

Independent since 1674

METZLER

Fiscal year 2022

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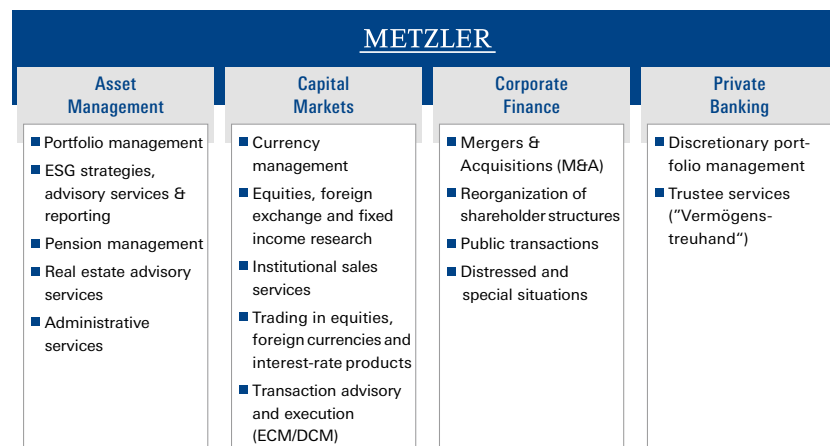
Metzler at a glance

Modern corporate structure

The heart of Metzler is B. Metzler seel. Sohn & Co. Aktiengesellschaft, Germany's oldest private bank with an unbroken tradition of family ownership since its establishment in 1674. Metzler focuses on providing individual services to corporate and institutional clients as well as discerning private individuals in four main business areas

- Asset Management
- Capital Markets
- Corporate Finance
- Private Banking.

These business activities are performed by the bank and its affiliates, which operate as independent legal entities under the auspices of B. Metzler seel. Sohn & Co. Aktiengesellschaft. Metzler is active in Germany and abroad with headquarters in Frankfurt/Main and offices or subsidiaries in Hamburg, Düsseldorf, Munich, Stuttgart, Atlanta, Los Angeles, Seattle, Tokyo and Beijing.



Preserving our independence is pivotal to success

In order to apply this principle to the benefit of our clients, Metzler's approximately 800 employees concentrate on fields where they can provide services which rank among the international leaders. Traditional lending and deposit business only plays a subordinate role at Metzler.

Editorial

Unfortunately, 2022 has to be categorized as an “annus horribilis”. The war that broke out in Ukraine, and thus on European soil, was a major event that is still causing enormous human suffering. It has had far-reaching economic consequences and affected energy supplies all over Europe, causing energy prices to go through the roof. In addition, record-high inflation rates and concerns about recession preoccupied the capital markets in 2022.

Despite these extremely adverse circumstances, we were able to record pleasing overall business performance in 2022. Our four business areas, Asset Management, Capital Markets, Corporate Finance and Private Banking, developed generally positively and in some cases, we even exceeded our own expectations. Net interest income, for example, was significantly better than forecast at the beginning of the year, and net fee and commission income was slightly above the previous year’s level.

At the beginning of 2023, we made some important changes to ensure successful further development for Metzler Bank. The Executive Board was expanded to include Stefanie Buchmann, formerly Chief Representative, and Franz von Metzler. This means the Metzler family is once again represented in the bank’s management. We are extremely glad to be able to announce this, as it underlines the great trust and close ties between the Metzler family and the bank. This summer we plan to take the next step: from 1 July of this year, Gerhard Wiesheu will become Spokesman of the Executive Board. He will replace Emmerich Müller, who, at 67, will pass the baton on. As *primus inter pares* (first amongst equals), Emmerich Müller accompanied Metzler Bank for several years and will remain closely connected.

Development of Metzler’s business areas

Total assets in the [Asset Management](#) division amounted to EUR 69 billion at year-end 2022, compared with EUR 80 billion the previous year. As expected, this development reflects the strong market turbulence to which the entire fund industry was exposed. Metzler Pension Management performed

particularly well in this environment. As a solutions provider for corporate pension models, we successfully established the first social partner model approved in Germany in 2022. As of the balance sheet date, Metzler Pension Management advised almost 300 companies with more than 100,000 pension relationships. This resulted in total investments for the account and risk of employees and employers of over EUR 11 billion.

