruments are recognised in the statement of comprehensive income under other valuation result, interest income and interest expenses under net interest income.

Effectiveness test

Hedge accounting requires that the hedging relationship is highly effective both prospectively and retrospectively. For this, the changes in the fair values or the expected cash flows of the hedged items and the hedging instruments must almost balance each other out. For the individual hedging relationships concluded at DZ PRIVATBANK S.A., this is ensured by matching the significant value-affecting features of the underlying transactions and hedging instruments as well as a hedging ratio of 100 percent (1:1 hedging).

The approximate balancing of the respective changes in fair values is ensured by determining an individual hedge ratio based on the sensitivities of the underlying transaction and hedging instruments. The effectiveness of the hedging relationships must be reviewed and demonstrated at least on each reporting date.

For individual hedging relationships accounted for under the rules of IFRS 9, ineffectiveness is quantified retrospectively and recognised in the income statement. IFRS 9 does not define a mandatory effectiveness range. If a hedging relationship no longer meets the effectiveness criterion with regard to the hedge ratio, an adjustment of the hedge ratio is required (recalibration). If an adjustment of the hedge ratio is no longer possible or the risk management objective with regard to the hedging relationship has changed, the hedging relationship must be dedesignated.

Scope of risks managed through hedging relationships

The following table shows information on the volume of hedged items and hedging instruments designated as hedges of interest rate risks:

31.12.2022 Figures in TEUR	Book value	Nominal value of hedging instruments	Hedge adjustment of the underlying transactions (included in the book value)	Value changes for measuring ineffectiveness
Loans and advances to banks	1,346	0	-119	-106
Loans and advances to clients	80,663	0	-6,584	-7,653
Financial assets	2,710,290	0	-214,693	-224,876
Positive market values from hedging instruments	214,797	2,741,428	0	230,659
Liabilities to clients	9,883	0	-152	152
Negative market values from hedging instruments	1,633	247,047	0	4,099

31.12.2021 Figures in TEUR	Book value	Nominal value of hedging instruments	Hedge adjustment of the underlying transactions (included in the book value)	Value changes for measuring ineffectiveness
Loans and advances to banks	7,484	0	-11	-229
Loans and advances to clients	89,902	0	2,031	-2,120
Financial assets	2,520,552	0	12,365	-56,267
Positive market values from hedging instruments	11,017	762,231	0	17,845
Negative market values from hedging instruments	47,336	1,823,409	0	40,824

The following tables show the remaining terms of the hedging instruments concluded for each risk type (excluding interest rate risk):

As at: 31 December 2022	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
Nominal amount in TEUR	105,000	85,395	322,468	1,595,423	880,189
Average hedged interest rate in %	1.33333	0.93384	1.16302	1.05333	1.25426

As at: 31 December 2021	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
Nominal amount in TEUR	42,500	68,000	193,568	1,492,211	789,361
Average hedged interest rate in %	0.07650	0.83270	1.32090	0.85620	0.50180

As of the balance sheet date, there were no hedging relationships in connection with currency risks.

66. Nature and extent of risks arising from financial instruments

Default risk management practices

In accordance with IFRS 9, a value adjustment model based on expected losses is applied. The impairment rules are designed in the form of a stage model, which reflects the development of credit quality over the entire term of an asset and the associated economic losses in the balance sheet.
DZ PRIVATBANK S.A. assumes that the debtor is in default if the debtor is more than 90 consecutive calendar days overdue with a substantial part of its total obligation under the loan or if the institution is of the opinion that it is unlikely that the debtor will fully meet its payment obligations under the loan without recourse by the institution to measures such as the realisation of collateral, if any.

The rules for the recognition of value adjustments are based on the calculation of expected losses on cash reserves, loans and advances to banks and loans and advances to clients and financial investments.

In accordance with IFRS 9, the generally applicable three-step approach described in section 21 is used to determine expected losses.

For the assessment of the transfer criterion, DZ PRIVATBANK S.A. uses all plausible and verifiable information relevant for the analysis of changes in the default risk over the entire remaining term of the specific financial instrument, provided that this information is available without unreasonable effort and expense, and also includes forward-looking information.

The following tables provide information on the risk provision on assets carried at amortised cost.

31.12.2022

	Level 1		Level 2		Level 3	
Figures in TEUR	**Risk provisions**	**Gross book value**	**Risk provisions**	**Gross book value**	**Risk provisions**	**Gross book value**
As at: 1 January 2022	**1,166**	**20,104,070**	**38**	**27,989**	**0**	**1,538**
Addition / increase in credit utilisation	575	1,896,052,281	42	545,489	0	13,416
Change in financial assets due to step transfer	-19	-1,157	19	1,301	0	-145
Transfer from Level 1	-70	-13,178	70	11,725	0	1,454
Transfer from Level 2	50	10,401	-50	-10,423	0	23
Transfer from Level 3	0	1,621	0	0	0	-1,621
Disposals and repayments	-450	-1,892,123,768	-11	-549,009	0	-11,181
Additions	2,138	0	1,724	0	0	0
Reversals	-1,917	0	-538	0	0	0
Amortisation, changes in market value and other valuation changes	0	-236,089	0	13	0	2
Currency translation differences and other changes	18	0	-235	0	0	0
As at: 31 December 2022	**1,512**	**23,795,337**	**1,039**	**25,784**	**0**	**3,631**

31.12.2021	Level 1		Level 2		Level 3	
Figures in TEUR	**Risk provisions**	**Gross book value**	**Risk provisions**	**Gross book value**	**Risk provisions**	**Gross book value**
As at: 1 January 2021	**1,285**	**15,760,972**	**2**	**54,251**	**0**	**1,543**
Addition / increase in credit utilisation	646	589,945,613	3	278,856	0	8,962
Change in financial assets due to step transfer	-9	33,307	9	-33,521	0	214
Transfer from Level 1	-10	-4,530	10	4,307	0	223
Transfer from Level 2	1	37,766	-1	-37,828	0	62
Transfer from Level 3	0	71	0	0	0	-71
Disposals and repayments	-629	-585,598,944	-7	-271,596	0	-9,181
Additions	907	0	34	0	0	0
Reversals	-1,068	0	-2	0	0	0
Amortisation, changes in market value and other valuation changes	0	-36,877	0	-1	0	0
Currency translation differences and other changes	35	0	-1	0	0	0
As at: 31 December 2021	**1,166**	**20,104,070**	**38**	**27,989**	**0**	**1,538**

Financial guarantees and loan commitments are exclusively included in Level 1 with a book value of EUR 38.1 million (2021: EUR 369.9 million) and with a risk provision of TEUR 1 (2021: TEUR 29).

Maximum default risk

DZ PRIVATBANK S.A. is exposed to default risk on financial instruments. The maximum default risk is represented by the fair values, amortised costs or nominal amounts of financial instruments. In order to hedge the maximum default risk, the following collateral is held:

31.12.2022

Figures in TEUR	Maximum credit risk	thereof collateralised with			
		Sureties, guarantees, risk sub-participation	Mortgages	Financial collateral	Other collateral
Financial assets measured at fair value	**637,569**	**100,372**	**0**	**490,525**	**80**
Assets measured at fair value through profit or loss	637,569	100,372	0	490,525	80
Financial assets that must be categorised as at fair value through profit or loss	528,730	0	0	490,525	0
Financial assets designated as at fair value through profit or loss	108,839	100,372	0	0	80
Financial assets measured at amortised cost	**23,824,401**	**5,144,150**	**23,853**	**0**	**448,869**
of which: with impaired credit rating	3,631	3,618	0	0	0
Financial guarantees and loan commitments	**662,046**	0	0	0	0
Total	**25,124,015**	**5,244,522**	**23,853**	**490,525**	**448,949**

31.12.2021

Figures in TEUR	Maximum credit risk	thereof collateralised with			
		Sureties, guarantees, risk sub-participation	Mortgages	Financial collateral	Other collateral
Financial assets measured at fair value	**431,610**	**139,072**	**708**	**116,391**	**388**
Assets measured at fair value through profit or loss	431,610	139,072	708	116,391	388
Financial assets that must be categorised as at fair value through profit or loss	282,747	0	0	116,391	0
Financial assets designated as at fair value through profit or loss	149,647	139,072	708	0	388
Financial assets measured at amortised cost	**20,132,392**	**4,946,652**	**29,746**	**0**	**597,682**
of which: with impaired credit rating	1,538	1,538	0	0	0
Financial guarantees and loan commitments	**885,216**	0	0	0	0
Total	**21,449,218**	**5,085,724**	**30,454**	**116,391**	**598,070**

The collateral received by the Bank has been duly provided and is legally enforceable.
On the basis of the value reductions applied in the collateral valuation, the Bank considers the underlying collateral values to be recoverable.

