BERENBERG

PARTNERSHIP SINCE 1590

2021

Report
on the 432nd Financial Year

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

Report
on the 432nd Financial Year

Key performance indicators

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net profit for the year	€ million	60	66	40	104	161	90	23	61	108	170
Net commission income	€ million	206	234	244	321	254	343	279	356	416	573
Total assets	€ million	4,279	4,525	4,514	4,738	4,716	4,741	4,693	5,059	4,654	6,376
Equity	€ million	221	223	219	234	265	296	293	288	296	341
Receivables from clients/loans	€ million	794	642	750	1,013	934	929	1,097	1,175	1,046	1,075
Liabilities to clients/deposits	€ million	3,083	3,390	3,199	3,570	3,721	3,736	3,924	4,263	3,835	5,480
Return on equity (before taxes)	%	43.8	46.9	28.8	67.3	95.8	43.0	9.8	28.5	52.0	82.7
Cost-income ratio	%	76.5	78.1	85.7	72.2	63.9	72.7	88.9	79.9	70.9	65.8
Assets under management	€ billion	25.7	27.5	32.9	35.7	36.3	37.0	36.7	40.7	41.3	44.8
Employees*		1,036	1,066	1,159	1,236	1,407	1,474	1,640	1,474	1,573	1,703

* Berenberg Group.

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

Dear clients and business associates,

2021 was the second year of the Covid-19 pandemic. This provided challenges for the Bank and its employees that previously were unimaginable. At Berenberg, we adapted as required to the exceptional circumstances to ensure the smooth and successful running of the Bank. Our clients greatly appreciated the close contact with our advisors – including the use of new digital channels. We also placed a big emphasis on the mental health and well-being of our employees during this unprecedented period.

In 2021, we achieved the best result ever. The net profit generated operationally in 2021 was €170.1 million, up from €108.2 million the previous year. Assets under management increased from €41.3 billion to €44.8 billion despite the transfer of assets from overlay management to a cooperation partner. We are delighted by the significant inflows of new assets into our funds and in our wealth management business. Our Investment Bank division also delivered a record year. Due to the growth in our business and the opportunities we see ahead, we increased the number of employees from 1,573 to 1,703.

The strong 2021 performance of the Bank is the result of our consistent and significant investment in expertise and service. As a medium-sized bank, we have the size and the means to invest in broadening our business model. But we also value our boutique culture which places an emphasis on high quality client service in only those areas where we can provide added value.

In our Investment Bank, we further expanded our research coverage. By the end of the year, our 129 (previous year: 116) equity analysts in London, New York and Frankfurt covered 1,250 (previous year: 1,100) stocks. Our 76-strong sales team serves 950 institutional clients. In terms of IPOs and capital increases (Equity Capital Markets), we were able to build on our excellent result from the previous year and increase the number of transactions from 67 to 114, with the total volume more than doubling. As in previous years, Berenberg executed more ECM transactions in the DACH region than any other bank. We also expanded our capital markets activities internationally undertaking a growing number of different transactions in France and Benelux, the Nordic countries, in the UK, and in the US, where we executed 23 (14) transactions.

We have reorganised our Wealth and Asset Management operations in recent years. To date, 18 of the 21 Berenberg funds that have the necessary track record of three years have been awarded four or five stars by the MORNINGSTAR rating agency. These and many other awards are impressive proof of our commitment to quality and performance, which directly benefit our customers.

With a total now of 20 credit funds (private debt) in Corporate Banking, we offer investors the opportunity to generate attractive returns in a perpetually low interest rate environment. With these funds, we are able to finance, in particular, company acquisitions, ships and renewable energy projects. For that reason, the SCOPE rating agency recently named us »Best Asset Manager Private Debt«. We continue to place particular emphasis on our conservative and at the same time profitable credit portfolio.

This strong 2021 performance across all of our business lines demonstrates that we are well-positioned in the market. With both our business model, aligned towards providing independent advice, and an impressive performance, we were able to win many new clients. Therefore, we look ahead with confidence to the continued expansion of our business.

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

Hendrik Riehmer David Mortlock Christian Kühn

EXECUTIVES

Managing Partners

Hendrik Riehmer

David Mortlock

Christian Kühn

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As at: 1 January 2022

January

For the first time, Berenberg receives the **Golden Bull** from FINANZEN VERLAG (publisher of trade magazine €URO) as Asset Manager of the Year 2021 for its high-quality portfolio. The photo shows Klaus Naeve, Co-Head Wealth and Asset Management, with the award. In addition, six Berenberg funds are honoured with **Fund Awards**. The fund strategies of Matthias Born, Andreas Strobl, Bernd Deecken and Robert Reichle delivered a convincing performance in the equity fund categories *Europe, Eurozone, Ecology/Sustainability* and *Germany/Second-Line Stocks*, as well as in the category *Bond Funds Emerging Markets Euro*.

Jörg Modrow

Due to the ongoing Covid-19 pandemic, we hold all scheduled **annual kick-off events** entirely in a virtual format.

February

Berenberg defies the difficult business environment caused by the Covid-19 pandemic and presents the **best operating business result** in the history of the Bank. Net profit for 2020 rises to €108.2 million (previous year: €60.5 million).

March

The trade magazine FONDS PROFESSIONELL awards Berenberg the **German Fund Award 2021** in the category *Mixed Funds Global – Equity-Orientated* with the verdict »Outstanding« for the Berenberg-1590-Aktienstrategie Global A Fonds, managed by Kay Eichhorn-Schott.

Bertold Fabricius

In March, we publish the **50th edition** of our weekly German **podcast »SchmiedingsBlick«** with Chief Economist Dr Holger Schmieding, Klaus Naeve, and various fund managers. The audio format containing the latest assessments on the economy and capital markets remains a fixed component of our knowledge offering until the end of the year, and will continue in 2022.

At the end of March, the **UK Corporate Conference** takes place fully virtually. Over the course of three days, 498 clients meet 237 representatives from 95 companies. A total of 513 meetings, 39 fireside chats and two keynote sessions are being held.

April

For the fourth consecutive year, Berenberg is named »**Best Bank for Small Cap Equity Markets**« at the GlobalCapital ECM Awards. The prestigious award recognises the continued growth of the Berenberg platform in the global capital market.

The **Berenberg Green Energy Junior Debt Funds** continue their investments in green assets with the financing of a wind farm project in Finland. Further wind and solar parks, as well as a photovoltaic pipeline, follow in the course of the year at various locations in Europe.

Berenberg is named »**Best Equity Fund Manager in Europe**« and »**Best Fund Manager in Germany**« in the *Small Cap* category by the fund rating agency Refinitiv Lipper. Additional awards recognise the fund management and individual funds both across Europe and for Germany, Austria, Switzerland and France. The Refinitiv Lipper Fund Awards are among the most important awards in the financial industry.

REFINITIV LIPPER FUND AWARDS
2021 WINNER EUROPE

The **Berenberg European Focus Fund** reaches €1 billion in assets under management. Assets under management in equities rise to more than €5 billion.

May

At the **Berenberg Investor Conference** in the US, 190 companies present themselves to 870 clients over three days. The virtual event includes nearly 800 meetings, 48 fireside chats and a keynote event.

The Investment Bank Berenberg is admitted by the London Stock Exchange (LSE) as a **Nominated Advisor** for the Alternative Investment Market (AIM). AIM was established by the LSE in 1995 to enable emerging growth companies to raise debt capital.

June

Berenberg's Shipping team is awarded the »**Deal of the Year**« for 2021 in the category *Structured Finance* by leading international maritime sector publication MARINE MONEY for a $135 million Fund Level Facility (FLF) transaction for Meerbaum Capital Solutions.

At the PWM Wealth Tech Awards, Berenberg is honoured as »**Best Private Bank for Digital Customer Service, Europe**«.

July

The Real Estate division launches another **Real Estate Special Fund** with an investment focus on office properties in major German cities. The seed investment is successfully purchased and a first closing takes place. The target volume is €750 million. The real estate special funds Berenberg Real Estate Berlin and Berenberg Real Estate Hamburg II continue to invest.

The **Berenberg German Polo Masters in Sylt** take place for the 22nd time despite Covid-19 and rain. The Berenberg team narrowly beats Porsche in the final. The tournament is one of the major events on the island and in European polo.

Sonja Rommerskirch

August

The fund rating agency MORNINGSTAR awards the bond fund Berenberg Credit Opportunities, managed by Christian Bettinger, the highest rating of **five stars** in the category *Euro High Yield Bonds*, just in time for its third anniversary. MORNINGSTAR's five-star rating is considered one of the most well-regarded hallmarks of quality in the fund industry.

Berenberg starts to invest in its **third shipping loan fund** to date. Over the course of the year, Berenberg exceeds the €1 billion threshold in shipping loans under management (AuM Shipping) for the first time, rising to over €1.25 billion at the end of 2021.

September

The **European Discovery Conference** is one of the few face-to-face events this year. It brings together 81 clients and 45 company representatives in Mallorca. Over three days, 111 meetings are held on-site.

As in the previous year, the **German Corporate Conference** is held by video. Almost 1,000 clients and nearly 400 company representatives participate over the course of three days in 1,059 meetings, 45 fireside chats and three keynote events.

October

Berenberg is ranked #1 for both »**Best Customer Support**« and »**Best ETF Capabilities**« at this year's Leaders in Trading 2021: Algorithmic Trading Awards by the financial news publisher THE TRADE. The photo shows Alexandra Roby with the Best Customer Support award, Jason Rand, Head of Electronic Trading and Distribution (right), and Olatayo Balogun.

The TRADE

Berenberg continues its successful credit fund strategy with two new closed-end **multi-investor funds**. The credit funds invest in first-ranking and senior secured transaction financing for medium-sized companies, and senior secured ship financing for globally operational merchant vessels. By the end of the year, Berenberg's credit fund family comprises 20 funds with a total target volume of well over €5 billion.

November

Berenberg launches its first internationally invested **Micro Cap Fund**. It invests in equities involving smaller international innovation leaders outside Europe with a focus on companies with a market capitalisation of less than €1 billion. With this fund, Berenberg expands and complements its successful small cap strategy from a geographical perspective. The fund is managed by Peter Kraus and his highly experienced team.

Laura Janssens, Head of European Equities, is recognised in the 2021 list of the 100 **Most Influential Women in European Finance** by the London-based financial newspaper and news website FINANCIAL NEWS.

Once again, Berenberg is at the top of the winner's podium in the report **Elite der Vermögensverwalter** (HANDELSBLATT) and is awarded the highest grade *summa cum laude* among 350 asset managers in German-speaking countries.

Berenberg receives the well-recognised **FNG Seal 2022** for sustainable investments for eight of its funds. Two Berenberg funds are awarded the highest rating of three stars, and six other funds are awarded two stars.

Forum Nachhaltige Geldanlagen e.V.

The fund rating agency SCOPE awards Berenberg two prizes at the Scope Investment Awards 2022: **»Best Asset Manager«** in the category *Special Fund Provider* and **»Best Asset Manager Private Debt«**. The photo shows Tobias Bittrich, Head of Corporate Banking, with the Private Debt Award.

Scope Group

HANDELSBLATT includes Matthias Born, Berenberg Head of Investments, and Andreas Strobl, Fund Manager, in the ranks of Germany's **Most Renowned Fund Managers** in the categories *Equities Europe* and *Equities Germany*.

For the second time, Berenberg Capital Markets hosts the **US CEO Conference**. The event is aimed exclusively at CEOs of US companies: 205 company leaders and over 450 investors meet in virtual rooms over two days.

December

The 19th **Berenberg European Corporate Conference**, normally held at Pennyhill Park in the UK, once again transitions into the virtual realm. The four-day conference nevertheless again garners a great deal of interest, bringing together some 500 corporate representatives and almost 900 institutional clients to take part in 1,187 meetings, 72 fireside chats and four keynote sessions.

Business fundamentals

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 1,703 employees at 15 locations across Europe and the US. With the expansion of our Investment Bank, Wealth and Asset Management, and Corporate Banking business divisions, we are on a secure footing for further market growth, making us a dependable partner for our clients. We analyse the economy and financial markets across all sectors and geographic boundaries and apply our *vision*.

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

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

Core business divisions

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

Investment Bank

The broad-based Investment Bank division focuses on service and advisory operations in Equities, Investment Banking and Financial Markets. At year-end 2021, our Research team covered more than 1,250 stocks. In addition, we support IPOs, capital increases and secondary placements. Trading transactions are conducted on a client-induced basis with equities, securities, financial instruments and foreign exchange; proprietary trading only takes place in individual cases in connection with client transactions.

Wealth and Asset Management

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

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

Corporate Banking

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

The head office of Berenberg and its German subsidiaries is in Hamburg. In Germany, we have branch offices in Düsseldorf, Frankfurt, Munich, Münster and Stuttgart. Outside Germany, we are represented by branch offices in London and Paris, as well as representative offices in Geneva and Zurich. An office in Brussels was added at the end of 2021. An office in Stockholm is set to be opened. In the US, Berenberg is represented by subsidiaries in New York and offices in Boston, Chicago and San Francisco.