In our **Capital Markets** division, business in traditional equity brokerage went very well. Once again, we significantly increased our commission income. We expanded our research client base and provided extensive analyses to support issuance in both equity research and, for the first time, fixed income research. Despite a very challenging capital market environment, the Corporate Solutions department supported a share buyback and two capital increases. In cooperation with Crédit Agricole CIB, we supported the IPO of Porsche AG. In addition, the Corporate Solutions department successfully executed the first bond issue for Katjes Greenfood. In bond trading, we consolidated our business results at almost the previous year's level and significantly expanded our new client base. In Currency Management, we entered new foreign markets. Forex trading made a significant contribution to the overall result. Here we served internationally active corporate clients and developed flexible collateral solutions for institutional investors.

Fiscal year 2022 was very successful for our **Corporate Finance** division. We were able to escape the rather restrained trend on the M&A market and to complete several transactions as exclusive M&A advisor in various sectors. We assisted mainly family-owned companies, financial investors and international enterprises on both the buy and sell sides. Our M&A business was – and continues to be – extremely active, as many companies were reconsidering their business portfolios or seeking succession solutions for their businesses due to changes in the business environment. This caused significant demand for high-quality, personalized advice. Our clients particularly appreciated our many years of M&A experience, high level of discretion and commitment, and direct access to interesting investors.

In our **Private Banking** division, the funds entrusted to us performed positively last year. Our clients benefited once again from our active asset management approach. On the equities side, we were less invested compared to the global market, and the sector focus was more defensive than the year before. In bonds, a short duration helped to limit losses drastically. In 2022, adverse effects from the coronavirus gradually subsided in the business world, and we were able to resume in-person discussions with our clients. In terms of topics, our discussions focused primarily on the war in Ukraine, the energy crisis, inflation, and the interest rate turnaround.

Outlook

The challenges have rarely been so complex in recent decades. They range from geopolitical risks like the Ukraine war, which unfortunately continues unabated, and tensions in Asia to the trend toward diversification of supply chains and demographic developments.

We therefore expect the outlook for the **overall economy** to deteriorate further compared to the previous year. The International Monetary Fund (IMF) forecasts below-average global economic growth of 2.7 percent. In the USA, numerous leading indicators, such as the inverted yield curve, low consumer confidence and headwinds on the real estate market, point to an imminent – possibly moderate – recession. For Europe, the economic outlook goes hand in hand with the energy crisis, and recession risks remain high despite government subsidies. Although the supply chain problems are gradually being resolved and supply bottlenecks may be eliminated, there are now increasing signs of a slowdown in global demand. In China, on the other hand, the economy is expected to recover in the course of the year thanks to government support measures, even for the real estate market, and subsiding Covid-19 case numbers.

The decisive factor for the **bond markets** will be the development of interest rates and thus the further course of inflation and the reaction of the central banks. Should the inflation rate gradually start to decline, the US Federal Reserve (Fed) could raise the key interest rate to 5 percent by the middle of the year and leave it there for the second half of the year. The European Central Bank (ECB) is likely to raise rates to 3.5 percent. However, interest rates are also a key parameter for the **equity markets**. Reaching the previous highs in the various valuation measures is unlikely unless yields fall significantly. Upside potential for equities this year therefore depends primarily on the earnings performance of companies, which could come under pressure from two sides: weakening overall economic demand on the one hand and increasing cost pressure for most businesses on the other. On the **forex market**, the temporary low in the EUR/USD exchange rate is probably behind us. The strength of the US dollar last year was due mainly to the Fed's more aggressive stance compared to the ECB.

Recent events in the banking sector, both in the USA and Europe, have once again caused increased volatility and uncertainty on the capital markets. These risks illustrate that a healthy business model coupled with adequate capitalization, sufficient liquidity and effective risk management are crucial for a stable banking sector – and thus for market confidence. We therefore believe we are well equipped for the future due to our persistently high capital base and traditionally stable liquidity cushion coupled with our conservative business culture and high level of robustness.

Boards

B. Metzler seel. Sohn & Co. Aktiengesellschaft

Executive Board

Stefanie Buchmann (from 1 January 2023)

Kim Comperl

Mario Mattera

Franz von Metzler (from 1 January 2023)

Emmerich Müller

Dr. Marco Schulmerich

Gerhard Wiesheu

Supervisory Board

Dr. Christoph Schücking, Chairman

Hans Hermann Reschke, Deputy Chairman (until 26 April 2022),

Honorary Chairman (from 26 April 2022)

Wolfgang Kirsch, Deputy Chairman (from 26 April 2022)

Joseph Bernhart (from 26 April 2022)

Hans H. Freudenberg (from 26 April 2022)

Sven Knauer (from 26 April 2022)

Sascha Koppenhagen (from 26 April 2022)

Elena von Metzler (from 26 April 2022)

Dr. Leonhard von Metzler (from 26 April 2022)

