BERENBERG

PARTNERSHIP SINCE 1590

2020

Report on the 431st Financial Year

Key performance indicators

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net profit for the year	€ million	56	60	66	40	104	161	90	23	61	108
Net commission income	€ million	178	206	234	244	321	254	343	279	356	416
Total assets	€ million	3,953	4,279	4,525	4,514	4,738	4,716	4,741	4,693	5,059	4,654
Equity	€ million	217	221	223	219	234	265	296	293	288	296
Receivables from clients/loans	€ million	531	794	642	750	1,013	934	929	1,097	1,175	1,048
Liabilities to clients/deposits	€ million	2,874	3,083	3,390	3,199	3,570	3,721	3,736	3,924	4,263	3,835
Return on equity (before taxes)	%	40.1	43.8	46.9	28.8	67.3	95.8	43.0	9.8	28.5	52.0
Cost-income ratio	%	75.9	76.5	78.1	85.7	72.2	63.9	72.7	88.9	79.9	70.9
Assets under management*	€ billion	24.4	25.7	27.5	32.9	35.7	36.3	37.0	36.7	40.7	41.3
Employees*		1,038	1,036	1,066	1,159	1,236	1,407	1,474	1,640	1,474	1,573

* Berenberg Group

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 431st Financial Year

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

Dear clients and business associates,

We will all remember the year 2020 as the year of the coronavirus pandemic. Hardly any of us had heard of »Covid«, »incidence rates« or »lockdown« at the beginning of the year, but these words are now part of our everyday speech. We are hopeful that the pandemic will soon be contained.

We brought two of the leading vaccine manufacturers, BioNTech and CureVac, to the NASDAQ New York Stock Exchange in 2019 and 2020 respectively. We organised a total of 67 capital market transactions in the reporting year, enabling the companies involved to raise capital of €14.8 billion. This helped us reinforce the market leadership in the German-speaking world that we have enjoyed for many years, and also reflects our very active international presence. We carried out 12 such transactions in the US alone.

Berenberg has consistently invested in talent. As a medium-sized Bank, we are reliant on excellent quality and exceptional service in order to remain successful in the face of competition. Accordingly, our 89 analysts in London and 27 analysts in New York evaluate 1,100 companies. We are currently establishing a further research team in Frankfurt. The team's expertise will directly benefit you, our clients.

The realignment of our Wealth and Asset Management is likewise proving very successful. For example, 17 of our 21 retail funds currently have a four-star or five-star rating from Morningstar. All of our portfolio management strategies have outperformed their benchmark.

Our credit funds enable us to offer investors strong returns in an environment characterised by low interest rates. Some of the funds are invested in renewable energies. We are one of the fastest-growing asset managers in Europe in this field.

These are just some examples of our varied activities, which led to our closing the financial year 2020 with the best operating result in our history. Net profit for the year rose from €60.5 million to €108.2 million, with return on equity increasing from 28.5% to 52.0% and the tier 1 capital ratio reaching the second-best figure in the history of the Bank at 13.5% (previous year 12.4%).

We increased the number of staff from 1,474 to 1,573. All of these Berenberg employees will continue to stand by your side as responsible and reliable partners going forward.

After 26 years of active service to the Bank, the previous spokesman for the personally liable partners, Dr Hans-Walter Peters, was appointed Chairman of the Advisory Board at the end of the financial year. We are very pleased that Dr Peters will continue to contribute his wealth of experience and his network to the further development of the Bank.

We would like to thank you for the trust you have placed in us, and look forward to serving you in the year ahead.

Hendrik Riehmer | David Mortlock | Christian Kühn

EXECUTIVES

Managing Partners

Hendrik Riehmer

David Mortlock

Christian Kühn

Advisory Board

Dr Hans-Walter Peters, Chairman
Former Managing Partner and Spokesman of
Joh. Berenberg, Gossler & Co. KG, Hamburg

John v. Berenberg-Consbruch
Berlin

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

Helge F. Kolaschnik
Kolaschnik Partner Rechtsanwälte PartGmbB, Hamburg

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

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

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

Extended Management Board

Tobias Bittrich

Managing Directors

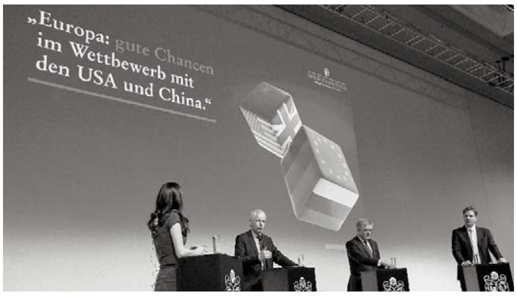
Lars Andersen
Matthias Born
Stewart Cook
Lars Fuhrken
Ludger Hoppe
Laura Janssens
Dr Alexander von Kuhlberg
Dr Mickey Levy
Ivonn Marquardt
Professor Dr Bernd Meyer
Klaus Naeve
Peter Nichols
Dennis Paschke
Dr Holger Schmieding
Lars Schwartau
Uwe Schwedewsky
Johannes Sommer
Philipp Wiechmann
Hans Wöll
Ken Zipse

As at: 1 January 2021

2020 IN REVIEW

January

Berenberg promotes its successful investment funds with a **major advertising campaign**. Over the course of the year, around 200 large-format ads appear in well-known magazines, newspapers and online media.



Ben van Skyhawk

At the **Funds Congress in Mannheim**, the annual highlight of the funds industry, more than 6,000 visitors meet more than 200 exhibitors. With a presentation to a full house in the main lecture theatre and with its own stand, Berenberg once again shows a strong presence.

February

At the beginning of the year, our economists and investment strategists provide an outlook on the capital markets at **numerous client events**. Clients and business partners join us in Berlin, Brunswick, Bremen, Düsseldorf, Frankfurt, Hamburg, Munich, Münster and Stuttgart, as well as internationally in Athens, London and Monte Carlo.

Bertold Fabricius

Around 400 guests attend the presentation of the **Berenberg Culture Prize** in Hamburg's Elbphilharmonie. The €10,000 prize is awarded to the clarinettist Roman Gerber. The Berenberg Bank Foundation of 1990 has been supporting young cultural talent for 30 years.

March

For the first time, the **Berenberg European Opportunities Conference** takes place in London. Over three days, the management of 33 companies from Benelux, the German-speaking countries and Scandinavia come together. This is our last conventional face-to-face event this year.

The coronavirus is becoming a global challenge. Berenberg moves into the virtual space early on. The **Berenberg Design Conference** in the USA kicks off with half of the presenting companies and many of the 85 investors connected digitally. During the course of the year, 80% of our employees take up the offer of mobile working at times. Business events are held as Web conferences. Our social highlights, such as concerts, international golf tournaments, and polo on Sylt, have to be cancelled.

Berenberg is named **Best Bank for Small Cap Equity Capital Markets** by the trade magazine GLOBAL CAPITAL for the third time in a row, and is also rated one of the three best ECM banks in the DACH region (Germany, Austria, Switzerland).

April

REFINITIV LIPPER FUND AWARDS
2020 WINNER EUROPE

The fund rating agency Refinitiv Lipper names the »Berenberg-1590-Aktien Mittelstand« fund, managed by Andreas Strobl, the best fund in the category »Equity German Small & Mid Cap« due to its outstanding performance over three years throughout Europe. The **Refinitiv Lipper Fund Awards** are among the most important awards in the financial sector.

Berenberg launches its **Wealth Management Portal app** allowing clients to manage their assets on the move.

In response to Covid-19, Berenberg launches a **weekly podcast »Schmiedings Blick«** in German. Chief Economist Dr Holger Schmieding and Klaus Naeve, Head of Wealth Management in Germany, discuss every Thursday the impact of the pandemic and other events on the economy.

May

The sixth annual **Berenberg Conference USA** is our first fully virtual flagship conference. During the three-day event 116 companies and more than 700 clients come together.

June

In cooperation with the Berlin-based fintech company Moonfare, Berenberg introduces a new **private equity platform** which gives private clients access to selected private equity funds and expert advice.

July

Three and a half years after the launch of the first **Berenberg credit fund** – the Ship Mortgage Fund I – the Corporate Banking division crosses the €2 billion threshold for assets under management. More than 100 institutional and private investors have invested in 10 Corporate Banking debt funds.

August

Berenberg receives **top marks as a responsible investor** in its first assessment according to the Principles for Responsible Investment supported by the United Nations (UN PRI). In the main category, ESG Strategy & Governance, the highest score of A+ is awarded. In the other six categories, Berenberg receives the second-highest grade, A.

September

Christian Kühn and David Mortlock become the 39^{th} and 40^{th} **personally liable partners** in the more than 430-year history of the private bank. The long-time »Berenbergers« know the company well and have successfully developed the business in recent years.

Four **Berenberg Europe equity funds** – Berenberg Eurozone Focus Fund, Berenberg European Focus Fund, Berenberg European Small Cap and Berenberg European Micro Cap – celebrate their third anniversary and receive several awards in the further course of the year.

The anniversary and the success are reason enough for a broad-based sales offensive with five video spots under the title »ON TRACK!«.

The ninth **Berenberg and Goldman Sachs German Corporate Conference** welcomes 172 companies listed on the MDAX, SDAX, TecDax and DAX and over 1,100 investors via video calls across three days. Just over 800 investors participate in nearly 1,300 meetings. 64 fireside chats are held and made accessible via live stream.

October

Thirty-six **young professionals** embark on their career at Berenberg in London in the International Graduate Programme and the Global Tech Graduate Programme respectively. Four students begin their dual studies in cooperation with HSBA, the Hamburg School of Business Administration.

Berenberg initiates its **sixth and seventh corporate credit fund** with a target volume of €100 million each.

The Real Estate division launches another **real estate special fund** focusing on the Hamburg metropolitan region with a target volume of around €350 million, €150 million of which has already been invested.

Our Wealth and Asset Management issues already its fourth ESG fund based on sustainability criteria, the **Berenberg Sustainable Euro Bonds**.

messbar

Berenberg is expanding the format of its weekly **German podcast »Schmiedings Blick«** into an Investor Special. On the second Thursday of every month, a fund manager joins in and addresses current questions about the impact of the pandemic on the capital markets.

