2025

Management Report

BERENBERG

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The Bank and its Business Model

History of Berenberg

For more than 435 years, Berenberg has been guided by a commitment to acting responsibly and in the best interests of its clients.

From our headquarters in Hamburg, we have established a strong presence in the major financial centres of Frankfurt, London and New York. Today, we employ 1,588 people across 18 locations in Europe and the Americas. During the reporting year, we also relocated to our new headquarters in Hamburg.

Core Business Divisions

Berenberg's core business comprises the Investment Bank, Wealth and Asset Management, and Corporate Banking.

Investment Bank

The Investment Bank division offers a comprehensive range of banking and advisory services across the Equities, Investment Banking and Financial Markets businesses. Our activities include equity research, advising on initial public offerings, capital increases and secondary placements. Trading activities are predominantly client-driven and encompass equities, fixed income securities, derivatives and foreign exchange. Proprietary trading is conducted only to a limited extent, in line with the Bank's business strategy, and solely as a complement to our service-oriented business model.

Equities

Capital markets in 2025 continued to be characterised by consolidation among both sell-side and buy-side market participants. Nevertheless, revenues generated by our Research business reflected our continued strong market position, while Equity Trading recorded lower revenues than in the previous year.

During the reporting year, our Equity Research team analysed 846 European and US-listed companies, while our Sales team served almost 960 institutional clients across Europe's major financial centres and the United States.

Equity Trading volumes exceeded EUR 164 billion in 2025, representing an increase of approximately 17% compared with the previous year.[11] The volume of equities traded under our Systematic Internaliser framework continued to grow steadily.

Within the Retail Service Provider network, Berenberg provides market coverage for more than 400 listed companies and 70 corporate clients, reinforcing its position as an important market maker. Increased merger and acquisition activity also contributed to a 10% increase in revenues from our risk arbitrage business.

Our Low-Touch Trading team increased trading volumes by more than 27% year on year. This achievement was recognised through five nominations at the Algorithmic Trading Awards and by receiving the award for Best Trading Performance in EMEA and the US.[22]

Investment Banking

Global capital markets maintained their positive momentum throughout 2025. While equity market volatility remained elevated during the first half of the year, driven by US trade policy developments and changing interest-rate expectations, major equity indices reached new record highs, supported by optimism surrounding AI and government stimulus measures.

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[1] Trading volume of the bank
[2] https://www.thetradenews.com/the-trade-announces-leaders-in-trading-2025-award-winners/

During the year, Berenberg advised on 37 equity and equity-linked transactions, with an aggregate transaction volume of approximately EUR 11.5 billion, further strengthening our position as a trusted adviser to corporates, financial sponsors and entrepreneurs.

Financial Markets

Our Fixed Income Sales & Trading business also delivered a successful performance in 2025. The continued attractiveness of bond markets relative to other asset classes created a range of investment opportunities. Demand remained particularly strong for medium-term bonds, while the steeper yield curve during the first half of the year also increased the attractiveness of longer maturities.

Foreign exchange markets remained heavily influenced by geopolitical uncertainty and macroeconomic developments. Despite this challenging environment, our FX business further strengthened its market position.

We also continued to improve our market visibility through the publication of daily and weekly foreign exchange research, complemented by regular client roundtable events, where we provide clients with practical strategies for managing foreign exchange risk.

Wealth and Asset Management

Our Wealth and Asset Management division stands for personal advice, active investment solutions and responsible investing. Our discretionary and quantitative investment solutions are built on the expertise of our specialists. Through transparent and disciplined investment processes, we seek to generate sustainable long-term value for the assets entrusted to us, whether through discretionary portfolio management, investment advisory services, our investment funds or institutional mandates. As a dynamic institution with more than 435 years of tradition, maintaining close relationships with our clients remains one of our core principles. The integration of sustainability and governance considerations into our investment processes remains a key part of our investment approach.

Market conditions for Wealth and Asset Management remained challenging during the reporting year. At the beginning of 2025, global equity markets were primarily driven by expectations that key interest rates would remain elevated for longer, supported by resilient economic growth. In Europe, optimism surrounding German fiscal stimulus provided additional momentum. Following Donald Trump's return to office, however, increased political uncertainty resulted in heightened market volatility. During the spring, reciprocal tariffs weighed on investor sentiment and triggered the sharpest market correction since the COVID-19 crisis, before markets recovered – this was despite elevated US fiscal deficits and weak commodity prices.

During the second half of the reporting year, we implemented structural and organisational changes within Wealth and Asset Management to position the division for the future. At the same time, we refined our investment processes and further strengthened the strategic focus of our product offering initiated at the beginning of the year. The newly established organisational structure enables faster decision-making, unlocks synergies and further enhances the quality of our portfolio solutions. These measures represent an important step in strengthening the division's long-term competitiveness and supporting its continued strategic development. With effect from the beginning of 2026, Wealth and Asset Management and Corporate Banking were combined into the new Corporate, Wealth and Asset Management division. This integration allows us to offer clients a more closely aligned product and service offering, while leveraging additional synergies across both businesses. Appropriate organisational and staffing structures are being established to support the long-term success of the new division.

Wealth Management

Within Wealth Management, we provide bespoke solutions for clients with complex wealth structures and sophisticated requirements. Our client base includes high-net-worth individuals, entrepreneurial families, business owners, foundations and other charitable organisations.

Our approach is based on providing holistic advice to individuals, families and organisations, taking into account all factors that may directly or indirectly influence their financial situation. Maintaining a clear focus on our core competencies means complementing liquid portfolio management and the selection of private market investments with additional advisory services. For example, we support clients in developing strategic asset allocations (SAA), applying targeted portfolio optimisation approaches that enable well-informed long-term asset-allocation decisions.

Following the relocation of our Munich office to larger premises in 2024, we further expanded the team during 2025. We also strengthened our presence in Frankfurt, underlining our growth ambitions in one of Germany's most competitive financial centres despite the challenging environment. We retain our conviction in the long-term potential of both the Bavarian and Hesse regions, and continue to invest accordingly.

In connection with the relocation to our new headquarters in Hamburg, we are also establishing centrally located advisory premises for client meetings. The newly created role of Head of Wealth Management Hamburg further supports our growth strategy, while strengthening our local market presence.

Asset Management
Asset Management provides investment solutions across a broad range of asset classes for insurance companies, pension funds, pension schemes and family offices.

Our investment offering is built upon five strategic pillars. Berenberg's equity funds represent our long-standing expertise in fundamental equity investing, with a focus on quality growth strategies and small- and micro-cap companies. Our Multi Asset capabilities comprise globally diversified investment strategies and funds with a European focus, ranging from highly flexible mandates to defensive and more growth-oriented multi-asset solutions. We also offer a dedicated range of euro credit strategies within our Fixed Income business.

In 2025, we further expanded our platform through the launch of two additional strategic pillars: Solutions and Alternatives. Solutions combines our proprietary AI-based investment approach for the generation of trading signals with AI-driven tools that support our investment process and portfolio hedging strategies. Meanwhile, Alternatives brings together our liquid alternative investment strategies that aim to generate returns independently of traditional equity and bond markets while providing additional diversification and stable return potential. Driven by strong investment performance, the Berenberg Emerging Asia Focus Fund developed very positively during 2025 and surpassed the EUR 100 million mark in assets under management. As part of the continued expansion of the business, we entered into a strategic partnership with BVV Versicherungsverein des Bankgewerbes a.G. and jointly developed a comprehensive occupational pension platform. This enables institutional clients to access professional services covering the entire occupational pension value chain from a single provider. During the reporting year, we also entered into a new distribution partnership covering the Nordic countries and the Netherlands.

We regard ESG integration as an integral component of our investment decision-making process, enabling us to manage underlying portfolio risks more comprehensively while identifying long-term investment opportunities. Active dialogue with companies and issuers forms an important part of this approach and is coordinated by our dedicated ESG Office.

Corporate Banking
We advise and support corporates, institutional investors, financial sponsors and single family offices in both transaction-related business and their day-to-day banking activities. We have particular expertise in Structured Finance, Infrastructure & Energy, Shipping and Real Estate. Over recent years, we have further strengthened our capabilities in private credit fund solutions for institutional investors.

During the reporting year, demand for our private credit funds continued to increase. Our investor base became more diversified within Germany, while we also achieved significant fundraising success internationally for the first time. In November 2025, the European rating agency Scope once again recognised our expertise by naming Berenberg "Best Asset Manager" in the Infrastructure Debt category.[3]

Structured Finance
Despite a generally challenging market environment, 2025 was another highly successful year for our Structured Finance business. Supported by the strength of our existing portfolio and the financing transactions arising from it, we were able to remain relatively insulated from the subdued M&A market. Activity picked up again during the final quarter of the year, enabling us to originate an increasing number of new transactions, while consistently adhering to our disciplined investment approach. Across a total of 19 transactions, we invested approximately EUR 636 million through our private credit funds.

[3] https://www.scopeexplorer.com/scope-awards/2026/alternative-investment/winners

Within Structured Real Estate Lending/Real Estate Finance, we implemented a number of important strategic initiatives during the year. To support the successful launch of our new Real Estate Debt strategy, we further strengthened the team in response to the increasing demands of a challenging market environment. Particular emphasis was placed on preparing the launch of a Whole Loan-focused debt fund strategy, for which the first financing transactions have already been successfully structured and executed.

Infrastructure & Energy
Our Infrastructure & Energy business continued its successful development in 2025. Two funds that launched at the end of 2024 successfully completed their first closings and made their initial investments shortly thereafter. These included a fund designed for Capital Requirements Regulation (CRR)-regulated investors with a focus on renewable energy infrastructure, as well as a fund for institutional and semi-professional investors that are looking to invest not only in renewable energy assets, but also across the broader energy transition and digital infrastructure sectors. Following their successful first closings, both funds were able to draw down a substantial proportion of committed capital and invest in diversified portfolios of solar and wind assets. In addition, one of our existing cornerstone investors increased its commitment by 50% during the year, providing further momentum for the continued expansion of our fund platform.

Shipping
The Shipping business once again benefited from favourable market conditions during the reporting year, with the global shipping industry continuing to experience a cyclical upswing, primarily driven by supply-side constraints, including ongoing disruptions to global supply chains and longer transport routes. Our EU-regulated trading and custody services for carbon emission allowances (EU Allowances) have become an established component of our product offering and continue to offer attractive growth potential, particularly if the introduction of a global solution by the International Maritime Organization (IMO) is further delayed beyond 2026 due to continued resistance from individual economic regions. Against a backdrop of a significantly weaker US dollar and heightened uncertainty surrounding US monetary policy, our bespoke interest rate and foreign exchange risk management solutions were in particularly strong demand. At the same time, the continued resilience of the shipping sector also translated into increased demand for alternative investment products and wealth management solutions for entrepreneurs and their families, enabling us to win several attractive new client mandates.

Real Estate
Despite continued challenges in the office leasing market, our Real Estate business successfully capitalised on attractive market opportunities during the reporting year. We acquired more than 350 residential units on behalf of several entrepreneurial families and, in some cases, also assumed responsibility for the ongoing asset management of these properties. Particularly in the current market environment, we continue to serve as a trusted partner for our clients, supporting them in both real estate investments and the financing of development projects. Throughout the property lifecycle, value- and risk-oriented asset management services are provided by Berenberg.

Organisational Units

Berenberg is headquartered in Hamburg, which is also home to its German subsidiaries. In Germany, the Bank is further represented through offices in Berlin, Braunschweig, Bremen, Düsseldorf, Frankfurt, Hanover, Munich, Münster, Nuremberg and Stuttgart.

Internationally, Berenberg operates branches in London, Paris and Stockholm, as well as representative offices in Geneva and Zurich. In the United States, the Bank is represented through its subsidiaries in New York, with an additional office in Boston.

In addition to Hamburg, Berenberg has established a strong presence in the major financial centres of London, New York and Frankfurt. With 406 employees, London remains our second-largest location and serves as an important hub for our Investment Banking business. Our New York office provides access to US equity markets and enables us to serve our US clients locally.

During 2025, we established the new Bank Management division, bringing together Risk & Finance alongside additional control and back-office functions. At the beginning of 2026, we also created the new Product Management function, consolidating product and project resources within a single organisational unit.

Employees

As at 31 December 2025, Berenberg employed 1,588 people worldwide, compared with 1,528 at the end of the previous year. Hamburg remains our largest location with 838 employees, followed by London (406), Frankfurt (198) and New York (35).

The year 2025 was marked by the relocation of our headquarters to Hamburg's Stadtpark district. Construction of our new headquarters was successfully completed and the building was handed over as planned. Following completion of the interior fit-out, all Hamburg-based employees relocated to the new premises between the end of September and the beginning of October 2025. The new working environment offers modern, high-quality office space, dedicated collaboration and meeting areas, and an employee restaurant that provides a wide range of dining and catering options. Additional employee benefits include complimentary beverages and fresh fruit, subsidised meals, an in-house laundry service, and daily fitness classes in our on-site gym.

In connection with the relocation, we placed a particular focus on employer branding in Hamburg during the reporting year, highlighting our new headquarters. The campaign aimed to raise awareness among prospective candidates of Berenberg, our career opportunities and current vacancies, while strengthening our profile as an employer in the City Nord and Stadtpark area. Running for three months across digital displays and window posters on Hamburg's underground and suburban railway network, as well as outdoor advertising sites, the campaign generated a noticeable increase in traffic to our careers website and attracted the first wave of new applications.

The education and development of young talent also remained a strategic priority in 2025, ensuring that we continue to attract highly qualified graduates for future recruitment needs. During the reporting year, 29 new graduates joined Berenberg across our apprenticeship programmes in Global Technology, dual-study programmes and graduate schemes.

To further promote careers in the financial sector, our Human Resources team continued to participate in a range of external initiatives, including the Future of Finance Company Tour and the Financial Education Working Group of the German Federal Association of Professional Supervisors.

Alongside graduate recruitment, the continued professional development of our employees remains of great importance. Through our Learning & Development programme, we again offered a broad range of in-house training courses covering professional expertise, personal development and networking opportunities. These programmes continue to be well received, resulting in a significant increase in participation during the reporting year.

We also continued our established leadership development programme for new managers and our European Women's Network. In addition, numerous change management workshops were conducted to support employees throughout the relocation to our new Hamburg headquarters.

