



**BERENBERG**  
PARTNERSHIP SINCE 1590

# DISCLOSURE REPORT

Pursuant to Article 431 et seq. Capital Requirements Regulation (CRR) and Section 16 of the Regulations Governing Supervisory Requirements for Institutions' Remuneration Systems (InstitutsVergV)

Reporting date: 31.12.2024

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## 1. Introduction

With this report as at the reporting date of 31 December 2024, Joh. Berenberg, Gossler & Co. KG (Berenberg), as the parent institution of the regulatory group of institutions in accordance with Article 13 Capital Requirements Regulation (CRR), discloses all the information required under Part 8 of the CRR in conjunction with Section 26a KWG (German Banking Act) for the 2024 financial year.

Article 431 *et seqq.* CRR obligates institutions to publish qualitative and quantitative information on a regular basis on equity capital, risks taken and the risk management procedures implemented, and have formal procedures and regulations in place to fulfil these disclosure duties.

The frequency and scope of disclosure for unlisted other institutions is governed by Article 433c (2) CRR. The information published in this report relates to the regulatory group of institutions (Berenberg Group).

This report provides a comprehensive view of the current risk profile and risk management of Berenberg. It specifically contains information on:

- its regulatory and commercial-code structure,
- its capital base,
- the risk management system, and
- the remuneration policy.

Pursuant to Article 432 CRR and in conjunction with EBA/GL/2014/14 regarding materiality and confidentiality of disclosure, the report contents presented are subject to the principle of materiality. This report does not deal with legally protected or confidential information. The contents of the report are reviewed at regular intervals to ensure adequate disclosure practices. The relevant responsibilities and framework conditions are set out in the work instructions. The following report contents provide comprehensive information on Berenberg's overall risk profile.

For assessing materiality, factors such as the following are used: business model analysis, Group risk strategy, shares in risk-weighted assets and the earnings contribution to consolidated earnings.

The Disclosure Report is updated annually and is published in a timely manner on the website, in addition to the annual financial statements and the management report, as an independent report. The Bank's website is used as the medium for disclosing this report.

Please note that, when rounded amounts and percentages are used, commercial rounding differences may occur.

## 2. Statement by the Bank's Board of Management on the adequacy of the risk management procedures

Article 435 (1) (e) CRR

It is Berenberg's objective to generate sustainable, risk-adequate returns on capital employed for its shareholders. The Bank takes advantage of opportunities arising on the market in a targeted manner. To this end, it is prepared to consciously take risks at an economically viable level. The Bank's legal form, combined with the liability of our managing partners, naturally results in a moderate risk appetite. This is expressed, for example, by the extensive avoidance of certain non-linear transactions in the Bank's own books.

The structure of the Bank's risk management system is determined by its business and risk strategy. The Board of Management is responsible for devising and implementing these strategies. The risk strategy is derived consistently from the Bank's sustainable business strategy. It defines the rules for handling risks that arise indirectly or directly from the Bank's business activities. These rules form the basis for a Bank-wide, uniform understanding of the corporate objectives in connection with risk management.

This risk strategy specifically covers the risk diversification goals of the main business activities and is an instrument based on market activities and internal controlling, which is reviewed annually and adapted where necessary. Risk sub-strategies are defined for specific risk types and documented separately. Risk may only be taken within the scope of the risk-bearing capacity. The Board of Management requires the necessary risk awareness. The guidelines for the risk culture are defined in a separate strategy, the Code of Conduct. This naturally includes an open approach and effective communication for all of the company's risks. On the one hand, this can be achieved through instructions, control measures and sanction mechanisms; on the other hand, however, it is essential that this risk culture is also exemplified by managers. Risk awareness is therefore an expression of an opportunity- and risk-orientated corporate culture.

The risk management process encompasses all activities for the systematic handling of risks in the business sector. These include identifying, analysing, evaluating, controlling and documenting the risks within the company, operationally monitoring the success of the controlling measures, and monitoring the effectiveness and adequacy of the risk management measures.

In summary, Berenberg assumes that the measures, models and processes implemented are suitable for ensuring a risk management system that, at all times, is geared towards the strategy and the overall risk profile.

### 3. Statement by the Bank's Board of Management on the risk profile

Article 435 (1) (f) CRR

The Bank's risk management is carried out against the background of the Basel framework. This predominantly takes account of the national legislation within the scope of Section 25 KWG and the topic-specific circulars. We have fully implemented the requirements of BaFin's (German Federal Financial Supervisory Authority) Risk-Bearing Capacity guidelines<sup>1</sup> (see 7 Risk management). The aggregate risk cover is compared with the risks determined from a regulatory perspective in the normative perspective and all risks determined using internal models in the economic perspective. The risk management processes ensure that risk-bearing capacity is always available in accordance with the current requirements from both the normative and economic perspectives.

The Bank has identified the following material risks on the basis of the risk inventory, which is performed on a regular basis:

- Counterparty default risk
- Market price risk (including interest rate risk / IRRBB and credit spread risks / CSRBB)
- Operational risk / Non-financial risk (including risks from equity investments)
- Liquidity risk

With the exception of liquidity risk (see 7.7 Liquidity risks), the potential losses of the various business units are quantified for these risk categories mainly based on the value-at-risk (VaR) principle, at a very high confidence level of 99.9%, and compared to the defined risk-covering assets from the economic perspective. ESG aspects are taken into account in both the financial risks and the non-financial risks. In addition to this, we regularly conduct appropriate stress tests. These tests also look at ESG aspects and are refined as required.

At the end of the year, the economic perspective shows the following utilisation of risk-bearing capacity:

|   | Market price risk | Credit risk    | Operational risk | Utilisation of risk-covering assets |
|---|-------------------|----------------|------------------|-------------------------------------|
| Wealth Management and Asset Management  | 0.00 %            | 0.47 %         | 2.65 %           | 3.12 %                              |
| Corporate Banking                       | 0.00 %            | 9.63 %         | 1.69 %           | 11.32 %                             |
| Investment Bank                         | 17.23 %           | 2.44 %         | 7.24 %           | 26.91 %                             |
| Own-account investments/other           | 5.29 %            | 2.49 %         | 2.42 %           | 10.20 %                             |
| <b>Total</b>                            | <b>22.52 %</b>    | <b>15.03 %</b> | <b>13.99 %</b>   | <b>51.54 %</b>                      |
| Buffer (available risk-covering assets) |                   |                |                  | 48.46 %                             |

**Figure 1: Utilisations of risk-bearing capacity (Article 435 (1) (f) CRR)**

As at 31 December 2024, the risk-covering assets amounted to €406.8 million and were 51.54% utilised. Intra-group transactions and transactions with related parties do not have a material impact on the risk profile of the Berenberg Group.

<sup>1</sup> Regulatory assessment of internal bank risk-bearing capacity concepts and their procedural integration into overall bank management "ICAAP" - realignment

## 4. Area of application

The regulatory scope of consolidation for the calculation of capital adequacy is defined in accordance with Section 10a KWG in conjunction with Article 18 et seq. CRR.

In contrast, the scope of consolidation under commercial law is prepared exclusively in accordance with the provisions of the German Commercial Code (HGB)

### 4.1 Name of the bank

Disclosures pursuant to Article 436 (a) CRR

Joh. Berenberg, Gossler & Co. KG

Berenberg operates in the business units of Investment Bank, Wealth and Asset Management and Corporate Banking.

### 4.2 Basic differences in consolidation for accounting and regulatory purposes, including presentation of the scopes of consolidation

Disclosures pursuant to Article 436 (b) CRR

Pursuant to Section 340a (1) in conjunction with Section 290 (1) 1 HGB, the Bank is required to prepare consolidated financial statements in accordance with the principles of commercial law.

#### 4.2.1 Consolidation principles

Capital consolidation took place on the basis of the revaluation method pursuant to Section 301 (1) 2 HGB, by offsetting the book values of the Bank against the proportionate share of the subsidiaries' capital. The offsetting is performed on the basis of the valuations at the time of acquiring the subsidiaries.

#### 4.2.2 Scope of consolidation under commercial law

The following companies are included in the consolidated financial statements of the Berenberg Group:

- Joh. Berenberg, Gossler & Co. KG, Hamburg - Berenberg
- Berenberg Beteiligungsholding GmbH, Hamburg
- Berenberg Capital Markets LLC, New York
- Berenberg Asset Management LLC, New York
- Berenberg Private Capital GmbH, Hamburg
- Berenberg Real Estate Asset Management GmbH, Hamburg
- AHO6 GmbH, Hamburg

IPA Copa Entwicklungsgesellschaft mbH, Hamburg was founded in 2021 and has been included in the consolidated financial statements since this date according to the equity method, pursuant to Section 311 HGB in conjunction with Section 312 HGB.

Other Group companies are not to be included, as these companies and the associated companies are immaterial for the net assets, financial position and results of operations pursuant to Section 296 (2) HGB and Section 311 (2) HGB, respectively.

Receivables and liabilities, as well as income and expenses resulting from mutual business relationships, were offset. There are no intercompany profits or losses.

#### 4.2.3 Regulatory consolidation

For regulatory purposes, institutions, investment companies, finance companies and providers of ancillary services are consolidated pursuant to Article 18 CRR in conjunction with Section 10a (1) KWG. The difference in treatment in the financial statements is presented below:

| Regulatory Treatment   |   |                                      |  |  |                                       |  |
|--|---|--------------------------------------|--|--|---------------------------------------|--|
| Name   | Full consolidation pursuant to Article 18 CRR | Exclusion pursuant to Article 19 CRR | Inclusion pursuant to Article 470 (2b) an (3) CRR (threshold method) | Deduction from CET1 pursuant to Section 32 SolvV | Risk-weighted participating interests | Full consolidation according to accounting |
| <b>Bank pursuant to Article 4 (1) no. 1 CRR</b>                            |   |                                      |  |  |                                       |  |
| Joh. Berenberg, Gossler & Co. KG   | x   |                                      |  |  |                                       | x  |
| <b>Financial institution pursuant to Article 4 (1) no. 26 CRR</b>          |   |                                      |  |  |                                       |  |
| Berenberg Beteiligungsholding GmbH   | x   |                                      |  |  |                                       | x  |
| Berenberg Capital Markets LLC  | x   |                                      |  |  |                                       | x  |
| Berenberg Asset Management LLC   | x   |                                      |  |  |                                       | x  |
| Berenberg Private Capital GmbH   |   | x                                    |  |  | x                                     | x  |
| PBG Parkhausfonds Beteiligungsgesellschaft mbH                             |   | x                                    |  |  | x                                     |  |
| Berenberg Treuhand G.m.b.H.  |   | x                                    |  |  | x                                     |  |
| Diligentia Beteiligungsgesellschaft mbH                                    |   | x                                    |  |  | x                                     |  |
| Diligentia Erste Treuhandgesellschaft mbH                                  |   | x                                    |  |  | x                                     |  |
| Berenberg Asset Holding GmbH   |   | x                                    |  |  | x                                     |  |
| <b>Provider of ancillary services pursuant to Article 4 (1) no. 18 CRR</b> |   |                                      |  |  |                                       |  |
| Berenberg Real Estate Asset Management GmbH                                |   | x                                    |  |  | x                                     | x  |
| BPC Grundbesitz Verwaltungs GmbH   |   | x                                    |  |  | x                                     |  |
| <b>Other companies</b>   |   |                                      |  |  |                                       |  |
| IpaCopa Entwicklungsgesellschaft mbH                                       |   | x                                    |  |  | x                                     |  |
| Beteiligungsgesellschaft Berenberg GmbH                                    |   | x                                    |  |  | x                                     |  |
| Parkhausfonds Equity Invest GmbH & Co. KG                                  |   | x                                    |  |  | x                                     |  |
| Parkhausfonds Objekt Villingen GmbH & Co. KG                               |   | x                                    |  |  | x                                     |  |
| Parkhausfonds Objekt Potsdam GmbH & Co. KG                                 |   | x                                    |  |  | x                                     |  |
| Parkhausfonds Objekt Flensburg GmbH & Co. KG                               |   | x                                    |  |  | x                                     |  |
| Parkhausfonds Objekt Feldberg GmbH & Co. KG                                |   | x                                    |  |  | x                                     |  |
| Berenberg Real Estate Services GmbH  |   | x                                    |  |  | x                                     |  |
| AHO6 GmbH  |   | x                                    |  |  | x                                     | x  |
| BGAC2 GmbH & Co. KG  |   | x                                    |  |  | x                                     |  |
| BGAC2 Verwaltungs GmbH   |   | x                                    |  |  | x                                     |  |

Figure 2: Regulatory consolidation (pursuant to Article 436 (a) CRR)