Default risk concentrations

DZ PRIVATBANK S.A.'s default risk arising from financial instruments measured at amortised cost and financial guarantees and loan commitments is broken down according to the sectors of the Deutsche Bundesbank's industry codes and geographically using the International Monetary Fund's country group classification in accordance with the credit risk report. The volume, measured by the gross book values of financial assets or the nominal amounts of financial guarantees and loan commitments, is broken down based on the following rating classes:

- Investment grade: corresponds to internal rating classes 1A-3A
- Non-investment grade: corresponds to internal rating classes 3B-4E
- Not classified: no rating necessary or not classified

31.12.2022

Figures in TEUR	**Financial sector**	**Public sector (administration/ state)**	**Corporates**	**Retail**	**Industry conglomerates**
Investment grade	**16,930,580**	**1,053,137**	**2,953,025**	**2,575,567**	**306,302**
Gross book value	16,899,773	1,053,137	2,952,400	2,574,708	300,527
Level 1	16,899,773	1,053,137	2,943,041	2,568,607	295,008
Level 2	0	0	9,359	6,102	5,519
Nominal amount	30,807	0	625	858	5,775
Level 1	30,807	0	625	858	5,775
Level 2	0	0	0	0	0
Non-investment grade	**10,388**	**0**	**921**	**2,941**	**7,453**
Gross book value	10,388	0	921	2,941	7,453
Level 1	7,491	0	781	1,173	7,453
Level 2	2,897	0	140	1,768	0
Not classified	**8,654**	**0**	**3,496**	**12,552**	**0**
Gross book value	8,654	0	3,496	12,552	0
Level 1	8,616	0	0	12,455	0
Level 2	0	0	0	0	0
Level 3	38	0	3,496	96	0

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Figures in TEUR	**Financial sector**	**Public sector (administration/ state)**	**Corporates**	**Retail**	**Industry conglomerates**
Investment grade	**13,539,558**	**1,016,836**	**2,793,550**	**2,498,306**	**596,070**
Gross book value	13,510,434	1,016,836	2,793,422	2,497,842	255,922
Level 1	13,505,246	1,016,836	2,782,132	2,496,446	255,922
Level 2	5,188	0	11,290	1,396	0
Nominal amount	29,124	0	128	464	340,147
Level 1	29,124	0	128	464	340,147
Level 2	0	0	0	0	0
Non-investment grade	**7,720**	**0**	**3,168**	**3,119**	**883**
Gross book value	7,720	0	3,168	3,119	883
Level 1	7,720	0	458	2,119	883
Level 2	0	0	2,710	999	0
Not classified	**6,407**	**0**	**9,955**	**27,891**	**0**
Gross book value	6,407	0	9,955	27,891	0
Level 1	0	0	8,444	27,864	0
Level 2	6,407	0	0	0	0
Level 3	0	0	1,511	27	0

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Figures in TEUR	Germany	Other industrialised countries	Advanced economies	Emerging markets	Supranational institutions
Investment grade	**7,409,116**	**15,981,996**	**77,883**	**28,494**	**244,991**
Gross book value	7,411,244	16,017,933	77,883	28,494	244,991
Level 1	7,397,500	16,010,697	77,883	28,494	244,991
Level 2	13,744	7,236	0	0	0
Nominal amount	-2,128	-35,937	0	0	0
Level 1	-2,128	-35,937	0	0	0
Non-investment grade	**1,959**	**9,435**	**77**	**10,232**	**0**
Gross book value	1,959	9,435	77	10,232	0
Level 1	1,533	7,954	0	7,413	0
Level 2	426	1,481	77	2,820	0
Not classified	**16,086**	**8,616**	**0**	**0**	**0**
Gross book value	16,086	8,616	0	0	0
Level 1	12,455	8,616	0	0	0
Level 2	0	0	0	0	0
Level 3	3,631	0	0	0	0

31.12.2021

Figures in TEUR	Germany	Other industrialised countries	Advanced economies	Emerging markets	Supranational institutions
Investment grade	**7,427,861**	**11,882,127**	**87,637**	**22,976**	**283,991**
Gross book value	7,429,251	12,250,600	87,637	22,976	283,991
Level 1	7,420,202	12,246,047	87,637	18,704	283,991
Level 2	9,049	4,553	0	4,272	0
Nominal amount	-1,390	-368,473	0	0	0
Level 1	-1,390	-368,473	0	0	0
Non-investment grade	**3,653**	**3,594**	**216**	**7,642**	**0**
Gross book value	3,653	3,594	216	7,642	0
Level 1	2,478	1,060	0	7,642	0
Level 2	1,176	2,534	216	0	0
Not classified	**26,218**	**18,034**	**0**	**0**	**0**
Gross book value	26,218	18,034	0	0	0
Level 1	24,680	11,628	0	0	0
Level 2	0	6,407	0	0	0
Level 3	1,538	0	0	0	0

67. Maturity analysis

In the maturity analysis, contractually agreed cash inflows are shown with a positive sign, while contractually agreed cash outflows are shown with a negative sign. The potential cash outflow is disclosed for financial guarantees and loan commitments.

The contractually agreed maturities – especially in the case of financial guarantees and loan commitments – do not correspond to the actual expected cash flows. The maturity analysis of lease liabilities in accordance with IFRS 16.58 is presented in section 83. In connection with the description and monitoring of the liquidity risk, reference is made to section 78.

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Figures in TEUR	**Up to one month**	**One month to 3 months**	**3 months to 1 year**	**One year to 5 years**	**Over 5 years**	**Indefinite period**
Financial assets	**19,014,056**	**1,053,806**	**1,024,580**	**2,306,987**	**1,056,486**	**8,606**
Balances with central banks	12,397,933	0	0	0	0	0
Loans and advances to banks	914,625	266,774	119,314	62,209	46,774	0
Loans and advances to clients	5,090,141	562,066	190,417	221,197	99,377	0
Positive market values from derivative hedging instruments	0	140	4,118	109,648	100,890	0
Trading assets	231,222	28,548	44,158	2,919	7,087	0
Positive market values from derivative financial instruments	231,222	28,548	44,158	2,919	7,087	0
Financial assets	380,135	196,278	666,573	1,911,014	802,358	0
Other assets	0	0	0	0	0	8,606
Financial liabilities	**18,250,825**	**1,428,580**	**2,266,343**	**1,067,450**	**448,073**	**411**
Liabilities to banks	2,338,712	747,116	1,321,230	19,387	0	0
Liabilities to clients	14,320,256	375,693	422,497	13,037	0	0
Securitised liabilities	1,320,295	232,523	381,642	946,918	372,920	0
Negative market values from derivative hedging instruments	924	135	325	188	60	0
Trading liabilities	270,639	73,113	137,923	75,230	75,093	165
Non-derivative trading liabilities	0	0	0	0	0	165
Negative market values from derivative financial instruments	270,639	73,113	137,923	75,230	75,093	0
Other liabilities	0	0	2,727	12,688	0	246
Financial guarantees and loan commitments	**130**	**28,266**	**101**	**1,736**	**7,832**	**0**
Financial guarantees	0	28,095	0	917	2,058	0
Loan commitments	130	170	101	819	5,775	0

