BERENBERG

PARTNERSHIP SINCE 1590

2019

Report

on the 430th Financial Year

Berenberg was established in 1590, and today we are one of Europe's leading privately owned banks, focusing on the business divisions Wealth and Asset Management, Investment Bank 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 430th Financial Year

Key performance indicators

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net profit for the year	€ million	62	56	60	66	40	104	161	90	23	61
Total assets	€ million	3,242	3,953	4,279	4,525	4,514	4,738	4,716	4,741	4,693	5,059
Business volume	€ million	3,357	4,062	4,383	4,623	4,586	4,801	4,790	4,807	4,743	5,126
Equity	€ million	213	217	221	223	219	234	265	296	293	288
Receivables from clients/loans	€ million	559	531	794	642	750	1,013	934	929	1,097	1,175
Liabilities to clients/deposits	€ million	2,326	2,874	3,083	3,390	3,199	3,570	3,721	3,736	3,924	4,263
Return on equity (before taxes)	%	45.3	40.1	43.8	46.9	28.8	67.3	95.8	43.0	9.8	28.5
Cost-income ratio	%	74.2	75.9	76.5	78.1	85.7	72.2	63.9	72.7	88.9	79.9
Assets under management*	€ billion	24.3	24.4	25.7	27.5	32.9	35.7	36.3	37.0	36.7	40.7
Employees*		914	1,038	1,036	1,066	1,159	1,236	1,407	1,474	1,640	1,474

* Berenberg Group

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The Managing Partners (from left to right): Dr Hans-Walter Peters and Hendrik Riehmer

Dear clients and business associates,

Berenberg closed the 2019 financial year with a net profit for the year from operations of €60.5 million (previous year: €23.3 million). This means that we exceeded the previous year's earnings by 160%.

Having reduced the complexity of our business and stepped back from some business areas in recent years, we can now focus on expanding our four core business divisions. The structure of the Investment Bank business unit is firmly established. Corporate Banking has completed the transition from a credit division to an advisory entity and private debt provider. Now we will place special emphasis on expanding and growing our premium-quality Wealth Management and Asset Management units.

2019 saw us deliver very satisfying investment results for our *Wealth Management* clients, markedly better than the market average. This was the case both for the portfolio management strategies, all of which outperformed the market, and for our excellent in-house fund solutions.

Asset Management chiefly concentrates on the Berenberg equity funds, which performed well ahead of their benchmarks in 2019 and ranked among the top positions when compared to competitors.

We further grew our market share in our business division *Investment Bank*. This involved Equities Research as we are one of Europe's largest providers in this area and are likewise expanding the coverage of our New York location. This also involved our position as a broker and advisor for IPOs and capital increases (Equity Capital Markets).

Corporate Banking is characterised by a very strong transaction business, with institutional money invested primarily in the form of credit funds. Together with investors, we have received commitments in excess of €2.7 billion in over 60 transactions since 2016 and have already reinvested the majority of the funds. This makes Berenberg one of the most active and fastest-growing asset managers for private debt in Europe.

At €355.5 million, net commission income in the reporting year was not only 28% higher than in the previous year (€279.0 million) but also reached a new historical high. Net commission income is determined by the securities business. Net interest income rose from €53.1 million to €63.4 million (+19.4%), while net income from trading activities dropped by 17.0% to €15.7 million (€18.9 million). The year-on-year drop of 7.0% in administrative expenses (from €371.8 million to €345.8 million) confirms that the measures taken in 2018 to enhance efficiency have had the desired effect. Return on equity tripled to 28.5% (9.8%). The cost-income ratio also improved from 88.9% to 79.9%. Assets under management at the Berenberg Group rose from €36.7 billion to €40.7 billion (+10.9%).

We will continue to stand by your side as a responsible and reliable partner. We would like to thank you for the trust you have placed in us and look forward to serving you in the year ahead.

Dr Hans-Walter Peters
(Spokesman)

Hendrik Riehmer

EXECUTIVES

Managing Partners

Dr Hans-Walter Peters (Spokesman)

Hendrik Riehmer

Advisory Board

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Former Chairman of the Management Board, KPMG Deutsche Treuhand-Gesellschaft AG, and former President, Deutscher Standardisierungsrat, Berlin

John von Berenberg-Consbruch
Berlin

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Kolaschnik Partner Rechtsanwälte PartGmbB, Hamburg

Pierre-Yves de Laminne de Bex
Member of the Board of Directors, Compagnie du Bois Sauvage S.A., Brussels

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

Dr Hans-Rüdiger Schewe
President, Fürstlich Fürstenbergische Gesamtverwaltung, Donaueschingen

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

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Uwe Schwedewsky
Johannes Sommer
Karsten Wehmeier
Philipp Wiechmann
Hans Wöll
Ken Zipse

As at: 1 March 2020

2019 IN REVIEW

January

Ben van Skyhawk

With 6,000 industry attendees and 220 presentations, the **Fund Congress** in Mannheim is the annual highlight for the funds industry. Berenberg has a strong presence at the event, delivering a presentation to a full house in the main lecture theatre and having its own stand.

More than 1,000 guests take part in our 19 **start-of-the-year events** across Germany, in Athens and in Monaco. Chief Economist Dr Holger Schmieding and Chief Strategist Professor Dr Bernd Meyer give their outlook for the year.

February

Bertold Fabricius

This year's **Berenberg Culture Prize** is awarded to French harpist Anaëlle Tourret in front of 400 guests in Hamburg's Elbphilharmonie. The Berenberg Bank Foundation of 1990 has now been supporting young cultural talent for 29 years.

Berenberg's annual report wins a **German Design Award**. The competition received 5,400 entries from 63 countries.

A total of 621 meetings are held at the fourth **Berenberg UK Corporate Conference** near London. Eighty UK companies meet with 212 investors.

At the **Marine Money Conference** in Hamburg, Philipp Wünschmann, Head of Shipping, talks about the opportunities and risks arising from investing in maritime assets. Shipping loan funds are among the funds offered by Berenberg.

March

In London, industry publication GLOBAL CAPITAL names Berenberg **Best Bank for Small Cap Equity Capital Markets**. Berenberg also takes third place among the ECM banks in the GSA region (Germany, Switzerland and Austria).

Markus van Offern

A total of 150 guests accept an invitation from Michael Engelhardt, Head of Berenberg's Düsseldorf office, to attend **IndustrieClub Düsseldorf**. Sven Afhüppe, Editor-in-Chief of the HANDELSBLATT newspaper, hosts a discussion between ifo Institute boss Clemens Fuest and Dr Holger Schmieding, Chief Economist at Berenberg.

April

Berenberg concludes its first **IPO in the US**, for African e-commerce platform Jumia.

May

The fifth **Berenberg Conference USA** for investors takes place near New York. Originally conceived as a presentation of European companies, 25 of the 121 presenting companies are now from the US. In Tarrytown, they meet with 250 US-based investors.

Fund rating agency CITYWIRE awards Berenberg the title of **Best Bank for German Equities** for the second consecutive time. Fund managers Sebastian Leigh and Andreas Strobl accept the award.

Sixty guests participate in the year's **Berenberg Academy**. During this two-day event, young people between the ages of 18 and 35 gain insights into finance, capital markets and companies through workshops, presentations and discussions.

June

The **Berenberg Polo Derby** is one of Germany's most traditional polo tournaments. As many as 2,000 spectators follow the proceedings at the Hamburg Polo Club.

July

Gary Player and Bernhard Langer's teams go head-to-head at the **Berenberg Golf Challenge** at Frankfurt Golf Club. Each of the two Berenberg brand ambassadors leads a team of 36 amateurs.

Black Knight

$125,000 are raised at the **Berenberg Gary Player Invitational** charity golf tournament in Wentworth. Numerous Major winners, Tour winners and Ryder Cup players support the tournament. In the picture: Tom Watson.

August


Matthias Gruber

The **Berenberg German Polo Masters on Sylt** is watched by 10,000 spectators – a new record number of visitors. After four days of competition, ultimately the Maserati team comes out on top.

Rating agency Scope grants an AA+ rating to Berenberg's equity fund management. This is the second-highest grade. »Berenberg has one of the best-resourced teams for discretionary equity fund portfolio management with a German and European focus.«

September

A total of 1,600 one-on-one discussions and small-group meetings yield deep insights at the **eighth Berenberg and Goldman Sachs German Corporate Conference** in Munich, where 90% of all DAX 30 companies and 179 firms listed on the MDAX, SDAX and TecDAX are present at the event.

October

Black Knight

A sum of $122,000 is raised at the **Berenberg Gary Player Invitational** charity golf tournament in Glen Arbor near New York. The money raised goes to children in need.


Felicity McCabe

Thirty-eight young professionals embark on their career at Berenberg on three **graduate programmes**, the International Graduate Programme, the new Global Tech Graduate Programme (both in London) and the Capital Markets Analyst Program in New York.


Bertold Fabricius

Fresenius CEO Stephan Sturm gives insights into the medical sector and his firm to 120 attentive guests at Berenberg's head office in Hamburg. The invitation was extended jointly by Berenberg and the BÖRSEN-ZEITUNG newspaper.

November

Berlin is the new winner in the **HWWI/Berenberg City Ranking**. The ranking is released every two years and has become one of the most closely watched city studies. Roughly 250 media sources report on the findings.

Bertold Fabricius

Our employees pull out all the stops for the 10th anniversary of the **BerenbergKids Foundation**. They raise €211,378.50 for disadvantaged children in 2019.

Berenberg is »highly recommended« at the **Global Private Banking Awards**. This marks the 11th time the Financial Times Group, through its trade magazines THE BANKER and PROFESSIONAL WEALTH MANAGEMENT, has awarded Berenberg the global distinction.

Elite Report

Berenberg tops the podium for the 11th time in a row in the report **Die Elite der Vermögensverwalter** (HANDELSBLATT) – a testament to consistently excellent performance.

December

A total of 1,320 meetings over four days is the impressive result of the **17th Berenberg European Conference** in Pennyhill Park near London, where 171 companies present to 400 investors.

At the year's **Berenberg Family Office discussions** in Hamburg, 80 representatives from family offices learn about the challenges of the digital era. Ten presentations look at different issues, and a speech by former EU Commissioner Günther Oettinger rounds off the day.

Operations and underlying conditions

Profile

For 430 years, Berenberg has been committed to accountability 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 client relationships based on trust. We do not allow ourselves to be steered by short-term success and emotions, but act *responsibly*.

Our solid reliability is also reflected in the stability of our leadership. Since 1590, Berenberg has had only 38 managing partners, and today's partners have both been with Berenberg for 25 years or longer.

What counts for us is 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 roughly 1,500 employees at 15 locations across Europe and the US. With the expansion of our Wealth and Asset Management, Investment Bank 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.*

Structure

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

Wealth and Asset Management central business unit

Wealth Management: Providing advice to high-net-worth individuals is a complex and responsible challenge that we meet with our special expertise and award-winning advisory approach. To this end, we are constantly refining our special Berenberg centres of competence for entrepreneurs, foundations and family offices. In addition, we are reinforcing professional portfolio management as one of our core services alongside personalised advice.

Asset Management: Our clients' investment goals are varied and specific. We work to meet these individual needs in the best way possible. Experienced portfolio strategists and investment experts develop actionable strategies, which we execute via retail funds and special mandates. Our investment expertise includes discretionary and quantitative investments, as well as professional risk management strategies.

