BERENBERG

PARTNERSHIP SINCE 1590

2022

Report on the 433rd Financial Year

Berenberg was established in 1590. Today we are one of Europe's leading privately owned banks, focusing on the business divisions Investment Bank, Wealth and Asset Management, and Corporate Banking. The Hamburg-based bank is run by managing partners and has a strong presence in the financial centres of Frankfurt, London and New York.

Report
on the 433rd Financial Year

Key Performance Indicators

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net profit for the year	€ million	66	40	104	161	90	23	61	108	170	55
Net commission income	€ million	234	244	321	254	343	279	356	416	573	360
Total assets	€ million	4,525	4,514	4,738	4,716	4,741	4,693	5,059	4,654	6,376	7,725
Equity	€ million	223	219	234	265	296	293	288	296	341	342
Receivables from clients/loans	€ million	642	750	1,013	934	929	1,097	1,175	1,048	1,075	1,321
Liabilities to clients/deposits	€ million	3,390	3,199	3,570	3,721	3,736	3,924	4,263	3,835	5,480	6,925
Return on equity (before taxes)	%	46.9	28.8	67.3	95.8	43.0	9.8	28.5	52.0	82.7	28.7
Cost-income ratio	%	78.1	85.7	72.2	63.9	72.7	88.9	79.9	70.9	65.8	79.0
Assets under management	€ billion	27.5	32.9	35.7	36.3	37.0	36.7	40.7	41.3	44.8	38.5
Employees[1]		1,066	1,159	1,236	1,407	1,474	1,640	1,474	1,573	1,708[2]	1,579

[1] Berenberg Group
[2] Slightly adjusted upwards

CONTENTS

The Managing Partners (from left to right): Christian Kühn, Hendrik Riehmer and David Mortlock

Dear clients and business associates,

2022 was shaped by the war in Ukraine, unpredictability in terms of energy provision, disrupted supply chains, record levels of inflation and an uptick in interest rates. The uncertainty sparked by these events meant that many lines of business important to Berenberg, such as capital markets transactions, practically ground to a halt. Nevertheless, we were able to generate a net profit for the year of €55.1 million (2021: €170.1 million).

The two previous years were very successful, with a strong capital markets business. In the wake of this, the Bank has shown that it is able to generate good returns, even in challenging times, thanks to its diversified business model. With a return on equity of 28.7%, it has again demonstrated very good performance, compared to the rest of the sector.

In a bank that is orientated towards earnings from commission, income both from credit fund transactions and deposit transactions returned at exactly the right time. Once again, we have demonstrated that, as a mid-sized bank, we can act substantially quicker than many large banks, while, conversely, our diversified business model puts us on a sound footing compared to smaller competitors which often have just one business area. We reduced our costs at an early stage and also adjusted our employee numbers, particularly in Investment Banking and at our US subsidiary, to align with the business volumes at hand. In accordance with our conservative business policy, we have not increased our risk.

Our Investment Bank was able to further shore up its strong position in the European market. Even though market factors led to the volume of capital markets transactions plummeting from €32.2 billion to €4.7 billion, client-driven equity trading remained stable, with the volume of trades amounting to €150 billion. We were even able to expand our client base for research and sales transactions. Our aim is to use this challenging period in the markets to gain further market share, courtesy of our strong position.

The Bank's Wealth and Asset Management division was also faced with challenging markets. Our clients have faith in our long-term approach. As a result, our asset base has largely remained stable, enabling us to continue our growth trajectory. We continue to see a high level of demand for advice on complex assets, too, and hope to expand our quality leadership in the German market.

Our Corporate Banking team had an exceptionally successful year, increasing the assets invested in our credit funds to €4.3 billion. As one of the most active providers in Europe, we now offer institutional investors desirable investment opportunities across five segments. In the infrastructure area, they range from renewable energy plants to fibre-optic networks. We assist SMEs with transaction financing and finance ships by means of top-rate secured ship mortgages. In the real estate segment, a long-established asset class, our newly launched real estate debt fund is intended to benefit from the changed situation on the real estate market.

As a responsible, reliable partner, we will remain by your side. Thank you for placing your trust in us: we look forward to continuing our collaboration with you!

Hendrik Riehmer David Mortlock Christian Kühn

EXECUTIVES

Managing Partners

Hendrik Riehmer

David Mortlock

Christian Kühn

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Former Managing Partner and Spokesman of
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John v. Berenberg-Consbruch
Berlin

Christian Erbprinz zu Fürstenberg
Fürstlich Fürstenbergische Gesamtverwaltung, Donaueschingen

Pierre Alexis Hocke
Member of the Board of Directors, Compagnie du Bois Sauvage S.A., Brussels

Helge F. Kolaschnik
Kolaschnik Partner Rechtsanwälte PartGmbB, Hamburg

Joshua Ruch
Chairman and Chief Executive Officer, Vaal, Inc., New York

Andreas v. Specht
Managing Partner, AvS – International Trusted Advisors GmbH, Frankfurt

Extended Management Board

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Managing Directors

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Matthias Born
Stewart Cook
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Lars Hagemann
Laura Janssens
Knut Jessen
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Ivonn Marquardt
Professor Dr Bernd Meyer
Klaus Naeve
Dennis Paschke
Dr Holger Schmieding
Dr Christian Schumacher
Lars Schwartau
Uwe Schwedewsky
Philipp Wiechmann
Ken Zipse

As at: 1 January 2023

2022 IN REVIEW

January

Berenberg achieves its **all-time best operating profit**. Net profit for the 2021 financial year rose by 57.3 % to €170.1 million (up from €108.2 million the previous year).

Berenberg expands its credit fund line with a fourth **Green Energy Debt Fund**. The fund invests in renewable energy projects and has a target volume of €500 million.

CITYWIRE SELECTOR magazine includes Tobias Schäfer, a 31-year-old portfolio manager at Berenberg, in its »**40 under 40**« list of the most promising young fund selectors in Europe. Schäfer is one of just four Germans on the list.

Berenberg

February

Berenberg Green Energy Junior Debt Funds finance solar parks for CCE Holding in Italy and Chile having capacities of 41 MWp and 87 MWp, respectively.

Berenberg launches its first **Real-Estate Private Debt Fund**. This credit fund enables investors to make broadly diversified investments in senior secured real-estate financing.

Berenberg Green Energy Junior Debt Funds finance another windfarm owned by Energiequelle, a project developer, in Finland. The financing includes the construction and operation of seven Nordex N163 turbines with a capacity of 5.7 MW.

€URO, a trade journal published by FINANZEN VERLAG, names Matthias Born, Head of Investments and Co-Head of Wealth and Asset Management at Berenberg, as »Fund Manager of the Year« and awards him the **2022 Golden Bull**. The Golden Bull is regarded as one of the fund industry's most important awards.

Jan Michael Hosan

In the 20$^{\text{th}}$ edition of its »fund compass«, business magazine CAPITAL names Berenberg one of the **»10 best German universal and specialised suppliers of investment funds«** on the German market for the first time, giving it its highest rating of five stars.

March

Berenberg hosts a drinks reception with best-selling US author Leslie Ehm on the occasion of **International Women's Day** at a London gallery that presents works by up-and-coming young female artists.

Jasper Fry

57 companies attend the third **Berenberg EU Opportunities Conference** in London. At the three-day conference, 131 clients and 115 company representatives come together for a total of 326 meetings.

Berenberg expands into Belgium, opening its **new office in Brussels**.

At the three-day **Berenberg UK Corporate Conference** in Watford, north-west of London, 201 clients meet with 220 representatives from 109 companies. The number of meetings rises to 651 from 513 the previous year.

In late March we release the 100th episode of our weekly **»Schmiedings Blick«** podcast. By year-end, we will have recorded 136 episodes. Based on positive feedback from our clients, we will continue with the podcast in 2023.

messbar

Berenberg Green Energy Junior Debt Fund III finances a 65.2 MWp solar park for Greencells Group in Hungary.

April

Berenberg is named **»Best Bank for Small Cap Equity Markets«** at the GLOBALCAPITAL ECM Awards for the fifth consecutive time. This prestigious award recognises the continued growth of the Berenberg platform in the global capital markets.

Berenberg expands into Sweden, opening an **office in Stockholm**. The Swedish team, made up of investment bankers and sales professionals, leads one of the region's few initial public offering (IPOs) during the year and raises a substantial amount of capital for an infrastructure technology group.

May

For the second consecutive time, fund rating agency REFINITIV LIPPER names Berenberg **»Best Asset Manager, Germany«** in the *small enterprises* category. In France, Berenberg is voted **»Best Equity Fund Manager«** in the same category. The Bank receives additional awards for several individual funds.

At the 8th **Berenberg Investor Conference** in Tarrytown, New York, 106 companies, 171 clients and 94 institutions take part in more than 650 meetings over three days.

Open-ended real-estate fund **Berenberg Real Estate Berlin** acquires the »BELT« office park in the popular district of Berlin-Friedrichshain. With this acquisition, the special fund has almost reached its target volume of about €350 million.

June

Following the cancellation the previous year due to Covid-19 restrictions, the Berenberg Bank Foundation awards its **culture prizes** this summer for both 2021 and 2022. At the Hamburger Elbphilharmonie symphony hall, Japanese conductor Yu Sugimoto is awarded the **2022 Culture Prize**. The **2021 Culture Prize** is shared by Russian pianist Daria Parkhomenko and Ukrainian soprano Vlada Shchavinska, who also perform together regularly.

Bertold Fabricius

July

An existing investor in the **Corporate Direct Lending Strategy** doubles his current commitments and increases them by a triple-digit-million amount.

August

The **Berenberg German Polo Masters** on Sylt island are held for the 23^{rd} time. This year, the HSH team prevails in the final. The tournament is one of the major events on the island and in European polo.

Sonja Rommerskirch

Berenberg begins working with the securities management system for German Sparkassen and becomes a **partner on Sparkassen's BIS.on WMS platform** for the technically supported advisory process.

With its 8^{th} **Corporate Direct Lending Fund** Berenberg further expands its credit fund business and completes its first closing. Institutional investors have access to conservatively structured acquisition financing with amounts above €5 million.

Berenberg gains its first investor for the newly launched **Real Estate Debt Strategy** and immediately makes its first investments of about €25 million in three transactions.

September

The **Berenberg Green Energy Debt Fund IV** achieves its first closing with capital commitments in the three-digit-million euro range. The fund invests in renewable energy projects in EU and OECD countries.

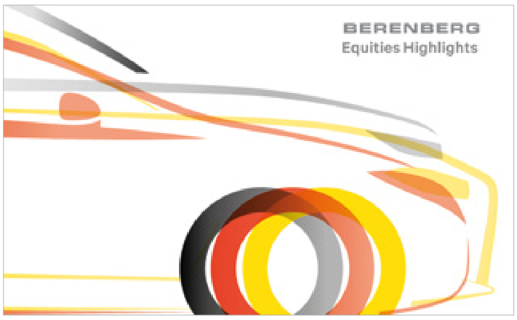
The 7^{th} **Berenberg Pan-European Discovery Conference** is held in Malta, with 42 company representatives and 28 clients attending 268 meetings.

Berenberg

The **Berenberg Green Energy Junior Debt Funds** finance a 69 MWp solar park portfolio for Green Genius in Poland.

Berenberg Wealth and Asset Management expands its product range to include the **Berenberg Sentiment Fund**, which is based on an in-house big data AI approach.

London-based magazine **BERENBERG EQUITIES HIGHLIGHTS** publishes its 30^{th} issue. The publication comes out four times a year with market analyses, interviews, insights and Berenberg highlights, from news on events to the promotion of talents, for example in the Bank's international graduate programme.



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The 11^{th} **German Corporate Conference**, organised jointly by Berenberg and Goldman Sachs, returns to Munich after a two-year pandemic-related hiatus. 530 clients, 280 institutions and more than 400 company representatives take part in 1,545 meetings over a three-day period.

October

Professional golfers and clients gather for the **Berenberg Invitational** at the GLENARBOR GOLF CLUB for a good cause. The event raises $750,000 for pancreatic cancer research at the University of Nebraska Medical Center and Nebraska Medicine. Berenberg's total donation from this and the previous tournament also at Glen Arbor amounts to $1.45 million.

November

BUSINESS INSIDER, a news platform, awards Christina Zehnter, a team leader in wealth management at Berenberg, its »**Future Mover**« distinction and lists her among the 25 most influential young women in Germany who are changing their industry.

Berenberg

Berenberg Green Energy Junior Debt Funds finance two battery storage systems in the German states of Saxony and Saxony-Anhalt with a combined total capacity of 32 MWh and a total connected load of 27.6 MW.

For the 19th year in a row, the Elite Asset Managers report »**Elite der Vermögensverwalter**« of HANDELSBLATT, a German financial daily, awards Berenberg its highest rating of *Summa cum laude*.

After a one-year break, Berenberg once again wins the »**Best Private Bank in Germany**« award at the GLOBAL PRIVATE BANKING AWARDS (FINANCIAL TIMES GROUP).

The fund ratings agency SCOPE names Berenberg »**Best Asset Manager**« in the *Special Provider* category at the 2022 SCOPE Investment Awards. Berenberg also receives top marks in the *Small Caps Equities*, *Private Debt* and *Infrastructure Debt* categories.

SCOPE

Berenberg receives the **FNG seal** for 2023, awarded by the FORUM NACHHALTIGE GELDANLAGE (Sustainable Investment Forum) for nine of its mutual funds. The seal is regarded as the most important quality standard for sustainable investment funds in German-speaking countries. The highest three-star rating is awarded to BERENBERG SUSTAINABLE WORLD EQUITIES, BERENBERG SUSTAINABLE EURO BONDS and BERENBERG SUSTAINABLE MULTI-ASSET DYNAMIC, which was not launched until December 2021. Six other funds receive two stars.

December

The 20th **Berenberg European Corporate Conference** takes place again at Pennyhill Park in the UK after a two-year interruption. The four-day conference is once again a success with about 378 company representatives and almost 400 institutional clients taking part in impressive 1,223 meetings, 58 fireside chats and four keynote sessions.

Berenberg receives approval for an Article 8 SFDR-compliant **Corporate Direct Lending Strategy**.

Our *Structured Finance* unit concludes the second **guarantee agreement for working capital credits** with EUROPEAN INVESTMENT BANK (EIB) with a target volume of €300 million. The agreement increases Berenberg's lending capacity.

Business Fundamentals

Profile

For more than 430 years, Berenberg has been committed to being accountable to its clients. From its earliest beginnings, the Bank has been run by personally liable managing partners, and this principle continues to be the cornerstone of our client relationships, which are based on trust. We are not guided by quick successes and emotions, but act *responsibly* in a rational manner.

Our solid reliability is also reflected in the stability of our leadership. Since 1590, Berenberg has had only 40 managing partners, and today's partners have been with Berenberg for many years.

What counts for us is achieving long-term success alongside our clients. As we help them to grow their wealth, achieve their goals and meet their challenges, we always do so with *insight*, as expert advisors and long-standing service providers. We address all areas where we feel confident that we can offer our clients exceptional value.

From our Hamburg headquarters, we have established a notable presence in the financial centres of Frankfurt, London and New York in recent years. Today, we have 1,579 employees at 14 locations across Europe and the US. With the expansion of our Investment Bank, Wealth and Asset Management, and Corporate Banking business divisions, we are on a secure footing for further market growth, making us a dependable partner for our clients. We analyse the economy and financial markets across all sectors and geographic boundaries and apply our *vision*.

In-depth *expertise* and experience are necessary to make sound decisions, so we have built up one of Europe's largest equity research teams, established a highly regarded macroeconomics team, and set up a first-rate group of investment strategists and portfolio managers.

All of this has made Berenberg more than just a bank. As an advisor and trusted partner, we address client needs with responsibility, insight, vision and expertise. In brief, *accountability is our guiding principle*.

Core Business Divisions

Berenberg offers its clients individual services in the following business divisions:

Investment Bank

The broad-based Investment Bank division focuses on service and advisory operations in Equities, Investment Banking and Financial Markets. At year-end 2022, our Research team covered 1,134 stocks. In addition, we support IPOs, capital increases and secondary placements. Trading transactions are conducted on a client-induced basis with equities, securities, financial instruments and foreign exchange; proprietary trading only takes place in individual cases in connection with client transactions.

Wealth and Asset Management

Wealth Management: Providing advice to high-net-worth individuals is a complex and responsible challenge that we meet with our specialist expertise and award-winning advisory approach. To this end, we are constantly refining our specialist Berenberg teams of competence for entrepreneurs, foundations and family offices. Alongside personal advisory, professional portfolio management is another one of our core services.