With regard to our remuneration system, we concluded a collective works agreement with the German Works Council during the reporting year. The agreement establishes a minimum pay differential between collectively agreed and non-collectively agreed remuneration levels. The objective of this agreement is to ensure that entry-level salaries for employees outside collective bargaining agreements continue to be reviewed and adjusted in line with future collective pay increases, thereby maintaining the agreed minimum differential.

Economic Report

Macroeconomic Developments[4]

Global Economy
Despite often erratic economic policymaking in the United States, the global economy proved remarkably resilient throughout the 2025 reporting year. Although economic momentum in the US moderated following Donald Trump's return to office, stronger growth in Japan and improving economic activity across several European countries largely offset this slowdown. Many countries in Southern and Central and Eastern Europe recorded robust growth rates. Supported by the continued resilience of India and several other emerging markets, the global economy was therefore broadly able to maintain the pace of growth achieved in the previous year.

Although many Chinese companies further strengthened their competitive position in global markets with increasingly sophisticated industrial products, domestic economic activity in China remained subdued throughout the reporting year. The prolonged real estate crisis continued to weigh on growth. Moreover, the capital channelled through extensive government subsidies and incentives into selected industries has come at the expense of other parts of the economy, leaving overall economic performance below its long-term potential.

Euro area
The tariff policies pursued by US President Donald Trump and China's continued export expansion posed significant challenges for many European economies. Against this backdrop, it is particularly noteworthy that the euro area recorded economic growth of 1.4% during the reporting year, significantly exceeding the previous year's growth rate of 0.9%. In addition to a one-off effect related to Iran and the continued strong performance of Southern European reform economies such as Spain, Portugal and Greece, this improvement also reflected Germany's emergence from several years of subdued economic activity.

Germany
Following a contraction in economic output of 0.5% in 2024, Germany returned to modest growth during the reporting year, with GDP increasing by 0.2%. While this represents an improvement, growth remains unsatisfactory. Structural challenges, intensifying competition from China, high administrative costs and political disagreement within the governing coalition over the implementation of necessary reforms have so far prevented the economy from entering a self-sustaining recovery.

United States
Following robust GDP growth of 2.8% in 2024, the US economy expanded by 2.1% during the reporting year. Economic activity continued to be supported by resilient private consumption, which increased by 2.6% following growth of 2.9% in the previous year. Significant corporate investment in artificial intelligence also remained an important driver of economic growth. Fiscal policy continued to provide meaningful support throughout 2025, although to a lesser extent than in previous years.

Over the course of the year, the US labour market also showed signs of moderating. These developments appear to reflect the initial effects of the more restrictive trade policy, which has reduced households' purchasing power through higher prices while increasing uncertainty for many businesses, particularly outside the technology sector.

Global Economy
Following a promising start to 2026, the conflict involving Iran has significantly clouded the outlook for the months ahead. Higher energy and transportation costs are expected to fuel inflation, at least temporarily, while weakening economic activity, particularly in countries that remain heavily dependent on energy imports. Across much of the world, rising energy prices are eroding consumers' purchasing power.

[4] Based on the analyses of our Economics team (as of 31 March 2026)

At the same time, heightened geopolitical tensions and continued uncertainty surrounding developments in the Middle East create additional risks for the stability of global supply chains. This, in turn, may weigh on financial markets and dampen economic growth.

In the United States, the continued boom in artificial intelligence is expected, as in 2025, to offset only part of the economic burden created by elevated tariffs, frequently unpredictable economic policymaking and tighter immigration policies affecting key segments of the labour market.

In Europe, the consequences of the conflict involving Iran are likely to result in a noticeable slowdown in economic momentum during the current year, preventing growth from matching the levels achieved in 2025. Once the conflict subsides, however, the underlying drivers of growth are expected gradually to regain momentum. In Germany, substantial fiscal stimulus and a number of structural reforms could help cushion part of the economic impact of the conflict during the year.

Financial Services Industry
With central banks having moved away from low-interest-rate policies in 2022, the outlook has also somewhat normalised for many banks in Europe that traditionally generate their earnings primarily from interest-bearing business. Slightly higher bond yields and a slowly increasing demand for mortgages are also contributing to this. Given the rise of "neobrokers", as well as the challenges posed by stablecoins and other innovations, the pressure to adapt remains high in the financial services industry.

Special Matters Relating to the Financial Statements
During the preparation of Berenberg's 2025 financial statements, it was identified that the accounting treatment and valuation of certain proprietary equity transactions had not complied with the applicable provisions of German commercial law.

The findings of the subsequent in-depth analysis prompted the Supervisory Board's Audit Committee, at its meeting on 26 February 2026, to commission a comprehensive forensic investigation by an external audit firm. The engagement was formally awarded on 5 March 2026.

The investigation concluded that adjustments to the accounting treatment and valuation of certain equity transactions and one convertible bond were required. In addition, the investigation identified indications that the accounting treatment of a corporate restructuring involving an affiliated company had not been appropriate. The scope of the investigation covered the following areas:

1. Internal transfers

In connection with certain equity transactions, the Bank recorded internal transfers with associated profit and loss effects even though the underlying shares had not actually been disposed of and, consequently, no profit could have been recognised under German commercial law.

2. Sale and repurchase of a convertible bond

A convertible bond held within the Bank's proprietary portfolio was sold at the end of 2025 and repurchased at the beginning of 2026 without any transfer of the underlying economic ownership.

3. Equity forward transactions at the end of 2025

The Bank recognised profit-and-loss effects relating to equity forward transactions at the time the contracts were entered into, although, under the realisation principle, such effects should only have been recognised upon settlement.

4. Corporate restructuring of an affiliated company

Following the disposal of an interest in an affiliated group company, subsequent analysis raised questions regarding the economic substance of the transaction. The transaction affected both the group's regulatory capital ratios and the accounting treatment of the remaining interest in the affiliated company within the consolidated financial statements.

The effects described above, including those relating to prior periods, were corrected during the finalisation of the 2025 financial statements through current-period adjustments and have been appropriately reflected in the presentation of the Bank's financial performance in the following sections.

Overall, the forensic investigation concluded that a number of measures undertaken during 2025 - particularly towards the end of the financial year - were primarily intended to influence the Bank's regulatory capital and own funds position, create or avoid balance sheet effects and, in certain cases, generate, smooth or accelerate the recognition of accounting profits.

By order of the German Federal Financial Supervisory Authority (BaFin), the duties and powers of Berenberg's three Personally Liable Partners – Hendrik Riehmer, David Mortlock and Christian Kühn – have been suspended with effect from 19 June 2026. Since that date, the management of the Bank has been assumed by two Special Representatives appointed by BaFin. Dr Hans-Walter Peters has assumed the duties and powers previously assigned to Hendrik Riehmer, with the exception of responsibility for the Internal Audit function. Dr Peters has also assumed the duties and powers previously assigned to David Mortlock. Meanwhile, Michael Horf has assumed the duties and powers previously assigned to Christian Kühn. Unlike the previous allocation of management responsibilities, responsibility for the Internal Audit function has additionally been assigned to Michael Horf.

Furthermore, it was determined that the Bank had approved loans to members of the Management Board where there are indications that the terms and conditions may not have been entirely consistent with market standards.

In summary, the forensic investigation also identified indications that, in isolated cases, formally implemented internal control system (ICS) processes had been deliberately circumvented. The Bank has initiated a comprehensive project to analyse these weaknesses and implement appropriate remedial measures.

Economic Performance of the Bank[5]

Earnings Performance

Net Profit

The operating environment for Berenberg remained challenging throughout 2025. This was primarily attributable to ongoing geopolitical uncertainty. The conflict in Ukraine continued, hostilities in the Middle East intensified at times, and US trade policy contributed to heightened uncertainty across global financial markets.

Against this backdrop, Berenberg reported net profit of EUR 20.2 million for the 2025 financial year (2024: EUR 81.6 million). The year-on-year decline was primarily driven by increased credit risk provisions relating to a single exposure, the challenging restructuring of the Wealth and Asset Management division, and lower earnings in the Investment Bank during the fourth quarter. These factors were partly offset by a tax refund. At the same time, the Bank continued to invest more than originally planned in the further modernisation of its IT infrastructure.

Comparability with the prior year's result of EUR 81.6 million is limited due to adjustments resulting from internal transfers. These adjustments amount to EUR 12.9 million for the comparative year and comprise an increase of EUR 19 million in net commission income, partly offset by EUR 6.1 million of additional depreciation recognised in the prior year.

The planning assumptions for the 2025 financial year were deliberately conservative, particularly with respect to the inherently volatile equity capital markets business, where planning was based on a prudent assessment of the expected ECM transaction pipeline. Key assumptions also included a further decline in net interest income, higher net commission income, continued substantial investment in the relocation of the Bank's Hamburg headquarters – including the

[5] Previous years in brackets

establishment of a new data centre – and the implementation of new regulatory requirements, such as the EU's Instant Payments Regulation.

Net interest income exceeded the original budget by a considerable margin, supported by the slower-than-expected decline in central bank interest rates during the year. Foreign exchange income also significantly outperformed expectations, driven primarily by elevated US dollar volatility during the first half of the year.

Despite these positive developments, net profit remained below the Bank's conservative planning assumptions. This was primarily attributable to significant one-off effects arising from credit risk provisions relating to a single exposure (see the "Credit Risk Provisions" section) and restructuring expenses incurred in connection with the reorganisation of Wealth and Asset Management. Further information regarding the exceptional accounting matters is provided in the "Special Matters Relating to the Financial Statements" section.

Return on equity amounted to 9.0% (2024: 40.1%)[6] while the return on assets – calculated as net profit divided by total assets – was **0.3%** (2024: **1.3%**).[7] Return on equity, therefore, remained within the range generally observed across the banking industry.

Key Financial Performance Indicators

The cost-income ratio increased to 90.4%, compared with 76.2% in the previous year,[8] exceeding the planned level of 87%. This increase primarily reflects the restructuring expenses, additional credit risk provisions and the exceptional accounting adjustments described in the "Special Matters Relating to the Financial Statements" section, including the current-period corrections relating to prior-year transactions. These same factors also had a significant impact on net profit, which, at EUR 20.2 million, was substantially below the prior year's result of EUR 81.6 million, as outlined above.

The ratio of recurring net interest income to the combined total of net interest income and net commission income (excluding income from equity investments and affiliated companies) amounted to 25:75 (2024: 27:73).[9] This continues to underline the importance of commission income within Berenberg's service-oriented business model.

Irrespective of short-term fluctuations in net interest income and net commission income, the Bank remains firmly committed to its long-term strategic focus on business areas characterised by a higher proportion of recurring commission income.

Net Commission Income

The services reflected in net commission income are generated primarily through securities brokerage and custody services, the structuring, syndication and management of private credit funds, as well as sophisticated advisory services for corporate clients.

Commission income and commission expenses are allocated to the individual operating units in accordance with the arm's-length principle using the Cost Plus and Net Profit Split methods, in line with the OECD Transfer Pricing Guidelines. Including the current-period accounting adjustments, net commission income declined by 10.0% to EUR 349.1 million (2024: EUR 387.9 million).

The effects described above, including those relating to prior periods, were corrected during the preparation of the final financial statements through current-period accounting adjustments and are appropriately reflected in the presentation of the Bank's financial performance.

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[6] Return on Equity (RoE) (%): Profit before tax divided by opening shareholders' equity (after distributions) (12/25: (20,217 + 3,954) / 269,746 = 9.0%; 12/24: (81,613 + 22,631) / 259,746 = 40.1%)
[7] Return on Assets (RoA) (%): Net profit divided by total assets (12/25: EUR 20.2 million / EUR 6,389.7 million = 0.3%; 12/24: EUR 81.6 million / EUR 6,446.6 million = 1.3%)
[8] Cost-Income Ratio (CIR) (%): Total of general administrative expenses, depreciation, amortisation and impairment of intangible assets and property, plant and equipment, and other taxes, divided by the total of net interest income, net commission income, other operating income and net trading income (12/25: 462,223 / 511,562 = 90.4%; 12/24: 420,180 / 551,618 = 76.2%)
[9] Net interest income (including recurring income) as a percentage of total net interest and commission income: (12/25: 119,076 / (119,076 + 349,085) = 25:75; 12/24: 140,770 / (140,770 + 387,859) = 27:73)

Securities-related commission income declined by 15.0% to EUR 264.4 million. By contrast, client-driven foreign exchange business performed strongly, with income increasing by 27.1% to EUR 14.2 million (2024: EUR 11.1 million), primarily driven by the elevated volatility of the EUR/USD exchange rate during the first half of the year.

Loan-related commission income increased by 9.9% to EUR 40.5 million (2024: EUR 36.9 million), mainly reflecting the continued expansion of the Bank's private credit fund business. Other components of commission income, including international business and miscellaneous commission income, also increased to EUR 30.0 million (2024: EUR 28.8 million).

Assets under management across the Berenberg Group amounted to EUR 39.4 billion as of 31 December 2025 (2024: EUR 39.0 billion). Despite the continued challenging market environment, assets under management increased modestly during the reporting year.

Net Interest Income

Net interest income, including recurring income from equities and other non-fixed-income securities, amounted to EUR 119.1 million during the reporting year, compared with EUR 140.8 million in the previous year. Nevertheless, this exceeded the original budget by more than EUR 14 million.

The year-on-year decline was a direct consequence of the continued reduction in central bank policy rates. However, the impact on net interest income proved significantly less pronounced than anticipated during the planning process, resulting in performance more than 13% above the Bank's conservative budget. The Bank continues to pursue a prudent lending strategy and does not intend to increase its risk-bearing lending portfolio. Nevertheless, the gross volume of loans on the balance sheet may increase where appropriate collateral is available. Increasing the Bank's overall risk appetite in lending is not part of its strategic objectives.

Our portfolio of fixed-income securities held in the Bank's own investment portfolio (Depot A) continues to be managed conservatively and in line with our established investment strategy. Securities acquired for the portfolio generally have short- to medium-term residual maturities and are of the highest credit quality. They are, as a rule, held until maturity. Selected fixed-income securities are designated as long-term investments and are therefore accounted for as non-current financial assets.

Net Trading Income

Net trading income increased significantly during the reporting year, rising from EUR 8.7 million in the previous year to EUR 23.1 million.

Consistent with the Bank's service-oriented business model, proprietary trading activities in equities, fixed income securities and foreign exchange are conducted only to a limited extent and serve primarily to complement client business. Accordingly, trading income is predominantly generated by the Bank's fixed income and foreign exchange trading activities, which largely arise from cross-selling opportunities. The year-on-year increase was attributable both to valuation gains on an individual transaction and to higher trading volumes.