November

Berenberg tops the winners' rostrum for the twelfth time in a row in the report **Die Elite der Vermögensverwalter** (HANDELSBLATT) – a testament to consistently excellent performance!

At the **Global Private Banking Awards**, Berenberg is named »Best Private Bank in Germany«. The prestigious award is presented by the Financial Times Group and its specialist magazines THE BANKER and PROFESSIONAL WEALTH MANAGEMENT for the twelfth time. Berenberg wins the title for the ninth time.

messbar

Fund rating agency MORNINGSTAR awards its highest rating, **five stars**, to four of Berenberg's equity funds just in time for their third anniversary. This puts these funds in the top 10% of their peer group. The fund rating agency SCOPE awards the same funds the **highest rating A**.

In this year's private banking test conducted by EURO magazine, Berenberg is named **Portfolio Management of the Year** for the best wealth management advisory services.

Berenberg Capital Markets hosts its first **US CEO Conference** exclusively for US corporate CEOs. Over 300 clients and 166 representatives from 60 companies participate in the virtual two-day conference.

December

Our 18th **Berenberg European Corporate Conference**, usually held at Pennyhill Park near London in the UK, is attended by 576 corporate representatives and over 1,300 institutional clients over four days, all participating virtually.

gürtlerbachmann

HANDELSBLATT honours Matthias Born (Equities Europe), Bernd Deeken (Equities Sustainability) and Andreas Strobl (Equities Germany) as **Germany's Top Fund Managers**.

Operations and underlying conditions

Profile

For more than 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. If you are personally liable, you will not allow yourself to be swayed by short-term success or emotions, but will act *responsibly*.

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

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

From our Hamburg headquarters, we have established a notable presence in the financial centres of Frankfurt, London and New York in recent years. Today, we have 1,573 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

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. Alongside personal advisory, professional portfolio management is another one of our core services.

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 in retail funds and special mandates. Our investment expertise includes discretionary and quantitative investments, as well as professional risk management strategies.

Investment Bank

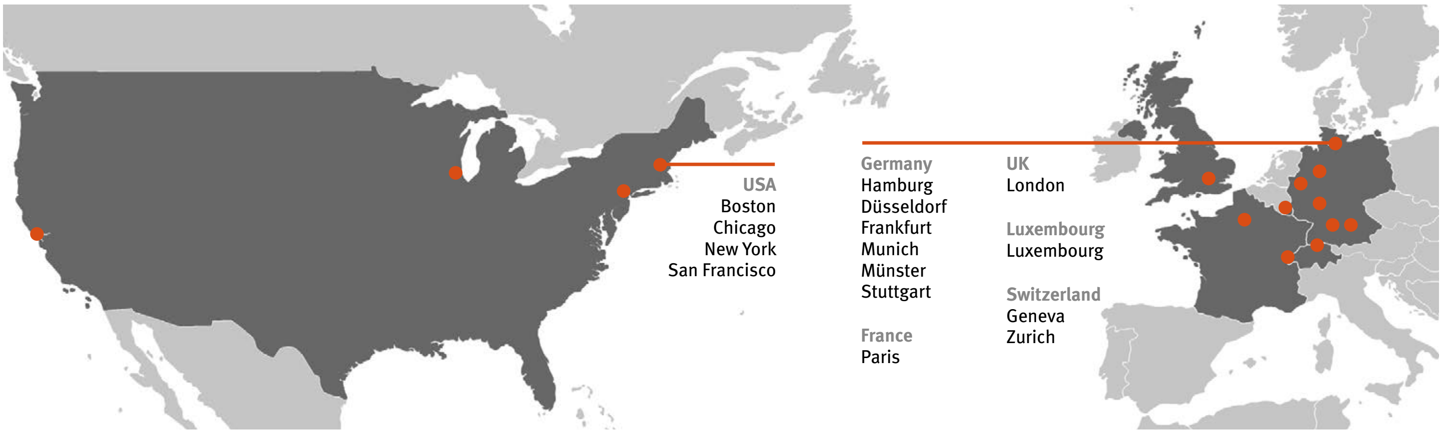
The broad-based Investment Bank division focuses on service and advisory operations in Equities, Investment Banking and Financial Markets. At year-end 2020, our Research team covered more than 1,100 stocks. In addition, we support IPOs, capital increases and secondary placements.

Corporate Banking

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

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

Locations



Overall economic development

The Covid-19 pandemic saw the global economy slide into the deepest recession in post-war history in 2020. After 2.3% growth in the previous year, according to the figures available at the end of January 2021, economic output for 2020 had fallen 3.4% below the prior-year figure. By reducing social contact and shutting down large parts of the economy, many countries succeeded in halting the first wave of the pandemic in the spring. The economy rebounded again between May and October as lockdowns were lifted. But as the winter approached, almost all countries in the Northern Hemisphere were forced to restrict public life once again in a bid to control the second wave of the pandemic. The new restrictions were often more targeted, making it possible to limit the economic fallout compared with the effects of the first wave. Furthermore, China was not hit by a second wave. This meant that international supply chains were not as badly interrupted as in February to April, when manufacturing industries were affected severely all over the globe.

With a drop of 6.9% in 2020, economic output in the eurozone declined to approximately 2015 levels. Losses in the personal services sector in particular were higher than ever before. These were only partially compensated for by the increase in other areas such as online trading. A large number of government measures based predominantly on the German short-time working model allowed eurozone member states to nevertheless limit the increase in unemployment to an annual average of 8.0% in 2020, after 7.6% in 2019.

Having suffered more than most other Western countries as a result of the international trade disputes in 2019, Germany got off comparatively lightly in the pandemic year of 2020, with a decline of just 5.0% in economic output. This was thanks in part to the fact that the first wave hit Germany later than Italy, France and Spain. As a result, Germany was able to learn from the experience of its neighbours. The resolute political response to this challenge also helped to minimise its impact. Although Germany’s services sector was likewise particularly badly impacted by the effects of the pandemic, its stronger industry gearing meant that the consequences for Germany were somewhat less dramatic than for many other Western countries.

Owing to an especially generous fiscal stimulus package, the US emerged relatively well from the recession in 2020. At 3.5%, the drop in economic output was comparatively moderate, but the budgetary deficit jumped to 16% of economic output. This figure outstrips the still significant deficits in Germany (4.8%) and the eurozone (8.7%) by a wide margin. While Japan and many emerging and developing economies suffered fall-offs in economic output similar to Europe and the US, China was able to record growth of 2.0% in 2020. China's performance is attributable to effective measures to prevent a second wave of the pandemic as well as a credit-financed stimulus package.

As a consequence of the deep recession, inflation in Germany, Europe and the US continued to slow in 2020. This made it easier for central banks to bolster the economy to an unprecedented extent. Inflation is expected to increase slightly in 2021 as economic growth returns.

After the slump in 2020, a degree of economic recovery is forecast for 2021. Over the course of the year, vaccines could help to gain sufficient control of the pandemic to allow a gradual return to normality for public life and many parts of the economy. In addition, the administration under new US President Joe Biden is likely to return to a more even-handed approach to trade and foreign policy. With these prerequisites in place, both domestic activity and global trade could return to growth. The US could succeed in returning to pre-pandemic economic performance levels by mid-2021. France, Germany and some other countries could follow by the end of 2021. This may allow for some, but not all, of the economic losses from the crisis to be recouped.

The severe recession of 2020 will continue to reverberate through the financial sector in 2021. Financial institutes may be burdened by rising numbers of insolvencies and credit defaults. As the US Federal Reserve and the European Central Bank both adopted unparalleled measures in response to the pandemic, interest rates are not expected to rise for a time, even after the crisis has passed. In addition to these challenges, especially those banks that traditionally generated most of their earnings in interest-related operations must continue to work hard to find new business areas.

Awards

The quality of our services was again acknowledged with a series of awards in 2020. The report DIE ELITE DER VERMÖGENSVERWALTER (The Asset Manager Elite), produced in cooperation with HANDELSBLATT, stated: *»Changing markets demand new answers. As a consequence, this tradition-rich private bank has therefore invested in new areas in addition to classic asset management, and has done so very successfully. The numbers show the growing strength of the firm. Berenberg is among the leading asset management specialists.«*

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

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

- MORNINGSTAR (FUNDS RATING AGENCY)
  – *Five stars (top score) for four Berenberg funds*

- GERMANY'S TOP FUND MANAGERS (HANDELSBLATT)
  – *With awards for Matthias Born, Bernd Deeken and Andreas Strobl*

- REFINITIV LIPPER FUND AWARDS
  – *»Berenberg-1590-Aktien Mittelstand« Best German Small Cap Fund*

- GLOBAL CAPITAL ECM AWARDS
  – *Best Bank for Small Cap Equity Capital Markets*

- EURO TEST PRIVATE BANKING
  – *Portfolio Management of the Year*

Financial performance

Earnings

Net profit for the year

The financial year 2020 closed with net profit for the year of €108.2 million. After an equally strong previous-year performance, this result underscores the viability of our business model. The 2020 operating result was also higher than the previous year's figure, which was more or less free of extraordinary effects and resulted from ordinary business activities. Furthermore, the profit for 2020 adjusted for extraordinary effects was the best operating result ever recorded in the history of the Bank.

We had set out a more cautious forecast for 2020 in the 2019 management report, which we felt was realistic given the first indications of the spread of the coronavirus pandemic. The actual earnings achieved far exceeded our forecast. Net commission income again reached a new record level. We took advantage of the strong earnings to expand our business model in a targeted way. Nevertheless, administrative expenses were also lower than the figure originally planned for 2020. We made selective investments, focusing especially on increasing the efficiency of our IT.

The return on equity, calculated as the ratio of profit before tax to equity at the start of 2020, amounted to 52.0% (28.5%). The cost-income ratio also improved from 79.9% to 70.9%. The ratio of current net interest income (excluding income from participating interests/affiliated companies) to net commission income was 12:88, which underlines the significance of commission-earning operations for the Bank's business model.