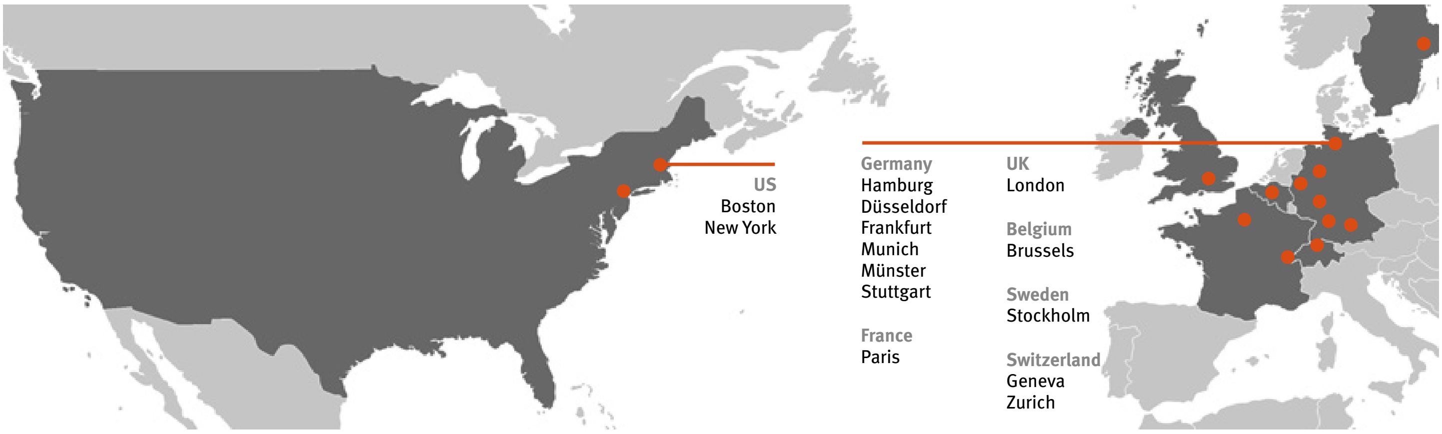
Asset Management: Our portfolio includes award-winning funds in various asset classes, global asset management strategies, opportunistic approaches and professional risk management strategies. We offer individual solutions, especially for institutional investors. The investment strategies developed for our clients stand for high product quality, dynamism and promising performance. Sustainability aspects are integrated into the investment processes.

Corporate Banking

We advise and assist companies, institutional investors, financial investors and single family offices in transactions and day-to-day business. We maintain specific expertise in specialist segments such as Structured Finance, Infrastructure & Energy, Shipping, and Real Estate. In recent years, we have also built specialist expertise in credit fund solutions for institutional investors.

The head office of Berenberg and its German subsidiaries is in Hamburg. In Germany, we have branch offices in Düsseldorf, Frankfurt, Munich, Münster and Stuttgart. Outside Germany, we are represented by branch offices in London, Paris, Brussels and Stockholm, as well as representative offices in Geneva and Zurich. In the US, Berenberg is represented by subsidiaries in New York and an office in Boston.

Locations



Macroeconomic Environment

War in Europe, an energy crisis, and 40-year-high inflation almost worldwide – seldom has the global economy been subjected to so many simultaneous shocks as it was in 2022. After a good start to the year, the economy's post-Covid-19 recovery was derailed in late February by Putin's brutal invasion of Ukraine and an almost global spike in energy and food prices. Only because of its strong start to 2022 was the global economy able to expand by 2.9% on the year as a whole, after having soared by 6.2% in 2021, in the wake of the deepest recession in the post-war period. Throughout 2022, the drivers of the economy continued to weaken. Part of this was due to the fact that all the world's major central banks put on the monetary policy brakes – belatedly but energetically – in order to bring rampant inflation under control.

In the US, the oversized fiscal stimulus expired in 2022. That stimulus had been rolled out during the pandemic years of 2020 and 2021 in order to boost consumer demand. After the US economy had relatively quickly overcome Covid-19 fallout, it underperformed many other regions in 2022 with growth of 2.0%.

After shrinking by 6.5% in 2020 and expanding by 5.2% in 2021, the eurozone economy still managed to expand by 3.3% in 2022, driven mainly by the services sector. Particularly during the summer, some consumers drew on the savings they had built up during the lockdowns, when restaurants and theatres were closed. While many were at last able to treat themselves to a more or less normal summer vacation, customers held back on further spending in autumn and winter because of high energy and food costs.

With growth of only 1.8%, Germany was among the laggards in the eurozone in 2022. Because of its high dependence on Russian natural gas, Germany was hit especially hard when Russia gradually slowed its deliveries and ultimately shut down the Nord Stream 1 pipeline altogether. Moreover, as it is so specialised in automobile and mechanical construction, Germany also suffered more than many other countries from the supply bottlenecks that hit these two sectors especially hard.

Despite the many government programmes to subsidise consumers' and companies' higher energy and food prices, the German budget deficit, at 3.0%, was once again lower than in the eurozone as a whole (4.0%) and the US (about 10%). The job market has also remained encouragingly robust.

China initially recovered well in 2021 from the first wave of the pandemic. But in 2022 the consequences of its rigid zero-Covid policy became increasingly apparent. Because of increasingly contagious Covid variants, China even had to close the world's largest port, Shanghai, for nine weeks. This resulted in economic growth of just 2.8% in 2022.

Considerable differences in the world's largest economies are again looming in 2023. Now that Europe seems to have managed to avoid a gas shortage, growth could pick up again after a winter break in spring or summer. In the US, however, the Federal Reserve's especially hawkish shift in monetary policy is likely to trigger economic weakness that could last for all of 2023. In China, the abrupt end of the zero-Covid strategy could initially lead to a short growth spurt, which, however, is likely to lose momentum again as early as autumn in view of growing structural problems.

The pause in growth in Europe during the winter and the low momentum in the USA, as well as the slowly dissolving supply bottlenecks, point to decreasing pressure on prices in the course of 2023. Inflation could recede to about 3% in the US and Europe, due to the high basis of comparison with 2022, when energy and food prices spiked. However, because of a worsening skilled labour shortage in important sectors and the increasing cost of climate protection, inflation could remain higher than it has been the case for most of the past decade.

After a year marked by a turn in monetary policy, the US Federal Reserve and the European Central Bank are expected to reach their terminal interest rates in spring. Now that central banks have abandoned their zero-interest rate policies, those European banks that have traditionally derived their earnings primarily from rate-linked businesses could see a return to normal. But in view of rapid technological change, these banks, along with the financial sector as a whole, must continue to aggressively seek out new business opportunities.

Awards

In 2022, we again received a large number of prestigious awards. The following overview shows a selection of these. All these awards are confirmation of our approach and the quality of our services in the various business areas. At the same time, we take them as an incentive to continue resolutely along the path we have chosen.

- TOP TEN INVESTMENT FUNDS IN GERMANY (CAPITAL-FONDS-KOMPASS)
  – *Top score of five stars*

- DIE ELITE DER VERMÖGENSVERWALTER (HANDELSBLATT)
  – *Summa cum laude with top score*

- GOLDEN BULL AWARD (FINANCIAL MAGAZINE €URO)
  – *Matthias Born, Fund Manager of the Year*

- REFINITIV LIPPER FUND AWARDS
  – *Best Asset Manager in Germany in the Small Enterprises category*

- GLOBAL PRIVATE BANKING AWARDS 2022 (FINANCIAL TIMES GROUP)
  – *Best Private Bank in Germany*

- THE BEST ASSET MANAGERS (WIRTSCHAFTSWOCHE)
  – *First place for Berenberg Variato*

- FNG-SEAL 2023 FOR SUSTAINABLE INVESTMENT FUNDS (GERMAN-SPEAKING REGION)

  – *For nine Berenberg Funds*

The Bank's Financial Performance

Earnings

Net Profit for the Year

The economic climate was made substantially gloomier by the war in Ukraine, which broke out in late February 2022, and the consequences of this for energy and commodity supply. Alongside this, the Covid-19 pandemic continued to have a significant impact on global economic activity. All told, this uncertainty led to more cautious behaviour on the part of market participants, sizeable price fluctuations on the capital markets and an overarching increase in interest rates. As a result, the market environment proved particularly challenging for Berenberg in 2022 and exerted a tangible influence on the Bank's business activities.

Consequently, the net profit for 2022, at €55.1 million, is lower than for 2021 (€170.1 million), a record year. This is largely due to the strong volatility in the interest rate and capital markets, and the associated reluctance of market participants to engage in capital market transactions. Against this backdrop, the returns on equity and capital were correspondingly lower in 2022 than in the previous year. The return on equity amounted to 28.7% (82.7%) and the return on capital, calculated as the ratio of the net profit for the year to total assets, totalled 0.7% (2.7%). The return on equity continues to be at a very good level compared to the industry, while the return on capital has fallen more sharply due to the significant increase in the balance sheet total with a simultaneous decline in the net profit for the year. Berenberg continues to pursue a cautious investment policy and has invested large parts of the liquidity surplus resulting from high client deposits at the central bank for a longer period of time without interest.

After generating record earnings in 2021, our forecasts for 2022 were considerably more conservative. The previous year was characterised by the exceptional success of our ECM activities, along with high performance fees received for products in Wealth and Asset Management. We were aware that 2021 was an exceptional year. For 2022, we expected to return to normality and presumed that we would be confronted with a challenging market environment. As a result, we planned conservatively. Against this backdrop, it should be emphasised that the net profit achieved is significantly above the planned value for the year 2022.

The war in Ukraine and the resulting consequences for the economy, above all, meant that the environment within which we undertake our business activities deteriorated substantially more than we had expected as the year progressed. Under these circumstances, we acted with the utmost caution and took a more reserved approach, particularly in terms of costs. In this respect, our continuous attention to flexibility on the cost side has paid off, as we were able to make necessary adjustments quickly.

Financial Performance Indicators

Due to the effects described above, the cost-to-income ratio (CIR; the ratio of total costs to gross income) reached 79.0%, an increase on the previous year's figure of 65.8%. Cost adjustments made in the course of the reporting year stabilised the CIR in 2022 so that it was within the forecast corridor of more than 70%.

Net interest income showed a gratifying upward trend, especially due to the deposit business, while net commission income declined significantly due to capital market factors. Consequently, the ratio of net interest income to total net interest and net commission income (excluding income from participating interests/ affiliated companies) was 22:78 (6:94). The ratio of net interest income to net interest and net commission income underlines the continued high importance of the commission business for our service-orientated business model.

Independent of the positive performance of net interest income and the cautious performance of net commission income, which is impacted by the capital markets, the Bank's management remains confident in its long-term focus on business segments with a stronger emphasis on net commission income.

Net Commission Income

Services for our clients, which are reflected in net commission income, are largely provided through administration and brokerage activities in the securities business, as well as through complex consulting services for corporate clients.

Net commission income fell, compared to the historical high of the previous year, and amounted to €359.9 million (€572.5 million). However, after the two record years 2020 and 2021 and despite the adverse market environment, the third-best value ever recorded was achieved.

The market environment was especially challenging in 2022, and, as a result of this, the volume of *securities transactions*, and by extension, the income generated, was substantially reduced compared with 2021. Alongside the market-related reduction in ECM business compared to the previous year, this trend can also be explained with reference to the fact that the previous year's value contained high performance fees from Wealth and Asset Management, which were not incurred in the reporting year.

In contrast, credit commissions performed pleasingly, growing by 21.2% compared to the previous year and by 5.0% compared to our expectations, to reach €40.6 million. This highlights the success of the debt fund business undertaken by our Corporate Banking division.

Other sources of commission income (overseas business, foreign exchange transactions, other types of commission) remained largely stable at the previous year's value. The client-induced FX business developed very positively for Berenberg in the 2022 financial year. Under commercial law, the successes are not shown in the commission result but in the other operating result due to the so-called special coverage.

The Berenberg Group's assets under management (AuM) amounted to €38.5 billion (€44.8 billion) and have therefore dropped. In the previous year's figure, it should be taken into account that part of the AuM originated from the overlay business, which we finally transferred to a cooperation partner in the course of 2022. Adjusted for this value, the decline amounts to approximately 7%. More cautious client behaviour in the wake of market movements led to a fall in AuM in Wealth and Asset Management. This could not be fully compensated by the strong growth of net new assets in Wealth Management and Corporate Banking, here especially in Shipping.

Net Interest Income

Net interest income, including current income from shares and other variable-yield securities, was €99.5 million in the reporting year, which therefore substantially exceeds the previous year's value (€37.5 million) and our very cautious estimate.

Central banks in the US and Europe increased their base rates in 2022, in an attempt to limit the risk posed by inflation. At the same time, the returns on fixed-income securities and the rates on the swap markets also increased. Under these conditions, Berenberg achieved a notable increase in interest income, all told. Our balance sheet structure is substantially affected by client deposits; as a result, we will continue to benefit from increased interest rates.

At Berenberg, net interest income is assessed in conjunction with »Income from certain securities«. Securities in the liquidity reserve are currently creating a temporary need for write-downs due to increased yields caused by the changed interest rate environment and the valuation according to the strict lower of cost or market principle. However, this will be reversed following the shortening of the maturities and the repayment at nominal value upon maturity.

The security holdings in the Bank's own trading account will continue to be managed in line with a highly conservative strategy. Once purchased, top-rated securities with a short term remaining are, in principle, held until maturity.

Certain fixed-income securities in the interest book with a remaining maturity of more than a year form part of permanent assets, with the goal of stabilising returns and reducing the risk posed to the fixed assets by changes in interest rates. They are assessed as fixed assets.

Net Trading Income

Net income from trading activities increased by €3.6 million to €12.3 million in 2022 (€8.7 million). This is mainly the result of income from the release of the buffer of €5.0 million carried as a special reserves item in accordance with Section 340g of the HGB (German Commercial Code) in conjunction with Article 340e (4) HGB. This amount is to be allocated to the revenue reserves as part of the appropriation of the net profit for the year.

As our business activities are primarily service-orientated, trading activities on our own behalf in the equities, bonds and foreign exchange segments are, in principle, very limited. Such trades solely occur as a supplement to our core business in client trading. Due to the current market environment, the Bank is taking a very cautious approach to proprietary trading and is adhering to tighter value-at-risk limits.

As before, on-balance-sheet trading portfolios only exist to a very small extent. Proprietary trades in non-linear products (such as FX options) are no longer carried out, as a matter of principle. The reserve required by law in accordance with Section 340g of the HGB in conjunction with Article 340e (4) of the HGB is fully endowed.

Other Operating Income

In 2022, other operating income increased significantly from €9.7 million to €21.3 million. The increase is mainly due to the release of provisions and other income. This includes income from specially hedged transactions (including income from foreign currency option transactions) amounting to €16,0 million (€7.9 million).

General Administrative Expenses, Depreciation of Tangible Fixed Assets and Amortisation of Intangible Assets

The number of employees as at 31.12. of the year under review was 1,579, which is 7.6% less than in the previous year. In Investment Banking, we responded to the present market phase by adjusting our personnel count. However, we are confident that we will be in a very strong position when the market environment normalises. Attracting top-quality personnel is a crucial goal of our HR policy – not only in our market units, but also in our staff and service divisions.

Personnel expenses totalled €237.9 million in the reporting period, 13.3% under the previous year's figure. This was primarily due to the adjustment of the variable remuneration to the earnings situation as well as personnel adjustments in Investment Banking.

Non-personnel operating costs amounted to €141.7 million in 2022. This figure is around 9.5% higher than the previous year's value (€129.4 million) but slightly below the planned level. We anticipated this increase, which is caused by the fact that many service providers invoice the Bank in USD, meaning that the change in the EUR/USD exchange rate led to increased outlay. This was supplemented by factors such as inflation-related price increases by suppliers and catch-up effects in terms of travel.

All told, *general administrative expenses*, including depreciation of tangible fixed assets and amortisation of intangible assets, as well as other taxes, amounted to €389.3 million in 2022 (€413.6 million).

Risk Provisions

Sufficient valuation allowances and provisioning funds were allocated for lending operations, within the framework of the Bank's risk provisioning. All identifiable credit risks were taken into account in full through the application of a conservative valuation method. Once again, no net additions to specific valuation allowances were required in the lending business. Due to the uncertain market environment, we increased our general loan loss provisions at the end of the financial year.

The result from the liquidity reserve (as part of the valuation result) must largely be viewed in conjunction with net interest income: our liquidity reserve contains bonds (debt securities) which are trading at a premium and thereby create a corresponding ongoing need for write-downs. Securities in the liquidity reserve are currently creating a temporary need for write-downs due to increased yields caused by the changed interest rate environment and the valuation according to the strict lower of cost or market principle. However, this will be reversed following the shortening of the maturities and the repayment at nominal value upon maturity.

Taxes on Income

»Taxes on income« is made up of trade tax from the headquarters in Hamburg and the German branches, as well as taxes on income and earnings of our foreign branches in Paris, Zurich, Geneva and Stockholm. In 2022, this item amounted to €18.0 million. The significant reduction is mainly attributable to the drop in earnings.

Financial Position

Capital Base and Ratios

The Bank's own funds amounted to €341.6 million in 2022 (€341.2 million); this figure is almost unchanged compared to the previous year. The main component of the Bank's equity is Common Equity Tier 1 (CET1), which amounted to €261.6 million (€261.2 million). Subordinated loans are fully counted as Additional Tier 1 (AT1) capital in the amount of €40.0 million and as Tier 2 capital also in the amount of €40.0 million; these figures have not changed since the previous year.

The *total capital ratio* in accordance with the Capital Requirements Regulation (CRR), as well as with the German Solvency Regulation (SolvV), amounted to 15.7% in 2022 (17.4%), the core capital ratio adjusted to 13.9% (15.4%) and the CET1 capital ratio was 12.0% (13.3%). With stable own funds, the risk assets have increased perceptibly. This is the result in particular of the increased risk assumption for operational risks. In the basic indicator approach used at Berenberg, the result of the already very good year 2019 was replaced by the record result of the year 2021.

Berenberg sets great store by ensuring that its regulatory capital ratios are sound. In this vein, several equity capital raises have been undertaken in recent years. As before, the ratios are at a good level, and, once again, they substantially exceed the minimum regulatory requirements. The capital base therefore continues to provide sufficient scope for further growth.