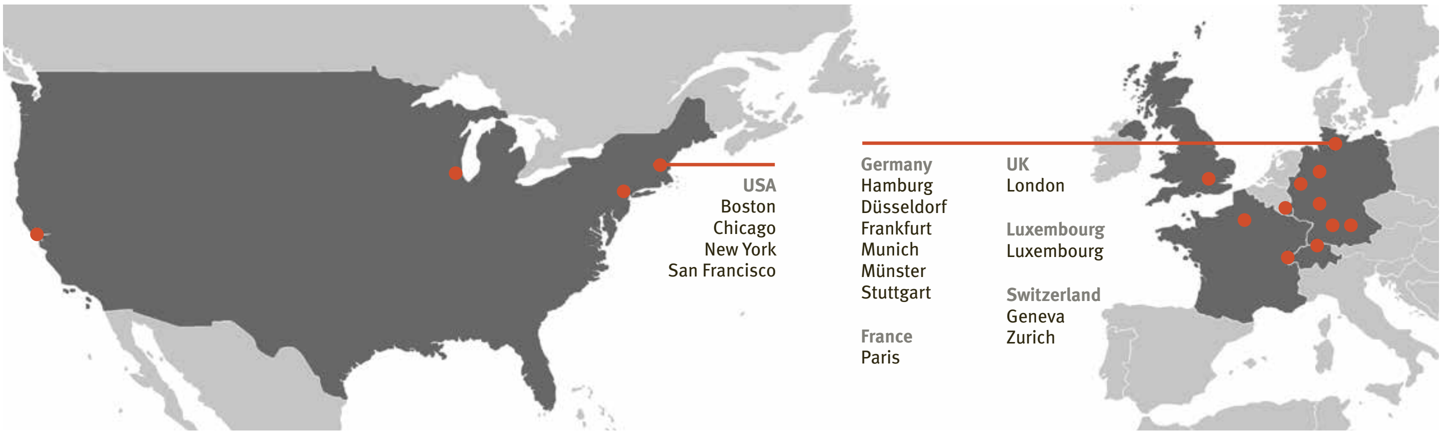
Investment Bank and Corporate Banking central business unit

Investment Bank: The broad-based Investment Bank division focuses on service and advisory operations in the segments of Equities, Investment Banking and Financial Markets. At year-end 2019, our Research team had analysed more than 890 stocks. In addition, we support IPOs, capital increases and secondary placements, and provide advice on mergers and acquisitions.

Corporate Banking: We assist and advise companies, institutional and financial investors, as well as single family offices, on transactions and day-to-day activities. We maintain specific expertise in specialist segments such as Structured Finance, Infrastructure & Energy, Shipping, and Real Estate.

The head office of Berenberg including 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, Luxembourg and Paris, as well as representative offices in Geneva and Zurich. In the USA, Berenberg is represented by subsidiaries in New York and offices in Boston, Chicago and San Francisco.

Locations



Overall economic development

The upswing in the global economy weakened considerably in the course of 2019. At 2.3%, growth in global economic output fell far short of the previous year's 2.8%. The economy was burdened especially by international trade disputes, confusion around Brexit and a further slowing of the Chinese economy. Growth in the global trade of goods came to a standstill in mid-2019 and production figures from the manufacturing sector were down in many countries in the reporting year.

With economic output growing by just 1.2% in 2019, the eurozone was unable to match the previous year's result of 1.9%. It is true that the ongoing decline in unemployment to the most recent figure of 7.5% has shored up consumer confidence and private spending. There has also been a noticeable rise in residential construction and government spending. Because exports lagged behind the growth in imports, however, foreign trade had a dampening effect on the economy in 2019. Concerns about the future of global trade stem from the US in particular. In response, companies cut investments in their cross-border supply chains and reduced their stock levels.

As an export-driven nation, Germany was hit particularly severely by these foreign trade problems in the reporting year. Germany experienced its weakest economic growth since 2009, with an increase of a mere 0.6%. This figure was substantially lower than the eurozone average. Despite its clearly dented economy and rising government spending, Germany again returned a gratifying government surplus amounting to roughly 1.5% of economic output. This result is thanks in no small part to plentiful tax receipts and a labour market that is still robust outside of the industrial sector. Nevertheless, the slight decline compared to the previous year's surplus of 1.9% indicates that the golden era for German government finances is coming to an end.

In the US, growth slowed to 2.3% in the reporting year, after 2.9% in the previous year, as the tax boost financed on credit drew to a close. Weaker global trade also left its mark on the US. However, because the US is less dependent on foreign trade than Germany, Europe, Japan and China, growth there remained at a level that was approximately in sync with the long-term trend.

As in previous years, price increases in Germany, Europe and the US remained muted in 2019. The rapid pace of technological progress, as well as globalisation, continues to help throttle inflationary pressure. There are, however, signs that the sustained rise in employment in recent years will be reflected in a marginal increase in inflation in large parts of the Western world as soon as the economy has overcome its current dip.

The outlook for 2020 is overshadowed by unusual risks. While the trade dispute between the USA and China has eased for the time being, the coronavirus pandemic poses unusual challenges not only to health systems but also to the economy and politics. Economic activity is likely to decline sharply during the months in which containment measures and restrictions are imposed to slow the spread of the virus and thus save lives.

Beyond the immediate and deep crisis, we nevertheless see some reasons for cautious optimism about the outlook for the second half of 2020 and 2021. If the coronavirus pandemic is contained, both domestic activity and world trade could return to growth after the current slump. In some areas, perhaps some, but probably not all, of the losses from the crisis can be made good.

The current recession is also affecting the financial sector. The US Federal Reserve and the European Central Bank have reacted to the coronavirus shock with historically unprecedented measures. Even in the aftermath of the crisis, key interest rates are unlikely to move up much. Beyond the challenges posed by the coronavirus crisis, it is the banks that have traditionally generated their revenues mostly from interest rate business that must continue to make intensive efforts to find new areas of business.

With regard to developments in the capital markets, strong volatility has been observed in general since the beginning of the coronavirus pandemic. Both the stock markets and the foreign exchange markets have undergone in part strong ups and downs, and some leading indices are currently showing losses compared with the situation before the coronavirus outbreak. In view of the above-mentioned volatilities and the ongoing situation, no reliable statement can be made at this time about the further development of the markets in one direction or the other.

Awards

The quality of our services was again acknowledged with a series of awards in 2019. The report DIE ELITE DER VERMÖGENSVERWALTER (The Asset Manager Elite), produced in cooperation with HANDELSBLATT, stated: *»The numbers also show the growing strength of this bank. With almost €30 billion in assets under management, Berenberg is one of the major asset management specialists. Its various safety strategies have been developed very extensively and excellently. These support the tried-and-tested asset concepts.«*

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

- GLOBAL PRIVATE BANKING AWARDS (FINANCIAL TIMES GROUP)
  – *Highly recommended*

- CITYWIRE DEUTSCHLAND AWARDS
  – *Best Asset Manager for German Equities*

- TELOS INVESTOR SCREENING
  – *First place out of 22 smaller asset managers in the overall client satisfaction category*

Financial performance

Earnings

Net profit for the year

The financial year 2019 closed with net profit for the year of €60.5 million. After a weaker previous year, this result from operating activities underscores the viability of our business model.

We had forecast solid earnings, with higher net commission income for 2019, in the 2018 management report. The actual earnings achieved far exceeded our forecast. Net commission income reached a new record high, while the year-on-year decline in administrative expenses shows that the Bank's efficiency has risen on the back of the cost-saving measures introduced in 2018. We continued in the past financial year to make selective investments in enhancing our business model and to reinforce the performance of our IT.

The return on equity, calculated as the ratio of profit before tax to equity at the start of 2019, amounted to 28.5% (9.8%). The cost-income ratio also improved from 88.9% to 79.9%. The ratio of current net interest income (excluding income from participating interests/affiliated companies) to net commission income was still 15:85, which underlines the significance of commission-earning operations for the Bank's business model.

Net commission income

At €355.5 million, net commission income in the reporting year was not only 28% higher than in the previous year but also marked a new historical high. Net commission income is determined by our securities business. We have a strong market position in the ECM business. Our Research product has also been well rewarded by clients. Furthermore, in Equities we benefited from a successful transaction business. We continued to expand our fund products in Wealth and Asset Management. As in portfolio management, we also benefited from strong performance here. Thanks to our market position in Investment Banking and in Wealth and Asset Management, we are confident that we will continue to play a successful role in the markets. Commission income rose further in the reporting year to exceed interest income in the Corporate Banking division. Alongside the experience we have built up over many years in servicing our German and international shipping clients, we were able to generate very pleasing levels of transaction-based commission income from Structured Finance and Infrastructure & Energy by investing in credit funds.

Assets under management at the Berenberg Group amounted to €40.7 billion (€36.7 billion).

Net interest income

Net interest income rose from €53.1 million to €63.4 million.

Net interest income was once again affected by historically low interest rates in 2019. The lending business continues to be characterised by a prudent lending policy, and we are not looking to expand our credit volume. Short-term warehousing of loans in Corporate Banking that were subsequently transferred to credit funds had a positive impact on net interest income. Otherwise interest income was generated in particular from securities in the liquidity reserve. This conservatively structured portfolio contains securities with relatively high coupons that are trading at a premium. The short residual maturities in turn give rise to write-downs on bonds.

Net trading income

Net income from trading activities dropped by 17% to €15.7 million (€18.9 million).

Since our operations are primarily service-orientated, we have allocated very manageable limits to trading activities in the equities, bonds and foreign currencies segments. Forex trading dominated net trading income, yielding a healthy result again in 2019. However, this was considerably below the previous year's figure. The reserve required pursuant to Section 340g of the HGB (German Commercial Code) is sufficiently allocated.

Other operating result

In the previous year, other operating income chiefly contained the income from the sale of the majority of shares in Berenberg Bank (Schweiz) AG. The other operating result in the reporting year is accordingly lower.

General administrative expenses, depreciation of tangible fixed assets and amortisation of intangible assets

Having taken extensive measures to raise efficiency in 2018, we benefited from a more streamlined structure in 2019. Personnel expenses were down on the previous year to €212.9 million (€226.0 million). Intensive cost management meant that materials costs were also lower than in the previous year. This allowed for an overall reduction of 7.0% in general administrative expenses, including depreciation of tangible fixed assets and amortisation of intangible assets, to €345.8 million (€371.8 million).

We made selective investments in expanding our business model again in 2019, and we will continue on this trajectory in the future. We will also keep a close eye on the efficiency of our processes. We will implement more streamlined processes, particularly in those areas where processes can be automated, there are no negative effects on our value chain and the changes do not hamper our fulfilment of regulatory requirements in any way.

Risk provisions

Sufficient risk provisioning funds have been allocated to valuation allowances and provisions for lending operations. All identifiable credit risks have been taken into account in full using prudent valuation methods. There was no need to create new net specific valuation allowances.

The result from the liquidity reserve must be viewed largely in conjunction with net interest income. Our liquidity reserve contains bonds that are trading at a premium and create a corresponding need for a write-down upon maturity. The result from the valuation of participating interests stems from the business activities of our subsidiaries.

Taxes on income

The position taxes on income stems from the earnings of the domestic branches and is calculated based on earnings that also include components on which no taxes are incurred.

Financial and assets position

Capital base and ratios

The Bank's equity amounted to €287.5 million at year-end (€292.6 million). This figure contains Common Equity Tier 1 (CET1) capital of €247.4 million (€248.4 million). In addition, there is supplementary capital in the form of subordinated liabilities in the nominal amount of €60.0 million (€65.0 million). The amount eligible to be included in the core capital as a result of the remaining maturities of the subordinated loans was €40.2 million (€44.2 million).

The total capital ratio as set forth in the Capital Requirements Regulation (CRR) and the German Solvency Regulation amounted to 14.4% (15.6%) at year-end, while the CET1 capital ratio was 12.4% (13.2%). This level of equity funding places us comfortably above statutory requirements.

At 1.5 at year-end (1.6), our total for the European liquidity coverage ratio (LCR) was well above the minimum level required for regulatory purposes.

Funding and securities in the liquidity reserve

Berenberg can meet all its funding needs from client deposits, while regularly generating a high liquidity surplus. The Treasury business unit invests the majority of this surplus in top-rated bonds, with the goal of minimising possible credit risks.