Net commission income

At €415.6 million, net commission income in the reporting year was not only 16.9% 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 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 the market position of the Investment Bank and of Wealth and Asset Management, we are confident that we will continue to play a successful role in the markets. In the reporting year, commission income once again exceeded 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, especially thanks to our institutional clients investing in credit funds.

Assets under management at the Berenberg Group amounted to €41.3 billion (€40.7 billion). During the reporting year, we discontinued our service offering for external asset managers. We were able to acquire new assets in Wealth and Asset Management.

Net interest income

Net interest income dropped from €63.4 million to €55.8 million.

Net interest income was once again affected by historically low interest rates in 2020. The very low or even negative interest rates in the eurozone were compounded in the spring by the cut in interest rates in the US, which significantly reduced the interest margin on our US dollar deposits in Shipping. The lending business continues to be characterised by a prudent lending policy, and we are not looking to expand our credit volume. Otherwise, interest income is generated in particular from securities in the liquidity reserve that are invested conservatively, which generate lower interest income when reinvested. The relatively high coupons that are still trading at a premium are countered by scheduled write-downs on bonds.

Net trading income

Net income from trading activities dropped by 56.8% to €6.8 million (€15.7 million).

Since our operations are primarily service-orientated, there are limits on trading activities in the equities, bonds and foreign currencies segments. The reserve required pursuant to Section 340g of the HGB (German Commercial Code) is sufficiently allocated.

Other operating result

Other operating income contains the income from the sale of the remaining shares in Bergos AG (formerly Berenberg Bank (Schweiz) AG), which were sold at the end of the year as planned. The item also includes income from the sale of our business with external asset managers. Based on the revision of our articles of association and bylaws, we also added to pension provisions and made sufficient provision for potential operational losses.

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

Personnel expenses rose to €226.5 million in a year-on-year comparison (€212.9 million), primarily on account of selective headcount increases to further underpin our business model. Although we continued to invest first and foremost in our IT, material costs were lower than in the previous year at €115.5 million (€124.3 million). Alongside a disciplined approach to cost saving, this also reflects savings in travel expenses and marketing due to the coronavirus pandemic. General administrative expenses including depreciation of tangible fixed assets and amortisation of intangible assets amounted to €351.6 million (€345.8 million). We will continue to make selective investments to enhance the business model while focusing on the efficiency of our processes.

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. We took advantage of the strong earnings to comply fully with the new requirements for the calculation of general valuation allowances (IDW BFA 7) ahead of their entry into force in 2022.

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.

Taxes on income

The position »taxes on income« stems from the earnings of the branches and is calculated based on the 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 €295.5 million (€287.5 million) at year-end 2020. This figure includes Common Equity Tier 1 (CET1) capital of €255.5 million (€247.4 million). In addition, there is supplementary capital in the form of subordinated liabilities in the nominal amount of €40.0 million (€60.0 million). The amount eligible to be included in the core capital as a result of the remaining maturities of the subordinated loans was €40.0 million (€40.2 million).

The total capital ratio as set forth in the Capital Requirements Regulation (CRR) and the German Solvency Regulation amounted to 15.7% (14.4%) at year-end, while the CET1 capital ratio was 13.5% (12.4%).

At 1.9 at year-end (1.5), our total for the European Liquidity Coverage Ratio (LCR) is about 90% 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 2020 the portfolio consisted of bonds and other fixed-income securities with a volume of €2,550.6 million (€2,702.0 million). This portfolio is dominated by securities issued by German public issuers (45.2%) and securities with a German state or public guarantee (46.6%), as well as German Pfandbriefs and Scandinavian covered bonds (8.2%).

The remaining maturity of these holdings averaged 2.2 years at year-end 2020, 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 €86.0 million (€259.9 million) was invested in promissory note loans (German public issuers and development banks).

Total assets and business volume

Total assets decreased in the reporting year from €5,059.0 million to €4,653.6 million and continue to be influenced by high client liabilities in the amount of €3,834.8 million (€4,262.8 million). Client deposits accounted for 82.4% (84.3%) of total assets.

Liabilities to banks fell by €22.3 million to €248.3 million. They consist mainly of deposits held by our Swiss participating interest.

Receivables from banks increased to €377.6 million (€343.6 million). These include the investment of €63.7 million in promissory note loans issued by German development banks. 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 €1,047.5 million as of the balance sheet date (€1,175.4 million). Part of the liquidity reserve of €22.2 million was invested with German public issuers (promissory note loans).

The expanded business volume decreased from €5,126.0 million to €4,702.0 million in line with the moderate reduction in total assets. There were also unused irrevocable lending commitments of €198.1 million (€233.8 million).

Credit volume

The expanded credit volume decreased to €1,095.9 million (€1,242.4 million). It consisted of receivables from clients of €1,047.5 million (€1,175.4 million) and contingent receivables of €48.4 million (€67.0 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 well above statutory requirements, and net assets are in good shape. Solvency was guaranteed at all times, and the liquidity position is comfortable.

Sustainability report

In addition to our annual report, we also publish a summarised separate sustainability report which includes our non-financial statement. You can find it on our website: www.berenberg.de/en/csr-report2020

Wealth and Asset Management

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 more than 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 open up our investment products more to retail clients.

Wealth Management

The year 2020 was shaped by the challenges posed by the Covid-19 pandemic, which had a major influence on how we interacted with clients. In addition, unprecedented volatility on the capital markets called for clear decision-making and resolute action.

We once again performed well in our wealth management strategies and in-house fund solutions for our clients. Furthermore, we were able to expand our private equity offering through a cooperation with Berlin-based fintech company Moonfare, giving our clients the first recommendations for excellent funds and offering fully digital investment processing.

Strategic challenges

2020 was characterised in particular by one of the shortest and sharpest economic slumps in history, which affected virtually all areas of cash investment from springtime onwards. In this time of great uncertainty, we were especially tasked with supporting our clients as a premium advisor. The crisis made us realise that the low-interest phase will be much more protracted than originally envisaged, and that new strategic considerations for risk assessment will be necessary.

Advancing digitalisation is another factor that calls for constant action. Alongside various automation projects, we expanded our new online banking system in 2020 with the Berenberg Wealth Management Portal. By means of this portal, our clients can monitor their securities accounts and handle various communication needs conveniently.

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 excellent solution strategies for their asset investments. 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 2020, all of our asset management strategies outperformed their respective benchmarks. Our equity funds also once again generated significant outperformance.

With *investment advisory*, our clients make their investment decisions personally in consultation with their advisor and on the basis of thorough assessments and analyses. We have made further investment 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 maintain both options, but, given the regulatory requirements governing investment advisory, it is becoming more and more complex and burdensome 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 in the market in terms of performance, process and product quality, as well as transparency. It is no surprise, then, that more and more clients are choosing this service.

Concentrating on our core target groups and core competencies

With our 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 support 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-specific issues and challenges. Each centre of competence has a close-knit network of proven experts on the topic 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 offer additional services alongside liquid portfolio management and the selection of illiquid side investments. For complex wealth portfolios in particular, we create specific added value for our clients through our cross-bank multi-deposit controlling. Furthermore, organising and implementing selection processes helps to forge stronger links to 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 our overlay management solutions as well as our quantitative, strictly rule-based and forecast-free strategies.

The significantly increased quality of our funds portfolio can be seen in the fact that of 21 Berenberg funds, currently 17 have a four-star or five-star rating from Morningstar – a result of their markedly better performance since the realignment of Asset Management in 2017.

We have used our *ESG Office* (ESG: Environmental, Social, 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 on the global markets.

Equity Funds

In 2020, the funds in our equities platform far outperformed their respective benchmarks once again, and each ranked amongst the top spots 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 focused portfolios. Volumes in funds and mandates in the equities asset class again increased substantially.

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We reached a significant milestone in November 2020, with the equity funds we set up in 2017 achieving five-star ratings from Morningstar within just three years. This is proof of our very strong position in our peer group. We also received top marks from Scope Ratings and received further awards for our fund managers and the equity funds they administer. Our ambitions in the field of sustainable equity funds are reflected in increasing volumes. In another outstanding result for our ESG work, we were awarded the FNG seal with two stars for the BERENBERG SUSTAINABLE WORLD EQUITIES FUND.

Multi Asset

In Multi Asset, we manage both multi-asset and fixed-income strategies. As they did in 2019, the multi-asset strategies performed very positively in terms of absolute figures, compared both to the market and to benchmarks. As a result, the strategies saw considerable inflows, with assets under management experiencing double-digit growth. Investors were focused especially on more aggressive multi-asset strategies as well as sustainable investment strategies. As far as multi-asset funds are concerned, we saw a very pleasing development of the BERENBERG VARIATO fund launched in December 2018 as an opportunistic fund that is not based on benchmarking and enjoys a large degree of latitude. With net inflows of more than €60 million, the fund had already exceeded the significant €100 million mark by the autumn of 2020. It has consistently featured among the top 10% of its Morningstar peer group. The other multi-asset funds also again performed very positively. As of the end of November 2020, all multi-asset funds rated by Morningstar had at least a four-star rating. The BERENBERG 1590 STIFTUNG and BERENBERG 1590 MULTI ASSET STRATEGIE funds have already had a five-star rating for three and five years respectively. The 1590 funds will no longer be exclusive from early 2021. This means the funds will be renamed and will be accessible to additional client groups. Multi-asset funds will feature more prominently at Berenberg going forward.

Bundling all of our fixed income expertise in Multi Asset has created a competence centre for fixed income investments in 2020 that offers premium bond-based investment solutions and provides all fixed income services for Multi Asset and all other parts of Berenberg Wealth and Asset Management. The range of bond funds was overhauled in 2020. The funds' names and positioning were adjusted, less flexible funds were closed and the BERENBERG SUSTAINABLE EURO BONDS was started in October 2020 as a flexible bond fund with a clear focus on impact investments. This created a consistent product range comprising eight funds in the categories of liquidity replacement, eurozone, emerging markets and global, with dedicated ESG funds for the eurozone and emerging markets. Consequently, the foundations for future growth of assets under management have been laid for fixed-income strategies as well. The majority of the bond funds recorded a positive alpha in the challenging year that was 2020. The bond funds with a Morningstar rating all have three or four stars.

