CONSOLIDATED ANNUAL REPORT 2022

BANQUE HAVILLAND S.A. LUXEMBOURG

ABOUT US

Banque Havilland was established by a British entrepreneur and is entirely family-owned. Its headquarters are in Luxembourg and the group operates other locations in Switzerland, Liechtenstein, Monaco, Dubai and the United Kingdom.

Banque Havilland has been built on strong financial foundations following prudent principles, which is reflected by our outstanding prudential ratios with CET1 ratio of 29.7% and LCR ratio of 239%. Private ownership provides the group and its clients with stability and consistency, allowing it to take a long-term approach to the management of client wealth and generational client relationships.

Banque Havilland offers a personalised approach to wealth management, tailored to each client's individual circumstances. Our team of experienced bankers and advisors work closely with clients to understand their financial objectives and develop strategies that align with their goals.

Our Group provides a wide range of financial services including investment advisory and discretionary mandates. We pride ourselves on offering innovative solutions and staying up-to-date with the latest market trends and developments.

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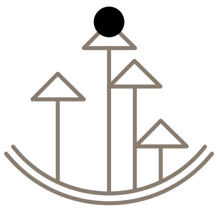
OUR DNA AND VALUES

Our values underpin the guiding principles for what matters most to us in our interaction with our customers, our staff and our stakeholders.

Our values are the DNA of our organisation and support our sustainability vision.

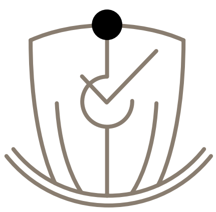


EMPOWERMENT

We give employees autonomy to flex and adapt to clients' needs within a framework of clear and results-oriented decision-making and reporting processes, always respecting regulatory requirements.

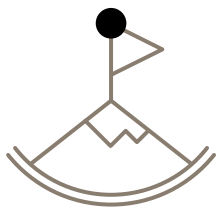
FAIRNESS

We strive to be fair in everything we do.



INTEGRITY

We act with integrity in everything we do; this is the key to being trusted by our clients and counterparties.

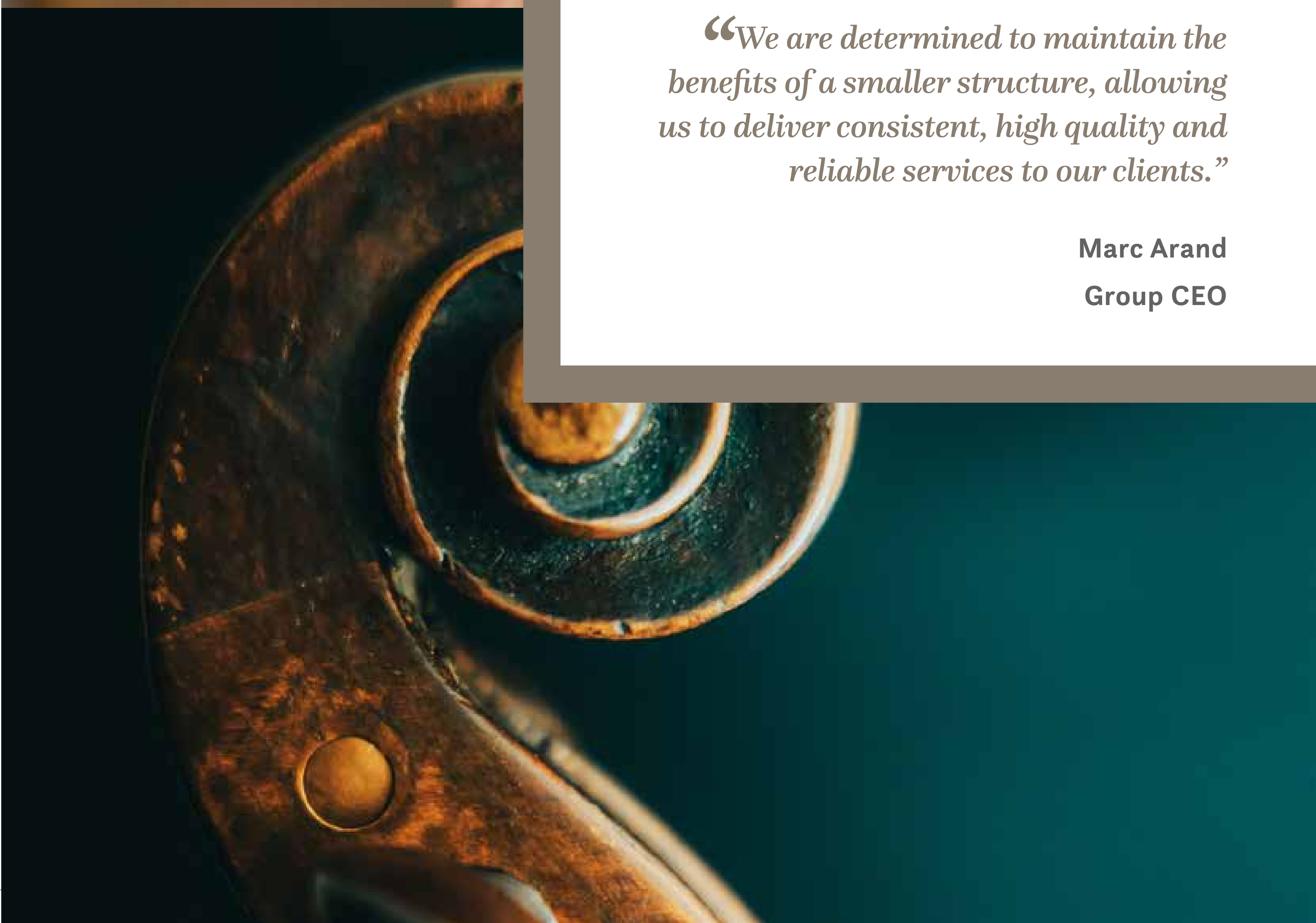


DILIGENCE

We strive to reliably deliver on our responsibilities and commitments to clients and partners. We aim to exceed expectations.

"We are determined to maintain the benefits of a smaller structure, allowing us to deliver consistent, high quality and reliable services to our clients."

Marc Arand
Group CEO



OUR CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors has overall responsibility for the Bank and its subsidiaries (the "Group").

It defines, monitors and carries responsibility for the establishment of a solid central administration and the internal governance framework.

As part of its role, the Board of Directors is responsible for setting and overseeing the business and risk strategy including risk appetite and the risk management framework.

The Board of Directors is assisted by two specialised committees: the Group Audit Risk & Compliance Committee and the Group Nomination & Remuneration Committee.

BOARD OF DIRECTORS

BERNARD HERMAN Independent Director & Chairman

CHRISTOPH MAUCHLE Independent Director[1]

FERNAND GRULMS Independent Director[2]

ANTONY TURNER Independent Director

VENETIA LEAN Non-Executive Director

HARLEY ROWLAND Executive Director

JEAN-FRANÇOIS WILLEMS Executive Director

GROUP AUDIT RISK & COMPLIANCE COMMITTEE

ANTONY TURNER Independent Director & Chairman

BERNARD HERMAN Independent Director

CHRISTOPH MAUCHLE Independent Director[1]

FERNAND GRULMS Independent Director[2]

VENETIA LEAN Non-Executive Director

GROUP NOMINATION & REMUNERATION COMMITTEE

CHRISTOPH MAUCHLE Independent Director & Chairman[1]

FERNAND GRULMS Independent Director & Chairman[2]

ANTONY TURNER Independent Director

BERNARD HERMAN Independent Director

VENETIA LEAN Non-executive Director

[1] From September 1ST, 2022
[2] Until September 1ST, 2022

MANAGEMENT COMMITTEE

The Management Committee is responsible for the efficient day-to-day management and the sound and prudent operations of the Group.

This management is carried out in accordance with the strategies and guiding principles set out and approved by the Board of Directors, within the applicable regulation.

MANAGEMENT COMMITTEE

MARC ARAND Group Chief Executive Officer*[3]

JUHO HILTUNEN Deputy Chief Executive Officer*

ARTYOM GRIGORYAN Organisation, IT, Finance & Operations*

HARLEY ROWLAND Financial market activities*[4]

GIL HUART Chief Risk Officer*

DAVID MENASCE Chief Compliance Officer

SANDRINE ROUX General Secretary, HR, Marketing & Communication

The Board of Directors and the Management Committee also exercise an oversight on the subsidiaries of the Bank, to ensure that their Central Administration, Internal governance, and Risk Management systems are adequate.

GROUP INTERNAL CONTROL FUNCTIONS

The Group operates with an internal governance system based on the three lines of defence principle.

- The first line of defence is the operational units that take or acquire risks, assume the responsibility for the management of those risks and continuously monitor compliance with the policies, procedures and limits imposed on them.
- The second line of defence is mainly the Compliance and Risk Control functions, which provide independent control of risks and support the operational units in complying with the policies and procedures applicable to them.
- The third line is the Internal Audit function, which performs an independent, objective and critical assessment of the first two lines and of the internal governance system as a whole.

The Chief Risk Officer and the Chief Compliance Officer supervise the second line of defence of the Bank while the Chief Internal Auditor oversees the third line of defence.

In their capacity as Group Heads they also oversee, through functional reporting lines, the Internal Control Functions in the subsidiaries.

They exercise their functions with independence, authority and objectivity and they have an independent reporting line to the Board.

*Authorised Manager
[3] Since April 1ST, 2022
[4] Until April 1ST, 2023

RISK CONTROL FUNCTION

The Risk Control Function is responsible for ensuring that all operational units anticipate, detect, measure, monitor and control and report properly on all risks (such as credit, market, liquidity, operational, reputational, ESG, and other business risks) to which the Bank is or could become exposed.

The Risk Control Function ensures that the Group has a clear process for risk taking, including a risk appetite formally and precisely defined across all areas of activity, a rigorous decision making process, and quality and limits analysis.

Additional information on risk management is available on request in accordance with part 8 of the EU Regulation No 575/2013 (CRR: "Capital Requirements Regulation"). For further information on the Group's exposure to risks, please refer to notes 7.3 and 7.4 of these consolidated accounts.

COMPLIANCE FUNCTION

The Compliance Function covers multiple areas including but not limited to the fight against money laundering and terrorist financing (AML/CFT), investment services, prevention of market abuse and personal transactions, fraud prevention, protection of interests and customer data and the prevention and management of conflicts of interest.