## 5. The Group's capital base

### 5.1 Structure of regulatory equity capital

Disclosures pursuant to Article 437 (a) CRR

The capital base is calculated on the basis of the KWG and the CRR. The consolidated financial statements method is used to calculate the capital base and risk exposures. The capital base of the Group of institutions is as follows:

| Template EU CC1 - Structure of regulatory equity capital             |  |                        |   |
|--|--|------------------------|---|
|  |  | (a)                    | (b)   |
|  |  | Amounts<br>in<br>€'000 | Source based on reference<br>numbers/ letters of the bal-<br>ance sheet under the regu-<br>latory scope of consolida-<br>tion |
| <b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b> |  |                        |   |
| 1  | Capital instruments and the related share premium accounts   | 165,342                |   |
|  | of which: Instrument type 1  | 157,895                | Equity 1  |
|  | of which: Instrument type 2  | 7,447                  | Equity 2  |
|  | of which: Instrument type 3  | 0                      |   |
| 2  | Retained earnings  | 90,273                 | Equity 3  |
| 3  | Accumulated other comprehensive income (and other reserves)  | 8,059                  | Equity 5  |
| EU-3a  | Funds for general banking risk   | 8,100                  | Liabilities 9   |
| 4  | Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1  | 0                      |   |
| 5  | Minority interests (amount allowed in consolidated CET1)   | 0                      |   |
| EU-5a  | Independently reviewed interim profits net of any foreseeable charge or dividend   | 0                      |   |
| 6  | <b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>   | <b>271,774</b>         |   |
| <b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>   |  |                        |   |
| 7  | Additional value adjustments (negative amount)   | -23                    |   |
| 8  | Intangible assets (net of related tax liability) (negative amount)   | -2,928                 | Assets 10   |
| 9  | Not applicable   | 0                      |   |
| 10   | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)   | 0                      |   |
| 11   | Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value  | 0                      |   |
| 12   | Negative amounts resulting from the calculation of expected loss amounts   | 0                      |   |
| 13   | Any increase in equity that results from securitised assets (negative amount)  | 0                      |   |
| 14   | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing  | 0                      |   |
| 15   | Defined-benefit pension fund assets (negative amount)  | 0                      |   |
| 16   | Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)  | 0                      |   |
| 17   | Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | 0                      |   |





|   |   |                |                |
|---|---|----------------|----------------|
| 18  | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0              |                |
| 19  | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)           | 0              |                |
| 20  | Not applicable  | 0              |                |
| EU-20a  | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative  | 0              |                |
| EU-20b  | of which: qualifying holdings outside the financial sector (negative amount)  | 0              |                |
| EU-20c  | of which: securitisation positions (negative amount)  | 0              |                |
| EU-20d  | of which: free deliveries (negative amount)   | 0              |                |
| 21  | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)  | 0              |                |
| 22  | Amount exceeding the 17,65% threshold (negative amount)   | 0              |                |
| 23  | of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities  | 0              |                |
| 24  | Not applicable  | 0              |                |
| 25  | of which: deferred tax assets arising from temporary differences  | 0              |                |
| EU-25a  | Losses for the current financial year (negative amount)   | 0              |                |
| EU-25b  | Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)                                | 0              |                |
| 26  | Not applicable  | 0              |                |
| 27  | Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)  | 0              |                |
| 27a   | Other regulatory adjustments  | 0              |                |
| 28  | <b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>  | <b>-2,951</b>  |                |
| 29  | <b>Common Equity Tier 1 (CET1) capital</b>  | <b>268,823</b> |                |
| <b>Additional Tier 1 (AT1) capital: instruments</b> |   |                |                |
| 30  | Capital instruments and the related share premium accounts  | 45,000         |                |
| 31  | of which: classified as equity under applicable accounting standards  | 0              |                |
| 32  | of which: classified as liabilities under applicable accounting standards   | 45,000         | Liabilities 8a |
| 33  | Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1  | 0              |                |
| EU-33a  | Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1   | 0              |                |
| EU-33b  | Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1   | 0              |                |
| 34  | Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties  | 0              |                |
| 35  | of which: instruments issued by subsidiaries subject to phase out   | 0              |                |
| 36  | <b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>  | <b>45,000</b>  |                |



| Additional Tier 1 (AT1) capital: regulatory adjustments |   |                |                |
|---|---|----------------|----------------|
| 37  | Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)  | 0              |                |
| 38  | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)                            | 0              |                |
| 39  | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)                       | 0              |                |
| 40  | Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)   | 0              |                |
| 41  | Not applicable  | 0              |                |
| 42  | Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)  | 0              |                |
| 42a   | Other regulatory adjustments to AT1 capital   | 0              |                |
| 43  | <b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>  | <b>0</b>       |                |
| 44  | <b>Additional Tier 1 (AT1) capital</b>  | <b>45,000</b>  |                |
| 45  | <b>Tier 1 capital (T1 = CET1 + AT1)</b>   | <b>313,823</b> |                |
| Tier 2 (T2) capital: instruments                        |   |                |                |
| 46  | Capital instruments and the related share premium accounts  | 40,000         | Liabilities 8b |
| 47  | Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR   | 0              |                |
| EU-47a  | Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2  | 0              |                |
| EU-47b  | Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2  | 0              |                |
| 48  | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties   | 0              |                |
| 49  | of which: instruments issued by subsidiaries subject to phase out   | 0              |                |
| 50  | Credit risk adjustments   | 0              |                |
| 51  | <b>Tier 2 (T2) capital before regulatory adjustments</b>  | <b>40,000</b>  |                |
| Tier 2 (T2) capital: regulatory adjustments             |   |                |                |
| 52  | Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)  | 0              |                |
| 53  | Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)      | 0              |                |
| 54  | Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0              |                |
| 54a   | Not applicable  | 0              |                |
| 55  | Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)                       | 0              |                |
| 56  | Not applicable  | 0              |                |
| EU-56a  | Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)  | 0              |                |



|   |   |                  |  |
|---|---|------------------|--|
| EU-56b  | Other regulatory adjustments to T2 capital  | 0                |  |
| 57  | <b>Total regulatory adjustments to Tier 2 (T2) capital</b>  | <b>0</b>         |  |
| 58  | <b>Tier 2 (T2) capital</b>  | <b>40,000</b>    |  |
| 59  | <b>Total capital (TC = T1 + T2)</b>   | <b>353,823</b>   |  |
| 60  | <b>Total Risk exposure amount</b>   | <b>2,475,501</b> |  |
| <b>Capital ratios and requirements including buffers</b>                  |   |                  |  |
| 61  | Common Equity Tier 1 capital  | 10.9             |  |
| 62  | Tier 1 capital  | 12.7             |  |
| 63  | Total capital   | 14.3             |  |
| 64  | Institution CET1 overall capital requirements   | 8.08             |  |
| 65  | of which: capital conservation buffer requirement   | 2.50             |  |
| 66  | of which: countercyclical capital buffer requirement  | 0.80             |  |
| 67  | of which: systemic risk buffer requirement  | 0.00             |  |
| EU-67a  | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement  | n.a.             |  |
| EU-67b  | of which: additional own funds requirements to address the risks other than the risk of excessive leverage  | 0.28             |  |
| 68  | <b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>  | <b>5.79</b>      |  |
| <b>National minima (if different from Basel III)</b>                      |   |                  |  |
| 69  | Not applicable  | n.a.             |  |
| 70  | Not applicable  | n.a.             |  |
| 71  | Not applicable  | n.a.             |  |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b> |   |                  |  |
| 72  | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 243              |  |
| 73  | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)  | n.a.             |  |
| 74  | Not applicable  | n.a.             |  |
| 75  | Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)   | n.a.             |  |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>           |   |                  |  |
| 76  | Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)   | n.a.             |  |
| 77  | Cap on inclusion of credit risk adjustments in T2 under standardised approach   | 12,295           |  |
| 78  | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)   | n.a.             |  |
| 79  | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach  | n.a.             |  |

| <i>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</i> |   |      |  |
|--|---|------|--|
| 80   | Current cap on CET1 instruments subject to phase out arrangements                       | n.a. |  |
| 81   | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n.a. |  |
| 82   | Current cap on AT1 instruments subject to phase out arrangements                        | n.a. |  |
| 83   | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)  | n.a. |  |
| 84   | Current cap on T2 instruments subject to phase out arrangements                         | n.a. |  |
| 85   | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)   | n.a. |  |

**Figure 3: EU CC1 – Structure of regulatory equity capital in €'000 (Article 437 (a) CRR)**

The capital base consists of Tier 1 capital (CET1+AT1) and Tier 2 capital.

Tier 1 capital consists of the subscribed capital and the reserves. The non-current subordinated liabilities are attributable to Tier 2 capital.

The capital base instruments included in the summary view pursuant to Section 10a (5) KWG and Section 10a (4) KWG comprise the capital components attributable to the affiliated enterprises included in the scope of consolidation for regulatory purposes.

The capital base of the regulatory Group amounted to €353.8 million (355.7 million). A significant component of the capital base is €268.8 million (275.7 million) of Common Equity Tier 1 capital (CET1). The subordinated liabilities are taken fully into account for regulatory purposes as Additional Tier 1 capital (AT1 capital) in the amount of €45.0 million (40.0 million) and as Tier 2 capital (T2 capital), also in the unchanged amount of €40.0 million.

## 5.2 Reconciliation of capital base structure with the audited financial statements of the Group

| Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements            |  |  |   |           |
|--|--|--|---|-----------|
| in €'000   |  | a  | b                                       | c         |
|  |  | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|  |  | As at period end                                   | As at period end                        |           |
| <b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>          |  |  |   |           |
| 1  | Cash reserve                                   | 779,658  | 779,658                                 |           |
| 2  | Receivables from banks                         | 393,448  | 393,448                                 |           |
| 3  | Receivables from clients                       | 1,037,686  | 1,045,959                               |           |
| 4  | Bonds and other fixed-income securities        | 3,890,568  | 3,890,568                               |           |
| 5  | Shares and other variable-yield-securities     | 187,078  | 184,201                                 |           |
| 6  | Trading portfolio                              | 19,248   | 19,248                                  |           |
| 7  | Participating interests                        | 1,724  | 875                                     |           |
| 8  | Shares in affiliated companies                 | 3,012  | 7,511                                   |           |
| 9  | Trust assets                                   | 3,691  | 3,691                                   |           |
| 10   | Intangible assets                              | 1,316  | 1,316                                   | 8         |
| 11   | Tangible fixed assets                          | 63,911   | 53,603                                  |           |
| 12   | Other assets                                   | 52,064   | 55,304                                  |           |
| 13   | Prepaid expenses and deferred income           | 22,542   | 22,536                                  |           |
| 14   | Excess of plan assets over pension liabilities | 1,861  | 1,861                                   |           |
| 15   | <b>Total assets</b>                            | <b>6,457,807</b>                                   | <b>6,459,779</b>                        |           |
| <b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b> |  |  |   |           |
| 1  | Liabilities to banks                           | 76,322   | 73,444                                  |           |
| 2  | Liabilities to clients                         | 5,771,708  | 5,777,447                               |           |
| 3  | Trading portfolio                              | 0  | 0                                       |           |
| 4  | Trust liabilities                              | 3,691  | 3,691                                   |           |
| 5  | Other liabilities                              | 43,015   | 42,817                                  |           |
| 6  | Prepaid expenses and deferred income           | 1,748  | 1,748                                   |           |
| 7  | Provisions                                     | 126,370  | 126,215                                 |           |
| 8  | Subordinated liabilities                       | 85,000   | 85,000                                  |           |
| 8a   | Of which: AT1 bond                             | 45,000   | 45,000                                  | 32        |
| 8b   | Of which: Other subordinated liabilities       | 40,000   | 40,000                                  | 46        |
| 9  | Fund for general banking risks                 | 8,100  | 8,100                                   | EU-3a     |
| 10   | <b>Total liabilities</b>                       | <b>6,115,954</b>                                   | <b>6,118,462</b>                        |           |
| <b>Equity</b>  |  |  |   |           |
| 1  | Subscribed capital                             | 157,895  | 157,895                                 | 1         |
| 2  | Capital reserve                                | 7,447  | 7,447                                   | 1         |
| 3  | Other retained earnings                        | 90,750   | 90,273                                  | 2         |
| 4  | Net profit for the year/unappropriated profit  | 77,702   | 77,643                                  |           |
| 5  | Adjustment item from currency conversion       | 8,059  | 8,059                                   | 3         |
| 6  | <b>Total equity</b>                            | <b>341,853</b>                                     | <b>341,317</b>                          |           |

Figure 4: EU CC2 – Reconciliation of regulatory capital base to balance sheet in the audited financial statements in €'000 (pursuant to Article 437 (a) CRR)

The Bank prepares commercial financial statements in accordance with the regulations of the German Commercial Code (HGB).

The equity components of the regulatory balance sheet are supplemented below, such that all components are presented as in “Template EU CC1”. At the same time, an allocation is made by referring to the corresponding line number in the above-mentioned table.

### 5.3 Capital base requirements and risk-weighted exposure amounts

Disclosures pursuant to Article 438 (d) CRR

The adequacy of the capital base used for backing future activities is assessed as part of the annual planning process. The capital base is subject to risk-adjusted planning, based on the Bank’s business and risk strategies. The planning process serves to highlight capital shortages, so that timely preventive measures can be taken. If necessary, new capital base resources are raised. In this way, we ensure that a sufficient capital base is on hand at all times to cover all material risks in accordance with Berenberg’s individual risk profile.

Furthermore, the Board of Management is informed about the current development of the allocation of the capital base on a monthly basis. The regulatory capital requirement that is compliant with the CRR is used for this capital allocation and monitoring. In addition, Management is also informed about the economic capital commitment (ICAAP Pillar II).

Berenberg calculates the regulatory capital base requirement in accordance with the rules of the CRR.