The *Liquidity Coverage Ratio* (LCR), which is the ratio of the portfolio of first-class liquid assets to net outflows in the coming month and is intended to assess the short-term liquidity risk of credit institutions for regulatory purposes, was roughly 1.6 in 2022 (1.9), approximately 64.9% above the regulatory minimum.

The *Net Stable Funding Ratio* (NSFR, the structural liquidity ratio) is the ratio of available stable funding to required stable funding and is intended to optimise the structural liquidity of credit institutions with a time horizon of one year, for regulatory purposes. The NSFR was around 2.2 as at the end of 2022 (2.6), substantially surpassing the regulatory minimum. From a regulatory perspective, Berenberg is therefore not exposed to any short-term or structural liquidity risks.

The *leverage ratio*, which is the ratio of regulatory AT1 capital to the bank's total non-risk-weighted financial commitment, was 3.7 in 2022 (7.4), above the minimum level of 3.0 required for regulatory purposes. The change in the ratio is mainly due to the discontinuation of the privileged treatment of balances at central banks and the client-driven growth in deposits, which led to an increase in the balance sheet total.

The economic approach is described in detail in the Risk Report section.

Funding and Securities in the Liquidity Reserve

Berenberg can meet all its funding needs entirely from client deposits, and was liquid at all times in the year under review. There were no open liquidity positions in fiscal year 2022. Due to the short-term structure of our business, liquidity risks are less of a concern. The strong inflow of client deposits over the course of the year once again led to a substantial amount of excess liquidity. As a matter of principle, this excess is invested in top-rated bonds by the Treasury unit, minimising potential credit risks; a large portion of the liquidity is deposited at the Deutsche Bundesbank. As a result, this means that an unexpected short-term liquidity requirement can be covered by the European Central Bank's refinancing framework.

In the reporting year, securities with a carrying amount of €308.3 million were reclassified from the liquidity reserve to fixed assets. They are measured at cost, provided there was no permanent reduction in value. The securities were acquired in correspondence with the increasing deposit business. This additional deposit business ensures high hidden reserves on the liabilities side.

The portfolio consisted of bonds (debt securities) and other fixed-income securities amounting to €2,470.4 million in 2022 (€2,132.5 million). This is dominated by securities of German public-sector issuers (45.9%; 2021: 43.5%), securities guaranteed by Germany or a German federal state (51.7%; 2021: 48.4%) as well as German Pfandbriefs and Scandinavian covered bonds (1.8%; 2021: 7.3%).

The remaining maturity for these holdings averaged 1.3 years in 2022 (1.6 years), and consequently, the spread change risk inherent in the portfolio is limited. The interest rate risk is mostly limited to the three-month or six-month Euribor.

Assets Position

Total Assets and Business Volume

In the year under review, *total assets* increased significantly by approximately €1.3 billion from €6,376.3 million to €7,725.1 million. This was due to a sharp increase in client liabilities due on demand, which were predominantly invested in balances with central banks on a daily basis, as well as in short-term client liabilities (up to three months). We continue our approach of not actively procuring client liabilities: rather, they arise from growth in our operational business and individual temporary mandates. Client deposits make up 89.6% of the total assets in 2022(85.9%). We hold a large proportion of the liquidity surplus as a balance in our account at the Bundesbank, specifically €3,143.1 million (€2,586.2 million) The trading volume in the interbank market is held in diversified investments at selected low-risk borrowers.

Receivables from banks increased significantly by 29.4% to €429.2 million (€331.8 million). Receivables include receivables due on demand in the amount of €113.1 million. Other receivables include the investment of part of the liquidity surplus in promissory note loans issued by German development banks of approximately €316,1 million (€120.3 million). The remaining majority of the liquidity surplus was invested in German public-sector issuers' low-risk bonds (debt securities) or held as deposits with central banks.

Receivables from clients amounted to €1,321.4 million as of the balance sheet date, and were therefore 22.9% higher than the previous year's closing figure of €1,074.8 million. They are mainly with domestic clients in euros and are largely due on demand. Part of these receivables were invested in German public-sector borrowers (promissory note loans); this amounted to €208.8 million. Short-term fluctuations can result from the warehousing of loans that are transferred to our loan funds at a later date, which reduces the loan volume again.

The Bank's lending business continues to be characterised by a cautious lending policy. As before, we are not aiming to expand the volume of lending. Unlike generating commission on loans, the awarding of long-term loans is not the Bank's primary goal: rather, it is the result of cross-selling.

The holdings encompassed bonds (debt securities) and other fixed-income securities as well as shares and other variable-yield securities amounting to €2,653.2 million in 2022 (€2,222.9 million), a significant increase of 19.4%. In principle, the Bank's surplus liabilities are invested in the debt securities. They thus fluctuate with the client liabilities that are essential for the liabilities side and can change correspondingly to a significant extent.

The entire portfolio of shares and other variable-yield securities amounting to €182.8 million (€90.4 million) is listed on the stock exchange. The significant increase compared to the previous year is largely the result of client-induced business.

At €12.5 million, the on-balance-sheet *trading portfolio* was substantially above the level for 2021 (€1.9 million). The trading portfolio is naturally subject to substantial volatilities, and the extent of its increase is greatly dependent on the reporting date.

Liabilities to banks grew significantly by €77.6 million to €215.3 million. To 97% these liabilities are payable on demand and subject to corresponding fluctuations.

Liabilities to clients totalling €6,924.6 million in 2022 (€5,479.5 million) are largely due on demand, at €5,364.2 million (€5,240.2 million). Those with an agreed notice period amount to €1,560.3 million (€239.3 million), but are largely of a short-term nature.

Part of this increase arose from our activities in shipping. In the reporting year, new clients and increased liquidity on the part of existing clients led to greater deposit volumes on our current accounts due to improvements in the sector's performance (higher freight rates). These balances are primarily held in USD. Part of the increase also arose from our activities in wealth management, where new assets were acquired from both new and existing clients. These also led temporarily to higher liquidity holdings.

Due in particular to the pleasing development of the Shipping division, €3,537.7 million of the client liabilities are denominated in USD (2,830.7 million). The proportion of USD deposits has therefore remained stable, representing 51.5% (51.7%) of the total portfolio.

The resulting foreign currency exposure is hedged by our Foreign Exchange Trading using the construct of special hedging under commercial law to minimise FX risks.

Other assets have moved sideways, whereas *other liabilities* have risen noticeably by 17.7% to €54.5 million. This is primarily due to a sizeable increase in the result from structured foreign exchange transactions.

The expanded business volume, defined as the total assets and contingent receivables from guarantees and other indemnities, increased considerably from €6,423.4 million in 2021 to €7,760.0 million in 2022, in line with the increase in total assets.

Irrevocable lending commitments amounted to €316.2 million (€327.8 million), representing a slight decrease of 3.5% compared to the previous year.

Credit Volume

Expanded credit volume increased substantially to €1,356.4 million in 2022 (€1,121.9 million). It consisted of receivables from clients of €1,321.4 million (€1,074.8 million) and of a markedly reduced sum of contingent receivables from guarantees and other indemnities of €34.9 million (€47.1 million).

Overall Statement

The income situation, which normalised in 2022 due to the uniquely challenging market environment, nevertheless highlights the resilience of our business model. Substantial reductions in commission income from transactions in Investment Banking and Wealth and Asset Management are countered by a significant increase in interest income and higher commission from loans in Corporate Banking.

The Bank's equity capital remained stable over the past financial year and, as a result, continues to be well above regulatory requirements. The assets and financial situation is positive, solvency was ensured at all times in the period under review, and the liquidity situation, pursuant to the requirements of the banking supervisory authorities, continues to be more than comfortable.

As an internationally focused bank with a service-orientated business model subject to ongoing adjustments, Berenberg believes itself to be in a strong position to remain successful in the market in the future.

Supplementary Report

No events of particular significance for the economic situation of the Bank occurred between the end of the 2022 financial year and the preparation of the annual financial statements.

Sustainability Report

In addition to our annual report, we also publish a separate condensed sustainability report which includes our non-financial statement. It is located on our website: www.berenberg.de/en/csr-report2022.

Investment Bank

The *Investment Bank* division offers a wide range of banking and advisory services across equities, investment banking and financial markets.

Equities

Having successfully navigated the dual challenges of MiFID II and Brexit, as well as the difficulties of Covid-19, producing the strongest performance in our history in 2021, 2022 presented its own new challenges for the financial services sector. In particular, this affected *Investment Banking*, with multi-decade lows in capital markets activity brought about by a volatile and unpredictable macroeconomic environment, record levels of inflation, as well as significant geopolitical uncertainty.

The introduction of MiFID II in January 2018 continues to have a material impact on the industry and on the way we do business and receive payments for our services. While processes have now stabilised, the economic climate has led to continued pressure on our asset management clients, which has kept the number of brokers they work with and the overall payments for research constrained.

Nevertheless, against this backdrop, our revenues for research advisory and high-touch trading still represented a year of consolidation, maintaining a position of strength from a market share perspective, while the low-touch trading team has continued to grow its position, remaining an important addition to our execution capabilities. In 2022, our staff returned to an office-based pattern of work, which has helped build stronger relationships internally and with our client base, allowing us to better navigate the challenges we face and maintain a high level of performance.

Equity Research and Sales

At the end of December 2022, the Equity Research team covered 1,134 stocks globally. We ended the year with 90 analysts covering 962 stocks in London, of which 354 are UK-listed. We also had nine analysts covering 172 stocks in New York. Between the teams in London and New York, we covered more than 230 US-listed shares at year-end. The New York team focuses on under-covered mid-cap shares with a stock-picking approach.

Our *sales* team of 51 generalists and 12 specialists serviced in excess of 980 clients across all major financial hubs in Europe and the US. The research and sales teams supported our colleagues in Investment Banking on a total of 39 equity capital markets transactions, including two IPOs.

The arrival of MiFID II in 2018 had significant implications for the way our buy-side clients interact with both us and our sell-side competitors. They reduced their number of sell-side relationships with brokers, and now closely monitor the level of services they consume. Thanks to the quality of our research and sales efforts, we continue to maintain relationships with over 95% of our clients. Our team had more than 13,000 meetings with investors in 2022.

Facilitating interaction between our buy-side clients and the companies we cover remains a key priority for the team. In 2022, we focused on a return to in-person conferences and interactions, and organised over 24,000 meetings between investors and the management teams of companies. We hosted over 30 conferences, with only a few in virtual format. Our 20th Berenberg European Conference for example, back at Pennyhill Park in Surrey in the UK, was attended by 378 corporate representatives and over 400 institutional clients from the US and Europe.

Equity Trading

Equity turnover remained on a high level in 2022, amounting to about €150 billion, unchanged from the record year before. The number of shares covered as a systematic internaliser is well above 5,000.

Equity Trading (EU and UK)

In an equity market environment, which was characterised by periods of elevated volatility, we managed to further expand our institutional client base and extend market share within our pan-European stock universe. Over 500 stocks are now under market-making coverage on the Retail Service Provider (RSP) network, with 100 trusts traded on the Investment Trust Platform. In addition, we were able to introduce partial RSP coverage of FTSE 100 and FTSE 250, while the number of corporate clients rose to 66.

The European risk arbitrage business continued to grow its franchise, with commissions up by 5% despite a 40% drop in advertised European M&A volumes. We continue to gain market share – up to number two in terms of high-touch European risk arbitrage volumes on the year.

Our electronic trading desk was nominated for five trading awards in the 2022 EMEA ALGORITHMIC TRADING AWARDS, winning in the two categories »Best Client Service« and »Best Customer Support and Consulting«.

During 2022, further significant efforts were made to build out the electronic trading platforms by IB Technology which helped in particular to win and establish new client businesses. Work was spread across enhancing algo trading strategy features, as well as alerting frameworks and the next generation of advanced trading data analytics stack. London region infrastructure enhancement work continued throughout the year with upcoming further data centre migrations starting to be lined up for the German region. Remarkable efforts also went into technology solutions to help on the equity sales and conference management side.

Equity Trading (US)

In our fifth year at 1251 Avenue of the Americas in mid-town Manhattan, we further increased our US and Canadian equity trading for US, Canadian and European clients. We continue to see increased order flow, which has grown our liquidity pool leading to more block transactions from vanilla and hedge fund clients. Over the past year, we continued to increase the experience, skill set and breadth of relationships on our trading and sales trading team while keeping the head count steady at 15. Our execution team is second to none, averaging over 20 years of experience per member. This high-quality team allows us to leverage our skills and relationships to optimise both our US and European products across a continuously growing institutional account base. Particular emphasis has been put on our select US verticals, our European presence and thematic cross-border read throughs. Our team provides liquidity and premium execution in North America and European local markets, as well as in dual-listed securities and American Depositary Shares.

Building on our theme of providing cross-border access and liquidity, our electronic trading offering in US and Canadian stocks has been enhanced for both our North American and European clients. Our US offering mirrors our award-winning European product. We offer low-touch and portfolio trading in the EMEA and North America regions, giving our clients multiple venues to access our services. We continue to focus on the development of the Genesis algorithmic trading platform, a significant increase in market coverage, the expansion of automated trading with algorithms, and the development of the data science platform. On the product side, a major focus is placed on client requirements and capacity expansions for continued growth.

We recorded growth in our market-leading risk-arbitrage trading in both domestic and cross-border transactions. Our multi-market cross-border expertise provides a significant edge for our clients.

Investment Banking

Equity Capital Markets (ECM)

For equity capital markets participants, 2022 will be remembered as the most challenging year since the Global Financial Crisis in 2009. After one of the longest equity bull markets in recent history, rapidly rising inflation, the war in Ukraine, global supply chain issues and increasing energy costs have driven interest rates and the cost of capital higher, pushing equity markets and IPOs lower from the record highs witnessed in 2021.

Despite macroeconomic headwinds and volatile capital markets, Berenberg executed 39 transactions (versus 114 in 2021) raising approximately €4.7 billion in total (versus €32.2 billion in 2021) throughout the year. This includes two IPOs, one SPAC IPO, one SPAC PIPE, 28 capital increases, three secondary placings, as well as a bond issuance, a convertible bond, a private financing and a dual listing.

In 2022, we relocated our *Corporate Finance* team to London built around five of our key sectors – consumer, TMT, industrials, healthcare and real estate – to better meet the needs of our global corporate clients. We have also continued to diversify into new revenue streams such as public M&A, cross-over financing and private funding rounds.

In Continental Europe, we continued to strengthen our position in the DACH region (Germany, Austria, Switzerland) through a sole global coordinator role on the SPAC IPO of 468 SPAC II (€210 million), a rights issue for sustainable fuel cell producer SFC Energy (€56 million) and the capital increase of tonies (€60 million). Berenberg also acted as financial advisor on Home24's voluntary takeover by XXXLutz.

In the Benelux region, our investment banking team based in our new Brussels offices continued to expand in both Belgium and the Netherlands advising our corporate clients on the capital increase of Hyloris Pharmaceuticals (€15 million) and to innovate new financing structures with a capital increase, combining a priority allocation offering, public offering and private placement to institutional investors for renewable chemicals pioneer Avantium (€45 million).

In France and southern Europe, Berenberg acted as joint global coordinator in a secondary placing for French company SES-Imagotag (€168 million) on behalf of BOE Smart Retail, and listed Civitanavi Systems (€34 million) on Euronext Milan, our second IPO in Italy after The Italian Sea Group in 2021. After Acciona Energia's landmark IPO last year, we continued to strengthen our position in Spain and in the renewable energy sector through a capital increase for Grenergy Renovables (€90 million).

As one of the leading investment banking partners for technology companies across Europe, Berenberg was proud to join Euronext's Tech Leaders initiative and to sign its new Common Guide to IPO Best Practices in order to further enhance the attractiveness of Euronext as a home for European unicorns.

This year also marked the continued growth of Berenberg in the Nordic region, with the opening of an office in Stockholm. The Bank partnered with 4C Group (SEK452 million) to complete one of the few IPOs to take place in the region this year, and acted as joint global coordinator on a directed share issue for Sdiptech (SEK506 million).

Our ECM activity in the UK has been the most active this fiscal year. By growing our foundation to 67 corporate broking clients with an average market capitalisation of circa £800 million (52 clients in 2021), this has led to 19 transactions and advisory mandates amounting to £576 million in capital raised. Notably, we were involved in capital increases of business services company Marlowe (£130 million), Resolute Mining (AUD200 million) and CentralNic (£42 million).

Furthermore, we continued raising capital in 2022 for previous clients through a capital increase for gaming company Team17 (£80 million) and by coordinating two secondary placements for Craneware (totalling £38 million). We were also pleased to assist AIM company of the year Next Fifteen with a capital increase (£50 million).

Our position in the US was strengthened through 16 successful transactions with an aggregate deal value of $3.5 billion. All deals occurred within our key verticals, with real estate leading in terms of both value and volume with seven deals valued at $2.0 billion. Of these seven transactions, five were follow-on offerings raising capital for Essential Properties Realty Trust ($201 million), Safehold ($118 million), Spirit Realty Capital ($449 million), and, in two offerings, also for NETSTREIT ($230 million and $209 million). Further, Berenberg supported Global Medical REIT ($300 million) through an at-the-market offering and filed a bond issuance for Realty Income (£500 million).

Berenberg completed five deals in the healthcare sector in 2022, of which three were follow-ons for biotech company Affimed NV ($104 million), therapeutics company Denali Therapeutics ($316 million) and Bionomics ($5 million). We also executed a PIPE financing round for Recursion Pharmaceuticals ($150 million) and a convertible bond for Ascendis Pharma ($575 million). In the technology sector, we executed a follow-on for Rock Tech Lithium (CAD31 million) while continuing to support Sono Motors through a follow-on ($44 million), ELOC ($150 million) and ATM ($135 million).