31.12.2021 Figures in TEUR	Up to one month	One month to 3 months	3 months to 1 year	One year to 5 years	Over 5 years	Indefinite period
Financial assets	**17,063,109**	**890,053**	**808,614**	**2,233,347**	**923,230**	**6,407**
Balances with central banks	9,947,784	0	0	0	0	0
Loans and advances to banks	1,044,836	179,604	75,025	48,515	34,311	0
Loans and advances to clients	4,797,551	512,711	296,478	222,062	110,955	0
Positive market values from derivative hedging instruments	0	0	0	4,420	6,597	0
Trading assets	131,565	51,896	70,355	17,626	288	0
Positive market values from derivative financial instruments	131,565	51,896	70,355	17,626	288	0
Financial assets	42,542	78,797	257,386	1,863,675	764,604	0
Other assets	0	0	0	0	0	6,407
Financial liabilities	**17,089,290**	**1,215,631**	**1,483,214**	**1,185,157**	**270,006**	**0**
Liabilities to banks	1,852,011	310,277	203,576	7,786	0	0
Liabilities to clients	12,090,912	134,019	61,503	9,095	0	0
Securitised liabilities	1,949,440	662,616	1,002,969	1,037,098	247,066	0
Negative market values from derivative hedging instruments	78	635	2,845	30,747	13,030	0
Trading liabilities	98,017	41,041	100,398	16,900	3,434	0
Negative market values from derivative financial instruments	98,017	41,041	100,398	16,900	3,434	0
Other liabilities	0	0	2,552	6,484	0	0
Financial guarantees and loan commitments	**0**	**26,776**	**340,147**	**941**	**1,999**	**0**
Financial guarantees	0	26,495	0	941	1,999	0
Loan commitments	0	281	340,147	0	0	0

Shares in subsidiaries amounting to EUR 194.7 million (2021: EUR 164.7 million) are not included under financial assets.

E. QUANTITATIVE AND QUALITATIVE ANALYSIS OF THE VARIOUS BANKING RISKS

68. Risk monitoring

Effective risk management is essential for long-term development and as a strategic safeguard of the success of DZ PRIVATBANK S.A. To direct and monitor the risks arising from banking business, the bank uses monitoring systems that are constantly upgraded.

The bank’s risk management covers all actions taken by the divisions responsible for implementing a chosen risk strategy. Such actions mainly comprise conscious decisions to take on or limit risk.

The Risk Controlling sub-segment is responsible, in particular, for ensuring that risks undertaken are transparent in all risk categories. This entails making a daily risk report to members of the Board of Management and various departments, focusing on the following points:

- Market price risk on a value-at-riskbasis (VaR) (group level and various sub-portfolios)
- Credit risk on a credit VaR basis (Group level and various sub-portfolios),
- Operating risk and business risk
- Liquidity risk (economic and regulatory) (Group level and various sub-portfolios) and
- daily portfolio performance calculation.

In addition, various risk reports are submitted to the Supervisory Board, the Board of Management and relevant decision-makers monthly or quarterly. These include stress test presentations, sensitivity matrices and the risk control function's report to the Supervisory Board. In addition, the annual ICAAP / ILAAP report provides detailed information on the risk situation.

The risk-bearing capacity is considered from an economic and normative perspective within the framework of the ICAAP and ILAAP. In line with the risk, capital and liquidity strategy defined by the Supervisory Board, the risk-bearing capacity describes the ability to bear all risks inherent in the business activity, should they materialise.

In the context of the economic perspective of the ICAAP, the risk-bearing capacity generally exists when sufficient capital is available to cover the measured risk (risk capital requirement) without having to call on outside capital providers. To cover risks, there is aggregate risk capital in the form of equity and equity-related components. The risk-bearing capacity from an economic perspective is given if the aggregate risk capital exceeds all quantified present value risks of loss. The normative ICAAP is based on a forward-looking view of relevant regulatory ratios over a multi-year period. DZ PRIVATBANK's risk appetite statement specifies threshold values for each of these ratios. In this context, the requirement to meet the relevant regulatory ratios is higher than the requirement of the supervisory authority and is therefore carried out taking into account an internally defined management buffer.

Adequate liquidity from an economic perspective of the ILAAP is ensured by making sure that risks and expected outflows are adequately covered by available internal liquidity. The ILAAP of the normative view ensures that all liquidity-related legal and supervisory requirements continue to be met. DZ PRIVATBANK's risk appetite statement sets thresholds for this purpose that take into account a management buffer above the regulatory minimum requirement.

According to the calculation regulations of the European CRR / CRD solvency guidelines, the bank had access to equity totalling EUR 1,110.3 million (2021: EUR 790.1 million). The equity-to-capital ratio DZ PRIVATBANK S.A. as at the balance sheet date was significantly higher at 26.43 percent (2021: 18.9 percent) than the statutory prescribed minimum standard of 10.68 percent (including capital conservation buffer) in relation to the risks assumed.

69. Basic principles of risk, capital and liquidity management

The risk, capital and liquidity strategy (RCL strategy) defined by the Supervisory Board forms the basis for risk, capital and liquidity management. This strategy is implemented in the risk, capital and liquidity policy (RCL policy) approved by the Supervisory Board.

The RCL strategy in conjunction with the RCL policy contains as essential elements the guidelines regarding

- the risk assessment,
- the risk appetite and the relevant limits,
- the definition of the risk-bearing capacity and risk management,
- the sub-strategies of major risk types,
- the capital adequacy from an economic and normative perspective
- and the liquidity adequacy from an economic and normative perspective.

It also contains the summary of key guiding principles within the framework of the risk, capital and liquidity strategy (risk policy guidelines) as well as the statements on non-financial risks.

The RCL strategy is applied in practice through continuous involvement in the strategic and operational planning processes, standardised monitoring for KPIs and a regular reporting process with clear responsibilities and escalation levels.

The risk-bearing capacity, which must be continuously ensured in accordance with the RCL strategy, focuses on the appropriateness of the ratio of identified risk and available funds (capital) to cover unexpected losses.

Capital planning distinguishes between the normative perspective, which is based on regulatory requirements – such as solvency and leverage ratio – and the economic perspective, which is based on internal models. An essential component in both cases is the available equity.

The bank's risk-bearing capacity and adequate liquidity were ensured throughout the financial year.

Risk measurement

Value-at-risk (VaR) and performance changes included in stress tests are used for measuring financial risk. The VaR indicates the loss which will not be exceeded within a predefined period according to a defined probability (confidence level). Stress tests indicate the analysis of performance changes under suitably defined crisis scenarios. The result of the VaR measurement and suitable stress tests is known as the risk capital requirement. Liquidity risk is measured using the minimum liquidity surplus internal risk indicator (compare section 78).
The risk measurement for all risk types is carried out both at company level and at Group level.

70. Definition of risk types

In the RCL strategy, risks are recorded in the following risk types:

- market price risk (including IRRBB risk),
- credit risk,
- operational risk
- reputational risk,
- business risk,
- investment risk and
- liquidity risk.

Sustainability risks are subsumed under the listed risk types at DZ PRIVATBANK S.A. and implicitly capitalised therein.