The requirement for counterparty default risk is calculated in accordance with the Credit Risk Standardised Approach set out in Part 3 Title II Chapter 2 CRR; for operational risk, in accordance with the Basic Indicator Approach set out in Part 3 Title III CRR; for market risk, in accordance with the Standardised Approaches set out in Part 3 Title IV CRR; and for settlement risk, in accordance with Part 3 Title V CRR.

| Template EU OV1 - Overview of total risk exposure amounts<br>(€'000) |  |                                    |            |                              |
|--|--|------------------------------------|------------|------------------------------|
|  |  | Total risk exposure amounts (TREA) |            | Total own funds requirements |
|  |  | a                                  | b          | c                            |
|  |  | 31.12.2024                         | 31.12.2023 | 31.12.2024                   |
| 1  | Credit risk (excluding CCR)                              | 902,055                            | 941,421    | 72,164                       |
| 2  | Of which the standardised approach                       | 902,055                            | 941,421    | 72,164                       |
| 3  | Of which the Foundation IRB (F-IRB) approach             | 0                                  | 0          | 0                            |
| 4  | Of which slotting approach                               | 0                                  | 0          | 0                            |
| EU 4a  | Of which equities under the simple riskweighted approach | 0                                  | 0          | 0                            |
| 5  | Of which the Advanced IRB (A-IRB) approach               | 0                                  | 0          | 0                            |
| 6  | Counterparty credit risk - CCR                           | 104,423                            | 123,088    | 8,354                        |
| 7  | Of which the standardised approach                       | 80,910                             | 97,017     | 6,473                        |
| 8  | Of which internal model method (IMM)                     | 0                                  | 0          | 0                            |

|        |  |                  |                  |                |
|--------|--|------------------|------------------|----------------|
| EU 8a  | Of which exposures to a CCP  | 1,030            | 922              | 82             |
| EU 8b  | Of which credit valuation adjustment - CVA                               | 22,482           | 25,149           | 1,799          |
| 9      | Of which other CCR   | 0                | 0                | 0              |
| 10     | Not applicable   | 0                | 0                | 0              |
| 11     | Not applicable   | 0                | 0                | 0              |
| 12     | Not applicable   | 0                | 0                | 0              |
| 13     | Not applicable   | 0                | 0                | 0              |
| 14     | Not applicable   | 0                | 0                | 0              |
| 15     | Settlement risk  | 4,574            | 253              | 366            |
| 16     | Securitisation exposures in the non-trading book (after the cap)         | 0                | 0                | 0              |
| 17     | Of which SEC-IRBA approach   | 0                | 0                | 0              |
| 18     | Of which SEC-ERBA (including IAA)  | 0                | 0                | 0              |
| 19     | Of which SEC-SA approach   | 0                | 0                | 0              |
| EU 19a | Of which 1250% / deduction   | 0                | 0                | 0              |
| 20     | Position, foreign exchange and commodities risks (Market risk)           | 383,707          | 197,534          | 30,697         |
| 21     | Of which the standardised approach                                       | 383,707          | 197,534          | 30,697         |
| 22     | Of which IMA   | 0                | 0                | 0              |
| EU 22a | Large exposures  | 0                | 0                | 0              |
| 23     | Operational risk   | 1,080,741        | 1,096,851        | 86,459         |
| EU 23a | Of which basic indicator approach  | 1,080,741        | 1,096,851        | 86,459         |
| EU 23b | Of which standardised approach   | 0                | 0                | 0              |
| EU 23c | Of which advanced measurement approach                                   | 0                | 0                | 0              |
| 24     | Amounts below the thresholds for deduction (subject to 250% risk weight) | 0                | 0                | 0              |
| 25     | Not applicable   | 0                | 0                | 0              |
| 26     | Not applicable   | 0                | 0                | 0              |
| 27     | Not applicable   | 0                | 0                | 0              |
| 28     | Not applicable   | 0                | 0                | 0              |
| 29     | <b>Total</b>   | <b>2,475,500</b> | <b>2,359,147</b> | <b>198,040</b> |

Figure 5: EU OV1 – Overview of the total risk (amounts in €'000)

## 6. Key indicators

Disclosures pursuant to Article 447 CRR

| Template EU KM1 - Key metrics template<br>(€'000) |  |            |            |
|---|--|------------|------------|
|   |  | a          | e          |
|   |  | 31.12.2024 | 31.12.2023 |
|   | <b>Available own funds (amounts)</b>   |            |            |
| 1   | Common Equity Tier 1 (CET1) capital  | 268,824    | 275,657    |
| 2   | Tier 1 capital   | 313,824    | 315,657    |
| 3   | Total capital  | 353,824    | 355,657    |
|   | <b>Risk-weighted exposure amounts</b>  |            |            |
| 4   | Total risk exposure amount   | 2,475,501  | 2,359,147  |
|   | <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>   |            |            |
| 5   | Common Equity Tier 1 ratio (%)   | 10.9       | 11.7       |
| 6   | Tier 1 ratio (%)   | 12.7       | 13.4       |
| 7   | Total capital ratio (%)  | 14.3       | 15.1       |
|   | <b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b> |            |            |
| EU 7a   | Additional own funds requirements to address risks other than the risk of excessive leverage (%)   | 0.50       | 0.50       |
| EU 7b   | of which: to be made up of CET1 capital (percentage points)  | 0.28       | 0.28       |
| EU 7c   | of which: to be made up of Tier 1 capital (percentage points)  | 0.38       | 0.38       |
| EU 7d   | Total SREP own funds requirements (%)  | 8.50       | 8.50       |
|   | <b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>  |            |            |
| 8   | Capital conservation buffer (%)  | 2.50       | 2.50       |
| EU 8a   | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)   | 0.00       | 0.00       |
| 9   | Institution specific countercyclical capital buffer (%)  | 0.80       | 0.81       |
| EU 9a   | Systemic risk buffer (%)   | 0.00       | 0.00       |
| 10  | Global Systemically Important Institution buffer (%)   | n.a.       | n.a.       |
| EU 10a  | Other Systemically Important Institution buffer (%)  | n.a.       | n.a.       |
| 11  | Combined buffer requirement (%)  | 3.30       | 3.31       |
| EU 11a  | Overall capital requirements (%)   | 11.80      | 11.81      |
| 12  | CET1 available after meeting the total SREP own funds requirements (%)   | 5.79       | 6.58       |
|   | <b>Leverage ratio</b>  |            |            |
| 13  | Total exposure measure   | 6,840,400  | 7,071,239  |
| 14  | Leverage ratio (%)   | 4.59       | 4.46       |
|   | <b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>                         |            |            |
| EU 14a  | Additional own funds requirements to address the risk of excessive leverage (%)  | 0.00       | 0.00       |
| EU 14b  | of which: to be made up of CET1 capital (percentage points)  | 0.00       | 0.00       |
| EU 14c  | Total SREP leverage ratio requirements (%)   | 3.00       | 3.00       |
|   | <b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>  |            |            |
| EU 14d  | Leverage ratio buffer requirement (%)  | 0.00       | 0.00       |
| EU 14e  | Overall leverage ratio requirement (%)   | 3.00       | 3.00       |
|   | <b>Liquidity Coverage Ratio</b>  |            |            |
| 15  | Total high-quality liquid assets (HQLA) (Weighted value -average)  | 4,329,562  | 4,571,359  |
| EU 16a  | Cash outflows - Total weighted value   | 2,794,010  | 2,911,928  |
| EU 16b  | Cash inflows - Total weighted value  | 361,850    | 312,632    |



|                                 |  |           |           |
|---------------------------------|--|-----------|-----------|
| 16                              | Total net cash outflows (adjusted value) | 2,432,161 | 2,599,296 |
| 17                              | Liquidity coverage ratio (%)             | 178.01    | 175.87    |
| <b>Net Stable Funding Ratio</b> |  |           |           |
| 18                              | Total available stable funding           | 3,264,331 | 3,312,051 |
| 19                              | Total required stable funding            | 1,076,097 | 1,247,842 |
| 20                              | NSFR ratio (%)                           | 303.35    | 265.42    |

**Figure 6: EU KM1 – Key metrics pursuant to Article 447 CRR (€'000)**

The total capital ratio according to CRR (Capital Requirements Regulation) and SolvV (German Solvency Regulation) amounted to 14.3% (15.1%), the core capital ratio was 12.7% (13.4%), and the Common Equity Tier 1 capital ratio was 10.9% (11.7%).

With this level of capitalisation, Berenberg is comfortably above the legal requirements.

## 7. Risk management

As a partnership, Berenberg has an Advisory Board alongside its Board of Management. However, this is not a body of the company within the meaning of the CRR and performs advisory functions.

### 7.1 Corporate governance rules

Article 435 (2) (a) to (c) and (e) CRR

#### Number of management and supervisory functions held by members of the management body

The number of management and supervisory functions held by the general partners is shown below:

|                 | Number of management functions as of 31.12.2024 | Of which: management functions in the Berenberg Group as of 31.12.2024 | Number of supervisory functions as of 31.12.2024 | Of which: supervisory functions in the Berenberg Group as of 31.12.2024 |
|-----------------|---|--|--|---|
| Christian Kühn  | 5   | 5  | 0  | 0   |
| David Mortlock  | 2   | 1  | 0  | 0   |
| Hendrik Riehmer | 6   | 1  | 0  | 0   |

**Figure 7: Number of management and supervisory functions held by members of the management body (pursuant to Article 435 (2) (a) CRR)**

#### Strategy for the selection of the members of the management body and their actual knowledge, skills and track record

Alongside the legal requirements of the KWG, which apply to the appointment of a Managing Director for institutions, the partners drew up guidelines which must be taken into consideration for the selection of Managing Directors and Advisory Board members.

The balance and differences of knowledge, skills and track records of all Managing Directors are taken into consideration for the selection. This ensures that the Managing Directors have extensive theoretical and practical knowledge, as well as expertise, in order to fully comply with their departmental management responsibility. Appropriate operating equipment and sufficient time are always made available to assist them in performing successfully. Through this environment and the existing theoretical and practical knowledge, it can be ensured that overall responsibility is properly exercised in all relevant departments of Berenberg.

#### Diversity strategy for selecting members of the management body

Diversity is one of the criteria used in the composition of management bodies. The selection strategy is established in the Berenberg Partnership Agreement, alongside the legal provisions stipulated in the KWG (German Banking Act) and the CRR. Members of the Board of Management are appointed on the basis of their individual expertise and performance, against the backdrop of the corporate values. There is no set diversity strategy.

#### Description of the information flow to the management body on risk issues

Risk reporting to the Board of Management and the Advisory Board takes the form of a detailed quarterly risk management report. In addition, information is provided to the Board of Management and additional stakeholders in the form of individual monthly, weekly and daily risk reports from the Risk & Finance business unit. Given its significance for the successful continuation of the Bank as a going concern under risk considerations, the risk-bearing capacity represents the starting point for the risk management report. To this end, the structure

of the available risk coverage potential, the limit utilisation, and the current percentage breakdown of the total risk across the individual risk types are presented.

## 7.2 Overview of the risk strategy and procedures for managing these risk categories

Article 435 (1) (a) CRR

We retained our cautious, defensive risk strategy in the year under review. The deliberate focus on service-orientated business areas that tend to be less risky is particularly important given the partially uncertain conditions. Our risk culture still revolves around an unchanged and extremely conservative risk appetite; this risk appetite is reviewed and confirmed by the Board of Management on an annual basis as part of the strategy and planning process. Typical banking risks, such as credit and market price risks, are assumed to an appropriate extent, which safeguards the Bank's long-term ability to continue its business activities. This risk philosophy forms the basis of our extensive risk management and includes the specification of risk limits for targeted implementation. The risk management for our branches is performed centrally at our head office in Hamburg.

The Bank's liquidity position was more than comfortable throughout 2024 and remained stable at a very high level as a result of diversified client deposits. The high level of our deposits, which generate pleasing margins on the income side, continues to be attributable to extensive USD deposits from the shipping segment, a stable client base in wealth management and the general growth in our operating business. The changes during the year were within the normal range of volume fluctuations and in line with our expectations. We invest our structural excess of liabilities in a highly liquid portfolio dominated by securities of German public-sector issuers with short remaining maturities, and as central bank balances at the Deutsche Bundesbank. We hold some of the bonds in our interest rate book in our investment portfolio to ensure consistency with the fixed-interest current accounts also held there. At the end of the year, a partial volume of our valuation units amounting to €1.3 billion was also allocated to the investment portfolio (positions with remaining maturities of more than three years).

Against the backdrop of our strategic focus on service-orientated business areas, our risk management is characterised by the use of cutting-edge risk management methods and monitoring processes that are optimally aligned with our corporate structure. Based on a comprehensive risk inventory, counterparty default risks, market price risks, operational risks and liquidity risks are regularly analysed as key risk types. Reputational, event and investment risks are assessed as part of operational risk management. Potential declines in earnings are also taken into account. This is done, among other things, by analysing adverse scenarios and indirectly through conservative planning and definition of the available risk cover in the risk-bearing capacity (ICAAP = Internal Capital Adequacy Assessment Process). In addition, consideration is given to a potential decline in portfolio commissions, which are deducted from accrued profits, as this could give rise to economic burdens from fixed administrative costs (operational and strategic risk of the portfolio business). In addition, there is currently a limit reserve of 10% of the risk coverage potential (RDP), meaning that only 90% is available for risk-taking. Furthermore, various stress combinations are formed within the ICAAP framework and a decline in the cover pool is simulated ("protection of balance sheet equity").

Our management-orientated implementation of the regulatory requirements for the ICAAP also proved to be effective in this reporting year and is constantly being developed further. In 2024, the focus was on updating and further developing the stress tests based on validation procedures, increasing consideration of ESG aspects (including explicit inclusion in the risk inventory and climate-related stress tests) and regularly reviewing the conservatism of the approaches from an economic perspective ("conservatism check"). The merger of capital

planning, income statement planning and risk-bearing capacity, together with the parallel consideration of a normative perspective and an economic perspective, have been firmly integrated into the standard processes of the Risk & Finance unit. This enables us to extensively safeguard the two strategic goals associated with this: “the institution’s continued existence” and “protection of creditors”. Both perspectives are based on the fundamental principle of calculating risk-bearing capacity, which involves comparing the risks that have been detected with the risk cover available.

The normative perspective is based on regulatory requirements, particularly with respect to the institution’s capital base. Various different scenarios are analysed as part of our three-year integrated capital planning. On the one hand, we analyse a baseline scenario, which assumes business performance under normal economic conditions. On the other hand, an adverse scenario is investigated, which assumes a severe economic downturn that will have an impact significantly beyond one year. This scenario is based on extensive macro-economic assumptions, along with assumptions for the specific institution. It is not merely simulated in isolation for individual parameters. Instead, the adverse scenario constitutes an integrated stress test, with an impact on all relevant parameters, as defined by the Minimum Requirements for Risk Management (MaRisk). It also includes control measures taken by the management to counter the crisis. The results clearly show that the Bank could even comfortably navigate a scenario of such an extreme nature using its own assets and earnings power. Current decisions made by the banking supervisory authorities regarding changes in the capital requirements are analysed where relevant in terms of their impact on the Bank’s capital situation and included in planning. All prescribed regulatory capital ratios are met.

For the economic perspective, the risk coverage potential is calculated at close to fair value. HGB capital indicators in the balance sheet, together with hidden reserves and/or liabilities, are the starting point. Under our very conservative approach, budgeted profits are not credited. We quantify the potential losses suffered by our business units for the above risk types on the basis of the value-at-risk (VaR) principle.

