



## **Berenberg reports big profit increase: Net profit more than doubles from last year**

- Net profit for the year jumps from €40 million to record €104 million
- Gross income rises from €309 million to €423 million
- Investment Banking income grows by almost 50 %, Private Banking, Asset Management, and Corporate Banking income each grow at strong double-digit rates
- Assets under management rise by 11 % to €40.1 billion

**Hamburg.** As a direct result of the business expansion strategy pursued in the last few years, private bank Berenberg can report a big profit increase: Net profit for the year rose from €40 million in 2014 to a record amount of €104 million in 2015 (+160 %).

“We have upgraded our core competencies in the last few years. As a competent partner to private clients, institutional investors, and corporations, Berenberg is widely recognised for its special expertise, independence, depth of services, and strong sense of responsibility”, said Dr. Hans-Walter Peters, Spokesman of the Managing Partners. “We have begun to market our successful European equity research in the United States and we began trading equities in the United States in September. We have gotten off to a very successful start and the outlook is highly promising”, added second Managing Partner Hendrik Riehmer.

Berenberg, which celebrated its 425th anniversary in 2015, has successfully transformed itself in the last few years from a northern German private bank to an internationally sought-after advisory firm. **Total revenues (gross income)** in the four divisions of Private Banking, Investment Banking, Asset Management, and Corporate Banking have more than tripled since 2005 (€137 million to €423 million); in 2015, gross income rose from €309 million to €423

million (+37%), as Berenberg focuses increasingly on services. At the same time, net commission income plays a bigger role for Berenberg than for most other banks: The ratio of **current net interest income to net commission income** is 12 to 88, which makes Berenberg less vulnerable to the adverse effects of low interest rates. Highlighting the decisive role of **commission income** for Berenberg, this figure rose from €244 million to €321 million (+32 %) in 2015.

In line with the growth of its business, Berenberg increased the **number of employees** further from 1,250 to 1,330 (+6.4 %), which is more than twice the number of employees ten years ago (2005: 551).

## **Divisions**

Berenberg today offers **Private Banking** services at eleven locations in Germany, Switzerland und England. Another branch will be opened in Münster in mid-2016. Client advisors are often involved in matters that go beyond pure investment questions. Specialised expertise for client groups such as family entrepreneurs, senior executives, foundations, and professional athletes are bundled in seven centres of competence. A clear manifestation of Berenberg's client-oriented offering is that fact that Berenberg – unlike many of its competitors and despite the rising regulatory requirements – continues to offer *investment advice*, under which the client makes the investment decision himself in a dialogue with the advisor. To this end, the international Investment Advisory function was expanded further in 2015. In the area of *asset management*, under which the client delegates the implementation of his investment goals to the bank, Berenberg is fortunate to have signed up Dr. Manfred Schlumberger, who has been repeatedly recognised for outstanding performance, as Chief Investment Officer, effective at the start of this year.

“In **Investment Banking**, we have commenced operations in the United States under our proven business approach – producing first-class *research* on European enterprises and obtaining trade orders on that basis”, Hendrik Riehmer explained. As of September 2015, Berenberg now runs a trading desk in New York, so that it can now trade US equities for US investors and provide

enhanced service to European investors. In a second step, Berenberg is currently in the process of establishing a US equities research department; by the end of 2016, Berenberg will analyse approximately 200 US enterprises in addition to the nearly 600 European enterprises it covers now. “Of our more than 700 institutional clients who regularly do business with us, one third are from the United States. Therefore, it was only logical to open offices New York, Boston, and San Francisco in order to expand this business.” Berenberg increased its income from the *equities business* by 58 % in 2015.

Once again, Berenberg conducted more *equity capital markets* transactions in the German-speaking countries than any other bank in 2015. The Bank advised on a total of 27 transactions, including ten *IPOs* (including for the Swiss telecom operator Sunrise (CHF 2.3 billion), Deutsche Pfandbriefbank (€1.2 billion), Sixt Leasing (€239 million), and Hapag-Lloyd (€265 million)), various *capital increases* (including for Rocket Internet (€589 million) and Aroundtown (€320 million)), and *secondary placements* (including Wüstenrot & Württembergische for Unicredit and Zooplus for Burda). The total issue volume was €8.5 billion.

The cooperation with Bayern LB in the area of investment banking and financing that was announced in early 2015 has gotten off to a very successful start. The service offering is in high demand with clients of both banks.

**Asset Management** offers its services primarily to pension funds and insurance companies, family offices, industrial enterprises, and financial services providers. The considerable volatility of exchange rates in 2015 fuelled strong demand for currency risk hedging strategies. In this segment, Berenberg has positioned itself as one of the world's top five providers of active currency management services and benefitted from substantial fund inflows. Asset Management also delivered above-average performance and acquired assets in other fields of expertise such as European equities and volatility strategies. Moreover, it continued to make progress with its internationalisation strategy, especially in the markets of the United Kingdom, Scandinavia, North America, and Australia. This growth was underpinned by the opening of a new office in Chicago.

**Corporate Banking** advises capital market-oriented and large SMEs on the selection and implementation of optimal funding structures. The activities in this area are now highly transaction-driven, so that commission income accounts for

most of the income generated by this division. Berenberg maintains specialised expertise in areas like maritime shipping, real estate, and structured finance. The newly formed Infrastructure & Energy Department acquired a comprehensive advisory mandate for a large-scale European wind power project in 2015.

### **Summary/outlook**

“In the last few years, we have invested substantial resources in the quality of our services, in our infrastructure, and in business expansion. Such an unusually high net profit was only possible thanks to the first-class expertise and hard work of all colleagues. We have a long-term orientation, and we are pleased that we were able to generate such an outstanding result in 2015 despite further capital expenditures. This proves once again that the Berenberg business model is very successful. We have further increased diversification not only in our business segments, but also in the regions in which we operate, and have therefore become more independent of single developments. Also in 2016, we will continue to invest in the expansion of our business”, Peters said.

<b>Preliminary Key Figures</b>		<b>2014</b>	<b>2015</b>
Gross income	€ mn	309	423
Net commission income	€ mn	244	321
Net interest income	€ mn	27	44
Trading profit	€ mn	21	36
Administrative expenses	€ mn	258	299
thereof personnel expenses	€ mn	155	186
Net profit for the year	€ mn	40	104
Tier 1 capital	€ mn	181	205
Tier 1 capital ratio */**	in %	13.2	12.4
Return on equity before taxes	in %	28.8	67.3
Cost-income ratio	in %	85.7	72.2
Total assets	€ bn	4.5	4.7
Assets under mgmt**	€ bn	36.1	40.1
Employees*		1,250	1,330

\* The core capital ratio calculation did not yet take into account the capital increase; otherwise the core capital ratio would be almost 14%.

\*\* Including subsidiaries, or Berenberg Group.

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### **About Berenberg**

Founded in 1590, Berenberg is one of Europe's leading private banks today, offering services in the divisions of Private Banking, Investment Banking, Asset Management, and Corporate Banking. Headquartered in Hamburg and led by managing partners, Berenberg maintains a strong presence in the financial centres of London, Zurich, New York, and Frankfurt, and has a total of 19 offices in Europe, the Americas, and Asia. More than 1,300 employees carry the bank's long tradition of success into the future.

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