Investment & Risk Management Solutions

Investment & Risk Management Solutions comprise the Currency Overlay Management and Systematic Multi-Asset Solutions strategies. Both strategies are supported by two new teams, Innovation & Data and Consultants established in the past year, which also work across divisions. In 2020, the focus was on an innovative realignment of our investment processes. In Currency Overlay Management, we are one of the first currency managers to use alternative data to generate alpha, an approach that has already allowed us to improve our performance. Assets in Currency Overlay thus rose significantly. In the Systematic Multi-Asset Solutions strategy, we were able to demonstrate our efficiency compared to competitors, particularly in the field of capital preservation. Here, too, we invested in refining the investment process and used targeted measures to improve the characteristics in V-shaped markets. By improving existing strategies and developing new ones, we have laid the groundwork for targeted diversification of the strategies, building particularly on our strengths and many years of experience in risk management.

Successful position in the market

With this clear and attractive product range, we have succeeded in garnering a strong position in the market. We have also again stepped up our marketing and public relations activities. These centred on our marketing campaign for the third anniversary of our European equity funds. Our multi-asset publications such as HORIZON and MONITOR have been well received. Our investment experts are respected interview partners to the specialist and daily press. They also present their approaches and views at a large number of industry conferences in order to engage directly with clients and interested parties. The use of new digital formats helped us master the challenges of 2020 very well.

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, Austria and Switzerland (the DACH region), in Europe these markets primarily include France, the UK, Luxembourg and Spain. We have also opened up Scandinavia through a new distribution partner. Outside of Europe, we entered into sales partnerships in Chile and Peru in 2019, which bore fruit in 2020 with inflows to our equity funds from the pension funds there. We continue to work with other institutions as part of our individual portfolio management services and portfolio management funds. Our offering of high-quality solutions makes us a strong partner for savings and other banks.

Investment Bank

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

Equities

Despite the triple challenges presented to us from the past (MiFID II), present (Covid-19) and future (Brexit), 2020 was a year where the Equities department took another significant step forward. Senior research hires at the end of 2019 completed the last remaining sector coverage gaps, whilst the launch of the low-touch trading team was an important addition to our Execution capabilities.

The introduction of MiFID II in January 2018 continues to have a material impact on the industry and on the way we do business and receive payments for our services. Although processes have stabilised, the pressure on our affected asset management clients saw a significant contraction in the numbers of brokers they worked with and the overall payments for research. Meanwhile, Covid-19 forced 90% of our staff to work at home, but a remarkable effort in logistics and adaptation saw the daily business unaffected by remote working.

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 is 3% and that in the research and high-touch areas where we primarily compete our market share is in excess of 4%.

Equity Research and Sales

In October 2020 the Equity Research team hit 1,000 stocks under coverage. We ended the year with 89 analysts covering 842 stocks in London, of which around 300 are UK-listed. We also had 27 analysts covering 258 stocks in New York.

Between the team in London and New York, we now cover more than 300 US-listed shares, where 250 of these are covered out of New York, with the rest covered by the London team. The New York team focus on under-covered mid-cap shares with a stock-picking approach.

Our sales team of 53 generalists and 11 specialists serviced in excess of 950 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 55 equity capital markets transactions, including 10 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 13,000 meetings with investors in 2020.

Facilitating interaction between our buy-side clients and the companies we cover remains a key priority for the team. In 2020, we mainly used a virtual platform for this purpose and organised more than 30,000 meetings between investors and the management teams of companies under our coverage. We also hosted 30 virtual conferences, including our 18th Berenberg European Conference (normally at Pennyhill Park in Surrey in the UK), which attracted 576 corporate representatives and over 1,300 institutional clients.

Equity Trading

A record equity turnover of over €100 billion was achieved in 2020. The number of shares covered as systematic internaliser has increased to over 5,100.

Equity Trading (EU)

In a volatile market environment for the equity execution business we expanded our institutional client base and gained further market share within our pan-European stock universe. Over 350 stocks are now under market making coverage on the Retail Service Provider network. The number of share deals throughout the year remained on a high level, withstanding the impact of the global pandemic. The European risk arbitrage business continued to grow its franchise, trading over €12 billion in takeover situations – up 10% year-over-year.

European Execution continued to build its client footprint and market share in 2020. We broke into the customer top ten high-touch for the first time and consolidated our top three position in the risk arbitrage business, in spite of increased competition from the global investment banks. The progress was remarkable considering the logistical backdrop. Like many parts of the business we needed to first source, enable and operate the WFH technology in extremely volatile markets. The good balance and interaction between those working from home and those who remained in the office during this time was key to our success.

Looking forward to 2021, we expect to add to our European risk arbitrage share by leveraging further on the US event team. We will also grow our high-touch share, expanding the UK and Western Europe footprint, whilst we continue to develop exciting capabilities with our electronic trading desk. The collaborated efforts with low-touch have led to many on-boarding successes, whilst providing high-touch with opportunities to leverage additional flow as the year progressed. We see this and the anticipated Programme Trading flow as a huge opportunity for high-touch to further increase market share and indeed the holistic perception of the Execution platform.

Equity Trading (US)

In our third year on the top floor on 6th Ave. and 49th Street in Midtown Manhattan we further increased our US Trading activities for US, Canadian and European-based institutional clients. When the pandemic hit New York City in spring 2020, we began using our disaster recovery office in New Jersey right away for some traders and started working from home for some sales traders to get the desk separated and to make sure everyone stays safe and healthy. We increased our block business and crossing rate significantly compared to last year and showed our clients how much value we can add if a client is buying or selling less liquid stocks. As planned for the end of 2019, we went live with our US risk arbitrage trading team at the beginning of 2020, which started with great success. We were very active in US risk arbitrage stocks (merger and takeover), as well as in so-called »cross-border« takeovers where a European corporate is buying a US company or vice versa. Our clients appreciated the service we offer to trade and convert ADRs (American depositary receipts) as in previous years. In the middle of 2020 we began to expand our electronic US equities trading operations and varied low-touch trading offering to institutional investors. We went live with European clients into the US market in October 2020 and we will offer US institutional clients that kind of service in the first quarter of 2021 at the latest.

Across all locations, significant investments were made in electronic trading systems. We now offer low-touch and portfolio trading in the EMEA and North America regions. The main focal points here include the further development of the Genesis algorithmic trading platform, a significant increase in market coverage, the expansion of automated trading with algorithms, and the development of the data science platform. On the product side, a major focus was placed on client requirements and significant capacity expansions in order to lay the foundation for future growth.

Investment Banking

Equity Capital Markets (ECM)

2020 has been a standout year for Berenberg ECM. Over the last 12 months we have widened our presence across Europe, the UK and the US, and as a result have executed a record-breaking 67 transactions (versus 38 in 2019) totalling around €14.8 billion raised (up from €4.4 billion in 2019) including 11 IPOs, 44 accelerated offerings and six convertible bonds.

In Europe we have consolidated our market-leading position in the DACH region (Germany, Austria and Switzerland) through flagship transactions such as the IPO of PharmaSGP (€127 million) and the treasury share placement of CompuGroup (€341 million). In addition, we have expanded our presence in France and the Benelux region through the IPOs of French gaming company Nacon (€109 million) and Belgian fintech Unifiedpost (€252 million). Berenberg has also built new footholds in the Nordic and Southern Europe regions, through the IPO of Nordnet (SEK 10.4 billion) and capital increases in Embracer (SEK 1.7 billion and SEK 7.3 billion) and Stillfront (SEK 1.2 billion) in Sweden, as well as the IPO of Soltec (€165 million) and the secondary placing in Fluidra (€200 million) in Spain.

We have continued to develop the UK franchise around a growing foundation of corporate broking clients, of which we now advise 40, with an average market capitalisation of £827.4 million. This has led to accelerated transactions from the likes of Dalata Hotels (£94 million), Ceres Power (£52 million and £54 million), Resolute Mining (£76 million) and Team17 (£39 million).

Our position in the US has advanced rapidly, having completed 12 transactions this year (versus one in 2019) including the IPOs of CureVac ($245 million), AbCellera ($555 million) and Compass Pathways ($124 million), on top of our continued support of Covid-19 vaccine development pioneer BioNTech with a $512 million rights issue following on from our joint bookrunner role at the end of last year.

The most transactions

Equity Capital Markets 2015–2020 in the German-speaking region

Number of deals	Lead bank
117	Berenberg
110	Credit Suisse
97	JP Morgan
90	UBS
84	Goldman Sachs
82	Citi
73	Deutsche Bank
72	Morgan Stanley
68	Bank of America
47	Commerzbank

Source: Bloomberg

In 2020, we have been focused on helping corporates position themselves to navigate through the Covid-19 pandemic, whether through raising capital to strengthen balance sheets or to take advantage of new opportunities. We are proud to have acted as a trusted advisor to our clients throughout such a turbulent and challenging year.

Debt Capital Markets (DCM)

Berenberg carried out seven transactions in the reporting year 2020 with a volume of roughly €1.3 billion. The placements are spread over a wide range of euro and USD convertible bond issuers from a variety of different sectors. In May, Berenberg assisted in the placement of the debut convertible bond for HelloFresh with a volume of €175 million. We also arranged an incentivised early conversion of the €135 million convertible bond on behalf of Shop Apotheke Europe in the role of sole advisor. The bond was issued by Berenberg in 2018 as the sole global coordinator and sole bookrunner and increased by a further €60 million in 2019. We were sole global coordinator and sole arranger assisting in the combined equity and convertible bond financing round for electromobility start-up Sono Motors. The mandatory convertible bond with a term of three years was issued as a private placement. In December, Berenberg acted assole global coordinator and joint bookrunner for the placement of Mithra Pharmaceuticals' first convertible bond. The €125 million five-year convertible bond is our first transaction as sole global coordinator for a company listed outside the DACH region, and thus represents an important milestone for Berenberg.

In the United States, equity-linked transactions were expanded further. Acting as co-manager, we assisted with a $288 million issue by Tandem Diabetes as well as the $250 million convertible bond on behalf of Glaukos and the $518 million convertible bond for LivePerson.