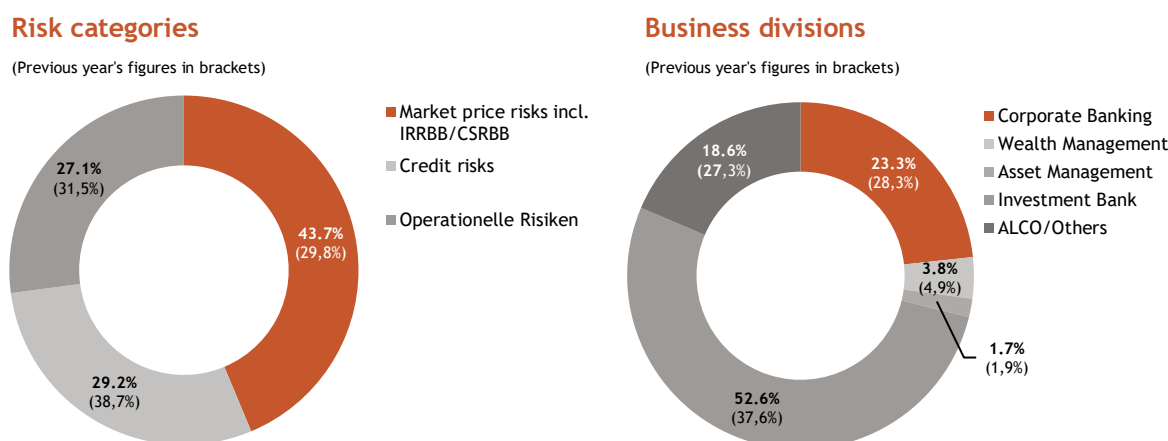
The VaR indicates the upper loss ceiling for a defined probability level. The risk quantification is performed using established present value model calculations at a high confidence level of 99.9% and with a risk assessment horizon of one year. The VaR calculations reflect potential losses on the basis of normal market conditions. To gain a more extreme perspective on the risk situation, we supplement risk evaluations with appropriate historical and hypothetical stress tests.

The risk and risk cover are compared on a regular basis, with an eye to these two different ways of assessing the Bank’s overarching risk exposure. Risk-mitigating diversification effects across the various risk types are consciously ignored by conservatively aggregating the covering amounts for the various categories of risk.

Monthly and quarterly analyses, carried out in parallel, see us compare the results of various stress scenarios specific to risk types, as well as of general stress scenarios, with the available economic risk cover. The results of these analyses should not exceed the risk capital. We also perform ad hoc stress tests, as required, to evaluate crisis situations as they arise. In line with the approach of an inverse stress test, combined scenarios are calculated which, if they materialise, would result in the full commitment of the available risk cover funds.

With an increased average risk utilisation of around 72% (previous year: 55%), the business divisions did not tie up all of the economic capital available to the Bank in the reporting year. In line with our strategies with regard to overall results, this illustrates the opportunities offered by our business activities in relation to the risks entered into.

The figures below show the distribution of the committed economic capital across the Bank's risk categories and business units.



**Figure 8: Economic capital commitment by risk categories and business divisions**

The Board of Management bears overall responsibility for the risk management process and defines the general conditions for managing the various risk types. The Risk & Finance business unit acts independently of all front offices in organisational terms, in accordance with MaRisk, and ensures the constant and timely flow of information to the Bank's Board of Management and Advisory Board in close collaboration with other organisational units. Risk Controlling is responsible for developing and overseeing the systems used in overall bank and risk management. The Risk & Finance unit comprises the following areas: Risk & Regulatory Reporting (Pillar I and II risk assessment), Controlling & Accounting (internal and external/commercial income statement), ESG, Projects & Governance (including validation of risk models), Accounts & Disclosure, and the Data Protection and Information Security units. The targeted linking of business performance figures from Controlling and the commercial results from Accounting with the economic and normative risk indicators enables us to achieve a comprehensive overall bank perspective when assessing risks and to make these available to the management as part of the reporting process. The business unit carries out a comprehensive risk inventory at regular intervals and compares the amounts of the various risk types with the available risk cover. As part of the risk management processes, it is ensured that excessive risk concentrations exist neither within the various risk categories, nor across the risk types, in line with the strategy.

In its risk management, Berenberg uses the proven model of three lines of defence. In the first line of defence, the operational managers in the Bank's various units are risk owners with responsibility and accountability for assessing, managing and mitigating risk. This includes the implementation and monitoring of organisational hedging measures, as well as control activities anchored in the processes. In the second line of defence, the Risk & Finance and Compliance units facilitate and monitor the implementation of effective risk management and ensure independent risk reporting to the Bank's Board of Management. The third line of defence consists of the independent Internal Audit unit, which employs a risk-oriented approach to evaluate how effectively Berenberg controls its risks and how well the first and second lines of defence perform their tasks.

Geopolitical conflicts caused economic uncertainty to persist during the reporting year, repeatedly leading to significant fluctuations on the financial and capital markets. The Bank is not directly affected to any significant extent by existing risk positions against the background of the strategic business area. The sanction measures in place are of course consistently taken into account (mainly payment transactions and compliance). In the case of credit risks, there was no recognisable need to go beyond the existing stress tests. Our Credit Risk Management closely monitors the development of the cases under observation. By definition, this includes 'significant risk deterioration,' e.g. due to foreseeable but not yet actual covenant breaches or potentially insufficient cash flows over the next 12 months. This currently affects in particular real estate-related exposures, which, however, account for only a small portion of our customer loan portfolio at less than 10%, as well as individual cases in the Structured Finance segment. There are no exposures to the insolvent real estate developers that have become known (including SIGNA Group and Gröner Group). There was no unusual increase in operational risks in the reporting period. The Bank's position with regard to the ICAAP is robust from both a normative and an economic perspective. Although we also refinance ourselves via customer deposits, we only require a small proportion of these for refinancing due to our business model (limited credit volume, among other things). Furthermore, unlike many other banks, we do not engage in longer maturity transformation. Our average fixed-interest period is less than one year. The existing comfortable buffer in the risk cover funds (normative and economic) is currently sufficient to absorb the potential additional impact of a crisis on the Bank. The existing stress tests cover the current scenario, but are supplemented and adjusted as necessary depending on the situation. Current regulatory developments (CRR III, ESG, etc.) are closely monitored and their impact on the Bank as a whole is analysed. The 8th amendment to MaRisk has been implemented.

### 7.3 Material risks

As part of our risk inventory, risks as defined by MaRisk are regularly identified and categorised in terms of their materiality. MaRisk requires suitable indicators for the early identification of risks, which can be based on quantitative and/or qualitative risk characteristics depending on the type of risk. Information from other monitoring units (compliance, service provider management, information security, data protection, etc.) is included in the risk inventory to identify risks. The derivation of material risks in the course of the risk inventory is carried out using a standardised analysis process including comprehensible documentation. In the first step, a catalogue of possible main and sub-risk types is considered in terms of their relevance to the institution (relevant/not relevant). The next step involves analysing each relevant sub-risk type with regard to the impact of ESG aspects. This is followed by a materiality classification is carried out using a scale already established at Berenberg for other risk assessments (OpRisk self-assessment, information security, business continuity management, service provider management). This contains six defined gradations. The materiality assessment divides considerations into two categories: the impact on the net asset and income position, and the impact on the liquidity position. Where possible, quantitative key figures are compared with predefined financial thresholds. If this is not possible, a qualitative expert assessment is carried out.

Our Credit Risk Management team uses an extensive limit system to monitor the **counterparty default risk**. The management of default risks at the overall portfolio level is supported by targeted analyses by Risk & Finance. **Market price risks** arise not only from short-term positions in the trading book but also from strategic positions in the liquidity reserve; they are closely monitored by Risk Controlling. **Interest rate risks and credit spread risks** in the banking book represent a further addition to the risk profile. Using advanced methodologies, Risk Controlling also quantifies **operational risk**, the extent of which is limited by stringent processes, the appropriate training of our employees, and a comprehensive set of rules, including contingency plans. The Treasury unit is responsible for the management of **liquidity risk**, together with the Money Market

unit. Our Risk & Finance unit is systematically integrated into the monitoring process and validates the results at regular intervals.

An overall calculation is performed on a monthly basis to track the profit and loss of the business units, in consideration of the risks taken. This also includes an analysis of volatile return components and possible changes in returns resulting from these components. Daily reports on the most important profit & loss components and scenario planning serve as an early warning system. In line with the strategy, targeted diversification is executed across business areas and markets. Risk Controlling provides management with reports that enable recipients to analyse the results and risks at various aggregation levels.

The Bank's Internal Audit department regularly examines the organisational precautions for managing, monitoring and controlling the various categories of risk, based on defined standards. Risk & Finance and Credit Risk Management (non-market) regularly provide information to the Risk Monitoring Committee set up by the Bank's Advisory Board, which holds three scheduled meetings each year. It also meets ad hoc as required.

The principles of our risk management are laid out in a risk strategy document available to all employees.

## 7.4 Counterparty default risks

Disclosures pursuant to Article 439 CRR

### 7.4.1 General information

Counterparty default risks arise, on the one hand, from the lending business involving our clients in the Corporate Banking (business clients), Wealth and Asset Management (private clients and institutional clients), and Investment Bank (strategic clients) business units. On the other hand, counterparty default risks arise from our own securities holdings (issuer risks), derivative transactions (counterparty risks), as well as from the investments made by our Money Market department in interbank business. Investment risks are of lesser significance to Berenberg, but existing participating interests are integrated into the risk management processes. In our unchanged conservative credit risk strategy, we have specified volume and maturity limits for the individual segments of the credit business, in accordance with the risk appetite defined by the Bank's Board of Management. Important elements include stringent credit processes, existing collaterals, the use of syndication possibilities, appropriate risk premiums, and the general avoidance of structural subordination, as well as the consideration of ESG risks. Individual cases deviating from these guidelines may be considered in light of the risk/return ratio, but must be documented accordingly and approved by management.

As in previous years, the very high level of client deposits once again led to strong demand for investments, as only part of the existing liabilities are required in the traditional credit business. In accordance with our investment strategy, only a relatively small part of the liquidity surplus was placed in the money market, with the investments made under the following conditions:

- Trading only with selected, top-rated banks
- Deliberate targeting of development banks with guarantee obligations
- Low limits per institution (or group of institutions) with the goal of achieving the broadest possible diversification

The majority of the structural liquidity surplus from client operations is invested in bonds with the very best ratings. In this context, we continue to have high standards for the credit security and market liquidity of these



investments, to keep possible price volatility to a minimum. Our liquidity reserve (including promissory notes) and fixed assets are dominated in nominal terms by securities issued by German public-sector entities (45%, previous year: 38%) and securities guaranteed either by Germany or a German federal state (55%, previous year: 62%). The average remaining maturity of the portfolio is 2.4 years (previous year: 1.7 years), meaning that the portfolio is exposed to moderate spread change risks. Due to improved investment opportunities in the preferred investment universe, a smaller portion of the liquidity surplus remained in the ECB deposit facility at 0.8 billion (previous year: 2.2 billion).

The Board of Management receives regular reports about the bank exposure. The allocated bank limits are monitored regularly in order to allow countermeasures to be initiated promptly, if required. In this context, we not only rely on the appraisals by the rating agencies when assessing the institutions, but we also support our decisions by analysing annual reports and evaluating current market data.

Counterparty default risk is managed using a wide-ranging limit system by means of which we achieve various objectives, including limiting risk concentrations. The counterparty default risk arising from derivatives is addressed by taking account of re-placement risks. We reduce counterparty default risks by practising comprehensive collateral management with our counterparties in this segment. This standard market form of ongoing collateralisation of OTC transactions is practised not only with banks, but also with a wide range of institutional clients.

Credit Risk Management is responsible for monitoring credit risk independently of our sales units. In addition to performing regular control activities, this unit provides a second opinion in addition to the front office teams, as required by the MaRisk rules, on the basis of our authority's regulations for credit decisions. These regulations restrict the scope of individual account managers to act, while ensuring that the entire Board of Management is involved in all major credit decisions. All credit exposures are subject to a constant resubmission cycle with an annual credit rating review. The specified limits are supplemented by a series of organisational measures and rules regarding collateral for credit exposures.

Our Credit Risk Management team closely monitors developments in cases under observation. This also applies to real estate-related exposures, which, however, account for only a small portion of our customer loan portfolio at around 8%, as well as individual cases in the Structured Finance segment. We have no exposures to the SIGMA Group (René Benko) or the Gröner Group, both of which are insolvent.

A credit risk report that is prepared on a quarterly basis serves to inform both the Board of Management and the Advisory Board about the structure of the credit business and its related risks. In addition, the Management Board receives monthly overviews of the key structural features and changes. Additional analyses by the Risk & Finance unit support the management of credit risk at the overall portfolio level as needed.

In connection with the management of the overall portfolio, historical credit defaults from previous financial years are also collected and analysed. We regularly validate our credit risk calculations and also review the model results against this default history. The statistical loss expected for each financial year at the portfolio level ("expected loss") is derived from the data taken from our credit portfolio model and the long-term historical average for defaults. This "expected loss" of the credit exposure is integrated into the credit terms by calculating the standard risk costs.

The standard risk costs of a credit exposure are particularly influenced by the borrower's credit rating, as well as by the size of the loan and the collateral provided. A rating system for our corporate clients, available to the account managers and the back office teams on the Bank's intranet, facilitates a prompt credit analysis using



the borrower's balance sheet data. In addition to the balance sheet ratios, qualitative factors relating to the borrowers are also included when determining the rating class. For exposures of a project finance nature in the property and shipping segments, we employ internally developed rating procedures that include the cash flow projections for the assets to be financed as a key parameter. Structured financing is likewise measured using an internally developed rating tool that explicitly takes account of the debt ratio (leverage). In our portfolio of shipping loans – which is limited in magnitude compared with the overall portfolio (average share of 8% for the shipping segment over the course of the year) – we notably pay attention to short loan periods and prioritise outstanding collateral for the exposures. The same applies to real estate, particularly in light of current market developments (average share of 9% for the real estate segment over the course of the year).