The Compliance Function advises and controls how these risks can be measured and managed effectively, with controls appropriate for each of the risks.

INTERNAL AUDIT FUNCTION

The Internal Audit Function acts in accordance with the rules of the Institutes of Internal Auditors. The scope of the work and how it is carried out is laid down in internal audit methodology and in a rolling three-year audit plan updated at least annually to reflect changes in business model and associated risks.

LOCAL MANAGEMENT

Each of the subsidiaries of the Group is headed by a local Chief Executive Officer (Monaco and Liechtenstein).

They locally report to their Board of Directors, and functionally to the Group CEO.

As a general principle, the internal control functions of each entity report to the appropriate control functions at the Bank Head Office level, from both a hierarchical and functional perspective for our branches and from a functional perspective for subsidiaries.

OUR APPROACH TO SUSTAINABILITY

OUR SOCIALLY RESPONSIBLE COMMITMENT

Our CSR responsibilities are vital in our Group to rally stakeholders around a shared vision – to ensure that the Group builds its business sustainably, with positive influence on society, the environment and actively contributes to shaping a better future.

Our Group Corporate Sustainability & ESG strategy and approach has been reviewed and approved in 2022 by our Board of Directors.

In 2022, we have continued to reinforce our commitment to corporate social responsibility, supporting various worthy causes. The Group provides ongoing funding for a broad range of non-profit cultural organizations. In addition to direct financial support, our bank strongly encourages staff to participate in initiatives that benefit local community.

As per its donation program to associations and charities, the Group will continue to support the 3 main themes:

- **EDUCATION & CULTURE:** initiatives that help people develop their skills, knowledge and confidence with a focus on inclusion and diversity objectives. In the area of the education, the Group is proud to have a well-established partnership of the University of Luxembourg and welcomed several internships during 2022.
  In 2022, the Group has contributed to a mentoring program with MCMC ("Maison du Coaching, Mentoring et Consulting"), to support young pupils in their journey to professional development by making them benefit from the experience of a Mentor.
- **HEALTHCARE AND MEDICAL RESEARCH**: in particular organisations that deliver research, diagnosis, treatment and wellness for all types of cancers.
  In 2022, the Group has supported several associations active in the above mentioned area: several employees of the Group participated inthe "Letz Go Gold" race to support Fondatioun Kriibskrank Kanner or during the Relais pour la Vie in the area of the fight against Cancer.
- **SOCIAL CARE, WELLBEING AND ENVIRONMENT:** the Group has supported SOS enfants village and Care in Luxembourg a.s.b.l. supporting the less fortunate members of the population, disabled or otherwise fragile people and children.

For further information, see our website.

OUR APPROACH TO ESG RISK MANAGEMENT

The Bank has also enhanced and detailed its ambitions in the Management of ESG Risks.

The Group Risk Control function is in charge of developing, enhancing and applying a risk management framework, covering the identification, assessment, monitoring/reporting and mitigation of Climate & Environmental (C&E) risks.

A comprehensive (C&E) risks matrix and risk heatmap have been developed, screening all activities and portfolios of the Group and CR&E or (C&E) risks have been integrated into the risk appetite statement.

From a governance perspective, a Corporate Social Responsibility (CSR) Committee has been set up, and the Board of Directors and the Management have been adequately trained on the topic.

The Group Compliance function, is in charge of controlling the compliance of the Group's service offering with MiFID/SFDR requirements, among others.

The third line of defence is made of the internal audit function which reviews the (C&E) risk management framework based on its risk assessment and multi-year audit plan.

The Group had made substantial progress in the advancement of its implementation plans to comply with expectations of the CSSF Circular 21/773.

Further steps will be taken to advance these further in 2023, and ensure that (C&E) risk drivers are factored into business strategy, risk appetite and risk management framework.

"We are committed to structuring the Bank's organisation and risk framework to address ESG challenges in order to support its long-term stability and growth."

OUR CONSOLIDATED MANAGEMENT REPORT

STRATEGY AND BUSINESS REVIEW 2022

In the first half of 2022, along with the joining of our new Group CEO, Marc Arand, the Group launched a new strategic initiative to respond to market trends and to improve the Group's competitive position through strategic measures. The Group's highest priority remains to grow the business through the launch of initiatives to attract new talent, acquiring new businesses and divesting non-core/non-strategic businesses. We would like to gain market share through an outperformance on the service provided to clients accommodated by technology and a clear focus on our offering.

For this purpose, a multi-stage strategy program "Excellence 2024" was launched to implement the individual facets of the strategy. During the financial year 2022, important planning and preparation were completed and the Group will complete first, but important, implementations in 2023. Furthermore, we are aware of our responsibility for our planet and our society and the Group has strengthened its strategic measures in the ESG area to make our contribution.

The individual strategy points are divided into the following pillars:

GROWTH: The Group's highest priority is to grow its core business that is within its commercial strategy and risk appetite. The Group is launching initiatives to hire talents, acquire business, set strategies in business areas to allow/ amplify the growth.

PROFITABILITY: The Pillar is designed to enhance the sales process and to target better cost/ benefit ratios by using new processes and digital means.

INNOVATION: This Pillar is mainly driven by the IT strategy and the execution of it. The main goal is to provide the client the excellence experience while dealing with us. At the same time, we are looking into operational efficiencies – possibly amplified with partnerships to keep pace with technological progress.

CLIENT CENTRICITY: Bringing the client back in the centre of what we do and give the client the best experience while interacting with us. We are constantly questioning whether we cannot make processes better and more convenient for our clients.

ESG: The Pillar sets standards for the Group's behaviors based on our corporate policies and to encourage the Group to act responsibly.

In order to achieve the strategic transformation, the Group has planned significant investments in its multi-year forecast, especially in the areas of HR and IT.

At the same time, the Group has reviewed its cost structure and plans to become more efficient and lean.

In that context, the Group has decided to merge Banque Havilland (Liechtenstein) AG with Banque Havilland (Suisse) S.A. in July 2022. The activities of the Group in Switzerland are now concentrated in Zurich under Banque Havilland (Liechtenstein) AG, Zurich Branch. This transaction has created a promising, financially strong and, above all, competitive bank in the area.

Since the end of the Brexit transition period, the Bank's UK branch has been operating under the Temporary Permissions Regime. Following a recent review of the growth strategy, the Group has decided that becoming a fully authorised UK third country branch is no longer a strategic priority. It will therefore be closing its branch in London in 2023. The Group will continue to meet the needs of its UK clients in the future from its other locations.

2022 was yet another extraordinary year for the global markets. In this environment, we have been able to help our clients to manoeuvre through these difficult times in the financial markets, either in the context of advisory or asset management mandates.

In these turbulent times, it is of paramount importance to our clients that we are solidly positioned both financially and operationally. This is reflected, among other things, in our strong prudential ratios LCR of 239% (regulatory requirement 100%) and a Tier1 ratio of 29.7% (regulatory requirement of 15.6%).

Despite one of the most challenging market environments since the global financial crisis, the Group has continued to strengthen its foundations to support sustainable growth. Banque Havilland is uniquely positioned: privately owned, focused on private clients and selected business partners, with a rich family heritage to be all tuned to meet our client's needs.

MARKETS 2022 AND OUTLOOK 2023

2022 was an especially rough year for the economy and investors alike, with nearly all asset classes posting solidly negative returns. Looking back to the very start of the year, it is easy to forget that most market commentators were cautiously optimistic that 2023 would be a decent year for financial markets. With most of the bad news (as far as Covid 19 was concerned) in the rear window, investors could look forward to a more 'normalized' environment against a backdrop of low interest rates and modest growth as most economies continued reopening. Such optimism was short-lived, however, as the return of inflation was supercharged by the outbreak of war in Ukraine –problems in the global supply chains that were already strained in the aftermath of the pandemic were exacerbated by the shock to the energy markets due to the strategic importance of the region in terms of oil and gas.

Nevertheless, global growth managed to persist at around 3% for the year, only slightly less than the average of the pre-pandemic years, however, as the inflation rate overshot significantly by around 8%, central banks were forced to act, with the Federal Reserve hiking at an unprecedented pace. In fact central banks were perceived as being behind the curve early on, and they struggled to catch up -this created shocks in the financial system that led to such serious asset declines.

Unsurprisingly, it was the bond markets that were especially affected and for US Treasuries, the first few months were worse than anything witnessed since 1788, though the whole credit spectrum was punished as the relative appeal of an asset class with fixed income streams had to readjust to a rapid increase in base rates. The yield on the 10-year U.S. Treasury, which is a bellwether for overall interest rates, rose from 1.5% at the start of the year to almost 4% at the close of December. The Bloomberg Aggregate Bond Index lost 13% in 2022, the worst year in the history of the index. Indeed, the return of inflation and the monetary response to it forced financial markets across the board to face up to the implications of the end of over a decade of loose policy and artificially low interest rates, though some areas of the market fared better than others. For example, large-cap value-oriented stocks (as defined by the Russell 1000 Value Index) lost just shy of 8% for 2022. While not great, this is favourable compared to the performance of growth-oriented and technology stocks. The Russell 1000 Growth Index lost almost 30% in 2022, its worst calendar year performance in over a decade. The tech-heavy Nasdaq Index was down over 32% for the year, as 'duration' assets (i.e. those whose future expected cash flows were undermined by a rising rate environment), were punished, and some of the excess froth of the 'stay at home' stocks was blown away.

While the final quarter of the year saw some respite for risk assets, it was notable that market leadership had been transferred from US equities to European stocks – a theme that has continued into 2023, as investors put more focus on valuations and defensive qualities than the pursuit of growth.

The start of 2023 saw a surprisingly bullish equity market, propelled by the sudden reactivation of the Chinese economy alongside increasingly optimistic expectations that inflation was waning. Despite the global economic outlook not looking as deeply recessionary as some feared, markets have stalled somewhat since the start of February as employment remains high across the developed world and data has widely shown economic activity to be holding up well, pointing to central banks sticking to their tightening plans in the battle against sticky inflation.

We have long expressed concerns over the fissures that may be unexpectedly exposed by a rapid hiking of interest rates, following so many years of suppresses rates and easy policy, and perhaps the collapse of two American lenders and the shocking subsequent demise of Credit Suisse are early manifestations of these concerns. Either way, individuals, businesses and economies that are highly indebted will be exposed to the costs of higher credit and we are aware that often there is time lag effect of higher rates that has yet to fully materialise, meaning we believe caution is warranted even if opportunities will also be created.