Financial Markets

Fixed Income Research

In the reporting year, the challenge for our Fixed Income Research was to adapt the product range of publications to a market environment that was transforming rapidly in the face of the Covid-19 pandemic. We rose to the challenge by concentrating consistently on the opportunities and risks ensuing from the pandemic in the different bond segments as well as at the individual issuer level. We used up-to-date market commentaries to give our institutional clients consistent added value for their investment decisions. Our Research team geared its analysis activities more to investment grade corporate bonds as part of this development – a trend that is likely to continue in 2021.

Fixed Income Sales Trading

The 2020 financial year was heavily influenced by the Covid-19 pandemic. In the course of the market upheaval at the end of the first quarter, risk premiums for corporate bonds went through the roof. Our decision to focus on the high-yield bond segment proved especially prudent during this difficult market phase. Whether our clients were selling or looking for favourable buying opportunities, we gave them the best possible assistance at all times. This ultimately led to an above-average trading volume. Having moved the London team to Frankfurt successfully, the organisational focus in this reporting year was to expand our client presence in Europe even further. We made good progress in this endeavour, stepping up activities substantially in France and Switzerland as well as in Eastern Europe and Scandinavia. Our objective for 2021 is to gain a stronger foothold in the south of Europe. Despite adverse circumstances on account of the pandemic and increased volatility on the financial markets, our colleagues in Sales Trading closed the year with a record result.

Forex Trading

It was an eventful and turbulent year on the forex markets, too. The EUR/USD exchange rate dropped to its yearly low of 1.0640 during the first wave of Covid-19. After the first wave of infection had subsided and the central banks and governments extended assistance, the EUR/USD rate rose to just over 1.20. Especially at the beginning of the pandemic, there were short, sharp market upheavals that led to an explosion in risk premiums for currency options. Our FX & Rates Advisory colleagues did an excellent job of supporting our clients through this difficult period. Furthermore, our Trading division managed the Bank's foreign exchange risks magnificently. The situation was more or less stable throughout the summer months, before the dreaded second wave hit in the autumn. The markets responded in a much more relaxed fashion than in the spring, however, once again displaying their adaptability. For high-beta currencies, 2020 was a rollercoaster year. NOK, SEK, AUD, NZD, and ZAR (among other currencies) lost 30% and more in value in the first quarter. Thankfully, we had already repositioned our FX & Rates Advisory/Trading division in 2019, adopting a clear focus on advising professional clients on market price risks. The team was realigned and the Frankfurt am Main location opened as part of this effort. This allowed us to expand our client base considerably, mainly with corporate, shipping and Wealth Management clients. Our decision to focus heavily on corporate clients was a particularly good one, allowing us to close the chequered and challenging year 2020 very successfully and double our base. The overhaul of our currency publications met with a great deal of interest and enabled us to expand our readership significantly.

We will pursue our successful approach of acquiring new clients through strategic individual advice consistently in 2021.

Closed transactions

Equity Capital Markets

Transaction	Company	Size	Role
Secondary Placing	unifiedpost GROUP	EUR 11m	Sole Global Coordinator and Sole Bookrunner
Placement of Treasury Shares	IMMOBEL since 1863	EUR 6m	Sole Bookrunner
Growth Funding	SONO MOTORS	EUR 45m	Exclusive Financial Advisor to Sono Motors
IPO	AbCellera	USD 555m	Joint Bookrunner
Capital Increase	home24	EUR 46m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	CAPITAL	GBP 30m	Joint Bookrunner
Secondary Placing	unifiedpost GROUP	EUR 14m	Sole Global Coordinator and Sole Bookrunner
IPO	Nordnet	SEK 10.4bn	Joint Bookrunner
Secondary Placing	FLUIDRA	EUR 200m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	GFG GLOBAL FASHION GROUP	EUR 120m	Joint Global Coordinator and Joint Bookrunner
At-the-Market	STORE capital	USD 900m	Sales Agent
Capital Increase	MARLOWE PLC	GBP 30m	Joint Bookrunner
IPO	Soltec	EUR 165m	Joint Bookrunner
Secondary Placing	Dermapharm Holding SE	EUR 248m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	americold	USD 1.4bn	Co-Manager
Capital Increase and Secondary Placing	EMBRACER GROUP	SEK 7.3bn	Joint Bookrunner
Capital Increase	Draper Esprit	GBP 110m	Joint Bookrunner
Spin-Off	SIEMENS energy	EUR 8.8bn	Flowback Manager
IPO	VIA optronics	USD 94m	Sole Bookrunner
IPO	unifiedpost GROUP	EUR 252m	Sole Global Coordinator and Joint Bookrunner

Capital Increase ESSENTIAL PROPERTIES USD 192m Co-Manager	**IPO** COMPASSION Navigating Mental Health Pathways USD 147m Joint Bookrunner	**IPO** amwell USD 853m Joint Bookrunner	**Capital Increase** CORESTATE Capital Group EUR 75m Sole Global Coordinator and Sole Bookrunner	**Capital Increase** SIEMENS Healthineers EUR 2.7bn Co-Lead Manager	**Capital Increase** DALATA HOTEL GROUP PLC EUR 94m Joint Bookrunner
IPO NANOX X-RAY REIMAGINED USD 190m Joint Bookrunner	**IPO** CUREVAC the RNA people USD 245m Joint Bookrunner	**Secondary Placing** Hello FRESH EUR 87m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** team17 GBP 10m Sole Global Coordinator and Sole Bookrunner	**Pre-Placement and Rights Issue** BIONTECH USD 512m Joint Bookrunner	**Secondary Placing** ceres GBP 54m Sole Global Coordinator and Sole Bookrunner
Capital Increase MARLOWE PLC GBP 40m Joint Bookrunner	**Placement of Treasury and New Shares** CGM CompuGroup Medical EUR 341m Joint Global Coordinator and Joint Bookrunner	**Capital Increase** mithra Women's Health EUR 65m Joint Global Coordinator and Joint Bookrunner	**IPO** PHARMA SGP EUR 127m Sole Global Coordinator and Sole Bookrunner	**Capital Increase** STILLFRONT GROUP SEK 1.2bn Joint Global Coordinator and Joint Bookrunner	**Capital Increase** ALFEN POWER TO ADAPT EUR 51 m Sole Global Coordinator and Sole Bookrunner
Secondary Placing Fagron Undisclosed Sole Global Coordinator and Sole Bookrunner	**Capital Increase** MEDIOS EUR 53m Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** QTS USD 286m Co-Manager	**Capital Increase and Secondary Placing** Anexo GBP 11m Joint Bookrunner	**Secondary Placing** ENCAVIS Undisclosed Sole Global Coordinator and Sole Bookrunner	**Secondary Placing** ceres GBP 52m Sole Global Coordinator and Sole Bookrunner

Equity Capital Markets

Transaction	Company	Size	Role
Capital Increase	eurofins	EUR 535m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	Scapa	GBP 33m	Joint Global Coordinator and Joint Bookrunner
Placement of Treasury Shares	IMMOBEL since 1863	EUR 52m	Sole Global Coordinator and Sole Bookrunner
At-the-Market	QTS	USD 500m	Sales Agent
Secondary Placing	ALFEN POWER TO ADAPT	Undisclosed	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	team17	GBP 39m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	Shearwater Group	GBP 4m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	EMBRACER GROUP	SEK 1.7bn	Joint Bookrunner
Capital Increase	Resolute	AUD 19m	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	AGREE REALTY CORPORATION	USD 175m	Co-Manager
Secondary Placing	ALFEN POWER TO ADAPT	Undisclosed	Sole Global Coordinator and Sole Bookrunner
IPO	nacon	EUR 109m	Joint Global Coordinator and Joint Bookrunner
Growth Funding II	MISTER SPEX by CO INVESTOR	EUR 15m	Exclusive Financial Advisor to Mister Spex GmbH
Secondary Placing	ALFEN POWER TO ADAPT	Undisclosed	Sole Global Coordinator and Sole Bookrunner
Capital Increase	midwich	GBP 40m	Joint Global Coordinator and Joint Bookrunner
IPO	Resolute	GBP 76m	Joint Bookrunner
Capital Increase	DIC	EUR 110m	Sole Global Coordinator and Sole Bookrunner

DCM/EQL 2020

Convertible Bond

Hello FRESH

EUR 175m

0.750% / 40.0%
05/2025

Co-Lead Manager

Incentivised Conversion

SHOP APOTHEKE

EUR 135m

4.500% / 25.0%
04/2023

Sole Global Coordinator
and Sole Advisor

Convertible Bond

mithra Women's Health

EUR 125m

4.250% / 25.0%
12/2025

Sole Global Coordinator
and Joint Bookrunner

Convertible Bond

SONO MOTORS

Undisclosed

Sole Global Coordinator
and Sole Arranger

Convertible Bond

LIVEPERSON

USD 518m

0.000% / 42.5%
12/2026

Co-Manager

Convertible Bond

TANDEM DIABETES CARE

USD 288m

1.500% / 30.0%
05/2025

Co-Manager

Convertible Bond

GLAUKOS

USD 250m

2.750% / 30.0%
06/2027

Co-Manager

Selected Structured Finance Transactions 2020

Gilde Buy Out Partners

Super Senior Financing
within the context of
an add-on acquisition

CORILUS Connecting Care

Mandated Lead Arranger

EQUISTONE

Super Senior Financing
within the context of
an add-on acquisition

AMADYS

Mandated Lead Arranger

Tier 1 Sponsor

Super Senior Financing
within the context of
a refinancing

Leading insurance company

Mandated Lead Arranger

QUADRIGA CAPITAL

Super Senior Financing
within the context of
a refinancing

GBA LABORGRUPPE

Mandated Lead Arranger

Hg

Super Senior Financing
within the context of
an acquisition

Evaluate

Arranger

Battery

Financing confirmation
within the context of
a public takeover

EASY SOFTWARE

Hg

Super Senior Financing
within the context of
an add-on acquisition

TRANSPOREON

Super Senior Arranger

AUCTUS

Increase of the existing
Super Senior facilities

Tentamus Labs for Life

Lender

Oakley Capital

Senior Financing
within the context of
a refinancing

WUNSCHGUTSCHEIN

Mandated Lead Arranger

MAGUAR

Senior Financing
within the context of
an acquisition

HR works

Mandated Lead Arranger

Selected Structured Finance Transactions 2020

Gilde Buy Out Partners		Tier 1 Sponsor	Castik Capital	CapVest
Super Senior Financing within the context of an acquisition	Increase in the existing Senior Financing of a leasehold portfolio	Senior Financing within the context of an acquisition	Super Senior Financing within the context of various add-on acquisitions	Super Senior Financing as part of a growth financing
Corilus Connecting Care		**Leading insurance company**	AddSecure	NextPharma smart every time
Mandated Lead Arranger	Arranger	Mandated Lead Arranger	Arranger	Mandated Lead Arranger
Tier 1 Sponsor	IK Investment Partners	Oakley Capital	PAI Partners	Active Ownership Fund
Senior HoldCo Financing	Senior Financing within the context of an add-on acquisition	Increase of the existing Super Senior facilities	Super Senior Financing within the context of an acquisition	Financing within the context of a public takeover
Leading fitness company	Schema Komplexe Dokumente einfach.	CP Career Partner	zahneins	Polski Bank Komórek Macierzystych FamiCord Group
Original Lender	Mandated Lead Arranger	Mandated Lead Arranger		Sole Lender
Equistone				
Super Senior Financing within the context of an acquisition				
Amadys				
Mandated Lead Arranger				