The standard risk costs arising from the rating analysis can be obtained from our IT systems in all necessary aggregation levels. The standard risk costs which, when aggregated, give rise to the statistical expected loss at the overall bank level, merely represent a long-term default average over time around which the actual defaults fluctuate. Consequently, a potential deviation of defaults from this expected value needs to be taken into account as an additional risk component. A statistical credit portfolio model built on the CreditRisk+ methodology is used to quantify the size of an unexpected loss at the portfolio level, which flows into the analysis of the Bank's ability to bear risk (ICAAP) with the respective quantile. This present value-based approach is supplemented by a regularly performed comparison, which includes ensuring the conservatism of the approaches used at the level of risk-bearing capacity. The Bank's economic capital serves as the Bank's risk-covering assets for unexpected credit risks. Within MaRisk parameters, our analyses of the committed economic capital are supplemented by additional stress observations, such as a substantial deterioration of the probabilities of default or a decline in collateral values, the default of individual key accounts or negative influences due to ESG developments (sustainability risks). We have developed special scoring processes so that we can manage ESG risks in the credit portfolio even more effectively. Our aim is for every borrower to be categorised on the basis of suitable ESG characteristics, with plans to integrate the findings into our credit process and risk reporting.

The quantitative methods that we use to assess counterparty default risks are validated regularly and refined when required. However, because of the lack of an adequate number of defaulting borrowers, among other things, for statistical purposes, these methods are still not recognised for regulatory purposes as an IRB approach. The Bank has made a deliberate decision to employ the standard approach (CRSA), which is defined in the relevant regulations for regulatory purposes. This includes the comprehensive method for taking into account financial collateral pursuant to CRR. Under this approach, the tied capital from counterparty default risk totalled €79.1 million at 31 December 2024 (83.2 million).

#### **7.4.2 Non-performing loans and loans in arrears**

The risk relating to non-performing loans and loans in arrears is defined as a contractual party being permanently unable to meet their obligation to service the debt. If a credit exposure gives rise to aspects that require separate observation/monitoring, the relevant account blocks and corresponding disposal notes are put into place. The decisions to be made in the disposal system or on the basis of manual disposal documents are recorded by means of electronic approval or hand-signing by the employee responsible for the client. From a system perspective, a list is drawn up every day of all credit overdrafts of more than €5,000. This is processed without delay by the relevant employee in the market area. The overdrafts are reported to the relevant head of market and the back office on a regular basis. As soon as an exposure is added to the observation list, the need for risk provisions is to be reviewed. To this end, the collateral is also to be reviewed and, if appropriate, re-valued. Any newly required risk provisions or changes to existing risk provisions are reviewed quarterly by Credit Risk Management. This mid-year review and adjustment is recorded in the Risk Report.

The Bank aims to use risk provisions on the basis of cautious commercial assessment, drawing on the applicable accounting norms in a way that is justifiable for a third party, to ensure that the valuation is appropriate and realistic for the current risk content of the loan portfolio. The valuation of receivables under the provisions of the German Commercial Code (HGB) is undertaken in line with the principles that apply to current assets. As a result, we use the principle of valuations at the strict lower of cost or market principle under Section 340e (1) in conjunction with Section 253 (3) German Commercial Code. The risk provisions include individual value adjustments, provisions, interest adjustments and amortisation on receivables (known as consumption or direct amortisation). Uncollectible receivables are written off. An unsecured receivable is deemed uncollectible if it is generally assumed that the borrower is no longer going to repay the credit, or this is exceptionally uncertain. Conversely, individual value adjustments/provisions are created for receivables where their collectability is in doubt. This is the case when inadequate financial means and insufficient collateral lead to justified doubts that the receivable could be covered by the borrower's income or assets or the collateral. The aim of the interest adjustment is to ensure that our Bank's income statement is corrected to take any likely uncollectible (interest) income into account. The need for an interest adjustment is always to be reviewed when an individual value adjustment/provision is formed. If the interest payments can still be covered by the client (for example, through rent, capital earnings) and, as a result, no loss of interest is to be assumed but a loss of capital is likely, no interest adjustment is to be undertaken. When assessing the acute default risk in each instance, firstly the likelihood of a borrower no longer being able to meet their contractual payment obligations is important. The likelihood of default is primarily assessed with regard to the financial circumstances and payment behaviour of the borrower. Secondly, an appraisal should be carried out to ascertain the payments that can still be expected when the issues with repayments arise; the revenue anticipated from the collateral is crucial in this respect. As an exception, an interest adjustment can be undertaken for clients without risk provisions if the client ceases paying the interest on a permanent basis but a capital loss is not expected due to the collateral provided. We have made general valuation adjustments and formed provisions for the latent default risk in accordance with the accounting standard RS IDW BFA 7. The individual risk provision is only dissolved if the financial circumstances of the borrower have clearly improved with permanent effect, to the extent that their ability to repay the capital is unlikely to be at risk or there is no doubt that the loan can be settled using the collateral provided. Pursuant to Section 286 German Civil Code, a transaction is "in default" if payments in the form of interest payments, redemption payments or other receivables have not been made. "Non-performing" loans are loans for which there is a certain likelihood that the borrower will default on the receivable, be it in whole or in part, or there will be justified concern regarding the ability of the borrower to pay.

In the annual financial statements, the NPL ratio increased to 6.1% as a result of loan valuations. This means that it has exceeded the 5.0% threshold specified in MaRisk for the first time. Further risk management requirements for this sub-portfolio would arise if this threshold were exceeded in two consecutive quarters. This essentially comprises the development of a specific NPL strategy (including an implementation plan and options for action), intensive ongoing monitoring using defined key performance indicators (KPIs) and risk reporting.

| Template EU CQ1: Credit quality of forborne exposures<br>(€'000) |  |   |                         |                    |                   |  |                                      |   |   |
|--|--|---|-------------------------|--------------------|-------------------|--|--------------------------------------|---|---|
|  |  | a   | B                       | c                  | d                 | e  | f                                    | g   | h   |
|  |  | Gross carrying amount/nominal amount of exposures with forbearance measures |                         |                    |                   | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                                      | Collateral received and financial guarantees received on forborne exposures |   |
|  |  | Performing forborne   | Non-performing forborne |                    | Of which impaired | On performing forborne exposures   | On non-performing forborne exposures |   | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures |
|  |  |   |                         | Of which defaulted |                   |  |                                      |   |   |
| 005  | Cash balances at central banks and other demand deposits | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 010  | Loans and advances                                       | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 020  | Central banks  | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 030  | General governments                                      | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 040  | Credit institutions                                      | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 050  | Other financial corporations                             | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 060  | Non-financial corporations                               | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 070  | Households   | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 080  | Debt Securities  | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 090  | Loan commitments given                                   | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |
| 100  | Total  | 0   | 0                       | 0                  | 0                 | 0  | 0                                    | 0   | 0   |

**Figure 9: EU CQ1 – Credit quality of non-settled risk positions (includes forbearance measures in accordance with Article 47b CRR)**

There were no deferred risk positions in the 2024 financial year.



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| Template EU CQ3: Credit quality of performing and non-performing exposures by past due days |  |                                      |                              |   |        |   |                               |                              |                             |                              |                              |                    |                    |
|---|--|--------------------------------------|------------------------------|---|--------|---|-------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|--------------------|--------------------|
|   |  | a                                    | b                            | c | d      | e   | f                             | g                            | h                           | i                            | j                            | k                  | l                  |
|   |  | Gross carrying amount/nominal amount |                              |   |        |   |                               |                              |                             |                              |                              |                    |                    |
|   |  | Performing exposures                 |                              |   |        | Non-performing exposures  |                               |                              |                             |                              |                              |                    |                    |
|   |  | Not past due or past due ≤ 30 days   | Past due > 30 days ≤ 90 days |   |        | Unlikely to pay that are not past due or are past due ≤ 90 days | Past due > 90 days ≤ 180 days | Past due > 180 days ≤ 1 year | Past due > 1 year ≤ 2 years | Past due > 2 years ≤ 5 years | Past due > 5 years ≤ 7 years | Past due > 7 years | Of which defaulted |
| 005   | Cash balances at central banks and other demand deposits | 1,021,561                            | 1,021,561                    | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 010   | Loans and advances                                       | 1,142,241                            | 1,142,241                    | 0 | 71,206 | 42,389  | 2,136                         | 26,634                       | 0                           | 0                            | 0                            | 47                 | 71,052             |
| 020   | Central banks  | 0                                    | 0                            | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 030   | General governments                                      | 0                                    | 0                            | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 040   | Credit institutions                                      | 211,243                              | 211,243                      | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 050   | Other financial corporations                             | 199,857                              | 199,857                      | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 060   | Non-financial corporations                               | 546,903                              | 546,903                      | 0 | 71,159 | 42,389  | 2,136                         | 26,634                       | 0                           | 0                            | 0                            | 0                  | 71,005             |
| 070   | Of which SMEs  | 8,616                                | 8,616                        | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 080   | Households   | 184,239                              | 184,239                      | 0 | 47     | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 47                 | 47                 |
| 090   | Debt securities  | 3,890,568                            | 3,890,568                    | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 100   | Central banks  | 0                                    | 0                            | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 110   | General governments                                      | 1,868,193                            | 1,868,193                    | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 120   | Credit institutions                                      | 1,962,122                            | 1,962,122                    | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 130   | Other financial corporations                             | 60,191                               | 60,191                       | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 140   | Non-financial corporations                               | 63                                   | 63                           | 0 | 0      | 0   | 0                             | 0                            | 0                           | 0                            | 0                            | 0                  | 0                  |
| 150   | Off-balance-sheet exposures                              | 1,097,438                            |                              |   | 680    |   |                               |                              |                             |                              |                              |                    | 680                |
| 160   | Central banks  | 0                                    |                              |   | 0      |   |                               |                              |                             |                              |                              |                    | 0                  |
| 170   | General governments                                      | 0                                    |                              |   | 0      |   |                               |                              |                             |                              |                              |                    | 0                  |
| 180   | Credit institutions                                      | 12                                   |                              |   | 0      |   |                               |                              |                             |                              |                              |                    | 0                  |
| 190   | Other financial corporations                             | 346,950                              |                              |   | 0      |   |                               |                              |                             |                              |                              |                    | 0                  |
| 200   | Non-financial corporations                               | 531,904                              |                              |   | 680    |   |                               |                              |                             |                              |                              |                    | 680                |
| 210   | Households   | 218,572                              |                              |   | 0      |   |                               |                              |                             |                              |                              |                    | 0                  |
| 220   | Total  | 7,151,808                            | 6,054,370                    | 0 | 71,886 | 42,389  | 2,136                         | 26,634                       | 0                           | 0                            | 0                            | 47                 | 71,732             |

Figure 10: EU CQ3 – Credit quality of performing and non-performing risk positions (€'000) by extent overdue in days



| Template EU CR1: Performing and non-performing exposures and related provisions. |  |                                      |                  |                  |                          |                  |                  |  |                  |                  |   |                  |                  |                               |  |                             |
|--|--|--------------------------------------|------------------|------------------|--------------------------|------------------|------------------|--|------------------|------------------|---|------------------|------------------|-------------------------------|--|-----------------------------|
|  |  | a                                    | b                | c                | d                        | e                | f                | g  | h                | i                | j   | k                | l                | m                             | n  | o                           |
|  |  | Gross carrying amount/nominal amount |                  |                  |                          |                  |                  | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |                  |   |                  |                  | Accumulated partial write-off | Collateral and financial guarantees received |                             |
|  |  | Performing exposures                 |                  |                  | Non-performing exposures |                  |                  | Performing exposures - accumulated impairment and provisions   |                  |                  | Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |                  |                               | On performing exposures                      | On non-performing exposures |
|  |  |                                      | Of which stage 1 | Of which stage 2 |                          | Of which stage 2 | Of which stage 3 |  | Of which stage 1 | Of which stage 2 |   | Of which stage 2 | Of which stage 3 |                               |  |                             |
| 005  | Cash balances at central banks and other demand deposits | 1,021,561                            | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 010  | Loans and advances                                       | 1,142,241                            | 0                | 0                | 71,206                   | 0                | 0                | -3,987   | 0                | 0                | -13,689   | 0                | 0                | 0                             | 445,018                                      | 0                           |
| 020  | Central banks  | 0                                    | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 030  | General governments                                      | 0                                    | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 040  | Credit institutions                                      | 211,243                              | 0                | 0                | 0                        | 0                | 0                | -99  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 050  | Other financial corporations                             | 199,857                              | 0                | 0                | 0                        | 0                | 0                | -1,129   | 0                | 0                | 0   | 0                | 0                | 0                             | 70,472                                       | 0                           |
| 060  | Non-financial corporations                               | 546,903                              | 0                | 0                | 71,159                   | 0                | 0                | -1,691   | 0                | 0                | -13,642   | 0                | 0                | 0                             | 221,212                                      | 0                           |
| 070  | Of which SMEs  | 8,616                                | 0                | 0                | 0                        | 0                | 0                | -50  | 0                | 0                | 0   | 0                | 0                | 0                             | 1,003  | 0                           |
| 080  | Households   | 184,239                              | 0                | 0                | 47                       | 0                | 0                | -1,067   | 0                | 0                | -47   | 0                | 0                | 0                             | 153,333                                      | 0                           |
| 090  | Debt securities  | 3,890,568                            | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 100  | Central banks  | 0                                    | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 110  | General governments                                      | 1,868,193                            | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 120  | Credit institutions                                      | 1,962,122                            | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 130  | Other financial corporations                             | 60,191                               | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 140  | Non-financial corporations                               | 63                                   | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                | 0                             | 0  | 0                           |
| 150  | Off-balance-sheet exposures                              | 1,097,438                            | 0                | 0                | 680                      | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 451,937                                      | 0                           |
| 160  | Central banks  | 0                                    | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 0  | 0                           |
| 170  | General governments                                      | 0                                    | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 0  | 0                           |
| 180  | Credit institutions                                      | 12                                   | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 0  | 0                           |
| 190  | Other financial corporations                             | 346,950                              | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 51,727                                       | 0                           |
| 200  | Non-financial corporations                               | 531,904                              | 0                | 0                | 680                      | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 205,192                                      | 0                           |
| 210  | Households   | 218,572                              | 0                | 0                | 0                        | 0                | 0                | 0  | 0                | 0                | 0   | 0                | 0                |                               | 195,018                                      | 0                           |
| 220  | Total  | 7,151,808                            | 0                | 0                | 71,886                   | 0                | 0                | -3,987   | 0                | 0                | -13,689   | 0                | 0                | 0                             | 896,955                                      |                             |