At year-end 2019, the portfolio consisted of bonds and other fixed-income securities with a volume of €2,702.0 million (€1,665.2 million). This portfolio is dominated by securities issued by German public issuers (23.9%) and securities with a German state or public guarantee (44.1%), as well as German Pfandbriefs and Scandinavian covered bonds (31.3%).

The remaining maturity of these holdings averaged 1.9 years at year-end 2019, meaning that the spread change risk inherent in the portfolio is limited. The interest rate risk is generally restricted to the three-month or six-month Euribor. The majority is deposited at Deutsche Bundesbank, which ensures the availability of a high refinancing facility with the European Central Bank in the event of an unexpected short-term liquidity requirement.

Finally, excess liquidity of €259.9 million (€343.8 million) was invested in promissory note loans (German public issuers and development banks, as well as German Pfandbriefs).

Total assets and business volume

Total assets rose in the reporting year from €4,692.7 million to €5,059.0 million, mostly due to inflows of new client funds. For example, client liabilities climbed to €4,262.8 million (€3,924.5 million). Client deposits accounted for 84.3% (83.6%) of total assets.

Liabilities to banks fell slightly by €17.3 million to €270.5 million. They consist mainly of deposits held by our Swiss participating interest.

Receivables from banks dropped to €343.6 million (€720.6 million). These include the investment of €134.7 million in promissory note loans issued by German development banks, as well as in German-registered Pfandbriefs. The majority of the surplus liquidity was invested in bonds issued by German public issuers instead of receivables from banks.

Receivables from clients amounted to €1,175.4 million as of the balance sheet date (€1,097.1 million). Part of the liquidity reserve of €125.3 million was invested with German public issuers (promissory note loans).

The expanded business volume rose from €4,743.2 million to €5,126.0 million, in line with the growth in total assets. There were also unused irrevocable lending commitments of €233.8 million (€172.8 million).

Credit volume

The expanded credit volume increased to €1,242.4 million (€1,147.6 million). It consisted of receivables from clients of €1,175.4 million (€1,097.1 million) and contingent receivables of €67.0 million (€50.5 million) from guarantees and other indemnities.

Overall statement on the results of operations, net assets and financial position

The favourable earnings development, with a strong operating result, highlights the viability of our business model. The core capital resources are still comfortably above statutory requirements, and net assets are in good shape. Solvency was guaranteed at all times, and the liquidity position is extremely comfortable.

Sustainability report

In addition to our annual report, we publish a summarised separate sustainability report, which also contains our non-financial statement. You will find the German report on our website: www.berenberg.de/en/csr-report2019

Wealth and Asset Management central business unit

Both our business units Wealth and Asset Management stand for personalised advice, active investment solutions and accountability. Specifically, this means that we are a trustworthy partner to our clients and provide bespoke assistance to the best of our knowledge and ability. That is because we can only be successful if our clients are satisfied with us in the long term. Our discretionary and quantitative investment solutions are based on the expertise of our renowned specialists. With transparent and verifiable investment processes, we aim to ensure that the assets entrusted to us perform positively, whether in portfolio management, investment advisory or in our funds. As a fast-growing bank with a tradition spanning 430 years, accountability is an important principle for us. Alongside our social involvement, we therefore also attach great importance to applying sustainability and governance criteria in investment processes. High-net-worth individuals and institutional investors appreciate this approach. At the same time, we will continue on our growth trajectory and further open up our investment products to retail clients.

Wealth Management

For Berenberg, 2019 was characterised by the exceptionally satisfying performance of both our wealth management strategies and the fund solutions we developed in-house. In addition, we were able to offer our clients attractive alternative investments. These included direct corporate investments, a broadly diversified private equity fund, an investment in digital infrastructure and various real estate offerings.

Strategic challenges

2019 was also shaped by numerous challenges that are expected to endure in the years to come. The *sustained low-interest phase* has become a real burden for banks. The banks are incurring increasing costs for parking client deposits, and at least some of these costs have to be passed on to clients. This is why we have developed highly attractive solutions for investing liquidity. Clients who use these options can also avoid deposit fees.

Advancing digitisation is another factor that calls for constant action. Alongside various automation projects, we introduced a new online banking system in 2019, the Berenberg Wealth Management Portal. With this innovative offering, we provide our clients with a convenient and modern tool for mobile and online banking.

Managing discerning mandates and developing solutions for *complex tasks* is part of our core business. We focus on this business with excellently trained, expert employees.

Discretionary asset management as a core service

Our clients can choose between two high-quality solutions for investing their wealth. With *portfolio management*, our clients delegate the achievement of their investment goals to our portfolio management professionals. They can choose from a large number of different strategies to match their personal risk/return profile. In 2019, all our asset management strategies have outperformed the market. Our equity funds also generated significant outperformance.

With *investment advisory*, our clients make their final investment decisions personally in consultation with their advisor and on the basis of thorough assessments and analyses. We have made further investments in this area, and with Investment Consulting we have created an offering that provides professional clients with a service that is unique in terms of service level, quality of investments and long-term results.

In principle, we continue to offer both options but, given the regulatory requirements governing investment advisory, it is becoming more and more complex and tedious for clients and advisors alike to prepare and implement decisions on an individual basis. Therefore, we are investing heavily in our portfolio management activity. In doing so, we are working to refine a high-quality core service for our demanding clientele that is more than competitive with the market in terms of performance, process and product quality, as well as transparency. It is no surprise, then, that more clients are choosing this service.

Concentrating on our core target groups and core competencies

Through Wealth Management, we offer customised solutions to clients with sophisticated asset structures and special investment requirements. We concentrate on very high-net-worth individuals, family entrepreneurs and business-minded decision-makers, as well as foundations and other charitable organisations. We define our role as the end-to-end supporter of an organisation or a private individual and their relatives in all areas that have a direct or indirect influence on their assets. We have successfully refined our model of Berenberg centres of competence as a result. The three centres – Entrepreneurs, Foundations and Family Offices – help advisors to deal with all target group issues and challenges. Each centre of competence has a close-knit network of proven experts on topics of special importance to their respective target group. This allows us to assist our clients in mastering their individual challenges and to establish ourselves as a long-term strategic partner.

Concentrating on core competencies means that we will offer additional services alongside liquid portfolio management and the selection of illiquid alternatives. For complex wealth portfolios in particular, we create specific added value for our clients through our cross-bank multi-deposit controlling. We have invested in new software and a new reporting system, which has allowed us to improve our offering further. As a result, we are experiencing increased demand. Furthermore, organising and implementing selection processes helps us to forge stronger links with our clients. As a consequence, we find the right asset managers, who help to further diversify opportunities and risks at our clients' level.

Our activities are centred on securing the future wealth of our clients. In a market increasingly characterised by standardisation, we always endeavour to create scope for individuality when approaching different situations and objectives.

Asset Management

Berenberg Asset Management operates in three areas. *Berenberg Equity Funds* is synonymous with fundamental equities expertise that is virtually unparalleled in Germany. *Berenberg Multi Asset* offers globally invested asset management strategies and funds with a European focus. What sets us apart is our qualified opinion on the capital markets, which we implement decisively, including anti-cyclically and separate from benchmarks. *Investment & Risk Management Solutions* combines in particular our overlay management solutions and our quantitative, strictly rule-based and forecast-free strategies.

We have used our *ESG Office* (ESG: Environmental, Social, and Governance) to further expand our sustainability activities. As a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI), we are committed to our responsibilities in this respect. We believe that sustainability matters are becoming more and more important to investors and that ESG-compliant companies have a competitive edge in the global markets.

Equity Funds

In 2019, the funds in our equities platform far outperformed their respective benchmarks, and each ranked among the top spots when compared to competitors. We have been winning over clients and market observers alike with our fundamental stock-picking approach. The cornerstones of this approach are fundamental stock analysis, a long-term investment horizon and ongoing risk management. We additionally address ESG criteria in order to build a sustainable portfolio. This is also reflected in the increasing volume of assets under management. Having exceeded the €1 billion mark in 2017, we had more than €2 billion in funds and mandates in the equities asset class at the end of the year. The strong performance of the BERENBERG GLOBAL FOCUS FUND and BERENBERG SUSTAINABLE WORLD EQUITIES, both established in December 2018, demonstrates that our approach also works at a global level. The *global equity funds* category will feature prominently at Berenberg in the future.

»In 2019, the funds in our equities platform far outperformed their respective benchmarks, and each ranked among the top spots when compared to competitors.«

Multi Asset

Assets under management increased substantially thanks to our multi-asset strategies, which were buoyed by the positive development in the capital markets. In particular, BERENBERG GLOBAL BOND OPPORTUNITIES, a benchmark-independent, flexible bond fund launched in May 2018 with an investment focus on global corporate bonds, benefited from net inflows. The same is true of BERENBERG VARIATO, a multi-asset fund started in December 2018 that is not based on benchmarking and that enjoys a large degree of freedom.

As part of realigning the former Quantitative Asset Management (QAM) segment, the Fixed Income Selection and Emerging Market Selection teams were transferred to Multi Asset during the fourth quarter. This bundling of resources has created a competence centre for fixed-income investments that offers premium bond-based investment solutions, and takes charge of all fixed-income services for Multi Asset and all other parts of Berenberg Wealth and Asset Management.

Investment & Risk Management Solutions

The sustained strength of the US dollar was accompanied in 2019 by historically low volatility, paired with a continued large disparity between eurozone and US interest rates. This prompted many investors to look for a currency strategy that would allow them to participate strongly in the appreciation of the US dollar and to save hedging costs that swallow up liquidity on the one hand, while enjoying effective protection from falling foreign exchange rates on the other. As a consequence, we noted significant inflows from new and existing clients in individually designed special mandates with our dynamic currency overlay strategies. The team currently manages in the region of €7.6 billion and has already received indications of a very healthy level of mandates for 2020.

From an organisational perspective, we have realigned Quantitative Asset Management (QAM) after bundling all investment expertise into Asset Management. We are now concentrating primarily on comprehensive risk-management solutions for clients, such as currency and risk overlays for large portfolios, as well as capital preservation solutions. Furthermore, we provide clients with investment solutions that offer a diversifying benefit to the traditional asset classes, such as absolute return products. The investment processes continue to have a quantitative base. As part of this repositioning, QAM was renamed Investment & Risk Management Solutions.

Successful market positioning

With this clear and attractive product range, we have succeeded in establishing a successful position in the market. We have also stepped up our marketing activities and public relations work considerably. Our multi-asset publications such as HORIZON and MONITOR have been well received. Our investment experts are respected interview partners to the trade and daily press. They also present their approaches and views at a large number of industry conferences, engaging directly with clients and interested parties. Stronger market penetration is further assisted by the sales structure. Because we have an international footprint, our sales strategies are tailored to the respective target markets. Apart from Germany, Switzerland and Austria (GSA), in Europe these markets primarily include the UK, Luxembourg and Spain. Outside of Europe, we have entered sales partnerships in Chile and Peru. We continue to work with other institutions as part of our individual portfolio management and portfolio management funds. Our offering of high-quality solutions makes us a strong partner for savings banks and other banks.

Investment Bank and Corporate Banking central business unit

Our Investment Bank and Corporate Banking business divisions help provide access to capital for businesses. Our offerings range from IPOs and brokerage through to structured financing options and advice on M&A activities. Institutional investors also benefit from our research and capital markets expertise.

Investment Bank

The Investment Bank division offers a wide range of banking and advisory services across Equities, Investment Banking and Financial Markets.

Equities

The introduction of MiFID II in January 2018 continued to have a material impact on the industry and on the way we do business and receive payments for our services. Notably, our affected asset management clients must now separately identify payments for execution and research services. With the vast majority of our affected clients now bearing the cost of research services on their own profit and loss statement, the industry has seen a significant contraction in overall payments for research.

Against this backdrop, our broadly flat revenues for research advisory and trading represent a significant outperformance in comparison to the industry. We estimate that our overall market share of the European cash wallet increased to about 3% and that in the research and high touch areas where we primarily compete our market share is in excess of 4%.