The recent turmoil in the banking system looks contained for now, but has highlighted the unenviable position that central banks find themselves in now with the proverbial miss-step now a near certainty one way or another. Core inflation is far from target levels, and in the UK and Europe (where the central banks are further behind the Fed in terms of the hiking timeline) actually increasing, while growth is tepid at best with markets already on edge.

Equity valuations are yet to reach genuinely attractive levels and global corporate earnings are likely to be flat relative to 2022, but on the positive side bond yields are much more attractive for investors, and fundamental economic factors will probably tame price pressures taking some of the pressure of the central banks if they can hold their nerve long enough.

FINANCIAL REVIEW 2022

The Group was able to increase its two most important income pillars, interest margin and commission income, from EUR 15.4m to EUR 20.4m and EUR 16.0m to EUR 16.5m respectively. On the other hand, the total operating profit fell short of the 2021 result due to the net loss on financial operations amounting to EUR 14.0m (2021: net profit EUR 7.6m) and a one-off dividend from participations of EUR 1.2m in 2021.

The net loss on financial operations were driven by price adjustment on the Bank's bond portfolio largely driven by the increased interest rates across the different currencies. The Bank has taken measurements during the year to limit the possible impact on the Bank's profit. We reduced our exposure on the bond portfolio from EUR 519.0m to EUR 431.4m and increased its holding cash with central banks from EUR 207.4m to EUR 310.6m.

During the year in cooperation with our clients, we decreased our loan exposures from EUR 594.1m to EUR 518.7m which is a result of the challenging markets and the increased interest rate environment. Due to our conservative lending policy, loan losses remain negligible, despite the challenging economic circumstances.

The strategic measurements to become more efficient and leaner is reflected by lower general administrative expenses of EUR 54.9m (2021: EUR 59.5m).

Despite the improved net interest and commission income and the general administrative expenses, the Bank was unable to outperform on last year's result due to the loss in financial operations and closed the financial year 2022 with a loss of EUR 20.3m (2021: EUR -18.7m).

The total balance sheet decreased by 2% in 2022 at EUR 1 463m (2021: EUR 1 487m).

The Bank remains subject to regulatory proceedings and regulatory litigations that are at a stage where there is insufficient information to reliably quantify or otherwise assess the potential financial impact on the Group, except for the provision as referred to in the note 5.8 of the consolidated accounts. The Group has taken measures to seek to ensure that any consequences will not significantly affect the Group's financial position.

The Bank continues to maintain very strong prudential ratios, with statutory capital adequacy finishing the year at 29.7% (2021: 20.9%) and Liquidity Coverage Ratio (LCR) at 239% (2021: 532%).

The Internal Capital Adequacy Assessment Process (ICAAP) re-affirms the resilience of the Bank. The Bank's size, capital structure and its rigorous risk management helped to absorb the impact of extensive market shocks.

OTHER INFORMATION

As at 31 December 2022, the Group operates branches in London and Zurich, where Private Banking activities and lending to Private Banking clients are offered. The Group decided to close its UK branch within a year.

The Group also operates a representative office in Dubai.

The Group did not undertake any activities in terms of Research and Development in 2022.

During 2022, the Group did not acquire any of its own shares.

OUTLOOK 2023

With our prudent risk strategy, we are well prepared for the coming years. Recently, we have seen large institutions get into trouble because they underestimated interest rate risks. The Group has already positioned itself accordingly in 2022 and now benefits from a very good financial basis to implement the "Excellence 2024" strategy announced in 2022. In that context, the Group can confirm that it does neither have any exposure to Silicon Valley Bank or other US regional banks nor any material exposure to Credit Suisse.

With strong capital and liquidity ratios and progressive return to profitability in 2023, the Group is well positioned to face the challenges ahead and to grow its business.

The implementation of the strategic measures planned in 2022 to improve our service performance is a central pivot in the current business year.

With the launch of the new strategy, "Excellence 2024", it has been decided the Group will focus on the private banking business to strengthen its value proposition in the long term. With the sale of its depositary and custody, and related services, business, the Group is positioning itself even more efficiently.

The Group has carefully evaluated its portfolio and determined that its future success will come from focusing on our its businesses where the Group has a strong competitive advantage. The Group is aligning its organisational structure even more consistently with the needs of its customers and focusing on Private Banking. The choice of Inversis, a global reference in this business area, will ensure to maintain the highest quality and continuity of service and the ability to offer tailor-made solutions to institutional clients.

The Group has signed on 2 April 2023 a Business Transfer Agreement with Banco Inversis ("Inversis") for the sale of its depositary and custody, and related services business.

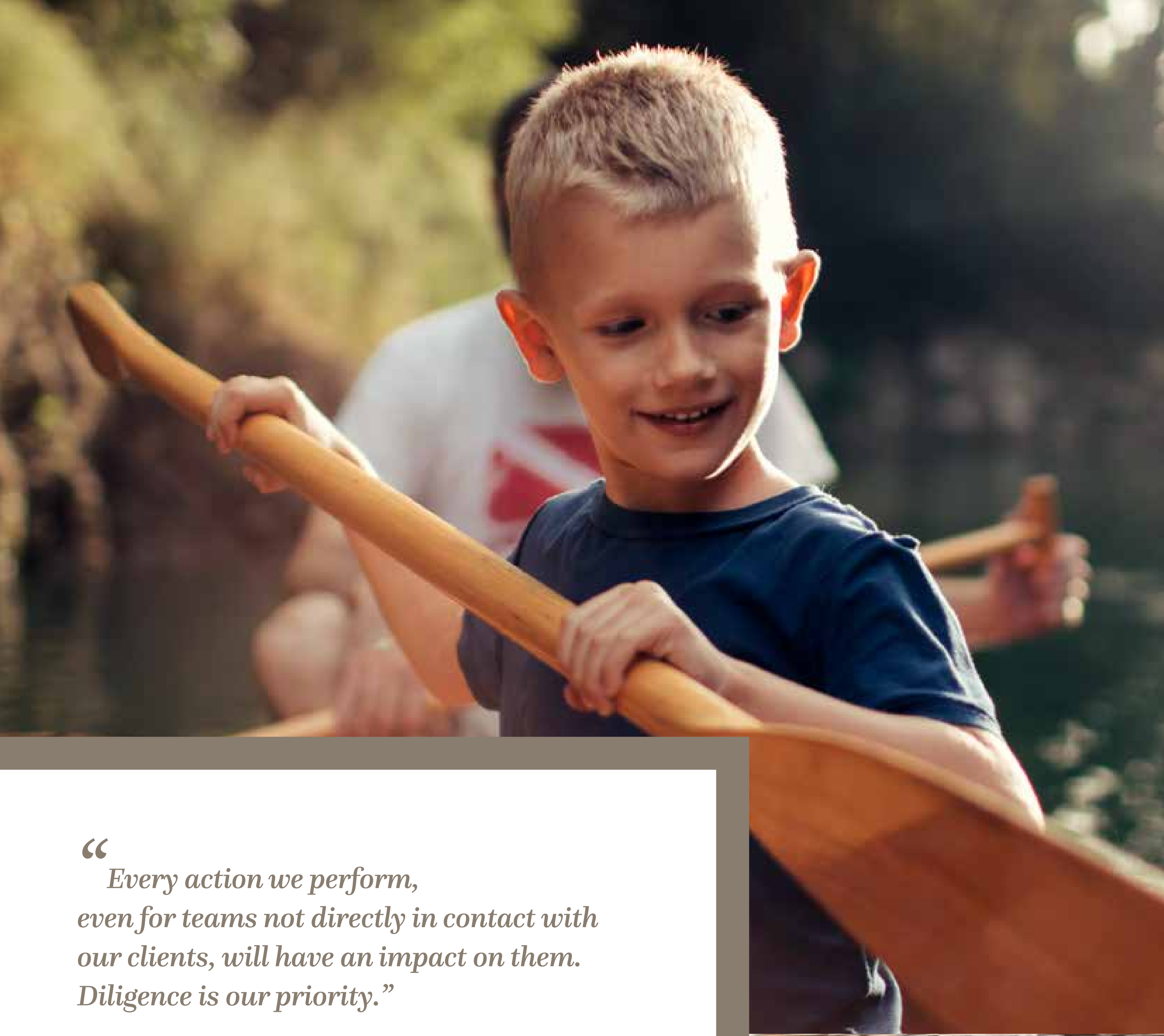
Inversis, fully-owned subsidiary of Banca March, a large and sound Spanish institution, should takeover on Institutional Banking activities and clients by the end of 2023, subject to regulatory approvals. The employees working for this business area will be transferred to Inversis, at unchanged conditions and benefits, in the same time frame.

The Group has not faced any other post-closing events that could affect its consolidated accounts for the year 2022.

On behalf of the Group's Management Committee, Board of Directors and the shareholder, we would like to express our thanks to the clients and employees of the Group.

Luxembourg, May 31, 2023

Marc Arand	Bernard Herman
CEO	Chairman of the Board of Directors



"Every action we perform, even for teams not directly in contact with our clients, will have an impact on them. Diligence is our priority."

Asset Management

CONSOLIDATED REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Deloitte.