Corporate Banking

At the core of our business model is a growing network of listed companies, family-owned firms and institutional investors. We have used this network to become a fast-growing asset manager for illiquid alternative assets, such as private debt. Our rigorous focus on the transaction business allows us to set up credit funds in different sectors with institutional investors to offer our clients an attractive alternative in the current setting of low interest rates. Additionally, we work continuously to develop innovative solutions for the digitalisation of know-your-customer and account opening processes, provide our clients with powerful and modern payment transaction systems, and develop creative solutions for the risk management of currencies and interest rates. In this way, we ensure that we grow in line with our clients' needs and are in a very strong position in a competitive banking and digital environment.

Structured Finance

In 2020, our strategy of concentrating on the financing of non-cyclical business models paid off. These models proved very stable despite the economic downturn caused by Covid-19. As a result, we were able to continue to focus primarily on new business in 2020. Our robust market position meant that we were quite successful in spite of the difficult market environment. The number of new transactions and the credit volume commitments were on a par with the level of the previous year. It was primarily transactions from our existing portfolio that made a positive contribution to our success in an M&A market that was otherwise rather quiet. As in the past year, we assisted a range of super senior transactions as well as pure senior buyouts together with the credit funds managed by us. For example, we successfully assisted HG Capital in its acquisition of the Warweg Group, and supported Equistone in its acquisition of the Amadys Group. The resilience of our credit portfolio as well as our access to interesting transactions thanks to our unique selling propositions prompted investors to invest in our credit funds or broaden their commitments. This development is all the more remarkable

»More and more investors are discovering the private debt asset class as a way to still generate reasonable returns in this low interest rate environment.«
Tobias Bittrich, Extended Management Board

considering that this is a new asset class for some investors in a year that was also difficult from an organisational perspective. In addition, many investors also had to counter the volatility on the liquid side, particularly in the first half of 2020. Overall, we are very satisfied with how these transactions went, as well as with the response by investors. We have laid the foundations for further strong growth in this area.

Infrastructure & Energy

The positive momentum of recent years was repeated in the reporting year. For example, the family of funds comprising a total of five funds now serves as a flexible and broad financing platform for an increasing number of sponsors and project developers. Three of the funds continue to provide junior financing for renewable energy projects. As was expected, the possibility of being able to provide financing in a project's late development phase is proving to be an especially important component in client relationships. Despite ongoing general pressure on margins, the return on the funds stabilised by and large at budgeted levels, in some cases even considerably exceeding planned figures. Another pleasing development is our entry into two additional markets – the US and Finland – this year, alongside the core markets of Germany, Japan, Australia, the UK and Sweden. By broadening our client base as a whole, we were able to reinforce the basis for an attractive and constant inflow of new and promising financing projects. As a result, we are forecasting that stable and sustainable fund growth through the implementation of new projects will continue in 2021.

With the BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I and FEEDER FUND, the Infrastructure segment continues to comprise two further funds that are expanded through substantial co-investment by a major German insurance company. For those two funds, we have fibre-optic projects with long-term financing in Germany in our portfolio and are examining various other projects across Europe in the subsegments of computing centres, fibre optic networks and transmission masts. The returns on both funds are currently at a very pleasing level 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. In the reporting year, for example, Berenberg assisted an institutional investor and successfully arranged and completed the financing of new railway vehicles for a private rail transport company as part of the tender »Netz-Elbe-Spree Los 4«.

Shipping

The shipping industry proved very robust in the reporting year in the challenging environment brought about by the pandemic, demonstrating solid performance overall in the main segments of containers, bulk cargo and tank shipping. Against the backdrop of the expected »megatrend« of global low-emissions transportation of raw materials and goods, many market participants are beginning to look more to the future once again. The focus is on retaining and replacing the fleet they own or manage. Until such time as the question surrounding future appropriate ship propulsion is resolved, no new boom in orders can be expected – something which is normally a good prerequisite for keeping markets healthy.

For many years, Berenberg has assisted its roughly 400 global maritime clients as a service provider focusing on international payment transactions, modern cash management solutions and forex trading. A high degree of client trust as well as our many years of experience underpin this sector, which is continuing to experience growth, and we recently saw a sharp increase in maritime investors, who appreciate Berenberg as a stable banking partner for processing their transactions.

Additionally, we have continued steadfastly on the road we set out on a few years ago towards becoming a maritime project developer and asset manager for institutional capital, and we have increased the number of these mandates. Our first shipping loan fund, which will soon have been in place for four years, achieved its target volume of €500 million in capital commitments. Thanks to the conservative gearing of this fund with more than 130 financed ships, its performance has not been disrupted in any way, and all return expectations have been met. On the back of that performance, we were able to set up a second fund with the same tried-and-tested credit strategy and direct the first investments to the fund. There is still a strong number of attractive financing projects from our international client network, and increasingly from professional investors in the industry. As a consequence, our volume of new business was on a level with 2019. Increasing interest on the part of institutional investors in this alternative asset class and the healthy pipeline for new business with an attractive risk/return profile give us cause for optimism for the coming year.

Real Estate

There is currently a lot of debate around the current and future impact of Covid-19 on how we will work and how we will live: How much office space will be needed in future, and where will it be needed? Where and how will people want to live? How will demand develop for hotels for business travellers or for retail space in the medium to long term? There are also political and regulatory influences, in particular on the residential property market, that pose challenges in terms of creation and management.

In spite – or perhaps because – of this environment, we continue to be a reliable partner for our clients, whom we assist and support in financing construction projects and in capital investments in real estate. Berenberg offers value-based asset management services which are particularly important across the real estate cycle.

The investment phase for the placed special real estate fund BERENBERG REAL ESTATE HAMBURG was completed successfully.

The special AIF BERENBERG REAL ESTATE BERLIN accepted new institutional investors in a further closing, and broadened its investment activities. Two purchases in Berlin are currently in the exclusive due diligence phase.

A further open-ended special real estate fund for institutional investors, BERENBERG REAL ESTATE HAMBURG II, was set up successfully. Two additional office buildings in Hamburg-Barmbek were acquired for this investment vehicle focused on Hamburg and its metropolitan region. A further property in the greater Hamburg area is undergoing exclusive due diligence.

Because of the diversified nature of our investment vehicles in terms of tenants, sectors and uses, and thanks to our active asset management, all of the properties managed by Berenberg had come through the pandemic very well at the time of writing this annual report. More than 99% of properties were let at portfolio level.

Central policy and business units

We can succeed in providing the best possible service to our clients only if the infrastructure required by our staff functions 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 digitalisation and automation. For this reason, we have brought together in a partner division the functions that are particularly important for providing optimum process chains and ensuring central risk management.

Our IT, for which the *Global Technology* unit at Berenberg is responsible, plays an important role in the performance 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. Alongside the implementation of regulatory requirements, the focus of our development work is on digitalisation 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. An information security unit operating independently of IT ensures the necessary system protection. The *Facilities & Administration* unit is a central control point for all matters relating to our different locations.

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 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 *Client Administration* unit ensures proper management of all of the Bank's client relationships.

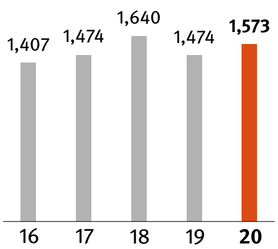
Group Compliance is responsible for the prevention of money laundering, and is the central unit for fighting white-collar crime. This ensures compliance with all regulatory requirements relating to the securities transactions, adherence to rules of conduct and the avoidance of conflicts of interest. The tasks of ensuring MaRisk compliance and managing complaints also fall within this unit's remit.

The *Tax* unit ensures compliance with all tax regulations and coordinates the accounting of our subsidiaries. The *Risk Controlling* unit is responsible for analysis and management of the risks associated with banking that are independent of the market segments. For many years now, we have paid particular attention to ensuring that key risk indicators are not viewed in isolation from other business developments. For this reason, *Controlling* has likewise been integrated into this unit to continuously provide the responsible staff and management with all relevant information required in this context. *Credit Risk Management* controls credit risks and ensures a market-independent view of the credit business as required by MaRisk.

Central projects of the Bank are coordinated from a separate unit set up for this purpose. 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 increased from 1,474 to 1,573 at 15 locations around the globe. In the reporting period, one focus was once again on recruiting employees across the board, from junior level positions to expert and leadership roles.

With a view to hiring new talent, five junior professional programmes were offered again this year: 1) the International Graduate Programme with a capital markets focus (IGP), 2) the Graduate Programme with a global tech focus (GTG), 3) the Capital Markets Analyst Program (CMAP) in the US, 4) the dual work-study programme, and 5) training as an IT specialist for application development or an IT specialist for system integration.