In the last months of 2018, we had conducted a full strategic review of our business to align our cost base to the more challenging market environment post-MiFID II. We consider our continued market share gain in 2019 evidence that this strategic review was a success.

Equity Research and Sales

We ended 2019 with 100 analysts covering 735 stocks in London. We also had 14 analysts covering 155 stocks in New York. Our total coverage was 890 stocks, versus 856 at the end of 2018. This represents an increase of more than 40% versus three years ago.

Between the team in London and New York, we now cover more than 200 US-listed shares. We expect this to double in the next two years, with the majority of this growth coming from the team in New York. The US team plans to focus on under-covered mid-cap shares with a stock-picking approach.

Our sales team of 52 generalists and 10 specialists serviced in excess of 900 paying 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 6 IPOs.

The arrival of MiFID II had significant implications for the way our buy-side clients interact with us and our sell-side competitors. In particular, our clients are reducing their number of sell-side relationships with brokers, and closely monitor the level of services they consume. Thanks to the quality of our research and sales efforts, we maintained relationships with over 95% of our clients. In addition, our team had more than 11,500 meetings with investors in 2019.

Facilitating interaction between our buy-side clients and the companies we cover remains a key priority for the team. As such, we arranged over 20,000 meetings between investors and the management teams of companies under our coverage. We also hosted 31 conferences, including our 17th Berenberg European Conference at Pennyhill Park in Surrey in the UK, which attracted 324 corporate representatives and 400 institutional clients.

Equity Trading

The number of shares covered as systematic internaliser has increased to over 5,000 in 2019. In an overall challenging market environment for the equity execution business we were able to expand our institutional client base and gain further market share within our pan-European stock universe. The increase in block business, coupled with market share gains and solid client business, led to several share deals throughout the year. The European risk arbitrage business further developed into a top three franchise, adding 10% market share. The opening of a US risk arbitrage desk out of New York is planned for early 2020.

In our second year in the new building on the top floor at 6th Ave. and 49th Street in Midtown Manhattan we further increased our US Trading activities. Over the year 2019 we traded for around 250 leading institutional clients based in the US and in Europe, and traded around 2,500 different US and Canadian stocks. Our clients appreciated the service we offer to trade and convert ADRs (American depositary receipts) as in the last couple of years. We are working on expansion plans in 2020 so that clients can convert ADRs after EU closing. Further, we increased the block business in the US, which means we crossed US stocks between different clients without buying or selling in the market. Since June 2019, we are a Market Maker in certain stocks to further broaden our US Trading capabilities and match client demands.

We have broadened our electronic equities trading operations by providing, alongside our traditional strength in high-touch trading, a viable and varied low-touch trading offering to institutional investors.

Investment Banking

Equity Capital Markets (ECM)

Berenberg once again expanded its strong position in the European ECM business in 2019. We confirmed our market position as the leading bank in the German-speaking region, improved our ranking to third place in the UK-ECM business and, after first transactions in the US in 2018, executed further successful US-transactions in the reporting year.

Despite again very volatile capital markets and substantially fewer transactions industry-wide than in 2018, we were able to successfully execute 35 transactions (versus 48 in 2018) with a volume of around €4.4 billion (down from €17.7 billion) in the reporting year. The achievement that we were one of the top ten investment banks in ECM business throughout Europe in 2019 is particularly gratifying. With the African e-commerce platform Jumia ($253 million) and biotech firm BioNTech ($158 million), we executed two IPOs on the Nasdaq in a lead position. In addition, we acted as lead bank for placements that included packaging manufacturer Aluflexpack (CHF169 million) in Switzerland and promotional products specialist The Pebble Group (£135 million) in the UK.

We assisted companies with capital increases across several sectors. Examples include real estate company Aroundtown (€601 million) and asset management and investment firm Tikehau (€715 million), Berenberg's first major capital increase in France. Another example is the battery manufacturer Varta AG (€104 million), whose IPO we successfully completed in 2017. With a share price increase of 594% as of 31 December 2019, this is one of the most successful placements to date.

In the UK ECM business, we succeeded in winning 13 further corporate broking mandates, which means that we currently hold a total of 30 mandates from clients in the UK market. At the same time, we applied the corporate broking advisory approach used in the UK to continental Europe in the reporting year, where we currently support 11 listed companies in all areas that relate to equity.

The most transactions

Equity Capital Markets 2019 in the German-speaking region

Number of deals	Lead bank
13	Berenberg
12	Credit Suisse
11	Goldman Sachs
11	JPMorgan
10	Citi
6	Morgan Stanley
5	Deutsche Bank
5	Zürcher Kantonalbank
4	Bank of America
4	Commerzbank

Source: Bloomberg

Debt Capital Markets (DCM)

Berenberg executed five transactions across different product classes in the reporting year. At the beginning of the year, we tapped Shop Apotheke's €75 million convertible bond by a further €60 million in our capacity as joint global coordinator and joint bookrunner. The transaction structure provided for a simultaneous placement of convertible bonds and new shares from a capital increase, and is a model example of connectivity and collaboration within the Berenberg platform.

Berenberg also acted as sole financial advisor in structuring the private placement of bonds with warrants from NFON to AOC. The bond with an option mixed in allowed AOC to acquire roughly 7% of NFON by means of a capital increase, excluding subscription rights. The nominal amount of the bond totalled €5 million with a term of six months.

Berenberg additionally placed promissory notes for Alfmeier and Helma Eigenheimbau in the financial year 2019. In our first US equity-linked transaction, Berenberg Capital Markets acted as co-lead manager in the issue of convertible bonds on behalf of Altair Engineering, amounting to $200 million.

M&A Advisory

Berenberg continued in the reporting year to focus on advising and assisting small and medium-sized companies with their strategic and entrepreneurial direction, succession planning, divestments and non-organic expansion plans. Our close links with SMEs and the trust that these clients have placed in us are the very backbone of this working relationship. For example, alongside other transactions that largely went unpublished, we advised the P&P Group in the divestment of its real estate development division, as well as the shareholders of Belgian company Theuma in the sale of the company. Online optician Mister Spex sought our advice as part of a vital financing round, allowing us to give family offices the chance to invest in this high-growth and hugely interesting business model. In the small and mid-cap area, we were able to progress our position as a leading advisor for public takeovers – for example by advising on the merger of Zeal and Lotto24.

Thanks to our multi-layered range of M&A advisory services, we believe that we are in the best possible position to assist market stakeholders in the future-proof structuring of their respective opportunities and risks. These include traditional growth and platform acquisitions, as well as innovative investments and capital market solutions like carve-outs, spin-offs and joint ventures, which necessitate some portfolio realignment.

Financial Markets

Fixed Income Research

2019 was another difficult year in respect of interest rates, as the slowing economy once again prompted central banks to relax their monetary policy. Against this backdrop, it once again paid off that our Fixed Income Research had focused chiefly on special and niche topics in the previous reporting year, to give our institutional clients consistent added value for their investment decisions. We have recently expanded our product range further in areas like green bonds, which set a new record in terms of issue volume in 2019. We plan to add to our expertise in this segment in 2020.

Fixed Income Sales Trading

The reporting year was characterised by further uncertainty in the interest rate market. Historical lows in returns on German government bonds, as well as Brexit uncertainty, caused investors to adopt a wait-and-see attitude to investing in traditional fixed-income products. Cross Asset was established to raise investor awareness of other asset classes offering higher returns. The product and client focus initiated in the reporting year 2018 is being maintained at the Hamburg and Frankfurt locations. The London team's move to Frankfurt in preparation for potential Brexit-related challenges was completed successfully.

Our colleagues in Fixed Income Sales Trading delivered an exceptionally stable result thanks to our strong client relationships. This effect was enhanced by increased activity on the high-yield side, as well as by strategic discussions with our clients on the investment-grade side.

Forex Trading

2019 saw the euro fall against the dollar, slipping to an annual low of just under €1.09 to the dollar in early October. Despite widespread political uncertainty, the trading year was characterised by a low trading range. This was reflected in historically low implicit volatility in the options market. The ECB's sustained expansive monetary policy, coupled with negative interest rates, compounded the burden on the euro. Meanwhile the US dollar was strengthened by the surprisingly robust US economy and the continued positive difference between the interest rates. The development of the pound sterling hinged on Brexit negotiations, as well as the ensuing elections, and was linked to some erratic currency movements. With a few exceptions, the emerging markets stood out because of their solid development in 2019. For example, the Mexican peso and South African rand gained in value against the euro. By contrast, the Turkish lira is still exposed to downward pressure and various interventions by the Turkish Central Bank were needed to shore up the currency.

Our employees succeeded in using the various opportunities that arose to assist our clients in these markets and managed the Bank's currency risk effectively. We were also able to step up our advisory service as regards market price risks, especially for corporate and shipping clients.

Closed transactions

Equity Capital Markets

Secondary Placing CORESTATE Capital Group Undisclosed Sole Global Coordinator and Sole Bookrunner	**IPO** The Pebble Group GBP 135m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** VARTA EUR 98m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** team17 GBP 19m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** ALFEN EUR 22m Sole Global Coordinator and Sole Bookrunner
Secondary Placing eventim EUR 218m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** Fagron EUR 151m Sole Global Coordinator and Sole Bookrunner	**IPO** BIONTECH USD 158m Joint Bookrunner	**IPO** BOOSTHEAT EUR 40m Joint Global Coordinator and Joint Bookrunner	**Secondary Placing** ipgroup GBP 76m Co-Lead Manager
Capital Increase Deutsche Konsum REIT-AG EUR 31m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** Fagron EUR 84m Sole Global Coordinator and Sole Bookrunner	**Growth Funding** MISTER SPEX So kauft man Brillen heute by Büll Family Office Undisclosed Exclusive Financial Advisor to Mister Spex GmbH	**Capital Increase** AROUNDTOWN SA EUR 601m Joint Global Coordinator and Joint Bookrunner	**Capital Increase** cyan DIGITAL SECURITY EUR 25m Sole Global Coordinator and Sole Bookrunner
Secondary Placing Fagron EUR 116m Joint Global Coordinator and Joint Bookrunner	**IPO** GFG GLOBAL FASHION GROUP EUR 189m Joint Global Coordinator and Joint Bookrunner	**IPO** ALU FLEX PACK CHF 169m Sole Global Coordinator and Sole Bookrunner	**Capital Increase** TIKEHAU CAPITAL EUR 715m Joint Global Coordinator and Joint Bookrunner	**Capital Increase** vossloh EUR 49m Sole Global Coordinator and Sole Bookrunner

Equity Capital Markets

Capital Increase	Secondary Placing	Capital Increase	Secondary Placing	Rights Issue
VARTA	team17	MARLOWE PLC	Hello FRESH	VTG
EUR 104m	GBP 21m	GBP 20m	EUR 350m	EUR 290m
Sole Global Coordinator and Sole Bookrunner	Sole Global Coordinator and Sole Bookrunner	Joint Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Sole Bookrunner	Joint Global Coordinator and Joint Bookrunner

IPO	Capital Increase	Capital Increase	Secondary Placing	Secondary Placing
JUMIA	Yellow Cake PLC	SHOP APOTHEKE EUROPE	ECO ATLANTIC OIL & GAS	team17
USD 253m	GBP 26m	EUR 50m	GBP 13m	GBP 16m
Joint Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Sole Bookrunner	Sole Global Coordinator and Sole Bookrunner

Secondary Placing	Secondary Placing	Capital Increase	Capital Increase	Secondary Placing
pphe HOTEL GROUP	MEDIOS AG SPECIALTY PHARMA SOLUTIONS	Sigma Roc	BIOCARTIS	BEFESA
GBP 149m	EUR 31m	GBP 12m	EUR 55m	EUR 108m
Joint Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Sole Bookrunner	Joint Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner

DCM / EQL 2019

Convertible Bond	Schuldschein PP	Bonds with Warrants PP	Schuldschein PP	Convertible Bond Tap
Altair	HELMA Eigenheimbau AG	NFON Die Cloud-Telefonanlage	ALFMEIER	SHOP APOTHEKE EUROPE
USD 200m	Undisclosed	EUR 5m	Undisclosed	EUR 60m
0.250% / 30.0%		6.000%		4.500% / 25.0%
06/2024		964k shares at EUR 11		04/2023
		01/2020		
Co-Lead Manager	Sole Global Coordinator and Sole Bookrunner	Sole Financial Advisor	Sole Global Coordinator and Sole Bookrunner	Joint Global Coordinator and Joint Bookrunner

Selected Structured Finance Transactions 2019

Biotest From Nature for Life Super Senior Term & RCF Financing within the context of the launch of a new production plant Mandated Lead Arranger	Oakley Capital Super Senior Financing as part of a refinancing Schülerhilfe Das Original. Seit 1974. Mandated Lead Arranger	novopress Senior Financing within the context of an acquisition Sole Lead Arranger	EQUISTONE Super Senior Financing within the context of an acquisition omnicare Mandated Lead Arranger	Deutsche Beteiligungs AG Super Senior Financing within the context of an acquisition CPL CARTONPLAST Group Mandated Lead Arranger
Bregal Unternehmerkapital Super Senior Financing as part of a refinancing ONLINEPRINTERS Mandated Lead Arranger	ERGON CAPITAL Super Senior Financing within the context of a refinancing opseo Ganzheitliche Intensivpflege Mandated Lead Arranger	IK Investment Partners Senior Financing within the context of an add-on acquisition SCHEMA Sole Lead Arranger	UFENAU CAPITAL PARTNERS Super Senior Financing within the context of an acquisition INTELLIGENT REPAIR SOLUTIONS One group, one vision. Mandated Lead Arranger	findosinvestor Senior Financing within the context of a refinancing Rhenoflex Sole Lead Arranger
Hg Super Senior Financing within the context of an acquisition TRANSPOREON Mandated Lead Arranger	EMERAM CAPITAL PARTNERS Super Senior Term & RCF Financing as part of a refinancing frostkrone Mandated Lead Arranger	EQUISTONE Senior Financing within the context of an add-on acquisition P/A Mandated Lead Arranger	QUADRIGA CAPITAL Super Senior Term & RCF Financing as part of a refinancing GBA LABORGRUPPE Mandated Lead Arranger	Riverside Super Senior Financing within the context of an acquisition TOOLPORT PROFIZELTE Mandated Lead Arranger
CASTIK CAPITAL Super Senior Financing within the context of an acquisition ADDSECURE Mandated Lead Arranger	Riverside Super Senior Financing within the context of an acquisition BIKE24 Mandated Lead Arranger	Offen Group Financing of CPO Holding Sole Lead Arranger	PURAGLOBE Senior Financing within the context of a refinancing Mandated Lead Arranger	Deutsche Beteiligungs AG Super Senior Financing as part of a refinancing Tel io Mandated Lead Arranger

Corporate Banking

A distinguishing feature of the Bank's business model is the close links of its corporate client business with listed companies, family-owned firms and institutional investors. Corporate Banking has also become a fast-growing asset manager for illiquid alternative assets, such as private debt. A very strong transaction business, where we invest institutional money in the form of credit funds in the different sectors, has forged close links with most varied companies. We are hugely dedicated to developing special solutions for this client group also in terms of account management, payment transactions and risk management for currency and interest rates. For example, we are investing heavily in new payment transaction systems, in digitising the process for opening an account, and in the know-your-customer process, which is time-consuming for all parties. This is the only way in which we can respond to client growth in complex structures and make it easier for clients to handle banking transactions.

Structured Finance

Private debt funds have become an established means of financing company acquisitions for financial investors. In a very competitive market, our strategy of also providing larger credit volumes per transaction financing by winning further institutional investors for our credit funds has proven successful. This put us in a position to assist a range of super senior transactions, as well as leveraged buyouts, financed entirely by banks, without exposing ourselves to any great degree to the general margin pressure or increasing risk appetite of other market participants. One new development in 2019 was the financing of an extensive investment programme by listed company Biotest AG without any specific link to a takeover situation, which we financed together with credit funds managed by us in a super senior position. We also executed our first transaction in the Nordics, helping private equity firm Castik Capital to take over the AddSecure Group via debt fund Ares. With more than two dozen transactions in total, our Structured Finance team was able to build on

»In a very competitive market, our strategy of also providing larger credit volumes per transaction financing by winning further institutional investors for our credit funds has proven successful.«

a very successful 2018. The creation of further structured finance credit funds marked an important milestone in this journey. We grew investor commitments for our credit funds to €1.5 billion in total in 2019. We have already invested €1.3 billion with investors in over 60 transactions since 2016, making us one of Europe's most active asset managers of private debt.

Infrastructure & Energy

The positive momentum of recent years continued in 2019. The credit platform for the family of funds created in this sector has grown to five funds, once again reinforcing its position. With the BERENBERG GREEN ENERGY JUNIOR DEBT FUND III, the third sister fund for junior financing of renewable energy projects was initiated. A first capital call has already been successfully implemented. In particular, the possibility created by this fund to provide financing for projects in the early development phase should improve flexibility, as well as access to potential projects as a whole. The returns on the funds are in line with or above expectations.

With the BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I and FEEDER FUND, the Infrastructure segment comprises two further funds that were expanded once again through substantial co-investment by a German insurance company. We provided long-term financing for the first fibre-optic projects for the two aforementioned funds in the reporting year. The returns on both funds are currently well in excess of plan.

In the Rail & Logistics segment, we provide exclusive assistance to institutional investors looking to finance railway vehicles, and position them with railway companies that participate in tenders for operating the vehicles in Germany's regional passenger rail transport system. For example, Berenberg has been commissioned by a private rail company in combination with an institutional investor to finance new railway vehicles for operation in a network in Brandenburg, Berlin, Saxony-Anhalt and Mecklenburg-Western Pomerania. Berenberg has an exclusive mandate to coordinate and arrange this transaction.

Shipping

In the tenth year of its sustained process of restructuring, the shipping industry has once again proved to be an exceptionally dynamic and successful growth area for Berenberg. Although there are still many challenges – for example with regard to future technological and regulatory requirements, the industry and our clients are now in a considerably more stable position than a few years ago. Berenberg has been assisting many of its shipping clients for several years. Our broad range of shipping-related products is anchored in client trust and our many years of expertise. While traditional financing capacities have more than halved since 2010, in particular at European banks, we were able to expand our position as a bank that offers maritime services with a focus on international payment transactions, modern cash management solutions and forex. Additionally, we have continued steadfastly on the road we set out on a few years back towards becoming a maritime project developer and asset manager for institutional capital, and we have increased the number of these mandates. Our shipping loan fund, in place for nearly three years now, almost doubled its capital in the past financial year and raised the number of commercial vessels senior secured and financed via the fund to more than 75. There has been a strong increase in the number of attractive financing projects from our international client network, as well as from professional investors in the industry. This has permitted us to develop and implement a large number of projects with a strong risk/return profile for institutional investors with a renewed interest in this alternative asset class. We expect stable growth in our activities once again in 2020.

Real Estate

The weaker economy and uncertain framework conditions and prospects have so far not had any lasting impact on the German real estate market. Germany's main real estate locations were once again characterised by high employment, insufficient levels of new construction and positive net migration figures in 2019. A scarcity of supply in the market for office space in particular led to rising rents and purchase prices. We expect stable market development in 2020. The residential property market is feeling the pinch of much more political and regulatory intervention, prompting many investors to hold back on investing. The same is true of the retail sector, albeit for different reasons – changes in consumer behaviour are having noticeable effects on rents and purchase prices.

Together with the Real Estate division, we provide end-to-end support to our private and corporate clients in all of their real estate dealings. This includes financing commercial or residential construction projects, direct or indirect capital investments in real estate, assisting with real estate transactions, and real estate and portfolio analyses, including valuation, as well as selecting suitable service providers and external consultants from among our network.

Cross-divisional services

Real Estate

We expanded the Real Estate division further in 2019, taking on more personnel in various areas. Besides providing all-round advice on the economics of all aspects of real estate as a capital investment, we discreetly structure transaction processes for buyers and sellers. Berenberg also offers value-based asset management services, which are particularly important across the real estate cycle. We successfully executed numerous mandates in both areas in 2019.

For the placed open-ended special real estate fund BERENBERG REAL ESTATE HAMBURG, four mixed-use properties were purchased successfully and transferred to the special assets, and an exclusive arrangement was reached regarding a property pipeline for full investment of the fund.

The open-ended special AIF BERENBERG REAL ESTATE BERLIN accepted new institutional investors in a further closing, broadened its investment activities in 2019, and purchased and took over an additional property.

An additional open-ended fund for institutional investors is currently in preparation. The three-star Niu hotel in Hamburg's Eppendorf quarter and the office building Schlump One in the Eimsbüttel borough of Hamburg were purchased to create this investment vehicle.

Bank Management central business unit

We can succeed in providing the best possible service to our clients only if our staff infrastructure is optimally aligned to this objective. In addition, implementation of constantly changing regulatory requirements ties up a great deal of resources. At the same time, the market environment is characterised by increasing digitisation and automation. For this reason, we have brought together the Global Technology, Transaction Services, Balance Sheet/Reporting, Taxes/Affiliates and Risk Controlling units, which are especially important in this context, into the Bank Management central business unit in order to harness their combined forces.

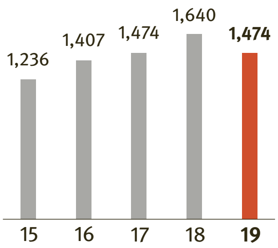
Our IT, for which the *Global Technology* unit at Berenberg is responsible, plays an important role in the rendering of our services. We have made a conscious decision to develop important components ourselves, using standard solutions where this makes sense for efficiency reasons. In doing so, we always keep an eye on our value chain and consider which solution allows for optimum alignment with the needs of our clients. Agile working is used consistently for our in-house developments. This allows us to achieve a high degree of flexibility, boosting productivity and innovation. We are also building on a more modular approach to our IT architecture. As well as the possibility of achieving continuous delivery and integration, this gives us a highly flexible and scalable basis that enables rapid responses to new business requirements and facilitates external partner integration. Alongside the implementation of regulatory requirements, the focus of our development work is on digitisation and automation projects. To provide our business segments with stable and reliable IT services, we have our own IT centre infrastructure. In order to achieve a sustainable operating framework, we plan to make greater use of scalable solutions like cloud computing in future, in combination with our own systems. The increasingly international nature of our business is supported by a global IT approach. In our IT management, we place a special focus on the areas of governance and the regulatory framework. Consistent alignment of our IT to agile working, in combination with our high level of expertise as operator and developer of our own systems, allows us to integrate strict regulatory requirements into our systems and business processes without delay. An information security unit operating independently of IT ensures the necessary system protection.

The rendering of securities services for our clients necessitates a powerful securities handling system. From our *Transaction Services* unit, we provide our front office segments with handling processes tailored closely to their specific needs. We have made a conscious decision not to outsource handling to a third-party provider, but to provide this important service ourselves. We take care that our handling processes are not only robust and of the highest quality but also as efficient as possible. We rely on increasing automation to reduce our susceptibility to error, and to be able to offer our front office segments a platform for further growth and the progressing internationalisation of our business.

The *Balance Sheet/Reporting* department ensures that financial reporting regulations are duly applied and that reporting of our business activities to the supervisory authorities takes place in a timely and accurate manner. The *Taxes/ Affiliates* 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 the risks associated with banking that are independent of the market segments. For many years now, we have made sure not to consider the key risk indicators in isolation from how our business is otherwise developing. For this reason, Controlling has likewise been integrated into this unit to continuously provide the responsible staff and management with all relevant information required in this context. Central projects of the Bank are coordinated from a department set up for this purpose within the Bank Management unit. In this way, we can ensure the uniform management of projects and thus the efficient implementation of new requirements.