Locations

Overall economic development

After the Covid-19 pandemic had plunged the global economy in 2020 into the deepest recession experienced in the post-war period, the economy recovered pleasantly and quickly in 2021. During the past year, global economic output has more than compensated for the previous year's slump of 3.1 % and increased by 5.7 %, according to figures available at the end of January 2022. In part thanks to the rapid vaccination roll-out in developed countries and some emerging economies, the new waves of the pandemic had far less of an impact on the economy than had been the case from March to May 2020. Moreover, the new restrictions which had to be imposed again in some parts of the world in 2021 were far more targeted than those which were implemented in the first wave. Generous government aid also supported the economy in 2021, even more so in the US than in Europe.

The rapid rebound in economic output, high US consumer demand for durable goods and the digital economy boom, which was additionally driven by the pandemic, have, however, created a problem for the world not experienced on this scale for decades. Supply bottlenecks and a shortage of semiconductors and other intermediate products have noticeably affected production in some sectors such as, for example, the automotive industry. They have also contributed to a rapid rise in the inflation rate on both sides of the Atlantic.

After a downturn in economic output of 6.5% in 2020, the eurozone was able to significantly recover in 2021 with growth of 5.2%. The services sector, which had been severely affected in the previous year, also contributed to this increase. It soon became apparent that consumers were willing to return to restaurants and theatres as soon as these were able to reopen. After being able to keep the rise in unemployment within narrow limits in 2020 by implementing a variety of government programmes (most of which were modelled on Germany‘s short-time working model), the eurozone was able to scale back these programmes somewhat in 2021. With a rate of 7.2% in November, unemployment in the eurozone returned to pre-pandemic levels.

With growth of 2.8%, Germany was among the laggards within the eurozone in 2021. There are two main reasons for this. On the one hand, Germany had coped better with the pandemic in 2020 than almost all other countries in Europe. After a decline in economic output in 2020 of 4.9% compared to the eurozone's 6.5% slump, Germany had less catch-up potential in the year under review. On the other hand, with its strong specialisation in automotive and mechanical engineering, Germany had suffered more than many other countries from the pronounced shortage of semiconductors in the second half of 2021, which impacted these two sectors particularly hard.

Due to a particularly generous fiscal stimulus, the US economy weathered the pandemic comparatively well. After a relatively moderate decline in economic output of 3.4% in 2020, the US achieved a plus of 5.7% in 2021. However, with a national budget deficit of an estimated 12.8% of its economic output in the year under review (versus 16.5% in 2020), the US still had to pay a high price for its comparatively robust economic performance. In contrast to this, the fiscal deficits in the eurozone (6.8% in 2021) and Germany (4.3%) were also high, but somewhat more moderate.

Despite some home-grown problems, China achieved 8.1% growth in 2021. In addition to effective measures implemented to prevent new waves of the pandemic, the credit-financed stimulus of the previous year also contributed to this growth. The pace of the increase, however, slowed significantly over the course of the year as the government sought to curb excessive credit growth in the real estate sector, which is a particularly important area for the Chinese economy.

Insofar as the pandemic can be kept in check by additional progress in vaccination rates, a further upswing for the global economy, as well as for global trade, is on the horizon for 2022. Since some supply bottlenecks might be resolved over time and some special effects will drop out of the previous year's comparison of price levels, there is much evidence to suggest that inflation rates will moderate again in 2022. However, considering an increasing skilled labour shortage in important sectors and higher costs for desirable climate protection, inflation rates could still remain higher than they have been in the past decade.

The US Federal Reserve and the European Central Bank responded to the pandemic with historically unprecedented measures; 2022 is now likely to be characterised by a turnaround in monetary policy. While the US Federal Reserve has already announced that it will soon end its bond purchases, and has already promised initial interest rate hikes, the ECB will probably proceed somewhat more slowly in view of less pronounced inflationary pressure. With interest rates and yields remaining very low, those banks in Europe which have traditionally generated their revenues primarily in the interest business will especially have to continue their intensive efforts to find new areas of business.

Awards

In 2021, we again received a large number of prestigious awards. The following overview shows a selection of these. All these awards are confirmation of our approach and the quality of our services in the various business areas. At the same time, we take them as an incentive to continue resolutely along the path we have chosen.

- DIE ELITE DER VERMÖGENSVERWALTER (HANDELSBLATT)
  – *Highest grade of summa cum laude*

- SCOPE INVESTMENT AWARDS 2022 (FUND RATING AGENCY SCOPE)
  – *Best Asset Manager in the category Specialist Provider*
  – *Best Asset Manager Private Debt*

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

- REFINITIV LIPPER FUND AWARDS
  – *Best Equity Fund Manager in Europe in the category Small Enterprises*
  – *Best Fund Manager Germany in the category Small Enterprises*

- DEUTSCHER FONDSPREIS 2021 (FONDS PROFESSIONELL)
  – *Outstanding in the category Mixed Funds Global Equity-Orientated*

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

- PWM WEALTH TECH AWARDS
  – *Best Private Bank for Digital Customer Service, Europe*

Financial performance

Earnings

Net profit for the year

The financial year 2021 closed with a net profit of €170.1 million (previous year: €108.2 million). Berenberg was therefore able to significantly exceed the record operating result achieved last year. This result is also the best net profit ever recorded in the history of the Bank. Our business model has thereby proven once again to be strongly sustainable.

In our 2020 management report, we issued a cautious forecast for 2021, which we considered to be realistic against the backdrop of the ongoing Covid-19 pandemic and its associated unknowns. The result actually achieved once again significantly exceeds our forecasts. Net commission once more reached a record level. We continued to take advantage of the still strong earnings in order to expand our business model selectively. Administrative expenses are higher than planned due to higher expenses for our personnel and strategic investments in our infrastructure. The former is primarily due to variable salary components, which are correspondingly higher due to the favourable result. Investments were made selectively and in a targeted manner. In the interest of our customers, we are paying particular attention to the optimal alignment of business support functions, especially the continuous improvement of the performance of our IT infrastructure. In the year under review, we again used the strong earnings for targeted investments in order to continue the expansion of our IT services and infrastructure.

The return on equity, calculated as the ratio of profit before taxes to equity at the beginning of 2021, amounted to 82.7% (52.0%). The cost-income ratio once more improved strongly from 70.9% to 65.8%. The ratio of current net interest income (excluding income from participating interests/affiliated companies) to net commission income was 6:94 (12:88), underlining the outstanding significance of commission-earning operations for the Bank's business model.

Net commission income

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

At €572.5 million, net commission income in the year under review was not only again significantly higher (by 37.8%) than the previous year's record figure of €415.6 million, but also marked a new all-time high.

Net commission income is mainly determined by our securities and equities business. We have a very strong market position in the ECM business in Europe. We were able to achieve extraordinary growth this year and accompany the highest ever number of ECM transactions. Clients have valued our Research product. As a result, this segment's earnings developed very favourably. 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 positions of the Investment Bank and our Wealth and Asset Management business, 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 track record 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.

Berenberg Group's assets under management (AuM) amounted to €44.8 billion (€41.3 billion). In this context, it should be noted that the spin-off of the operational overlay business in 2021 initially led to a noticeable decline (€5.3 billion), which was, however, more than offset by the encouraging AuM growth in the Wealth and Asset Management core business and in Shipping.

Net interest income

As forecast, net interest income including current income from shares and other variable-yield securities again fell significantly by €18.3 million from €55.8 million to the current figure of €37.5 million.

As in the previous year, net interest income was once again strongly influenced by historically low interest rates. Worldwide – and therefore also in the markets relevant for Berenberg in continental Europe, North America and the UK – interest rates historically low in some cases, and are thereby affecting what margins can be achieved.

Our lending business continues to be characterised by a cautious lending policy, and we are not aiming to expand the volume of lending. In addition, interest income is particularly generated from our conservatively invested securities in the liquidity reserve, which generate lower interest income when reinvested. The relatively high coupons of securities in the portfolio that are still traded at a premium are countered by scheduled write-downs on bonds.

Net trading income

Net income from trading activities increased by €1.9 million to €8.7 million (previous year: €6.8 million).

As our business activities are primarily service-orientated, trading activities on our own behalf in the equities, bonds and foreign exchange segments are very limited and take place exclusively as a supplement to our core business in customer trading. Proprietary trading in non-linear products (such as FX options) does not take place as a matter of principle. The reserve required by law in accordance with Section 340g of the HGB (German Commercial Code) in conjunction with Article 340e (4) HGB continues to be fully endowed.

Other operating income

In the previous year, other operating income included special effects from the sale of our business activities related to external asset managers. In the year under review, other operating income decreased significantly from €17.7 million to €9.7 million. This includes income from specially hedged transactions amounting to €7.9 million and involves primarily foreign-currency-related matters.

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

Personnel expenses increased significantly compared to the previous year to €274.4 million (€226.5 million) due to both further growth in the number of employees in order to strengthen our business model, as well as the participation of our staff in the Bank's business success through variable salary components. Although we continued to invest in our business support processes, especially in our IT, material costs of €129.4 million, while significantly higher than in the previous year (€115.5 million), were in line with our expectations, as we used some of the earnings for targeted investments in our IT systems and business processes. General administrative expenses including depreciation of tangible fixed assets and amortisation of intangible assets and other taxes amounted to €413.6 million (€351.6 million). In the future, we will continue to place particular emphasis on the efficiency of our processes while strengthening our business model in specific areas.

Risk provisions

Within the framework of risk provisioning, sufficient valuation allowances and provisioning funds have been allocated for lending operations. All identifiable credit risks have been taken into account in full by applying a prudent valuation method. Once again, no net additions to specific valuation allowances were required. We have been applying the requirements for determining general valuation allowances (IDW BFA 7) as published by the Banking Committee of the Institute of Public Auditors in Germany, effective in 2022, in full since the 2020 financial year on a voluntary basis.

The result from the liquidity reserve must largely be viewed in conjunction with net interest income. Our liquidity reserve contains debt securities and bonds which are trading at a premium and thereby create a corresponding ongoing need for write-downs.

Taxes on income

The position »taxes on income« is derived from the earnings of the permanent establishments, and is calculated on the basis of the earnings that also include income components on which no taxes are incurred. In 2021, they amounted to €34.0 million. This represents a sharp increase of €17.7 million compared with 2020, which is attributable to the significantly higher earnings.

Financial and assets position

Capital base and ratios

The Bank's own funds amounted to €341.2 million (€295.5 million). The increase results from Additional Tier 1 (AT1) capital issued in the amount of €40.0 million, as well as an increase in subscribed capital and in the capital reserve totalling €7.4 million in 2021, which strengthens the Common Equity Tier 1 (CET1) capital. The main component of the Bank's equity is CET1 capital in the amount of €261.2 million (€255.5 million). Subordinated loans are fully counted as AT1 capital in the amount of €40.0 million and as Tier 2 capital in the unchanged amount of €40.0 million.

The total capital ratio in accordance with the Capital Requirements Regulation (CRR), as well as with the German Solvency Regulation (SolvV), amounted to 17.4% (15.7%), the core capital ratio adjusted to 15.4% (13.5%) and the CET1 capital ratio was 13.3% (13.5%). The ratios have either increased or stabilised at a high level as a result of the described increase in the capital base and were again well above the minimum regulatory requirements. As a result of the first-time inclusion of AT1 funds, the core capital ratio and the CET1 capital ratio differed in the reporting year. The capital base therefore continues to provide sufficient scope for further growth.

The Liquidity Coverage Ratio (LCR), which expresses the ratio of the portfolio of first-class liquid assets to net outflows in the coming month and is intended to assess the short-term liquidity risk of credit institutions for regulatory purposes, was about 1.9 (1.9), about 90% above the regulatory minimum.

The Net Stable Funding Ratio (NSFR, the structural liquidity ratio), which expresses the ratio of available stable funding to required stable funding, and which is intended to optimise the structural liquidity of credit institutions with a time horizon of one year for regulatory purposes, has been reported to the Deutsche Bundesbank on a mandatory basis since mid-2021. At about 2.6 the NSFR was significantly above the regulatory minimum ratio at the end of the reporting year. From a regulatory perspective, Berenberg is therefore not exposed to any short-term or structural liquidity risks.

The economic approach is described in detail in the risk report section.

Funding and securities in the liquidity reserve

Berenberg can meet all its funding needs entirely from client deposits, and was liquid at all times in the year under review. There were no open liquidity positions in the fiscal year 2021. Due to the short-term structure of our business, liquidity risks only play a subordinate role. There was a significant surplus of liquidity, which the *Treasury* business unit invests primarily in bonds with the highest credit ratings with the goal of minimising potential credit risks.

At year-end 2021 the portfolio consisted of bonds and other fixed-income securities with a volume of €2,132.5 million (€2,550.6 million). The portfolio is dominated by securities from German public-sector issuers (43.5%; previous year: 45.2%), securities guaranteed by Germany or a German federal state (48.4%; previous year: 46.6%), as well as German Pfandbriefs and Scandinavian covered bonds (7.3%; previous year: 8.2%).

The remaining maturity for these holdings averaged 1.6 years (2.2 years), so that the spread change risk inherent in the portfolio is limited. The interest rate risk is mostly limited to the three-month or six-month Euribor. A large portion of the liquidity is deposited at Deutsche Bundesbank. An unexpected short-term liquidity requirement could be covered by the European Central Bank's refinancing framework.