Figure 11: EU CR1 – Performing and non-performing risk positions and the associated provisions (€'000)



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| Template EU CQ7: Collateral obtained by taking possession and execution processes<br>(€'000) |  |  |                              |
|--|--|--|------------------------------|
|  |  | a  | b                            |
|  |  | Collateral obtained by taking possession |                              |
|  |  | Value at initial recognition             | Accumulated negative changes |
| 010  | Property, plant and equipment (PP&E)           | 0  | 0                            |
| 020  | Other than PP&E                                | 0  | 0                            |
| 030  | <i>Residential immovable property</i>          | 0  | 0                            |
| 040  | <i>Commercial Immovable property</i>           | 0  | 0                            |
| 050  | <i>Movable property (auto, shipping, etc.)</i> | 0  | 0                            |
| 060  | <i>Equity and debt instruments</i>             | 0  | 0                            |
| 070  | <i>Other collateral</i>                        | 0  | 0                            |
| 080  | <i>Total</i>                                   | 0  | 0                            |

Figure 12: EU CQ7 – Collateral obtained via seizure and enforcement proceedings (€'000)

## 7.5 Market price risks

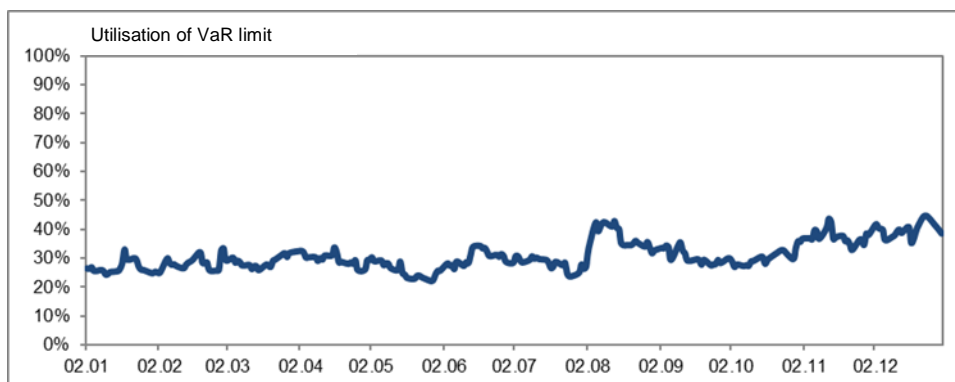
Disclosures pursuant to Article 445 CRR

Market price risks for positions in the trading and banking book of the Bank result from fluctuations of the prices and volatilities in the interest, equities and currency area.

Traditional proprietary trading continues to only have the purpose of supplementing our service-oriented business activities and takes place within very strictly defined limits. The market risks arising from proprietary trading positions are managed using an efficient risk measurement system. Value-at-risk figures are calculated using a Monte Carlo simulation on a daily basis for all positions containing market price risks. The model is based on a refined method that depicts the edges of the value change distribution using a “fat tail” approach. This means that certain unusual market movements can be taken into account more cautiously in the individual financial instruments. In the context of short-term management, these value-at-risk calculations are based on a confidence level of 99% and a holding period for financial instruments of ten trading days.

In accordance with regulatory standards, the economic risk-bearing capacity is also subject to extremely conservative parameterisation with a confidence level of 99.9% and a longer holding period corresponding to the risk horizon of one year (250 days). The risk factors considered for the ICAAP perspective are discount factors in the interest rate area, equity time series or equity indices in the equity area and exchange rates in the foreign currency area with a historical observation period of five years. Value-at-risk is calculated using equally weighted historical observations.

The following chart shows the percentage distribution of value-at-risk limit capacity over the past financial year (short-term management) for the items in the trading book.

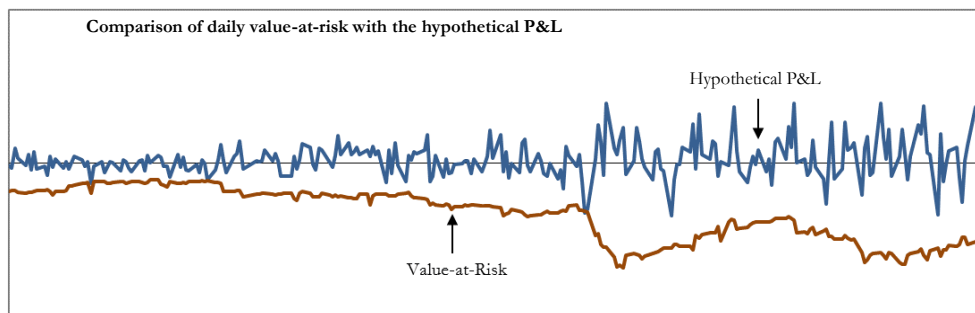


**Figure 13: Limit utilisation market price risk in 2024**

Figure 13 above illustrates the moderate risk potential from our trading activities. The Bank’s trading book that is defined for regulatory purposes is dominated by traditional equity positions (cash equities). Optional products play a strategically subordinated role and are mainly offers in client trading (particularly FX Trading) in the form of back-to-back transactions, which, as closed positions, do not hold any own market price risk for the Bank. Compared with the results achieved by the trading units, a beneficial risk/reward ratio is indicated. The largest portion of the allocated value-at-risk limits relates to the Sales unit. These activities, which are allocated to the trading book to meet regulatory requirements, are not proprietary trading, strictly speaking. Rather, this segment settles orders for institutional clients.

The quality of the value-at-risk measurement is checked and analysed over time using daily back-testing, during which the forecast on the subsequent trading day is compared against the actual changes in value of the positions and analysed over time.

Figure 14 below shows the daily backtesting results in the past financial year over time. Our risk model proved its worth in 2024 under volatile market conditions; the conservative parameterisation reviewed during the regular validations in the financial year is also reflected in the absence of outliers in the period under review.



**Figure 14: Daily back-testing market price risk in 2024**

In contrast to the limit utilisation, which is measured with a 10-day holding period, we apply the VaR with a one-day holding period for daily back-testing. The value-at-risk for the trading portfolio had the following structure in the year under review:

| Trading portfolio   | VaR at end of reporting period | VaR values during the year |                      |                              |
|---|--------------------------------|----------------------------|----------------------|------------------------------|
|   |                                | highest value              | lowest value         | Average for reporting period |
|   | €'000                          | €'000                      | €'000                | €'000                        |
| VaR   | <b>7,310</b> (2,903)           | <b>10,150</b> (3,553)      | <b>1,585</b> (1,461) | <b>4,950</b> (2,426)         |
| (with 1 day holding period, previous year's values in brackets) |                                |                            |                      |                              |

**Figure 15: Trading book VaR indicators**

Since the value-at-risk method only provides information about the risk content of positions under “normal” market conditions and does not take account of extreme market situations, the analyses are supplemented by daily worst-case calculations. This involves examining how current trading positions would behave in historically extreme situations. This stress test analyses the potential effects on the current trading positions.

Additional worst-case limits that must be observed on a daily basis exist for each trading segment alongside value-at-risk limits. In the methodology applied for risk-bearing capacity (economic perspective), the current limit utilisation is in accordance with the requirements for the presentation of market price risks compared to the risk covering assets at a very high confidence level of 99.9% and with a longer holding period of 250 days, which corresponds to the current regulatory standard. We have retained our market risk model, developed further in 2019, which performs calculations on the basis of a “fat tail” distribution. This methodology models unusual market movements (e.g., extreme price changes in the equity markets), which results in a lower number of potential back-testing outliers.

As realised losses have a limit-reducing effect, the allocated limits imply a stop-loss limit and therefore determine the maximum loss potential per financial year. Whereas the value-at-risk values are used to analyse the 99% and 99.9% confidence level, the worst-case limit utilisation is included in the stress test. The limits for the



individual trading segments are appropriate in relation to the available risk-covering assets and are approved by the Management Board. This approach ensures that no individual trader is in a position to enter into large risk positions through his/her activity for the Bank.

Positions in the trading book are taken predominantly in liquid and linear financial instruments, for which a market price can be determined on a daily basis. Models are used only in exceptional cases and for the purpose of measuring the value of derivatives. Derivatives may be used primarily to hedge linear trading book positions. There has been an internal ban on the proprietary trading of non-linear products (derivatives) in this area for a little while now, as proprietary trading of this nature does not align with the Bank's business model. Exceptions to this require individual approval by the Management Board. Mechanisms are in place to review the quality of the models used on a regular basis.

The strategic positions of the liquidity reserve are managed by our Asset Liability Committee (ALCO), which includes representatives of Treasury and Risk & Finance, in addition to members of the Board of Management. The market price risk arising from positions in the liquidity reserve is measured using the same methods as the positions in the trading book. This also includes potential spread change risks of the asset classes representing our portfolio.

For the most part, no increased interest rate risk was assumed for the proprietary investments in securities described in the section on counterparty default risk. The investments were largely made in either floaters or securities with a fixed coupon, with interest rate risks generally hedged by means of interest swaps for terms of more than two years.

Interest rate risks and credit spread risks in the banking book (IRRBB, CSRBB) are an integral part of our risk reporting. Both present value effects and periodic effects on net interest income (NII) are determined. The effect of the interest rate shocks for interest rate risk in the banking book defined for supervisory purposes is analysed regularly using internally developed procedures. This involves analysing the effect of a shift in the current interest rate, inter alia, on the present value of the banking book. A possible decline in the volume of deposits is simulated by regularly reviewed process scenarios. Equity components are not integrated into the analyses. The ratio of the resulting loss in present value to the capital base, which according to the regulatory requirements should not exceed 20%, amounted to 8.3% at the end of the financial year (8.5%) and results from a scenario of heavily falling interest rates. In contrast, rising interest rates would lead to a positive change in the present value. The amount of this ratio is a reflection of our unchanged investment policy, which is characterised by short maturities in the lending and borrowing business. The still high volume of non-interest-bearing deposits, subordinated loans issued and pension obligations remain the main drivers of the present value loss in the IRRBB calculation. The ratio to core capital defined by the supervisory authority as an additional early warning threshold, which results from specified early warning scenarios, reached -9.38% (-9.27%) and is therefore also within the internal and external early warning threshold of -15%. The NII effects calculated on the basis of the same scenarios result in €-9.8 million or -3.12% in relation to core capital for the -200BP scenario. This means that the regulatory threshold is also complied with (-5.0%).

Credit spread risks (CSRBB) are generally treated in the same way as IRRBB. This includes all positions that are sensitive to market-wide credit and liquidity spreads. However, positions without corresponding sensitivity may be disregarded. In light of our strategy and individual business structure, loans and liability positions are not included, as there is no intention to sell them on the market in the form of securitisation or portfolio transactions, nor can any other impact on the Bank's results be derived. Syndications planned as part of the management of our debt funds are to be excluded from this, as they are not subject to margin-implicit or credit spread-induced pricing (pari passu risk transfer at nominal value). The lending business accounts for a very

small proportion of assets (currently 16%), is characterised by the individual needs of our clients and has a very short duration (average remaining term of 3.1 years). The CSRBB therefore continues to focus in particular on the tradable assets (securities and promissory note loans) in the liquidity reserve. In line with our refinancing strategy, this portfolio serves to offset higher deposit outflows. In contrast to the regulatory scenarios for IRRBB, the calculations are based on an internally defined historical scenario (i.e. essentially an expansion of spreads for public sector debtors) in accordance with regulatory requirements. The resulting present value effects are in the order of €-34.8 million. From an NII perspective, however, this results in an increase in income of €1.5 million, as the spread widening would lead to higher income when our transactions are reinvested.

The utilisation of the regulatory threshold remains within a comfortable range; we invest in suitable interest-hedging instruments where necessary as part of our management process.

The Risk & Finance unit, which is organisationally separated from the trading divisions up to management board level, collates all market price risk positions in a risk report and ensures that the management is kept informed on a daily basis.

As at 31 December 2024, the regulatory capital requirement for market price risks was €30.7 million (15.8 million).

## 7.6 Operational risks

Disclosures pursuant to Article 446 CRR

Operational risk is generally defined as the danger of incurring losses as a result of the inappropriateness or failure of internal methods, people, and systems or external events. This definition also covers legal risks. Reputational risks are also covered in terms of quality as part of the management of operational risk. What are referred to as non-financial risks are also included to a large extent as part of our OpRisk management (including IT, compliance, outsourcing, model, event and legal risks). Non-financial risks are taken into consideration also implicitly through the composition of the risk-covering assets.