Employees

Employees on 31 December
Global Berenberg Group



In total, the number of employees in the Group decreased from 1,640 to 1,474 at 15 locations around the globe. Most of the staff number adjustments were made back at the end of 2018, which became affective in the reporting year. In the medium term, we plan to increase the number of employees again.

Significant efforts were undertaken in the reporting year to hire junior professionals. For example, two additional junior professional programmes were set up. In addition to the existing International Graduate Programme with a capital markets focus, Berenberg now also offers the Global Tech Graduate Programme with a focus on IT. While based in London, both programmes are designed for the European locations and last 15 months. The corresponding programme in New York is the 12-month Capital Markets Analyst Program, also recently established. All three entry programmes offer graduates or analysts the opportunity to rotate through different departments to get to know all aspects of the Bank and gain diverse experience at our different locations. For the current reporting year, the three programmes were advertised at 54 universities in 12 different countries. Thirty-eight persons were selected from 4,500 applicants in total. There are currently a total of 32 dual-track students and apprentices completing their studies or training in Hamburg. In addition, we are using our global student retention programme, FutureTalent@Berenberg, to stay in touch with talented junior professionals and target them with employment options at the Bank.

Our Learning & Development Calendar offers Lunch & Learn seminars/trainings alongside traditional lectures. These brief events are no longer than two hours and can thus be easily integrated into the working day.

We wish to thank our employees sincerely for their commitment and huge contribution. We also want to extend our gratitude to the members of the Works Council and of the JAV (Youth and Trainee Council) for a trusting and constructive working relationship.

Risk report

We continued diligently with our cautious and defensive risk strategy in the reporting period. Our deliberate focus on less risky, service-orientated business divisions once again proved its value. Our risk culture is characterised by an extremely conservative risk appetite, and is defined by management once a year as part of the strategy and planning process. Risks are assumed only to an appropriate extent that ensures the Bank's ability to continue as a going concern in the long term. This approach forms the basis for our risk management, including the setting of risk limits.

As in previous years, the Bank's liquidity situation remained very comfortable throughout 2019. We invest our deposit surplus 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. At no time has the Bank conducted proprietary investments in securitised credit structures or similar.

Our risk management process is characterised by its strategic focus on service-based business divisions, combined with the use of contemporary risk measurement methods ideally suited to our corporate structure. The main risk types that we analyse in our risk management processes are counterparty, market price, operational and liquidity risk. Reputational risks are evaluated as part of the management of operational risk. We also take into account the possibility of a fall in earnings (adverse scenarios; conservative definition of risk cover).

Our early switch to the regulations in the risk-bearing capacity guidelines (internal capital adequacy assessment process, or ICAAP), published in May 2018 by the supervisory authority, paid off in the reporting year. Our standard processes for risk controlling now incorporate the merger of capital planning, profit and loss planning and risk-bearing capacity, as well as an approach that considers a normative perspective and an economic perspective in unison. In this way we can ensure that the two objectives of »the institution's continued existence« and »protection of creditors« can be safeguarded. Both perspectives are based on the fundamental principle of calculating risk-bearing capacity, which involves comparing detected risks with the available risk cover.

The *normative perspective* is based on regulatory requirements, especially with regard to the institution's equity capital. Different scenarios are analysed as part of three-year integrated capital planning. On the one hand, we look at the baseline scenario, which considers business developments in normal economic framework conditions. On the other, we examine an adverse scenario that assumes a severe economic downturn lasting much longer than a year. This scenario is based on extensive macroeconomic and institution-specific assumptions. The scenario is not only simulated in isolation for individual parameters. On the contrary, the adverse scenario constitutes an integrated stress test as defined by MaRisk AT 4.3.3 with an impact on all relevant parameters. It also comprises management control measures to counteract the crisis. The results show that the Bank could comfortably address even such an extreme scenario, using its own assets and earnings power.

For the *economic perspective*, the economic capital is calculated at close to present value. The basis is provided by 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 of the business divisions for the above risk types on the basis of the value-at-risk (VaR) principle. VaR represents the upper loss ceiling for a given probability level. Risk is quantified using our established present value model calculations at an extremely high confidence level of 99.9% and with a risk horizon of one year. In principle, the VaR procedures reflect the potential losses on the basis of normal market conditions. To gain a more extreme perspective on the risk situation, we supplement risk evaluations with appropriate historical and hypothetical stress tests.

Our regular comparisons between risk and risk cover are based on these two different methods of assessing the risk position. Risk-mitigating diversification effects across the various risk types are consciously ignored by aggregating the covering amounts for the various categories of risk conservatively.

In the course of monthly and quarterly analyses carried out in parallel, we compare the results of various stress scenarios specific to risk types, as well as general stress scenarios, with the available economic capital. The results cannot exceed the capital. We also perform ad hoc stress tests as and when required. As an inverse stress test, we define additional scenarios that would tie up all of the available economic capital if they were to occur.

Not all of the economic capital available to the Bank in the past financial year was used by the business divisions. This highlights the commercial prudence built into the Bank's risk management process, and reflects the appropriateness of the relationship between the opportunities arising from business activities and the risks assumed with regard to overall profit or loss. Our overall bank management provides for the business divisions to take on risk only if it is commensurate with the potential rewards.

Management has overall responsibility for the risk management process and defines the general conditions for managing the various risk types. The Risk Controlling unit acts independently of the various front offices in organisational terms, in accordance with the Minimum Requirements for Risk Management (MaRisk) for banks and financial services institutions. This unit works closely with other organisational units to ensure a constant and timely flow of information to the Bank's management and Advisory Board. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management. It carries out a risk inventory at regular intervals and compares the risk amounts of the various risk types with the available economic capital. As part of the risk management process, we ensure (in line with our strategy) that excessive concentrations of risk do not exist, either within or across risk classes.

In its risk management, Berenberg employs the classic model of three lines of defence. In the first line of defence, the operational managers in the Bank's various units are risk owners with responsibility and accountability for assessing, managing and mitigating risk. This includes the implementation and monitoring of organisational hedging operations and control activities anchored in the processes.

In 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 management.

The third line of defence consists of the Bank's independent Internal Audit department, which employs a risk-orientated approach to evaluate how effectively the Bank controls its risks and how well the first and second lines of defence perform their tasks.

The effects of the current coronavirus pandemic are continuously analysed by management, our risk-controlling and the crisis-management team. The implementation of management measures is closely monitored. We carry out ad hoc analyses against the background of volatility in the financial and capital markets. The results so far show that the Bank's position in the ICAAP is extremely robust from both a normative and an economic perspective. The available buffers in the risk-cover funds are also sufficient from a current perspective to absorb the effects of the crisis on the Bank. The previous stress tests cover the current scenario, but will be supplemented and adjusted as necessary to reflect the current situation.

A back-office unit organisationally independent of the front office monitors exposure to *counterparty risk* using a wide-ranging limit structure. A range of targeted risk controlling analyses supports the management of default risk at the overall portfolio level.

Market price risk arises both from short-term positions in the trading book and strategic positions in the liquidity reserve. It is closely monitored by Risk Controlling. Interest rate risk in the banking book (IRRBB) rounds off the risk profile.

Risk Controlling also uses advanced methodologies to quantify *operational risk*, the extent of which is limited by a comprehensive set of rules and contingency plans.

Treasury is responsible for the management of *liquidity risk* together with the Money Market department. Risk Controlling is included in monitoring and validates the results.

An overall calculation is performed on a monthly basis to track the profit and loss of the business divisions, taking into account the risks assumed. The Risk Controlling unit provides management with a management information system that meets the needs of users and enables them to analyse earnings and risks at different aggregation levels, using risk-adjusted indicators, among other things.

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 regularly provide information to the Risk Monitoring Committee set up by the Bank's Advisory Board, which holds three scheduled meetings each year.

The principles of our risk management strategy are recorded in a written risk strategy paper, which is available to all employees.

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

Outlook

Banks continue to operate in a difficult environment. Not only must they cope with constantly changing regulatory requirements and historically low or even negative interest rates, but they also have to overcome the challenges of digitisation. Added to this is the current situation caused by the coronavirus pandemic, which is leading to major disruptions. Berenberg will continue to make every effort to recognise challenges in a timely manner and address them proactively. As a medium-sized bank, we are very well equipped in this respect, while maintaining the flexibility to react quickly. Therefore, in recent years we have repeatedly adjusted our business model to meet the respective requirements and to expand Berenberg into an advisory firm with international operations.

Beyond Hamburg, we have become established at the major financial hubs. At year-end 2019, we had 381 employees in London and had prepared ourselves for the impact of Brexit. On the whole, we expect this location to create more advantages than disadvantages in the years ahead. We are convinced that London will remain a very important financial location even after Brexit, and we have a strong foothold with our branch. We are in constant correspondence with the UK supervisory authorities. As a bank headquartered in the EU, we also fulfil all requirements to be able to continue offering our services in our targeted business area. We will continue to expand our New York location and our equity research desk to cover US stocks, thus adding increasing regional diversification to the business model established in Europe. Thanks to our advisory services aligned to client requirements, we have been able to acquire numerous new clients in recent years. We benefited from the ongoing consolidation process in the sector to win market share.

We are thus optimistic about the future and plan to carry on expanding our business and growing our core markets of Germany, the UK, continental Europe and the US in 2020. We wish to remain the preferred partner for existing clients, and we consider ourselves to be in an excellent position to constantly win new clients and increase our market share. We will retain our proven, diversified business model with our Wealth and Asset Management, Investment Bank and Corporate Banking business divisions. In Wealth Management, we focus on providing services for sophisticated asset structures. This division dovetails very closely with Asset

Management in order to offer our clients an even broader range of excellent products. The outstanding equities expertise in the Bank will also be leveraged for this purpose. In securities trading, we are planning to further increase our market share and also achieve in other markets the top ranking in the capital markets business that we have in Germany. In Corporate Banking, we will use innovative products to reinforce and build on our strong market position. As diverse as the divisions are, they are all united by our determination to provide clients with top-quality, objective advice, the best possible service and excellent execution. We will continue to focus on our service offering and pursue very conservative risk management.

Berenberg will concentrate on the 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 with a view to concentrating fully on our clients' needs. Besides expanding our front office units, we will also constantly adapt our internal structures. We will focus closely on our in-house IT, which has state-of-the-art equipment and deploys modern organisational structures to provide the necessary flexibility. Furthermore, strong regulatory functions are important to us. These primarily include Compliance, Internal Audit and Risk Controlling. No specific risks were known at the reporting date that go beyond the risks managed 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 have an excellent position in the market and that the hard work of our dedicated and skilled workforce will enable us to generate solid earnings again in 2020 despite the current economic situation caused by the coronavirus pandemic. We still consider our conservatively calculated planned profit for 2020 to be realistic even if the current market situation caused by coronavirus continues. Because of regulation, low interest rates and increasing pressure to invest due to advancing digitisation, we expect that the industry will continue to experience severe pressure to consolidate. We consider ourselves to be very well prepared, with a robust business model, and we want to use this phase to win further market share. In doing so, we will keep an especially sharp focus on structuring our processes to be as efficient and cost-effective as possible.

Wealth Management

We expect the innovative structure of the division to result in above-average growth compared to the market. Further investments in personnel, technology and processes, as well as automation, will help us to convince even more clients of the benefits of professional portfolio management. At the same time, we will increase integration with other business areas, in order to make the Berenberg platform even more useful for our wealth management clients through innovative product and advisory solutions. As regards digitisation, we will continue to analyse very closely which new developments can generate added value for our clients, either directly or indirectly, and which sources of positioning or income can be integrated in our business model.