The new talent programmes offer participants the possibility to rotate through different departments to get to know all aspects of the Bank and to gain diverse experience at our different international locations. A total of 45 graduates are currently enrolled in the IGP, 22 graduates in the GTG and 14 graduates in the CMAP in New York.

At the Hamburg location, there are at present 15 students in the dual work-study programme and 14 apprentices undergoing their training.

As part of our Learning & Development Calendar, we continue to offer Lunch & Learn impulse seminars in addition to classical seminars. Since 2020, these events have been taking place virtually with a maximum duration of two hours. They can thus be easily integrated into the working day.

Worthy of particular mention in this reporting year is the day-to-day work of the crisis committee in response to the Covid-19 pandemic. The spread of the coronavirus and the related restrictions (on social contacts and travel) also constituted a challenge for Berenberg. The crisis committee analysed the situation at an early stage at the beginning of 2020 and issued recommendations and codes of conduct to protect employee health. In addition, from March onwards we facilitated a seamless transition for employees to work from home in line with government recommendations. The number of sick days this year was even lower than in prior years, serving as confirmation of the effectiveness of the measures taken. Thanks to the flexibility of our employees, business operations were maintained successfully at all locations despite the exceptional circumstances. Our IT responded quickly to meet the increased need for virtual communication channels. Project meetings, internal meetings and the recruitment and onboarding of new staff took place successfully using telephone or virtual video conferences.

We wish to thank our employees sincerely for their strong commitment and contribution, particularly in these challenging times. We would also like to extend our gratitude to the members of the Works Council and of the JAV (Youth and Trainee Council) for facilitating a trusting and constructive working relationship throughout the year 2020.

Risk report

We continued diligently with our cautious and defensive risk strategy in the reporting period. The deliberate focus on less risky service-orientated business divisions once again proved its value, especially during the Covid-19 pandemic. Our risk culture is marked by an unchanged and extremely conservative risk appetite, and is reviewed and defined by management once a year as part of the strategy and planning process. Typical 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 risk philosophy forms the basis for our company-wide risk management, and includes the setting of risk limits.

As in previous years, the Bank's liquidity situation remained very comfortable throughout 2020. 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 the 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 drop in earnings (adverse scenarios, conservative definition of risk cover).

Our implementation of the regulatory requirements in the risk-bearing capacity guidelines (internal capital adequacy assessment process, »ICAAP«) paid off again 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. It is not only simulated in isolation for individual parameters. Instead, the adverse scenario constitutes an integrated stress test as defined by the Minimum Requirements for Risk Management (MaRisk) 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 HGB (German Commercial Code), supplemented by hidden reserves and/or losses. In 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 of 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, e.g. in the spring of 2020 in the context of the looming coronavirus crisis. 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 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 ongoing Covid-19 pandemic are constantly analysed by management, Risk Controlling and the crisis committee, and the implementation of management measures is closely monitored. Given the volatilities in the financial and capital markets, we also do ad hoc analyses. The results show that the position of the Bank with regard to ICAAP is robust, in both normative and economic terms. The existing risk-covering asset buffers are sufficient at the time of writing to cover the effects of the crisis on the Bank. Stress tests thus far address the existing scenario, but are expanded and adapted to the current situation as needed.

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. The interest rate risk of the banking book (IRRBB) rounds off the risk profile.

Risk Controlling also quantifies *operational risk* using advanced methodologies, the extent of which is limited by rigorous processes, the appropriate qualifications of our staff, and a comprehensive set of rules including contingency plans.

Treasury is responsible for the management of *liquidity risk* together with the Money Market department. The Risk Controlling unit 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. In this context, individual volatile return components over time and possible resulting changes in returns are analysed. Daily reports on the most important return components and scenario planning serve as an early warning system. There is targeted diversification across business areas and markets. Risk Controlling provides management with robust reporting, which enables them to analyse the results and risks at various aggregation levels.

The Bank's Internal Audit department regularly examines the organisational precautions for managing, monitoring and controlling the various categories of risk, based on the parameters specified in the Audit Manual.

Risk Controlling and Credit Risk Management 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 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

After a year dominated by the effects of the Covid-19 pandemic, banks find themselves confronted by a challenging environment. The pandemic will continue to influence business in 2021. In addition to this, they must cope with constantly changing regulatory requirements and historically low or even negative interest rates, and they also have to overcome the challenges of digitalisation. 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. We are of sufficient size, 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 2020 we had 433 employees in London, and 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 finance location even after Brexit, and we have a strong foothold with our branch. We are in constant correspondence with the UK supervisory authorities. Being a bank headquartered within 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 with 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 continue expanding our business and growing our core markets of Germany, the UK, continental Europe and the US in 2021. 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 in other markets also achieve the top ranking in the capital market 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 2021, even in light of the current economic situation marked by the pandemic. Because of regulation, low interest rates and the increasing pressure to invest due to advancing digitalisation, 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 strive for above-average growth compared to the market, aided by the innovative structure of the division. 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 and of the services of our Investment Consulting.

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 in the form of innovative product and advisory solutions. As regards digitalisation, 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 into our business model.

Asset Management

Asset Management's growth trajectory is set to continue. Our focus will remain on quality, as demonstrated through highly competent investment specialists, processes that are second to none and an excellent technical infrastructure. We will broaden our marketing activities and supplement them with incisive public appearances and commentaries using various communication channels. In doing so, we will pay attention to enhancing our digital skills and presence. The objective is to continue our outstanding performance in the field of Equities and Multi Asset and to generate further inflows through our proven track record. Having set up just one new fund in 2020, we expect to regain momentum in 2021 with the launch of new investment concepts. The realigned Investment & Risk Management Solutions unit will now start from a healthy base to focus on winning new clients. We put the prerequisites for this new departure in place in 2020 by means of targeted recruitment for Overlay, and the establishment of both competency centres for institutional consulting and the Data & Innovation team.

Investment Bank

Following discussions with all our major clients on anticipated payment levels in 2021, 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. After a successful launch this year, we also expect our US equity capital markets business to make further progress in 2021.

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 2021. We have made the necessary adjustments to our business in preparation for the UK exiting the European Union. Brexit will have no material impact on our business.

Corporate Banking

Having come through 2020 well despite the adverse conditions, we expect clients and investors to display increased interest in working with Berenberg. In Shipping, we see opportunities for growth as other banks retreat from the market and credit markets remain stable. We are winning major new investors in Structured Finance, and take the view that credit funds will continue to replace traditional bank financing, particularly in the transaction business. In our normal corporate client business, we are also receiving more queries from good companies interested in working with us, and the same is true for large family assets. The need to expand renewable energies globally will be a major driver for this department.

ANNUAL FINANCIAL STATEMENTS
(EXCERPTS)

Balance sheet as at 31 December 2020

Assets €		2020	2019
Cash reserve			
Cash on hand		2,560,845	2,124,269
Balances with central banks	[1]	437,590,008	655,081,418
		440,150,853	657,205,687
Receivables from banks			
Payable on demand		233,900,723	183,686,655
Other receivables		143,729,824	159,919,846
		377,630,547	343,606,501
Receivables from customers	[2]	**1,047,454,707**	1,175,443,284
Bonds and other fixed-income securities			
Bonds and debentures			
– of public-sector issuers	[3]	1,153,281,789	787,147,940
– of other issuers	[4]	1,397,335,358	1,914,861,088
		2,550,617,147	2,702,009,028
Shares and other variable-yield securities		**53,808,607**	52,702,952
Trading portfolio		**38,715,287**	23,866,942
Participating interests	[5]	**313,212**	841,227
Shares in affiliated companies		**74,920,096**	40,736,970
Trust assets	[6]	**4,402,112**	3,661,893
Intangible assets			
Purchased franchises, industrial property rights and similar rights, and licences to such rights		**4,497,565**	5,150,480
Tangible fixed assets		**14,504,959**	15,521,881
Other assets		**34,900,629**	28,346,315
Prepaid expenses		**8,914,329**	8,463,040
Excess of plan assets over pension liabilities		**2,753,074**	1,459,972
Total assets		**4,653,583,124**	5,059,016,172

[1] thereof: with Deutsche Bundesbank €437,380,737
[2] thereof: municipal loans €22,248,901
[3] thereof: eligible as collateral with Deutsche Bundesbank €1,153,142,753
[4] thereof: eligible as collateral with Deutsche Bundesbank €1,381,169,453
[5] thereof: in banks €164
[6] thereof: trust loans €800,000

Equity and liabilities €		2020	2019
Liabilities to banks			
Payable on demand		200,852,510	232,761,114
With agreed term or notice period		47,401,764	37,786,778
		248,254,274	270,547,892
Liabilities to customers			
Savings deposits			
– with agreed notice period of three months		84,076	250,370
– with agreed notice period of more than three months		15,929	15,300
Other liabilities			
– payable on demand		3,416,022,289	3,447,040,152
– with agreed term or notice period		418,641,235	815,462,956
		3,834,763,529	4,262,768,778
Trading portfolio		**0**	575,931
Trust liabilities	1)	**4,402,112**	3,661,893
Other liabilities		**25,587,042**	29,831,304
Deferred income		**377,254**	152,960
Provisions			
Provisions for pensions and similar obligations		31,341,344	28,846,628
Provisions for taxes		11,411,293	500,000
Other provisions		89,333,235	89,110,084
		132,085,872	118,456,712
Subordinated liabilities		**40,000,000**	60,000,000
Fund for general banking risks	2)	**13,100,000**	13,100,000
Equity			
Subscribed capital		153,947,500	150,000,000
Capital reserve		3,499,333	0
Retained earnings		89,404,633	89,404,633
Net profit for the year		108,161,575	60,516,069
		355,013,041	299,920,702
Total equity and liabilities		**4,653,583,124**	5,059,016,172
Contingent liabilities			
Liabilities under sureties and guarantee agreements		**48,459,219**	66,977,227
Other commitments			
Irrevocable loan commitments		**198,095,628**	233,826,889

1) thereof: trust loans €800,000
2) 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 2020