The management of related risks is a high priority for the Bank, given its strategic focus on the provision of services. Accordingly, we use advanced risk measurement procedures that allow for appropriate management (internal OpVaR model, scenario analyses). Operational risks are also limited by a wide-ranging set of instructions, process definitions, and authority rules. The various unit heads have direct responsibility for compliance with, and the ongoing updating of, these rules and regulations. A unit responsible for process definitions across the whole Bank provides support in this regard. The Bank's Internal Audit unit audits the conformity of business activities with these rules and regulations at regular intervals. A major component of operational risk relates to the functionalities and security of the IT systems we use. This segment is covered by special arrangements and precautions in the various technical units. These include constant technical refinement and market data together with a firewall concept to prevent viruses and attempted intrusions from outside and back-up systems used to ensure uninterrupted business operations in the event of system failures. Although the risk of cyber attacks is generally considered to be high, no security incidents causing damage have occurred to date. Regular exercises are conducted with the crisis management team (in some cases with external support) to prepare for this and other emergency scenarios. In consideration of the growing challenges to banks in the realm of cyber-criminality, we constantly refine the existing procedures to reflect the latest state-of-the-art, in accordance with regulatory requirements (BAIT, DORA), and ensure the security of our Bank. Among other activities, we conduct behaviour-based analyses in addition to signature-based analyses for checking email attachments (sandbox

solution). We also perform a SIEM (“Security Information and Event Management”) analysis, which automatically analyses log sources according to constantly refined rules in order to detect and investigate any anomalies quickly. A central contingency management and business continuity management (BCM) function has been established for all areas of the Bank.

The employees of the Bank are appraised by their supervisors at regular intervals. Cooperation between the Human Resources unit and the managers ensures that the employees have the appropriate high qualifications and motivation for their position at the Bank. Legal risk is limited by means of constant collaboration between the Legal business unit and the functional units together with the use of suitable forms and contracts, as well as the standardisation of input and settlement procedures in connection with IT operations. In addition, the Legal unit examines all concluded contracts in advance as part of a central contract management process. A key aspect of our risk management approach for operational risk involves sensitising all employees to this type of risk. The values of our business activity are defined within the overall bank strategy. With respect to the risk culture, these values are particularly orientated to the three central points of risk appetite, risk monitoring and employee incentivisation (as per the Capital Requirements Directive IV). Risk appetite, which is defined by the Bank’s Board of Management annually as part of the strategy planning process, also forms the basis for the assignment of risk limits to the trading units. The risk monitoring functions are designed in accordance with the MaRisk principles and ensure prompt reporting, free of external influences, by Risk & Finance, Compliance and Internal Audit, which operate independently of the markets. In general, we cultivate a culture where our employees can openly discuss mistakes made. Mistakes that occur are fundamentally seen as an opportunity to further optimise our processes and risk forecasts. Thus, operational risk is identified and managed in part on the basis of internal loss incidents, which are centrally recorded and processed in the loss incident database kept centrally by the Risk & Finance unit. This practice not only requires but also fosters a transparent way of dealing with any irregularities. It is particularly important to us that every employee takes responsibility for the Bank as a whole; in fact, individual career development is linked to these goals. Furthermore, we consistently avoid employee conflicts of interest by structuring our compensation principles accordingly and creating a discretionary variable compensation component, among other measures.

The database for systematically recording operational losses, which enables us to analyse losses incurred and draw up appropriate counter-measures, is very important in this context. The Board of Management is reported to on a regular basis using this database, regarding the extent and development of operational losses.

We applied our advanced methodology used to internally manage operational risk during the past financial year in the established way. The targeted scenario analyses were carried out on a regular basis and adjusted as required. In this context, a separate additional OpRisk scenario has been defined for event risks, among other things. The analysis process involves interviewing experts from all areas of the Bank about a comprehensive catalogue of possible scenarios in structured workshops. Outsourcing arises in areas where it appears to be sensible given the financial scope and is overseen by our central outsourcing management team. All outsourced activities are evaluated, rated and documented. We also analyse scenarios involving potential difficulties with cooperation partners or suppliers. Furthermore, in the scenario workshops, we record the consequences of ESG criteria on the loss amounts and frequencies of the parameters underlying the model (for example, the influence of extreme weather conditions on the availability of buildings or data centres, possible fines following climate-related legal action (“conduct risk”). The results enable an assessment of future operational risk potential and provide additional perspectives in this risk category. Investment risks are also taken into account in Pillar II, depending on the results of the risk inventory, either in accordance with the look-through principle or in the form of operational risks. The results of the loss incident database and the scenario analyses form the

basis for calculating a value-at-risk for operational risks. For this purpose, we employ an internally developed calculating engine, the results of which are incorporated into the analysis of the Bank's ability to bear risk. The results of our VaR and expert estimates are regularly validated by reference to external data. The analyses did not identify any operational risks in excess of the allocated risk-covering assets. The scenario analyses are also used to draw up risk-reduction measures for significant risks. In addition, potential reputational risks for the Bank are listed when the expert surveys are conducted. If required, measures are discussed with a view to ensuring a constantly high level of public confidence in our organisation. At the time of implementation, we also engaged an outside institution to review the quality of the methods used to manage operational risks and the related processes. With the model established, we believe that we are well positioned to meet the regulatory requirements of Pillar II and the Supervisory Review and Evaluation Process (SREP).

Banks are required to hold adequate equity to cover the operational risks they assume. To date, methods with a different degree of accuracy have been authorised for use when quantifying the equity backing for this risk category. Although an efficient model is used for internal management, we continue to use the less complex basic indicator approach to determine the required equity backing for operational risk. As expected, the use of models for the estimation of operational risk capital is to be discontinued with the introduction of CRR III. For operational risks, only a standardised measurement approach (SMA) will then be available for all institutions under Pillar I of the regulatory framework. We have already analysed the associated changes and concluded that, from today's perspective, the impact is likely to be positive (weighting factor of 12% instead of 15%).

Under the basic indicator approach we used in the reporting year, the average gross income from the three previous financial years is weighted by a factor of 15%. At the end of 2024, the capital requirement for operational risks amounted to €86.5 million (previous year: €87.7 million).

## 7.7 Liquidity risks

Disclosures pursuant to Article 451 (a) CRR

Berenberg can fund itself completely from client deposits. There were no outstanding liquidity positions at any time during the year under review.

Due to our business model (including limited lending volume), we only need a small portion of the liquidity from client deposits for refinancing; the vast majority is held in reserves. Unlike many other banks, we do not engage in long-term maturity transformation. Our average fixed interest rate is less than one year.

Liquidity risks play a relatively minor role in maturities of more than one year, due to the short-term structure of our business. There was a significant surplus of liquidity during the year due to continued very high client deposits. The high level of our deposits, which generate pleasing margins on the income side, continues to be attributable to extensive USD deposits from the shipping segment, a stable client base in wealth management and general growth in operating business. This surplus was invested in highly liquid, bonds with short or medium terms (issued primarily by German states and development banks) or deposited with the Bundesbank, in accordance with our strategy. Some of the securities are deposited with the Deutsche Bundesbank as collateral, which would guarantee a large refinancing facility with the European Central Bank in the event of an unexpected liquidity requirement. The free credit line with the Deutsche Bundesbank amounted to €1.1 billion at 31.12.2024 (1.2 billion). We expect our liquidity situation to remain extremely comfortable in the new financial year.

To manage short-term liquidity, the Treasury unit continually analyses all relevant cash flows over the course of time. Various intensive stress tests are carried out on a daily basis, all of which show high remaining liquidity on the reporting date. The ESG stress test, which was added this year, assumes deposit outflows and higher utilisation of open lines for client segments particularly affected by climate-related transition risks. The inverse liquidity stress test, also introduced this year, illustrates the developments that would have to occur in order to completely exhaust our free liquidity. The very strict assumptions in our liquidity scenarios also cover deposit outflows that have occurred in historical crisis scenarios at other banks. Our short-term scenario assumes an extraordinary outflow of just under 40% of total assets. In the stress scenario of our liquidity maturity profile, the calculation, i.e. without the implementation of control measures, results in a comfortable 'survival horizon' of 3.5 years.

The requirements for the regulatory Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) were also fulfilled with ease at all times. Due to the Bank's liquidity situation as described above, no risk-covering assets are allocated for liquidity risk in the ICAAP at present. Only in the unlikely event of negative stress test results would it be necessary to provide economic capital to cover the potential costs of an increase in the procurement of liquidity.

The Bank monitors compliance with the liquidity ratios prescribed by the CRR on a daily basis. At the end of the year, the LCR was 1.9 (1.9), substantially above the minimum level of 1.0. The same applies to the NSFR, which was at 3.0 (2.7).

The risk of insufficient market liquidity for individual trading products, as defined in MaRisk, is monitored implicitly via market price risk control.

## **7.8 Overall bank management**

Our business strategy, which has proved successful over many years, is regularly reviewed, together with the corresponding risk strategy during the annual planning process. This process also involves an analysis of which measures the various profit centres wish to adopt to achieve their strategic targets and how the planned activities affect the projected development of earnings and the utilisation of risk-covering assets in the ICAAP.

The risk-bearing capacity calculation, with its comparison of calculated risks and available economic capital, represents a central component for managing the risks assumed at the level of the overall Bank. A conceptual merger of capital planning, income statement planning, and risk-bearing capacity is being conducted on the basis of the current RTF guidelines. The parallel consideration of a normative and an economic perspective makes it possible to take the continued existence of the institution into consideration, in parallel with the protection of creditors. Despite the existing uncertainties in the economic environment, capacity utilisation was very comfortable in both perspectives over the course of the year. This reflects the Bank's robust financial situation and capitalisation as well as its conservative strategic risk profile.

The Recovery Plan, which is required of all banks by the regulator on the basis of the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz) is updated at regular intervals and updated as required. Due to the size of the institution, the plan is governed by the simplified requirements, in accordance with the German Minimum Requirements for Recovery Planning (MaSanV). The key indicators (recovery indicators) adopted in this context are monitored constantly and are part of the reporting to the Board of Management. The existing options for action and management processes for potential crisis situations are suitable for countering any financial deterioration at an early stage if required. As part of the assessment of Berenberg's

resolvability, BaFin (the German Federal Financial Supervisory Authority) has drawn up a resolution plan in accordance with simplified requirements, which provides for liquidation as part of regular insolvency proceedings.

The risks and rewards of the banking business are constantly compared to one another in our processes for overall bank management. As a scarce resource, economic capital is allocated to those segments for which the business opportunities exceed the risks taken.

The quantitative information and control systems used by the Bank as part of the risk management process supply important information for assessing risks. Combining this with the employees' huge wealth of expertise ensures a comprehensive analysis of the risk situation. Therefore, we are convinced overall that the risks taken are proportional to the attainable returns and no risks have been taken that exceed the Bank's risk-bearing capacity.



## 8. Disclosure of the remuneration policy

According to Section 16 (2) of the Regulations Governing Supervisory Requirements for Institutions' Remuneration Systems (*InstitutsVergV*) in conjunction with Article 450 of Regulation (EU) No. 575/2013, our company is subject to a limited disclosure obligation. In the following, we therefore present our general remuneration principles, disclose the structure of our remuneration systems broken down by country and type, and provide quantitative information.

### General remuneration principles

The Management Board (the Managing Partners) must, in compliance with *InstitutsVergV* Section 3, define the Principles of the Remuneration System of the Berenberg Group and notify the Executive Board about the specific form of the remuneration systems, even though the Executive Board is not a supervisory or administrative body as defined in the German Banking Act (KWG) or the German Stock Corporation Act (AktG).

In accordance with Section 11 *InstitutsVergV*, Berenberg has published principles for its remuneration system in its internal written procedures (*Signavio*). In accordance with Section 12 (1) *InstitutsVergV*, the Human Resources business unit reviews the remuneration systems and their underlying parameters once a year or on an ad-hoc basis, on behalf of the Board of Directors, to verify they are compatible with both the business and risk strategies.

To ensure the appropriate involvement of the control units and the Human Resources business unit in compliance with Section 3 (3) *InstitutsVergV* with regard to creating and monitoring the remuneration system, Group Compliance and Risk Controlling participate in the annual review of the Principles of the Remuneration System. In addition, the Human Resources and Risk Controlling departments work together to determine the total annual bonus pool in order to ensure compliance with all regulatory requirements. Internal Audit and Group Compliance check the design of the remuneration system principles and the compliance of this with regulatory requirements on a regular basis.

In line with Section 4 IVV, the remuneration systems and remuneration strategies must be aligned with the goals set out in the business and risk strategies of the institution in question. The Berenberg Group also places the highest priority on sustainability and the avoidance of disproportionate risks in the remuneration system. This is also supported by its legal form of a limited partnership and the continuous management line-up (in particular, at the first level of management), which encourages long-term thinking and prevents short-term profit maximisation tendencies. Berenberg's strategy papers make clear that the Bank pursues a defensive risk policy and largely aligns its business activities with service provision.

Remuneration received by an employee in conjunction with the early termination of an employment relationship (Section 2 (5) IVV), generally severance payments, is granted in exceptional situations in line with set factors.

Berenberg has not set up a remuneration committee under Section 25d (7) KWG in conjunction with Section 25d (12) KWG and Section 15 *InstitutsVergV*.

## Design of remuneration systems by country and type

### Germany

Concerning fixed salaries, Berenberg's remuneration system in Germany makes a distinction between those employees who are subject to the framework collective agreement by way of reference in the employment contract (non-exempt staff) and those employees whose remuneration is in excess of the collective agreement (exempt staff and executives).

#### Non-exempt staff

The collective agreements for the private banking industry apply to the non-exempt staff by reference to their employment contracts. The size of the gross monthly salary is based on their salary group and length of service. This amount is disbursed to the non-exempt staff on the 15th of each month.

In addition, non-exempt staff receive a collectively agreed 13th month's salary, which is disbursed in November of each year. In the event that the employment does not exist for the full period during a calendar year, this payment is pro-rated.

Non-exempt staff also receive a voluntary bonus on top of the fixed salary (BeGo Tarif+). This amounts to three quarters of a monthly salary payment. The disbursement occurs in November, provided that the employment has not been terminated by 31 October. If the employment period does not exist for the full year, this payment is pro-rated.

#### Exempt staff and executives

Exempt staff and executives receive a fixed salary disbursed in 12 monthly instalments on the 15th of each month.

### Switzerland

The employees in the Zurich representative office and Geneva representative office are not subject to a collective pay agreement. They receive a fixed salary in Swiss francs, which is disbursed in 12 monthly instalments on the 20th of each month.