Michael Neumann (until 26 April 2022)

Dr. Katrin Stark (from 26 April 2022)

Consolidated companies

The consolidated accounts of B. Metzler seel. Sohn & Co. Aktiengesellschaft include the following companies:

B. Metzler GmbH
Metzler am Main GmbH
Metzler Asset Management GmbH
Metzler FundServices GmbH
Metzler Immobilien GmbH
Metzler Pension Management GmbH
Metzler Pensionsfonds AG
Metzler Sozialpartner Pensionsfonds AG
UMA 1 Immobilien GmbH
Metzler Asset Management (Japan) Ltd.
Metzler North America Corporation
Metzler Realty Advisors Inc.
MP & R Ventures Inc.
Metzler/Payden, LLC

Consolidated balance sheet as of 31 December 2022 (short version)

Assets	2022 EUR	2022 EUR	2021 EUR '000
Cash reserve		25,423,570.05	685,492
Due from banks			
on demand	2,063,350,934.62		106,817
thereof at Deutsche Bundesbank 1,958,000,000.00			
other receivables	0.00		540,789
		2,063,350,934.62	647,606
Due from customers		249,263,613.03	108,756
Bonds and other fixed-interest securities			
issued by the public sector	82,432,085.92		165,921
issued by others	377,671,860.87		586,422
		460,103,946.79	752,343
Equity shares and other variable-yield securities		135,005,266.12	137,517
Trading assets		0.00	43,862
Equity investments and shares in associated companies		9,640,692.16	11,182
Fiduciary assets		5,256,702,205.46	6,293,940
Intangible assets and tangible fixed assets		96,059,743.35	97,019
Other assets		31,904,916.49	33,156
Total assets		8,327,454,888.07	8,810,873

Liabilities	2022 EUR	2022 EUR	2021 EUR '000
Due to banks			
on demand		82,308,127.60	17,072
Due to customers			
on demand		2,622,161,230.83	2,146,519
Fiduciary liabilities		5,256,702,205.46	6,293,940
Other liabilities		31,152,493.93	27,545
Provisions		56,807,099.39	57,616
Fund for general banking risks		80,000,000.00	70,000
Capital and reserves			
Subscribed capital	18,100,000.00		18,100
Reserves	178,228,147.81		177,925
Currency translation	-314,416.95		-154
Consolidated unappropriated profit	2,310,000.00		2,310
		198,323,730.86	198,181
Total liabilities		8,327,454,888.07	8,810,873
Contingent liabilities			
from guarantees and indemnity agreements		2,849,239.69	2,848
Other commitments			
Irrevocable lines of credit granted		13,894,397.01	12,876

Consolidated profit and loss account for the period 1 January to 31 December 2022 (short version)

	2022 EUR	2022 EUR	2021 EUR '000
Interest income	14,873,541.23		-2,316
Interest expenses	-4,074,183.90		9,951
		10,799,357.33	7,635
Current income from equity shares, other variable-yield securities and financial assets		3,361,123.22	919
Commission income	257,823,277.83		258,164
Commission expenses	-63,522,972.76		-65,115
		194,300,305.07	193,049
Net trading result		133,323.82	487
General administrative expenses			
Personnel expenses	-127,043,421.31		-122,797
Other administrative expenses	-64,872,616.65		-58,762
		-191,916,037.96	-181,559
Depreciation on intangible assets and tangible fixed assets		-5,871,997.25	-6,980
Other operating income/expense		-6,275,031.31	-3,162
Provision for contingent loan losses and result from the valuation of certain securities		-632,635.30	-14,626
Result from financial assets		435,362.23	9,218
Operating income		4,333,769.85	4,981
Taxes		-2,023,769.85	-2,671
Profit for the year		2,310,000.00	2,310
Consolidated unappropriated profit		2,310,000.00	2,310



Reference to the unqualified auditor's opinion

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, has issued an unqualified audit opinion for the complete consolidated financial statements and the group management report for the fiscal year from 1 January 2022 to 31 December 2022 prepared by B. Metzler seel. Sohn & Co. Aktiengesellschaft, Frankfurt/Main, Germany.

Imprint

Published by

B. Metzler seel. Sohn & Co. Aktiengesellschaft
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Editing

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Layout

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Pre-press

Ilonka Ritter

Printed by

Druckerei Merkur, Frankfurt/Main, Germany

Unless otherwise stated, all information in this year's financial statements relates to the 31 December 2022 reporting date.

We would be happy to provide further information on the annual financial statements for 2022. Please address your request to: crm@metzler.com

Metzler

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