Total assets and business volume

In the year under review, total assets increased significantly by about €1,7 billion from €4,653.6 million to €6,376.3 million. This was due to a sharp increase in client liabilities due on demand, which were predominantly invested in balances with central banks on a daily basis. Client deposits accounted for 85.9% of total assets (82.4%) and continue to be the dominant item in the Bank's balance sheet.

Receivables from banks decreased significantly by 12.1% to €331.8 million (€377.6 million) and are mostly due on demand. Other receivables include the investment of parts of the liquidity surplus in promissory note loans issued by German development banks in the amount of around €120.3 million (€63.7 million). The remaining majority of the liquidity surplus was invested in low-risk bonds of German public-sector issuers.

Receivables from clients amounted to €1,074.8 million as of the balance sheet date, and were therefore slightly higher than the previous year's closing figure of €1,047.5 million, mainly due to the increase in receivables due on demand. Part of the liquidity reserve of €34.1 million (€22.2 million) was invested in promissory note loans from German public-sector borrowers.

Bonds and other fixed-income securities as well as shares and other non-fixed-income securities were held in the amount of €2,222.9 million (€2,604.4 million), a significant decrease of 14.7%. In principle, the Bank's surplus liabilities are invested in these items. They thus fluctuate with the customer liabilities that are essential for the liabilities side and can change correspondingly to a significant extent.

Liabilities to banks decreased significantly by €110.5 million to €137.7 million. They consist primarily of deposits due on demand from our former Swiss subsidiary.

Liabilities to customers totalling €5,479.5 million (€3,834.8 million) are largely due on demand, at €5,240.2 million (€3,416.0 million). Those with an agreed term or period of notice amount to just €239.3 million (€418.6 million). Liabilities to customers thus increased significantly, on the one hand, as a result of the successful acquisition of assets under management by our Wealth and Asset Management. On the other hand, the extremely positive global business development in the Shipping segment contributed to the increase in our liabilities to customers. Furthermore, temporarily parked liquidity from the proceeds of SPACs contributed to the increase.

Of the liabilities to customers, €2,830.7 million are denominated in US dollars (€1,746.1 million). These have therefore increased considerably and account for 51.7% (45.5%) of the total portfolio. A significant portion of our customer deposits is therefore denominated in US dollars. The resulting foreign currency exposure is hedged by our Foreign Exchange Trading using the construct of special hedging under commercial law to minimise FX risks.

The expanded business volume, defined as total assets and contingent claims from guarantees and other indemnities, increased considerably in line with the increase in total assets from €4,702.0 million to €6,423.4 million. Irrevocable lending commitments amounted to €327.8 million (€198.1 million). This represents a significant increase of 65.5% compared to the previous year.

Credit volume

The expanded credit volume increased slightly to €1,121.9 million (€1,095.9 million). It consisted of receivables from customers of €1,074.8 million (€1,047.5 million) and, nearly unchanged, of contingent receivables from guarantees and other indemnities of €47.1 million (€48.4 million).

Our Bank's lending business continues to be characterised by a cautious lending policy. We are still not aiming to expand the volume of lending.

Overall statement

The favourable earnings development, again with a significant additional improvement in the operating result, once more underscores the viability of our business model. The equity base was again significantly strengthened in the past financial year and thereby continues to be significantly above the regulatory requirements. The net assets and the financial position are in excellent order. Solvency was ensured at all times and the liquidity situation, pursuant to the requirements of the banking supervisory authorities, continues to be more than just comfortable. As an internationally focused bank with a service-orientated and continually adjusted business model, Berenberg believes itself to be well-positioned in order to remain successful in the market in the future.

Supplementary report

No events of particular significance for the economic situation of the Bank occurred between the end of the 2021 financial year and the preparation of the annual financial statements.

Sustainability report

In addition to our annual report, we also publish a separate condensed sustainability report which includes our non-financial statement. You can find it on our website: www.berenberg.de/en/csr-report2021.

Investment Bank

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

Equities

Having successfully navigated the dual challenges of MiFID II and Brexit and adapted to the ongoing difficulties of Covid-19, 2021 was a highly successful year for the *Equities* division. Strategic hires have strengthened the teams across the unit with increased revenues from all streams to match.

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. There is still pressure on our affected asset management clients which has led to a significant contraction in the numbers of brokers they work with and in overall payments for research, but processes have now stabilised. Meanwhile, Covid-19 remains a challenge for all with the knock-on effects of supply chain disruptions and inflationary pressures being key areas of focus in 2022. Our staff have had to regularly change their working practices, but a remarkable effort in logistics and adaptation continues to allow the daily business to be unaffected by remote working.

Against this backdrop, our revenues for research advisory and high-touch trading represent another significant outperformance in comparison to the industry, whilst the low-touch trading team has had a successful first full year and has been an important addition to our Execution capabilities.

Equity Research and Sales

In December 2021 the Equity Research team hit 1,250 stocks under coverage. We ended the year with 99 analysts covering 940 stocks in London, of which around 345 are UK-listed. We also had 30 analysts covering 310 stocks in New York. Between the teams in London and New York, we now cover more than 360 US-listed shares. The New York team focuses on, in our view, under-covered mid-cap shares with a stock-picking approach.

Our sales team of 64 generalists and 12 specialists serviced in excess of 950 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 114 equity capital markets transactions, including 33 IPOs.

The arrival of MiFID II had significant implications for the way our buy-side clients interact with both us and our sell-side competitors. They reduced their number of sell-side relationships with brokers, and now closely monitor the level of services they consume. Thanks to the quality of our research and sales efforts, we continue to maintain relationships with over 97% of our clients. In addition, our team had more than 17,000 meetings with investors in 2021.

Facilitating interaction between our buy-side clients and the companies we cover remains a key priority for the team. In 2021, we maintained a hybrid platform for this purpose and organised 30,000 meetings between investors and the management teams of companies under our coverage. We also hosted 30 virtual conferences, including our 19th Berenberg European Conference (normally at Pennyhill Park in Surrey in the UK), which attracted about 500 corporate representatives and close to 900 institutional clients.

Equity Trading

A record equity turnover of about €150 billion was achieved in 2021. The number of shares covered as systematic internaliser has increased to about 5,200.

Equity Trading (EU)

In a steady, upward trending market environment for the equity execution business we continued to expand our institutional client base and gained further market share within our pan-European stock universe. Over 400 stocks are now under market-making coverage on the Retail Service Provider network, and we recently added the Investment Trust Platform. The number of share deals throughout the year reached a new record level, a continuation of last year's trend despite the ongoing pandemic. The European risk arbitrage business continued to grow its franchise, and we traded over €20 billion in takeover situations – up by more than 50% year-on-year. We gained market share to become the number six across the whole European Risk Arbitrage segment.

Our electronic trading desk was nominated for five trading awards in the 2021 EMEA Algorithmic Trading Awards, winning in two categories, whilst finishing the year the third-fastest growing platform, by market share, in all of Europe.

The execution technology platforms for electronic trading, high-touch trading and market making were further enhanced to support new businesses and trading workflows. At the same time there was a focus within the Investment Bank Technology department to further increase the resiliency of the entire business trading technology stack. This involved significant investments and an overhaul of relevant infrastructure, including redesigning the network and expanding the London-based systems further, to provide the business divisions with state-of-the-art and future-proof technology solutions.

Equity Trading (US)

In our fourth year on the top floor on 6th Avenue and 49th Street in Midtown Manhattan we further increased our US and Canadian Equity Trading activities for US, Canadian and European-based institutional clients. Despite the pandemic in New York City, with some sales traders working from our disaster recovery office, we have seen more block transactions and an increased order volume in US and Canadian stocks through our trading desk with huge success.

We hired more sales traders in 2021 in both New York and London to expand and improve our services for US and European clients regarding the US product; we now employ 18 people in trading, including the operations team.

Following the start of electronic trading offering for US and Canadian stocks for European clients at the end of 2020, we went live this year offering electronic trading executions in the US and Canadian stock market also to US and Canadian clients. That part of the business offers our US-based clients another venue to access our services in North America and trade US stocks via our platform. We have seen more US and European clients using our Risk-Arb trading desk with decent success including some »cross-border« business (US and European corporate deals). As in previous years, our clients appreciated the service we offer to trade and convert ADRs (American depositary receipts).

With the addition of the 52^{nd} floor in our building in 2022, we are looking to further expand our trading team and will continue to grow our US trading business.

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)

2021 has been a record year for Berenberg ECM. Throughout the year we have continued to deepen our presence across our key regions, i.e. Europe, the UK and the US, and have executed a record-breaking 114 transactions (versus 67 in 2020) that raised about €29.3 billion in total (up from €12.3 billion in 2020); this included 33 IPOs, 6 SPAC transactions, 75 accelerated offerings and several convertible and exchangeable bonds. The total volume raised in investment banking was €32.2 billion (€14.8 billion).

In Europe, we have consolidated our position as the market-leading ECM bank in the DACH region (Germany, Austria and Switzerland) through flagship transactions including the largest German IPO of the year, Vantage Towers (€2.3 billion), our global coordinator roles on the IPOs of Friedrich Vorwerk (€414 million), Bike24 (€322 million), Novem (€247 million), Mister Spex (€375 million) and SKAN (CHF 270 million), amongst others, as well as the CHF 506 million IPO and subsequent CHF 152 million capital increase for Montana Aerospace in Switzerland, the IPO of Polypeptide (CHF 848 million), and the IPO (€300 million), PIPE (€100 million) and business combination of 468 SPAC I and Boxine to form tonies SE.

We are also pleased to have supported the capital increase of Siemens Healthineers (€2.3 billion) and the rights issues of PORR (€122 million) and Borussia Dortmund (€86 million).

We have grown our market share further in France and the Benelux region through such transactions as the spin-off of Faurecia (€1.6 billion), the landmark »re-IPO« of Lotus Bakeries (€327 million), the IPO of Europe's first-ever ESG SPAC, ESG Core Investments (€250 million), in addition to the IPOs of NX Filtration (€190 million), Forsee Power (€115 million), MotorK (€82 million), Afyren (€71 million), Ekopak (€60 million), Biotalys (€55 million) and Groupe Berkem (€53 million).

The most transactions

Equity Capital Markets 2021 in the German-speaking region

Number of deals	Lead bank
21	Berenberg
20	Bank of America
18	Credit Suisse
17	UBS
17	Jefferies
16	Goldman Sachs
16	Deutsche Bank
16	JP Morgan
13	Citi
11	Morgan Stanley

Source: Bloomberg

We also completed rights issues for Veolia (€2.5 billion) and Cie des Alpes (€231 million), secondary placings in the likes of Eurazeo (€124 million) and Immobel (€17 million) – the first deal in Europe in 2021, on top of our global coordinator mandates for Fagron (€65 million), UnifiedPost (€55 million) and Mithra (€40 million), as well as the bond issue for Bigben Interactive exchangeable into Nacon shares alongside its associated delta placing.

Berenberg has also expanded its presence in the Nordic region through transactions such as the IPO of Norwegian construction software company Smartcraft (NOK 1.2 billion) and the capital increases for Swedish video game developers Embracer Group (SEK 7.6 billion) and Stillfront Group (SEK 1.0 billion).

Our presence in Southern Europe is also gaining more traction; we executed three secondary placings for Spanish pool equipment and components provider Fluidra (totalling €1.1 billion), our first transaction and IPO in Italy, The Italian Sea Group (€97 million), and the largest IPO in Spain for over five years, Acciona Energia (€1.5 billion).

We have continued to develop the UK franchise around a growing foundation of corporate broking clients, of which we now advise 52 with an average market capitalisation of £1,027 million. This has led to a total of 34 transactions with the likes of the IPO and three secondary placings for Darktrace amounting to a total of £585 million, our first investment trust IPO for Harmony Energy (£210 million), one of the largest IPOs on the AIM market for tinyBuild (£154 million) and capital increases for existing corporate broking clients such as Sirius Real Estate (£137 million), JTC (£79 million and £66 million) and Marlowe (£100 million and £50 million).

Our position in the US has advanced rapidly; we completed 23 transactions in 2021 (versus 14 in 2020) here, including the second-best first-day performance of an IPO in the US with Sono Motors ($173 million), where Berenberg acted as sole bookrunner. We are also pleased to have supported further landmark transactions with the likes of Chegg ($1.2 billion) and XPO Logistics ($794 million), on top of our continued support of Covid-19 vaccine development pioneer CureVac with a $518 million capital increase.

In 2021, we have been focused on helping corporates position themselves to help navigate a turbulent pandemic environment. We are proud to have acted as a trusted advisor over the course of this year, and look forward to the opportunities that 2022 will present to both us and our clients.

Debt Capital Markets (DCM)

In the reporting year 2021, five transactions with a volume of roughly €800 million were executed. The transactions were spread across a broad range of products and sectors. In the area of convertible bonds, Berenberg acted as syndicate lead bank in the placement of a €87.3 million convertible bond from Bigben Interactive into shares of Nacon. The transaction represents one of only four instruments which were issued in the eurozone this year. A parallel placement of shares for certain bond investors for hedging purposes, as well as the provision of a double-collateralised line of stock lending to bond investors, are evidence of the high level of complexity of the transaction. In March, Berenberg acted as joint bookrunner for Global Fashion Group's €375 million initial convertible bond offering. Also in March, Berenberg acted as joint global coordinator and sustainability-linked bond structuring advisor for Hapag-Lloyd's new €300 million sustainability-linked bond issue. This is the first bond with a link to environmental indicators as issued by a non-governmental company in the eurozone with a sub-investment grade rating. The 2.5% coupon of the seven-year bond increases by 0.25% if the average efficiency ratio (AER) is missed in the fourth year. The AER is a multi-factor weighted indicator which is utilised in order to determine the environmental performance of Hapag-Lloyd's container ship fleet. In September, Berenberg issued €20 million as the sole dealer for Belgian real estate developer and investor Ghelamco in the form of a green five-year bond. In November, an additional €30 million was placed for the same issuer in the course of the replenishment of an existing four-year green bond.