After one of the most challenging years ever in the equity capital markets, we expect the first half of 2023 to remain volatile until inflation peaks globally, interest rates stabilise and central banks turn more dovish. While we do not expect the IPO market to fully re-open until the summer of 2023, we remain confident that corporates across Europe, the UK and the US will continue to finance growth initiatives and strengthen their balance sheets through capital raisings as debt refinancing costs remain elevated.

Financial Markets

Fixed Income Research

With a consistent focus on specialist issues and niche topics, our *Fixed Income Research* produces high-quality analyses that offer real added value for our institutional clients. This approach paid off once again in the 2022 reporting year. In a fast-changing interest rate environment, the Fixed Income Research team experienced a high level of interest for its publications, across every communications channel. This was particularly the case for event-driven market commentaries and our new flagship publication »Convertible Bonds Monthly«. We added the social media platform LinkedIn as a new distribution channel for research topics last year. Our analysts worked with colleagues from the FX & Rates Advisory unit to populate the new »Berenberg Financial Markets« LinkedIn focus page with up-to-date content.

Fixed Income Sales Trading

The dawn of a new interest rate era in Europe and the associated spike in volatility on the bond market gave rise to new challenges – and to new opportunities – for our Sales Trading teams in Hamburg and Frankfurt. Our colleagues in Sales Trading were able to make the most of these opportunities and, as a consequence, we can look back on a very successful year in Fixed Income Sales Trading. While the incessant reduction in returns led institutional investors to focus on higher-risk asset classes or less liquid private assets over the past decade, demand for standard bonds with good ratings bounced back over the last year. Alongside investment-grade corporate bonds, covered bonds have undergone a marked return to popularity. This marks a change even compared to the period from 2019 to 2021, when these bonds regularly generated nothing but negative returns. At the same time, our colleagues at our Frankfurt location were able to impress their clients with their expertise in the field of distressed debt, bolstered by longstanding business relationships with clients, and, by extension, the underlying trust we have built up.

FX & Rates Trading

The year 2022 was marked by increased volatility on the FX markets, primarily due to geopolitical developments and central bank policy interventions. In the wake of the pandemic, the war in Ukraine heralded the next period of tension and uncertainty. As well as aggravating volatility, the war has also impacted energy prices – causing inflation to reach historical highs. However, these factors have not had a uniform effect from region to region: they are affecting the eurozone and Germany, in particular, to a much greater extent than the US due to these regions' proximity to the war zone and their economic ties. While energy supply issues are provoking major upheaval both economically and socially in Europe, with the continent hit by a great deal of uncertainty, the US dollar has been in high demand as a safe haven for investments. The US Federal Reserve also took swift, strict action in 2022 to increase interest rates, shoring up the US dollar. Inflation, interest rates and macroeconomic trends will be the main factors determining currency inflation or depreciation next year. Governments which manage to get inflation under control in a targeted manner, without negatively affecting the economy through an excessively expansive interest rate policy, will lay the very best foundations for their national currency, in our view.

FX & Rates Advisory

Our FX & Rates Advisory team can look back over a highly successful year. In 2022, the significant hike in interest rates, paired with the persistent geopolitical risks and the associated increase in volatility on the FX market, posed particular challenges for our clients. We did not merely succeed in offering our clients in-depth advisory services during this challenging period: we were also able to selectively expand our client base. Once again, our clients were impressed by the high quality of our weekly and daily currency publications, along with our strong advisory skills. Furthermore, we were also able to forge ahead with the automation and digitalisation of our value chain in FX Advisory, thereby providing our clients with an appealing level of convenience. Our eFX platform, FXnow, enables our clients to hedge their FX risks 24 hours a

»Our clients greatly appreciate our high-quality service, our outstanding availability and our profound understanding of the market.«

Arne Christian Rahner, Head of Financial Markets day, Monday to Friday. Our conceptual seminar series, entitled FINANCIAL MARKETS INTERACTIVE TRAINING (FiT), enables our clients to obtain a clearer view of the markets. In 2023, we will continue along this path and systematically build on our advisory competence and trading expertise.

Closed Transactions

Equity Capital Markets

Funding Round	**At-the-Market**	**Capital Increase**	**Secondary Placing**	**Capital Increase**
CUSTOMCELLS® Ahead in cell innovation	SONO MOTORS	Resolute	ses imagotag	SDIPTECH
EUR 60m	USD 135m	AUD 200m	EUR 168m	SEK 506m
Exclusive Financial Advisor	Sales Agent	Co-Lead Manager	Joint Global Coordinator/ Joint Bookrunner	Joint Global Coordinator/ Joint Bookrunner
Capital Increase	**Capital Increase**	**PIPE**	**Capital Increase**	**Capital Increase**
Bionomics	tonies®	RECURSION pharmaceuticals	DENALI THERAPEUTICS	HE HARMONY ENERGY INCOME TRUST PLC
USD 5m	EUR 60m	USD 150m	USD 316m	EUR 17m
Joint Bookrunner	Sole Global Coordinator/ Sole Bookrunner	Sales Agent	Co-Manager	Sole Global Coordinator
Secondary Placing	**Capital Increase**	**Capital Increase**	**Capital Increase**	**Rights Issue**
Craneware®	RockTech Lithium	NETSTREIT	ESSENTIAL PROPERTIES	SFC ENERGY
GBP 20m	CAD 31m	USD 209m	USD 201m	EUR 56m
Joint Global Coordinator/ Joint Bookrunner	Lead Manager	Co-Manager	Co-Manager	Joint Global Coordinator/ Joint Bookrunner
Capital Increase	**Secondary Placing**	**Capital Increase**	**Capital Increase**	**IPO**
ANGLE	Craneware®	Grenergy renovables	SONO MOTORS	4C STRATEGIES
GBP 20m	GBP 18m	EUR 90m	USD 150m	EUR 43m
Joint Global Coordinator/ Joint Bookrunner	Joint Global Coordinator/ Joint Bookrunner	Joint Global Coordinator/ Joint Bookrunner	Sales Agent	Joint Bookrunner

Capital Increase	SOVEREIGN METALS LIMITED	AUD 15m	Joint Bookrunner
Capital Increase	SONO MOTORS	USD 44m	Lead Bookrunner
Capital Increase	avantium	EUR 45m	Joint Global Coordinator/ Joint Bookrunner
Capital Increase	AFFIMED	EUR 96m	Co-Manager
Capital Increase	ECO ATLANTIC OIL & GAS	USD 25m	Joint Bookrunner
Capital Increase	Hyloris PHARMACEUTICALS	EUR 15m	Joint Global Coordinator/ Joint Bookrunner
At-the-Market	GLOBAL MEDICAL REIT	USD 300m	Co-Manager
Convertible Bond	ascendis pharma	EUR 521m	Co-Manager
Capital Increase	Safehold	USD 118m	Co-Manager
Capital Increase	NEXT15	GBP 50m	Joint Global Coordinator/ Joint Bookrunner
Capital Increase	CentralNic	GBP 42m	Joint Bookrunner
IPO	CIVITANAVI SYSTEMS®	EUR 34m	Joint Global Coordinator
Dual Listing	VULCAN ENERGY ZERO CARBON LITHIUM™	EUR 800m	Listing Agent
Capital Increase	MARLOWE PLC	GBP 130m	Lead Bookrunner
IPO (SPAC)	468 SPAC II	EUR 210m	Sole Global Coordinator/ Sole Bookrunner
Capital Increase	team17	EUR 96m	Sole Global Coordinator/ Sole Bookrunner
Capital Increase	SPIRIT REALTY	EUR 394m	Co-Manager
Capital Increase	NETSTREIT	USD 230m	Joint Bookrunner
Senior Unsecured Bond	REALTY INCOME	GBP 500m	Co-Manager

Selected Structured Finance Transactions 2022

AXCEL	Super Senior Financing	itm8	Super Senior Lender
Core Equity Holdings	Super Senior Financing	Portman dental care	Super Senior Lender
Waterland Private Equity Investments	Super Senior Financing	partou	Mandated Lead Arranger
ARDIAN	Super Senior Financing	GBA Laborgruppe	Mandated Lead Arranger
Ara Partners	Senior Financing	Puraglobe	Mandated Lead Arranger
Triton	Senior Financing	dogado	Mandated Lead Arranger
PAI Partners	Super Senior Financing	zahneins	Super Senior Lender
Hg	Super Senior Financing	Gossler, Gobert & Wolters Gruppe seit 1758	Mandated Lead Arranger
Rivean Capital	Super Senior Financing	Corilus Connecting Care	Mandated Lead Arranger
Bregal Unternehmerkapital	Super Senior Financing	GSG Genii Software Group	Mandated Lead Arranger
Ergon Capital	Super Senior Financing	opseo Ganzheitliche Intensivpflege	Mandated Lead Arranger
Bregal Unternehmerkapital	Senior Financing	ebuero AG	Mandated Lead Arranger
Riverside	Super Senior Financing	Toolport Profizelte	Mandated Lead Arranger
Operando Partners, Paarl Equity, Lautica	Senior Financing	Digital Reload	Mandated Lead Arranger
GHO Capital	Super Senior Financing	linimed	Mandated Lead Arranger
emz, IK Partners, Oakley Capital	Senior Financing	Wunschgutschein	Mandated Lead Arranger
Emeram Capital Partners	Senior Financing	Boards & More	Mandated Lead Arranger
Salzgitter AG Mensch, Stahl und Technologie	Financial Advisory		Financial Advisor
Equistone	Super Senior Financing	amadys	Mandated Lead Arranger

Wealth and Asset Management

Our Wealth and Asset Management business unit sets great store by personalised advice, active investment solutions and accountability. This means that we act as a trustworthy partner to our clients and provide bespoke assistance, to the best of our knowledge and ability. After all, we can only be successful if our clients are satisfied with us over the long term. Our discretionary and quantitative investment solutions are based on the expertise of our renowned specialists. We draw on transparent and verifiable investment processes, ceaselessly striving for the long-term positive performance of the assets entrusted to us, whether in portfolio management, investment advisory or in our funds and institutional mandates. As a bank with a history spanning more than 430 years and currently undergoing dynamic growth, accountability is an important principle for us. This is why, alongside our dedication to social issues, we attach great importance to applying sustainability and governance criteria in investment processes. High-net-worth individuals and institutional investors equally appreciate this approach. We are continuing our growth course, further expanding our sales activities regionally and with respect to other investor groups. We are also launching new products to meet client demand.

Wealth Management

2022 was once again marked by challenges in our wealth management business. However, unlike in the two preceding years, these challenges did not come courtesy of the Covid-19 pandemic. Instead, they were linked to the considerable instantaneous uncertainty sparked by Russia's attack on Ukraine at the start of the year. This resulted in a plethora of challenges, be it supply chain bottlenecks caused by sanctions and China's Covid-19 policy, increases in costs, especially in the energy sector, and second-round effects in food prices. As a result, 2022 was the worst year in the capital markets for investors in mixed portfolios since the 1930s. Our investments, too, were not spared, despite our outstanding results in previous years. During this period, we made sure that we remained in frequent contact with our clients and, through our highly future-proof approach, we were able to take on new funds from clients who placed their trust in us for the future.

We see our approach to the turnaround in the interest rate market as very promising, since the large volume of central bank liquidity will likely be partly withdrawn from the markets again over the years to come. The turnaround triggered substantial valuation adjustments in almost all asset classes already in the reporting year. For the coming year, however, there are opportunities for all companies that are on a strong footing. We are seeking to identify companies that fall into this category using our structural approach.

Strategic Challenges

Once again, 2022 was particularly characterised by uncertainty in the capital markets. The main issues at play included gradual inflationary trends and the resulting reaction of central banks in the wake of Russia's war of aggression. Accordingly, our primary task lay in standing by our clients as uniquely qualified advisors in times of enormous uncertainty.

The ongoing march of digitalisation also requires us to remain constantly active. In addition to various automation projects, we also further expanded our new online banking system in 2022. The Berenberg Wealth Management Portal now provides our clients with the convenient option of processing payments through image-based transfers, as well as digitally signing contracts. Furthermore, we have established a fully digital account-opening process for private clients – both satisfying clients' mobility requirements and, at the same time, modernising our handling processes. We are thus making further progress in using digitalisation to support client communication in wealth management.

Challenging mandates and the development of solutions for complex tasks remain our core business. Our activities in this respect are underpinned by our highly qualified, expert staff.

Discretionary Asset Management as a Core Service

Our clients can choose between two high-quality solutions for their investments. In *portfolio management*, our clients delegate the achievement of their investment goals to our portfolio management professionals, selecting from a variety of different strategies to suit their personal risk/return profile. 2022's results were disappointing for many investors, in line with market conditions: almost every single asset class experienced a drop in value.

In *investment advisory*, our clients make their investment decisions themselves, in consultation with their advisor and on the basis of thorough assessments and analyses. We have invested further in this area, setting up our Professional Client Advisory to provide professional clients with a service that is unique in terms of its service level, the quality of its investments and its long-term results.

In principle, we keep both options available, as there are a large number of professional clients who do not wish to delegate individual decisions. At the same time, regulatory requirements in the context of investment advice are making it increasingly costly and time-consuming for both the client and the advisor to prepare and implement decisions on an individual basis. We are therefore increasing our investment in portfolio management, as well as in our fund solutions. In turn, this enables us to refine our high-quality core service for our clientele: this service is more than competitive in the market in terms of its high performance, process and product quality, as well as its transparency. It is no surprise, then, that an increasing volume of clients are opting for this service.

Concentrating on our Core Target Groups and Core Competencies

In Wealth Management, we provide customised solutions to clients with sophisticated asset structures and special investment requirements, concentrating on very high-net-worth individuals, family entrepreneurs and business-minded decision-makers, as well as foundations and other charitable organisations. Our approach provides holistic support to an organisation or private individual and their dependents in every area that has a direct or indirect influence on their asset situation. In this respect, we have successfully refined the model developed by the Berenberg advisory team: our three teams (*Young Entrepreneurs*, *Foundations* and *Family Offices*) offer support to advisors for any questions and issues specific to a particular target group. Each team can draw on a well-structured network of proven experts in the subject area relevant to the target group in question. This enables us to support our clients in successfully overcoming their individual challenges and to establish ourselves as a long-term strategic partner for them.

For us, *concentrating on core competencies* means offering complementary services alongside liquid portfolio management and the selection of illiquid alternatives. Particularly in the case of complex wealth portfolios, we create specific added value for our clients through our cross-bank multi-deposit controlling. In addition, we provide advice that is familiar to institutional investors, but which can also provide added value for high-net-worth individuals: advice and the creation of a strategic asset allocation (SAA) based on the latest scientific findings. We also offer this with IT support, thus helping clients to find the basis for an investment strategy that is right for them individually in the long term. The organisation and implementation of selection processes also contributes to greater client loyalty. As a result, we find the right asset managers who contribute to a further diversification of opportunities and risks at the level of our clients.

Our activities are centred on securing the future wealth of our clients. In doing so, we strive to create space for the individuality of different starting situations and objectives in a market environment which is characterised by increasing standardisation.

Asset Management

Berenberg Asset Management operates in two core areas. Firstly, *Berenberg Equity Funds* stands for fundamental equity expertise at a level rarely found in Germany. Secondly, *Berenberg Multi Asset* offers asset management strategies encompassing global investments, as well as funds with a European focus. These include very flexible solutions, as well as defensive and offensive multi-asset strategies. This is complemented by a strong offering in the fixed-income segment. Our capital market communication, highly regarded by our clients, underscores our expertise in this discipline. We set ourselves apart through well-founded assessments of the capital markets, which we apply in a decisive manner – also anti-cyclically and away from benchmarks. Our *Berenberg Institutional Consulting* business provides institutional clients with targeted advice on their global asset allocation and, as a strategic partner, we offer them bespoke solutions for the complex requirements of strategic asset allocation. We collaborate with our partners to give access to overlay management solutions. In this respect, Berenberg focuses on research and on refining its proprietary, big-data-based investment approach. This has led to various developments, including the launch of an investment fund based on this strategy.

We are further expanding our activities in the area of sustainability through our *ESG Office* (ESG: environmental, social, governance). As a signatory to the United Nations-backed »Principles for Responsible Investment« (UN PRI), we remain committed to our responsibilities in this respect. In addition, our investment funds have received top marks from relevant research houses, such as the FORUM NACHHALTIGE GELDANLAGEN (FNG), the sustainable investment forum for Germany, Austria, Liechtenstein and Switzerland. We believe that sustainability issues are becoming increasingly important for investors and that ESG-compliant businesses have a competitive advantage in the global markets.

Equity Funds

Despite the challenges of 2022, our equity fund platform remains on course for growth. On average, our equity funds fell behind their respective benchmarks over the past year, in relative terms. This was driven by various factors, including sector and style rotations and changes to interest rates. Despite this, we were able to maintain an exceptionally stable asset base – price movement notwithstanding. As before, clients have faith in our long-term approach. Deep-seated equity analysis, a long-term investment horizon and focused portfolios will remain the cornerstones of our philosophy. The confidence of our clients was reflected prominently in the substantial net inflows recorded by the BERENBERG INTERNATIONAL MICRO CAP launched at the end of 2021, despite the challenging environment in 2022. Our funds' Morningstar ratings remain in the three- to five-star region. The platform's long-term success is also highlighted by a number of awards won last year. To name just two, Matthias Born received the »2022 Goldener Bulle« as *fund manager of the year*, while BERENBERG AKTIEN GLOBAL PLUS received the *German fund prize* from FONDS PROFESSIONELL. We expanded our equities expertise even further in late 2022, with the appointment

»We were able to maintain an exceptionally stable asset base: as before, clients have faith in our long-term approach. Deep-seated equity analysis, a long-term investment horizon and focused portfolios will remain the cornerstones of our philosophy.«

Matthias Born, Head of Investments

of a proven expert in Asian equities and emerging markets. This paved the way for the launch of the BERENBERG EMERGING ASIA FOCUS FUND in December 2022.