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg

Report on the Audit of the Consolidated Accounts

Opinion

We have audited the consolidated accounts of Banque Havilland S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated profit and loss account for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated accounts give a true and fair view of the financial position of the Group as at December 31, 2022, and the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 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 Consolidated accounts" section of our report. We are also independent of the Group 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 consolidate accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How the matter was addressed in the audit
Value adjustments on loans and advances to customers We refer to the summary of accounting policies in Note 2 and to the disclosure on credit risk in Note 7.3. Lending activities represent a significant part of Group's business: on December 31, 2022, loans and advances to customers amount to EUR 518 673 672, net of value adjustments of EUR 3 398 807. Loans and advances to customers are recorded at nominal value, less any value adjustments. The determination of value adjustments requires significant judgement, such as the identification of loans that are deteriorating, the assessment of objective evidence for value adjustments, the value of collateral and the assessment of the recoverable amount. Value adjustments on loans and advances to customers is considered a key audit matter due to the significance of the balance to the consolidated accounts, combined with the level of judgement required to determine the value adjustments. Inappropriate judgement made in relation to the methodology and inputs used or the assumption taken may have a material impact on the valuation and timely identification of value adjustments of loans and advances to customers.	We obtained an understanding of the lending activity processes and reviewed the key controls used as part of these processes. We considered in particular the ongoing monitoring on the loan portfolio, the correct application of haircuts, the use of external experts for the valuation of the real estate properties and the early warning process about valuation reports once they become outdated. We have evaluated the competence, capabilities and objectivity of the external experts used by the management. We reviewed the variation of most significant loans and advances between December 31, 2021 and December 31, 2022. We tested a sample of loans in order to assess whether the collateral on Lombard loans or the value of the mortgages on real estate properties covers the loans and assessed the creditworthiness of the customers in case of insufficient coverage, to ensure timely recognition of impairments and appropriate impairment charges.
Provisions for litigations and regulatory provisions As described in Note 5.8 and 6.1 of these consolidated accounts, provisions for litigations and regulatory provisions amount to EUR 7 255 554 as at December 31, 2022, of which EUR 811 130 for litigations and EUR 6 444 424 for regulatory provisions. In preparing the consolidated accounts, Management and those charged with governance perform an assessment of legal and regulatory matters to determine as to	We obtained an understanding of Group's process to determine provisions for litigations and claims, and reviewed the key controls. We reviewed Group's complaints register, the minutes of the Board of Directors' meetings and Group's committees in order to identify potential litigations or claims.

whether these require the recognition of a provision or need for a disclosure as contingent liability in the consolidated accounts. Such assessment involves significant degree of judgment and subjectivity. In accordance with methodology established by the Management, provisions are recognized for legal obligations arising from past events, if there is a probable outflow of resources and the amount can be reliably estimated. Given the significant balance, the judgement and subjectivity involved when determining provisions for litigations and regulatory provisions, we determined provisions for litigations and regulatory provisions as a key audit matter.	We reviewed the variation of provisions (i.e. provisions used, released and new ones recorded) between December 31, 2021 and December 31, 2022. We challenged Management's assumptions against confirmation letters from Group's external lawyers and experts documentation available in order to assess the level of provisions recorded. We obtained Management's memorandum on provisions, discussed these provisions during formal meetings with the legal department and the Management, we challenged the judgment of the Management by independently assessing the probability and magnitude of the outcome of the pending legal proceedings. We finally assessed the fair presentation and disclosure in the consolidated accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated accounts and our report of the *"réviseur d'entreprises agréé"* thereon.

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

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the *"réviseur d'entreprises agréé"* for the Audit of the Consolidated Accounts

The objectives of our audit are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"réviseur d'entreprises agréé"* 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 N° 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 consolidated accounts.

As part of an audit in accordance with the EU Regulation N° 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the consolidated accounts 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 report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

We have been appointed as *"réviseur d'entreprises agréé"* by the Board of Directors of the Group and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

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

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

Martin Flaunet, *Réviseur d'Entreprises Agréé*
Partner

May 31, 2023

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2022

EUR ASSETS	NOTES	31/12/2022	31/12/2021
Cash in hand, balances with central banks and post office banks	4.1, 7.1 ,7.3	310 649 026	207 368 006
Loans and advances to credit institutions	4.2, 7.1, 7.3		
- repayable on demand		119 212 306	131 275 105
- other loans and advances		38 600 286	-
		157 812 592	**131 275 105**
Loans and advances to customers	2.8, 4.3, 7.1, 7.3	518 673 672	594 092 181
Debt securities and other fixed-income securities	2.6, 4.4, 7.1, 7.3		
- issued by public bodies		138 821 761	134 506 433
- issued by other borrowers		292 532 773	384 532 184
		431 354 534	**519 038 617**
Shares and other variable-yield securities	2.7, 4.5, 7.1, 7.3	4 335 935	3 531 905
Shares in affiliated undertakings	3	205 107	1 608 474
Intangible assets	2.4, 4.6	2 266 730	2 350 982
Tangible assets	2.5, 4.6	8 851 219	13 132 039
Other assets	4.7	17 310 538	6 208 002
Prepayments and accrued income	-	11 302 580	7 927 224
TOTAL ASSETS	**4.8**	**1 462 761 932**	**1 486 532 535**

The accompanying notes form an integral part of these annual accounts.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2022

EUR LIABILITIES	NOTES	31/12/2022	31/12/2021
Amounts owed to credit institutions			
- repayable on demand	5.1, 7.1	170 743	490 080
- with agreed maturity dates or periods of notice		25 000 000	80 000 000
		25 170 743	**80 490 080**
Amounts owed to customers			
Other debts			
- repayable on demand with agreed maturity dates or	5.2, 7.1	984 932 869	1 048 922 129
- periods of notice		239 885 032	138 663 997
		1 224 817 901	**1 187 586 126**
Other liabilities	5.3	16 037 183	9 166 320
Accruals and deferred income	-	1 862 868	1 920 140
Provisions			
- provisions for taxation	5.8, 5.9	1 654 512	2 180 896
- other provisions		16 679 972	8 399 321
		18 334 484	**10 580 217**
Fund for general banking risks	2.11	17 322 800	17 071 852
Subscribed capital	5.4, 5.6	170 000 000	170 000 000
Share premium account	5.4, 5.6	1 260 709	1 260 709
Reserves	5.5, 5.6	13 032 998	13 215 663
Profit or loss brought forward	5.6	(4 758 573)	13 935 931
Profit for the financial year attributable to the Group	5.6	(20 319 180)	(18 694 503)
TOTAL LIABILITIES	**5.7**	**1 462 761 932**	**1 486 532 535**

The accompanying notes form an integral part of these annual accounts.

CONSOLIDATED OFF BALANCE SHEET

AS AT DECEMBER 31, 2022

EUR OFF BALANCE SHEET	NOTES	31/12/2022	31/12/2021
Contingent liabilities of which: *Guarantees and assets pledged as collateral security*	6.1, 7.1, 7.3	457 738 *457 738*	1 221 117 *1 221 117*
Commitments	6.4, 7.1, 7.3	115 382	142 697
Fiduciary transactions	7.1	-	327 653

The accompanying notes form an integral part of these annual accounts.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

AS AT DECEMBER 31, 2022

EUR	NOTES	2022	2021
Interest receivable and similar income	8.1	25 635 554	17 358 115
of which: arising from fixed-income transferable securities		*5 415 116*	*3 982 425*
Interest payable and similar charges		(5 237 456)	(1 963 700)
Net interest income		**20 398 097**	**15 394 415**
Income from transferable securities			
Income from shares and other variable-yield securities	-	**423**	**1 200 356**
Commission receivable	8.1	21 579 577	25 853 206
Commission payable		(5 082 863)	(9 818 588)
Net commission income		**16 496 714**	**16 034 618**
Net profit or (loss) on financial operations	8.1	**(14 027 845)**	**7 614 428**
Other operating income	8.2	**23 548 146**	**5 624 877**
TOTAL OPERATING INCOME	-	**46 415 536**	**45 868 694**
General administrative expenses			
Staff costs	9.3, 9.4	(33 918 173)	(35 119 820)
of which:			
- wages and salaries		*(27 635 369)*	*(28 928 512)*
- social security costs		*(4 415 950)*	*(4 669 706)*
of which: pension costs		*(1 647 026)*	*(1 786 865)*
Other administrative expenses	9.5	(21 045 476)	(24 425 480)
		(54 963 649)	**(59 545 300)**
Value adjustments in respect of tangible, intangible and goodwill of first consolidation	-	**(1 437 188)**	**(1 217 742)**
Other operating charges	8.3	**(9 260 063)**	**(2 404 342)**
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	8.4	**(615 528)**	**(487 482)**
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	8.4	**89 562**	**82 345**
Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings	-	**(24 229)**	-
Profit before tax	-	**(19 795 558)**	**(17 703 827)**
Tax on profit or loss on ordinary activities	7.11	**(99 106)**	**(89 355)**
Profit or loss on ordinary activities after tax	-	**(19 894 664)**	**(17 793 182)**
Other taxes not shown in the preceding items	-	**(424 516)**	**(901 321)**
Profit or loss for the financial year	-	**(20 319 180)**	**(18 694 503)**

The accompanying notes form an integral part of these annual accounts.

CONSOLIDATED NOTES TO THE ACCOUNTS

1. GENERAL

Banque Havilland S.A. (the "Bank") was incorporated in the Grand-Duchy of Luxembourg on July 10, 2009 as a limited liability company ("Société Anonyme"). The Ministry of Finance granted the company a banking licence on June 25, 2009.

The Bank was created through a non-cash contribution of assets and liabilities. This non-cash contribution was performed at as the lower of net book value or fair value as at the date of the contribution.
As a consequence, the Bank is now carrying all contributed assets and liabilities and reflects the historical cost and accumulated depreciation.

As at October 1, 2017, Banque Havilland Institutional Services S.A. ("BHIS"), a fully owned subsidiary of the Bank, has been merged by absorption with the Bank and became a dedicated business line of the Bank.

The Bank is registered at the Luxembourg "Registre du Commerce et des Sociétés" under the number B147029. The head office is located 35a, Avenue J.F. Kennedy, L-1855 Luxembourg.

The share capital of the Bank prepared is expressed in Euro (EUR) and the accounting records are prepared and maintained in this currency. The Bank's accounting year is defined as the calendar year.

The Bank is permitted to carry out all banking activities. Its principal activity is private banking.

The Bank and the subsidiaries described in note 3 are referred to as the "Group".

As of December 31, 2022, the Group has branches established in the UK (5 Savile Row, London, United Kingdom) and Switzerland with private banking activity.

The Group is also consolidated by Havilland Group S.A. registered in Luxembourg at:

35, Avenue J.F. Kennedy,
L-1855 Luxembourg.

CONSOLIDATED NOTES TO THE ACCOUNTS AS AT DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES

2.1. BASIS OF PRESENTATION

The Group prepares its consolidated accounts using the historical cost principle, in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg and on the basis of accounting principles generally accepted by the banking sector in the Grand Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, apart from those which are defined by law and by the *Commission de Surveillance du Secteur Financier*.

The preparation of consolidated accounts requires the use of a certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying accounting policies.

The Board of Directors confirms the application of the going concern principle as appropriate.

The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Changes in assumptions may have a significant impact on the consolidated accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the consolidated accounts therefore present the financial position and results fairly.

2.2. CONSOLIDATION METHOD

The Group has adopted the full consolidation method for its subsidiaries (direct or indirect holding of more than 50%).

2.3. GOODWILL

Goodwill represents the difference between the cost of the parent company’s investment in a consolidated subsidiary and its share of the net assets of this subsidiary as at the date of acquisition.