71. Market price risk

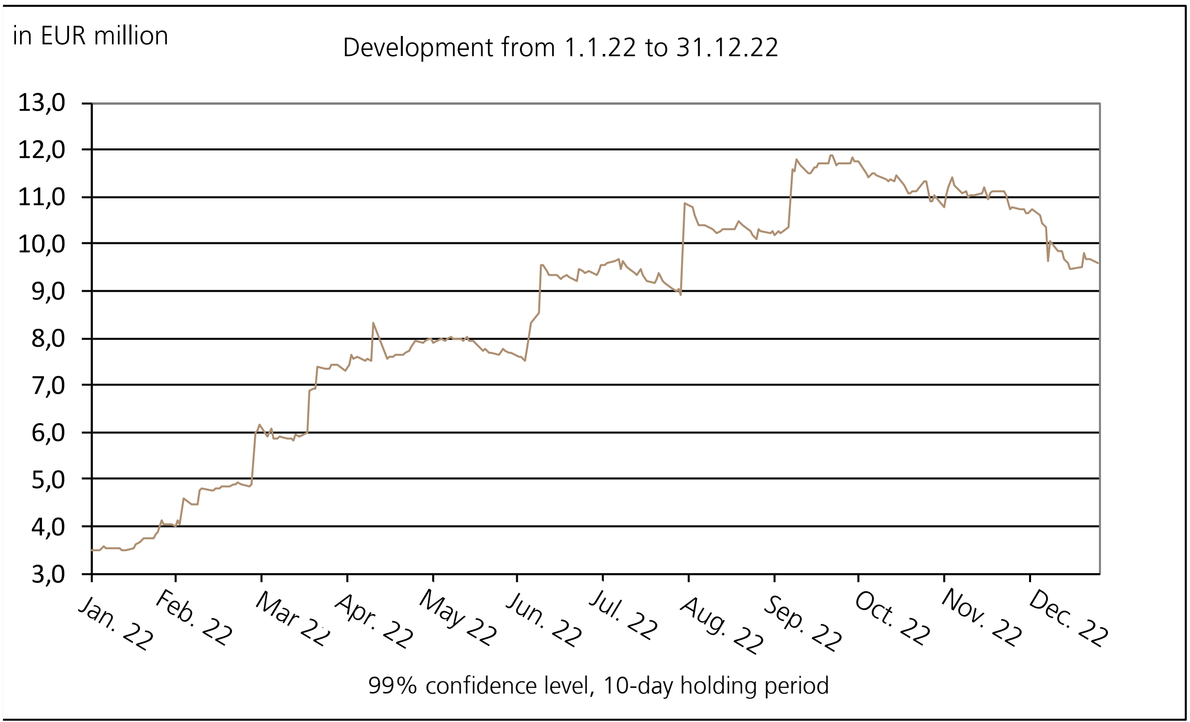
The bank incurs market price risks in order to take advantage of business opportunities. Market price risk is the risk of loss arising from changes in interest rates, spreads, ratings (migration risk), foreign exchange rates, equity / fund / commodity prices and volatilities / correlations. The market price risks, which are composed of the general market price risks as well as the spread and migration risks, are restricted by a local limit, which is agreed with DZ BANK AG and is consistent with the group limit, and are also monitored within DZ PRIVATBANK S.A.

Spread and migration risks are measured centrally by DZ Bank AG both for the Group and the individual management units. The method for determining the general market price risks on the basis of a historical simulation is based on a confidence level of 99 percent with an assumed holding period of one trading day over an observation period of 300 days. The limit was applied on the basis of a confidence level of 99.9 percent and a holding period of one year.

Back testing is carried out daily in order to check the reliability of the VaR approach. This involves comparing the daily profits and losses with the VaR figures calculated on the basis of risk modelling. Basis point value procedures and stress test procedures, in which various market movements are simulated, supplement market price risk monitoring.

MARKET RISK DEVELOPMENT OF DZ PRIVATBANK S. A.:

99 percent confidence level, 10-day HOLDING period.



72. Credit risk

Credit risk indicates the risk of unexpected losses caused by counterparty insolvency. The risk capital requirement for the credit risk is quantified by means of a portfolio model (Creditmetrics).
This procedure determines the loss distribution on the basis of simulation calculations which can then be used to estimate the unexpected loss and thus the risk capital requirement.

73. Operational risk

According to the banking supervision definition, the bank defines operational risk as the risk of losses arising from human actions, process or project management weaknesses, technical failure or through external influences.

Among other things, legal and IT risk are included in the definition; strategic and reputational risks are not included. Operational risks involve their own form of risk and correspondingly require extensive management, controlling and monitoring. The goal is to identify, limit and avoid such risks.

Early warning system / risk indicators

Early warning systems are employed for the systematic detection and recognition of as many of the risks as possible involved in banking. Risk indicators, measured using fixed thresholds, are warning signals that indicate possible operational risks. They can therefore serve the bank as an early warning system to indicate unwelcome trends or developments in banking operations.

Loss database

Data on losses is especially useful for identifying operational risks. The systematic collating and analysis of such data enables weak points to be identified so that measures can be undertaken for their improvement. In order to ensure that the requirements for completeness, quality and auditability are met, the bank uses a database for collecting data on loss that contains data since 2003.

Self-assessment

The self-assessment of DZ PRIVATBANK S.A. serves as a risk potential assessment. It is carried out as part of the DZ BANK Group risk self-assessment. The basic scenarios are determined centrally by DZ BANK AG. The specific scenario descriptions and characteristics are based on this (estimation of amount and frequency of losses).

The risk capital requirement for the operational risk is determined every quarter at a central level by DZ BANK AG. The historical data on losses and the risk potential estimates from the risk self-assessment is entered into the economic model.

74. Reputational risk

Reputational risk is the risk of losses arising from events that could damage confidence in DZ PRIVATBANK or in the products and services offered, in particular with respect to clients (this also includes the cooperative banks), shareholders, employees, the labour market, the public sphere and at the level of the supervisory authorities. Reputational risks can occur as an independent risk (“primary reputational risk”) or arise as a direct or indirect consequence of other types of risk (“secondary reputational risk”).

Appropriate measures are to be taken to avoid losses from reputational events as a matter of principle and to reduce them when they occur as well as to raise awareness of potential reputational risks. Reputational risk is taken into account in the risk strategy by, inter alia, defining fair dealing with all business partners and employees as well as excluding businesses with dubious addresses. As a result, the sustainability concepts pursued at DZ PRIVATBANK is taken into account.

75. Concentration of credit risks

The Lending department of DZ PRIVATBANK S.A. is responsible throughout the group for the cooperative banks' lending business in foreign currencies. It covers the direct refinancing of cooperative banks and the guaranteed lending business of their clients. Other business activities include collateralised loans, money market operations and securities transactions. Further explanations are given in section 66.

76. Business risk

Business risk is the risk of loss from fluctuations in earnings resulting from a given business strategy and not covered by other types of risk. In particular, this includes the risk that due to significant changes in conditions (e.g. economic and product environment, client behaviour, competitive situation), losses cannot be covered on a purely operational basis. In accordance with the risk management and controlling concepts of other risks, the bank measures its business risk as VaR based on a variance / co-variance approach. The capital required to secure business risks is determined by the volatility of both of these risk drivers (income and costs) and their correlation.

77. Investment risk

Investment risks are calculated for investments that are not directly included in the risk management strategy of DZ PRIVATBANK S.A. The real estate risk allocated to investment risk for the purpose of consistency with the requirements of DZ BANK Group is immaterial, as the actual value of the owner-occupied building is significantly higher than the book value. Since all significant participations of DZ PRIVATBANK S.A. are involved in risk management, this approach to the reporting date is irrelevant.

78. Liquidity risk

DZ PRIVATBANK S.A. interprets liquidity risk as the risk of there being insufficient funds available to meet payment obligations. Liquidity risk is thus considered as insolvency risk. Refinancing risk is the risk of loss that may arise for DZ PRIVATBANK S.A. as a result of a deterioration in the liquidity spread (as part of the spreads on own issues). With rising liquidity spreads, future liquidity requirements can only be met subject to additional costs.
The main sources of liquidity risks are identified on the basis of the bank's business strategy and business activities. The bank uses an internal liquidity risk model for measuring liquidity risks. This ensures transparency for expected and unexpected liquidity flows (forward cash exposure) and for the liquidity reserves used to offset liquidity shortages (counterbalancing capacity) on a daily basis. Both a normal scenario and several stress scenarios are considered. The objective is a positive cash surplus in all relevant scenarios in the corresponding prognosis period. A liquidity contingency plan is in place to allow the bank to respond to a crisis situation quickly and in a coordinated manner. The central control parameter for DZ PRIVATBANK S.A. is the minimum liquidity surplus across the maturity bands and scenarios considered. The liquidity surplus is calculated for each maturity band as the balance between the expected liquidity position and the refinancing capacity and is calculated for each day of the following 250 business days.