Multi Asset and Fixed Income

The *Multi Asset* business unit encompasses discretionary multi-asset and fixed-income strategies, along with risk-focused multi-asset solutions for institutional investors. With their equity-side focus on high-quality growth titles, the multi-asset strategies were not fully able to avoid the strong correction in the valuation of these titles, which resulted from the considerable increase in interest rates. This impact was only partly compensated by a high allocation of commodities and a strong underweight of bonds. After three years of very strong performance, in absolute terms, compared to the market, and compared to their benchmarks, the strategies experienced negative and comparably weak performance in 2022. Despite this, they continued to attract moderate inflows in 2022. Investors were particularly focused on balanced and distribution-orientated multi-asset strategies with a sustainable approach. Among multi-asset funds, the BERENBERG VARIATO, a benchmark-agnostic opportunistic fund launched in December 2018 and offering high degrees of freedom, received its first rating in 2022 for a three-year period: five stars from MORNINGSTAR. Despite their weaker performance in 2022, the multi-asset funds once again did well compared to competitors' funds. At the end of the year 2022, all of our multi-asset funds rated by MORNINGSTAR over five years had a four- or five-star rating. Furthermore, the BERENBERG SUSTAINABLE MULTI ASSET DYNAMIC impact fund, launched in December 2021, received the highest possible rating from FNG, with three stars. Multi-asset funds will be even more in focus at Berenberg in the future.

»Our multi-asset funds were able to attract new inflows in 2022 despite the difficult market environment.«
Prof. Dr. Bernd Meyer,
Chief Strategist and Head of Multi Asset

The *Multi Asset Solutions* team provides professional solutions for the challenges faced by institutional clients. The team comprises specialists in risk-focused and derivative strategies that take cost-efficient approaches to value protection or hedging of (extreme) risks in all asset classes. Value protection strategies, in particular, performed strongly in the challenging market environment of 2022. The protected equity strategy, which was developed in 2021 and launched in the UK in 2022 under the name BERENBERG MANAGED VOLATILITY EQUITY FUND for the pension fund of a well-known American investment bank, appealed strongly to investors in 2022.

In the *Fixed Income* department, the coherent product range of eight funds in the categories of liquidity solutions, eurozone, emerging markets and global, including dedicated ESG funds for the eurozone and emerging markets, also contributed to the platform's success. After years of low interest rates, our clients are once again becoming increasingly interested in bond-based strategies as returns rise and risk premiums widen. In 2022, those strategies focused on emerging countries and global bonds, in particular performed comparatively strongly and generated cash inflows. For example, the BERENBERG EM BONDS outperformed its benchmark by double digits and retained its MORNINGSTAR five-star rating. The BERENBERG GLOBAL BOND, the BERENBERG SUSTAINABLE EM BONDS, BERENBERG CREDIT OPPORTUNITIES and BERENBERG EURO ENHANCED LIQUIDITY are four other Berenberg bond funds that have received a four-star rating from MORNINGSTAR. Furthermore, the BERENBERG SUSTAINABLE EURO BONDS impact fund once again received the highest, three-star, rating from FNG in 2022, thereby laying the foundations for future growth in assets under management also for fixed-income strategies.

Innovation & Data

The *Innovation & Data* team within the Wealth and Asset Management central business unit was established in late 2019 to embrace the latest technological trends and our industry's ongoing digitalisation. The team, consisting of data scientists, portfolio managers and software developers, works with experts from across Wealth and Asset Management to utilise the latest technologies for analysing the enormous universe of data, which is growing exponentially on a global scale. The goal is to support our portfolio managers and the underlying investment processes as best possible through technology and data analysis. The team has developed a proprietary approach, based on big data and AI, for FX forecasting. This approach is used to provide trading signals for FX management, which, in turn, are offered to institutional clients as part of a strategic collaboration with one of the world's leading FX platforms in our role as a research partner and advisor. Around €3 billion in assets is managed. The Berenberg Sentiment Fund was launched in October 2022 with the aim of enabling other groups of investors to access this successful technology. For the fund, several hundred thousand unstructured real-time messages from around the globe are automatically analysed each day to generate FX and commodities trading signals.

Strong Market Position

We have succeeded in building a strong position in the market courtesy of our clear and attractive product range. In addition, we have once again stepped up our marketing activities and public relations work. Our multi-asset publications, such as HORIZON and MONITOR, have been well-received, while our investment experts are often interviewed by the specialist, trade and daily press. They also present their approaches and opinions at a large number of industry conferences where they engage in direct dialogue with clients and prospective clients. In 2022, we once more increased the number of staff in asset management and at our wealth management locations.

Our sales structure similarly augurs well for enhanced market penetration: our international positioning means our sales strategies are perfectly tailored to the target markets at hand. Apart from Germany, Austria and Switzerland (the DACH region), in Europe these markets primarily include France, the UK, Italy and Spain. We have also opened up in Scandinavia through a new distribution partner.

Outside Europe, we entered into a distribution partnership in Chile and Peru in 2019, which has been bearing fruit since the start of this collaboration. This is supplemented by further distribution partners in countries with large pension funds, such as Mexico and Israel. We continue to work with other institutions as part of our individual portfolio management and portfolio management funds. Our range of high-quality solutions makes us a strong partner for savings banks and other banks.

Corporate Banking

The 2022 fiscal year was dominated by rising interest rates. The volatility associated with this led to market changes, both for investors in our credit funds and the various sectors on the credit side. However, we handled these changes with aplomb.

With regard to our own business model, we were able to expand our business in every area of corporate banking and perform our services with great success, even in this complex environment.

After winning the SCOPE Award for *Best Asset Manager Private Debt* for 2022, we were nominated again for 2023. In a year where institutional investors had to adapt to a new interest rate environment, we were once again able to considerably increase the pledges to our growing loan funds and the loan amounts paid out from these loan funds.

Alongside firming up our unique market positioning for super senior financing in the field of *Structured Finance*, we also achieved high growth in *Infrastructure & Energy*. Junior financing for wind and solar farms grew substantially. This asset class is set to become increasingly attractive for investors in the segment of cooperative banks and savings banks. Generating returns through complexity and speed, while also playing our part in the energy transition, is a highly desirable aim.

Amid an exciting *real estate* environment, we have launched our first in-house REAL ESTATE DEBT FUND. We believe there is a large amount of potential in this attractive asset class, against a backdrop of falling prices, increasing interest rates and enhanced equity capital requirements for previous real estate financers.

In *shipping*, charter rates began to normalise in 2022, leading to reductions in vessel values. In this respect, we benefited from the fact that we have only financed conservative structures in the past. At the same time, we were able to expand our overseas payment transactions in foreign currency, thanks to the tailwind provided by the thriving shipping markets.

We can only scale our business model further if we are able to rely on modern systems and advanced digitalisation. We have undertaken the necessary investments to this end and will continue to do so. We are already on a good footing in this respect – especially compared to our competitors.

Structured Finance

In *Structured Finance*, we are able to look back over a year that was exciting as it was successful. The conflict in Ukraine also led us to scrutinise our own portfolio. One of the key issues at hand lay in exploring how upheaval in the energy market and potential supply chain bottlenecks could affect the companies we finance. This exceptional stress test also highlighted the resilience of our loan portfolio. In this respect, we were helped by the fact that, since 2008, we have been focusing on financing non-cyclical business models with strong cash flows within stable economies. These business models also displayed a high level of resilience in this market environment. We continued to be very successful with our investments in 2022. However, the sluggish M&A market led us to primarily generate transactions using our existing portfolio. For instance, we assisted with Waterland's acquisition of the Partou group, a company we already finance, and supported the financing of the continued acquisition-based growth of the Genii group, owned by Bregal Unternehmerkapital. In fundraising, we were able to complete the initial closing of our multi-investor fund and are in advanced discussions with investors for a second closing. Alongside this, we are seeing increased demand for low-risk and ESG-compliant strategies, which we are able to satisfy with the Article 8 funds we are putting in place and our established investment strategy. The positive reception among new and existing investors alike is testament to our unique selling propositions and conservative risk policy in times of economic turbulence.

»As interest rates rise, investors are increasingly turning their gaze back to lower risk profiles. Our private debt strategy offers an established addition to a portfolio, generating attractive returns while remaining within the target risk corridor.«

Lars Hagemann, Head of Structured Finance

In December of the reporting year, we were able to conclude the second guarantee agreement for working capital credits with the EUROPEAN INVESTMENT BANK (EIB), this time with a target volume of €300 million. The aim of the agreement is to reduce the capital requirement for working capital credits as an important pillar of corporate financing. This will enable Berenberg to further scale its successful private debt business. European companies will benefit from Berenberg's further increased lending capacity.

Infrastructure & Energy

2022 was a successful year for the *Infrastructure & Energy* segment. All told, we saw strong growth with a large number of financings successfully launched or repaid as planned. Despite global supply chain issues and volatility in the electricity markets, all the financing granted performed well. The renewable energy markets, in particular, are currently attracting a great deal of attention, with security concerns now coming into play alongside the original goal of stemming the tide of climate change. This increased importance and the upturn are reflected in the substantial increase in additional financing enquiries, with funds and fund growth benefiting from this. As a consequence of this healthy growth and the positive outlook for the next few years, Berenberg has set up an additional fund, focusing on financing renewable energy projects. This fund completed its initial closing in September 2022. The current fund family now consists of a total of six funds, with new fund ideas already being developed for 2023. These funds serve as a flexible, broad financing platform for an increasing number of sponsors and project developers. Four of the funds provide subordinated financing to renewable energy projects in the construction stage and/or operational stage, as well as in the late development stage. As expected, the latter is proving to be an important factor in establishing and expanding client relationships. Increases in interest rates also lead to higher interest rates for the financing provided by the funds, and, by extension, to an increase in the funds' returns.

It is pleasing to see that we have experienced strong growth in our core European markets and that we have been able to expand our financing business with both existing clients and a number of new clients. The infrastructure segment comprises two funds, the BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I and its FEEDER FUND, which are being expanded by a substantial co-investment by a major German insurance company. Several glass fibre projects in Germany, as well as a data centre project in the Netherlands, have already been successfully financed. Across Europe, various other projects in the sub-segments of server centres, glass fibre networks and transmission masts are being reviewed and implemented. We are seeing enormous growth, particularly in the financing of data centres.

Shipping

In the reporting year, the shipping industry continued the very positive trends seen in the previous year and experienced one of the best financial years of the past decade across all segments. As previously, the first six months of the year were shaped by an exceptional rally in the container segment, courtesy of global consumer demand catching up after the Covid-19 pandemic and the ongoing significant disruption to global supply chains. This trend has visibly abated since the summer. In turn, it led to considerable reductions in freight and charter rates, reinforced by recessive trends on a global scale. Recently, this trend has also been reflected in lower container ship values. We expect this downward trajectory to continue in 2023 due to the fact that, in the container ship segment, in particular, shipping lines primarily have a significant number of new, large-scale vessels offering enhanced levels of efficiency on order that will be delivered from 2023 onwards. The extent to which shipping lines are willing and able to undertake active capacity management, e.g. by scrapping old ships, in the face of reducing demand for transport remains to be seen.

It is a different situation for bulk carriers and tankers: the as-yet unanswered question about the drives and fuels of the future led to a historically low figure for orders of new vessels in 2022, while the sector is simultaneously seeing consistently robust demand for commodities transport. Both segments have somewhat benefited from the consequences of Russia's war in Ukraine, with one such consequence being longer global transport routes for agrarian commodities and oil (products). The tanker segment, in particular, is currently experiencing a boom, even by historical standards. Whether or not this continues in 2023 will depend on further geopolitical trends. The sector as a whole has entered a period where the security of maritime transport chains and the mandatory transition to low-CO_2 ocean freight has moved the industry further into the spotlight – which can also attract sustainable capital interest.

The business model we pursue in our *Shipping* unit has been constructed over many decades and proved its resilience in the year under review, too. As a focused provider of banking services for international payment transactions, modern cash management solutions and foreign exchange, and with its strong industry expertise and extensive transaction experience, our Shipping team was able to benefit from the pleasing performance of the sector in 2022. This was reflected in various ways, including in a substantial uptick in the volume of payment transactions. The geopolitical environment has become increasingly challenging, partly due to the rapid increase in sanctions regulations. Against this backdrop, our focus has been on qualitative client growth and the provision of in-depth support to our clients on sophisticated international transactions. Beyond this, we were able to continue as planned towards our target of becoming a maritime asset manager for institutional private debt capital, a journey we started in 2016. We granted an array of conservatively structured shipping loans, in collaboration with our three shipping loan funds. The solid performance of our holdings and increasing returns amid a changing interest rate environment once again underpinned the sustainability of this alternative investment for our investors. In turn, we anticipate that the shipping loans business will perform very robustly in 2023.

Real Estate

Over the past year, an array of external influences has heralded a new era in real estate. An unprecedented interest rate hike within the eurozone has also had a substantial impact on the sector. It is a mathematical necessity that purchase prices will be adjusted accordingly. However, this is not yet visible at the time of writing.

Despite this environment, or precisely because of it, we serve as a reliable partner for our clients, offering them assistance and support with investing in real estate or financing construction projects. Berenberg takes a value-orientated and risk-focused approach to real estate asset management, which is vital over the course of the life cycle.

In 2022, our asset management activities primarily comprised executing strategies to save energy and put sustainability measures into practice. We are a member of the ESG CIRCLE OF REAL ESTATE (ECORE) and bring our understanding of sustainability to bear on all the properties we manage – regardless of their classification under the Disclosure Regulation.

The special AIF BERENBERG REAL ESTATE BERLIN has welcomed new institutional investors on board via a further closing and has successfully purchased an office building in Berlin's Friedrichshain district.

The special AIF BERENBERG REAL ESTATE HAMBURG II has provided further assistance with the construction of the SkyCampus new-build, which has already been acquired, and completed the purchase of a further corporate headquarters.

Our investment vehicles are diversified in terms of tenants, sectors and uses, which, along with active portfolio management, had resulted in all of the properties managed by Berenberg having navigated this challenging environment with marked success by the time this annual report was prepared.

In the *Real Estate Finance* division, we have assumed an active role as an investment manager for institutional capital. Our aim is to use PRIVATE REAL ESTATE DEBT FUNDS to enable professional and semi-professional investors to access the market for structured real estate financing. We focus on financing with top-flight collateralisation and a conservative loan-to-value ratio, with the potential to generate above-average returns. This strategy has already succeeded in generating an investment volume in the hundreds of millions, in conjunction with the private debt fund managed by Berenberg. Berenberg has also launched an additional private debt fund with a real estate focus; we are currently endeavouring to complete the initial closing for this.

Central Policy and Business Units

We can only succeed in providing the best possible service for our clients if the required infrastructure of the staff divisions is optimally aligned to this objective. In addition, the implementation of constantly changing regulatory requirements ties up a great deal of resources. At the same time, the market environment is characterised by increasing digitalisation and automation. For this reason, we have brought together, in a partner division, the functions which are particularly important for ensuring optimal process chains and guaranteeing central risk management.

Our IT, for which the *Global Technology* unit at Berenberg is responsible, plays an important role in the provision of our services. We have made a conscious decision to develop important components ourselves, using standard solutions where this makes sense for efficiency reasons. In doing so, we always keep an eye on our value chain and consider which solution enables the optimal alignment to the needs of our clients. In the case of in-house developments, we consistently use agile working methods. This allows us to achieve a high degree of flexibility and boost the productivity and innovative capacity of the unit. In addition, we are focusing on greater modularisation of our IT architecture. Alongside the implementation of regulatory requirements, our development work is particularly dominated by digitalisation and automation projects. In order to provide our business segments with stable and secure IT services, we own our IT centre infrastructure. For a future-proof alignment of operations, scalable solutions, such as cloud computing, are to be increasingly combined with our own systems in the future. The increasingly international nature of our business is accompanied by a global IT approach. In our IT management, we place a special focus on the areas of governance and the regulatory framework. *Central projects* of the Bank are also coordinated from a separate department created for this purpose. An *Information Security* unit operating independently of IT ensures the necessary system protection. The *Global Operations* unit is a central control point for all matters relating to our various locations.

Rendering securities services for our clients necessitates an efficient securities handling system. Our *Transaction Services* unit can provide our market units with settlement processes which are precisely tailored to their specific needs. We have made a conscious decision not to outsource this to a third-party provider, but to provide this important service in-house. In addition to high quality and stability for the handling processes, we pay particular attention to the efficiency of the processes. We are focusing on increasing automation in order to both reduce the susceptibility to errors and to be able to provide our front office segments with a platform for further growth and the progressive internationalisation of our business.

Group Compliance ensures compliance with all regulatory requirements which relate to the securities business, adherence to rules of conduct and the avoidance of conflicts of interest. In addition, the Group Compliance unit is also responsible for money laundering prevention, it is the central body for combating crimes with an economic background, and it is responsible for the MaRisk compliance function and complaints management.