Financial Markets

Fixed Income Research

In a persistently difficult interest rate environment, our *Fixed Income Research* succeeded in consolidating its market position in the reporting year by consistently focusing on special and niche topics. In 2021, the focus was particularly on the topic of »bonds with sustainability labels«. Among other things, we were able to provide our institutional clients focused on sustainability with added value for their investment decisions through our publications on the emerging portfolio class of sustainability-linked bonds and on the new Green Bond Standard of the European Union, as well as by expanding our market overview for »Green Bonds & Co.« into a flagship product. Furthermore, in addition to the portfolio classes in the Public Sector & Financials segment established in Fixed Income Research, the corporate bond segment was once again the focus of our analysis activities. With high-quality research on issuer-specific subjects and transaction-related research reports, our Research team once again provided valuable support for the Debt Capital Markets and Sales teams in the year under review.

Fixed Income Sales Trading

The 2021 financial year commenced with a promising start in both the high-yield and investment-grade bond segments. Activity ebbed noticeably during the summer due to low volatility and persistently high price levels. Despite the difficult market environment in the second half of the year, our colleagues in Sales Trading were still able to look back on a successful year. This was supported by our long-standing business relationships and the resulting basis of trust. On the primary market side, we were able to look back on a solid year with placements for Hapag-Lloyd and Ghelamco, among others. As far as 2022 is concerned, our objective is to consolidate these results and continue to expand our investor reach into Southern Europe and France as well as Scandinavia.

FX & Rates Trading

It was a year of consolidation and realignment for the FX market. After the very volatile 2020, during which the FX market was significantly influenced by the Covid-19 pandemic and the successive waves of infections, FX played a somewhat smaller role in 2021. On the contrary, many currencies recovered against a backdrop of supportive monetary and fiscal policies. Increased risk premiums in currencies and currency options were priced out during the year.

The euro started the year very strongly with a high for the year in January at USD 1.2349 per EUR. Thereafter, the euro steadily declined against the US dollar, with the EUR/USD rate ending the year at 1.1370 after its low of 1.1186 at the end of November. The reasons for the euro's depreciation against the US dollar were the more rapid economic recovery in the US, the US government's more spirited action regarding fiscal stimulus, and the Federal Reserve's decision to end its low interest rate policy sooner.

FX & Rates Advisory

The journey we embarked on in 2019 continues to bear fruit. Our FX & Rates Advisory colleagues have been very successful in guiding our clients through the second year of the pandemic and expanding our client base. Clients have consciously diversified their investment portfolios through currencies. Face-to-face meetings (accounting for social distancing measures) and good preparatory work in 2020 laid the foundation for this. The Frankfurt location was able to establish itself and was subsequently expanded. Our acquisition efforts were further supported by the high quality of our newly aligned currency publications on a daily and weekly basis, as well as the high advisory competence of our colleagues. Under our conceptual seminar series FINANCIAL MARKETS INTERACTIVE TRAINING (FiT), we successfully held the first virtual seminars in 2021. The seminars will continue in 2022.

Our active currency management can look back on a very successful year. In 2022, we will continue to build on our advisory strength and trading expertise.

Closed transactions

Equity Capital Markets

IPO	**Capital Increase**	**Secondary Placing**	**Capital Increase**	**Capital Increase**	**IPO (SPAC)**
groupe berkem	MEDIOS	EURAZEO	SC The Social Chain AG	GREATLAND GOLD	ehc european healthcare acquisition & growth company
EUR 53m	EUR 93m	EUR 124m	EUR 53m	USD 16m	EUR 200m
Joint Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Sole Bookrunner	Sole Global Coordinator and Joint Bookrunner	Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner
Capital Increase	**Uplisting**	**Private Placement**	**IPO**	**Capital Increase**	**Capital Increase**
MONTANA AEROSPACE	SC The Social Chain AG	TESVOLT THE ENERGY STORAGE EXPERTS	SONO MOTORS	PACIFICO RENEWABLES YIELD AG	Sirius real estate
CHF 152m	EUR 621m [1]	EUR 37m	USD 173m	EUR 10m	GBP 137m
Sole Global Coordinator and Sole Bookrunner	Listing Agent	Financial Advisor	Sole Bookrunner	Sole Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner
IPO	**IPO**	**Secondary Placing**	**IPO**	**Rights Issue**	**IPO**
HE HARMONY ENERGY	MOTORK	DARKTRACE	FORSEE POWER	PORR	skan
GBP 210m	EUR 82m	GBP 64m	EUR 115m	EUR 122m	CHF 270m
Sole Global Coordinator	Sole Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner	Sole Global Coordinator and Joint Bookrunner	Joint Global Coordinator and Joint Bookrunner
Capital Increase	**Secondary Placing**	**Capital Increase**	**Growth Funding**	**Capital Increase**	**Rights Issue**
92 U YELLOW CAKE PLC	Trustpilot	MARLOWE PLC	Enpal.	adesso	VEOLIA
USD 150m	GBP 142m	GBP 50m	EUR 150m	EUR 50m	EUR 2.5bn
Joint Bookrunner	Co-Lead Manager	Lead Bookrunner	Exclusive Financial Advisor	Sole Global Coordinator and Joint Bookrunner	Joint Bookrunner

[1] Market capitalisation based on opening price of EUR 54.00.

Capital Increase	JTC	GBP 79m	Joint Bookrunner
Rights Issue	BVB 09	EUR 86m	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	DARKTRACE	GBP 188m	Joint Global Coordinator and Joint Bookrunner
IPO	Oxford NANOPORE Technologies	GBP 603m	Joint Bookrunner
IPO	AFYREN	EUR 71m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	Lotus Since 1932	EUR 327m	Joint Global Coordinator and Joint Bookrunner
IPO	MadeTech	GBP 85m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	FLUIDRA	EUR 356m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	The Pebble Group	GBP 14m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	Vulcan Energy Zero Carbon Lithium™	AUD 200m	Co-Manager
Capital Increase	STILLFRONT GROUP	SEK 1.0bn	Joint Global Coordinator and Joint Bookrunner
Capital Increase	TECAN.	CHF 358m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	NETSTREIT	USD 250m	Sales Agent
Business Combination and PIPE	468 SPAC I / tonies®	EUR 990m [1]	Financial Advisor
Secondary Placing	DARKTRACE	GBP 144m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	ltg learning technologies group	GBP 85m	Lead Manager
IPO	novem	EUR 247m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	ilika	GBP 25m	Joint Bookrunner
Capital Increase	essensys	GBP 38m	Joint Bookrunner
IPO	lendinvest	GBP 40m	Sole Global Coordinator
Capital Increase	Bullish	USD 300m	Sales Agent
IPO	biotalys	EUR 55m	Joint Global Coordinator and Joint Bookrunner
IPO	MISTER SPEX	EUR 375m	Joint Global Coordinator and Joint Bookrunner
IPO	acciona	EUR 1.5bn	Joint Bookrunner

[1] Pro-forma equity value.

Equity Capital Markets

Rights Issue	Compagnie des Alpes	EUR 231m	Joint Bookrunner
Capital Increase	XPO Logistics	USD 794m	Co-Manager
IPO	SmartCraft	NOK 1.2bn	Joint Bookrunner
Secondary Placing	Capital	USD 3m	Joint Bookrunner
IPO	BIKE24	EUR 322m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	Yellow Cake plc	USD 87m	Joint Bookrunner
IPO	atai Life Sciences	USD 259m	Joint Bookrunner
IPO	nx filtration	EUR 190m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	verallia	EUR 381m	Joint Bookrunner
Capital Increase	Craneware	GBP 136m	Joint Bookrunner
IPO	The Italian Sea Group	EUR 97m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	Fagron	EUR 65m	Joint Global Coordinator and Joint Bookrunner
At-the-Market	Plymouth REIT	USD 125m	Sales Agent
Capital Increase	Alpha	GBP 31m	Joint Bookrunner
At-the-Market	Omega	USD 1.0bn	Sales Agent
Capital Increase	Focus Home Interactive	EUR 70m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	BEFESA	EUR 100m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	John Menzies plc	GBP 21m	Joint Bookrunner
IPO	Montana Aerospace	CHF 506m	Sole Global Coordinator and Joint Bookrunner
Secondary Placing	Fluidra	EUR 300m	Joint Global Coordinator and Joint Bookrunner
IPO	Darktrace	GBP 190m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	JTC	GBP 66m	Joint Bookrunner
IPO	nilar	SEK 862m	Joint Bookrunner
Capital Increase	Compass	USD 144m	Joint Bookrunner

IPO (SPAC)	468 SPAC I	EUR 300m	Sole Global Coordinator and Sole Bookrunner
IPO	PolyPeptide Group – The Ultimate Peptide Partner	CHF 848m	Joint Bookrunner
Capital Increase	Essential Properties	USD 193m	Co-Manager
Capital Increase	NetSTREIT	USD 204m	Co-Manager
IPO	Ekopak	EUR 60m	Sole Global Coordinator and Joint Bookrunner
Secondary Placing	mithra Women's Health	EUR 40m	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	The Pebble Group	GBP 19m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	NFON – Die Cloud-Telefonanlage	EUR 26m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	Siemens Healthineers	EUR 2.3bn	Joint Bookrunner
IPO	Vorwerk	EUR 414m	Joint Global Coordinator and Joint Bookrunner
IPO	Trustpilot	GBP 544m	Joint Bookrunner
Spin-Off	Faurecia – inspiring mobility for Stellantis	EUR 1.6bn	Flowback Manager
Capital Increase	Marlowe PLC	GBP 100m	Joint Bookrunner
Capital Increase	Embracer+ Group	SEK 7.6bn	Joint Bookrunner
IPO	Vantage Towers	EUR 2.3bn	Joint Bookrunner
Capital Increase	Ceres	GBP 181m	Joint Bookrunner
Capital Increase	XLMedia PLC	GBP 24m	Joint Bookrunner
Capital Increase	Global Medical REIT	USD 100m	Co-Manager
IPO (SPAC)	Frontier Acquisition	USD 230m	Joint Bookrunner
Capital Increase	Cofinimmo – together in real estate	EUR 180m	Joint Bookrunner
IPO	tinyBuild	GBP 154m	Joint Global Coordinator and Joint Bookrunner
Capital Increase	Fastned	EUR 150m	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	Atoss	EUR 77m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	Anglo Pacific	GBP 43m	Joint Bookrunner

Equity Capital Markets

Transaction	Company	Size	Role
Secondary Placing	Europcar	EUR 23m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	Chegg	USD 1.2bn	Co-Manager
At-the-Market	Safehold	USD 250m	Sales Agent
Secondary Placing	nacon	EUR 22m	Joint Global Coordinator and Joint Bookrunner
IPO (SPAC)	ESG Core Investments	EUR 250m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	NANOX X-Ray Reimagined	USD 193m	Lead Manager
IPO	Sensei Biotherapeutics	USD 153m	Joint Bookrunner
IPO	Supreme Imports	GBP 68m	Sole Global Coordinator and Sole Bookrunner
Capital Increase	CureVac the RNA people®	USD 518m	Bookrunner
Secondary Placing	unifiedpost group	EUR 55m	Sole Global Coordinator and Sole Bookrunner
Secondary Placing	Fluidra	EUR 424m	Joint Global Coordinator and Joint Bookrunner
Secondary Placing	amwell	USD 357m	Bookrunner
Capital Increase	Realty Income	USD 689m	Co-Manager
Secondary Placing	Immobel since 1863	EUR 17m	Joint Global Coordinator and Joint Bookrunner

DCM/EQL 2021

Transaction	Company	Size	Role
Green Fixed Rate Notes	Ghelamco International Real Estate Investor / Developer	EUR 50m	Sole Dealer
Growth Funding incl. Mand. CB	Enpal	EUR 100m	Exclusive Financial Advisor
Convertible Bond	GFG Global Fashion Group	EUR 375m	Co-Bookrunner
Sustainability-Linked Bond	Hapag-Lloyd	EUR 300m	Joint Global Coordinator and Joint Bookrunner
Exchangeable Bond	Bigben	EUR 87m	Joint Global Coordinator and Joint Bookrunner

HAL Investments	Super Senior Financing	Caseking	Arranger
charterhouse	Super Senior Financing	Tel io	Arranger
PAI Partners	Super Senior Financing	zahneins	
emz	Senior Financing	Pipersberg	Mandated Lead Arranger
Warburg Pincus	Super Senior Financing	Infoniqa	Arranger
Brockhaus Technologies	Senior Financing	Bikeleasing	Arranger
Puraglobe	Senior Financing		Mandated Lead Arranger
Oakley Capital	Senior Financing	Ecommerce One	Mandated Lead Arranger
Apax Partner	Super Senior Financing	mentaalbeter	Arranger
Onex	Super Senior Financing	partou	Lender
Warburg Pincus	Senior Financing	Infoniqa	Mandated Lead Arranger
novo holdings	Super Senior Financing	BBI Group	Lender
Bregal Unternehmerkapital	Senior Financing	Media Central	Mandated Lead Arranger
Strikwerda Investments	Super Senior Financing	total webhosting solutions	Arranger
Maguar	Senior Financing	HR Works	Mandated Lead Arranger