In preparing the 2025 financial statements, the Bank partially released the contingency reserve maintained pursuant to Section 340e (4) of the German Commercial Code (HGB), reflecting its previous overfunding while maintaining the statutory minimum reserve.

Other Operating Income

Other operating income increased from EUR 14.3 million in the previous year to EUR 20.3 million during the reporting period.

A significant portion of other operating income relates to income generated from specifically hedged transactions, amounting to EUR 8.2 million. In addition, this item includes a VAT refund of EUR 10.4 million relating to prior years.

Administrative Expenses and Depreciation of Property, Plant and Equipment and Intangible Assets

Personnel expenses amounted to EUR 277.0 million during the reporting period, representing an increase of 9.4% compared with the previous year. This was primarily attributable to general salary increases, higher bonus provisions and the restructuring measures referred to above.

Other administrative expenses increased by 10.0% to EUR 173.4 million (2024: EUR 157.6 million) and were broadly in line with the planned level. The increase compared with the previous year was driven principally by continued investment in the modernisation of the Bank's IT infrastructure, the optimisation of internal banking processes, the relocation to the new headquarters in Hamburg and the implementation of new regulatory requirements.

Including depreciation of property, plant and equipment, amortisation of intangible assets and other taxes, total administrative expenses amounted to EUR 461.4 million during the reporting year (2024: EUR 420.2 million), slightly exceeding the original budget.

Credit Risk Provisions

Credit risk provisions were maintained at an appropriate level during the reporting period.

A significant portion of the valuation result relates to the liquidity reserve and should be viewed in conjunction with net interest income. Among other assets, the liquidity reserve includes securities acquired above par, which give rise to corresponding impairment requirements. All identifiable credit risks were fully recognised. The Bank's loan portfolio was valued in accordance with the applicable statutory accounting requirements. Collective valuation allowances were determined in accordance with IDW RS BFA 7.

In respect of a single credit exposure that was particularly affected by the uncertainties surrounding global economic developments—and which is unrelated to the Bank's private credit fund business—an additional credit risk provision of EUR 22.1 million was required at the year-end. Only a comparatively small portion of the overall exposure remains without specific impairment. During the reporting year, previously recognised specific valuation allowances of EUR 13.6 million relating to this exposure were fully utilised, and an additional write-down of EUR 12.9 million was recognised. Unlike in 2024, when the Bank's non-performing loan (NPL) ratio reached 6.1%, which was primarily as a result of this exposure and therefore exceeded the regulatory threshold of 5%, the gross NPL ratio had declined to 4.3% as of the end of 2025 and was once again within the regulatory benchmark. After taking account of the specific valuation allowances recognised, the net NPL ratio stood at 2.9%.

Appropriate valuation allowances totalling EUR 1.7 million were also recognised for one real estate exposure and a number of outstanding receivables arising from service contracts.

Overall, new specific valuation allowances and write-downs recognised during 2025 amounted to EUR 36.8 million.

In addition, EUR 0.3 million was allocated to collective valuation allowances and provisions in accordance with IDW RS BFA 7.

Income Taxes

Income taxes comprise trade tax relating to the Hamburg head office and the Bank's German branches, together with taxes on the income of the Bank's foreign branches in Paris, Zurich, Geneva and Stockholm.

Income tax expense amounted to EUR 3.9 million in 2025, compared with EUR 22.6 million in the previous year.

Financial Situation

Capital Resources and Regulatory Ratios

Capital Resources

As of the reporting date, the Bank's regulatory capital amounted to EUR 369.7 million (2024: EUR 349.9 million). The principal component of regulatory capital is Common Equity Tier 1 (CET1) capital, which totalled EUR 274.7 million (2024: EUR 264.9 million).

The Bank's Additional Tier 1 (AT1) capital remained unchanged during the reporting year at EUR 45.0 million, while Tier 2 capital was increased by EUR 10.0 million to EUR 50.0 million. Both capital instruments continue to qualify in full as regulatory capital.

Regulatory Ratios

Including the effects described in the "Special Matters Relating to the Financial Statements" section, the Bank's regulatory capital ratios under the Capital Requirements Regulation (CRR) developed as follows:

Total Capital Ratio: 13.9% (2024: 14.5%)
Tier 1 Capital Ratio: 12.1% (2024: 12.9%)
Common Equity Tier 1 (CET1) Ratio: 10.4% (2024: 11.0%)

Both regulatory capital and risk-weighted assets increased during the year. As risk-weighted assets (RWAs) grew at a faster rate than regulatory capital, the Bank's capital ratios declined modestly compared with the previous year.

While the capital requirement for market risk and operational risk was slightly lower than in the prior year, capital allocated to credit risk increased. This primarily reflects higher customer lending exposures, partly resulting from the Bank's warehousing activities in connection with its private credit funds.

The modest reduction in market risk was mainly attributable to the trading book positions outstanding at the reporting date.

The lower capital requirement for operational risk reflects the Bank's transition to the Standardised Measurement Approach (SMA) under CRR III, replacing the previous Basic Indicator Approach. The SMA is based on the average of differentiated income components over the preceding three years, together with the supervisory factor prescribed under the revised regulatory framework.

Liquidity Ratios

The Liquidity Coverage Ratio (LCR), which measures the ratio of high-quality liquid assets to projected net cash outflows over the following 30 days and serves as the regulatory indicator of a bank's short-term liquidity risk, stood at approximately 167% (2024: 180%). This remained around 67 percentage points above the regulatory minimum requirement.

The Net Stable Funding Ratio (NSFR), which measures the relationship between available and required stable funding over a one-year horizon and is intended to promote sound structural funding, amounted to 255% at year-end (2024: 290%). Although lower than the previous year, it remained comfortably above the applicable regulatory minimum.

Accordingly, from a regulatory perspective, Berenberg was exposed to neither short-term nor structural liquidity risk during the reporting period.

Developments affecting the Bank's liquidity position after the reporting date are discussed separately in the "Outlook for 2026" section.

Leverage Ratio

The Bank's Leverage Ratio (LR), which compares regulatory Tier 1 capital with the Bank's non-risk-weighted total exposure, amounted to 4.7% (2024: 4.5%), remaining comfortably above the regulatory minimum requirement of 3.0%.

Economic Perspective

The Bank's internal economic perspective is described in detail in the “Risk Report” section.

Funding, Liquidity Reserve Securities and Securities Accounted for as Non-Current Financial Assets

Berenberg continues to fund its operations entirely through client deposits and remained fully liquid throughout the reporting year. No liquidity gaps arose during 2025. Owing to the predominantly short-term nature of the Bank's business model, liquidity risk remained limited.

During the first half of 2026, client deposits increased significantly, resulting in a further substantial increase in excess liquidity. Consequently, the Bank's liquidity position has remained exceptionally strong despite recent movements in deposit volumes.

Liquidity is managed centrally by the Treasury function and invested with the objective of minimising credit risk, primarily in high-quality, short-duration bonds. A substantial proportion of liquidity is maintained on deposit with the Deutsche Bundesbank, enabling the Bank to meet any unexpected short-term liquidity requirements through the refinancing facilities of the European Central Bank (ECB) if required.

The carrying amount of debt securities and other fixed-income securities totalled EUR 3,670.7 million (2024: EUR 3,881.0 million). The portfolio primarily comprised securities issued by German public-sector issuers (54.5%, 2024: 49.4%) and securities guaranteed by either the Federal Republic of Germany or one of its federal states (45.5%, 2024: 50.6%). The portfolio had an average remaining maturity of 1.9 years (2024: 2.4 years), thereby limiting spread risk. Interest rate risk is largely linked to the three-month and six-month EURIBOR.

Of the total portfolio of debt securities and other fixed-income securities, EUR 1,733.7 million (2024: EUR 1,808.6 million) was classified as non-current financial assets at the reporting date. During the year, securities generating redemption gains of approximately EUR 1.6 million matured. These securities are carried at amortised cost, provided no permanent impairment exists. Depending on market conditions, the portfolio gives rise to both hidden reserves and hidden charges, while continuing to generate recurring interest income.

Financial Position

Total Assets

Total assets decreased marginally during the reporting year by approximately EUR 18 million, from EUR 6,446.6 million to EUR 6,428.6 million.

The Bank does not actively solicit client deposits. Instead, deposits arise primarily from the ordinary course of business, particularly within Wealth and Asset Management, and Shipping, as well as from temporary mandates such as capital increases supported by the Bank's ECM team. Where attractive market opportunities arise, deposits may also be acquired selectively.

Customer deposits represented 89.0% of total assets (2024: 89.6%) and continue to constitute the principal source of funding for the Bank's money market activities. Excess liquidity is primarily invested by the Treasury function in a diversified portfolio of selected low-risk interbank counterparties.

In addition, EUR 773.8 million (2024: EUR 777.9 million) of surplus liquidity was held on deposit with the Deutsche Bundesbank at the reporting date.

Amounts Owed by Banks

Amounts owed by banks increased by 3.3% to EUR 384.8 million (2024: EUR 372.5 million).

This balance includes EUR 287.3 million of overnight deposits, which fluctuate considerably due to the nature of the Bank's business model. It also includes Schuldschein loans issued by German promotional banks amounting to approximately EUR 47.2 million (2024: EUR 98.5 million).

The reduction in Schuldschein loans reflects the reallocation of funds into high-quality fixed-income securities.

Loans and Advances to Customers

Loans and advances to customers amounted to EUR 1,084.4 million at the reporting date, representing an increase of 6.6% compared with EUR 1,017.9 million at the end of the previous year.

The portfolio consists predominantly of euro-denominated exposures to domestic clients and is largely short-term in nature. The Bank continues to pursue its conservative lending strategy and does not seek to expand its risk-bearing loan portfolio. Nevertheless, the gross volume of customer loans may increase where appropriate collateral is available.

Increasing the Bank's overall risk appetite in lending remains outside of its strategic objectives. Rather than generating long-term lending volumes, the Bank's primary objective is to generate lending-related fee income, with loans typically arising as part of broader cross-selling relationships.

Debt Securities and Other Fixed-Income Securities, and Equities and Other Variable-Yield Securities

Holdings of debt securities and other fixed-income securities, together with equities and other variable-yield securities, totalled EUR 3,901.7 million (2024: EUR 4,065.2 million), representing a decline of 4.0% compared with the previous year.

The entire portfolio of equities and other variable-yield securities, amounting to EUR 231.0 million (2024: EUR 184.2 million), consisted of listed securities. The increase in equity holdings primarily reflects the expansion of client-driven proprietary trading activities.

Trading Portfolio

The trading portfolio recognised on the balance sheet amounted to EUR 76.6 million on the asset side and EUR 58.6 million on the liability side at the reporting date, compared with EUR 19.2 million on the asset side in the previous year.

This increase primarily reflects the balance sheet recognition of foreign exchange options held within the trading portfolio as of 31 December 2025. A further significant component of the trading portfolio relates to a convertible bond position.

Amounts Owed to Banks

Amounts owed to banks increased to EUR 95.0 million (2024: EUR 73.4 million). As in the previous year, these liabilities consisted entirely of overnight deposits and may therefore fluctuate significantly over short periods.

Amounts Owed to Customers

Amounts owed to customers totalled EUR 5,740.8 million (2024: EUR 5,777.5 million).

Of this amount, EUR 4,481.7 million (2024: EUR 4,221.5 million) represented deposits repayable on demand, while EUR 1,259.1 million (2024: EUR 1,556.0 million) related to deposits with agreed maturities or notice periods, the majority of which remained short-term in nature.

During the prolonged low-interest-rate environment and the periods of heightened volatility in the capital markets, clients maintained stable deposit balances and, in many cases, placed additional liquidity with the Bank. Since interest rates have normalised, clients have increasingly reallocated excess liquidity into investment products, resulting in a gradual reduction in cash balances. Nevertheless, the level of overnight deposits remains high, largely reflecting the operational activities of the Shipping and Wealth Management divisions. Within Shipping, this is primarily attributable to clients' cash management activities, while in Wealth Management it reflects discretionary portfolio management and investment advisory mandates.

The decline in non-interest-bearing deposits was, however, less pronounced than originally anticipated. Owing in particular to the continued strong performance of the Shipping business, USD-denominated deposits amounted to EUR 3,074.5 million (2024: EUR 3,193.7 million). US dollar deposits therefore continued to account for a stable 53.6% (2024: 55.3%) of total customer deposits.

The resulting foreign currency exposure is hedged by the Bank's foreign exchange trading activities using the German commercial law concept of specifically hedged transactions (“besondere Deckung”) in order to minimise foreign exchange risk.

Other Assets and Other Liabilities

Other assets increased by EUR 6.8 million to EUR 55.6 million, compared with EUR 48.8 million in the previous year. These assets consist primarily of the balancing item arising from specifically hedged foreign exchange forward transactions.

Other liabilities decreased by EUR 9.1 million to EUR 20.7 million (2024: EUR 29.8 million). They mainly comprise trade payables, tax liabilities and employee-related obligations.

Total Business Volume and Loan Commitments

The Bank's total business volume, defined as total assets together with contingent liabilities arising from guarantees and other commitments, decreased from EUR 6,495.2 million to EUR 6,481.9 million.

Irrevocable loan commitments increased by 22.0% to EUR 333.1 million (2024: EUR 273.0 million).

Total Lending Volume

The Bank's total lending volume increased to EUR 1,138.1 million (2024: EUR 1,066.5 million).

This comprised loans and advances to customers of EUR 1,084.4 million (2024: EUR 1,017.9 million) together with contingent liabilities arising from guarantees and other commitments amounting to EUR 53.3 million (2024: EUR 48.6 million).

Overall Assessment of Earnings, Financial Position and Net Assets

Despite the continued challenging market environment, the Bank's positive, albeit lower, earnings performance demonstrates the resilience of its business model. This is particularly true in light of the exceptional matters affecting the 2025 financial statements and the elevated credit risk provisions recognised during the year.

After taking into account the exceptional effects described in the section "Special Matters Relating to the Financial Statements," the Bank remained clearly profitable in 2025.

The anticipated decline in net interest income proved less pronounced than originally expected and was partly offset by higher foreign exchange and lending fee income. Nevertheless, due to the factors described above, the Bank did not achieve its planned financial performance for the 2025 financial year. Even so, its return on equity remained at an acceptable level compared with the banking industry as a whole.