Positive goodwill is disclosed on the asset side of the balance sheet and amortised over 5 years on a linear basis. In case of durable reduction in value, positive goodwill is subject to an accelerated amortization.

Negative goodwill is either disclosed in the consolidated reserves or disclosed under “Provisions” when it corresponds to future expected losses. Subsequently, a part of this provision is reversed into the profit and loss accounts for an amount corresponding to the financial year loss of the subsidiary. The provisions are not maintained if the reasons for which they were made no longer exists.

2.4. INTANGIBLE ASSETS

Intangible assets are included at purchase price less accumulated depreciation. Intangible assets consist of:

- Software amortised over 4 years on a linear basis;
- Project costs with future benefits are amortized over 4 years on linear basis;
- Goodwill acquired for valuable consideration and amortised over 4 years on a linear basis;
- Formation expenses and costs in relation to capital increases are directly expensed when incurred.

In case of durable reduction in value, intangible assets are subject to value adjustments regardless of whether their utilisation is limited. The value adjustment is not maintained if the reasons for which the value adjustment were made no longer exist.

2.5. TANGIBLE ASSETS

Tangible assets are included at purchase price less accumulated depreciation. Tangible assets are depreciated over their expected useful life.

The rates and methods of depreciation are as follows:

	RATES	METHOD
Office equipment, fixtures and fittings	25%	linear
Company cars	25%	linear
Building	1.5% - 4%	linear

Fixtures and fittings costing less than EUR 867 or whose expected useful life does not exceed one year are charged directly to profit and loss account for the year.

In case of durable reduction in value, tangible assets are subject to value adjustments regardless of whether their utilisation is limited. The value adjustment is not maintained if the reasons for which the value adjustment were made no longer exist.

2.6. DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES

The Group has divided its portfolio of fixed-income transferable securities into three categories whose principal characteristics are the following:

- An investment portfolio of financial fixed assets which are intended to be used on a continuing basis in the Group's activities;
- A trading portfolio of securities purchased with the intention of resale in the short term;
- A structural portfolio of securities which do not fall into either of the two other categories.

Fixed income securities are recorded at their acquisition price (weighted average price) and valued as follows at the balance sheet date:

Investment portfolio of financial fixed assets

Fixed-income transferable securities included in the investment portfolio of financial fixed assets are valued at acquisition price. In case of long-term depreciations, the securities concerned are subject to value adjustments in order to give them the lower value which is to be assigned to them on the balance sheet date.

When the purchase price of fixed-income transferable securities included in the Group's investment portfolio exceed their redemption price or is below their redemption price, the difference is recorded in profit or loss account in instalments over the period remaining to maturity.

As at December 31, 2022 the Group holds fixed-income securities of this category for EUR 190 471 218 (2021: EUR nil).

Trading portfolio

Fixed-income transferable securities included in the trading portfolio are valued at the lower of cost or market value.

As at December 31, 2022 and December 31, 2021, the Group does not hold fixed-income securities of this category.

Structural portfolio

Fixed-income transferable securities included in the structural portfolio are valued at the lower of cost or market value.

Value adjustments are made for securities in the structural portfolio for which the valuation is lower than the purchase price. The valuation is the market value on the balance sheet date, the estimated realisable value or the quotation, which best represents the inherent value of the securities held.

As at December 31, 2022 the Group hold fixed income securities of this category for EUR 240 883 316 (2021: EUR 519 038 617).

2.7. SHARES AND OTHER VARIABLE-YIELD SECURITIES

Shares and other variable-yield securities are classified in the structural portfolio of the Group and recorded at purchase price. At the balance sheet date, they are valued at the lower of purchase price or market value. A value adjustment is recorded when the market value is lower than the purchase price.

2.8. LOANS AND ADVANCES

Loans and advances are disclosed at their nominal value. Accrued interests are recorded under the heading “Prepayments and accrued income” on the asset side of the consolidated balance sheet.

2.9. VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

The policy of the Group is to establish specific provisions to cover the risk of loss and of the non-recovery of debtors.

Value adjustments are deducted from the relevant current assets.

2.10. PROVISION FOR ASSETS AT RISK

A tax deductible lump-sum provision is accounted for based on the Group’s assets at risk. These assets are determined in accordance with the regulatory provisions governing the computation of the capital adequacy ratio. The lump-sum provision is split between the relevant assets at risk on a prorate basis in accordance with the provisions of the Luxembourg Monetary Institute circular letter dated December 16, 1997.
The portion related to the assets at risk is deducted from these assets.

2.11. FUND FOR GENERAL BANKING RISKS (“FRBG”)

The Group has established a fund for general banking risks to cover the particular risks associated with banking operations. Transfers to this fund are determined based on the profit after tax, but before determination of the profit for the financial year. This fund is not subject to any quantitative limit.

2.12. VALUATION OF FOREIGN CURRENCY BALANCES AND TRANSACTIONS

2.12.1. Foreign currency conversion

The share capital of the Group is expressed in Euro (“EUR”) and the accounting records are maintained in that currency.

Intangible and tangible assets are converted at the historic rate. All other assets and liabilities denominated in a currency other than EUR are converted into EUR at the spot rate prevailing at the balance sheet date.

Income and charges in foreign currencies are converted into EUR at the spot rate prevailing on the date of the transaction.

Foreign currency differences arising from these valuation principles are taken to the consolidated profit and loss account.

For the year ending December 31, 2022, the Group started to apply the following accounting policy: unsettled forex transactions raising from forward or standard swap are valued accordingly to their replacement value. Differences in replacement values are taken in profit and loss account under the financial result.

The consolidated accounts of subsidiaries whose operating currency is not the EUR are converted using the current rate method. Under this method, all assets, liabilities and result brought forward, both monetary and non-monetary, are converted using the spot rate at the balance sheet date. Minority interests included in reserves are converted at the spot rate at the balance sheet date. Income and expense items are converted at the average rate for the year.

2.12.2. Valuation of transactions not subject to currency risk

Swap transactions not linked to balance sheet items

The spot result realised in cash terms is offset by the result arising from the revaluation of the forward leg. The premium/discount is spread prorata temporis.

Over-the-counter closed forward transactions

Future profits that are certain to arise are deducted from future losses that are certain to arise in the same currency.

A provision is created for any excess losses; any excess profits are deferred.

2.12.3. Valuation of transactions subject to currency risk

Over-the-counter hedging forward transactions

Provision is made for unrealised losses on forward transactions, which do not represent the hedging of a spot position. Unrealised gains are not accounted for.

The Group only enters into financial instruments for hedging purposes.

3. SCOPE OF CONSOLIDATION

EUR	REGISTERED OFFICE	PROPORTION OF THE CAPITAL HELD BY THE PARENT COMPANY
As at December 31, 2022:		
Parent company:		
Banque Havilland S.A.	Luxembourg	-
Full consolidation:		
Banque Havilland (Monaco) SAM	Monaco	100.0%
Banque Havilland (Liechtenstein) AG **	Liechtenstein	100.0%
Out of consolidation scope:		
BHB Ltd.*	Bahamas	100.0%
As at December 31, 2021:		
Parent company:		
Banque Havilland S.A.	Luxembourg	-
Full consolidation:		
Banque Havilland (Monaco) SAM	Monaco	100.0%
Banque Havilland (Liechtenstein) AG	Liechtenstein	100.0%
Banque Havilland (Suisse) SA	Switzerland	100.0%
Out of consolidation scope:		
BHB Ltd.*	Bahamas	100.0%

*Under winding down of the entity, which surrendered its banking and securities licenses and change its name from Banque Havilland (Bahamas) Ltd. to BHB Ltd. It is out of scope due to its insignificant character.
** In 2022 Banque Havilland (Suisse) SA merged with Banque Havilland (Liechtenstein) AG. The activities of the Group in Switzerland are operated in Zurich under Banque Havilland (Liechtenstein) AG, Zurich Branch.

4. DETAILED DISCLOSURES RELATING TO ASSET HEADINGS

4.1. CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

In accordance with the requirements of the European Central Bank, the Central Bank of Luxembourg implemented effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The reserve balance as at December 31, 2022 held by the Group with the Central Bank of Luxembourg amounted to EUR 195 735 413 (2021: EUR 131 983 528). The reserve balance as at December 31, 2022 held by the Group with the Banque de France amounted to EUR 13 626 149 (2021: EUR 28 578 381). The reserve balance as at December 31, 2022 held by the Group with the Swiss National Bank amounted to EUR 99 529 669 (2021: EUR 45 300 979).

4.2. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

As at December 31, 2022, the Group has no loan granted to affiliated credit institutions (2021: EUR 0).

4.3. LOANS AND ADVANCES TO CUSTOMERS

As at December 31, 2022, there are no loans and advances granted to related parties (2021: EUR 3 435). Total loan loss allowances amounts to EUR 3 398 807 (2021: EUR 3 758 806).

4.4. DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES

This heading includes debt securities, whether quoted on a recognised market or not, issued by public bodies, credit institutions or other issuers and which are not included under another balance sheet heading.

Quoted and non-quoted securities are analysed as follows:

EUR*	2022	2021
Securities quoted on a recognised market	413 886 150	502 589 769
Securities not quoted on a recognised market	17 468 384	16 448 848
TOTAL	**431 354 534**	**519 038 617**

*Including lump-sum provision.

Debt securities and other fixed-income securities held are included in the structural portfolio and the investment portfolio of financial fixed assets. The Group uses the European Central Bank Monetary Policy Operations to finance a part of its eligible securities portfolio.

As at December 31, 2022, the Group is committed in sale and repurchase agreements with a firm repurchase obligation. As at December 31, 2022, the drawing of the repurchase line amounted to EUR 25 000 000 (note 5.1) (2021: EUR 80 000 000).

4.5. SHARES AND OTHER VARIABLE-YIELD SECURITIES

This heading includes shares, holdings in investment funds and other variable-yield securities whether quoted on a recognised market or not which are not included in fixed asset investments.

Quoted and non-quoted shares and other variable-yield securities are analysed as follows:

EUR*	2022	2021
Securities quoted on a recognised market	4 287 424	2 981 618
Securities not quoted on a recognised market	48 511	550 287
TOTAL	**4 335 935**	**3 531 905**

*Including lump-sum provision.

All shares and other variable-yield securities held are included in the structural portfolio.

As at December 31, 2022, the Group holds shares and other variable-yield transferable securities for hedging purposes in the frame of contracts for differences ("CFD") with clients for a total amount of EUR 4 286 710 (2021: EUR 2 938 090).