The *Tax* unit ensures compliance with all tax regulations and coordinates the accounting of our subsidiaries. The *Risk Controlling* unit is responsible for analysis and management of risks associated with the banking business, irrespective of the market segment. For many years now, we have paid particular attention to ensuring that key risk indicators are not viewed in isolation from other business developments. For this reason, *Controlling*, *Accounting* and *Financial Reporting* are also integrated into this area and continuously provide the responsible staff and the management with all information relevant in this context.

Additional central staff functions are combined in *Client Services & Credit Risk Management*. Credit Risk Management monitors credit risks and ensures the market-independent view of the credit business as required by MaRisk. The *Client Administration* unit, which is also assigned to this division, ensures the proper management of all of the Bank's relationships to clients. Finally, the *Payment Services* unit, also part of this division, ensures the smooth processing of payments from both client business and the Bank based on a new, state-of-the-art payment transaction system. With regard to foreign payment transactions, our system is increasingly developing into a competitive advantage.

Employees

Covid-19 pandemic-related restrictions on working in the office were still in effect in the first quarter of the year, but we gradually increased our office presence in the second quarter. By 1 July 2022, we had returned to our original working model, just as it was in 2020 before the pandemic. We believe it is important for employees and teams to come together in person whenever possible, including at most meetings, events, workshops and training sessions. This is how we promote teamwork and networking. We also conducted our staff development programme in accordance with the Bank's learning & development calendar, as well as our offsite event for new managers with external and internal trainers on an in-person basis.

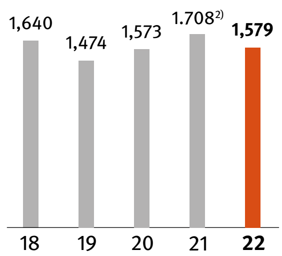
In 2022, our *health initiative*, designed with the TECHNIKER KRANKENKASSE, was also held for the first time at our German offices. Over an entire month, our employees were able to take part in a large number of offers and activities, including a series of exercises for both body and mind, eye tests and flu vaccinations.

In March 2021, we began a partnership with VISIONPATH in London as part of our *social mobility initiative*. This 10-month mentoring programme was aimed at students from underprivileged backgrounds. It was completed in 2022 with excellent feedback from participants and Berenberg mentors. On the basis of this feedback, the programme has seamlessly moved into its second year.

While we at Berenberg prefer our staff to work in the office, *remote work* in Global Technology remains necessary due to its special IT requirements and the market environment. We are currently negotiating with the works council on a company-wide agreement. In addition, we have adjusted our *voluntary employer-provided benefits* regarding the workplace and working environment in Germany. New coffee machines and higher public transport subsidies are two examples that were particularly important to our employees.

From the middle of the year, the human resources department focused on supporting *strategic realignments* of the market divisions, particularly at Berenberg Capital Markets in the US, the main Investment Bank offices in Europe, and Wealth and Asset Management in the UK. In addition, the Stockholm office was opened.

Employees[1] on 31 December
Global Berenberg Group



[1] Total head count without interns and working students
[2] The 2021 figure has been adjusted slightly from 1,703 to 1,708.

The entire infrastructure was set up for the new international location, including payroll, social benefits and legal frameworks such as contracts and policies.

As a result of the aforementioned restructuring, primarily at the Investment Bank, we recorded a decrease in employee headcount to 1,579 as at 31.12.2022. We also focused heavily on *recruiting* junior staff and specialists in 2022 and were once again able to hold in-person events with universities and job fairs. We will continue our recruiting activites in 2023 in order to meet our need for skilled workers in the long term.

We have expanded our *digitalisation* in the UK and the US, in order to ensure standardised systems for recruiting, HR management and operations, and carrying out performance and development reviews.

The war in Ukraine and the suffering of the people affected has shaken us all deeply. Our employees' *BerenbergKids Foundation* called for donations in 2022 in order to support children and families from Ukraine through selected organisations. We would like to thank our employees very much for their donations, for their steadfast commitment, and for their willingness to perform in these challenging times. We also thank the members of the works council, the representative of severely disabled employees, and the youth and trainee representatives, who again contributed to a trusting and constructive cooperation in 2022.

Risk Report

We continued to pursue our cautious, defensive *risk strategy* in the reporting period. Our approach of consciously focusing on lower risk, service-orientated business areas proved its worth against the backdrop of the war in Ukraine and the economic consequences of this. Our risk culture still revolves around an unchanged and extremely conservative risk appetite; this risk appetite is reviewed and defined by management on an annual basis as part of the strategy and planning process. Typical banking risks are assumed to an appropriate extent, which safeguards the Bank's long-term ability to continue its business activities. This risk philosophy forms the basis of our company-wide, comprehensive risk management and includes the setting of risk limits.

The Bank enjoyed a highly comfortable *liquidity situation* throughout 2022, which was further improved, despite already being at a very high level, as a result of the large volume of deposits. We invest our excess liabilities in a highly liquid portfolio dominated by securities of German public-sector issuers with short remaining maturities. This liquidity reserve is supplemented by German Pfandbriefs/covered bonds with a strong credit rating. Excess liquidity not invested in bonds is largely invested at the Bundesbank.

Our risk management process is characterised by its strategic focus on *service-based business divisions*, combined with the use of cutting-edge risk measurement methods which are perfectly aligned with our corporate structure. The key risk types which we analyse within the framework of our risk management processes are counterparty, market price, operational and liquidity risks. Reputational risks are evaluated as part of the management of operational risks. Potential declines in earnings are also taken into account in various ways, including through the consideration of adverse scenarios. They are indirectly appraised through the conservative definition of the risk cover funds in the INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP).

Our management-orientated implementation of the regulatory requirements regarding *risk-bearing capacity* (ICAAP) has once again paid off in the reporting year. Our standard processes for risk controlling now bring together capital planning, profit and loss planning, and risk-bearing capacity, as well as an approach which considers a normative perspective and an economic perspective in unison. This enables us to safeguard the two strategic goals associated with this: »the institution's continued existence« and »protection of creditors«. Both perspectives are based on the fundamental principle of calculating risk-bearing capacity, which involves comparing the risks that have been detected with the risk cover available.

The *normative perspective* is based on regulatory requirements, especially with regard to the institution's equity capital. Various different scenarios are analysed as part of our three-year integrated capital planning. While we always look at the baseline scenario, which encompasses business development under normal economic framework conditions, we also explore an adverse scenario which assumes a severe economic downturn lasting substantially longer than a year. This scenario is based on extensive macroeconomic and institution-specific assumptions. It is not just simulated for individual parameters in isolation. Instead, the adverse scenario constitutes an integrated stress test, with an impact on all relevant parameters, as defined by the MINIMUM REQUIREMENTS FOR RISK MANAGEMENT (MaRisk). The scenario also comprises management control measures to counteract any crisis that develops. The results obtained clearly show again that the Bank could comfortably navigate even extreme scenarios with its own assets and earnings power.

For the *economic perspective*, the risk coverage potential is calculated at close to present value. This calculation is based on the capital indicators in the balance sheet according to the HGB (German Commercial Code), supplemented by hidden reserves and/or losses. Under our very conservative approach, budgeted profits are not credited. We quantify the potential losses suffered by our business divisions for the above risk types on the basis of the value-at-risk (VaR) principle, which thereby represents the upper loss ceiling for a given probability level. Risk is quantified at a high confidence level of 99.9% and with a risk horizon of one year, using established present value model calculations. In principle, the VaR calculations reflect potential losses on the basis of normal market conditions. These methods of evaluating the risk position are supplemented by suitable historical and hypothetical *stress tests*, with the aim of examining the risk situation from a more extreme angle. The regular reconciliation of risk and risk cover is based on these two different views of the

Bank's overall risk position. The covering amounts for the various categories are aggregated conservatively, thereby deliberately ignoring diversification effects that mitigate risk across the various risk types. Monthly and quarterly analyses, carried out in parallel, enable us to compare the results of various stress scenarios specific to risk types, as well as the results of general stress scenarios, with the available economic risk cover. The results of these analyses cannot exceed the risk capital. We also perform ad hoc stress tests, as required, to evaluate crisis situations as they arise. In line with the approach of an inverse stress test, we define combined scenarios which would tie up all of the available risk cover if they were to occur. In the year under review, the economic capital available to the Bank was far from fully tied up by its business divisions. This highlights the commercial prudence built into the Bank's risk management process, which, in turn, reflects the appropriateness of the relationship between the opportunities arising from business activities and the risks assumed with regard to overall profit or loss. The Bank's overarching management only permits its business divisions to take on risk when it is commensurate with the potential rewards.

Executive management holds supreme responsibility for risk management and defines the overarching conditions for managing the various types of risk. In organisational terms, the *Risk Controlling* unit acts independently of the various market units, in accordance with the MaRisk for banks and financial services institutions. It works closely with other organisational units to ensure that a steady stream of information is passed to the Bank's Executive Management and Advisory Board in a timely fashion. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management. It carries out a comprehensive risk inventory at regular intervals and compares the amounts of the various risk types with the available risk cover. As part of the risk management process, we ensure that risk is not excessively concentrated, either within or across risk classes, in line with our strategy.

In its risk management, Berenberg employs the traditional model of three lines of defence. In the *first line of defence*, members of operational management in the Bank's various units act as the risk owners, with responsibility and accountability for assessing, managing and mitigating risk. This includes implementing and monitoring organisational hedging measures, as well as the control activities embedded within the processes. Within the scope of the *second line of defence*, the *Risk Controlling* and *Compliance* units facilitate and monitor the implementation of effective risk management and ensure independent risk reporting to the Bank's Executive Management. The *third line of defence* comprises the Bank's independent *Internal Audit* department, which employs a risk-orientated approach to evaluate how effectively the Bank is controlling its risks and how well the first and second lines of defence are performing their tasks.

Over the course of the reporting year, the uncertainty sparked by the global Covid-19 pandemic diminished, only to be supplanted by increasing uncertainty about the war in Ukraine. This gave rise to considerable uncertainty on a political and economic level, which also led to substantial movements in the financial and capital markets. The macroeconomic environment has worsened significantly since the war began. In our strategic business area, the Bank with its existing risk exposure was not directly affected by these developments to a noteworthy extent. Our cautious position in respect of market risk means that the substantial movements in the market have a very limited impact on the Bank. That said, we keep a close eye on the volatilities in the financial and capital markets and also perform ad hoc analyses as required. For credit risks, similarly, there was no apparent need beyond the existing stress tests. Our *Credit Risk Management*, a non-market department which is organisationally independent of the departments dealing directly with clients, keeps a close eye on our activities, both in terms of direct effects, as well as secondary effects, such as inflation. Once again, operational risks have not increased to an unusual extent this year. The position of the Bank with regard to ICAAP is very robust, in both normative and economic terms. The risk cover provides a sufficient buffer to counter the impact that the surrounding crisis situation could exert on the Bank. Stress tests implemented to date address the existing scenario, but can be expanded and adapted to account for new developments as and when required.

Credit Risk Management uses a suitable limit system to monitor the *counterparty risks* which are entered into. The management of default risks at the overall portfolio level is supported by targeted analyses by Risk Controlling. *Market price* *risks* arise not only from short-term positions in the trading book but also from strategic positions in the liquidity reserve; they are closely monitored by Risk Controlling. *Interest rate risks* in the banking book (IRRBB) represent a further addition to the risk profile. Risk Controlling also quantifies *operational risks* by utilising advanced methodological procedures. The level of these risks is limited by stringent processes, the appropriate qualifications on the part of our staff and a comprehensive set of rules, including contingency planning. The *Treasury* division, together with *Money Market Trading*, is responsible for managing *liquidity risks*. Risk Controlling is systematically integrated into the monitoring process and validates the results at regular intervals.

An overarching calculation is executed on a monthly basis to track the profit and loss of the business divisions, taking into account the risks assumed. This also includes an analysis of volatile return components and possible changes in returns resulting from these components. Daily reports on the most important items on the income statement and scenario planning serve as an early warning system. In line with the strategy, targeted diversification is executed across business areas and markets. Risk Controlling provides management with reports that enable them to analyse the results and risks at various aggregation levels. The Bank's Internal Audit department regularly examines the organisational precautions for managing, monitoring and controlling the various categories of risk, based on the parameters specified in the Audit Manual. Risk Controlling and Credit Risk Management (non-market) regularly provide information to the Risk Monitoring Committee set up by the Bank's Advisory Board, which holds three scheduled meetings each year and also meets ad hoc as required. The principles of our risk management are recorded in a written risk strategy, which is available to all members of staff.

The complete report for the year can be accessed on our website: www.berenberg.de/en/riskreport.

Forecasts and Opportunities for 2023

In the wake of the restrictions imposed during the Covid-19 pandemic, Russia's war against Ukraine gave rise to fresh challenges for people, politicians and businesses at the start of 2022. Precarious energy supplies and increasing prices, inflation, and interest rates, along with plummeting stock markets, led to the year under review being shaped by uncertainty. Indeed, these factors left some of Berenberg's key segments, like capital markets, at a near-standstill. Having identified this development at an early stage, we were able to adapt our cost base in 2022 itself and thereby put the Bank on a sound footing for 2023. We are retaining our business model in Europe, have undertaken some changes to our US subsidiary and believe that the prospects of continuing to expand our market share over the next two years look promising.

As demonstrated in the past, we can act substantially quicker as a mid-sized bank than large banks, in part due to our lean management structure and proactive managing partners. We are also much more diversified than smaller market participants, whose activities are often limited to just one single area. This diversification has led to clear benefits. For example, over the past few years we have been able to continuously adapt our business model to align with the requirements at hand and expand Berenberg into an internationally focused advisory firm. This puts us in a good position to face up to the challenges of tightening regulatory requirements and digitalisation, both in terms of processes and client interfaces.

We have established ourselves in the major financial centres beyond Hamburg. As at the end of 2022, we had 447 employees in London. We were prepared for the impact of Brexit and await regulatory recognition of our branch, under UK law, in 2023. We believe there are more benefits than disadvantages for our activities at this location over the coming years. We are convinced that London will continue to remain a very important financial centre and we consider ourselves to be well-positioned with our branch there. As a company with its head office within the EU, we also fulfil all the requirements to be able to continue offering our services in the business area we focus on. At our New York location, we have primarily undertaken changes to our *Equity Research* and are now concentrating on the technology and healthcare sectors. In 2023, we will continue to focus on offering European companies support with launching their operations in the USA, using our outstanding distribution platform to do so. We have already benefited from the consolidation process observed in the industry and have been able to grow our market share.

We can look to 2023 with a sense of cautious optimism, following the market-related consolidation of 2022. Our intention is to make use of the opportunities on offer to expand our market share in our various business areas and regions, with Germany, the UK, Continental Europe and the US remaining as our core markets. We want to continue serving as the preferred partner for our existing clients and providing them with long-term support, while our expertise and uniquely high-quality services attract new clients, too. We plan to retain our proven, diversified business model focused on the areas of *Investment Bank*, *Wealth and Asset Management* and *Corporate Banking*. We want to further increase our market share in the area of securities trading. We already hold a leading position in our domestic capital markets; our aim is to replicate this in other markets, too. In Wealth Management, we focus on providing services for sophisticated asset structures. This division dovetails closely with Asset Management, enabling us to provide our clients with an even broader range of excellent products. Over the past few years, we have continued to expand this product range and have built up a track record of strong performance, which comes courtesy of the outstanding equities expertise at the Bank, in particular. Within Corporate Banking, we intend to use innovative products to further consolidate and expand our sound market position. The debt funds launched and managed in Corporate Banking performed particularly well in 2022.

As diverse as these divisions are, they all share an ambition to provide our clients with high-quality independent advice, the best possible service and excellent execution. We will continue to focus on our service offering moving forward and pursue this with a very conservative risk management approach. Berenberg will concentrate on its existing business divisions, and exploit opportunities that promote the continuous development of our business activities. We will continue to apply our strategy of organic growth so we can devote our full attention to our clients' needs. In addition to expanding our market units, we will also adapt our internal structures on an ongoing basis. We place particular emphasis on our in-house IT: it has state-of-the-art equipment and the necessary flexibility of modern organisational structures. Furthermore, our compliance with regulatory requirements is important to us. To this end, we invest accordingly in suitable systems and processes, as well as in the effectiveness of our regulatory functions. These primarily include *Group Compliance*, *Internal Audit* and *Risk Controlling*. At the reporting date, we were not aware of any specific risks that go beyond the risks handled as part of our risk management process and that could have a major impact on the Bank's future business performance.

We are convinced that we hold an excellent position in the market, and that the hard work of our dedicated and skilled staff will once again enable us to generate solid earnings in 2023, even in the light of current macroeconomic challenges. The high level of consolidation pressure in the financial sector will continue, regulation will not decrease, and institutions will further depend on investing in digitalised and efficient processes in order to remain profitable. We consider ourselves to be well prepared for this, thanks to our robust business model, and we want to use this phase to gain further market share. In doing so, we will pay particular attention to structuring our processes so they are as efficient and cost-effective as possible.

Due to the Bank's service- and client-orientated business model and the therefore comparatively short lead time for the commission income dominating the income statement, the Bank traditionally plans conservatively. For 2023, a cautiously optimistic forecast sees a perceptible overall increase in gross income. Administrative expenses will tend to move sideways overall, so that the budgeted result will increase and the cost-income ratio will be below 80.0%. As we assume that interest rates will not change significantly, we expect the ratio of net interest income to total net interest and net commission income to remain constant in 2023.