The Bank's capital resources remained adequate throughout the reporting year, including after taking into account the exceptional matters referred to above, and continued to exceed all applicable regulatory capital requirements.

The Bank's financial position and net assets remained sound. Its ability to meet payment obligations was ensured at all times during the reporting period, while its liquidity position continued to remain comfortably above the regulatory requirements applicable to credit institutions.

Outlook and Opportunities for 2026

General

Financial Services Industry and Business Model[10]

The year 2025, like the years preceding it, was characterised by considerable uncertainty. Political and geopolitical developments in Germany, Europe and globally have created a changing environment that will continue to influence capital markets and, consequently, the Bank's business.

During the reporting year, inflation stabilised and interest rates across the euro area declined further. Political uncertainty in Germany following the formation of a new federal government delayed necessary reforms, while investigations initiated by the US Department of Justice into the Chair of the Federal Reserve at the beginning of 2026 had an immediate impact on both the economy and financial markets.

In Germany, several legislative initiatives originally scheduled for implementation in the final quarter of 2025 were ultimately not enacted. The resulting uncertainty has had a direct impact on both the Bank's business activities and its operational planning. Despite the declining interest rate environment, particularly during the first half of 2025, the combination of stable client deposits and prudent balance sheet management enabled the Bank to continue generating a strong net interest result. The continued decline in interest rates during 2025, particularly in the first half of the year, together with the outlook for 2026, leads us to expect lower net interest income in the coming year.

While Berenberg's capital markets business has not yet fully recovered from the multiple geopolitical and macroeconomic crises following the improvement seen towards the end of 2024, it continues to operate from a solid base. Our planning assumptions for 2026, therefore, remain appropriately cautious. At the same time, we are confident that market conditions will continue to recover and stabilise over time.

However, geopolitical tensions, particularly ongoing military conflicts around the world, continue to create significant uncertainty and may lead to renewed volatility across financial markets. We therefore expect markets to remain highly responsive to changing geopolitical and economic developments. Following the optimisation of our organisational structure – particularly within Wealth and Asset Management – and with a stable cost base, we remain focused on maintaining the capacity required to benefit fully as market activity recovers.

As in previous years, our objective remains to operate as a medium-sized institution with a lean management structure, enabling us to respond more quickly than many competitors, particularly larger financial institutions. Our strong liquidity position and robust capital base continue to support this strategic advantage.

The Bank continues to be funded exclusively through client deposits. As of 20 July 2026, it held excess liquidity of approximately EUR 3.6 billion, compared with a customer loan portfolio of approximately EUR 1.1 billion, comprising balances held with the Deutsche Bundesbank together with freely available High-Quality Liquid Assets (HQLA).

Our diversified business model also provides a clear competitive advantage over smaller institutions focused on a single line of business. Over recent years, we have continuously adapted our operating model to changing market conditions and developed Berenberg into an internationally focused advisory firm. We are therefore well positioned to meet the continuing challenges arising from increasing regulatory requirements and the ongoing digital transformation of the financial services industry.

The matters described in the section "Special Matters Relating to the Financial Statements" do not affect the Bank's underlying business model. No restrictions have been imposed on the Bank's business activities, and the Special Representatives appointed by BaFin remain committed to maintaining the Bank's established business model.

[10] Partly based on analyses prepared by our Economics team

The Special Representatives have defined the restoration of sound governance and the re-establishment of an effective corporate governance framework as their primary objective. Following completion of these measures, a new management team is expected to be appointed to lead the Bank through the next phase of its development.

Locations

In addition to Hamburg, Berenberg has established a strong presence in the major financial centres of London, New York and Frankfurt. With 406 employees at the end of 2025, London remains the Bank's second-largest location. We are confident that London will continue to be one of the world's leading financial centres and believe that we are well positioned through our established presence there.

Our subsidiaries in New York primarily serve as a distribution platform for trading in US securities and for serving our US client base.

Markets and Clients

Against the backdrop of continued consolidation across the financial services industry, we believe we are well positioned to maintain our market position and to deliver a strong financial performance in 2026, based on appropriately prudent planning assumptions.

The current market environment presents both risks and opportunities for our business. Berenberg has consistently demonstrated its ability to manage these risks while capitalising on emerging opportunities, and we are confident that the expertise across our organisation will continue to support this approach successfully.

Our ambition to continue gaining market share across all relevant business areas remains unchanged, and we believe we are well placed to achieve this objective. We intend to make use of further market consolidation opportunities as they arise. One of our key strengths is our long-term perspective. This enables us to navigate temporary periods of subdued market activity while continuing to invest in the future development of the Bank. Our core markets remain Germany, the United Kingdom, Continental Europe and the United States.

For our existing clients, we strive to remain their trusted long-term partner. At the same time, we seek to attract new clients through our expertise and the exceptional quality of our advice and service.

In 2026, the Bank applied for a Markets in Crypto-Assets Regulation (MiCAR) licence, which was granted in April 2026. This licence enables us to support clients in relation to digital assets. However, any future business activities in this area will be subject to a thorough assessment before implementation.

We will continue to operate our proven and diversified business model, now organised into two central divisions rather than three: Investment Bank; and Corporate, Wealth and Asset Management.

Within Securities Trading, we aim to further strengthen our market position, while in our capital markets business we intend to build on our strong domestic franchise and expand our success into additional international markets.

In Wealth Management, we remain focused on serving clients with complex wealth structures. Following the closer integration of Wealth Management and Asset Management through a shared distribution function in 2024, these businesses were combined with Corporate Banking at the end of 2025 into a fully integrated division, enabling us to offer clients an even broader range of products and services. At the same time, we intend to further strengthen and expand our leading position among corporate clients through innovative product solutions, with our private credit funds continuing to represent a core component of our offering. Our long-term ambition remains to become one of Europe's leading advisory boutiques.

Although our business divisions diverge significantly in their activities, they are united by a shared commitment to providing clients with high-quality, independent advice, outstanding service and excellent execution. We will therefore continue to focus on our service-oriented business model while maintaining a prudent and sustainably oriented approach to risk management.

Employees and Organisation
Berenberg will continue to focus on its established business areas, while capitalising on opportunities to further develop its business on a continuous basis. Particular emphasis will remain on the Bank's proprietary IT platform, which combines state-of-the-art technology with modern organisational structures that provide the flexibility required to support the Bank's continued development. In this context, significant investments had already been made in the previous year to implement the requirements of the Digital Operational Resilience Act (DORA), which became fully applicable during the reporting year.

During 2025, we completed the relocation of more than 800 employees at our Hamburg headquarters to a new office building. The building has been designed to meet demanding sustainability standards and is targeting DGNB Gold certification. As part of the relocation, we also commissioned new, state-of-the-art data centres. To ensure continued compliance with regulatory requirements, we will maintain our investment in appropriate systems and processes. In support of the rapid restoration of a robust corporate governance framework, we also intend to strengthen resources in selected areas of our Operations division.

Depending on the respective business area, the current situation presents differing challenges with regard to employee retention, motivation and well-being. The prompt and transparent communication provided by the Special Representatives and the extended Management Board has been highly valued by employees. The introduction of mobile working from 1 July 2026 has also been welcomed and has generated very positive feedback for providing greater flexibility.

The Bank's client-facing teams particularly appreciate having Dr Hans-Walter Peters in a leadership role. His extensive knowledge of Berenberg's clients, products and business enables him to work closely with teams on client engagement and strategic initiatives. At present, we have not observed any increase in employee turnover as a result of the current exceptional circumstances. We also continue to maintain a constructive and regular dialogue with the Works Council. We also remain committed to implementing all applicable sustainability-related regulatory requirements at both product and corporate level.

Accordingly, throughout 2024 we focused on preparing for the disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD). Although the Directive has not yet been transposed into German law, we continue to comply with all currently applicable legal requirements through the publication of our annual Sustainability Statement.

Beyond the risks managed through our established risk management framework, we expect the principal additional risk to arise from reputational considerations, particularly as a result of ongoing media coverage relating to the matters described in this report. We continue to monitor these developments closely.

Earnings, Financial Position and Net Assets
The high level of consolidation within the financial services industry is expected to continue. Regulatory requirements are unlikely to diminish, and financial institutions will remain dependent on investing in digitalised and efficient processes in order to remain competitive and profitable. Against this backdrop, and notwithstanding the current developments, we believe our resilient business model positions us well for the future. We remain committed to capitalising on opportunities to safeguard and further expand our market share. Alongside our continued focus on strengthening our corporate governance framework, we will continue to place particular emphasis on structuring our processes in a manner that is both efficient and cost-effective.

The developments in customer deposits and the Bank's earnings performance since 19 June 2026 have been analysed as part of a scenario analysis, from which the resulting effects on the various income components have been derived. A range of stress scenarios was simulated and, even under these scenarios, liquidity remained secure and a positive result for the financial year was projected. It should be noted that all forecasts are based on the figures for the first half of 2026, which had already been completed at the time of preparing this report.

Based on deposit outflows observed to date, we expect net interest income to be supported by customer deposits stabilising at a lower level during 2026. Under our updated forecast, total assets are expected to decline to approximately EUR 5.7 billion, compared with EUR 6.39 billion at the end of 2025. Assuming stable EUR and USD interest rates and no widening of credit spreads, we expect net interest income of approximately EUR 110 million. In light of the results already achieved during the first half of the year, we consider this forecast to be realistic.

Our planning assumptions for liquidity during the remainder of 2026 remain equally robust. Deposit developments during the first half of 2026 were characterised by significant inflows, resulting in a very strong liquidity position even after the most recent changes in deposit volumes. Furthermore, the stress tests performed as part of our risk management framework assume substantially larger deposit outflows than those currently being observed. These stress tests likewise indicate that the Bank would maintain a liquidity surplus at all times.

We expect net commission income from securities business to grow at a more moderate pace, reaching approximately EUR 351 million. This reflects the continued challenging environment in the Equity Capital Markets (ECM) business as well as an expected degree of caution in client activity. By contrast, we expect loan-related commission income to increase compared with the previous year.

We also anticipate a somewhat weaker performance in the second half of the year with respect to other commission income (including payment services and international business). We expect lower levels of new business and continued caution among existing clients and have therefore incorporated a negative adjustment of EUR 7.5 million into our forecast.

We also expect potential upward pressure on administrative expenses. Higher costs may arise from additional recruitment within the central functions to further strengthen corporate governance, as well as from retention measures for key personnel. These effects are expected to be partly offset by moderate savings in variable remuneration. We currently forecast personnel expenses of approximately EUR 296 million at year-end. This figure already includes one-off restructuring-related personnel expenses recognised during the first half of the year. For other administrative expenses (including IT and consultancy costs), we expect higher expenditure, primarily relating to external advisory services and audit fees, and forecast a total of approximately EUR 192 million.

Given the anticipated reduction in proprietary trading activity during the second half of the year, we expect net income from financial transactions to amount to EUR 10.6 million for the full year, after a downward adjustment of EUR 3.5 million. This remains above the original budget of EUR 4.8 million, reflecting favourable one-off effects and the strong performance of the Bank's foreign exchange trading business to date.

Within net valuation gains/losses, we do not expect any significant effects on the securities portfolio, assuming credit spreads remain unchanged. The prudent annual risk provision of EUR 5.0 million has been maintained to cover potential future cases that cannot yet be specifically identified. Taking into account all revised forecast assumptions, we consider a profit after tax of between EUR 45 million and EUR 50 million for 2025 to be a realistic outcome.

Core Divisions

Going forward, the Bank’s business activities will be organised within the two central divisions Investment Bank and Corporate, Wealth and Asset Management. Each of the two central divisions is expected to comprise approximately 400 employees.

Investment Bank

For 2026, we are confident that we will be able to further strengthen our position in the German-speaking markets and maintain the positive momentum in the rest of Continental Europe. We will continue to build on our successful business in the United Kingdom. In addition, as part of our strategic priorities, we intend to participate in the US equity capital markets.

We expect our High-Touch Trading business to remain a market leader, particularly in Germany and the United Kingdom, in 2026. The steadily expanding coverage of our Low-Touch Trading business has made a significant contribution to our growth, which we expect to continue in 2026. We also anticipate that our fixed-income and foreign exchange businesses will make a positive contribution to net profit in 2026.

Corporate, Wealth and Asset Management
As part of the Bank's continued development, we reviewed and selectively adjusted our organisational structure during the reporting year. Against the backdrop of the continued strategic realignment of Wealth and Asset Management and the expansion of our Corporate Banking activities, we combined the two central divisions at the beginning of the 2026 financial year.

The objective of this new structure is to integrate more efficiently the range of products and services for high-net-worth private clients, institutions, family offices and a wide variety of corporate clients that has been expanded over recent years, while further strengthening internal collaboration by leveraging existing synergies. At the same time, responsibilities are to be assigned more clearly and decision-making processes made more efficient. The new structure therefore provides the foundation for further growth and the Bank's sustainable long-term development.

Current Situation:
Our clients value the direct and proactive communication relating to the current situation. They particularly emphasise the importance of the presentation and reliability of the audited 2025 financial statements. Within the Investment Bank, transactions already under way have been completed successfully. In Corporate, Wealth and Asset Management, clients have generally responded with considerable understanding and have adopted a wait-and-see approach. In some cases, reallocations into segregated investment funds have taken place in response to the current media coverage concerning Berenberg.

Risk Report

Summary of the Risk Situation / Overall Assessment

The Bank's risk profile during the financial year continued to be shaped by a volatile market environment against the backdrop of ongoing geopolitical and macroeconomic uncertainty. We maintained our prudent, conservative and long-term oriented risk strategy. Our deliberate focus on predominantly service-oriented business activities with comparatively lower risk has once again proven effective under dynamic market conditions.

Based on our assessment of the loan portfolio and the significant additional provisions and write-downs recognised during the reporting year, credit risk provisions are considered appropriate. Market risk fluctuated more noticeably in line with our business model, which is characterised by client-driven proprietary trading, and the high level of business activity, and therefore remained a particular focus of our risk management and monitoring processes.

Interest rate risk in the banking book (IRRBB), which declined moderately towards the end of the year, developed in line with the interest rate environment and the continued high level of customer deposits, while continuing to support a strong net interest result. No unusual developments were observed in operational risk, which we manage using an advanced risk management approach.

Our strong liquidity position, driven by a high level of customer deposits, remained at a very comfortable level throughout 2025 and developed in line with our expectations. This is also reflected in the key liquidity management ratios, namely the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Our structural asset-liability profile remained largely unchanged.