Selected Structured Finance Transactions 2021

Riverside	Triton	PARAGON PARTNERS	AUCTUS	VITRUVIAN PARTNERS
Senior Financing	Senior Financing	Senior Financing	Super Senior Financing	Senior Financing
BIKE24	dogado	SOVENDUS	Tentamus Labs for Life	doctari
Mandated Lead Arranger (*listed company)	Mandated Lead Arranger	Mandated Lead Arranger	Lender	Mandated Lead Arranger
EMERAM CAPITAL PARTNERS	Biotest	Hg	EMERAM CAPITAL PARTNERS	ik
Super Senior Financing	Super Senior Financing	Super Senior Financing	Super Senior Financing	Senior Financing
frostkrone		Gossler, Gobert & Wolters Gruppe seit 1758	BOARDS & MORE / SQlab SPORTS ERGONOMICS	Quanos Content Solutions
Arranger	Arranger	Arranger	Arranger	Mandated Lead Arranger
Apax PARTNERS	ARDIAN	Oakley Capital	EQUISTONE	ik
Super Senior Financing	Super Senior Financing	Super Senior Financing	Senior Financing	Super Senior Financing
mentaalbeter	GBA LABORGRUPPE	CP Career Partner	P/A	Visolit
Arranger	Arranger	Arranger	Mandated Lead Arranger	Lender

London

Financing of a Real Estate Development in London

Senior Lender

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. After all, 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. Together with transparent, verifiable and comprehensive investment processes, we always strive for a positive development of the assets entrusted to us, whether in portfolio management, investment advisory or in our funds. As a dynamically growing bank with a tradition spanning more than 430 years, accountability is an important principle for us. This is why, alongside our social commitment, we 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

2021 was again characterised by the challenges posed by the Covid-19 pandemic, which had a significant impact on how we interacted with our clients. In addition, the continued high level of forecast uncertainty on the capital markets called for clear decisions and decisive action.

We once again performed well in our wealth management strategies and in-house fund solutions for our clients. In addition, we successfully expanded our private equity offering through our cooperation with the Berlin-based fintech company Moonfare and provided our clients with several recommendations for outstanding funds, as well as offering fully digital processing of investments. This breadth of offerings clearly sets us apart from many competitors.

Strategic challenges

2021 was particularly characterised by a recurring pattern of uncertainty in the capital markets. In particular, the issues were an emerging concern about inflation and resulting central bank reactions, as well as fears about setbacks from the Covid-19 pandemic with incidence levels flaring up in different regions. Accordingly, we were particularly called on to stand by our clients as advisors of special quality in times of enormous uncertainty.

The *ongoing digitalisation* also requires constant action. In addition to various automation projects, we have also further expanded our new online banking system in 2021. The Berenberg Wealth Management Portal now provides our clients with the convenient options of making payments through image-based bill data processing, as well as digitally signing contracts. Furthermore, we have established a fully digital account opening process for private customers in order to fulfil clients' mobility requirements and, at the same time, modernise our handling processes. We are thus making further progress on our path to using digitalisation to support client communication in Wealth Management.

Challenging mandates and the development of solutions for *complex tasks* remain our core business, on which we focus with excellently trained, expert staff.

Discretionary asset management as a core service

Our clients can choose between two high-quality solutions for their asset investments. In *portfolio management*, our clients delegate the achievement of their investment goals to our portfolio management professionals. They can choose from a variety of different strategies to suit their personal risk/return profile. In 2021, almost all of our asset management strategies outperformed their respective benchmarks. The absolute majority of our equity funds also once again generated significant outperformance.

In *investment advisory*, our clients make their own investment decisions personally in consultation with their advisor and on the basis of thorough assessments and analyses. We have again invested in this area and set up our Professional Client

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

Concentrating on our core target groups and core competencies

In Wealth Management, we provide individually tailored 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 providing holistic support to an organisation or private individual and their dependents in all areas that have a direct or indirect influence on their asset situation. In this context, we have successfully refined our model of Berenberg teams of competence: the three teams – *Entrepreneurs*, *Foundations* and *Family Offices* – support the advisors in all target-group-specific issues and challenges. Each team has a close-knit network of proven experts in the subject area particularly relevant to the respective target group. This enables us to support our clients in successfully mastering their individual challenges and to establish ourselves as a long-term strategic partner.

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

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

Asset Management

Berenberg Asset Management operates in two subject areas. *Berenberg Equity Funds* stands for fundamental equity expertise which is virtually unparalleled in Germany. *Berenberg Multi Asset* offers globally investing asset management strategies and funds with a European focus. We are characterised by a well-founded opinion on the capital markets, which we implement with decisiveness for anti-cyclical and benchmark-agnostic strategies. In our advisory business, we provide clients with access to the comprehensive knowledge of the experts of our business division. Together with our partners, we also offer them access to overlay management solutions and our quantitative strictly rule-based and forecast-free solutions. In order to best serve our clients with FX risk management solutions and leverage economies of scale, we have established a strategic collaboration with one of the world's leading FX platforms in 2021. Berenberg hereby focuses on research and the additional development of its proprietary, big data-based investment approach. We provide the resulting trading signals to the collaboration partner as a signal provider within the framework of the cooperation.

The significantly increased quality of our fund range can be seen in the fact that 18 of 21 Berenberg funds currently have a four-star or five-star rating from

MORNINGSTAR – a result of the markedly better performance since the realignment of Asset Management in 2017.

We are further expanding our activities in the area of sustainability through our ESG Office (ESG: Environmental, Social, Governance). As a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI), we are committed to our responsibility in this respect. In addition, our investment funds have achieved top ratings from the relevant analysis providers such as the Forum Nachhaltige Geldanlagen (FNG). We believe that, on the one hand, sustainability issues are becoming increasingly important to investors and that, on the other hand, ESG-compliant companies have a competitive advantage in the global markets.

Equity Funds

The funds in our equity platform again closed 2021 with a clear lead over their respective benchmarks and each ranked among the top performers compared to competitors. With our fundamental stock-picking approach, we have been winning over clients and market observers alike. Fundamental stock analysis, a long-term investment horizon and focused portfolios are the cornerstones of this approach. The volume of funds and mandates in the equities asset class again increased significantly. The BERENBERG EUROPEAN FOCUS FUND, for example, now has a volume of well over €1.8 billion, and the BERENBERG EUROPEAN SMALL CAP FUND has a volume of more than €1.3 billion. The success is also reflected in the large number of awards received by our Bank as a whole and by the individual funds in the reporting year. Worthy of mention in this context are, for example, the SCOPE Award for *Best Asset Manager* in the »specialist provider« category and the REFINITIV LIPPER AWARD for *Best Equity Fund Manager in Europe* in the »small asset managers« category. In 2021, we also further expanded our fund offering with the BERENBERG INTERNATIONAL MICRO CAP and the BERENBERG ABSOLUTE RETURN EUROPEAN EQUITIES.

»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.«

Matthias Born, Head of Investments

Multi Asset and Fixed Income

The *Multi Asset* segment comprises both multi-asset and fixed-income strategies. As in 2020, the multi-asset strategies achieved a clearly positive performance, in absolute terms, in a market comparison, and also in comparison with their benchmarks. As a result, the strategies saw significant inflows, with assets under management experiencing double-digit growth. More aggressive multi-asset strategies and sustainable investment strategies were a particular focus of investors. Among multi-asset funds, the BERENBERG VARIATO, an opportunistic fund launched in December 2018 with high degrees of freedom and benchmark-agnostic, performed particularly well. Due to high net inflows and a strong performance, the fund more than tripled its volume to over €340 million and has been one of the top funds in its MORNINGSTAR peer group since its launch. The fund received a star rating for the first time at the end of December 2021. The performance of the other three multi-asset funds was also very positive once again. As of the end of November 2021, all multi-asset funds rated by MORNINGSTAR over three and five years have a five-star rating. Our rule-based multi-asset funds are also contributing to this development and are benefiting from the restructuring that took place in 2021, as a result of which the entire multi-asset expertise has been brought together under one roof. We have also added a more aggressive impact fund to our multi-asset range and launched the BERENBERG SUSTAINABLE MULTI ASSET DYNAMIC on 6 December 2021. Multi-asset funds will feature more prominently at Berenberg in the future.

The *Multi Asset Solutions* department provides professional solutions for the challenges of institutional clients. It consists of specialists for risk-focused and derivative strategies, in particular cost-efficient approaches to value protection or hedging of (extreme) risks in all asset classes.

In the bond segment, the coherent product range of eight funds from the categories liquidity solutions, eurozone, emerging markets and global, with dedicated ESG funds for the eurozone and emerging markets, also contributed to the platform's success. The BERENBERG EM BONDS have been able to convince with a five-star rating since their inception. BERENBERG SUSTAINABLE EM BONDS and BERENBERG

CREDIT OPPORTUNITIES are another two funds that have received a four-star and five-star rating from MORNINGSTAR for the first time. In addition, the impact fund BERENBERG SUSTAINABLE EURO BONDS achieved the FNG's best rating of three stars, thereby laying the foundation for future growth in assets under management in the fixed-income strategies as well.

Innovation & Data

The *Innovation & Data* team in the Wealth and Asset Management business unit was established in late 2019 in order to address the latest technological trends and our industry's ongoing digitalisation. The team, consisting of data scientists, portfolio managers and software developers, works with experts from across Wealth and Asset Management to utilise the latest technologies for analysing the exponentially growing global data universe. The goal is to support our portfolio managers and the underlying investment processes in the best possible way by utilising technology and data analysis.

Strong market position

With our clear and attractive product range, we have succeeded in garnering a strong position in the market. In addition, we have once again stepped up our marketing activities and public relations work. Our multi-asset publications such as HORIZON and MONITOR have been well-received. Our investment experts are respected interview partners to the specialist, trade and daily press. They also present their approaches and opinions at a large number of industry conferences in order to engage in direct dialogue with clients and interested parties. We were able to continue this approach successfully via digital channels thanks to our expansion into new formats in 2021.

The sales structure is equally conducive to greater market penetration: since we possess an international footprint, our sales strategies are optimally aligned with 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 Europe, we entered into a sales partnership in Chile and Peru in 2019, which also bore fruit in 2021 with inflows into our equity funds from the pension funds there. We continue to work with other institutions as part of our individual portfolio management and portfolio management funds. Our range of high-quality solutions makes us a strong partner for savings banks and other banks.

Corporate Banking

Continued brisk investor demand for the credit funds which we have launched has enabled us to significantly expand lending. To date, we invest and manage money from 20 credit funds. A dynamic development has emerged both from this growing business segment and from the interconnection with transactions on the capital market side of the Bank, as well as the growing payment transactions for international clients. This has not only led to a successful year, but also makes us very optimistic about the future. Digital onboarding, a modern front-end for our clients, a new and modern foreign payment transaction system and other IT measures are assisting us to provide our clients with all the services of an integrated bank to an ever-greater extent, regardless of location.

Given the steadily growing private debt market, we see good growth opportunities for all our credit funds. At the same time we have a very large number of investment opportunities due to a high number of transactions. In the *Shipping* division, the ongoing financing of the existing fleet, as well as, increasingly, the conversion to more environmentally friendly operations will require a lot of capital, and the topic of »renewable energy« will continue to gain importance in the context of future energy supply.

In the *Real Estate* division, which continues to successfully launch equity funds, we intend to expand the credit fund series as well.

This year's SCOPE Award as *Best Asset Manager Private Debt* makes us extremely proud and is, at the same time, validation of our progress over the past few years.

Structured Finance

In *Structured Finance*, the development into one of the leading private debt providers for transaction financing was continued very successfully in 2021. We can look back on a record year with more than 30 lead-managed transactions and an investment volume, together with the funds we manage, of more than €1.5 billion. Since the start of our private debt activities, we have now completed more than 100 transactions. In doing so, we have remained true to our investment

»Our strong market position in acquisition finance and our high execution expertise make us a very sought-after private debt provider.«

Lars Hagemann, Head of Structured Finance criteria and continue to focus on financing companies in market-leading positions and with business models that are independent of economic cycles. Our unique selling propositions have enabled us to withstand the pressure on terms and contract components generally prevailing in the market. As in the previous year, we were able to support a number of super-senior transactions, as well as pure senior buyouts together with the credit funds which we administer. For example, we successfully supported Warburg Pincus in the acquisition of Infoniqa Group and Brockhaus Capital Management in the acquisition of BikeLeasing Group.

Both the resilience of the credit portfolio, as well as our access to attractive transactions due to our unique selling propositions, prompted investors to invest in our credit funds for the first time or to broaden their commitments. In our current fundraising for our multi-investor fund, investors appreciate our ability to extend loans already during the creation of the fund within the framework of the own balance sheet, thus being able to invest fund money more quickly at the start.