4.6. MOVEMENTS ON INTANGIBLE AND TANGIBLE ASSETS

EUR TABLE PART 1	GROSS VALUE AT THE BEGINNING OF THE FINANCIAL YEAR	FOREIGN EXCHANGE IMPACT	ADDITIONS	DISPOSALS / ADJUSTMENTS	GROSS VALUE AT THE END OF THE FINANCIAL YEAR
Intangible assets of which:	**16 212 504**	**144 644**	**697 777**	**-**	**17 054 924**
- Software	*12 222 847*	*106 979*	*535 709*	*-*	*12 865 847*
- Other intangible assets	*1 451 411*	*37 665*	*13 362*	*-*	*1 502 438*
- Project cost	*767 138*	*-*	*148 706*	*-*	*915 844*
Tangible assets of which:	**46 933 386**	**1 668 956**	**172 168**	**(15 701 205)**	**33 073 305**
- Office equipment fixtures and fittings	*17 313 198*	*197 654*	*172 168*	*(590 928)*	*17 092 093*
- Company cars	*155 054*	*7 712*	*-*	*(39 351)*	*123 415*
- Building	*29 465 133*	*1 463 591*	*-*	*(15 070 926)*	*15 857 798*

EUR TABLE PART 2	CUMULATIVE VALUE ADJUSTMENTS AT THE BEGINNING OF THE FINANCIAL YEAR (*)	REVERSAL OF VALUE ADJUSTMENTS*	CUMULATIVE VALUE ADJUSTMENTS*	NET BOOK VALUE AS AT 31/12/2022*	NET BOOK VALUE AS AT 31/12/2021*
Intangible assets of which:	**(13 861 521)**	**-**	**(14 788 194)**	**2 266 730**	**2 350 982**
- Software	*(11 323 772)*	*-*	*(11 959 810)*	*905 724*	*899 075*
- Other intangible assets	*(698 684)*	*-*	*(770 947)*	*731 491*	*752 727*
- Project cost	*(67 958)*	*-*	*(286 329)*	*629 515*	*699 180*
Tangible assets of which:	**(33 801 347)**	**256**	**(24 222 087)**	**8 851 219**	**13 132 039**
- Office equipment fixtures and fittings	*(16 686 951)*	*256*	*(16 775 216)*	*316 876*	*626 248*
- Company cars	*(155 054)*	*-*	*(123 415)*	*-*	*-*
- Building	*(16 959 342)*	*-*	*(7 323 456)*	*8 534 342*	*12 505 791*

*Including lump-sum provision.

4.7. OTHER ASSETS

This heading consists of the following:

EUR	2022*	2021*
Replacement value Forex transactions**	7 669 886	-
Intercompany receivables	2 251 597	1 808 169
Performance fees receivable	1 987 656	-
Margin calls on contracts for differences with clients	1 616 339	1 062 099
Tax advances	1 032 712	2 002 222
Currency options margins	863 144	-
Invoices issued not yet paid	122 581	394 248
Guarantee called	118 725	245 189
Other receivables	1 647 898	**696 075**
TOTAL	**17 310 538**	**6 208 002**

*Including lump-sum provision.

**Replacement value Forex transactions corresponds to unsettled forex transactions as at December 31, 2022 (note 2.12.1).

4.8. ASSETS DENOMINATED IN FOREIGN CURRENCIES

Assets denominated in currencies other than EUR have a total value of EUR 701 714 545 (2021: EUR 663 243 989) as at December 31, 2022. The majority of the gap between non EUR denominated assets and non EUR denominated liabilities is covered by exchange rates derivatives instruments (note 7.2).

CONSOLIDATED NOTES TO THE ACCOUNTS AS AT DECEMBER 31, 2022

5. DETAILED DISCLOSURES RELATING TO LIABILITY HEADINGS

5.1. AMOUNTS OWED TO CREDIT INSTITUTIONS

As at December 31, 2022, the Group has no amount owed to affiliated credit institutions (2021: EUR 0).

As part of its liquidity management, the Group may participate into Eurosystem's regular open market operations. As at December 31, 2022, the Group entered into main refinancing operations (short-term liquidity providing operations) with Luxembourg Central Bank for an amount of EUR 25 000 000 (2021: EUR 80 000 000).

5.2. AMOUNTS OWED TO CUSTOMERS

As at December 31, 2021, amounts owed to related parties amount to EUR 31 895 504 (2021: EUR 29 563 361).

5.3. OTHER LIABILITIES

This heading consists of the following:

EUR	2022	2021
Replacement Value Forex transactions*	7 095 998	-
Payable on sales of structured products	2 566 346	3 817 578
Clients unclaimed assets	1 459 383	1 504 262
Invoice payable	820 387	1 001 669
Preferential creditors	646 097	1 109 816
Accrued general expenses	898 953	503 682
Business introducers commissions payables	312 063	310 846
Cheques in transitory	-	172 999
Guarantee payable	119 050	119 050
Other payables	2 118 907	626 418
TOTAL	**16 037 183**	**9 166 320**

*Replacement value Forex transactions corresponds to unsettled forex transactions as at December 31, 2022 (note 2.12.1).

5.4. SUBSCRIBED CAPITAL AND SHARE PREMIUM

As at December 31, 2022, the subscribed and fully paid share capital of the Group is EUR 170 000 000 made up of 170 000 shares with a nominal value of EUR 1 000 each.

The share premium amounts to EUR 1 260 709 and is made of valuation differences of the Group assets and liabilities at the date of its constitution.

5.5. LEGAL RESERVE

In accordance with article 461-1 of the Luxembourg company law, as amended, an amount of 5% of net profits should be allocated to a non distributable legal reserve, until this reserve reaches 10% of the subscribed capital. Banque Havilland S.A. did not allocate any amount to the legal reserve in 2022.

5.6. CHANGES IN SHAREHOLDERS' EQUITY

The movements of shareholders' equity of Banque Havilland S.A. may be summarised as follows:

EUR	SUBSCRIBED CAPITAL	SHARE PREMIUM	LEGAL RESERVE	CONSOLIDATED RESERVES AND PROFIT BROUGHT FORWARD	PROFIT OF THE YEAR (GROUP)	TOTAL OWN FUNDS
Balance at December 31, 2021	**170 000 000**	**1 260 709**	**2 927 754**	**24 223 840**	**(18 694 503)**	**179 717 800**
Capital increase	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	-
Translation impact on: - group reserves	-	-	-	(182 666)	-	(182 666)
Profit brought forward	-	-	-	(18 694 503)	18 694 503	-
Current year loss	-	-	-	-	(20 319 180)	(20 319 180)
Balance at December 31, 2022	**170 000 000**	**1 260 709**	**2 927 754**	**5 346 671**	**(20 319 180)**	**159 215 953**

5.7. LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Liabilities denominated in currencies other than EUR have a total value of EUR 706 542 944 (2021: EUR 684 900 623) as at December 31, 2022. The majority of the gap between non EUR denominated assets and non EUR denominated liabilities is covered by exchange rates derivative instruments.

5.8. OTHER PROVISIONS

As at December 31, 2022, "Other provisions" is mainly composed of :

EUR	2022	2021
Regulatory provisions (note 6.1)	6 444 424	-
Restructuring	1 000 000	-
Clients claims	811 130	1 967 858
Bonus	3 382 321	3 416 253
Legal, consultancy and other administrative costs	2 607 834	1 341 401

Building work maintenance	42 314	40 309
Retrocessions	111 334	47 647
Other provisions	2 280 615	1 585 853
TOTAL	**16 679 972**	**8 399 321**

Restructuring is related to closure of the UK branch (Note 8.3) and sale of Institutional Banking activity (Note 9.6.).

5.9. LUXEMBOURG RESOLUTION FUND (“LRF”) AND LUXEMBOURG DEPOSIT GUARANTEE SCHEME (“LDGS”)

The law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (“the Law”), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on December 18, 2015.

The deposit guarantee and investor compensation scheme previously in place through the “Association pour la Garantie des Dépôts Luxembourg” (AGDL) has been replaced by a new contribution based system of deposit guarantee and investor compensation scheme. This new system covers eligible deposits of each depositor up to an amount of EUR 100,000 (Luxembourg Deposit Guarantee Scheme) and investments up to an amount of EUR 20,000 (Luxembourg Investors Compensation Scheme).

The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

Provisions which were booked in the consolidated accounts of the credit institutions throughout the years in order to respect the obligations of the AGDL are reversed in proportion to the contribution paid on the new “Luxembourg Resolution Fund” (LRF) and “Luxembourg Deposit Guarantee Scheme” (LDGS).

The funded amount of the LRF shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 107 (1) of the Law, of all authorised credit institutions all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2024 using the previously constituted AGDL provision.

The target level of funding of the LDGS is set at 0.8% of covered deposits, as defined in article 179 (1) of the Law, of the relevant credit institutions arid is to be reached by the end of 2018 through annual contributions using the previously constituted AGDL provision. When the level of 0.8% will be reached, the Luxembourgish credit institutions are to continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 180 (1) of the Law.

According to the Law, the Group decided to use the AGDL provision constituted up to

December 31, 2015 to cover LRF and LDGS charges occurring during the year. In 2022, LRF and LDGS charges amounted to respectively EUR 428 666 (EUR 435 868 in 2021) and EUR 12 502 (EUR 10 453 in 2021).

6. CONTINGENT LIABILITIES AND COMMITMENTS

6.1. CONTINGENT LIABILITIES

Contingent liabilities consist of guarantees for EUR 457 738 (2021: EUR 1 221 117).

As at December 31, 2022, contingent liabilities to related parties amount to EUR nil (2021: EUR 48 209).

The Group remains subject to regulatory proceedings and regulatory litigations that are at a stage where there is insufficient information to reliably quantify or otherwise assess the potential financial impact on the Group, except for the provision as referred to in the note 5.8.

The Group has taken measures to seek to ensure that any consequences will not significantly affect the Group's financial position.

6.2. OPEN FORWARD AGREEMENTS AT THE BALANCE SHEET DATE

The Group is engaged in forward foreign exchange transactions (swaps, outrights) in the normal course of its banking business. A significant portion of these transactions has been contracted to hedge the effects of fluctuations in exchange rates (see notes 7.2. and 7.3. for additional information).

6.3. MANAGEMENT AND FIDUCIARY SERVICES

The Group's services to third parties consist of:

- Portfolio management and investment advice;
- Custody and administration of transferable securities;
- Credit activities.