Economic risk-bearing capacity increased during the reporting year in line with the Bank's earnings performance. However, the BaFin requirement introduced in 2023 that Tier 2 capital and Additional Tier 1 (AT1) capital may no longer be recognised as economic risk-bearing capacity resulted in a lower level of available risk-bearing capacity compared with previous years. Combined with changing risk positions in a volatile market environment, this led to temporarily higher utilisation levels. On average, however, utilisation remained at an appropriate level of approximately 78% (previous year: 72%). Appropriate monitoring and management measures have been established within our risk management framework to address these developments.

From a regulatory perspective, the Bank also experienced temporarily higher risk levels despite an increase in regulatory capital. In order to maintain adequate buffers for risk-taking, Common Equity Tier 1 capital was increased by EUR 10.0 million in the first quarter following the approval of the 2024 annual financial statements through an allocation to retained earnings. In addition, a further EUR 10 million of Tier 2 capital was raised, increasing this capital component to EUR 50.0 million.

As expected, the implementation of CRR III did not result in any material increase in overall risk. This was due, among other factors, to the postponement of the implementation of the Fundamental Review of the Trading Book (FRTB) framework for market risk.

Overall, the Bank's risk metrics did not show any unexpected developments. The fluctuations observed during the year were consistent with the Bank's business model, particularly in relation to the private credit fund business and client-driven proprietary equity trading. Our established risk management framework, together with the related monitoring and control processes, proved effective under the prevailing conditions, while remaining subject to continuous enhancement. Throughout the reporting year, all key risk indicators remained within appropriate limits despite temporary periods of increased volatility. This applies in particular to the Bank's risk-bearing capacity.

Current Situation

The Bank's overall risk profile, including its liquidity position, remained within the defined limits and thresholds during the first half of 2026, including after taking into account the changed circumstances since mid-June (see the "Special

Matters Relating to the Financial Statements" section). However, the liquidity situation has changed as a result of the external impact of the measures imposed by the banking supervisory authority. Following the related media coverage, customer deposits (EUR and USD) declined to a noticeable but, given our very comfortable starting liquidity position, manageable extent. This outflow was fully covered by existing balances held with the Deutsche Bundesbank, and no sales of securities from the liquidity reserve were required. Liquidity is now managed with an even greater degree of oversight. Therefore, the existing liquidity reserve of approximately EUR 3.6 billion remains available to absorb potential further outflows and could, if required, be converted into liquidity at short notice through Deutsche Bundesbank refinancing operations. Alternatively, securities could be sold in the market if necessary, although this has not been required to date. Given the high credit quality and short maturities of the securities portfolio, we would not expect any material price discounts in such a scenario. In addition, significant amounts of liquidity will be generated from bond maturities during the second half of the year and will therefore be available to meet any potential outflows. The current Liquidity Coverage Ratio (LCR) stands at 178%, while the Net Stable Funding Ratio (NSFR) is 230% (regulatory minimum requirement in each case: 100%). Intensive client engagement has helped to mitigate more significant outflows, and our client relationship managers will continue to maintain close dialogue with our largest depositors.

Regulatory Capital Adequacy
The Bank's regulatory capital ratios had already improved by the end of June. Proprietary equity positions have been reduced, resulting in a corresponding decline in market risk. Lending activities continue to develop in line with plan and no expansion of the loan portfolio is envisaged. With regard to operational risk under the CRR, no material short-term changes are expected under the Standardised Measurement Approach (SMA).

Economic Risk-Bearing Capacity
Average utilisation of economic risk-bearing capacity amounted to 78% during the year. At the reporting date, utilisation at the individual institution level stood at 70.1%. This figure reflects all adjustments resulting from the audit of the annual financial statements, which reduced the available risk-bearing capacity while increasing market risk. Average utilisation during the first five months of 2026 amounted to 88%. By 30 June 2026, this level had already benefited from the positive earnings performance and, in particular, from the reduction in proprietary equity positions.

Operating Environment

A conservative risk appetite is a core element of our risk culture and was reviewed and fundamentally reaffirmed as part of the Bank's annual strategy and planning process. In individual cases, the Management Board may approve transactions involving higher risks, provided these are covered by the Bank's risk-bearing capacity and established governance processes. As part of implementing the measures ordered by BaFin, it has now once again been ensured that typical banking risks, such as credit and market risk, are assumed only to an appropriate extent that supports the Bank's long-term business continuity. Maintaining our consistently strong liquidity position, together with the monitoring and management of operational risks, complements our overall Bank management approach. This risk philosophy forms the basis of our comprehensive risk management framework and includes the definition of risk limits to ensure effective risk control. Risk management for all of our branches is coordinated centrally from our headquarters in Hamburg.

The Bank's liquidity position remained at a very comfortable level throughout 2025, in line with our business model and the resulting balance sheet structure, and continued to be supported by a diversified customer deposit base. The high level of deposits, which continued to generate attractive margin contributions, was primarily driven by substantial USD deposits from the Shipping business, a solid client base in Wealth Management and the continued growth of our operating business. Developments during the year were in line with our expectations. We invest the structural surplus of liabilities in a highly liquid portfolio dominated by securities issued by German public-sector issuers with short residual maturities, as well as in central bank deposits held with the Deutsche Bundesbank. A portion of the bonds and hedging relationships within our banking book is classified as non-current financial assets (EUR 1.7 billion) in order to maintain consistency with the fixed-rate current accounts that are likewise recognised within non-current assets.

Against the backdrop of our strategic focus on service-oriented business activities, our risk management framework is characterised by the use of modern risk measurement methodologies and monitoring processes tailored to the Bank's business model. Risk management at Group level represents the primary management perspective and appropriately incorporates all relevant subsidiaries and investments. To address the deficiencies in corporate governance identified during the special investigation, a dedicated remediation programme has been established. As part of this programme, and based on a comprehensive risk inventory that also includes a separate assessment of ESG-related aspects, credit risk, market risk, operational risk and liquidity risk are regularly analysed as the Bank's principal risk categories. Reputational risk, event risk and investment risk are assessed within the framework for operational risk management. Potential reductions in earnings are likewise taken into account, including through the analysis of adverse scenarios and the conservative planning and definition of the available risk coverage potential within the Internal Capital Adequacy Assessment Process (ICAAP). On the one hand, potential declines in fee income reduce the available risk coverage potential (RCP) recognised for ICAAP purposes. On the other hand, the Management Board has established a limit reserve currently amounting to 10% of the available risk coverage potential, meaning that only 90% is available for risk-taking. Where appropriate, the Management Board may temporarily release this reserve for risk-taking by establishing a temporary special limit. During the 2025 financial year, such a special limit was utilised for one month during the first quarter as a result of temporarily increased market risk, with appropriate risk management measures implemented accordingly. In addition, a number of temporary volume-related special limits at individual exposure level were approved by the Management Board within the existing large exposure approval framework. Furthermore, the ICAAP framework incorporates a range of combined stress scenarios, including scenarios that simulate a significant reduction in available risk coverage potential in order to ensure the protection of balance sheet equity.

Our implementation of the regulatory ICAAP requirements once again proved effective as a management tool during the reporting year and continues to be developed further. Key areas of focus in 2025 included capital planning, the risk inventory process and the further enhancement of stress testing, including the integration of ESG aspects. The regular review of the conservatism of the assumptions applied in the economic perspective forms an established part of our quality assurance processes. The integration of capital planning, profit and loss planning and risk-bearing capacity, together with the parallel assessment of both the normative and economic perspectives, has become an integral component of the standard processes within the Risk & Finance division. This enables us to ensure the achievement of the two associated strategic objectives, namely the continuity of the institution and the protection of creditors. Both perspectives are based on the fundamental principle of the risk-bearing capacity framework, under which identified risks are compared with the available risk coverage potential at both Bank and Group level.

The normative perspective is based on the regulatory capital requirements applicable to the Bank. As part of the integrated three-year capital planning process, various scenarios are analysed. These include a baseline scenario, reflecting business development under normal economic conditions, and an adverse scenario, assuming a severe economic downturn extending well beyond one year. The adverse scenario is based on extensive macroeconomic and institution-specific assumptions and is not limited to isolated parameter shocks. Instead, in accordance with the Minimum Requirements for Risk Management (MaRisk), it represents an integrated stress test affecting all relevant management metrics. It also incorporates appropriate management actions designed to mitigate the effects of the crisis. Our analyses continue to demonstrate that the Bank would be capable of withstanding even such extreme scenarios through its own capital resources and earnings capacity. Decisions by the banking supervisory authorities regarding changes to regulatory capital requirements are assessed, where relevant, for their potential impact on the Bank's capital position and incorporated into the planning process. All regulatory capital ratios are currently met and are expected to remain fully compliant throughout the planning horizon.

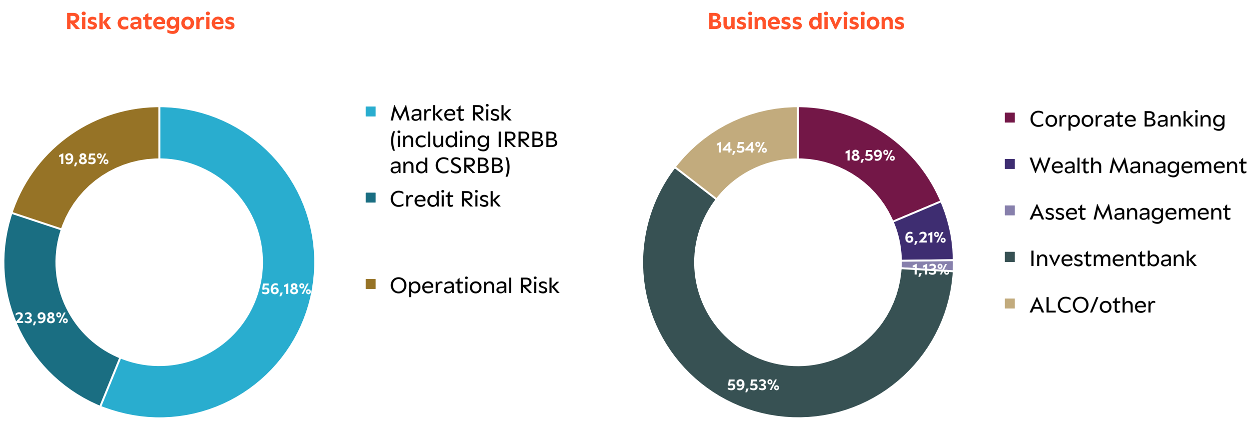
Under the economic perspective, the available risk coverage potential is determined on a present value basis. The starting point comprises the accounting capital recognised under the German Commercial Code (HGB), adjusted for hidden reserves and hidden charges. Planned profits are generally not recognised within our methodology. For each of the principal risk categories, we quantify potential losses using the Value-at-Risk (VaR) methodology. VaR measures the maximum expected loss at a defined confidence level. Risk is quantified using established present value models with a confidence level of 99.9% and a one-year risk horizon. The VaR methodology reflects potential losses under normal market conditions. To assess the Bank's risk profile under more severe circumstances, these risk measurements are supplemented by appropriate historical and hypothetical stress tests.

The regular comparison of risks with the available risk coverage potential is based on these two complementary perspectives of the Bank's overall risk position. Diversification effects across the various risk categories are deliberately disregarded by conservatively aggregating the capital requirements for each individual risk category. As part of monthly and quarterly analyses, the results of both risk-specific and cross-risk stress scenarios are compared with the available economic risk coverage potential in order to identify potential vulnerabilities. In acute crisis situations, event-driven stress tests are performed whenever required. In addition, combined scenarios are calculated to determine the circumstances under which the available risk coverage potential would be fully exhausted (reverse stress testing).

During the reporting year, average utilisation of economic capital amounted to 78% (previous year: 72%), meaning that the Bank's available economic capital was not fully utilised by the business divisions. Consistent with our strategy, this demonstrates that the opportunities generated by our business activities remain appropriate in relation to the risks assumed.

The following charts illustrate the allocation of economic capital across the individual risk categories and the Group's business divisions.

Figure 1: Economic Capital Allocation by Risk Category and Business Division



The Management Board bears overall responsibility for risk management and defines the framework governing the management of the various risk categories. The Risk & Finance division, which forms part of the central Bank Management function, is organisationally independent of all front-office units in accordance with the MaRisk requirements and, in close cooperation with other organisational units, ensures the continuous and timely flow of information to the Management Board and the Supervisory Board of the Bank as part of its risk controlling function. It is responsible for the development and maintenance of the systems used for overall Bank management and risk management. The central Bank Management function was established during 2025 and, in addition to Risk & Finance, comprises the Bank's other control and back-office functions. At the beginning of 2026, a further unit, Product Management, was established to consolidate product and project resources. In doing so, we are consistently continuing our approach of integrating all risk management and controlling functions with Bank-wide administrative units in order to ensure the most effective interaction between management systems while maintaining efficient processes. By specifically linking management accounting performance indicators from Controlling and statutory financial results from Accounting with both economic and normative risk metrics, we are able to establish a comprehensive Bank-wide view when assessing risks and to provide this information to the Management Board through the regular management reporting process. Within the central Bank Management function, a comprehensive risk inventory is carried out on a regular basis, and the quantified risks across the various risk categories are compared with the available risk coverage potential. As part of the risk management process, it is ensured, in line with the Bank's strategy, that no unintended risk concentrations arise either within individual risk categories or across different risk types. In addition to implementing the measures resulting from various special reviews conducted by Internal Audit, a comprehensive independent project was established to address the identified governance breaches and control weaknesses. This project analyses all relevant process chains, data quality and organisational structures and implements the necessary enhancements and improvements.

Berenberg applies the established Three Lines of Defence model within its risk management framework. Under the first line of defence, operational management within the various business areas, as the owners of risk, is responsible and accountable for identifying, assessing, managing and mitigating risks. This includes the implementation and monitoring of organisational safeguards as well as the control activities embedded within business processes. As part of the second line of defence, the Risk & Finance and Group Compliance functions support and oversee the implementation of an effective risk management framework and ensure independent risk reporting to the Management Board.

As the third line of defence, the independent Internal Audit function applies a risk-based approach to assess the effectiveness with which the Bank manages its risks and how effectively the first and second lines of defence fulfil their respective responsibilities. The governance breaches referred to above continue to be addressed as part of the dedicated remediation project.