79. Currency risks

The summarised quantitative information on the currency risk of DZ PRIVATBANK S.A. reported to the management of DZ PRIVATBANK S.A. is as follows:

31.12.2022

Figures in TEUR	EUR	CHF	USD	GBP	Other
Financial assets	**16,270,213**	**6,764,924**	**1,547,425**	**34,283**	**195,888**
Cash reserves	8,869,486	3,537,943	566	0	0
Loans and advances to banks	540,330	338,154	437,157	14,636	79,419
Loans and advances to clients	3,736,772	2,269,580	63,171	18,267	75,409
Positive market values from derivative hedging instruments	179,383	2,398	33,016	0	0
Trading assets	240,816	14,556	44,220	1,389	12,952
Financial assets	2,549,802	602,425	969,529	0	29,301
Other assets	154,563	0	42	0	1
Risk provisions	-940	-131	-275	-10	-1,194
Financial liabilities	**15,991,918**	**403,064**	**4,955,678**	**1,194,794**	**1,099,159**
Liabilities to banks	1,702,267	96,073	2,114,660	186,669	326,777
Liabilities to clients	12,149,759	262,310	1,773,267	214,931	731,216
Securitised liabilities	1,708,547	36,513	755,027	754,211	0
Negative market values from derivative hedging instruments	1,576	0	57	0	0
Trading liabilities	231,778	8,039	312,311	38,963	41,072
Other liabilities	197,992	129	355	20	94

31.12.2021 Figures in TEUR	EUR	CHF	USD	GBP	Other
Financial assets	**16,419,402**	**2,738,255**	**1,365,774**	**68,904**	**322,814**
Cash reserves	9,942,532	19,941	264	0	0
Loans and advances to banks	549,892	347,267	305,824	4,403	174,904
Loans and advances to clients	3,360,177	2,331,671	124,810	20,703	102,397
Positive market values from derivative hedging instruments	6,291	11	4,715	0	0
Trading assets	20,614	39,470	148,489	43,801	19,357
Financial assets	2,363,524	0	781,782	0	26,398
Other assets	177,018	0	94	0	1
Risk provisions	-648	-106	-204	-3	-244
Financial liabilities	**13,198,061**	**450,785**	**3,296,806**	**2,183,875**	**935,308**
Liabilities to banks	935,359	12,903	1,205,333	33,300	186,754
Liabilities to clients	9,656,988	300,280	1,493,491	110,632	734,137
Securitised liabilities	2,146,455	136,301	578,179	2,038,254	0
Negative market values from derivative hedging instruments	39,819	905	6,612	0	0
Trading liabilities	230,157	393	13,150	1,672	14,417
Other liabilities	189,282	4	41	16	0

The bank manages and limits the foreign exchange risk as part of the market price risk within the framework of the VaR procedure. In this respect, currency risk is not managed separately.

80. Interest rate risk

As part of its interest rate strategy, the bank pursues both a periodic management strategy and a management strategy based on the present value. The main objectives here are to stabilise income and to increase the present value.
The periodic income risk (NII risk) represents the risk of changes in income and expenses resulting from interest payments on financial instruments. The difference between interest income and interest expense is referred to as net interest income (NII).
The NII risk corresponds to the future simulated NII under different interest rate scenarios. For this purpose, various stress interest rate scenarios are considered in addition to a base rate scenario. The NII under the base rate scenario corresponds to the NII when the current yield curve is extrapolated. The stress interest rate scenarios consider changes to the base interest rate scenario (including parallel shifts, rotations of the yield curve and the consideration of interest rate floors). The difference between the NII of a base rate scenario and a stress interest rate scenario describes the NII risk (under that scenario). The NII risk has been limited since August 2022.
Interest rate risks are managed on the basis of the VaR model for market price risks (present value view). A sensitivity matrix is also prepared to manage and measure interest rate risk. This is done using the basis point value method. The basis point value or sensitivity of a transaction or portfolio is the change in present value that would occur in the event of an interest rate increase of one basis point.

Significance of interest rate risk

The interest rate profile of the interest-bearing financial instruments of DZ PRIVATBANK S.A. is as follows:

Sensitivity analysis

Figures in TEUR

Maturity band	2022	2021
1M	-10	-15
2M	-6	-2
3M	-5	-1
6M	24	5
9M	13	3
1Y	-46	-25
2Y	-55	-29
3Y	-11	-64
4Y	-8	-11
5Y	-9	-9
6Y	-2	-4
7Y	-3	-2
8Y	-4	-7
9Y	-3	-5
10Y	0	-3
30Y	0	0
Total	**-125**	**-169**

by currency	2022	2021
EUR	-38	-122
CHF	49	37
JPY	14	2
USD	-107	-36
GBP	-17	-1
Other	-23	-16

Stress test 2% parallel shift

Figures in TEUR	2022	2021
200 bp. increase	-23,690	-32,495
200 bp. reduction	25,327	35,193

F. OTHER DISCLOSURES

81. Contingent liabilities

Figures in TEUR	31.12.2022	31.12.2021
Contingent liabilities from contributions to the resolution fund for CRR banks	8,606	6,407
Contingent liabilities for litigation risks	4,200	4,200
Total	**12,806**	**10,606**

Contingent liabilities from contributions to the resolution fund for CRR banksinclude irrevocable paymentobligations granted by the Single Resolution Board (SRB) following the approval of applications for the provision of collateral to partially settle the contribution of the European bank levy for the contribution years 2017 to 2022.

The contingent liabilities for litigation risks consist of the assumption of a litigation risk by a subsidiary of DZ PRIVATBANK S.A. to an institutional client, the probability of occurrence of which is considered by the bank to be very low.

82. Financial guarantees and loan commitments

Figures in TEUR	31.12.2022	31.12.2021
Financial guarantees	**31,070**	**29,435**
Loan guarantees and sureties	31,070	29,435
Loan commitments	**6,995**	**340,428**
Loans to clients	5,775	340,147
Guarantee facilities	1,220	281
Total	**38,065**	**369,863**

The disclosures on financial guarantees and loan commitments are made in the amount of the nominal values of the irrevocable commitments entered into in each case.

83. Leases

The object classes of the lessee relationships are divided as follows into land and buildings as well as future, fittings and equipment.

Figures in TEUR	2022 Land and buildings	2022 Furniture, fittings and equipment	2021 Land and buildings	2021 Furniture, fittings and equipment
Book value as of 1 January	**7,316**	**1,369**	**8,480**	**1,805**
Additions	12,267	1,028	3,055	676
Disposals	-1,996	0	-184	-99
Depreciations	-4,121	-810	-4,220	-828
Revaluation	0	0	0	0
Repostings	0	0	186	-186
Book value as of 31 December	**13,466**	**1,586**	**7,316**	**1,369**

There are no sale and leaseback transactions or expenses for short-term leases accounted for in accordance with IFRS 16.6.

The branches of DZ PRIVATBANK S.A. are leased in premises of DZ BANK AG and other affiliated companies of DZ BANK Group with a right of use in the amount of EUR 3.8 million (2021: EUR 2.8 million).

DZ PRIVATBANK S.A. received rental payments of EUR 1.0 million in the 2022 financial year (2021: EUR 1.1 million). These arise from the tenancy agreements with R+V Lebensversicherung AG, Luxembourg branch, and a subtenancy agreement with an affiliated company (IPConcept Luxemburg S.A.) for the use of office space. The total of future minimum payments expected to be received as a result of non-cancellable subleases on the balance sheet date amounts to EUR 0.3 million (2021: EUR 0.3 million).

The contractual maturities of the lease liabilities break down as follows:

Figures in TEUR	2022	2021
- up to 1 year	38	2,552
- longer than 1 year and up to 3 years	7,083	1,780
- longer than 3 years and up to 5 years	2,920	4,704
- longer than 5 years	0	0
Total	**10,041**	**9,036**

The tenancy agreements contain renewal and termination options, which are used by DZ PRIVATBANK S.A. if required. The following expenses and income are recognised in the statement of comprehensive income for rights of use from leased assets:

Figures in TEUR	31.12.2022	31.12.2021
Interest expense	-665	-520
Amortisation of rights of use	-4,931	-5,047
Income from letting	1,014	1,060
of which: from subleases of rights of use	444	444

In total, there were payments for leases (interest and repayment portions) of EUR 5.5 million in 2022 (2021: EUR 5.7 million).