»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

Our investment speed has proven particularly attractive as the number of private debt providers continues to expand and the volume of uninvested investor money increases. We have also used 2021 to add another asset class to our credit fund family, i.e. Real Estate Debt. We see very interesting opportunities here in a dynamically developing private debt market.

Infrastructure & Energy

2021 has not only confirmed the positive trend of the previous years; the division has also witnessed strong growth overall with many successfully implemented new financings, and financings which were repaid as planned. Despite the Covid-19 pandemic, all financings issued are developing according to plan. The fund family, consisting of a total of five funds, serves as a flexible and broad financing platform for an increasing number of sponsors and project developers. Three of the funds provide subordinated financing to renewable energy projects, which are in the construction stage and/or operational stage, as well as in the late development stage of a project. As expected, the latter is proving to be an important factor in establishing and expanding customer relationships. Despite the continuing general pressure on margins and the Covid-19 pandemic, the return on funds was stabilised around the planned level and, in some cases, even significantly above. It is also pleasing that, in addition to the markets in Germany, Italy, Japan, Australia, the UK, Sweden, Finland and the US, we were still able to enter further important, high-growth markets this year, namely Ireland, Poland, Chile and Spain.

Due to the strong growth in 2021 and the positive outlook for the coming years, Berenberg is also preparing to launch two additional credit funds in order to fulfil the growing demand for our financing products. A fourth fund will be launched for the predominantly subordinated financing of renewable energy projects. A fifth fund will provide financing which is senior secured in combination with a higher lending value. This will save the client time-consuming and cost-intensive negotiations with several financiers and enable more flexible structures. We therefore see this as an enormous added value for clients and a competitive advantage for these product solutions.

The Infrastructure segment comprises two funds, the BERENBERG DIGITAL INFRASTRUCTURE DEBT FUND I and, respectively, the FEEDER FUND, which are being expanded by a substantial co-investment by a major German insurance company. Several glass fibre projects in Germany, as well as a data centre project in the Netherlands, have already been successfully financed. Throughout Europe, various other projects in the data centre, fibre-optic networks and transmission towers sub-segments are being evaluated and implemented. The returns of both funds are currently at a very pleasing level well above plan.

Shipping

In the reporting year, the shipping industry experienced an extraordinary rally, even by historical standards, especially in the container ship segment, which was affected by internationally disrupted supply chains due to the pandemic, coupled with a strong upturn in demand for goods. This boom caught the supply side unprepared, which had significantly underinvested after a decade of crisis and in the face of the still undecided question regarding the fuels and propulsion systems of the future. As a result, freight rates initially multiplied and, driven by liner shipping companies struggling with capacity constraints, second-hand prices and charter rates subsequently increased as well. Accordingly, 2021 has seen a significant increase in new container ship orders worldwide. However, these will only start to be delivered gradually from 2023/24 onwards and are heavily concentrated on very large vessels, so there is much to suggest that the market will remain fundamentally very robust in the coming year. Against the backdrop of the container ship markets, the values and revenues of bulk carriers for the transport of commodities have also developed very favourably for ship owners, without having led to a new order boom to date. Tanker markets, however, remained mostly weak throughout 2021, as tankers continue to struggle with lower demand for aviation fuels, among others, due to pandemic and storage issues. In this case, the forecasts for 2022 remain volatile for the moment.

For decades, Berenberg has supported its now more than 400 international maritime clients as a focused service provider for international payments, modern cash management solutions and foreign exchange. The team's expertise and many years of experience in dealing with international maritime transactions in a challenging regulatory and geopolitical environment once again formed the basis for continued strong growth in banking services this year. In addition, we have consistently followed a path to becoming a maritime asset manager for institutional private debt capital. We embarked on this journey more than five years ago and, for the first time in our history, we are managing assets of more than €1 billion. With the launch and placement of an additional private shipping debt fund, the number of mandates has been further increased. Due to their conservative approach, the three funds (which currently finance more than 160 ships) have so far witnessed a solid performance and fulfiled our return expectations. Based on our consistent market presence over many years, and the growth in our credit and client portfolio, we were able to increase the volume of new business in 2021 pleasingly and also implement larger transactions in the process. In view of an attractive deal pipeline and an unchanged positive market outlook, we are also confident about 2022.

Real Estate

Covid-19 is a structural transition accelerator for the real estate industry: it acts as a disruptor for brick-and-mortar retail trade (except basic consumer goods), is a growth accelerator for residential property and the logistics industry, and it has had a severe impact on the tourism, leisure and hospitality sectors hit by the pandemic but structurally sound. Added to these challenges, especially in the residential property market, are political and regulatory influences which present challenges in construction and management. Despite or precisely because of this environment, we still continue to be a reliable partner for our clients, whom we accompany and support in financing construction projects or investing in real estate. Berenberg provides value-orientated asset management of properties, which is an important component of the real estate cycle. The special AIF BERENBERG REAL ESTATE BERLIN has accepted new institutional investors in a further closing and broadened its investment activities. Two acquisitions in Berlin were successfully completed. The special AIF BERENBERG REAL ESTATE HAMBURG II successfully purchased a corporate head office in the Hamburg metropolitan region. A new construction project in the Hamburg metropolitan region is currently undergoing an exclusive purchase review.

Another open-ended real estate fund for institutional investors, the BERENBERG REAL ESTATE DEUTSCHLAND, was successfully launched. An office building was purchased for this investment vehicle, which focuses on »offices in major German cities«. Due to the diversification of our investment vehicles in terms of tenants, sectors and uses, as well as active portfolio management, all of the properties managed by Berenberg had navigated the pandemic very well by the time this annual report was prepared.

In the *Real Estate Finance* division, we also intend to take on an active role as a portfolio manager for institutional capital in the future. To that end, we are planning to launch a real estate private debt fund with a conservative orientation in order to be able to provide semi-professional and professional investors with access to the market for structured financing in the real estate sector. The initial financings have already been tied up and the first closing is currently being prepared. This credit fund also focuses on the special risk/return profile.

Central policy and business units

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

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

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

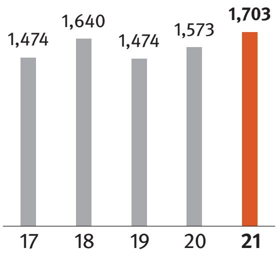
Group Compliance ensures compliance with all regulatory requirements which relate to the securities business, adherence to rules of conduct and the avoidance of conflicts of interest. In addition, the Group Compliance unit is also responsible for money laundering prevention, it is the central body for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

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

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

Employees

Employees on 31 December
Global Berenberg Group



The total number of employees at Berenberg worldwide has increased from 1,573 to a new record high of 1,703. This increase indicates that, in 2021, the recruitment of employees (from junior level to expert and management positions) and thus their onboarding and induction processes formed a substantial part of our human resources work. This involved holding recruitment processes such as assessment centres, interviews and induction events completely virtually as needed. Berenberg's high attractiveness is reflected in rankings and awards. A study by the FAZ in September 2021 ranks Berenberg among *Germany's Most Sought-after Employers*. The award *Germany's Best Employers for IT Professionals 2022*, based on an independent analysis by Statista, confirms this.

Our various *graduate programmes* are very well-established. We have expanded our international graduate programme for the wealth and asset management specialisation to the Frankfurt location. In 2021, we recruited the largest cohort of junior staff to date at the Hamburg, Frankfurt, London and New York locations with a total of 63 juniors. In addition, we opened a new location in Brussels. For this, a complete infrastructure was set up (to manage salaries and social security benefits, as well as to provide the legal framework for contracts and policies), new employees were recruited and colleagues were accompanied during the internal transfer to the Brussels location.

Digitalisation also took up a lot of capacity in *Human Resources* in 2021, in order to provide employees and managers with modern IT-based applications, improve processes and also reduce paper consumption as part of our sustainability initiative. The focus was on the implementation of a global recruitment system, a new authorisation system for Europe and a globally uniform digital development and performance review system, which also takes into account compliance-relevant requirements. In addition, we introduced a new HR information system including an employee self-service application (ESS), which further streamlines processes for employees and our Human Resources unit. In 2022, we will expand our ESS to include supplementary digital workflows. Staff development continued to be ensured despite the pandemic-related restrictions. Training and education were continuously offered virtually, and were very well received.

In this reporting year, the daily work of the crisis team in the context of the Covid-19 pandemic should also be highlighted. The crisis team analysed the ongoing developments and legal changes on a daily basis and took the necessary measures without delay. At our Hamburg location, we were able to offer our employees the Covid-19 vaccination in addition to the annual flu vaccination. Our business activities continued without disruption, despite the temporarily high rate of remote working, thanks to the technical prerequisites and digitalisation initiatives that had been initiated, as well as the flexibility of our employees.

We would like to thank our employees for their constant commitment and motivation, especially in these challenging times. We would also like to thank the members of the works council and the youth and trainee representatives, who again facilitated constructive cooperation founded on trust in 2021.

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 ongoing Covid-19 pandemic. Our risk culture is still clearly influenced by an unchanged and extremely conservative risk appetite and is reviewed and defined by management annually as part of the strategy and planning process. Typical risks are only assumed to an appropriate extent which ensures the Bank's long-term ability to continue its business activities. This risk philosophy forms the basis for our company-wide, comprehensive risk management and includes the setting of risk limits.

As in previous years, the Bank's *liquidity situation* again remained very comfortable throughout 2021. 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. Excess liquidity not invested in bonds is largely invested at the Bundesbank.

Our risk management process is characterised by its strategic focus on *service-based business divisions*, combined with the use of contemporary risk measurement methods which are ideally suited to our corporate structure. The essential risk types which we analyse within the framework of the risk management processes are counterparty, market price, operational and liquidity risk. Reputational risks are evaluated as part of the management of operational risks. Potential declines in earnings are also taken into account, among other things through the consideration of adverse scenarios and indirectly through the conservative definition of the risk cover funds in the Internal Capital Adequacy Assessment Process (ICAAP).

Our management-orientated implementation of the regulatory requirements with regards to the risk-bearing capacity (ICAAP) guidelines has once again paid off in the reporting year. Our standard processes for risk controlling now incorporate the merger of capital planning, profit and loss planning, and risk-bearing capacity, as well as an approach which considers a normative perspective and an economic perspective in unison. In this way we can ensure that the two perspectives 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 the three-year integrated capital planning. On the one hand, we always look at the baseline scenario, which considers business developments in normal economic framework conditions. On the other hand, we examine an adverse scenario which 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 just 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 in order to counteract the crisis. The results clearly show that the Bank could comfortably navigate even such an extreme scenario, using its own assets and earnings power.

In the case of the *economic perspective*, the risk coverage potential 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 aforementioned risk types on the basis of the value-at-risk (VaR) principle. VaR thereby represents the upper loss ceiling for a given probability level. Risk is quantified, using our established present value model calculations, at a 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. In order to gain a more extreme perspective about 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 evaluating 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 an inverse stress test, we define additional scenarios which would tie up all of the available economic capital if they were to occur. In the year under review, far from all of the economic capital available to the Bank was tied up by the business divisions. This highlights the commercial prudence built into the Bank's risk management process, thereby reflecting 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 only take on risk when it is commensurate with the potential rewards.

The *Management Board* has overall responsibility for the risk management process and defines the framework conditions for controlling and administering 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 Board 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 build up, either within or across risk classes.

In its risk management, Berenberg employs the classic model of three lines of defense. In the *first line of defense*, 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, as well as the control activities which are anchored in the processes. Within the scope of the *second line of defense*, 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 Board. The *third line of defense* comprises the Bank's independent *Internal Audit* department, which employs a risk-orientated approach in order to evaluate how effectively the Bank controls its risks and how well the first and second lines of defense perform their tasks.

The effects of the ongoing Covid-19 pandemic are constantly analysed by the Management Board, Risk Controlling and the Crisis Management Committee and the implementation of management measures is also closely monitored. Given the volatilities in the financial and capital markets, we also do ad hoc analyses. The results show us 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 still sufficient at the time of writing to cover the effects of the crisis on the Bank. Stress tests implemented to date therefore address the existing scenario, but are expanded and adapted to new developments as and when required.

Credit Risk Management, a back-office department which is organisationally independent of the customer service departments, monitors the *counterparty risks* which are entered into on the basis of a comprehensive limit system. The management of default risks at the overall portfolio level is supported by targeted analyses by Risk Controlling. *Market price risks* arise not only from short-term positions in the trading book but also from strategic positions in the liquidity reserve and are closely monitored by Risk Controlling. *Interest rate risks* or IRRBB (interest rate risk in the banking book) complement the risk profile. Risk Controlling also ensures the quantification of *operational risks* by utilising advanced methodological procedures, the level of which is limited by stringent processes, the appropriate qualification of our staff and a comprehensive set of rules including contingency planning. The Treasury division, together with Money Market Trading, is responsible for managing *liquidity risks*. Risk Controlling is involved in monitoring and regularly validates the results.

An overall calculation is executed 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, as well as possible resulting alterations 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 executed across business areas and markets. Risk Controlling provides the Management Board with reporting that 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 always available to all members of staff.