The continuing and newly intensified geopolitical conflicts shaped the reporting year and gave rise to economic uncertainty, which was also reflected in the financial and capital markets. Owing to the Bank's strategic business focus, no direct impact arose from existing risk positions. All sanctions measures are, of course, implemented consistently, particularly in the areas of payment transactions and Compliance. With regard to credit risk, no need has arisen for measures extending beyond the existing stress-testing framework. Our Credit Risk Management function (Market Follow-up) continues to monitor closely those exposures placed under observation. During the first half of the year, the non-performing loan (NPL) ratio temporarily exceeded the 5% threshold defined under MaRisk, but had already been reduced below this level again during the third quarter. Exposures related to real estate continue to account for only a small proportion of our customer loan portfolio, at approximately 6%. No unusual increase in operational risk was observed during the reporting period. The Bank's ICAAP framework remains resilient from both the normative and the economic perspective. Owing to our business model, including our comparatively limited lending activities, only a small proportion of customer deposits is required for refinancing purposes. Furthermore, unlike many other banks, we do not engage in significant maturity transformation. Our average interest rate fixation period remains below one year. From today's perspective, the available buffers within the Bank's risk coverage potential, both from the normative and the economic perspective, are sufficient to absorb any potential additional effects of future crisis scenarios. The existing stress-testing framework adequately covers current scenarios and is supplemented and adjusted whenever necessary to reflect changing circumstances. Regulatory developments continue to be monitored closely, and their potential impact on the Bank as a whole is analysed on an ongoing basis.

Material Risks

The identification of material risks as part of the risk inventory is based on a standardised analytical process, which we continue to refine on an ongoing basis. As a first step, a catalogue of potential primary and sub-risk categories is assessed with regard to its relevance to the Bank's specific business model. This assessment also includes an ESG-specific catalogue of criteria, which is used to evaluate all risks with respect to their ESG relevance. In the next step, risks are classified according to a materiality scale that has already been established at Berenberg for other risk assessments (Operational Risk Self-Assessment, Information Security, Business Continuity Management and Third-Party Risk Management). This scale comprises six defined levels. In addition to the potential impact on the Bank's financial position and financial performance, possible effects on liquidity are also analysed. Wherever possible, quantitative metrics are assessed against predefined financial thresholds; otherwise, a qualitative expert assessment is performed. As part of the risk management process, credit risk, market risk, operational risk and liquidity risk are assessed as material risk categories, including for all relevant investments. Reputational risk is assessed within the operational risk management framework. Potential reductions in earnings are likewise taken into consideration through adverse scenarios, a conservative definition of the available risk coverage potential and profit and loss adjustments reflecting potential reductions in recurring business.

An organisationally independent Credit Risk Management function, separate from the client-facing business units, monitors the credit risks assumed by the Bank using an appropriate system of limits. The management of credit risk at overall portfolio level is supported by targeted analyses performed by the Risk & Finance function. Market risk arises both from short-term trading book positions and from the strategic positions held within the liquidity reserve and is closely monitored by the risk controlling function. Interest rate risk in the banking book (IRRBB) further complements the Bank's overall risk profile. Risk & Finance also ensures the quantification of operational risk using advanced methodological approaches. The level of operational risk is mitigated through robust processes, the appropriate qualifications of our employees and a comprehensive framework of policies, including business continuity and contingency planning. The Treasury function, together with the Money Market Trading unit, is responsible for managing liquidity risk. Ongoing monitoring is carried out in cooperation with Risk & Finance, while regular validation is performed by an independent unit within the central Bank Management function.

The performance of the individual business divisions is monitored on a monthly basis through an integrated profitability analysis that takes the risks assumed into account. Within this framework, volatile earnings components and their potential impact on financial performance are also analysed. Daily reporting on the key profit and loss positions, together with scenario planning, serves as an early warning system. Consistent with the Bank's strategy, risks are deliberately diversified across business activities and markets. Risk & Finance provides management with comprehensive reporting that enables recipients to analyse both results and risks at different levels of aggregation. Internal Audit regularly reviews, on the basis of established policies and procedures, the organisational arrangements for managing, monitoring and controlling the various risk categories. Risk & Finance and Credit Risk Management report regularly to the Risk Oversight Committee established by the Bank's Supervisory Board, which meets three times a year on a scheduled basis and, where necessary, on an ad hoc basis. The principles governing our risk management framework are documented in a written Risk Strategy, which is accessible to all employees.

Credit Risk

Credit risk arises primarily from our lending activities with clients in the Corporate Banking (corporate clients), Wealth and Asset Management (private and institutional clients) and Investment Bank (strategic clients) business divisions. In addition, credit risk results from our proprietary securities holdings (issuer risk), derivative transactions (counterparty risk) and money market placements in the interbank market. Investment risk is fully integrated into our risk management processes. Consistent with our unchanged conservative credit risk strategy, under which lending is conducted as a complementary business activity, we have established exposure and maturity limits for the individual business segments in line with the risk appetite defined by the Management Board. Robust credit processes, appropriate collateralisation, the use of syndication opportunities, adequate risk premiums, the general avoidance of structural subordination and the consideration of ESG risks are key elements of our approach. Individual exceptions to these principles may be approved where justified by an appropriate risk-return profile; however, such cases must be documented accordingly and approved by the Management Board.

As in previous years, the consistently high level of customer deposits resulted in a substantial investment requirement, as only part of the available liabilities is required to support our traditional lending business. In line with our investment strategy, only a comparatively small proportion of this liquidity surplus was placed in the money market. Such placements are made exclusively with selected banks of high credit quality, with a particular focus on promotional banks benefiting from statutory guarantees, and are subject to low limits per institution (or banking group) in order to achieve the broadest possible diversification. The structural liquidity surplus generated from customer business is invested predominantly in bonds of the highest credit quality. We continue to apply stringent standards regarding both credit quality and market liquidity in order to minimise potential price volatility. Within our liquidity reserve (including promissory note loans) and our investment portfolio, securities issued by German public-sector issuers account for 53% (previous year: 45%) of nominal holdings, while securities guaranteed by the Federal Republic of Germany or one of the German federal states account for the remaining 47% (previous year: 55%). The average residual maturity of the portfolio is 1.9 years (previous year: 2.4 years), resulting in correspondingly moderate credit spread risk within the portfolio. A virtually unchanged amount of EUR 0.8 billion (previous year: EUR 0.8 billion) of the liquidity surplus is held in the ECB deposit facility.

The Management Board receives regular reports on the Bank's exposure to banking counterparties. Allocated bank limits are reviewed on a regular basis to enable additional measures to be implemented promptly where required. In assessing counterparties, we do not rely solely on external credit ratings but complement these assessments through our own analysis of annual reports and the evaluation of current market information.

Credit risk is managed through a comprehensive limit system, which also serves to restrict risk concentrations. Counterparty credit risk arising from derivatives is incorporated by taking replacement cost risk into account. Credit risk in this area is mitigated through comprehensive collateral management arrangements with our counterparties. This market-standard approach to the ongoing collateralisation of OTC transactions is applied not only with banks but also with a broad range of institutional clients. Independent monitoring of credit risk is carried out by the Credit Risk Management function, which operates separately from the client-facing business units. The defined delegation of authority limits the discretion of individual relationship managers and ensures that the Management Board is involved in all material lending decisions. All credit exposures are subject to an ongoing review process, including at least an annual reassessment of the borrower's creditworthiness. The established credit limits are supplemented by a wide range of organisational controls and collateral requirements applicable to lending transactions.

Our Credit Risk Management function closely monitors the development of watchlist cases. During the first half of the year, the non-performing loan (NPL) ratio temporarily exceeded the 5% threshold defined under MaRisk, primarily as a result of the individual effect described above, but had already fallen back below this threshold during the third quarter. Exposures related to real estate continue to represent only a small proportion of our customer loan portfolio, accounting for approximately 6%.

A comprehensive Credit Portfolio Report is prepared on a quarterly basis and forms part of the quarterly reporting provided to both the Management Board and the Supervisory Board, covering the structure of the lending portfolio and the associated risks. In addition, the Management Board receives monthly reports on the key structural characteristics of the portfolio and significant developments. Where required, further analyses performed by the Risk & Finance function support the management of credit risk at overall portfolio level.

As part of overall portfolio management, historical credit losses from previous financial years are systematically collected and analysed. Regular validations of our credit risk calculations also assess model performance against this historical default experience. The statistically expected annual portfolio loss (Expected Loss) is derived from the data generated by our credit portfolio model together with the long-term historical average of credit losses. This Expected Loss is incorporated into loan pricing through the calculation of standard risk costs. In addition to the loan amount and collateral provided, the standard risk costs associated with a lending exposure are determined primarily by the borrower's credit rating. An internal corporate rating system available to both relationship managers and the Credit Risk Management function enables timely assessments of borrowers' credit quality based on financial statement data. In addition to financial metrics, qualitative factors and, in future, ESG-related aspects are also incorporated into the determination of rating grades. For project finance exposures in the real estate and shipping sectors, we apply internally developed rating models that place particular emphasis on projected cash flows generated by the financed assets. Structured finance transactions are assessed using a proprietary rating tool that explicitly incorporates leverage. Within our shipping finance portfolio, which represents a comparatively small part of the overall portfolio (average share of 7% during the year), we continue to focus on short loan maturities and excellent collateralisation. The same conservative approach applies to our real estate portfolio, particularly in light of prevailing market developments (average share of 6% during the year).

The standard risk costs resulting from these credit assessments are available within our IT systems at all relevant levels of aggregation. Taken together, these standard risk costs represent the statistically expected loss for the Bank as a whole over the long term, around which actual credit losses may fluctuate. Accordingly, an additional risk component is required to reflect the potential deviation of actual losses from this expected value. Using a statistical credit portfolio model based on the CreditRisk+ methodology, we quantify the Unexpected Loss at portfolio level, which is incorporated into the ICAAP risk-bearing capacity calculation at the specified confidence level. This present value approach is complemented by regular reviews to ensure that the methodologies applied remain appropriately conservative for risk-bearing capacity purposes. The Bank's economic capital serves as the risk coverage potential for unexpected credit losses. In accordance with MaRisk, our analyses of economic capital allocation are supplemented by appropriate stress scenarios, including significant increases in default probabilities, declines in collateral values, the default of individual large borrowers and adverse ESG-related developments (sustainability risks).

The quantitative methodologies applied to assess credit risk are validated regularly and further refined where necessary. However, primarily because the number of defaulted borrowers is insufficient for statistical purposes, these methodologies cannot currently be recognised by the supervisory authorities as an Internal Ratings-Based (IRB) Approach. Following the introduction of CRR III, we have therefore consciously continued to apply the Standardised Approach (SA-CR) for regulatory capital purposes, including the comprehensive method for recognising financial collateral under the CRR. As at 31 December 2025, this resulted in a regulatory capital requirement for credit risk of EUR 88.3 million (previous year: EUR 80.1 million). After taking into account the retrospective adjustment of the prior-year figures, the comparable amount is EUR 87.8 million.

The gross NPL ratio, which had increased to 6.1% in the previous year's financial statements, declined again during 2025 and stood at 4.2% at year-end following individual loan loss provisions and direct write-offs. It therefore remained below the 5.0% threshold specified under MaRisk. The net NPL ratio, after taking individual loan loss provisions into account, amounted to 2.8%. As a result, the additional risk management requirements applicable to this sub-portfolio have become less significant, although they continue to be fully implemented. Further repayments relating to a real estate exposure, for which a new development project is expected to commence in the near term, were received during the first quarter of 2026, leading to a further significant improvement in these ratios. Irrespective of this, the portfolio continues to be subject to intensive ongoing monitoring based on defined key performance indicators (KPIs) and remains fully integrated into the Bank's risk reporting.

Market risk
Market risk for positions held in both the trading book and the banking book arises from fluctuations in prices and volatilities relating to interest rates, equities and foreign exchange.

Proprietary trading continues to serve solely as a complement to our service-oriented business activities and is conducted within predefined risk limits. Market risk arising from proprietary trading positions is managed using an appropriate risk measurement framework. For all positions exposed to market risk, Value-at-Risk (VaR) metrics are calculated daily using a Monte Carlo simulation. The model is based on an enhanced methodology that captures the tails of return distributions using a fat-tail approach, thereby providing a more conservative representation of certain unusual market movements in the individual financial instruments. For day-to-day risk management, these VaR calculations are performed using a 99% confidence level and a 10-business-day holding period.

In line with regulatory standards, a more conservative parameterisation is also applied within the economic risk-bearing capacity (ICAAP) framework, using a 99.9% confidence level and a longer holding period of 250 days, corresponding to the one-year risk horizon. For ICAAP purposes, the risk factors considered comprise discount factors for interest rate risk, equity time series and equity indices for equity risk, and exchange rates for foreign exchange risk, based on a historical observation period of five years. The VaR calculations are performed using equally weighted historical observations.

The following table shows the percentage utilisation of the Value-at-Risk limits for trading book positions during the reporting year (short-term risk management).