84. Information on revenue from contracts with clients

Effects in the statement of comprehensive income broken down by revenue type, geographical market and type of revenue received:

Figures in TEUR	2022	2021
Revenue types		
Commission income from securities transactions	197,922	218,064
Commission income from asset management	56,698	53,055
Commission income from payment transactions including card business	1,345	1,301
Commission income from credit and trust activities	136	162
Other commission income	3,136	1,416
Total	**259,237**	**273,998**
Main geographical markets		
Luxembourg	141,348	136,224
Germany	109,481	125,664
Rest of Europe	6,136	7,956
Rest of the world	2,273	4,155
Total	**259,237**	**273,998**
Type of revenue received		
Related to a specific date	56,698	157,063
Period-related	202,539	116,935
Total	**259,237**	**273,998**

Loans and advances and contract assets and liabilities

In 2022 and 2021, there were no loans and advances from contracts with clients for which the income received is not subject to effective interest and which are accounted for using the rules of IFRS 15. In addition, there were no contract assets and liabilities for circumstances in which the fulfilment of the consideration is still dependent on a condition other than maturity.

Period-related performance obligations are invoiced within a year, predominantly on a half-yearly basis. Time-related performance obligations are met when the service is provided. The remuneration is structured in such a way that DZ PRIVATBANK S.A. does not normally recognise performance obligations as liabilities.

Please refer to section 26 for the breakdown of commissions by business segment.

85. Employees

The following table shows the average number of employees during the financial year:

	2022	2021
Female employees	**387**	**383**
Full-time employees	185	190
Part-time employees	202	193
Employees	**658**	**627**
Full-time employees	603	573
Part-time employees	55	54
Total	**1,045**	**1,010**

In addition, an average of 19 (2021: 19) employees were in training in 2022. Part-time employees are included in these figures on a pro rata basis according to the hours worked.

The total includes all active and inactive employees, adjusted for early retirees, junior staff and the Board of Management. The junior staff includes all trainees, students completing a dual course of study at DZ PRIVATBANK S.A. and trainees.

86. Company pension scheme

The bank has agreed three different types of pension commitments with its employees:

- Defined contribution plans
- Defined benefit plans in accordance with BV 93 (funded by provisions)
- Defined benefit plans (GENO pension fund)

The defined contribution plans relate exclusively to employees in the German branches. Fixed contributions are paid to external pension providers (R+V Versicherung AG and BVV Versicherungsverein des Bankgewerbes a. G.). A total of TEUR 483 (2021: TEUR 406) was paid to the pension providers in the financial year.

The defined benefit pension commitments financed by provisions relate exclusively to employees at the Düsseldorf branch. These are former employees of WGZ BANK AG who transferred to DZ PRIVATBANK S.A. as part of the transfer of operations on 1 January 2012 and who had already acquired entitlements by that date. This is a defined benefit commitment based on fixed age-dependent conversion factors. (Fictitious) accounts are maintained for employees and payment is made by default in instalments and, with the bank's consent, also as a lump sum or as an annuity. The measurement of the provision is based on an actuarial report in accordance with IAS 19 and is carried out by the actuary WillisTowersWatson.

The actuarial valuation assumptions are as follows:

	31.12.2022	31.12.2021
Exchange rate	3.70%	0.75%
Dynamics of the chargeable remuneration	1.80%	1.80%
Dynamics of adjustment of current pensions	1.60%	1.60%
Contribution assessment ceiling in the statutory pension insurance	EUR 87,600	EUR 85,200
Trend of the contribution assessment ceiling in the statutory pension insurance	1.80%	1.80%

Further actuarial assumptions are drawn from the Heubeck 2018 G mortality tables.

The pension provision pursuant to BV 93 amounts to EUR 3.0 million as of 31 December 2022 (2021: EUR 4.1 million). The service cost amounts to TEUR 115 (2021: TEUR 121) and the interest cost amounts to TEUR 45 (2021: TEUR 31). In the financial year, TEUR 30 was paid out to employees. The actuarial result in the 2022 financial year amounts to TEUR +1,156 (2021: TEUR +210) and is due to changes in the amount of TEUR +1,184 and due to experience in the amount of TEUR -28. The cumulative figure is TEUR -530 (2021: TEUR -1,686).

For reasons of materiality, a sensitivity analysis is not presented.

In addition, there is an employee-financed pension plan for these employees with a provision of TEUR 201(2021: TEUR 197) and a reimbursement claim recognised as an asset based on a reinsurance policy with R+V Versicherung AG in the same amount.

The defined benefit commitments (GENO pension fund) relate exclusively to those employees of DZ PRIVATBANK S.A. who are employed at the head office in Luxembourg. These commitments are employer-financed defined contribution plans (modular plans) financed through a pension fund. The legal basis for the existing pension obligations are the pension regulations of the GENO pension fund, ASSEP as amended on 7 February 2019.

The benefits borne by the pension fund include the payment of

» old-age pension and early retirement pension (both generally as a principal amount),

» survivor benefits in the event of the death of an active member as a principal payment and

» disability pension in the event of a disability of an active member as a principal payment.

Occupational pension schemes in Luxembourg are governed by the Occupational Pensions Act of 8 June 1999 as amended on 1 January 2019. The provisions of the pension fund must at least correspond to the present value of the acquired entitlements on the basis of the provisions of the Occupational Pensions Act. This corresponds to the present value of the pension capital achieved, as defined in the relevant pension plan.

The pension fund is subject to the Law of 13 July 2005 on pension funds in the form of an ASSEP or a SEPCAV as amended. This law transposes the EU Directive 2341 / 2016. PECOMA Actuarial and Risk S.A. has been appointed as administrator of the commitments. Accounting is carried out by Union Financial Service S.A. under a separate service provider agreement. The asset management of the GENO-pension fund has been the responsibility of the Board of Directors of the GENO-pension fund since 1 January 2019. The control of the investment restrictions is ensured by IPConcept (Luxemburg) S.A. The plan assets are a legally independent pension fund under Luxembourg law. The fund assets of EUR 97.3 million (2021: EUR 97.3 million) consist of investment fund units (intra-group securities funds without market price quotations in an active market) of EUR 89.2 million and other assets of EUR 8.1 million.

Within the framework of the financing plan, the participating companies make contributions from their employees and, if necessary, offset actuarial gains and losses and shortfalls from investment income. Contributions are allocated to contributors in accordance with the specific regulations. The investment income of the sub-fund is distributed among the contributors on the basis of the proportionate share of net assets at the beginning of the year.
Each contributor shall be responsible for the obligations determined in this way.

The pension fund entitlements are as follows:

	31.12.2022	31.12.2021
Active members	898	878
Former employees with vested benefits	135	112
Pensioners	0	0
Total	**1,033**	**990**
Average future years of service of active members (years)	19.45	20.09
Duration of the DBO	6.88	8.53

The bases of accounting are as follows:

Calculation bases	31.12.2022	31.12.2021
Exchange rate	3.70%	1.10%
Expected return on plan assets	3.70%	1.10%
Salary development	3.50%	3.50%
Index development	n/a	n/a
Pension development	n/a	n/a
Fluctuation (until vested benefits are received)	6.00%	6.00%
Mortality tables	n/a	n/a

The actuarial valuation is derived from this as follows:

Figures in TEUR	31.12.2022	31.12.2021
Pension obligation	99,021	120,486
Pension obligation without lump-sum tax	98,716	116,457
Pension obligation for lump-sum tax	305	4,012
Plan assets	97,255	97,280

Figures in TEUR	For the year 2023, anticipated	For the year 2022	For the year 2021
Service cost	5,539	7,424	7,596
Service cost excluding lump-sum tax (incl. interest)	4,582	6,141	6,283
Service cost for lump-sum tax (incl. interest)	958	1,283	1,313
Interest expense	3,539	1,303	876
Interest expense on pension obligations excluding lump-sum tax	3,528	1,259	847
Interest expense on pension obligations for lump-sum tax	11	44	29
Expected return on plan assets	3,474	1,048	706

The cash flow is set out as follows:

Figures in TEUR	For the year 2023, anticipated	For the year 2022	For the year 2021
Payments from plan assets	6,750	4,183	2,182
Repayments to employers from plan assets	0	0	0
Transfers to / from plan assets	0	94	252
Premium / addition to plan assets	4,467	26,057	4,489
Payments from pension obligations	6,750	4,183	2,182
Transfers to pension obligations	0	94	252
Taxes	**1,128**	**5,252**	**933**
Lump-sum tax of 20%	893	5,212	898
IGSS fee of 0.9%	235	40	35

The sensitivity of the main hypotheses is as follows:

Figures in TEUR	31.12.2022	31.12.2021
Decrease in pension obligations due to increase in actuarial interest rate by 50 basis points	-4,291	-5,696
Increase in pension obligations due to reduction in actuarial interest rate by 50 basis points	3,658	6,138
Increase in pension obligations due to increase in funding age (retirement age assumed for valuation): +1 year	6,881	4,819
Decrease in pension obligations due to decrease in funding age (retirement age assumed for valuation): -1 year	-7,509	-8,434

The actuarial result for the 2022 financial year amounted to EUR 2.2 million (2021: EUR 1.8 million) and is comprised of the following:

» Defined benefit obligation of EUR +20.8 million (2021: EUR +3.2 million), of which EUR -3.4 million (2021: EUR -1.5 million) is based on experience and EUR +24.2 million (2021: EUR +4.7 million) is due to changes in interest rate assumptions

» Plan assets with EUR -23.0 million (2021: EUR -1.4 million)

The cumulative value of actuarial gains and losses as of 31 December 2022 is EUR 29.6 million (2021: EUR -27.3 million).