6.4. COMMITMENTS

As at December 31, 2022, commitments amount to EUR 115 382 (2021: EUR 142 697).

6.5. OTHER COMMITMENTS

The following commitment outstanding at December 31, 2022 has not been included in the balance sheet nor in the off balance sheet accounts:

- The premises of the Bank in Luxembourg are rented from Kaytwo S.à r.l.. The total commitments in respect of fixed rental payments contracted on buildings amounts to EUR 9 134 987 (2021: EUR 10 155 272).

7. INFORMATION RELATING TO FINANCIAL INSTRUMENTS

7.1. DISCLOSURES RELATING TO PRIMARY FINANCIAL INSTRUMENTS IN RELATION TO NON TRADING ACTIVITIES

The following tables provide an analysis of the carrying amount of primary financial assets and financial liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment.

As at December 31, 2022, primary financial assets and liabilities are analysed as follows:

EUR FINANCIAL ASSETS	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Cash in hand, balances with central banks and post office banks	310 649 026	-	-	-	-	310 649 026
Loans and advances to credit institutions	157 812 592	-	-	-	-	157 812 592
Loans and advances to customers	278 083 693	63 545 241	159 373 624	17 671 114	-	518 673 672
Debt securities and other fixed-income securities	6 969 890	99 764 951	264 451 165	57 176 704	2 991 824	431 354 534
Shares and other variable-yield securities	-	-	-	-	4 335 935	4 335 935
TOTAL	**753 515 201**	**163 310 191**	**423 824 789**	**74 847 818**	**7 327 759**	**1 422 825 759**

EUR FINANCIAL LIABILITIES	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Amounts owed to credit institutions	25 170 743	-	-	-	-	25 170 743
Amounts owed to customers	1 172 805 725	52 012 176	-	-	-	1 224 817 901
TOTAL	**1 197 976 468**	**52 012 176**	**-**	**-**	**-**	**1 249 988 644**

EUR OFF BALANCE-SHEET	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Contingent liabilities	16 936	418 801	-	-	22 001	457 738
Commitments	-	115 382	-	-	-	115 382
TOTAL	**16 936**	**534 183**	**-**	**-**	**22 001**	**573 120**

CONSOLIDATED NOTES TO THE ACCOUNTS AS AT DECEMBER 31, 2022

The maturity mismatch between the assets and the liabilities of the Group are mainly related to the Group's bond portfolio. The modified duration of the entire portfolio is 1.69 years.

As per end of year the Group made use of source of funding available via the Long Term Refinancing Operations (LTRO's) for EUR 25 000 000.

A positive shift of 200 bps of the interest rate curve would mean a decrease of EUR 2 107 176 of the present value of our assets and liabilities. The portfolio is therefore slightly sensitive to the fluctuation of short term interest rates.

As at December 31, 2021, primary financial assets and liabilities are analysed as follows:

EUR FINANCIAL ASSETS	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Cash in hand, balances with central banks and post office banks	207 368 006	-	-	-	-	207 368 006
Loans and advances to credit institutions	131 275 105	-	-	-	-	131 275 105
Loans and advances to customers	268 287 346	54 389 427	248 086 214	23 329 194	-	594 092 181
Debt securities and other fixed-income securities	2 992 484	10 675 004	353 722 865	148 269 855	3 378 409	519 038 617
Shares and other variable-yield securities	-	-	-	-	3 531 905	3 531 905
TOTAL	**609 922 941**	**65 064 431**	**601 809 079**	**171 599 049**	**6 910 314**	**1 455 305 814**

EUR FINANCIAL LIABILITIES	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Amounts owed to credit institutions	490 080	80 000 000	-	-	-	80 490 080
Amounts owed to customers	1 140 528 853	38 821 855	8 235 418	-	-	1 187 586 126
TOTAL	**1 141 018 933**	**118 821 855**	**8 235 418**	**-**	**-**	**1 268 076 206**

EUR OFF BALANCE-SHEET	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	BETWEEN ONE YEAR AND FIVE YEARS	MORE THAN FIVE YEARS	NO MATURITY	TOTAL
Contingent liabilities	-	90 857	241 513	-	888 747	1 221 117
Commitments	-	-	-	-	142 697	142 697
Fiduciary transactions	327 653	-	-	-	-	327 653
TOTAL	**327 653**	**90 857**	**241 513**	**-**	**1 031 444**	**1 691 467**

7.2. DISCLOSURES RELATING TO DERIVATIVE FINANCIAL INSTRUMENTS

The following tables provide an analysis of the derivative financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment. As at December 31, 2022, over-the-counter derivative financial assets and liabilities are analysed as follows:

EUR INSTRUMENT CLASS TABLE PART 1		LESS THAN THREE MONTHS		BETWEEN THREE MONTHS AND ONE YEAR	
	CONTRACT / NOTIONAL AMOUNT (EUR)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)
FOREIGN EXCHANGE					
OTC					
- Forward currency contracts	72 495 190	464 312	(536 490)	84 633	(146 760)
- Currency swap contracts	933 981 057	8 395 882	(7 817 109)	34 298	(66 632)
- Options	5 178 610	657 503	(657 503)	8 528	(8 528)
Exchange-traded					
- Futures	9 271 034	59 922	(59 922)	-	-
EQUITIES					
OTC					
- Contracts for difference	5 973 626	1 670 837	(26 661)	-	-
Exchange-traded					
- Options	4 419 158	358 056	(358 056)	587 629	(587 629)
INDEX					
Exchange-traded					
- Futures	19 722 267	337 008	(337 008)	-	-
- Options	13 322 485	578 429	(578 429)	1 174 626	(1 174 626)
COMMODITY					
Exchange-traded					
- Futures	164 156 758	3 047 715	(3 047 715)	17 328	(17 328)
INDEX					
Exchange-traded					
- Futures	126 710 026	1 501 429	(1 501 429)	-	-

EUR INSTRUMENT CLASS TABLE PART 2	BETWEEN ONE YEAR AND FIVE YEARS		TOTAL	
	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)
FOREIGN EXCHANGE				
OTC				
- Forward currency contracts	-	-	**548 945**	**(683 250)**
- Currency swap contracts	-	-	**8 430 180**	**(7 883 741)**
- Options	-	-	**666 031**	**(666 031)**
Exchange-traded				
- Futures	-	-	**59 922**	**(59 922)**
EQUITIES				
OTC				
- Contracts for difference	-	-	**1 670 837**	**(26 661)**
Exchange-traded				
- Options	-	-	**945 685**	**(945 685)**
INDEX				
Exchange-traded				
- Futures	-	-	**337 008**	**(337 008)**
- Options	-	-	**1 753 055**	**(1 753 055)**
COMMODITY				
Exchange-traded				
- Futures	-	-	**3 065 043**	**(3 065 043)**
INDEX				
Exchange-traded				
- Futures	-	-	**1 501 429**	**(1 501 429)**

As at December 31, 2021, over-the-counter derivative financial assets and liabilities are analysed as follows:

EUR INSTRUMENT CLASS TABLE PART 1		LESS THAN THREE MONTHS		BETWEEN THREE MONTHS AND ONE YEAR	
	CONTRACT / NOTIONAL AMOUNT (EUR)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)
FOREIGN EXCHANGE					
OTC					
- Forward currency contracts	553 916 863	8 274 188	(8 657 281)	337 225	(273 860)
- Currency swap contracts	917 666 060	16 552 525	(15 790 519)	1 380 183	(1 427 183)
- Options	1 379 452	416 917	(416 917)	13 142	(13 142)
Exchange-traded					
- Futures	19 869 108	70 500	(70 500)	-	-
EQUITIES					
OTC					
- Contracts for difference	11 422 107	1 383 928	(73 711)	-	-
Exchange-traded					
- Options	264 250	703 714	(703 714)	17 622	(17 622)
- Futures	9 612 330	107 789	(107 789)	-	-
INDEX					
Exchange-traded					
- Futures	18 883 082	36 564	(36 564)	-	-
COMMODITY					
Exchange-traded					
- Futures	4 376 247	117 621	(117 621)	6 571	(16 831)

EUR INSTRUMENT CLASS TABLE PART 2	BETWEEN ONE YEAR AND FIVE YEARS		TOTAL	
	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)	FINANCIAL ASSETS (POSITIVE FAIR VALUE)	FINANCIAL LIABILITIES (NEGATIVE FAIR VALUE)
FOREIGN EXCHANGE				
OTC				
- Forward currency contracts	-	-	**8 611 413**	**(8 931 141)**
- Currency swap contracts	-	-	**17 932 708**	**(17 217 702)**
- Options	-	-	**430 058**	**(430 058)**
Exchange-traded				
- Futures	-	-	**70 500**	**(70 500)**
EQUITIES				
OTC	-	-	**1 383 928**	**(73 711)**
- Contracts for difference				
Exchange-traded	1 103	(1 103)	**722 439**	**(722 439)**
- Options	-	-	**107 789**	**(107 789)**
- Futures				
INDEX				
Exchange-traded				
- Futures	-	-	**36 564**	**(36 564)**
COMMODITY				
Exchange-traded				
- Futures	-	-	**124 192**	**(134 452)**

7.3. DISCLOSURES RELATING TO CREDIT RISK

The Group is exposed to credit risk mainly through its lending, investing and hedging activities and in cases where the Group acts as an intermediary on behalf of customers and issues guarantees.

The Group's primary exposure to credit risk arises from its loans and advances and debt securities. The credit exposure in this regard is represented by the carrying amounts of the assets in the balance sheet.

The Group is also exposed to off-balance sheet credit risk through guarantees issued and instruments linked to exchange, interest and other market rates (forward transactions, swaps and option contracts). The credit exposure in respect of instruments linked to exchange, interest and other market rates are equal to the equivalent at risk according to the initial risk approach.

The credit risk exposure at year end can be analysed as follows:

EUR	2022 GROSS RISK EXPOSURE	2021 GROSS RISK EXPOSURE
Loans and advances to customers	518 673 672	594 092 181
Debt securities and other fixed-income securities	431 354 534	519 038 617
Cash in hand, balances with central banks and post office banks	310 649 026	207 368 006
Loans and advances to credit institutions	157 812 592	131 275 105
Derivatives	30 233 670	35 170 768
Shares and other variable-yield securities	4 335 935	3 531 905
Contingent liabilities	457 738	1 221 117
Commitment	115 382	142 697
TOTAL	**1 453 632 548**	**1 491 840 397**

Loans and advances to customers are usually secured by cash, listed investments, third party guarantees and mortgage on real estate property.