Figure 2: Market Risk Limit Utilisation in 2025

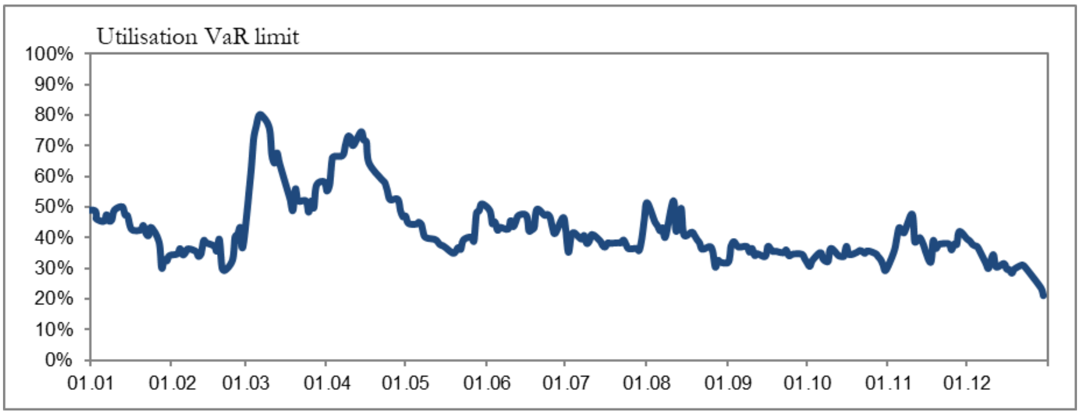
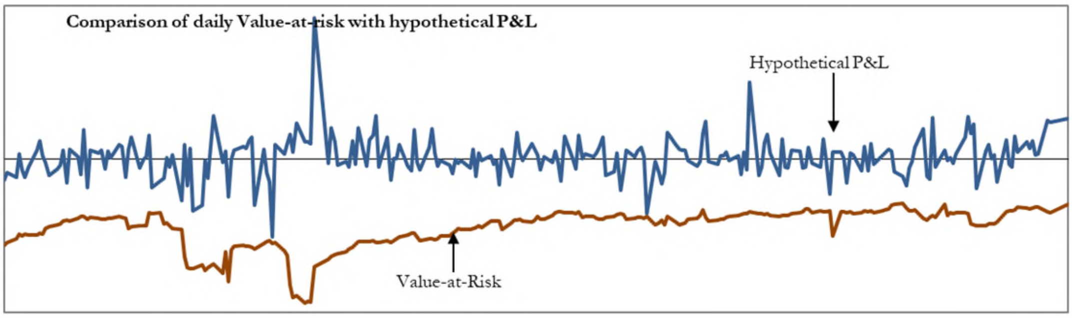


Figure 2 illustrates the moderate level of market risk arising from our trading activities. The Bank's regulatory trading book continues to be dominated by traditional cash equity positions. Derivative products play only a minor strategic role and are offered primarily in the context of client business, particularly FX trading, in the form of back-to-back transactions, which, as matched positions, do not present proprietary market risk for the Bank. Compared with the results generated by the trading businesses, this reflects a favourable risk-return profile. The largest share of the allocated Value-at-Risk (VaR) limits relates to the Sales business. Activities within this area, which are classified as trading book positions for regulatory purposes, do not constitute proprietary trading in the strict sense. Rather, they primarily comprise the execution of transactions on behalf of institutional clients.

The quality of the VaR methodology is verified through daily backtesting, in which the forecast for the following trading day is compared with the actual changes in the value of the respective positions and analysed over time.

Figure 3 presents the daily backtesting results for the reporting year. Our risk model once again proved robust under the volatile market conditions experienced during 2025. The conservative parameterisation confirmed during the regular model validation process conducted during the reporting year is also reflected in the absence of backtesting exceptions throughout the observation period.

Figure 3: Daily Market Risk Backtesting Results for 2025



In contrast to limit utilisation, which is measured using a 10-day holding period, our daily backtesting is performed using Value-at-Risk (VaR) based on a one-day holding period. The Value-at-Risk of the trading portfolio exhibited the following composition during the reporting year:

Figure 4: Value-at-Risk Metrics for the Trading Book

Trading portfolios	VaR at end of reporting period	VaR values during the year		
		High	Low	Average
	€ '000	€ '000	€ '000	€ '000
Aggregated VaR	**7.202 (7.310)**	**23.367 (10.150)**	**7.140 (1.585)**	**11.026 (4.950)**

(for 1-day holding period, year-ago figures in brackets)

As the Value-at-Risk (VaR) methodology only provides an indication of the risk inherent in positions under normal market conditions and does not capture extreme market events, these analyses are supplemented by daily worst-case calculations. These assess how current trading positions would have performed under historical stress events. The stress-testing framework therefore analyses the potential impact of historical extreme market scenarios on the Bank's current trading positions.

In addition to Value-at-Risk limits, each trading segment is subject to dedicated worst-case limits, which must be complied with on a daily basis. Within the methodology used for the Bank's economic risk-bearing capacity (economic perspective), the current utilisation of limits is compared with the available risk coverage potential, applying a highly conservative 99.9% confidence level and a 250-day holding period, in line with the prevailing regulatory standard for the measurement of market risk. We have continued to apply our market risk model, which is based on a fat-tail distribution. This methodology also captures exceptional market movements, such as extreme price changes in equity markets, thereby reducing the number of potential backtesting exceptions.

As realised losses reduce the available limits, the allocated limits effectively represent a stop-loss threshold and therefore determine the maximum potential loss for each financial year. While the Value-at-Risk figures are used for the analyses based on the 99% and 99.9% confidence levels, the stress analysis additionally incorporates the utilisation of the worst-case limits. The limits allocated to the individual trading segments are appropriate in relation to the available risk coverage potential and are approved by the Management Board. This ensures that no individual trader is able to establish material risk positions on behalf of the Bank.

Trading book positions are held predominantly in liquid, linear financial instruments for which observable market prices are available on a daily basis. Valuation models are used only in exceptional cases and primarily for derivative instruments. Derivatives may be entered into principally for the purpose of hedging linear trading book positions. The Bank has maintained an internal prohibition on proprietary trading in non-linear products (derivatives) for a considerable period, as such activities are not consistent with its business model. Any exceptions require case-by-case approval by the Management Board. Appropriate mechanisms are in place to ensure that the quality of the valuation models used is reviewed on a regular basis.

The strategic positions held within the liquidity reserve and the investment portfolio are managed by our Asset Liability Committee (ALCO), which comprises members of the Management Board together with representatives from Treasury and the central Bank Management function, among others. Market risk arising from these positions is measured using the same methodologies as those applied to trading book positions. This also includes the assessment of potential credit spread risk associated with the asset classes represented in the portfolio.

For the proprietary securities investments described in the section on Credit Risk, the Bank has generally not assumed elevated interest rate risk. Investments are made primarily either in floating-rate instruments or in fixed-rate securities, whereby interest rate risk on instruments with maturities exceeding two years is generally hedged using interest rate swaps.

Interest Rate Risk in the Banking Book (IRRBB) and Credit Spread Risk in the Banking Book (CSRBB) form an integral part of our risk reporting framework. Both the present value effects and the periodic impact on net interest income are measured. The effects of the interest rate shock scenarios defined under the applicable national supervisory requirements (MaRisk and related circulars) as well as the relevant European regulatory framework (EBA Guidelines and Delegated Regulations) are analysed regularly using internally developed methodologies. These analyses assess the impact of a range of shifts in the current yield curve on both the present value of the banking book and periodic net interest income. Potential declines in deposit volumes are simulated using regularly reviewed behavioural maturity assumptions. Equity is excluded from these analyses. At the end of the financial year, the ratio of the present value loss resulting from a 200-basis-point shock to regulatory own funds, which under regulatory requirements should not exceed -20%, amounted to -6.8% (previous year: -8.4%) and resulted from a scenario of sharply declining interest rates. Rising interest rates, by contrast, would result in a positive change in present value. The parallel shift applied under the Supervisory Outlier Tests produces very similar results. These metrics reflect our investment policy, which, in line with our strategy, is characterised by short maturities on both the asset and liability sides of the balance sheet. The continuing high volume of non-interest-bearing deposits, the subordinated liabilities issued by the Bank and its pension obligations remain the principal drivers of the present value loss under the IRRBB calculations. The additional early warning indicator defined by the supervisory authorities, expressed as a ratio to Common Equity Tier 1 capital and derived from the prescribed supervisory early warning scenarios, amounted to -7.9% (previous year: -9.7%) and therefore remained comfortably within both the internal and external early warning threshold of -15%. The corresponding net interest income (NII) effects calculated under the same scenarios amount to EUR -8.0 million, or -2.5% of Common Equity Tier 1 capital, under the parallel shift scenario, thereby remaining well within the applicable regulatory threshold of -5.0%.

Credit Spread Risk in the Banking Book (CSRBB) is managed broadly in the same manner as IRRBB. The analysis includes all positions that are sensitive to market-wide credit and liquidity spreads, while positions without such sensitivity are excluded. In view of the Bank's strategy and business model, loans and customer deposits are not included, as there is neither any intention to dispose of these exposures through securitisations or portfolio transactions nor any other basis for assuming an impact on the Bank's financial performance. Planned syndications carried out in connection with the management of our credit funds are considered separately, as these are executed without spread-implied or credit spread-driven pricing and involve a “pari-passu” transfer of risk at nominal value. Traditional lending accounts for only a comparatively small proportion of total assets (17%), is driven by the individual financing requirements of our clients and has a very short average duration (2.5 years). Consequently, the principal focus of the CSRBB analysis is on the marketable assets held within the liquidity reserve and investment portfolio (securities and promissory note loans), together with the Bank's outstanding AT1 instruments and subordinated liabilities. Unlike the regulatory scenarios prescribed for IRRBB, the CSRBB calculations are based, in accordance with supervisory requirements, on an internally defined historical stress scenario, which primarily assumes a widening of credit spreads for public-sector issuers. This results in a present value effect of EUR -12.3 million. From a net interest income (NII) perspective, however, the scenario would increase earnings by EUR 1.9 million, as the wider spreads would generate higher income upon reinvestment of maturing assets.

Utilisation of the relevant supervisory thresholds continues to remain at a comfortable level. As part of our ongoing risk management processes, we invest in appropriate interest rate hedging instruments whenever necessary.

As at 31 December 2025, the regulatory capital requirement for market risk reported to the Deutsche Bundesbank amounted to EUR 25.7 million (previous year: EUR 30.7 million). Taking into account the subsequent adjustments made to securities and derivative positions during the preparation of the annual financial statements, the corresponding amount was EUR 41.9 million.

Operational Risk

Operational risk is generally defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition also includes legal risk. Reputational risk is captured qualitatively within the operational risk management framework. A large proportion of so-called non-financial risks are likewise addressed through our operational risk management, including IT risk, compliance risk, outsourcing risk, model risk, event risk and legal risk. In addition, these risks are implicitly reflected through the composition of the Bank's available risk coverage potential.

Given the Bank's strategic focus on service-oriented business activities, the management of the associated risks remains a high priority. Accordingly, we employ advanced methodologies that enable effective risk management, including our internally developed Operational Value-at-Risk (OpVaR) model and scenario analyses. Operational risks are further mitigated through a comprehensive framework of policies, procedural guidelines and delegated authorities. Responsibility for compliance with, and the continuous updating of, these policies rests directly with the heads of the respective business areas, supported by a dedicated function responsible for maintaining Bank-wide process documentation. The regularity and propriety of business processes are subject to ongoing review by the Bank's Internal Audit function. As part of the implementation of the Digital Operational Resilience Act (DORA), all internal policies and processes were updated to reflect the requirements of the regulation, and the DORA implementation programme was successfully completed. To ensure continuous organisational improvement, a follow-up programme has been established to implement further process enhancements and incorporate future regulatory clarifications, including additional Q&As where applicable.

A key component of operational risk relates to the functionality and security of the Bank's IT systems. This area is addressed through dedicated safeguards across the various technical environments. In addition to the continuous development of our IT infrastructure and ongoing monitoring of technological developments, we operate firewall protection against malware and external cyber-attacks, as well as backup systems that ensure uninterrupted business operations in the event of system failures. Among other measures, we employ not only signature-based detection but also behavioural analysis of email attachments through a sandbox solution. We also operate a Security Information and Event Management (SIEM) system, which continuously analyses available log data using an evolving set of automated rules in order to detect and investigate potential anomalies at an early stage. A centralised Business Continuity Management (BCM) framework has been established across all business areas.

Against the backdrop of the DORA regulation, which became applicable in January 2025, one reportable IT incident occurred during the first quarter of 2025 as a result of a software defect affecting a network switch. The incident was reportable primarily because it met the DORA criteria relating to the duration of the disruption and its economic impact. The root cause was identified and resolved, and the affected systems have since operated reliably. Although cyber threats continue to represent a significant risk, no security incidents resulting in financial loss have occurred to date. Crisis management exercises covering cyber incidents and other emergency scenarios are conducted regularly and whenever required, in some cases with external support. During the second quarter, the Bank also simulated the failure of its market risk model provider (MSCI data interface). The established contingency procedures operated as intended and were completed within an appropriate timeframe.

Employees are regularly assessed by their respective line managers. In cooperation with the Human Resources function and management, the Bank ensures that employees possess the high level of qualification and motivation appropriate to their respective roles. Legal risks are mitigated through close cooperation between the Legal department and the business units, the use of appropriate standard documentation and contractual arrangements, and the standardisation of IT-supported processing and settlement procedures. In addition, all executed contracts are subject to prior review by the Legal department within the Bank's central contract management process. Employee awareness also plays a key role in the management of operational risk. The Bank's overall strategy defines the values underpinning our business activities, particularly with regard to risk culture, which is based on the three core principles of risk appetite, risk oversight and employee incentives. Risk appetite is defined annually by the Management Board as part of the strategic planning process and also serves as the basis for allocating risk limits to the trading businesses. The design of the Bank's risk oversight functions complies with the principles of MaRisk and ensures timely, independent reporting to the Management Board through the market-independent functions Risk & Finance, Compliance and

Internal Audit. The Bank places great importance on maintaining an open culture in dealing with errors. Operational incidents are consistently viewed as opportunities to further improve processes and risk forecasting. Accordingly, operational risk is measured and managed, among other components, using internally recorded loss events, which are centrally captured and analysed within the Risk & Finance function. This approach not only requires but actively encourages transparent reporting of operational incidents. Particular emphasis is placed on encouraging every employee to assume responsibility for the Bank as a whole, and individual career development is aligned with these objectives. In addition, the creation of conflicts of interest is consistently avoided, including through the design of the Bank's remuneration principles and the application of discretionary variable compensation.

The central loss event database, which systematically captures operational loss events, plays a key role in enabling the Bank to analyse incidents and derive appropriate remedial actions. Based on this database, the Management Board receives regular reporting on both the level and development of operational losses. No unusual developments in operational loss events were observed during the reporting year, with loss levels remaining within the historical range of fluctuation.

During the reporting year, we continued to apply our established advanced methodology for the internal management of operational risk without modification. Targeted scenario analyses were performed as scheduled and updated where necessary. In this context, a dedicated operational risk scenario for event risk has been introduced. The analysis process includes structured workshops involving experts from all areas of the Bank, who assess a comprehensive catalogue of potential risk scenarios. Outsourcing arrangements are entered into where justified on economic grounds and are managed through the Bank's central outsourcing management framework. Each outsourcing arrangement is assessed, classified and documented accordingly. The scenario analyses also evaluate risks arising from potential difficulties affecting external service providers and business partners. In addition, the workshops assess the impact of ESG factors on both the severity and frequency of operational losses within the model parameters, for example the effects of extreme weather events on the availability of buildings or data centres, or potential fines resulting from climate-related litigation (conduct risk). The results provide an assessment of future operational risk potential and offer an additional perspective on this risk category. The ESG-related components of our economic operational risk are quantified and incorporated into the Bank's risk reporting, with the individual ESG risk drivers presented according to their respective contributions to Unexpected Loss. The largest contribution arises not from Environmental or Social factors but primarily from Governance aspects, including typical compliance issues such as breaches of embargo or sanctions regulations, legal risks and fraudulent activities.