In addition to the pension commitments explained above, there are additional individual commitments for senior employees of DZ PRIVATBANK S.A. in the amount of EUR 1.6 million (2021: EUR 2.9 million) with an actuarial result for the 2022 financial year of TEUR +1,900 (2021: TEUR +420) and an addition of TEUR 616 (2021: TEUR 834) recognised in profit or loss. The cumulative value of actuarial gains and losses as of 31 December 2022 is TEUR +2,364 (2021: TEUR 464).

87. Auditor's fee

The total fee calculated by the auditors PricewaterhouseCoopers, Société coopérative, Luxembourg, for the financial year, broken down by type of service for DZ PRIVATBANK S.A., is as follows:

Figures in TEUR	2022	2021
Audit services	512	458
Other confirmation services	147	48
Other services	86	55
Total	**746**	**561**

The fees for audit services include the expenses for the audit of the local annual financial statements in Luxembourg as well as the audit of the Group reporting package to DZ BANK AG as of 31 December 2022. Audit services were provided for the subsidiary IPConcept (Luxemburg) S.A. during the financial year.

88. Remuneration of the Board of Management and the Supervisory Board

The remuneration of the Board of Management of DZ PRIVATBANK S.A. and the Supervisory Board is summarised in the following table:

Figures in TEUR	2022	2021
Remuneration of the Board of Management	**2,826**	**2,557**
Fixed benefits	2,069	1,975
Variable benefits	331	263
Severance payments	426	319
Total remuneration of former members of the Board of Management	**52**	**116**
of which variable benefits	52	116
Remuneration of the Supervisory Board (short-term benefits)	**151**	**155**

The transfer to the GENO pension fund as part of the company pension plan amounts to TEUR 165 for the Board of Management (2021: TEUR 238).

89. Share-based payment

The share-based payment is explained in section 24.

The following overview shows the development of share-based remuneration components not paid out to the Board of Management at DZ PRIVATBANK S.A.:

Figures in TEUR	2022	2021
Share-based payment not paid out as of 1 January	**1,864**	**1,612**
Remuneration granted in the reporting period	789	631
Payment of remuneration granted in the 2021 financial year	-143	-89
Payment of remuneration granted in previous years	-240	-290
Reduction in share-based payment	-226	0
Share-based payment not paid out as of 31 December	**2,044**	**1,864**

Furthermore, an addition to the provision for risk takers in the amount of EUR 150 thousand was made for employees who are risk takers within the meaning of the regulatory requirements. The share-based payment not paid out as at 31 December 2022 is TEUR 444.

90. Relationships with related companies and persons

The bank considers related companies to be all group companies of DZ PRIVATBANK S.A. and DZ BANK Group.

Transactions with Group companies mainly consist of holding securities in safekeeping, money market and foreign exchange trading and the purchase and sale of derivative instruments. Compliance with the arm's-length principle is mandatory.

Relationships with related companies were as follows as of the balance sheet date:

Figures in TEUR	31.12.2022	31.12.2021
Assets	**62,020**	**252,081**
Receivables from banks	39,487	207,375
incl. DZ BANK AG	39,478	205,834
of which: subsidiaries	9	1,541
Transferable securities	22,533	44,706
Liabilities	**2,709,238**	**2,204,647**
Liabilities to banks	723,271	68,449
of which to DZ BANK AG	699,745	60,498
of which to subsidiaries of DZ PRIVATBANK S.A.	23,526	7,951
Liabilities to clients	542,305	417,550
of which to subsidiaries of DZ PRIVATBANK S.A.	38,167	39,376
Securitised liabilities	1,443,662	1,718,648
of which to DZ BANK AG	1,374,220	1,647,827
of which to subsidiaries of DZ PRIVATBANK S.A.	69,442	70,821
Off-balance sheet transactions	**0**	**0**
Total	**2,771,258**	**2,456,728**

The following expenses and income were incurred in connection with transactions with related companies:

Figures in TEUR	31.12.2022	31.12.2021
Income	**69,323**	**69,614**
Interest income	4,630	6,383
of which to DZ BANK AG	1,351	5,448
of which to subsidiaries of DZ PRIVATBANK S.A.	2,830	0
Commission income	59,305	58,262
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	18,883	16,778
Income from Group services	5,388	4,969
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	4,976	4,514
Expenses	**15,895**	**14,309**
Interest expense	2,700	1,640
of which to DZ BANK AG	2,621	1,632
of which to subsidiaries of DZ PRIVATBANK S.A.	79	8
Commission expenses	12,938	12,570
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	0	0
Expenses from Group services	257	99

Related parties are persons in key positions who are directly or indirectly responsible for planning, managing and monitoring the activities of DZ PRIVATBANK S.A. and their close family members. At DZ PRIVATBANK S.A., the members of the Board of Management and the Supervisory Board are counted as key management personnel for the purposes of IAS 24. At the end of the financial year, there were credits, loan and loan commitments of TEUR 24 (2021: TEUR 33) to related parties.

In addition, persons in key positions and their close family members as well as non-related persons have the opportunity to make use of further financial services of DZ PRIVATBANK S.A. Where use was made of this option, transactions were concluded at market conditions.

91. Events after the reporting period

No events of particular significance occurred after the balance sheet date.

COMMITTEES

SUPERVISORY BOARD

UWE FRÖHLICH

CHAIRMAN

Co-Chairman

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank,

Frankfurt am Main

DR CHRISTIAN BRAUCKMANN

VICE-CHAIRMAN

Member of the Board of Management

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank,

Frankfurt am Main

RALF BAUMBUSCH

Member of the Board

of Management VR-Bank Ostalb eG,

Aalen

DR PETER BOTTERMANN

Chairman of the Board of

Management Volksbank Ruhr-

Mitte eG, Gelsenkirchen

KLAUS KÖNIGS

Chairman of the Board of

Management VR Bank Lahn-Dill eG,

Dillenburg

HANS-PETER LECHNER

Member of the Board of Management

VR Bank Metropolregion Nürnberg eG,

Neustadt an der Aisch

DR ANDREAS MARTIN

Member of the Board of Management

Bundesverband der Deutschen Volksbanken

und Raiffeisenbanken e.V. (BVR), Berlin

JÜRGEN PÜTZ

Chairman of the Board of

Management Volksbank Köln

Bonn eG, Bonn

MICHAEL HUPPERT

Member of the Board of

Management Volksbank

Stuttgart eG, Stuttgart

JÜRGEN WACHE

Chairman of the Board of

Management Hannoversche

Volksbank eG, Hanover

BOARD OF MANAGEMENT

PETER SCHIRMBECK

CHAIRMAN

STEFAN BIELMEIER

RALF BRINGMANN

(until 8 June 2022)