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

Forecasts and opportunities for 2022

Despite the Covid-19 pandemic, the market environment was quite positive for our business model, and we took advantage of this in the past fiscal year by additionally expanding our positions in the markets relevant for us. It can be expected that the pandemic will continue to influence business processes and market activity in the coming year. In addition, banks will be confronted with a challenging environment. The historically low or even negative interest rates will continue to have an impact on the business activities of banks. Moreover, there are the constantly changing regulatory requirements to be coped with, and the challenges of digitalisation must also be navigated. Berenberg will continue to make every effort to quickly identify and proactively master new challenges. As a medium-sized bank, we are very well equipped in this respect. On the one hand, we have a sufficient size and personnel expertise, and on the other, the necessary flexibility to react quickly. Accordingly, we have repeatedly adjusted our business model in recent years to meet the changing requirements, and have expanded Berenberg into an internationally orientated advisory firm.

Beyond Hamburg, we have become established at the major financial hubs. At year-end 2021 we had 490 employees in London. We were prepared for the impact of Brexit and, in the reporting year, submitted the regulatory application for recognition of our branch under UK law to the supervisory authorities there. We see more advantages than disadvantages for us in this location in the coming years. We are convinced that London will remain a very important finance location even after Brexit, and we have a strong foothold for the future with our branch. We are in constant correspondence with the UK supervisory authorities. As a bank headquartered within the EU, we also fulfil all requirements 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 in the coming year, thus adding increasing regional diversification to the business model first established in Europe. Thanks to our convincing advisory services, well-aligned with client requirements, we have been able to acquire numerous new clients in recent years.

In the process, we benefited from the ongoing consolidation process in the sector to win increased market share.

We are thus optimistic about the future, and plan to continue expanding our business and increasing our core markets of Germany, the UK, Continental Europe and the US in 2022. We wish to remain the preferred partner for existing clients, and we consider ourselves to be in an excellent position to steadily win new clients and increase our market share. We will retain our proven, diversified business model with our business divisions *Investment Bank*, *Wealth and Asset Management*, and *Corporate Banking*. In equity trading, we intend to increase our market share further, and in the capital-market business, we work towards reaching the same top-ranking position in other markets that we already have in the domestic one. In Wealth Management, we focus on providing services for sophisticated asset structures. This division dovetails closely with Asset Management, enabling us to provide our clients with an even broader, excellent range of products. Over the past few years, we have continued to expand this product range and built up a track record of good performance. The outstanding equities expertise in the Bank will also be leveraged for this purpose. In Corporate Banking, we will use innovative products to reinforce and build on our strong market position. The debt funds launched and managed in Corporate Banking performed particularly well.

As diverse as these divisions are, the common thread is the ambition to provide our clients with high-quality and independent advice, the best possible service and excellent execution. We will continue to focus on our service offering and pursue this with a very conservative risk management approach. 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. In addition to 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, constant compliance with regulatory requirements is important to us. To this end, we invest accordingly in adequate systems and processes as well as in the effectiveness of our regulatory functions. These primarily include *Group 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 are excellently positioned in the market, and that the hard work of our dedicated and skilled staff will enable us to generate solid earnings again in 2022, even in the light of the current economic situation under the influence of the Covid-19 pandemic. Because of persistently rising regulations, 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 well prepared with a robust business model, and we want to use this phase to win further market share. In doing so, we will pay particular attention to structuring our processes to be as efficient and cost-effective as possible.

Due to the Bank's service- and customer-orientated business model and the therefore comparatively short lead time for the commission income dominating the income statement, Berenberg traditionally plans cautiously. For 2022, it is conservatively expected that gross income will normalise, that is decline, for the time being, with personnel and non-personnel expenses continuing to rise. As a consequence, this will lead to lower projected earnings. The possible turnaround in the interest rate policy of the central banks in the coming year may result in increased volatility on the financial and capital markets relevant for Berenberg, which will entail both risks and opportunities for the Bank's business. So far, Berenberg has been good at managing such risks and consistently exploiting opportunities as they arise. Given our expertise, we assume that we will successfully continue on this path.

Investment Bank

We have invested strategically throughout 2021 to continue to gain market share in 2022 across all our equity revenue streams. Following discussions with our major clients on anticipated payment levels in 2022, we look forward to another year of market share growth in research advisory, and predict continued share growth in high-touch trading. 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. By opening new offices in Brussels and Stockholm (planned for 2022) and increasing the size of the premises in Paris, we are seeking to further expand client coverage in the ECM business in these locations in 2022. Our US equity capital markets business has had a successful year, and we look forward to further progress in 2022.

A strong start from low-touch trading following our recent investments in this area has resulted in a meaningful contribution to our growth which we expect to continue in 2022. We expect our fixed income and FX businesses to make a positive contribution to net income in 2022. We have made the necessary adjustments to our business following the UK's exit from the European Union. In our view, Brexit will not have any material impact on our business model in the future.

Wealth Management

With the forward-looking positioning of our business division, we are striving for continued strong growth. Further investments in personnel, processes and products, with the clear goal of quality leadership in the German wealth management market, will help us to convince even more clients of the benefits of professional portfolio management, our broad range of investment funds and the advisory services of our *Professional Client Advisory*. At the same time, we will expand the dovetailing with other business areas in order to make the Berenberg platform even more intensively available for our wealth management clients in the form of innovative product and advisory solutions. With regard to digitalisation, we will continue to analyse very closely which innovations can generate added value, either directly or indirectly for our clients, and which sources of positioning or income can be integrated into our business model as a result. In 2022, we will also renew our CRM system in order to document the needs of our clients more effectively and to additionally strengthen the quality of our advisory services with the support provided by IT.

Asset Management

The growth trajectory for Asset Management is set to continue. In the future, we will continue to place particular emphasis on quality with regard to our personnel, processes and technical infrastructure. We will broaden our marketing activities and supplement them with opinion-forming, incisive appearances and commentaries by utilising various communication channels. In doing so, we will focus on enhancing our digital competence and presence. Our objective will be to continue our strong performance in the field of Equities and Multi Asset and to generate additional inflows through our proven track record. In 2021, we launched several new funds to round off our investment platform. In 2022, we will now focus on increasing distribution and sales, as well as expanding our digital platforms.

Corporate Banking

We can already foresee, on the transaction side, that we will also start 2022 with a strong deal flow, and that we will see an unbroken demand, especially for acquisition financing, as well as financing for the energy sector. We also expect a lot from our new Real Estate Debt Fund, with which we seem to have discovered a very special niche market. In the shipping sector, additional financing needs will probably arise in a significantly improved market environment as the propulsion concepts of the future start to become much clearer. A good status of digitalisation and automation provides us with the basis for additional qualitative growth, driven forward by many new clients and additional credit funds. In the *Real Estate* division, we are also expanding our strategy with the new BERENBERG REAL ESTATE DEUTSCHLAND fund for real estate equity investments. In the financing area, in line with our strong deal flow, we are now starting to attract more and more investors to our private debt strategy. The SCOPE AWARD for »Best Asset Manager Private Debt« should provide this development with an additional boost.


BERG
IT 1590

ANNUAL FINANCIAL STATEMENTS
(EXCERPTS)

Balance sheet as at 31 December 2021

Assets €		2021	2020
Cash reserve			
Cash on hand		1,707,855	2,560,845
Balances with central banks	[1]	2,586,192,466	437,590,008
		2,587,900,321	440,150,853
Receivables from banks			
Payable on demand		211,267,426	233,900,723
Other receivables		120,521,099	143,729,824
		331,788,525	377,630,547
Receivables from customers	[2]	**1,074,807,215**	1,047,454,707
Bonds and other fixed-income securities			
Bonds and debentures			
– of public-sector issuers	[3]	928,496,520	1,153,281,789
– of other issuers	[4]	1,203,988,059	1,397,335,358
		2,132,484,579	2,550,617,147
Shares and other variable-yield securities		**90,384,244**	53,808,607
Trading portfolio		**1,285,365**	38,715,287
Participating interests	[5]	**313,212**	313,212
Shares in affiliated companies		**78,300,000**	74,920,096
Trust assets	[6]	**4,452,231**	4,402,112
Intangible assets			
Purchased franchises, industrial property rights and similar rights, and licences to such rights		**3,327,969**	4,497,565
Tangible fixed assets		**16,952,238**	14,504,959
Other assets		**40,718,370**	34,900,629
Prepaid expenses		**11,185,813**	8,914,329
Excess of plan assets over pension liabilities		**2,359,383**	2,753,074
Total assets		**6,376,259,465**	4,653,583,124

[1] thereof: with Deutsche Bundesbank €2,586,192,466
[2] thereof: municipal loans €34,116,458
[3] thereof: eligible as collateral with Deutsche Bundesbank €928,496,520
[4] thereof: eligible as collateral with Deutsche Bundesbank €1,119,886,942
[5] thereof: in banks €164
[6] thereof: trust loans €800,000

Equity and liabilities €		2021	2020
Liabilities to banks			
Payable on demand		122,975,352	200,852,510
With agreed term or notice period		14,734,800	47,401,764
		137,710,152	248,254,274
Liabilities to customers			
Savings deposits			
– with agreed notice period of three months		896	84,076
– with agreed notice period of more than three months		187	15,929
Other liabilities			
– payable on demand		5,240,220,455	3,416,022,289
– with agreed term or notice period		239,310,978	418,641,235
		5,479,532,516	3,834,763,529
Trading portfolio		**195,527**	0
Trust liabilities	[1]	**4,452,231**	4,402,112
Other liabilities		**44,839,186**	25,587,042
Deferred income		**1,641,694**	377,254
Provisions			
Provisions for pensions and similar obligations		33,349,290	31,341,344
Provisions for taxes		35,650,317	11,411,293
Other provisions		120,938,429	89,333,235
		189,938,036	132,085,872
Subordinated liabilities		**80,000,000**	40,000,000
Fund for general banking risks	[2]	**13,100,000**	13,100,000
Equity			
Subscribed capital		157,895,000	153,947,500
Capital reserve		7,446,832	3,499,333
Retained earnings		89,404,633	89,404,633
Net profit for the year		170,103,658	108,161,575
		424,850,123	355,013,041
Total equity and liabilities		**6,376,259,465**	4,653,583,124
Contingent liabilities			
Liabilities under sureties and guarantee agreements		**47,110,059**	48,459,219
Other commitments			
Irrevocable loan commitments		**327,765,956**	198,095,628

[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 2021

Expenses €		2021	2020
Interest expenses		**7,612,639**	11,192,055
Commission expenses		**77,255,818**	57,831,043
General administration expenses			
Personnel expenses			
– Wages and salaries		241,506,695	197,553,386
– Social security charges and expenses for pensions and similar benefits	[1]	32,921,364	28,926,423
Other administrative expenses		129,366,615	115,477,446
		403,794,674	341,957,255
Depreciation of tangible fixed assets and amortisation of intangible assets		**9,293,131**	8,969,931
Other operating expenses	[2]	**6,119,082**	18,577,132
Write-downs of and valuation allowances on receivables and certain securities and additions to loan loss provisions		**14,128,990**	18,373,111
Write-downs of and valuation allowances on participating interests, on shares in affiliated companies and securities classified as fixed assets		**0**	1,316,874
Taxes on income		**34,040,996**	16,383,150
Other taxes where not shown under Other operating expenses		**498,701**	699,037
Net profit for the year		**170,103,658**	108,161,575
Total expenses		**722,847,689**	583,461,163

[1] thereof: for pensions €9,418,258
[2] thereof: for compoundings €1,236,677

Income

€	2021	2020
Interest income from		
– credit and money market activities	35,363,974	52,274,715
– fixed-income securities and debt register claims	8,725,649	13,497,994
	44,089,623	65,772,709
Current income from		
– shares and other variable-yield securities	1,025,127	534,795
– participating interests	0	681,568
	1,025,127	1,216,363
Commission income	**649,804,798**	473,447,597
Net income from trading portfolio	**8,737,837**	6,758,854
Income from write-ups of investments, shares in affiliated companies and securities presented as non-current assets	**3,379,904**	0
Other operating income	**15,810,400**	36,265,640
Total income	**722,847,689**	583,461,163

Notes to the financial statements as at 31 December 2021 (excerpts)

General information

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

Accounting policies

The existing accounting policies were largely applied without change in the reporting year. Changes compared to the previous year are shown in the corresponding accounting methods. Assets and liabilities denominated in foreign currency were converted into euros at the European Central Bank's reference rate prevailing at the balance sheet date in accordance with Section 256a HGB in conjunction with Section 340h HGB. The cash reserve is recognised at nominal value. Receivables from banks and customers were recognised at nominal value or at acquisition cost; accrued interest was taken into account in the corresponding balance sheet items. Premiums and discounts on loans and discounts on purchased receivables were recognised as assets or liabilities on an accrual basis and released pro rata over the term. All identifiable credit and country risks in the receivables portfolio were taken into account by forming individual value adjustments and provisions. The value adjustments were deducted from the receivables or allocated to provisions. Lump-sum value adjustments were made to cover latent credit risks. The Bank calculates general value adjustments in accordance with the requirements of IDW RS BFA 7. In doing so, the Bank uses the valuation simplification principle set out under IDW RS BFA 7 para. 30 et seq. There is a lump-sum value adjustment of €3.6 million (€4.7 million). The 12-month PD was determined using internal rating procedures for the customer lending business.

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

The prospective effectiveness assessment, as well as the retrospective determination of the effectiveness of the valuation unit, was carried out by comparing the contract terms, as the contract terms of the underlying transaction and the hedging instrument run counter to each other.