### France

The employees at the Paris branch are subject to a collective agreement that defines minimum wages. Due to the nature of our employees' work at this location, all salaries are above the minimum wage. Employees receive a fixed salary, which is paid on the 25th of each month in 12 monthly instalments.

### UK

The employees in the London branch are not subject to a collective pay agreement. They receive a fixed salary in pounds sterling, which is disbursed in 12 monthly instalments on the 25th of each month.



## Sweden

The employees at the Stockholm branch are not covered by a collective agreement. They receive a fixed salary in SEK, which is paid on the 25th of each month in 12 equal monthly instalments.

For identified employees in Europe classified as ‘risk takers,’ a risk taker remuneration guideline has been introduced to comply with legal requirements.

## Subsidiaries

### Berenberg Capital Markets LLC (BCM)

BCM employees receive a fixed salary in US dollars, which is paid in 24 half-monthly instalments on the 15th and 30th of each month.

As a general rule, individual adjustments to fixed salaries may be made in all countries in the event of changes in duties or promotions as part of the annual group-wide planning process, with effect from 1 January.

### Bonus at the Berenberg Group

In addition to the fixed salary, Berenberg may pay employees a discretionary bonus. Bonus payments are voluntary and there is no legal entitlement to them, even if they have been paid on several occasions. Whether and to what extent a bonus payment is made is determined and set annually by the partners, taking into account the business results.

### Fixed and variable remuneration

In accordance with Section 6 (1) *InstitutsVergV*, variable and fixed remuneration must relate to one another at an appropriate ratio. The ratio is appropriate if, on the one hand, the employee is not significantly dependent on the variable remuneration and if, on the other hand, the variable remuneration represents an effective incentive.

The most relevant variable remuneration at Berenberg is the bonus payment. With an eye to a sustainable corporate/Group strategy, in determining the amount of the bonus payment, due consideration is given to both the opportunities and the risks of the business activity of the individual business units and subsidiaries, as well as the protection of clients’ interests.

The quantitative and qualitative individual performance of the employee (in accordance with Section 5 (1) 3 *InstitutsVergV*, particularly when consumers’ interests are directly affected), and the success of the business unit and the overall bank are considered in determining the amount of the bonus. Qualitative factors include, but are not limited to client satisfaction, consideration of sustainability factors (ESG) and client interest, compliance with regulations (e.g. avoidance of conflicts of interest), the assumption of additional tasks or responsibilities (including in projects, for instance), innovation initiatives and/or quality improvements, and the development

of sustainable client relationships. The measurement of compliance with the qualitative criteria is generally the responsibility of the respective supervisor or the person responsible for determining the amount of the bonus payment. In this context, the findings of the Compliance and Human Resources departments regarding possible violations of regulatory requirements or internal guidelines obtained in the course of regular monitoring activities shall be taken into account.

However, these factors are only guidelines because there is no single formula according to which the bonus is measured. Nevertheless, several criteria are always taken into account when determining the bonus amount. The exact amount is determined at our discretion based on the bonus savings (see sections 5.7 and 7) and in accordance with fair principles. It should be emphasised that the individual assessment of variable remuneration is based on a dual control principle: The direct line manager, division manager, Human Resources department and finally the partners participate in the assessment process, which means that performance and success are subject to appropriate control; this also ensures that there are no complacency assessments in the performance evaluation process of the discretionary bonus determination process, as various ‘corrective measures’ are included in the process; this also ensures that objective standards are applied in the decision-making process with regard to employee performance. In addition, the management may decide not to pay any variable remuneration in a financial year. Any negative contributions to performance by individual employees are also taken into account when determining the bonus amount.

This approach also ensures that the requirements of BT 8.3 MaComp are met without the remuneration system being unnecessarily complicated.

In accordance with Section 6 (2) *InstitutsVergV* in conjunction with Section 25a (5) KWG, the variable remuneration must not exceed 100 percent of the fixed remuneration for each individual employee. However, the partners may resolve to approve a higher variable remuneration that must not exceed 200 percent of fixed remuneration for each individual employee, in accordance with Section 6 (4) *InstitutsVergV* in conjunction with Section 25a (5)(5) *et seqq.* KWG. The partners adopt such a resolution every year anew.

If a bonus is guaranteed in connection with the establishment of a new employment, such a guarantee may not be made for longer than the first 12 months of employment, in accordance with Section 5 (5) *InstitutsVergV*.

According to Section 9 (2) *InstitutsVergV*, the remuneration of employees in the control units must be predominantly fixed in accordance with the nature of their responsibilities. Specifically, the variable remuneration may not account for more than one third of their total remuneration. Therefore, the fixed remuneration always represents the greater part of total remuneration. This is meant to ensure that the requirements of Sections 5 (1) 2 and 5 (4) *InstitutsVergV*, Section 9 *InstitutsVergV* and the compliance function according to BT 1.3.3.4 (6) MaComp are met. In addition, conflicts of interest are averted through the independence of the control units and the direct reporting line to the partners. The Credit Risk Management, Group Compliance, Risk Controlling, and Internal Audit units are deemed to be control units within the meaning of Section 2 (11) *InstitutsVergV*.

The final decision on remuneration in every case, i.e., fixed salary increases and whether and in what amounts bonus payments are made, is decided by the partners on an annual basis.

Supplementary rules apply to “risk-takers” (i.e. employees whose professional activities have a substantial impact on a bank’s risk profile, see KWG Section 1 (21), also known as “identified employees”), for instance, with respect to the determination and payment of bonuses.

We were supported by a law firm specialised in regulatory remuneration issues in designing and wording the “Principles of the Remuneration System of the Berenberg Group” for implementation of the “Regulations Governing Supervisory Requirements for Institutions’ Remuneration Systems (*Institutsvergütungsverordnung – InstitutsVergV*)” of 4 August 2017.

### Quantitative information 2024

|  | Berenberg |
|--|-----------|
| Fixed remuneration (in €'000)                                    | 191.067   |
| Variable remuneration (in €'000)                                 | 44.609    |
| Total remuneration (in €'000)                                    | 235.676   |
| Number of beneficiaries of variable remuneration<br>(31/12/2024) | 1.167     |

| Template EU REM1 - Remuneration awarded for the financial year |                             |   |                         |                        |                         |                        |
|--|-----------------------------|---|-------------------------|------------------------|-------------------------|------------------------|
|  |                             |   | a                       | b                      | c                       | d                      |
|  |                             |   | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
| 1  | Fixed remuneration          | Number of identified staff  |                         |                        |                         | 11                     |
| 2  |                             | Total fixed remuneration  |                         |                        |                         | 6,909                  |
| 3  |                             | Of which: cash-based  |                         |                        |                         | 6,909                  |
| 4  |                             | (Not applicable in the EU)  |                         |                        |                         |                        |
| EU-4a  |                             | Of which: shares or equivalent ownership interests                    |                         |                        |                         |                        |
| 5  |                             | Of which: share-linked instruments or equivalent non-cash instruments |                         |                        |                         |                        |
| EU-5x  |                             | Of which: other instruments   |                         |                        |                         |                        |
| 6  |                             | (Not applicable in the EU)  |                         |                        |                         |                        |
| 7  |                             | Of which: other forms   |                         |                        |                         |                        |
| 8  | (Not applicable in the EU)  |   |                         |                        |                         |                        |
| 9  | Variable remuneration       | Number of identified staff  |                         |                        |                         | 9                      |
| 10   |                             | Total variable remuneration   |                         |                        |                         | 900                    |
| 11   |                             | Of which: cash-based  |                         |                        |                         | 900                    |
| 12   |                             | Of which: deferred  |                         |                        |                         | 304                    |
| EU-13a   |                             | Of which: shares or equivalent ownership interests                    |                         |                        |                         |                        |
| EU-14a   |                             | Of which: deferred  |                         |                        |                         |                        |
| EU-13b   |                             | Of which: share-linked instruments or equivalent non-cash instruments |                         |                        |                         |                        |
| EU-14b   |                             | Of which: deferred  |                         |                        |                         |                        |
| EU-14x   |                             | Of which: other instruments   |                         |                        |                         |                        |
| EU-14y   |                             | Of which: deferred  |                         |                        |                         |                        |
| 15   |                             | Of which: other forms   |                         |                        |                         |                        |
| 16   |                             | Of which: deferred  |                         |                        |                         |                        |
| 17   | Total remuneration (2 + 10) |   |                         |                        |                         | 7,809                  |

Figure 16: EU REM1 – Remuneration awarded for the financial year (€'000)

| Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) |   |                         |                        |                         |                        |
|--|---|-------------------------|------------------------|-------------------------|------------------------|
|  |   | a                       | b                      | c                       | d                      |
|  |   | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|  | Guaranteed variable remuneration awards   |                         |                        |                         |                        |
| 1  | Guaranteed variable remuneration awards - Number of identified staff  |                         |                        |                         |                        |
| 2  | Guaranteed variable remuneration awards -Total amount   |                         |                        |                         |                        |
| 3  | Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap |                         |                        |                         |                        |
|  | Severance payments awarded in previous periods, that have been paid out during the financial year                                 |                         |                        |                         |                        |
| 4  | Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff    |                         |                        |                         |                        |
| 5  | Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount                  |                         |                        |                         |                        |
|  | Severance payments awarded during the financial year  |                         |                        |                         |                        |
| 6  | Severance payments awarded during the financial year - Number of identified staff   |                         |                        |                         |                        |
| 7  | Severance payments awarded during the financial year - Total amount   |                         |                        |                         |                        |
| 8  | Of which paid during the financial year   |                         |                        |                         |                        |
| 9  | Of which deferred   |                         |                        |                         |                        |
| 10   | Of which severance payments paid during the financial year, that are not taken into account in the bonus cap                      |                         |                        |                         |                        |
| 11   | Of which highest payment that has been awarded to a single person   |                         |                        |                         |                        |

**Figure 17: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (€'000)**



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| Template EU REM3 - Deferred remuneration |   |  |  |  |   |   |   |   |   |
|--|---|--|--|--|---|---|---|---|---|
|  | Deferred and retained remuneration                          | a  | b  | c  | d   | e   | f   | EU - g  | EU - h  |
|  |   | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
| 1  | MB Supervisory function                                     |  |  |  |   |   |   |   |   |
| 2  | Cash-based  |  |  |  |   |   |   |   |   |
| 3  | Shares or equivalent ownership interests                    |  |  |  |   |   |   |   |   |
| 4  | Share-linked instruments or equivalent non-cash instruments |  |  |  |   |   |   |   |   |
| 5  | Other instruments   |  |  |  |   |   |   |   |   |
| 6  | Other forms   |  |  |  |   |   |   |   |   |
| 7  | MB Management function                                      |  |  |  |   |   |   |   |   |
| 8  | Cash-based  |  |  |  |   |   |   |   |   |
| 9  | Shares or equivalent ownership interests                    |  |  |  |   |   |   |   |   |
| 10                                       | Share-linked instruments or equivalent non-cash instruments |  |  |  |   |   |   |   |   |
| 11                                       | Other instruments   |  |  |  |   |   |   |   |   |
| 12                                       | Other forms   |  |  |  |   |   |   |   |   |
| 13                                       | Other senior management                                     |  |  |  |   |   |   |   |   |
| 14                                       | Cash-based  |  |  |  |   |   |   |   |   |
| 15                                       | Shares or equivalent ownership interests                    |  |  |  |   |   |   |   |   |
| 16                                       | Share-linked instruments or equivalent non-cash instruments |  |  |  |   |   |   |   |   |
| 17                                       | Other instruments   |  |  |  |   |   |   |   |   |
| 18                                       | Other forms   |  |  |  |   |   |   |   |   |
| 19                                       | Other identified staff                                      |  |  |  |   |   |   |   |   |
| 20                                       | Cash-based  | 280  | 30   | 250  |   |   |   |   | 15  |
| 21                                       | Shares or equivalent ownership interests                    |  |  |  |   |   |   |   |   |
| 22                                       | Share-linked instruments or equivalent non-cash instruments |  |  |  |   |   |   |   |   |
| 23                                       | Other instruments   |  |  |  |   |   |   |   |   |
| 24                                       | Other forms   |  |  |  |   |   |   |   |   |
| 25                                       | Total amount  | 280  | 30   | 250  |   |   |   |   | 15  |

**Figure 18: EU REM3 – Deferred remuneration (€'000)**



| Template EU REM4 - Remuneration of 1 million EUR or more per year |  |  |
|---|--|--|
|   |  | a  |
|   | EUR  | Identified staff that are high earners<br>as set out in Article 450(i) CRR |
| 1   | 1 000 000 to below 1 500 000   |  |
| 2   | 1 500 000 to below 2 000 000   |  |
| 3   | 2 000 000 to below 2 500 000   |  |
| 4   | 2 500 000 to below 3 000 000   |  |
| 5   | 3 000 000 to below 3 500 000   | 1  |
| 6   | 3 500 000 to below 4 000 000   |  |
| 7   | 4 000 000 to below 4 500 000   |  |
| 8   | 4 500 000 to below 5 000 000   |  |
| 9   | 5 000 000 to below 6 000 000   |  |
| 10  | 6 000 000 to below 7 000 000   |  |
| 11  | 7 000 000 to below 8 000 000   |  |
| x   | To be extended as appropriate, if further payment<br>bands are needed. |  |

**Figure 19: EU REM4 – Remuneration of 1 million EUR or more per year**

## 9. Declaration by the management pursuant to Article 431 (3) CRR and Article 435 (1) (e,f) CRR

We hereby confirm that Joh. Berenberg, Gossler & Co. KG, as the parent institution of the regulatory group of institutions, has made the disclosures required by the CRR in accordance with the formal procedures and internal processes, systems and controls.

We are of the opinion that the risk management methods and processes used by Joh. Berenberg, Gossler & Co. KG are suitable for providing a comprehensive picture of the Bank's risk profile at all times. In particular, the models used make it possible to permanently ensure the Bank's risk-bearing capacity.

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Christian Kühn

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David Mortlock

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Hendrik Riehmer





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**BERENBERG**

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