Credit risk concentrations on total on and off balance sheet are analysed as follows:

EUR	2022	2021
Credit institutions	450 450 232	412 507 813
Corporates	361 967 355	514 408 703
Public sector	334 491 198	295 068 342
Individuals	306 723 762	269 855 539
TOTAL	**1 453 632 548**	**1 491 840 397**

Credit institutions, corporates, individuals and public sector are essentially issued from OECD countries, main ones being Luxembourg, United States, Switzerland, France and the United Kingdom.

Geographical Concentration of credit risk:

EUR	2022	2021
Luxembourg	348 211 286	241 070 906
Switzerland	158 050 260	152 136 416
France	150 177 519	221 196 625
Monaco	124 096 460	117 084 110
United Kingdom	99 469 892	108 659 113
Germany	75 872 718	68 496 170
United Arab Emirates	61 991 955	74 741 760
Belgium	53 097 547	53 522 126
Liechtenstein	46 098 340	15 504 187
United States	41 993 938	59 531 941
Hong Kong	36 591 325	45 209 420
Italy	35 392 604	64 636 571
Netherlands	35 081 225	30 619 852
Russia	20 832 301	28 665 129
Canada	18 448 318	15 397 130

Spain	15 112 021	8 309 394
British Virgin Islands	13 439 760	15 183 071
Cyprus	11 387 631	14 398 528
Finland	10 956 214	7 529 933
Israel	9 136 000	11 788 291
Saudi Arabia	8 295 141	4 499 265
Ireland	8 120 398	15 627 085
Mexico	6 943 484	4 903 318
Hungary	6 618 417	11 955 402
Seychelles	6 430 699	7 863 096
Cayman Islands	5 561 686	9 002 766
Romania	5 318 672	5 320 642
Ukraine	5 110 918	5 366 857
Korea	5 028 010	3 967 867
Poland	3 337 600	1 504 869
Turkey	3 312 871	9 233 959
Japan	3 126 712	2 250 204
Sweden	3 107 507	19 358 626
Malta	2 902 528	3 117 837
Norway	2 762 920	2 600 544
Guernsey	2 437 071	3 029 678
Other	9 780 598	28 557 710
TOTAL	**1 453 632 548**	**1 491 840 397**

7.4. INFORMATION ON THE MANAGEMENT OF OTHER RISKS

Liquidity Risk

A cash management system enables the Group to achieve a daily automatic "vostro-nostro" reconciliation of all correspondent accounts.

The Group is able to identify possible cash flow errors, to determine adjusted opening balances and generate an accurate liquidity gap to better channel short-term liquidity needs.

The Asset and Liability Committee ("ALCO") receives a daily report on the overall liquidity situation of the Group, the upcoming liquidity risks and the cash buffer.

Interest Rate Risk

The Group monitors its interest rate risk by analysing the different maturity gaps in the balance sheet.

The Group IRRBB Policy sets up the internal limit systems for the Group's exposure to interest rate risks.

Stress tests are performed monthly by analysing several scenarios as per the EBA Guideline EBA/GL/2018/02.

Exchange Rate Risk

The Group's main exposure to foreign exchange risk ("FX") arises from USD, CHF and GBP.

A foreign exchange position system provides an overall view of the currency risk and related profit or loss impact by business line, turnover and margins.

The implementation of an Expected Shortfall ("ES") model gives a view of the potential loss of the overnight position.

The ALCO members monitor and control the exchange rate risk through the daily report received from the risk department.

Market Risk

The Group's Market Risk is managed in both a qualitative and a quantitative manner. The profit and loss of the Group's investment and FX book is reported daily by the Treasury to the ALCO members. An in-depth analysis of the Group's investment portfolio is performed monthly in terms of geographic segmentation, sector segmentation, type of products, last important news on the issuer, yield analysis, rating agency's views, liquidity, issuer's healthiness. These documents are sent to the ALCO. All the investment's decisions need to be compliant with the Investment Guidelines as agreed by the Board of Directors.

The monitoring and control of CFD positions is operationalised, among others, through the production of two daily reports: a CFD control report and a CFD statement report. The details for each position, corresponding margin call, profit and loss, computed VaR are indicated in these documents.

In case of any breach the Relationship Manager of the client and the credit department are immediately informed. The Credit Department with the support of the Relation Manager has to solve the breach whether by margin calling the client, either by closing the CFD's contract.

The Treasury of the Group can hedge the client's CFDs either by backing the CFD on the market with a CFD provider, either by taking positions on the underlying. In any case, the Group's book has to be delta neutral.

8. INFORMATION ON THE PROFIT AND LOSS ACCOUNT

8.1. GEOGRAPHICAL ANALYSIS INCOME

Interest receivable and similar income, commission receivable and net profit on financial operations mainly originate from Western Europe.

8.2. OTHER OPERATING INCOME

Other operating income are analysed as follows:

EUR	2022	2021
Gain on sale of building held as fixed assets	20 134 828	-
Operating sub-rents	695 294	669 667
Provisions reversed	647 153	2 536 428
Fees re-invoicing	568 937	634 950
Client fees related to previous years	421 937	77 115
Gain on subsidiary share Buyback	338 395	-
CCSS Reimbursments	264 536	173 056
Gains on deals/claims settled	1 139	990 296
Other	475 927	543 366
TOTAL	**23 548 146**	**5 624 877**

Provisions reversed concern mainly the reduction of the risk with regards to claims and provisions related to risks ultimately not materialized.

8.3. OTHER OPERATING CHARGES

Other operating charges are analysed as follows:

EUR	2022	2021
Regulatory provision (notes 5.8 and 6.1)	6 444 424	-
Restructuring provision (note 5.8)	1 000 000	-
Contributions to LRF and LDGS	448 178	447 439
Legal Case	431 159	-
Write-off of receivables	139 251	1 230 467
Invoices related to previous years	97 560	85 713
Administrative fees reinvoiced	96 653	134 426
Previous year net wealth tax	81 069	-
Other	521 769	506 297
TOTAL	**9 260 063**	**2 404 342**

8.4. NET VALUE ADJUSTMENTS IN RESPECT OF LOANS AND ADVANCES AND PROVISION FOR CONTINGENT LIABILITIES AND FOR COMMITMENTS

This heading is analysed as follows:

EUR SPECIFIC VALUE ADJUSTMENTS ON LOANS TO CUSTOMERS	2022	2021
Additions	615 528	487 482
Reversals	(89 562)	(82 346)
TOTAL	**525 966**	**405 136**

The additions and reversals for 2022 mainly relate to client loan position impaired and recovered during the year.

8.5. TAX INFORMATION

The Parent company is liable to taxes on income and net wealth taxes in line with the Luxembourg legislation.

9. OTHER INFORMATION

9.1. COUNTRY BY COUNTRY INFORMATION

According to Article 38-3 of the law of April 5, 1993 as amended by the law of July 23, 2015, the credit institutions, financial holding companies and investment companies must publish information on their locations and activities, included in their scope of consolidation in each state or territory.

As at December 31, 2022, country by country information are analysed as follows:

EUR	STATUTORY OPERATING INCOME	STATUTORY PROFIT OR LOSS BEFORE TAX	STATUTORY TAX ON PROFIT OR LOSS	NUMBER OF EMPLOYEES
EU Member countries				
- Luxembourg*	20 671 853	(17 417 557)	-	146
- United Kingdom*	1 617 685	(3 927 333)	-	8
Non-EU member countries				
- Liechtenstein*	24 853 824	7 607 266	(99 106)	37
- Monaco*	5 223 583	(33 705)	-	18

*Audited

No public subsidies have been received by the Group during the year that ended December 31, 2022.

As at December 31, 2021, country by country information are analysed as follows:

EUR	STATUTORY OPERATING INCOME	STATUTORY PROFIT OR LOSS BEFORE TAX	STATUTORY TAX ON PROFIT OR LOSS	NUMBER OF EMPLOYEES
EU Member countries				
- Luxembourg*	20 671 853	(23 417 557)	-	146
- United Kingdom*	1 617 685	(3 927 333)	-	8
Non-EU member countries				
- Liechtenstein*	24 853 824	7 607 266	(99 106)	37
- Monaco*	5 223 583	(33 705)	-	18

*Audited

No public subsidies have been received by the Group during the year that ended December 31, 2021.

9.2. RETURN ON ASSETS

The return on assets of the Group for the year ended December 31, 2022 stands to (1.39%) ((1.26%) for the previous year). The return on assets is calculated as being the net profit divided by the total balance sheet.

9.3. PERSONNEL EMPLOYED

The average number of persons employed during the financial year was as follows:

	2022	2021
Management	13	17
Employees	196	200
TOTAL	209	217

9.4. MEMBERS OF THE ADMINISTRATION, MANAGERIAL AND SUPERVISORY BODIES

Remuneration paid to the various bodies of the Group during the financial year was as follows:

EUR	2022	2021
Management	4 302 266	5 593 382
Supervisory body	187 539	799 863
TOTAL	4 489 805	6 393 245

Loans and advances granted to members of the Management and the Board of Directors as at December 31, 2022 amount to EUR nil (2021: EUR nil).

As at December 31, 2022, no guarantee has been issued in favour of member of the Management and the Board of Directors (2021: EUR 46 250).

It was decided at the Annual General Meeting held on June 17, 2022 that four Board members of the Bank in Luxembourg received emoluments in respect of their duties for a total gross amount of EUR 300 000 related to the fiscal year ended December 31, 2022 (2021: EUR 300 000).

9.5. INDEPENDENT AUDITOR'S FEES

Fees billed (excluding VAT) to the Group by Deloitte Audit S.à r.l. and component auditors during the year are as follows:

EUR	2022	2021
Audit fees	522 915	488 490
Audit-related fees	140 122	121 275
Other fees	18 808	-
TOTAL	681 846	609 765

Such fees are presented under other administrative expenses in the consolidated profit and loss account.

9.6. SUBSEQUENT EVENTS

Subject to regulatory approvals, the Bank has signed on April 2, 2023 a Business Transfer Agreement with Banco Inversis, a fully-owned subsidiary of Banca March, for the sale of its depositary,custody and related services business, with closing expected by the end of 2023.

LUXEMBOURG LONDON MONACO
LIECHTENSTEIN DUBAI SWITZERLAND