Asset Management

Asset Management's growth trajectory is set to continue. Our focus will continue to be on quality, demonstrated through competent investment specialists, processes that are second to none and our technical infrastructure. We will broaden our marketing activities and supplement them with incisive public appearances and commentaries using various communication channels. We will also step up our international sales activities and collaborations.

The *Equities team* aims to continue its strong development seen in 2019 and win clients by launching new products in a strategic way. Our objective in the field of *multi-asset products* is to sustainably implement the more stringent investment process introduced in 2018. We want to be even more strongly linked to transparency and verifiability, as well as to incisiveness and decisive action in this area, even if this runs counter to prevailing trends. The newly created *Investment & Risk Management Solutions* unit will make use of selected consulting services to provide individual, end-to-end advice to large institutional investors. Last but not least, we will also focus more on the possibilities offered by new technologies like artificial intelligence and big data.

Investment Bank

Following discussions with all our major clients on anticipated payment levels in 2020, we look forward to another year of market share growth. We expect to maintain our leading position for IPOs and capital increases in the German-speaking region and we intend to build on our successes in the UK and in other parts of continental Europe. We also expect our US equity capital markets business to make further progress in 2020.

We anticipate a more substantial contribution from low-touch trading following our recent investments in this area. We expect our fixed income and FX businesses to make a positive contribution to net income in 2020. We are making the necessary adjustments to our business in preparation for the UK exiting the European Union. In our view, Brexit will have no material impact on our business.

Corporate Banking

In 2019, we increased the volume of cash invested in credit funds and managed accounts through the Structured Finance, Infrastructure & Energy and Shipping departments to almost €2 billion. This makes us very optimistic that we can continue with this rapid expansion. More and more institutional investors, as well as large family offices, are entrusting their money to us for lending, or are using us to carry out administrative tasks in the case of illiquid alternative assets. Although we still think there are sufficient possibilities for us in the GSA region, growth is enhancing the international nature of our business, which in turn has a positive impact on our long-term growth. The current interest rate environment makes the asset class we have developed particularly interesting. Our corporate advisors are receiving modern systems to meet even complex requirements quickly and reliably, in order to assist a growing number of clients. This gives us cause for great optimism for 2020.

ANNUAL FINANCIAL STATEMENTS
(EXCERPTS)

Balance sheet as at 31 December 2019

Assets €		2019	2018
Cash reserve			
Cash on hand		2,124,269	2,359,450
Balances with central banks		655,081,418	975,527,481
	1)	**657,205,687**	977,886,931
Receivables from banks			
Payable on demand		183,686,655	374,210,610
Other receivables		159,919,846	346,350,033
		343,606,501	720,560,643
Receivables from customers	2)	**1,175,443,284**	1,097,095,804
Bonds and other fixed-income securities			
Bonds and debentures			
– of public-sector issuers	3)	787,147,940	533,958,707
– of other issuers	4)	1,914,861,088	1,131,246,080
		2,702,009,028	1,665,204,787
Shares and other variable-yield securities		**52,702,952**	45,943,601
Trading portfolio		**23,866,942**	61,669,176
Participating interests	5)	**841,227**	818,845
Shares in affiliated companies		**40,736,970**	25,931,936
Trust assets		**3,661,893**	5,540,775
Intangible assets			
Purchased franchises, industrial property rights and similar rights, and licences to such rights		**5,150,480**	4,111,982
Tangible fixed assets		**15,521,881**	18,823,330
Other assets		**28,346,315**	60,435,353
Prepaid expenses		**8,463,040**	7,530,626
Excess of plan assets over pension liabilities		**1,459,972**	1,164,654
Total assets		**5,059,016,172**	4,692,718,443

1) thereof: with Deutsche Bundesbank €654,686,533
2) thereof: municipal loans €125,283,110
3) thereof: eligible as collateral with Deutsche Bundesbank €786,873,952
4) thereof: eligible as collateral with Deutsche Bundesbank €1,855,641,962
5) thereof: in banks €528,179

Equity and liabilities €		2019	2018
Liabilities to banks			
Payable on demand		232,761,114	241,115,652
With agreed term or notice period		37,786,778	46,685,582
		270,547,892	287,801,234
Liabilities to customers			
Savings deposits			
– with agreed notice period of three months		250,370	264,989
– with agreed notice period of more than three months		15,300	14,672
Other liabilities			
– payable on demand		3,447,040,152	3,299,508,154
– with agreed term or notice period		815,462,956	624,663,512
		4,262,768,778	3,924,451,327
Trading portfolio		**575,931**	0
Trust liabilities		**3,661,893**	5,540,775
Other liabilities		**29,831,304**	30,604,690
Deferred income		**152,960**	144,337
Provisions			
Provisions for pensions and similar obligations		28,846,628	26,875,162
Provisions for taxes		500,000	1,953,584
Other provisions		89,110,084	77,278,736
		118,456,712	106,107,482
Subordinated liabilities		**60,000,000**	65,000,000
Fund for general banking risks	[1]	**13,100,000**	13,100,000
Equity			
Subscribed capital		150,000,000	150,000,000
Retained earnings		89,404,633	86,704,633
Net profit for the year		60,516,069	23,263,965
		299,920,702	259,968,598
Total equity and liabilities		**5,059,016,172**	4,692,718,443
Contingent liabilities			
Liabilities under sureties and guarantee agreements		**66,977,227**	50,491,254
Other commitments			
Irrevocable loan commitments		**233,826,889**	172,835,542

[1] thereof: special item compliant with Section 340g HGB in conjunction with Section 340e (4) HGB €13,100,000

Income statement
for the period from 1 January to 31 December 2019

Expenses €		2019	2018
Interest expenses		**30,883,681**	32,331,979
Commission expenses		**63,610,382**	54,636,069
General administration expenses			
Personnel expenses			
– Wages and salaries		185,804,064	197,409,950
– Social security charges and expenses for pensions and similar benefits	1)	27,103,228	28,608,952
Other administrative expenses		124,265,725	136,887,891
		337,173,017	362,906,793
Depreciation of tangible fixed assets and amortisation of intangible assets		**8,385,550**	8,779,220
Other operating expenses	2)	**11,035,789**	5,052,021
Write-downs of and valuation allowances on receivables and certain securities and additions to loan loss provisions		**24,395,694**	21,988,342
Write-downs of and valuation allowances on participating interests, on shares in affiliated companies and securities classified as fixed assets		**0**	1,347,232
Taxes on income		**6,934,901**	−147,010
Other taxes where not shown under Other operating expenses		**257,177**	158,239
Net profit for the year		**60,516,069**	23,263,965
Total expenses		**543,192,260**	510,316,850

1) thereof: for pensions €8,165,711
2) thereof: for compoundings €1,345,904

Income

€	2019	2018
Interest income from		
– credit and money market activities	80,820,154	68,951,445
– fixed-income securities and debt register claims	13,379,861	11,899,547
	94,200,015	80,850,992
Current income from		
– shares and other variable-yield securities	15,814	500,320
– participating interests	45,594	0
– shares in affiliated companies	0	4,043,430
	61,408	4,543,750
Commission income	**419,152,967**	333,596,000
Net income from trading portfolio [1)]	**15,649,947**	18,878,365
Income from write-ups of investments, shares in affiliated companies and securities presented as non-current assets	**5,305,034**	0
Other operating income	**8,822,889**	72,447,743
Total income	**543,192,260**	510,316,850

Notes to the financial statements as at 31 December 2019 (excerpts)

General information

The annual financial statements for the year ended 31 December 2019 have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the accounting regulations for banks. Unless stated otherwise, figures for the previous year are shown in parentheses.

Accounting policies

The existing accounting policies were applied without change in the reporting period.

As a general rule, receivables from customers and banks were recognised at nominal value or cost, with accrued interest taken into account for corresponding balance sheet items. Deferred income items have been set up for discounts on loans and on purchased receivables.

All identifiable credit and country risks in the portfolio of receivables were taken into account through the recognition of specific valuation allowances and provisions. General valuation allowances, as well as lump-sum valuation allowances in Luxembourg, have been set up to cover latent credit risk. The value adjustments were deducted from the receivables or added to provisions.

Securities in the liquidity reserve were measured strictly at the lower of cost or market or in consideration of hedges. These hedges are shown on the balance sheet based on the net hedge presentation method, whereby the offsetting changes in value from the hedged risk (effective portion) are not shown on the balance sheet. An overall unrealised gain arising within the hedge was not taken into account. In contrast, if the ineffective portion of the changes in the value of the underlying and hedging transactions from the hedged risk corresponds to a loss, a corresponding provision is recognised.

The prospective effectiveness assessment, as well as the retroactive determination of the effectiveness of the hedge, was carried out by comparing the contractual conditions, since the contractual terms of the underlying and hedging instrument offset each other.

Borrowed and/or lent securities from securities lending transactions and the associated retransfer obligations and/or retransfer claims were reported in the balance sheet.

Financial instruments held for trading purposes are marked to market less a risk discount. The risk discount is determined on the basis of the Bank's internal management system using actuarial methods. The value at risk is determined for a holding period of ten 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 in the calculation with exponential weighting. The risk discount is calculated and disclosed separately for each portfolio. The risk premium is recognised up to the amount of the write-up.

Shares in affiliated companies and participating interests are recognised at cost less operationally necessary write-downs.

Tangible fixed assets and purchased intangible assets were accounted for at their amortised cost. Accordingly, they were depreciated or amortised proportionately on a straight-line basis over their expected useful life, which is based on the useful life for tax purposes. Assets costing up to €250 are written off in full in the year of acquisition. Low-value assets costing between €250 and €1,000 are grouped together in a collective item and depreciated on a straight-line basis. They are shown in the statement of changes in fixed assets as additions and included in the amount disclosed for depreciation in the 2019 financial year. The option to account for internally generated intangible assets as fixed assets was not exercised.

Other assets, including option contracts, were recognised at the lower of cost or fair value. Generally, option premiums received and paid are not transferred to the income statement until the options expire or are exercised.

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

Provisions for pensions are calculated in the amount of the obligation at cash value on the basis of the biometric data included in the 2018G standard tables prepared by Heubeck-Richttafeln GmbH. An interest rate of 2.71%, a rate of increase of 2.5% in future compensation, an increase in pension benefits of 1.8% and an industry-specific standard fluctuation are applied. Appropriations to pension provisions are presented in other operating expenses and personnel expenses. Assets used to settle pension obligations are netted against corresponding obligations. The difference between the amount of the pension provisions recognised based on a flat market rate from the past ten financial years and the amount of the provisions recognised based on a flat interest rate from the past seven financial years amounted to €5.5 million on the balance sheet date.

Provisions have been recognised taking account of all identifiable risks and uncertain obligations, including those arising from off-balance-sheet transactions, in accordance with the principles of prudent business judgement.

Provisions with a remaining term of more than one year are discounted using the average market rate of the past seven years appropriate for their remaining maturity (Section 253 (2) sentence 1, German Commercial Code (HGB)). As provided for in the Regulation on the Discounting of Provisions (RückAbzinsV), the interest rates used for discounting tally with the monthly interest rates published by Deutsche Bundesbank.

The equity items were recognised at par value (Section 272 (1) HGB).

In accordance with Section 256a HGB in conjunction with Section 340h HGB, assets and liabilities denominated in foreign currency were translated into euros at the reference rate of the European Central Bank prevailing at the balance sheet date.

Gains on currency and securities transactions involving customers are reported in net commission income. The price gains on customer-related trading activities are also reflected in net commission income. Consequently, deviating from the regulatory trading book, the securities transactions conducted on behalf of customers are carried under bonds and other fixed-income securities and under shares and other variable-yield securities.

Negative interest from lending operations and positive interest from deposit banking were recognised as a reduction of interest income and/or interest expenses.

We made use of the option to net expenses and income for the presentation of risk provisions in the income statement.

Derivatives are measured using hedge accounting.