The war-related consequences for the supply of energy and commodities, general inflation, and the turnaround in the central banks' interest rate policies have resulted in increased volatility on the financial and capital markets relevant to Berenberg. This results in both risks and opportunities for the institute's business. To date, Berenberg has been able to manage the recent risks and has systematically made the most of the opportunities that have come to bear. Given the Bank's expertise, we have good reason to assume that we will continue on this path to success.

Investment Bank

2022 was a difficult year for the capital markets. We anticipate that activity levels in 2023 will improve, but remain at lower levels than in the recent past. As such, we took steps in 2022 to right-size our cost base. We expect our share of the research advisory wallet to remain in the top 10 in Europe. We are confident that we can maintain our strong position in the German-speaking region, and we intend to build on our successes in the UK and in Continental European markets. Moreover, we wish to participate in US ECM in our areas of strategic focus.

Our high-touch trading business remains best-in-class, particularly in Germany, the UK and special situations. A strong start from low-touch trading following our recent investments in this area has resulted in a meaningful contribution to our growth, which we expect to continue in 2023. We also expect our fixed income and FX businesses to make a positive contribution to net income in 2023.

Wealth Management

With the strategic positioning of the business division, we are striving for continued strong growth. Further investments in personnel, processes and products towards quality leadership in the German wealth management market will help us to convince even more clients of the benefits of professional portfolio management, our broad range of investment funds and the advisory services performed by our *Professional Client Advisory* team. At the same time, we will strengthen our links with other business areas to make the Berenberg platform even more available to our wealth management clients in the form of innovative product and advisory solutions. With regard to digitalisation, we will continue to perform detailed analyses to explore which innovations can generate added value, either directly or indirectly, for our clients, and which sources of income or positioning can be integrated into our business model as a result.

Asset Management

Our Asset Management is set to continue its growth trajectory. We will continue to place particular emphasis on high-quality personnel, processes and technical infrastructure. We will broaden our marketing activities and supplement them with high-impact broadcasts on various communication channels with a focus on enhancing our digital competence and coverage. Our objective is to continue our strong performance in *Equities* and *Multi Asset* and to generate additional inflows through our proven track record. In 2022, we launched several new funds to complement our investment platform. In 2023, we will focus on increasing distribution, as well as expanding our digital platforms.

Corporate Banking

Corporate Banking had a very strong year in 2022 in every respect. In the wake of this, it is likely that we will continue to see a very high level of demand for financing, given our unique selling proposition in the financing market. We believe we will continue to be successful in acquiring investors for our funds and the investment strategies we pursue. It is already apparent today that our collaborations with savings banks and cooperative banks will increase dynamically.

Investors' demand for our credit funds requires that ESG Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR) to be taken into account to an ever-greater extent. These funds are, therefore, quickly assuming greater importance for us. At the same time, though, our distinctive return on investment must be preserved. ESG-considerations are increasingly moving into the foreground for shipping, too. In this regard, we also need to play a role in developing ESG-compliant maritime transport through our financing activities.

The volatile real estate markets are ripe with opportunities; the energy transition will help us to drive forward our transaction businesses and the deposit business, particularly in conjunction with global payment transactions and our growing shipping activities, should once again enable us to start the new financial year on a strong footing. As interest rates become less volatile, we anticipate that we will be able to build some strong momentum in terms of attracting new clients.

ANNUAL FINANCIAL STATEMENTS
(EXCERPTS)

Balance Sheet as at 31 December 2022

Assets €		2022	2021
Cash reserve			
Cash on hand		1,645,654	1,707,855
Balances with central banks	1)	3,143,137,395	2,586,192,466
		3,144,783,049	2,587,900,321
Receivables from banks			
Payable on demand		113,147,872	211,267,426
Other receivables		316,072,837	120,521,099
		429,220,709	331,788,525
Receivables from clients	2)	**1,321,427,222**	1,074,807,215
Bonds and other fixed-income securities			
Bonds and debentures			
– of public-sector issuers	3)	1,140,657,791	928,496,520
– of other issuers	4)	1,329,748,630	1,203,988,059
		2,470,406,421	2,132,484,579
Shares and other variable-yield securities		**182,764,562**	90,384,244
Trading portfolio		**12,515,549**	1,285,365
Participating interests	5)	**313,048**	313,212
Shares in affiliated companies		**78,300,000**	78,300,000
Trust assets	6)	**3,428,860**	4,452,231
Intangible assets			
Purchased franchises, industrial property rights and similar rights, and licences to such rights		**3,535,784**	3,327,969
Tangible fixed assets		**18,660,856**	16,952,238
Other assets		**40,260,433**	40,718,370
Prepaid expenses		**10,637,709**	11,185,813
Excess of plan assets over pension liabilities		**8,849,928**	2,359,383
Total assets		**7,725,104,129**	6,376,259,465

1) thereof: with Deutsche Bundesbank €3,143,137,395
2) thereof: municipal loans €208,798,407
3) thereof: eligible as collateral with Deutsche Bundesbank €1,140,657,791
4) thereof: eligible as collateral with Deutsche Bundesbank €1,279,652,341
5) thereof: in banks €164
6) thereof: trust loans €800,000

Equity and liabilities €		2022	2021
Liabilities to banks			
Payable on demand		208,912,862	122,975,352
With agreed term or notice period		6,369,450	14,734,800
		215,282,312	137,710,152
Liabilities to clients			
Savings deposits			
– with agreed notice period of three months		0	896
– with agreed notice period of more than three months		0	187
Other liabilities			
– payable on demand		5,364,217,450	5,240,220,455
– with agreed term or notice period		1,560,348,288	239,310,978
		6,924,565,738	5,479,532,516
Trading portfolio		**0**	195,527
Trust liabilities	[1]	**3,428,860**	4,452,231
Other liabilities		**54,503,798**	44,839,186
Deferred income		**508,778**	1,641,694
Provisions			
Provisions for pensions and similar obligations		34,631,426	33,349,290
Provisions for taxes		31,611,468	35,650,317
Other provisions		62,607,116	120,938,429
		128,850,009	189,938,036
Subordinated liabilities		**80,000,000**	80,000,000
Fund for general banking risks	[2]	**8,100,000**	13,100,000
Equity			
Subscribed capital		157,895,000	157,895,000
Capital reserve		7,446,832	7,446,832
Retained earnings		89,404,633	89,404,633
Net profit for the year		55,118,168	170,103,658
		309,864,633	424,850,123
Total equity and liabilities		**7,725,104,129**	6,376,259,465
Contingent liabilities			
Liabilities under sureties and guarantee agreements		**34,935,048**	47,110,059
Other commitments			
Irrevocable loan commitments		**316,196,425**	327,765,956

[1] thereof: trust loans €0
[2] thereof: special item compliant with Section 340g HGB in conjunction with Section 340e (4) HGB €8,100,000

Income Statement
for the Period from 1 January to 31 December 2022

Expenses €		2022	2021
Interest expenses	[1]	**27,488,004**	7,612,639
Commission expenses		**111,125,605**	77,255,818
General administration expenses			
Personnel expenses			
– Wages and salaries		203,196,195	241,506,695
– Social security charges and expenses for pensions and similar benefits	[2]	34,728,267	32,921,364
Other administrative expenses		141,748,351	129,366,615
		379,672,813	403,794,674
Depreciation of tangible fixed assets and amortisation of intangible assets		**9,011,341**	9,293,131
Other operating expenses	[3]	**7,853,150**	6,119,082
Write-downs of and valuation allowances on receivables and certain securities and additions to loan loss provisions		**30,618,720**	14,128,990
Write-downs of and valuation allowances on participating interests, on shares in affiliated companies and securities classified as fixed assets		**0**	0
Taxes on income		**18,005,675**	34,040,996
Other taxes where not shown under Other operating expenses		**574,498**	498,701
Net profit for the year		**55,118,168**	170,103,658
Total expenses		**639,467,973**	722,847,689

[1] thereof: for negative interest €4,526,607
[2] thereof: for pensions €9,494,201
[3] thereof: for compoundings €1,261,348

Income

€		2022	2021
Interest income from			
– credit and money market activities	[1]	105,227,814	35,363,974
– fixed-income securities and debt register claims		18,266,041	8,725,649
		123,493,855	44,089,623
Current income from			
– shares and other variable-yield securities		3,444,137	1,025,127
– participating interests		0	0
		3,444,137	1,025,127
Commission income		**471,016,641**	649,804,798
Net income from trading portfolio		**12,348,133**	8,737,837
Income from write-ups of investments, shares in affiliated companies and securities presented as non-current assets		**0**	3,379,904
Other operating income		**29,165,207**	15,810,400
Total income		**639,467,973**	722,847,689

[1] thereof: for negative interest €9,287,418

Notes to the Financial Statements as at 31 December 2021 (Excerpts)

General Information

The annual financial statements for the year ended 31 December 2022 have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German accounting regulations for financial institutions. Figures for the previous year (2021) are shown in parentheses unless stated otherwise.

Accounting Policies

The existing accounting policies were largely applied without change in the reporting year. Changes compared to 2021 are shown in the corresponding accounting methods. Assets and liabilities denominated in foreign currency were converted into euros at the European Central Bank's reference rate prevailing at the balance sheet date, in accordance with Section 256a HGB in conjunction with Section 340h HGB. The cash reserve is recognised at nominal value.

Receivables from banks and clients were recognised at nominal value or at acquisition cost; accrued interest was taken into account in the corresponding balance sheet items. Premiums and discounts on loans and discounts on purchased receivables were recognised as assets or liabilities on an accrual basis and distributed pro rata over the term. Convertible loans and convertible bonds (convertibles) were not recognised separately on the balance sheet. While they are structured products, the derivatives embedded within them do not lead to a substantial increase in opportunities and risks. As a result, there is no requirement to recognise them separately. All identifiable credit and country risks in the receivables portfolio were taken into account by forming individual value adjustments and provisions. The value adjustments were deducted from the receivables or recorded as provisions. Lump-sum value adjustments were undertaken to cover latent credit risks. The Bank calculates lump-sum value adjustments in accordance with the requirements of IDW RS BFA 7. In doing so, the Bank uses the valuation simplification principle set out under IDW RS BFA 7 para. 23 et seq. There was a lump-sum value adjustment of €5.9 million (3.6 million). The 12-month PD was determined using internal rating procedures for the client lending business. The overarching conditions for the method have not changed to a substantial extent. In particular, this relates to the credit risk strategy, the structure of the loan portfolio (terms, ratings etc.) and defaults. No changes were undertaken by management as there was no significant increase in risk beyond the findings of the model. Given the framework conditions in place, the assumption of balance can be upheld, as before.

Securities with a book value of €308.3 million were reclassified from the liquidity reserve as fixed assets for the first time in the year under review; they are valued at acquisition cost, provided there was no permanent reduction in value. The securities were acquired in correspondence with the increasing deposit business. This additional deposit business provides for high hidden reserves on the liabilities side. The securities classified as investments were held, in principle, until they reached maturity. These are issuers with no identifiable risk of default and for whom there is no anticipation of an acute impairment of creditworthiness in the future, either.

Securities in the liquidity reserve are valued according to the strict lower of cost or market principle, or in accordance with valuation units. These valuation units are recognised in the balance sheet using the net hedge presentation method. The offsetting changes in value from the hedged risk (effective portion) are not recognised in the balance sheet. Any overall unrealised gain arising within the valuation unit was not taken into account. In contrast, if the ineffective portion of the changes in the values of the underlying transaction and hedging transaction from the hedged risk demonstrates a loss, a corresponding provision for anticipated losses was created.

The bank must provide the prospective proof of effectiveness. This proof need not necessarily be calculation-based: it can also be a verbal demonstration of the fundamental suitability of the hedging instrument for hedging the risks from the underlying transaction.

Mathematical effectiveness is assessed via a sensitivity analysis involving a comparison of the change in the values of the underlying transaction and the hedging transaction in the event that the general interest rate changes by one base point. For the purposes of this, at Berenberg, a hedging relationship is deemed to be effective if the ratio of the (opposite) changes in value is within the range of 80% to 125%. At Berenberg, everything is within this range. If a conscious decision is made only to hedge part of the volume or the term when the hedging relationship is formed, this is to be taken into account when assessing its effectiveness.

Securities borrowed or lent under securities lending transactions and the related retransfer liabilities or retransfer receivables are recognised in the balance sheet for securities that are lent, and are not recognised in the balance sheet for securities that are borrowed.

The financial instruments in the trading portfolio are valued mark-to-market less a risk discount. The risk discount was calculated on the basis of the Bank's internal management system using actuarial methods. The value at risk is determined for a holding period of 10 days and a confidence level of 99%. A historical observation period of 250 trading days is assumed, with the individual changes in value being incorporated into the calculation with exponential weighting. The risk discount is calculated separately for each portfolio. The internal criteria for inclusion in the trading portfolio have not changed.

Participating interests and shares in affiliated companies are recognised at acquisition cost less unplanned depreciation.

Tangible fixed assets and purchased intangible assets are accounted for at their amortised cost. These were depreciated on a straight-line basis pro rata temporis over their normal useful life, which is based on the useful life for tax purposes. Assets with acquisition costs of up to €250 were fully depreciated in the year of acquisition, whereas low-value assets with acquisition costs of between €250 and €1,000 were grouped together in a collective item and depreciated on a straight-line basis. In the statement of changes in fixed assets, they are shown as additions and included with the amount of depreciation for the year 2022. The option to recognise internally generated intangible fixed assets as an asset was not exercised.

The other assets, including option transactions, were recognised at the lower of cost or fair value. Option premiums received and paid were generally only recognised in profit or loss when the option expired or was exercised.

Liabilities are carried at the settlement amount plus accrued interest. Accrued interest on subordinated liabilities is reported under other liabilities.

Provisions are formed at the necessary settlement amount according to prudent commercial judgement.

Pension provisions were determined on the basis of the biometric calculation principles according to the 2018G version of the mortality tables by

Heubeck-Richttafeln GmbH in the amount of the obligation according to the present value of acquisition (projected unit credit method). The underlying interest rate is 1.79% (1.87%). The option is exercised to use the average market interest rate of the past 10 years determined and published by the Deutsche Bundesbank, based on an assumed remaining term of 15 years. A salary increase of 2.5% (with the exception of one commitment where salary increases are contractually excluded), a pension increase of 2.0% and standard industry fluctuation were used. Additions to pension provisions are reflected in other operating expenses and personnel expenses. Assets used to settle retirement benefit obligations were offset against the corresponding obligations. The difference between the valuation of pension provisions based on a flat market interest rate from the past 10 financial years and the valuation of provisions based on a flat interest rate from the past seven financial years amounted to -€3.0 million (-€4.5 million) as of the balance sheet date.

The provisions recognised take into account all identifiable risks and contingent liabilities, including those arising from off-balance-sheet transactions, in accordance with the principles of prudent commercial judgement.

Provisions with a remaining term of more than one year were discounted at the average market interest rate for the past seven financial years corresponding to their remaining term (Section 253(2) sentence 1 HGB). The discounting was based on the interest rates in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) as published monthly by the Deutsche Bundesbank.

Equity items were recognised at nominal value (Section 272(1) HGB).

Gains from foreign exchange and securities transactions with clients are reported in net commission income. The price gains from client-induced trading transactions are also reflected in net commission income, due to their service-related character. As a result, securities transactions conducted on behalf of clients are carried under bonds and other fixed-income securities or under shares and other variable-yield securities, in deviation from the banking supervisory trading book. Unlike in 2021, the price losses from client-induced trading transactions are not reflected as negative net commission income, but rather as commission expenses.

Derivatives were valued using valuation units.

For all transactions, the currency forwards were valued at the forward rate valid on the balance sheet date. The results in the respective currencies are offset against each other, with any remaining loss to be presented under other liabilities. An adjustment item was formed for one remaining gain position from specially hedged transactions and reported under other assets on the assets side of the balance sheet.

The existence of special hedging within the meaning of Section 340h HGB can be considered fulfilled according to IDW RS BFA 4 if the currency risk is managed via a currency position and the individual items are transferred to a currency position. The transactions outside the trading portfolio are controlled in each currency.

In the income statement, income from currency conversion outside the trading portfolio, insofar as it concerns a special hedge within the meaning of Section 340h HGB, as well as income from liquidity management are shown netted in the items other operating income or other operating expenses.

Both expenses and income from currency conversion are considered to have been realised for specially hedged transactions.

Transactions rolled over on an old rate basis and hedging transactions for prematurely settled forward transactions are valued separately. Open positions (»chart«) are valued separately at mark-to-market at year-end. Furthermore, securities settlement results in foreign exchange positions for the period between the client being billed and the transaction being completed if the client is billed in euros but the transaction is completed in a foreign currency. These positions are also valued separately at the end of the year. Open foreign exchange options are valued using an option pricing model.

Negative interest from asset transactions and positive interest from liability transactions were recognised as a reduction in interest income or interest expenses. The interest result from interest rate swaps is netted per swap and reported gross in the interest result as interest expense or interest income.

The option to offset expenses and income when reporting risk provisions in the income statement was exercised. Any compensation payments from the IBOR conversion were recognised as profit or loss in other operating expenses.

Loss-free Valuation of the Banking Book

Provisions for anticipated losses on pending transactions are to be set up for any excess obligations arising from activities involving interest-bearing financial instruments in the banking book. All assets and liabilities that are not attributable to the trading book or which fall under equity or similar items (fund for general banking risks) have been included in the banking book. When a possible excess obligation is determined, matching amounts or maturities are notionally closed at the reporting date. The terms for this are based on the (risk-free) capital market interest plus a risk premium, which is aligned with the refinancing structure in the Bank's internal management. There are no plans to sell highly liquid securities.