Investment risk is also reflected within Pillar II, either on a look-through basis or as part of operational risk, depending on the outcome of the Bank's risk inventory. The operational loss database and the scenario analyses together form the basis for calculating the Value-at-Risk for operational risk. This calculation is performed using an internally developed modelling engine, the results of which are incorporated into the Bank's risk-bearing capacity assessment. The outputs of both the VaR model and expert assessments are regularly validated using external data. No operational risks exceeding the allocated risk coverage potential were identified during the reporting year. The scenario analyses are also used to derive measures for mitigating significant operational risks. During the expert workshops, potential reputational risks are likewise identified and documented, and where appropriate, measures are discussed to ensure continued public confidence in the Bank. The methodology for managing operational risk and the associated processes were independently reviewed by external experts when first introduced. We believe that the established framework provides a sound basis for meeting the regulatory requirements of Pillar II and the Supervisory Review and Evaluation Process (SREP).

Banks are required to hold regulatory capital against operational risk. As expected, the use of internal models for regulatory capital purposes was discontinued following the introduction of CRR III. For Pillar I, only a single standardised approach is now available for all institutions, namely the Standardised Measurement Approach (SMA). Based on this new regulatory methodology, which incorporates interest-related, fee-related and financial components, the Bank experienced a modest reduction in the regulatory capital requirement compared with 31 December 2024. As at 31 December 2025, the regulatory capital requirement for operational risk amounted to EUR 78.9 million (previous year: EUR 80.4 million).

Liquidity Risk
Throughout 2025, Berenberg was able to fund its operations entirely through customer deposits. At no point during the reporting year did the Bank maintain open liquidity positions. Current developments regarding the Bank's liquidity position are described above in the "Outlook for 2026" section.

Given our business model, only a relatively small proportion of customer deposits is required for funding purposes, while the substantial majority serves as a liquidity reserve. Unlike many other banks, we do not engage in significant maturity transformation. The average interest rate fixation period of both the liquidity reserve and the investment portfolio remains below one year.

Owing to the short-term nature of our business activities, liquidity risk over longer-term horizons is comparatively limited. Within the one-year horizon, however, the Bank maintained a substantial liquidity surplus, supported by consistently high customer deposits. The elevated level of deposits, which continues to generate attractive margins, is primarily attributable to sizeable US dollar deposits from the Shipping business, a stable client base within Wealth Management, and the continued growth of our operating business. In line with our strategy, the surplus liquidity was invested in highly liquid bonds, primarily issued by the German federal states ("Länder") and promotional banks, with short- to medium-term maturities, or placed with the Deutsche Bundesbank. A portion of these securities has been pledged as collateral with the Bundesbank, thereby ensuring substantial refinancing capacity with the European Central Bank should an unexpected liquidity requirement arise. As at 31 December 2025, the Bank's unutilised credit facility with the Bundesbank amounted to EUR 1.3 billion (previous year: EUR 1.1 billion).

To manage short-term liquidity, the Treasury function continuously analyses all relevant cash flows over time in close cooperation with Risk & Finance. A range of comprehensive stress tests is performed on a daily basis, all of which indicated a substantial remaining liquidity buffer as at the reporting date. The ESG stress test incorporated into these analyses assumes significant deposit outflows and increased utilisation of committed facilities within the Shipping sector, which is considered particularly exposed under such a scenario. The reverse liquidity stress test illustrates the extreme conditions that would have to occur in order to fully deplete the Bank's available liquidity. The stringent assumptions applied in our liquidity stress scenarios also encompass the deposit outflows observed during historical banking crises. Our short-term stress scenario assumes an extraordinary outflow equivalent to almost 40% of the balance sheet total. Under the stress scenario applied to the Bank's liquidity maturity profile, and before taking any management actions into account, the calculated survival horizon exceeds three years, representing a comfortable liquidity position.

The regulatory requirements relating to both the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) were consistently met with a comfortable margin throughout the reporting year. In light of the Bank's strong liquidity position, no risk coverage potential is currently allocated to liquidity risk within the ICAAP framework. Economic capital would only be allocated to liquidity risk in the unlikely event that adverse stress test results indicated potential increases in the cost of obtaining liquidity.

The Bank monitors the regulatory liquidity ratios prescribed under the Capital Requirements Regulation (CRR) on a daily basis. At the end of the financial year, the LCR stood at 1.7 (previous year: 1.8), which is comfortably above the regulatory minimum requirement of 1.0. The same applies to the NSFR, which amounted to 2.5 (previous year: 2.9).

The risk of insufficient market liquidity for individual trading instruments, as defined under MaRisk, is monitored implicitly through the Bank's market risk management framework.

Overall Bank Management
Our long-established business strategy has proven successful over many years and is reviewed regularly as part of the annual planning process together with the corresponding Risk Strategy. As part of this process, we also assess the measures by which the individual profit centres intend to achieve their strategic objectives and analyse the impact of their planned activities on projected earnings and the utilisation of the risk coverage potential within the ICAAP framework.

The risk-bearing capacity assessment represents a central element of the Bank's overall risk management framework by comparing quantified risks with the available risk coverage potential. In line with the current regulatory guidance on risk-bearing capacity, our framework integrates capital planning, profit and loss planning and risk-bearing capacity into a single, coherent concept. The parallel assessment of both a normative and an economic perspective ensures that the Bank considers both the continuity of the institution and the protection of creditors. In both perspectives, the utilisation of available risk coverage fluctuated during the year, reflecting volatile market conditions and encouraging business momentum. At all times, however, the relationship between risk and available risk coverage remained appropriate, particularly in view of the Bank's available management actions.

In accordance with the requirements imposed on all banks by the supervisory authorities under the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz (SAG)), the Bank's Recovery Plan is reviewed regularly and updated whenever necessary. In view of the Bank's size, the plan follows the simplified requirements set out in the Minimum Requirements for Recovery Plans (MaSanV). The key metrics defined within the Recovery Plan (recovery indicators) are monitored continuously and form part of the regular reporting to the Management Board. The existing management actions and governance processes for potential crisis situations are designed to enable financial deterioration to be addressed at an early stage where necessary. As part of its assessment of Berenberg's resolvability, BaFin has prepared a resolution plan under the simplified regulatory framework, which provides for liquidation through ordinary insolvency proceedings. As at 31 December 2025, all recovery indicators remained comfortably within their defined thresholds. Developments during the first half of 2026 likewise did not require the implementation of any measures under the existing Recovery Plan.

Within our Bank-wide management framework, opportunities are continuously assessed against the risks inherent in our banking activities. Economic capital is allocated as a scarce resource to those business areas where the expected economic opportunities outweigh the associated risks.

The quantitative information and control systems employed by the Bank as part of its risk management process provide essential information for assessing risk exposures. Combined with the extensive experience and expertise of our employees, they ensure a comprehensive assessment of the Bank's overall risk profile. We are therefore satisfied that the risks assumed remain proportionate to the earnings opportunities available and that the Bank has not entered into any risks exceeding its risk-bearing capacity.

Internal Control System

The Management Board of Berenberg bears overall responsibility for ensuring a sound organisational structure, including an appropriate and effective Internal Control System (ICS) as an integral component of the Bank's risk management framework. The Bank-wide ICS is based on a comprehensive framework of core and supporting processes – encompassing not only the domestic locations and subsidiaries, but also the Bank's international branches and subsidiaries. Its primary objective is to provide a structured and systematic approach to identifying both potential and known process risks, and to define and implement appropriate mitigation measures.

Overall responsibility for the preparation of the Bank's annual financial statements and for ensuring the proper application of the underlying accounting principles rests with the central Bank Management function. The accounting-related Internal Control System (ICS) is designed to ensure compliance with applicable accounting requirements and generally accepted accounting principles, thereby supporting the reliable and accurate presentation of the Bank's financial position, financial performance and results of operations. The foundation of this framework is the Bank's documented internal policy framework ("Schriftlich fixierte Ordnung" (SfO)), which comprises all Bank-wide internal policies and procedures. As part of the special investigation, evidence was identified indicating that formally implemented internal control processes had, in isolated cases, been deliberately circumvented by the Bank (see "Special Matters"). The regular review process covers all business processes, with particular emphasis on accounting processes. These are critically assessed and adapted to reflect changes in the operating environment, including internal developments and new or revised standards. In addition, the Internal Audit function performs regular and event-driven independent reviews, the findings of which may result in amendments to business processes or to the Bank's internal policy framework (SfO).

As part of the preparation of the 2025 annual financial statements, the related processes, policies and principles were likewise subjected to a comprehensive review. Material deficiencies identified in the control environment resulted in the need for corrective measures and enhancements, which were implemented wherever possible without delay. In addition to implementing the recommendations arising from both routine and special audits conducted by Internal

Audit, the Bank established a comprehensive independent project to address the governance deficiencies and control weaknesses that had been identified. This project is designed to analyse all relevant process chains, data quality and organisational structures, and to implement the necessary enhancements and improvements. The resulting measures comprise both technical and procedural changes and had not yet been fully completed at the reporting date. Their implementation, however, continues to receive the highest priority.

Sustainability Risks / ESG

ESG Risk Management

Sustainability risks do not constitute a separate risk category but are regarded as risk drivers within the traditional risk categories and are therefore incorporated into the Bank's overarching risk management framework. ESG risk drivers are embedded within the existing material risk categories of market risk, credit risk, liquidity risk and operational risk, and their significance continues to increase. We employ both qualitative and quantitative methods to identify and assess ESG risks. In addition to our ESG risk inventory, ESG factors are integrated into our existing risk models and capital planning processes to ensure that their potential impact is appropriately reflected.

Within the area of credit risk, our credit analysts consider a range of ESG-related factors, including whether a borrower's business model could be adversely affected in the future by climate-related risks such as flooding or other natural events. The overall assessment also incorporates an evaluation of whether regulatory, legislative or societal developments could have either a direct or indirect impact on the borrower's business activities, including through reputational risk. A dedicated stress test assessing the sector-specific impact of climate risks on the Bank's credit portfolio is conducted on a regular basis. Particular attention is also paid to governance-related matters, including Know Your Customer (KYC) processes. In addition, ESG scoring methodologies are applied within the Bank's lending activities.

Within market risk, our volatility-based Value-at-Risk (VaR) models also reflect the market's assessment already embedded in observable market prices, which naturally incorporates ESG-related considerations. For example, the share price of an issuer will generally respond sensitively to social or environmental developments, such as labour standards, child labour practices or failures to meet climate-related targets.

In addition, we closely monitor relevant academic research and developments in methodologies for incorporating sustainability parameters into market risk measurement, enabling us to adopt best practice where appropriate. Climate-related stress testing based on NGFS scenarios and ECB parameters, which assess the impact of various climate pathways on our portfolio, has already been implemented and continues to be refined where appropriate. ESG ratings provided by MSCI are also used to represent the ESG risk profile of the issuers held within the Bank's proprietary investment portfolio.

Within operational risk, our regular scenario workshops likewise assess the impact of ESG factors on both the severity and frequency of losses reflected in the model parameters, for example the effects of extreme weather events on the availability of buildings or data centres. Subject matter experts assess both the ESG relevance of each scenario and the extent of the ESG impact. Based on these assessments, an ESG-specific marginal Operational Value-at-Risk (OpVaR) can be calculated using the Bank's established VaR methodology. The results are incorporated into the Bank's ICAAP risk-bearing capacity assessment.

To identify and assess at an early stage the impact of internal changes on the Bank's sustainable development, ESG criteria have also been incorporated into both the MaRisk AT 8.2 process governing changes to business processes and organisational structures and the New Product Process (NPP). Overall, we believe that ESG risks are appropriately integrated into our risk management framework and pursue a responsible and proportionate approach to their management. We continue to monitor developments in this area closely and will implement further enhancements on an ongoing basis to minimise potential adverse impacts and strengthen the Bank's resilience.

ESG Governance Structure

Within the Sustainability Board, representatives from the various business areas report on sustainability developments and advise the Management Board, thereby ensuring that all group-wide sustainability activities and initiatives are coordinated centrally. The Board promotes cross-functional collaboration and ensures that sustainability is considered from a holistic perspective. The Sustainability Governance function is responsible for providing Bank-wide advice on regulatory ESG reporting requirements and for ensuring the effective execution of the related processes. As a central staff function, it monitors and coordinates relevant ESG developments across Berenberg and serves as the interface between the Bank's various internal and external stakeholders. Within the central Bank Management function, the ESG, Validation & Projects team acts as the independent governance and project management unit for all regulatory ESG requirements, ensuring their full integration into both the Group's risk management framework and its reporting processes. We believe that this organisational structure provides an appropriate foundation for Berenberg's continued development as a sustainable bank while supporting our long-term commitment to environmentally conscious, socially responsible and sound corporate governance.

Proprietary Securities Portfolio

ESG rating data have been assigned to the Bank's proprietary securities portfolio. The holdings within the ALCO portfolio, the Liquidity Portfolio, and the Sales and Trading portfolios (equities and fixed income) are analysed based on their respective ESG ratings. These ratings are provided by MSCI and range from the highest rating of AAA to the lowest rating of CCC. MSCI ESG Ratings are designed to assess how effectively companies and sovereign issuers manage financially material ESG risks and opportunities. They apply a rules-based methodology to identify an issuer's exposure to ESG risks and to evaluate how effectively those risks are managed relative to comparable companies or sovereigns. The resulting rating reflects the relative position of a company within its industry or of a sovereign relative to its peer group. Overall, our proprietary investment portfolio exhibits a very favourable ESG profile that is fully consistent with the Bank's investment strategy and risk appetite. We will continue to monitor these additional ESG metrics and perform further analyses where appropriate.

Non-financial Section of the Management Report

A separate Non-financial Statement (Sustainability Statement) has been prepared for Joh. Berenberg, Gossler & Co. KG, Hamburg at the individual institution level. The statement is based on the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (the Corporate Sustainability Reporting Directive – CSRD) and complies with the requirements of Article 8 of Regulation (EU) 2020/852 (the EU Taxonomy Regulation). It also satisfies the requirements for a non-financial statement set out in Sections 289b to 289e of the German Commercial Code (HGB).

In accordance with ESRS 1.110, the Sustainability Statement is not included in this Management Report but is published as a separate report, which is available on our website: https://www.berenberg.de/en/about-us/reports/

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