Securities borrowed or lent under securities lending transactions and the related retransfer liabilities or retransfer receivables are recognised in the balance sheet.

The financial instruments in the trading portfolio are valued mark-to-market less a risk discount. The risk discount was calculated on the basis of the Bank's internal management system using actuarial methods. The value at risk is determined for a holding period of 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. The internal criteria for inclusion in the trading portfolio have not changed.

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

Tangible fixed assets and purchased intangible assets are accounted for at their amortised cost. These were depreciated on a straight-line basis pro rata temporis over the normal useful life, which is based on the useful life for tax purposes. Assets with acquisition costs of up to €250 were fully depreciated in the year of acquisition. Low-value assets with acquisition costs of between €250 and €1,000 were grouped together in a collective item and depreciated on a straight-line basis. In the statement of changes in fixed assets they are shown as additions and included with the amount of depreciation for the year 2021. The option to recognise internally generated intangible fixed assets as an asset was not exercised.

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

Liabilities are carried at the settlement amount plus accrued interest. Accrued interest on subordinated liabilities is reported under other liabilities. Provisions are formed at the necessary settlement amount according to prudent commercial judgement.

Pension provisions were determined on the basis of the biometric calculation principles according to the 2018G version of the mortality tables by Heubeck-Richttafeln GmbH in the amount of the obligation according to the present value of acquisition (projected unit credit method). The underlying interest rate is 1.87%. The option is exercised to use the average market interest rate determined and published by the Deutsche Bundesbank, based on an assumed remaining term of 15 years. A salary increase of 2.5% (with the exception of one commitment where salary increases are contractually excluded), a pension increase of 1.8% and standard industry fluctuation were used. Additions to pension provisions are reflected in other operating expenses and personnel expenses. Assets used to settle retirement benefit obligations were offset against corresponding obligations. The difference between the valuation of pension provisions based on a flat market interest rate from the past ten financial years and the valuation of provisions based on a flat interest rate from the past seven financial years amounted to €4.5 million as of the balance sheet date.

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

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

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

Gains from foreign exchange and securities transactions with customers are reported in net commission income. The price gains from customer-induced trading transactions are also reflected in net commission income. As a result, securities transactions conducted on behalf of customers are carried under the bonds and other fixed-income securities or under shares and other variable-yield securities, in deviation from the banking supervisory trading book.

Derivatives were valued using valuation units.

The valuation of the currency forwards was carried out for all transactions at the forward rate valid on the balance sheet date. The results in the respective currencies are offset against each other. Any remaining loss is to be presented under other liabilities. For a remaining gain position from specially hedged transactions, an adjustment item was formed and reported under other assets on the assets side of the balance sheet.

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

In the income statement, income from currency conversion outside the trading portfolio, insofar as it concerns a special hedging within the meaning of Section 340h HGB, as well as income from liquidity management are shown netted in the items other operating income or other operating expenses. In the case of specially hedged transactions, both expenses and income from currency conversion are considered to have been realised and are, therefore, in the amount of €7.9 million (previous year: €13.5 million) no longer shown under net commission income, as was previously the case, but instead shown net under other operating income.

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

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

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

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Receivables								
from banks	206	50,000	59,325	33,085	60,990*	60,645*	0	0
from customers	625,745	689,446	54,775	37,182	316,766*	228,927*	77,521	91,899
of which with no fixed maturity	578,866	597,748						
Liabilities								
to banks	4,283	26,591	452	6,868	10,000	13,943	0	0
to customers	224,956	357,667	14,355	60,974	0	0	0	0
Savings deposits	1	84	0	0	0	16	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	
	2021	2020	2021	2020
Receivables				
Banks	0	0	0	0
Customers	2,184	84	0	0
Liabilities				
Banks	0	0	0	0
Customers	10,134	12,186	6,787	7,444

Bonds and other fixed-income securities

This item broke down into securities from €'000	public sector issuers	other issuers	Total
2021	928,497	1,203,988	2,132,485
Thereof:			
due in 2022	163,254	493,213	656,467
marketable	928,497	1,203,988	2,132,485
listed	928,497	1,203,988	2,132,485
2020	1,153,282	1,397,335	2,550,617

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

Breakdown of the bonds of other issuers:

€'000	2021	2020
German Pfandbriefs	114,439	167,127
European covered bonds	40,711	40,797
Bonds with government guarantee	1,032,534	1,187,895
Other	16,304	1,515
Total	1,203,988	1,397,335

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

The average remaining maturity of all bonds is 1.6 years. Interest rate risk is largely 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 €1,037.5 million (€1,372.2 million) were included in micro and/or portfolio hedges to hedge interest rate risk. In the previous year, promissory note loans in the amount of €38.3 million were included. 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 were 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

€'000	2021	2020
Shares and other variable-yield securities	90,384	53,809
Thereof:		
investment funds	6,426	640
marketable	81,849	48,109
listed	**81,849**	**48,109**

This item contains shares in investment funds of €0.4 million (€0.5 million) used as investments as part of the liquidity reserve.

Marketable and listed securities

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

Trading portfolio

€'000	2021	2020
Assets		
Bonds and other fixed-income securities	785	38.715
Shares and other variable-yield securities	500	0
Derivatives	0	0
Total	1,285	38,715
Liabilities		
Shares and other variable-yield securities	196	0
Total	196	0

The financial instruments in the trading portfolio were valued mark-to-market less a risk discount. In total, there was a risk discount of €11,000 (€0.6 million).

Trust business

€'000	2021	2020
Trust assets		
Receivables from customers	4,452	4,402
Total	4,452	4,402
Thereof trust loans	800	800
Trust liabilities		
Liabilities to banks	800	800
Liabilities to customers	3,652	3,602
Total	4,452	4,402
Thereof trust loans	800	800

€3.7 million (€3.6 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 31/12/2020	Additions 2021	Disposals 2021	Balance 31/12/2021	Balance 31/12/2020	Additions 2021	Disposals 2021	Balance 31/12/2021	2021	2020
Participating interests	313	0	0	313	0	0	0	0	313	313
Shares in affiliated companies	78,300	0	0	78,300	3,380	0	3,380	0	78,300	74,920
Furniture and office equipment	74,496	8,466	6,195	76,767	59,991	5,931	6,107	59,815	16,952	14,505
Intangible assets	37,884	2,192	19	40,057	33,386	3,362	19	36,729	3,328	4,498
Total	190,993	10,658	6,214	195,437	96,757	9,293	9,506	96,544	98,893	94,236

Other assets

This item included receivables from closed forward exchange and currency option transactions, which, due to the special hedging, resulted in an asset-side adjustment item of €27.4 million (€23.3 million). In addition, there were tax refund claims in the amount of €0.2 million (€3.6 million).

Prepaid expenses

Prepaid expenses only include prepayments for subsequent periods.

Deferred tax assets

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

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

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

Excess of plan assets over pension liabilities

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

€'000	Acquisition cost of securities		Fair value		Amount payable provisions	
	2021	2020	2021	2020	2021	2020
Provisions for pensions and similar obligations	32,799	31,118	32,799	31,118	30,638	29,026
Other provisions (semi-retirement)	3,028	3,519	3,028	3,519	2,829	2,858

€'000	Other operating expenses		Interest income		Fair value measurement	
	2021	2020	2021	2020	2021	2020
Provisions for pensions and similar obligations	575	440	0	0	0	0
Other provisions (semi-retirement)	47	56	0	0	0	0

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

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

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

In total, there was an excess of plan assets over pension liabilities in the amount of €2.4 million (€2.8 million).

Other liabilities

This item mainly included trade payables in the amount of €2.8 million (€3.2 million) and liabilities to the tax authorities in the amount of €12.8 million (€8.2 million). Pending losses for forward exchange transactions existed due to losses from closed positions and extensions based on the original price in the amount of €15.5 million (€8.9 million), as well as from structured foreign exchange transactions in the amount of €5.2 million (€2.1 million).

Other provisions

These are provisions from the ineffective part of the valuation units with a share of €10.0 million (€8.3 million) and primarily personnel provisions with a share of €91.5 million (€66.0 million).

Subordinated liabilities

Interest of €3.0 million (€1.7 million) was included in expenses, of which €1.8 million (€0.4 million) was accrued and reported under other liabilities. The subordinated liabilities in the amount of €80.0 million are broken down as follows:

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

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

Fund for general banking risks

The item fund for general banking risks in the amount of €13.1 million (€13.1 million) was established 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 transactions. There were no open-market transactions at year-end. The Bank has pledged securities held in the liquidity reserve to Deutsche Bundesbank for refinancing purposes.

Assets in the amount of €637.0 million (€437.1 million) and liabilities in the amount of €3,503.6 million (€2,092.1 million) were denominated in foreign currency.

Contingent liabilities

Liabilities arising from sureties and guarantee agreements include bills of exchange guarantees in the amount of €31.5 million (€39.6 million) and letters of credit in the amount of €15.6 million (€8.9 million).

As part of the annual screening of the credit portfolio by the Bank's credit risk management, the issued guarantees and letters of credit were also examined

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

for possible default risks. In the past three business years, the share of average utilisation of guarantees was immaterial. Therefore, the likelihood of recourse is assessed as low.

Other commitments

Other commitments consisted exclusively of irrevocable loan commitments in the amount of €327.8 million (€198.1 million).

Notes to the income statement

Negative interest expenses and income

Negative interest in the amount of €5.8 million (€5.2 million) was offset in interest expenses. Interest income included negative interest in the amount of €11.0 million (€3.1 million). In the previous year, negative interest income in the amount of €1.6 million was reported under interest expenses; the previous year's figures were adjusted for the purpose of comparability.

Breakdown of income by geographic segment

Interest income, current income from shares and other variable-yield securities, net income from the trading portfolio, as well as income from participating interests and shares in affiliated companies are generated exclusively in the domestic market. Commission income* is attributable to Germany with 84% (88%) and abroad with 16% (12%), other operating income breaks down into 59% (84%) generated in Germany and 41% (16%) generated abroad.

Commission income

We provided services to our customers, in particular, through administration and brokerage activities in the securities business, as well as through complex consulting services for corporate clients. Income of €445.9 million (€314.2 million) from commission-earning business, €31.5 million (€31.1 million) from research activities, and €88.0 million (€58.3 million) from fund management was generated through the management and brokerage of securities transactions. From its lending business, the Bank earned commissions of €33.5 million (€24.2 million).

* This includes the main commission income in accordance with Section 35 (1) number 5 German accounting regulations for financial institutions (RechKredV); other types of income not listed here are, for example, commission income from foreign exchange transactions, payment transactions and commission expenses for securities.

Other disclosures

Other financial commitments

For the next three financial years, there are annual financial obligations from rental, maintenance and other lease agreements amounting to €48.9 million (€40.0 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, foreign exchange option rights;
- Forward interest rate contracts, in particular forwards involving fixed-income securities, commitments arising from interest rate options, interest rate option rights, interest rate swaps, swaptions, caps and floors;
- Futures contracts relating to other price risks, in particular equity futures, index futures, commitments arising from equity options, option rights, commitments arising from index options and index option rights.

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 derivative financial instruments existed on the balance sheet date:

€'000	Volume		Positive market values		Negative market values	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Remaining term of less than a year						
Forward exchange transactions	11,490,634	15,423,815	58,428	176,461	52,125	186,928
Forward exchange options	614,449	427,497	10,236	17,017	10,236	17,017
Swaps	325,558	517,709	58	142	897	142
Caps/Floors	425,562	317,500	1	0	1	0
Securities futures	0	393,396	0	40	0	2,648
Securities options	0	883,819	0	0	0	27,498
Other	0	27,126	0	2,132	0	688
Sub total	**12,856,203**	**17,990,862**	**68,723**	**195,792**	**63,258**	**234,921**
Remaining term of 1 to 5 years						
Swaptions	400,000	0	1,149	0	1,149	0
Swaps	1,004,937	1,337,308	3,515	2,103	4,254	2,103
Forward exchange transactions	3,194	45,429	22	58	148	1,116
Forward exchange options	9,497	12,832	5,559	1,026	5,559	1,026
Caps/floors	1,327,263	777,754	2,482	300	2,483	300
Sub total	**2,744,891**	**2,173,323**	**12,727**	**3,487**	**13,593**	**4,545**
Total	**15,601,094**	**20,164,185**	**81,450**	**199,279**	**76,851**	**239,466**

In contrast to the previous year, there are no securities options and other derivatives to be reported here for the reporting year. The transactions are exclusively traded on behalf of the customer. In 2020, the securities futures portfolio was dominated by the Luxembourg branch.

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

The Bank determines the potential market risk for interest rate, equity and currency positions in the trading book in accordance with the CRR using the standard method. This gave rise to a capital adequacy requirement of €17.8 million (€13.5 million).

Breakdown of the capital adequacy requirement:

Market risks	Capital adequacy requirement	
€'000	**2021**	**2020**
Standard method		
Net equity positions	16,166	11,909
Net interest positions	1,387	1,450
Overall currency position	253	149
Total	17,806	13,508

Board of Management

The Board of Management comprised the following managing partners in 2021:

Hendrik Riehmer
David Mortlock
Christian Kühn

Shareholders

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

Appropriation of profit

The net profit of €170.1 million for the year is earmarked for distribution to the shareholders.

AUDITOR’S REPORT

The 2021 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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