On account of the large excess deposits, there was no mismatch of amounts for which it would have been necessary to notionally close the items when calculating the excess obligations. There was no mismatch of amounts/maturities with respect to liquidity, even under very strict assumptions regarding the deposit base underpinned by both a certain decline in the volume of deposits over time and extreme stress assumptions arising from high ad hoc outflows of deposits.

When determining the excess obligations, provisions and value adjustments already recognised under other valuation rules (such as interest-related provisions for hedges as defined in Section 254 HGB) were included when measuring a possible provision for anticipated losses on pending transactions. The necessity of taking into account the risk costs expected to be incurred and administration costs was determined as a markdown on the cash flow.

The banking book is measured at present value. No provisions for anticipated losses on pending transactions needed to be established.

Notes to the Balance Sheet

Receivables from/Liabilities to Banks/Clients

Breakdown of maturity by remaining maturity €'000	up to 3 months		more than 3 months and up to 1 year		more than 1 year and up to 5 years		more than 5 years	
	2022	2021	2022	2021	2022	2021	2022	2021
Receivables								
from banks	0	206	36,135	59,325	279,938*	60,990*	0	0
from clients	628,494	625,745	106,401	54,775	453,572*	316,766*	132,960	77,521
of which with no fixed maturity	510,008	578,866						
Liabilities								
to banks	521	4,283	5,848	452	0	10,000	0	0
to clients	1,488,918	224,956	71,430	14,355	0	0	0	0
of which due in the subsequent year	1,488,918	224,956	71,430	14,355				
Savings deposits	0	1	0	0	0	0	0	0

* This includes the investment in promissory note loans issued by German public sector issuers and/or government guaranteed promissory note loans.

Loans with a maturity of more than one year are not subject to any specific interest rate risk as a result of swap or other interest rate hedge transactions (micro and/or portfolio hedges).

Disclosure of Relationships with Affiliated Companies and with Companies in which a Participating Interest is Held

Relationships €'000	with affiliated companies		with companies in which a participating interest is held	
	2022	2021	2022	2021
Receivables				
Banks	0	0	0	0
Clients	56	2,184	0	0
Liabilities				
Banks	0	0	0	0
Clients	24,587	10,134	2,324	6,787

Bonds and other Fixed-Income Securities

Broken down into securities, as follows €'000	public sector issuers	other issuers	Total
2022	1,140,658	1,329,749	2,470,407
Thereof:			
due in 2023	511,653	582,982	1,094,635
marketable	1,140,658	1,329,749	2,470,407
listed	1,140,658	1,329,749	2,470,407
2021	928,497	1,203,988	2,132,485

The debt securities from public issuers are primarily bonds issued by German federal states or with a guarantee at the federal and/or state level, as well as European government bonds.

Breakdown of the bonds of other issuers

€'000	2022	2021
German Pfandbriefs	13,572	114,439
European covered bonds	30,644	40,711
Bonds with government guarantee	1,285,512	1,032,534
Other	21	16,304
Total	1,329,749	1,203,988

As a rule, bonds with government guarantees were issued by German development banks backed by Germany or German federal states.

The average remaining maturity of all bonds is 1.3 years (1.6). Interest rate risk is frequently limited to the change in the three- or six-month Euribor rate by investing in floaters or entering into hedges in the form of interest rate swaps (micro and/or portfolio hedges).

Bonds and other fixed-income securities classified as fixed assets include unplanned amortisation under Section 253(3) sentence 6 HGB in the amount of €14.1 million, as, in our estimation, the reductions in value are fluctuations related to the market price and therefore not of a permanent nature. The fair value of these bonds is €715.0 million and the book values are €729.1 million. Holdings not valued according to the strict lower of cost or market principle are held in a separate securities account.

Valuation Units

Fixed-income securities in the amount of €746.0 million (1,037.5 million) were included in micro and/or portfolio hedges to hedge interest rate risk. The Bank's strategy for managing interest rate risk calls for its lending and deposit-taking activities to have a short-term structure. Transactions with a term of more than one year are essentially hedged by entering into interest rate swaps, which serves to reduce the dependence on positions that are sensitive to changes in interest rates.

Shares and other Variable-Yield Securities

€'000	2022	2021
Shares and other variable-yield securities	182,765	90,384
Thereof:		
investment funds	394	6,426
marketable	182,765	81,849
listed	**182,765**	**81,849**

This item contains shares in investment funds of €0.4 million (6.44 million)[1] used as investments as part of the liquidity reserve.

Marketable and Listed Securities

Of the participating interests, €0.3 million (0.3 million) are marketable. The other participations and shares in affiliated companies are not marketable.

[1] Prior-year figure adjusted

Trading Portfolio

€'000	2022	2021
Assets		
Debt securities (bonds) and other fixed-income securities	10,244	785
Shares and other variable-yield securities	2,272	500
Derivatives	0	0
Total	12,516	1,285
Liabilities		
Shares and other variable-yield securities	0	196
Total	0	196

The portfolio did not include original derivative financial instruments, receivables or liabilities, or other assets.

The financial instruments in the trading portfolio are valued mark-to-market less a risk discount. In total, there was a risk discount of €2,39 million (11,000).

Trust Business

€'000	2022	2021
Trust assets		
Receivables from clients	3,429	4,452
Total	3,429	4,452
Thereof trust loans	0	800
Trust liabilities		
Liabilities to banks	0	800
Liabilities to clients	3,429	3,652
Total	3,429	4,452
Thereof trust loans	0	800

€3.4 million (3.7 million) in trust assets and the corresponding trust liabilities relate to pension obligations of clients that are held in trust.

Statement of Changes in Fixed Assets

€'000	Historical acquisition cost					Cumulative depreciation, amortisation and write-downs				Residual book value	
	Balance 31/12/2021	Additions 2022	Umgliede-rung 2022	Disposals 2022	Balance 31/12/2022	Balance 31/12/2021	Additions 2022	Disposals 2022	Balance 31/12/2022	**2022**	**2021**
Securities within fixed assets	0	476,480	308,261	0	790,059*	0	0	0	0	790,059	0
Participating interests	313	0	0	0	313	0	0	0	0	313	313
Shares in affiliated companies	78,300	0	0	0	78,300	0	0	0	0	78,300	78,300
Intangible fixed assets	40,057	2,885	0	0	42,942	36,729	2,677	0	39,406	3,536	3,328
Tangible assets	76,767	8,043	0	1	84,809	59,815	6,334	1	66,148	18,661	16,952
Total	195,437	487,408	308,261	1	996,423	96,544	9,011	1	105,554	890,869	98,893

* This includes accrued interest in the amount of €5.3 million.

Other Assets

This item included receivables from closed forward exchange and currency option transactions, which, due to the special hedging, resulted in an asset-side adjustment item of €21.4 million (27.4 million). Other entitlements included rental deposit payments in the amount of €1.5 million (1.3 million). Furthermore, they also included receivables from a subsidiary of €3.3 million (0.0 million) and compensation payments to former managing partners of €4.4 million (4.7 million). In addition, there were tax refund claims in the amount of €2.6 million (0.2 million).

Prepaid Expenses

Prepaid expenses only include prepayments for the subsequent periods.

Deferred Tax Assets

At the reporting date, there were temporary differences in the carrying amounts of individual items in the financial and tax accounts. Recognition and measurement differences giving rise to deferred tax assets and liabilities occurred in the following line items: receivables from customers, shares and other variable-yield securities, long-term participating interests and provisions.

Deferred taxes were calculated based on an average municipal trade tax multiplier of 16.34% (16.39%).

The option to capitalise deferred tax assets set forth under Section 274(1) sentence 2 HGB has not been exercised.

Excess of Plan Assets over Pension Liabilities

Financial assets that are barred from access by all other creditors and serve exclusively to meet liabilities arising from retirement benefit obligations were measured at fair value and offset against provisions for pensions and similar obligations in accordance with Section 246(2) sentence 2 HGB. The corresponding expenses and income from compounding and from assets to be offset are treated accordingly. If the fair value of the assets (plan assets) exceeds the amount of the liabilities, the excess amount is to be shown separately in the balance sheet as excess of plan assets over pension liabilities.

€'000	Acquisition cost of securities		Fair value		Amount payable provisions	
	2022	2021	2022	2021	2022	2021
Provisions for pensions and similar obligations	32,798	32,799	32,798	32,799	24,848	30,638
Other provisions (semi-retirement)	3,028	3,028	3,027	3,028	2,127	2,829

€'000	Other operating expenses		Interest income		Fair value measurement	
	2022	2021	2022	2021	2022	2021
Provisions for pensions and similar obligations	606	575	0	0	0	0
Other provisions (semi-retirement)	42	47	0	0	0	0

In accordance with Section 246(2) sentence 2 HGB, the other operating expenses from compounding are to be offset against the gains from the valuation of the securities held as plan assets. Neither in the reporting year nor in 2021 were there any offsetting items relating to interest expenses and gains on the fair value measurement of securities.

Section 253(1) sentence 4 HGB requires that such assets be measured at fair value. The assets in question comprise exchange-listed securities of public issuers, the market value of which results from the stock exchange price at the reporting date, as well as promissory note loans from public issuers.

Obligations in the amount of €2.1 million (1.7 million) arising from employee working-time accounts, which would otherwise be presented under other liabilities, were netted with assets of the same amount, which would otherwise be presented under other assets.

In total, there was an excess of plan assets over pension liabilities in the amount of €8.8 million (2.4 million); this excess is subject to a block on distribution.

Other Liabilities

This item mainly included trade payables in the amount of €2.8 million (2.8 million) and liabilities to the tax authorities in the amount of €4.9 million (12.8 million). In 2021, there were pending losses for forward exchange transactions due to losses from closed positions and extensions based on the original price in the amount of €15.5 million. From structured foreign exchange transactions, there were liabilities from option premiums in the amount of €15.7 million (5.2 million).

Other Provisions

These are provisions from the ineffective part of the valuation units with a share of €9.5 million (10.0 million) and, primarily, personnel provisions with a share of €37.3 million (91.5 million).

Subordinated Liabilities

Interest of €3.0 million (3.0 million) was included in expenses, of which €1.8 million (1.8 million) was accrued and reported under other liabilities. The subordinated liabilities in the unchanged amount of €80.0 million are broken down as follows.

€'000	%	Due date
10,000	4.125	27/09/2032
7,000	4.125	27/09/2032
11,000	4.125	27/09/2032
1,000	4.125	27/09/2032
1,000	4.125	27/09/2032
10,000	4.125	27/09/2032
30,000	5.630	*
10,000	5.500	*
80,000		

The conditions comply with Article 63 CRR. There is no entitlement to early repayment.

Fund for General Banking Risks

The item fund for general banking risks in the amount of €8.1 million (13.1 million) was established in accordance with Section 340e(4) HGB in conjunction with Section 340g HGB. In 2022, €5.0 million was released and is to be allocated to the revenue reserves as part of the appropriation of the net profit for the year.

Additional Notes to the Balance Sheet

Various securities have been deposited with other banks as security deposits for Eurex and lending transactions. There were no open-market transactions at year-end. The Bank has pledged securities held in the liquidity reserve and securities classified as fixed assets to Deutsche Bundesbank for refinancing purposes.

Assets in the amount of €1,141.8 million (637.0 million) and liabilities in the amount of €3,900.2 million (3,503.6 million) were denominated in foreign currency.

Contingent Liabilities

Liabilities arising from sureties and guarantee agreements include bills of exchange guarantees in the amount of €23.9 million (31.5 million) and letters of credit in the amount of €11.0 million (15.6 million).

* The AT1 bonds do not have a maturity date because there is no right of termination on the part of the capital providers. For AT1 capital, the Bank has a right of termination.

As part of the annual screening of the credit portfolio by the Bank's credit risk management, the guarantees and letters of credit that had been issued were also examined for possible default risks. In the past three business years, the share of average utilisation of guarantees was immaterial. Therefore, the likelihood of recourse is assessed as low.

Other Commitments

Other commitments consisted exclusively of irrevocable loan commitments in the amount of €316.2 million (327.8 million). In the past three business years, the share of average utilisation of guarantees was immaterial. Therefore, the likelihood of recourse is assessed as low.

Notes to the Income Statement

Negative Interest Expenses and Income

Negative interest in the amount of €4.5 million (5.8 million) was offset in interest expenses. Interest income included negative interest in the amount of €9.3 million (11.0 million), which was correspondingly deducted from the interest income.

Breakdown of Income by Geographic Segment

Interest income, current income from shares and other variable-yield securities, net income from the trading portfolio, as well as income from participating interests and shares in affiliated companies, are generated exclusively in the domestic market. 86% (84%) of commission income is attributable to Germany and 14% (16%) to abroad, while other operating income breaks down into 72% (59%) generated in Germany and 28% (41%) generated abroad.

Commission Income

We provided services to our clients, in particular, through administration and brokerage activities in the securities business, as well as through complex consulting services for corporate clients. Income of €232.6 million (445.9 million) from client-induced securities transactions, €30.9 million (31.5 million) from research activities, and €119.9million (88.0 million) from fund management was generated through the management and brokerage of securities transactions. From its lending business, the Bank earned commission of €40.6 million (33.5 million).

Commission income and commission expenses have increased by €42.9 million as a result of the reclassification of expenses from client-induced proprietary trading. Unlike in 2021, these expenses are no longer reported as a reduction in commission income.

Other Disclosures

Other Financial Commitments

For the next three financial years, there are annual financial obligations from rental, maintenance and other lease agreements amounting to €52.5 million (48.9 million) annually, with a duration of three years.

Forward Transactions and Futures Contracts

Forward transactions entered into during the course of the year can be divided into the following categories by their essential nature:

- forward transactions in foreign currencies, in particular currency forwards, commitments arising from currency options, foreign exchange option rights;
- forward interest rate contracts, in particular forwards involving fixed-income securities, commitments arising from interest rate options, interest rate option rights, interest rate swaps, swaptions, caps and floors;
- futures contracts relating to other price risks, in particular equity futures, index futures, commitments arising from equity options, option rights, commitments arising from index options and index option rights.

Client transactions are generally hedged. As a result, the amount and timing of future cash flows is correspondingly balanced. As a general rule, the Bank only enters into its own positions in order to hedge interest rate risks from other positions directly or in general. Thus, interest rate swaps are used as interest rate hedging instruments for fixed-income bonds (micro and/or portfolio hedges).

Derivative financial instruments on the balance sheet date

€'000	Volume		Positive market values		Negative market values	
	2022	2021	2022	2021	2022	2021
Remaining term of less than a year						
Forward exchange transactions	4,349,417	11,490,634	52,775	58,428	35,110	52,125
Forward exchange options	1,202,597	614,449	21,080	10,236	21,079	10,236
Swaps	624,598	325,558	9,588	58	2,892	897
Caps/floors	1,699,145	425,562	12,283	1	12,313	1
Sub total	**7,875,757**	**12,856,203**	**95,726**	**68,723**	**71,394**	**63,258**
Remaining term of 1 to 5 years						
Swaptions	400,000	400,000	6,717	1,149	6,717	1,149
Swaps	462,122	1,004,937	24,715	3,515	4,390	4,254
Forward exchange transactions	7,613	3,194	310	22	44	148
Forward exchange options	427	9,497	832	5,559	832	5,559
Caps/floors	2,292,336	1,327,263	30,036	2,482	30,036	2,483
Sub total	**3,162,498**	**2,744,891**	**62,610**	**12,727**	**42,019**	**13,593**
Total	**11,038,255**	**15,601,094**	**158,336**	**81,450**	**113,413**	**76,851**

There are no securities futures, securities options or other derivatives to be disclosed in the reporting year. The transactions are exclusively traded on behalf of the client.

The transactions listed above were almost exclusively entered into to hedge fluctuations in interest rates, exchange rates or market prices in trading activities.

The Bank determines the potential market risk for interest rate, equity and currency positions in the trading book in accordance with the CRR using the standard method. This resulted in a capital adequacy requirement of €11.4 million (17.8 million).

Breakdown of the capital adequacy requirement

Market risks	Capital adequacy requirement	
€'000	**2022**	**2021**
Standard method		
Net equity positions	10,171	16,166
Net interest positions	1,077	1,387
Overall currency position	144	253
Total	11,389	17,806

Board of Management

The Board of Management comprised the following managing partners in 2022:

Hendrik Riehmer
David Mortlock
Christian Kühn

Shareholders

30.88%	Berenberg family
21.41%	PetRie Beteiligungsgesellschaft mbH (Dr Hans-Walter Peters [Managing Director] and Hendrik Riehmer) and Dr Hans-Walter Peters
7.81%	Hendrik Riehmer, David Mortlock, Christian Kühn and former managing partners
14.25%	Christian Erbprinz zu Fürstenberg
14.25%	Professor Dr Jan Philipp Reemtsma
11.40%	Compagnie du Bois Sauvage S.A.

Appropriation of Profit

It is foreseen that €50.1 million (170.1 million) of the resulting net profit for the year of €55.1 million (170.1 million) will be disbursed to shareholders. €5.0 million (0.0 million) will be allocated to the revenue reserves.

AUDITOR'S REPORT

The 2022 annual financial statements and management report have received the unqualified auditor's report by the independent auditor. This does not contain any indication in accordance with Section 322 (3) sentence 2 HGB. The complete annual financial statements, including the management report and audit certificate, are available electronically in the Bundesanzeiger (German Federal Gazette).

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