DR FRANK MÜLLER

ADVISORY BOARD

As at: 31 December 2022

ANDREAS OTTO

CHAIRMAN

Chairman of the Board of Management

Volksbank im Bergischen Land eG,

Remscheid

DIMITRIOS MELETOUDIS

Member of the Board of Management

Volksbank Bruchsal-Bretten eG,

Bretten

JÖRG LINDEMANN

VICE-CHAIRMAN

Member of the Board of Management

Volksbank Darmstadt-Südhessen eG,

Darmstadt

ARNOLD MILLER

Chairman of the Board of Management

VR Bank Ravensburg-Weingarten eG,

Ravensburg

MATTHIAS BATTEFELD

Member of the Board of Management

Hannoversche Volksbank eG,

Hanover

CHRISTINA OPITZ

Member of the Board of Management

GLS Gemeinschaftsbank eG,

Bochum

TOBIAS BELESNAI

Member of the Board of Management

VR Bank Heilbronn Schwäbisch Hall eG,

Schwäbisch Hall

CLAUS REDER

Member of the Board of Management

VR Bank Würzburg eG,

Würzburg

CARSTEN CLEMENS

Chairman of the Board of Management

VR-Bank Landau-Mengkofen eG,

Landau

HANS-CHRISTIAN REUß

Member of the Board of Management

Volksbank Kassel Göttingen eG,

Kassel

STEPHAN HEINISCH

Member of the Board of Management

Volksbank Freiburg eG,

Freiburg

THOMAS RUFF

Member of the Board of Management

Volksbank eG Bad Laer-Borgloh-Hilter-Melle,

Hilter

JÜRGEN HELD

Chairman of the Board of Management

Volksbank Leonberg-Strohgäu eG,

Leonberg

MANFRED SCHÄTZ

Member of the Board of Management

Volksbank Raiffeisenbank Fürstenfeldbruck eG,

Fürstenfeldbruck

STEFAN HOFFMANN

Chairman of the Board of Management

Volksbank Beckum-Lippstadt eG,

Lippstadt

CARLO SEGETH

Chairman of the Board of Management

Bank 1 Saar eG,

Saarbrücken

CLIFFORD JORDAN

Member of the Board of Management

VR Bank Südpfalz eG,

Landau

ROLAND SEIDL

Member of the Board of Management

meine Volksbank Raiffeisenbank eG,

Rosenheim

PETRA KALBHENN

Member of the Board of Management

VR Bank Main-Kinzig-Büdingen eG,

Büdingen

REMO TEICHERT

Member of the Board of Management

Volksbank Dresden-Bautzen eG,

Dresden

DR CARSTEN KRAUß

Co-Chairman of the Board of Management

VR Bank Mittelfranken Mitte eG,

Ansbach

DR EKKEHARD THIESLER

Chairman of the Board of Management

Bank für Kirche und Diakonie eG – KD Bank,

Dortmund

ROLAND KREBS

Chairman of the Board of Management

Volksbank in Südwestfalen eG,

Siegen

MARK UHDE

Member of the Board of Management

Volksbank eG Braunschweig Wolfsburg,

Wolfsburg

DIVISIONS OF DZ PRIVATBANK

COMPLIANCE / MONEY LAUNDERING / DATA PROTECTION / INFORMATION SECURITY & RISK

Christian Brüne

HUMAN RESOURCES

Bernd Pompetzki

FUND SERVICES BUSINESS DEVELOPMENT / CLIENTS

Julien Zimmer

PORTFOLIO MANAGEMENT

Barbara Landau

FUND SERVICES FUND ADMINISTRATION/DEPOSITARY

Ulrich Juchem

PRIVATE BANKING BUSINESS SECTOR DEVELOPMENT AND SUPPORT

Alexander Stoll

COMMITTEES / SUBSIDIARIES

Petra Gören

PRIVATE WEALTH MANAGEMENT

Arasch Charifi

GROUP STRATEGY / MARKETING & DIGITAL TRANSFORMATION

Dr Dominique Lammer

PROJECT PORTFOLIO MANAGEMENT

Hauke Meintz

CREDIT RISK MANAGEMENT

Christian Deisenhofer

LAW / CLIENT TAXES

Stefan Gruner

SUSTAINABILITY (CSR)

Corinna Frank

INTERNAL AUDIT

Axel Rau

OPERATIONS / SERVICES

Andreas Lechtenberg

TREASURY / BROKERAGE

Thomas Gehlen

ORGANISATION / IT / ADMINISTRATION

Alexander Neumann

CORPORATE PLANNING

Dr Christian Elbert

MANDATES OF THE BOARD OF MANAGEMENT

Peter Schirmbeck	**Mandate**	**Company**
Chairman of the Board of Management DZ PRIVATBANK S.A.	Chairman of the Board of Directors	DZ PRIVATBANK (Schweiz) AG
	Member of the Board of Directors	GENO pension fund (assep)

Stefan Bielmeier	**Mandate**	**Company**
Member of the Board of Management DZ PRIVATBANK S.A.	Chairman of the Board of Directors	GENO pension fund (assep)

Dr Frank Müller	**Mandate**	**Company**
Member of the Board of Management DZ PRIVATBANK S.A.	Member of the Board of Directors	DZ PRIVATBANK (Schweiz) AG
	Chairman of the Supervisory Board	IPConcept (Luxemburg) S.A.
	Chairman of the Board of Directors	IPConcept (Schweiz) AG
	Member of the Board of Directors	GENO-Pensionsfonds (assep)

AUDIT CERTIFICATE

Audit report

To the Management Board of
DZ PRIVATBANK S.A.

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of DZ PRIVATBANK S.A. (the "Bank") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Bank's financial statements comprise:

- the balance sheet as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Bank and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 87 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the shares in affiliated companies DZ PRIVATBANK S. A. holds shares in affiliated companies with a book value of EUR 194. 7 million (previous year: EUR 164. 7 million). Information provided by the Bank on the valuation of shares in affiliated companies is included in the notes to the individual financial statements under chapter 17 “Financial assets” and in the individual explanatory notes under chapter 44 “Financial assets”. The fair value calculated for the valuation was determined by the Management Board based on the expected net payment flows, which were derived from the affiliated companies' budgets and were discounted using a risk-free interest rate adapted to reflect a risk premium. The values contained in these plans are based on assumptions, the determination of which is subject to discretionary powers of the Bank's Management Board, or which require the use of estimates. In particular, current uncertainties regarding future economic development, in the light of the continuing low level of interest rates, affect these assumptions. In addition, assumptions have to be made when determining the capitalised earning value, in particular in terms of establishing the yield of an alternative investment with an appropriate level of risk and an appropriate duration based on the use of capital market models, in order to derive the capitalisation interest rate to be applied to the net payment flows for the budget. We have defined this issue as particularly important within the audit, since the valuation of the shares in affiliated companies is largely based on assumptions, made by the legal representatives, which contain estimates or discretionary judgements. Our focus was on	We reviewed the methodical approach and the mathematical accuracy of the valuation model that is used. We assessed the net cash flows on which the valuation methods are based, the capitalisation interest rate and other factors influencing the value, while maintaining a critical stance towards their appropriateness and mathematical accuracy. In order to assess the appropriateness of the forecast net cash flows, we made an historical assessment of the performance and financial trends at DZ PRIVATBANK (Schweiz) AG. We also took into account further supplementary information to assess the other parameters and planning premises that formed the basis for the forecast planning. In this connection, we assessed the reliability of adherence to budget by undertaking a retrospective plan/actual analysis. We assessed the data used for forecast planning purposes based on our knowledge of the business activities and developments in the sector. Where individual data and assumptions were available, their plausibility was checked by comparing them with publicly available information on expected volume and margin trends in the Swiss private banking market; we acknowledged the derivation of the result over the long term. So as to assess the appropriateness of the capitalisation interest rate used, we examined whether it was consistent with external sources, such as the average interest rate of long-term Swiss government bonds and studies of market risk premiums in Switzerland. In order to assess the appropriateness of the distributable capital incorporated into the budget, we tracked how the capital planning modelling was undertaken and compared the resulting rate of target capital with the requirements set by the Swiss Financial Market Supervisory Authority.

the valuation of the shares in DZ PRIVATBANK (Schweiz) AG, which has a book value of EUR 186. 7 million as at 31 December 2022 and a reversal of EUR 30 million was recorded for the financial year.	Overall, we have verified the appropriateness of the value determined by the Bank on the basis of our own sensitivity calculations.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the Supervisory Board on 24 March 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 8 March 2023

Björn Ebert

Only the German version of the present report has been reviewed by the auditors. In case of differences between the German version and the translation, the German version should be retained.