Currency forwards are measured across the board using the forward rate applicable at the reporting date for all transactions. The results in the respective currencies are offset. Any remaining loss is to be presented under other liabilities. An offsetting item was set up on the assets side of the balance sheet under other assets for any remaining gain from specially covered transactions.

Transactions renewed at old prices as well as hedging transactions for forwards completed early are measured separately. Open positions are measured separately as of the end of the year. In addition, securities clearing gives rise to foreign exchange positions for the period between client billing and completion of the transaction if the client is billed in euros but the transaction is completed in foreign currency. These positions are likewise measured separately as of the end of the year. Open currency items are measured using an option pricing model. In the event of unrealised losses, the premiums recognised are written down accordingly.

Loss-free valuation of the interest 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 funding structure is taken into account consistent with internal management in the process.

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 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 set up.

Notes to the balance sheet

Receivables from/liabilities to banks/customers

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	
	2019	2018	2019	2018	2019	2018	2019	2018
Receivables								
from banks	32,389	159,611	88,784*	110,596*	38,747*	76,143*	0	0
from customers	712,519	704,343	163,735	118,913	206,789*	213,387*	92,402	60,453
of which with no fixed maturity	609,162	607,522						
Liabilities								
to banks	35,116	43,636	2,670	3,050	0	0	0	0
to customers	763,445	593,529	52,018	31,134	0	0	0	0
Savings deposits	250	265	0	0	15	14	0	0

* This relates primarily to 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 swaps or other interest rate hedges (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	
	2019	2018	2019	2018
Receivables				
Banks	0	0	6,945	3,642
Customers	0	10,050	0	0
Liabilities				
Banks	0	0	178,212	185,926
Customers	7,940	6,405	6,709	13,737

Bonds and other fixed-income securities

This item broke down into securities from €'000	public sector issuers	other issuers	Total
2019	787,148	1,914,861	2,702,009
due in 2020	340,833	535,082	875,915
2018	533,959	1,131,246	1,665,205

Debt securities from public-sector issuers primarily included bonds issued by German states and/or with a guarantee at the federal and/or state level, as well as European government bonds.

The following table shows the breakdown of bonds of other issuers:

€’000	2019	2018
German Pfandbriefs	427,895	87,485
European covered bonds	436,954	408,579
Bonds with government guarantee	1,044,058	635,175
Other	5,954	7
Total	1,914,861	1,131,246

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

The average remaining maturity of all bonds is 1.9 years. Interest rate risk is normally limited to 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).

Valuation units

Fixed-income securities in the amount of €1,535.3 million (€810.0 million), as well as promissory note loans in the amount of €38.3 million (€102.3 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. The prospective effectiveness assessment, as well as the retroactive determination of the effectiveness of the hedge, was carried out by comparing the contractual conditions, since the contractual terms of the underlying and hedging instrument offset each other. All risk of changes in value, interest and cash flow is secured for the entire term.

Shares and other variable-yield securities

This item contains shares in investment funds of €0.5 million (€0.6 million) used as investments as part of the liquidity reserve.

Marketable and listed securities

As in the previous year, bonds and other fixed-income securities were listed. All shares were publicly quoted. €0.5 million of the participating interests are marketable. The remaining participating interests and shares in affiliated companies are not marketable.

Trading portfolio

€'000	2019	2018
Assets		
Bonds and other fixed-income securities	22,222	57,772
Shares and other variable-yield securities	1,056	3,897
Derivatives	589	0
Total	23,867	61,669

Financial instruments held for trading purposes are marked to market less a risk discount. The total risk discount amounted to €0.7 million (€0.1 million).

Trust assets

€3.7 million (€5.5 million) in trust assets and the corresponding trust liabilities relate to other trust assets (under receivables from customers) or other trust liabilities (under liabilities to customers). These relate to pension obligations of customers that are held in trust. The decline in trust assets or trust liabilities is attributable to the settlement of a transaction from the financial year 2018.

Statement of changes in fixed assets

€'000	Historical acquisition cost				Cumulative depreciation, amortisation and write-downs				Residual book value	
	Balance 31/12/2018	Additions 2019	Disposals 2019	Balance 31/12/2019	Balance 31/12/2018	Additions 2019	Disposals 2019	Balance 31/12/2019	2019	2018
Participating interests	819	22	0	841	0	0	0	0	841	819
Shares in affiliated companies	33,300	9,500	0	42,800	7,368	0	5,305	2,063	40,737	25,932
Furniture and office equipment	68,636	2,120	365	70,391	49,813	5,326	270	54,869	15,522	18,823
Intangible assets	31,182	4,097	0	35,279	27,070	3,059	0	30,129	5,150	4,112
Total	133,937	15,739	365	149,311	84,251	8,385	5,575	87,061	62,250	49,686

Other assets

This item included receivables from shareholders amounting to €11.5 million (€15.8 million) and from closed forward exchange and currency option contracts which, due to the special coverage, resulted in an asset-side balancing item of €3.6 million (€13.7 million). In addition, there were tax refund claims in the amount of €7.4 million (€13.3 million), as well as distributions from participating interests in the amount of €0.6 million (€4.0 million).

Deferred taxes

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 16.37%.

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

Long-term financial assets that are barred from access by all other creditors and serve exclusively to settle liabilities arising under post-employment benefit obligations were measured at fair value and netted with provisions for pensions and similar obligations in accordance with Section 246 (2) sentence 2 HGB. The associated expenses and income from accrued interest and from assets to be netted are handled accordingly. If the fair value of assets (plan assets) exceeds the amount of liabilities, the excess is to be shown separately in the balance sheet as the excess of plan assets over pension liabilities.

€'000	Acquisition cost of securities		Fair value		Amount payable provisions	
	2019	2018	2019	2018	2019	2018
Provisions for pensions and similar obligations	20,119	18,456	20,119	18,454	18,829	17,366
Other provisions (semi-retirement)	3,060	2,550	3,060	2,551	2,890	2,474

€'000	Other operating expenses		Interest income		Fair value measurement	
	2019	2018	2019	2018	2019	2018
Provisions for pensions and similar obligations	511	557	0	0	0	0
Other provisions (semi-retirement)	65	64	0	0	0	1

In accordance with Section 246 (2) sentence 2 HGB, the other operating expenses arising from unwinding the discount must be netted with the gains on the measurement of securities which are part of the plan assets. Neither in the reporting year nor in the previous year were there any netting transactions 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 of €1.2 million (€1.1 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 of €1.5 million (€1.2 million).

Other liabilities

This item essentially included liabilities from accounts payable by trade debtors in the amount of €7.1 million (€7.2 million) and commitments to the local tax office in the amount of €9.8 million (€3.2 million). Impending losses for forward exchange deals were incurred as a result of losses from closed positions and extensions based on the original price in the amount of €2.1 million (€2.0 million), as well as from structured foreign currency transactions of €1.3 million (€5.2 million). In the previous year, the item contained liabilities from personnel costs of €4.6 million that were settled in 2019.

Other provisions

This item included provisions from the ineffective portion of hedges of 13% (18%) and, to a large extent, provisions for personnel costs of 67% (69%).

Subordinated liabilities

Expenses included interest in the amount of €2.9 million (€3.8 million), €1.6 million (€1.9 million) of which is accrued and shown under other liabilities. The following table shows the breakdown of the subordinated liabilities totalling €60.0 million:

€'000	%	Due date
10,000	6.000	03/01/2020
10,000	6.000	30/01/2020
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

The terms correspond to Article 63 CRR. There is no right to demand early repayment.

Fund for general banking risks

The line item fund for general banking risks in the amount of €13.1 million (€13.1 million) was recognised in accordance with Section 340e (4) HGB in conjunction with Section 340g HGB.

Additional notes to the balance sheet

Various securities have been deposited with other banks as security deposits for Eurex and lending trades. There were no open-market positions at year-end.

Assets in the amount of €259.6 million (€298.1 million) and liabilities in the amount of €2,165.5 million (€1,914.4 million) were denominated in foreign currency.

Contingent liabilities

Liabilities arising from sureties and guarantees include bills of exchange guarantees in the amount of €56.4 million (€38.5 million) and documentary credits in the amount of €10.5 million (€12.0 million).

During the course of the annual screening of the lending portfolio carried out as part of the Bank's credit risk management, the guarantees for bills of exchange and documentary credits that have been issued were examined for potential default risk. The share of the average enforcement under guarantees in the past three financial years was immaterial. As a result, the likelihood that the amounts will be enforced is considered to be low.

Other commitments

The other commitments consisted exclusively of irrevocable loan commitments totalling €233.8 million (€172.8 million).

Notes to the income statement

Negative interest expenses and income

Interest expenses included negative interest netted in the amount of €4.1 million (€4.2 million). Interest income included negative interest in the amount of €1.5 million (€1.3 million).

Breakdown of income by geographic segment

Interest income, current income from shares and other variable-yield securities, participating interests and shares in affiliated companies, commission income, net income from the trading portfolio and other operating income shown in the income statement break down into 90% (89%) generated in Germany and 10% (11%) generated abroad.

Commission income

We provided services to our customers particularly in the management and brokerage of securities transactions and in international documentary business. Income of €260.9 million (€210.4 million) from commission-earning business, €34.0 million (€31.9 million) from research activities, and €59.7 million (€39.1 million) from fund management was generated from the management and brokerage of securities transactions.

Other disclosures

Other financial commitments

There is a proportionate contingent liability to satisfy the obligation of other partners – members of the Bundesverband deutscher Banken e.V. – to make additional contributions.

For the next three financial years, there are financial commitments from rental, maintenance and other lease agreements in the annual amount of €37.6 million (€44.1 million), 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, currency warrants and structured products (foreign currency transactions);
- 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 warrants.

Customer 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).

The following table shows the derivative financial instruments outstanding at the reporting date:

€'000	Volume		Positive market values		Negative market values	
	2019	2018	2019	2018	2019	2018
Forward exchange transactions	19,718,595	25,377,048	96,958	78,451	88,749	74,473
Swaps	1,912,326	1,465,951	3,220	4,583	14,240	12,008
Caps/floors	561,004	788,850	234	287	234	287
Securities futures	915,736	1,404,054	2,446	8,385	2,024	5,360
Securities options	819,212	3,772,539	60,957	437,907	112,857	452,341
Other	51,920	1,938	7,012	118	3,362	124
Total	23,978,793	32,810,380	170,827	529,731	221,466	544,593

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

The Bank assesses the potential market risk for trades involving interest rates and trades involving equity and/or currency risk in its trading book based on the standard method in accordance with the CRR. This gave rise to a capital adequacy requirement of €12.4 million (€16.1 million).

The following table shows the breakdown of the capital adequacy requirement:

Market risks	Capital adequacy requirement	
€'000	2019	2018
Standard method		
Net equity positions	8,104	8,470
Net interest positions	3,037	6,182
Overall currency position	1,303	1,469
Total	12,444	16,121

Board of Management

The Board of Management comprised the following managing partners in 2019:

Dr Hans-Walter Peters, Banker (Spokesman)
Hendrik Riehmer, Banker

Shareholders

30.4%	Berenberg family
26.1%	PetRie Beteiligungsgesellschaft mbH (Dr Hans-Walter Peters [Managing Director] and Hendrik Riehmer) and Dr Hans-Walter Peters
1.5%	Former managing partners
15.0%	Christian Erbprinz zu Fürstenberg
15.0%	Professor Dr Jan Philipp Reemtsma
12.0%	Compagnie du Bois Sauvage S. A.

Remuneration and loans

We have opted not to disclose the remuneration of the active and former managing partners or the provisions set aside for these individuals, because we consider the requirements cited in Section 286 (4) HGB to be fulfilled.

As in the previous year, no loans were granted to members of the Board of Management after taking account of the allocation of the profit available for distribution in 2019.

Appropriation of profit

The net profit of €60.5 million for the year is earmarked for distribution to the shareholders.

AUDITOR’S REPORT

The 2019 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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