Expenses €		2020	2019
Interest expenses		**11,192,055**	30,883,681
Commission expenses		**57,831,043**	63,610,382
General administration expenses			
Personnel expenses			
– Wages and salaries		197,553,386	185,804,064
– Social security charges and expenses for pensions and similar benefits	[1]	28,926,423	27,103,228
Other administrative expenses		115,477,446	124,265,725
		341,957,255	337,173,017
Depreciation of tangible fixed assets and amortisation of intangible assets		**8,969,931**	8,385,550
Other operating expenses	[2]	**18,577,132**	11,035,789
Write-downs of and valuation allowances on receivables and certain securities and additions to loan loss provisions		**18,373,111**	24,395,694
Write-downs of and valuation allowances on participating interests, on shares in affiliated companies and securities classified as fixed assets		**1,316,874**	0
Taxes on income		**16,383,150**	6,934,901
Other taxes where not shown under Other operating expenses		**699,037**	257,177
Net profit for the year		**108,161,575**	60,516,069
Total expenses		**583,461,163**	543,192,260

[1] thereof: for pensions €8,961,578
[2] thereof: for compoundings €1,701,500

Income

€	2020	2019
Interest income from		
– credit and money market activities	52,274,715	80,820,154
– fixed-income securities and debt register claims	13,497,994	13,379,861
	65,772,709	94,200,015
Current income from		
– shares and other variable-yield securities	534,795	15,814
– participating interests	681,568	45,594
	1,216,363	61,408
Commission income	**473,447,597**	419,152,967
Net income from trading portfolio	**6,758,854**	15,649,947
Income from write-ups of investments, shares in affiliated companies and securities presented as non-current assets	**0**	5,305,034
Other operating income	**36,265,640**	8,822,889
Total income	**583,461,163**	543,192,260

Notes to the financial statements as at 31 December 2020 (excerpts)

General information

The annual financial statements for the year ended 31 December 2020 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. Long prior to the entry into force of the BFA 7 regulations in 2022, the Bank began applying the new methodology for determining the general valuation allowance in 2019, which resulted in a higher allocation to the general valuation allowance than in the previous year. In 2020, not least against the background of a possible general increase in default risks due to the effects of the Covid-19 pandemic, the Bank calculated the general valuation allowance in full in accordance with the requirements of BFA 7. This resulted in a general valuation allowance of €4.7 million, an increase of €2.8 million compared to the previous year.

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 2020 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 2.30%, 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 €5.9 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 European Central Bank's reference rate 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 (»chart«) 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Receivables								
from banks	50,000	32,389	33,085	88,784*	60,645*	38,747*	0	0
from customers	689,446	712,519	37,182	163,735	228,927*	206,789*	91,899	92,402
of which with no fixed maturity	597,748	609,162						
Liabilities								
to banks	26,591	35,116	6,868	2,670	13,943	0	0	0
to customers	357,667	763,445	60,974	52,018	0	0	0	0
Savings deposits	84	250	0	0	16	15	0	0

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

Loans with a maturity of more than one year are not subject to any specific interest rate risk as a result of 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	
	2020	2019	2020	2019
Receivables				
Banks	0	0	0	6,945
Customers	84	0	0	0
Liabilities				
Banks	0	0	0	178,212
Customers	12,186	7,940	7,444	6,709

Bonds and other fixed-income securities

This item broke down into securities from €'000	public sector issuers	other issuers	Total
2020	1,153,282	1,397,335	2,550,617
due in 2021	167,941	360,482	528,423
2019	787,148	1,914,861	2,702,009

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	2020	2019
German Pfandbriefs	167,127	427,895
European covered bonds	40,797	436,954
Bonds with government guarantee	1,187,895	1,044,058
Other	1,515	5,954
Total	1,397,335	1,914,861

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 2.2 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 €1,372.2 million (€1,535.3 million) as well as promissory note loans in the amount of €38.3 million (€38.3 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 (€0.5 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. Shares of €5.7 million were marketable and shares of €48.1 million 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	2020	2019
Assets		
Bonds and other fixed-income securities	38,715	22,222
Shares and other variable-yield securities	0	1,056
Derivatives	0	589
Total	38,715	23,867

Financial instruments held for trading purposes are marked to market less a risk discount. The total risk discount amounted to €0.6 million (€0.7 million).

Trust business

€'000	2020	2019
Trust assets		
Receivables from customers	4,402	3,662
Total	4,402	3,662
thereof trust loans	800	0
Trust liabilities		
Liabilities to banks	800	0
Liabilities to customers	3,602	3,662
Total	4,402	3,662
Thereof trust loans	800	0

€3.6 million (€3.7 million) in other trust assets and the corresponding trust liabilities relate to pension obligations of customers that are held in trust.

Statement of changes in fixed assets

€'000	Historical acquisition cost				Cumulative depreciation, amortisation and write-downs				Residual book value	
	Balance 31/12/2019	Additions 2020	Disposals 2020	Balance 31/12/2020	Balance 31/12/2019	Additions 2020	Disposals 2020	Balance 31/12/2020	2020	2019
Participating interests	841	0	528	313	0	0	0	0	313	841
Shares in affiliated companies	42,800	35,500	0	78,300	2,063	1,317	0	3,380	74,920	40,737
Furniture and office equipment	70,391	4,507	402	74,496	54,869	5,523	401	59,991	14,505	15,522
Intangible assets	35,279	3,039	434	37,884	30,129	3,447	190	33,386	4,498	5,150
Total	149,311	43,046	1,364	190,993	87,061	10,287	591	96,757	94,236	62,250

Other assets

This item included receivables from closed forward exchange and currency option contracts which, due to the special coverage, resulted in an asset-side balancing item of €23.3 million (€3.6 million). In addition, there were tax refund claims in the amount of €3.6 million (€7.4 million) and as well as distributions from participating interests in the amount of €1.4 million (€0.6 million). In the previous year, receivables from shareholders of €11.5 million were disclosed in Other assets. Due to adjustments in our articles of association and bylaws in connection with CCR II, these are now classified as receivables from customers.

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 16.38%.

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	
	2020	2019	2020	2019	2020	2019
Provisions for pensions and similar obligations	31,118	20,119	31,118	20,119	29,026	18,829
Other provisions (semi-retirement)	3,519	3,060	3,519	3,060	2,858	2,890

€'000	Other operating expenses		Interest income		Fair value measurement	
	2020	2019	2020	2019	2020	2019
Provisions for pensions and similar obligations	440	511	0	0	0	0
Other provisions (semi-retirement)	56	65	0	0	0	0

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 €1.7 million (€1.2 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 €2.8 million (€1.5 million).

Other liabilities

This item essentially included liabilities from accounts payable by trade debtors in the amount of €3.2 million (€7.1 million) and commitments to the local tax office in the amount of €8.2 million (€9.8 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 €8.9 million (€2.1 million) as well as from structured foreign currency transactions of €2.1 million (€1.3 million).

Other provisions

This item included provisions from the ineffective portion of hedges of 9% (13%) and, to a large extent, provisions for personnel costs of 72% (67%).

Subordinated liabilities

Expenses included interest in the amount of €1.7 million (€2.9 million), €0.4 million (€1.6 million) of which is accrued and shown under other liabilities. The following table shows the breakdown of the subordinated liabilities totalling €40.0 million:

€'000	%	Due date
10,000	4.125	27/09/2032
7,000	4.125	27/09/2032
11,000	4.125	27/09/2032
1,000	4.125	27/09/2032
1,000	4.125	27/09/2032
10,000	4.125	27/09/2032

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. The Bank has pledged securities held in the liquidity reserve to Deutsche Bundesbank for refinancing purposes.

Assets in the amount of €437.1 million (€259.6 million) and liabilities in the amount of €2,092.1 million (€2,165.5 million) were denominated in foreign currency.

Contingent liabilities

Liabilities arising from sureties and guarantees include bills of exchange guarantees in the amount of €39.6 million (€56.4 million) and documentary credits in the amount of €8.9 million (€10.5 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 €198.1 million (€233.8 million).

Notes to the income statement

Negative interest expenses and income

Interest expenses included negative interest netted in the amount of €5.2 million (€4.1 million). Interest income included negative interest in the amount of €1.5 million (€1.5 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 89% (90%) generated in Germany and 11% (10%) 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 €314.2 million (€260.9 million) from commission-earning business, €31.1 million (€34.0 million) from research activities, and €58.3 million (€59.7 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 €40.0 million (€37.6 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	
	2020	2019	2020	2019	2020	2019
Forward exchange transactions	15,909,573	19,718,595	194,562	96,958	206,087	88,749
Swaps	1,855,017	1,912,326	2,245	3,220	2,245	14,240
Caps/floors	1,095,254	561,004	300	234	300	234
Securities futures	393,396	915,736	40	2,446	2,648	2,024
Securities options	883,819	819,212	0	60,957	27,498	112,857
Other	27,126	51,920	2,132	7,012	688	3,362
Total	20,164,185	23,978,793	199,279	170,827	239,466	221,466

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

The Bank 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 €13.5 million (€12.4 million).

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

Market risks	Capital adequacy requirement	
€'000	2020	2019
Standard method		
Net equity positions	11,909	8,104
Net interest positions	1,450	3,037
Overall currency position	149	1,303
Total	13,508	12,444

Board of Management

The Board of Management comprised the following managing partners in 2020:

Dr Hans-Walter Peters, Banker (Spokesman), until 31 December 2020
Hendrik Riehmer, Banker
David Mortlock, Banker, from 1 September 2020
Christian Kühn, Banker, from 1 September 2020

Shareholders

31.7%	Berenberg family
22.0%	PetRie Beteiligungsgesellschaft mbH (Dr Hans-Walter Peters [Managing Director] and Hendrik Riehmer) and Dr Hans-Walter Peters
5.4%	Hendrik Riehmer, David Mortlock, Christian Kühn and former managing partners
14.6%	Christian Erbprinz zu Fürstenberg
14.6%	Professor Dr Jan Philipp Reemtsma
11.7%	Compagnie du Bois Sauvage S.A.

Appropriation of profit

The net profit of €108.2 million for the year is earmarked for distribution to the shareholders.

AUDITOR'S REPORT

The 2020 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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