



Berenberg's net profit for the year increases by 56% to €161 million

- Second oldest bank in the world records highest earnings in its 427-year history
- Berenberg wins further market shares and increases headcount by 175 to 1,506
- Plans to expand Wealth and Asset Management

Hamburg. Berenberg is continuing on its growth trajectory. 2016 saw a high level of investment once again, with the number of employees rising by 13.1% to 1,506. Net profit for the year rose by 56% to €161 million.

“We want to continue to expand our position as an advisor for complex assets in 2017. To do this, we will further enhance our **Wealth Management** and **Asset Management** business.” This is how Dr. Hans-Walter Peters, Spokesman of the Managing Partners of Berenberg, describes the bank's strategic direction. To carry out this task, Berenberg recruited Henning Gebhardt (Head of Wealth and Asset Management) at the beginning of the year, who worked for more than 20 years in the Deutsche Bank Group. Together with David Mortlock (Investment and Corporate Banking) and Christian Kühn (Bank Management), he is a member of the new extended management board. These three members report to Peters and to the second Managing Partner, Hendrik Riehmer. “This management structure allows us to be well equipped for the future and to expand the business further”, according to Peters.

“In Wealth Management, we will focus on advice for complex assets. We will continue to invest in respected specialists and will provide a comprehensive range of advisory services. Henning Gebhardt and his team, to which he intends to add further specialists, will likewise develop solutions that correspond to what investors expect from the Berenberg brand.” In this way, the assets under management today of €40.7 billion (prior year: €40.1 billion) are to increase substantially in the coming years.

Investment Banking once again won market share in equity brokerage, with revenues up 6% in a market contracting overall. In addition to Hamburg, Berenberg also offers its clients equities trading from its New York office. The number of investor conferences, where companies present themselves to institutional investors, was increased from 13 to 23. The flagship conference in Pennyhill Park near London alone had 172 participating companies, most of which presented themselves at management board level. A total of 16,000 meetings were organised between investors and companies, and the 104 equity analysts provided research on more than 600 companies and presented this research to investors at roughly 10,000 client meetings. Our Equity Capital Markets (ECM) business, which involves advising on IPOs and capital increases, has an excellent reputation: Berenberg had a market share of 97% of the IPOs in 2016 in Germany, Austria and Switzerland (as a percentage of issue volume), putting it top of the list for the third year in succession (Bloomberg and Dealogic). It advised on a total of 24 ECM transactions in 2016 (prior year: 28) with an issue volume of €9.4 billion (prior year: €8.5 billion). In M&A, Berenberg successfully carried out transactions with a total volume in excess of €5.0 billion, thus further strengthening its position in the German-speaking countries as one of the leading M&A advisors for public transactions.

In line with the conservative risk policy, **Corporate Banking** is focusing on the financial advisory business. The Berenberg Alternative Assets Fund marked the creation for the first time of a credit fund that invests among other things in ship loans and finances low-risk parts of transactions. In the areas of both shipping and structured finance, the bank acquired institutional investors for substantial investments in performing loans and sees strong opportunities for growth in this field, also at an international level. In addition, the recent purchase of a ship credit portfolio of approximately \$300 million from the Royal Bank of Scotland (RBS) met with a great deal of interest. Most of these loans were incorporated in the credit fund, with the majority of the investment held by a major German institutional investor. Berenberg manages a further almost \$300 million from the RBS portfolio for a Japanese financial company. “This example shows that if you have the right know-how, it is possible to create attractive solutions for clients and investors even in difficult markets”, explains Hendrik Riehmer. Another credit fund will involve green bonds for wind and solar projects.

In addition to Hamburg and other locations in Germany and Europe, Berenberg has also become established at the major financial centres. The bank now employs roughly 300 people in London. “We see more advantages than disadvantages at this location arising from Brexit in the coming years”, says Riehmer. “Unlike many banks from outside the EU, as a German bank we will not have to move any parts of our business in order to be able to do business in the EU. The probable departure of competitors means that we are actually assuming that we will be able to hire more and even better qualified staff in London.”

The markets were characterised by high levels of uncertainty in 2016, with market participants taking a wait-and-see approach before and after Brexit, the US elections and the referendum in Italy in particular. That has an impact on trading and capital market activities. Against this backdrop, the bank recorded a strong operating result, which together with the sale of interests in Universal Investment Gesellschaft mbH and the distribution of reserves from subsidiaries to further enhance equity, led to a **record result** of €161 million (prior year: €104 million). **Gross income** climbed from €423 million to €510 million. **Administrative expenses** rose from €299.3 million to €323.1 million, in particular on the back of business expansion and investments in IT. Berenberg increased the **number of employees** further in line with the growth in the business, with the headcount up from 1,331 to 1,506. **Tier 1 capital** at the bank rose from €204.5 million to €245.1 million. The **tier 1 capital ratio** in the Group stands at 13.0% (12.4%). “This gives us a very healthy level of capitalisation and, together with our regional diversification and broad business base, puts us in an excellent position”, sums up Peters. Over the past ten years, Berenberg has achieved an average **return on equity** of 51.5%.

<u>Preliminary Key Figures Bank</u>		<u>2016</u>	<u>2015</u>
Gross income	€ mn	510	423
Net commission income	€ mn	254	321
Net interest income	€ mn	165	56
Trading profit	€ mn	34	36
Administrative expenses	€ mn	323	299
thereof personnel expenses	€ mn	191	186
Net profit for the year	€ mn	161	104
Tier 1 capital	€ mn	245	205
Tier 1 capital ratio**	in %	13.0	12,4
Return on equity before taxes	in %	95.8	67.3
Cost-income ratio	in %	63.9	72.2
Total assets	€ bn	4.7	4.7
Assets under management**	€ bn	40.7	40.1
Employees**		1,506	1,331

** including subsidiaries, or Berenberg Group.

The annual report will be published on 19 April 2017.

Contact:

Karsten Wehmeier

Head of Corporate Communications
Phone +49 40 350 60-481
karsten.wehmeier@berenberg.de

Sandra Hülsmann

Press Officer
Phone +49 40 350 60-8357
sandra.huelsmann@berenberg.de

About Berenberg

Founded in 1590, Berenberg is one of Europe's leading private banks today, offering services in the divisions of Wealth Management, 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 Frankfurt, London, New York and Zurich. 1,500 employees carry the Bank's long tradition of success into the future.

Joh. Berenberg, Gossler & Co. KG
Neuer Jungfernstieg 20
20354 Hamburg · Germany
Phone +49 40 350 60-0
www.berenberg.com · info@berenberg.com