BERGOS
BERENBERG

2019

Report
on the 31st Financial Year

Key performance indicators

	2017	2018	2019
TCHF			
Operating profit	9,009	7,166	4,197
Operating income	7,782	6,151	4,619
Net fee and commission income	28,942	30,465	27,453
Income from trading activities	6,033	4,684	4,213
Net interest income	5,701	5,298	4,965
Operating expenses	30,408	31,983	31,454
in CHF million			
Total assets	605	707	567
Assets under management (incl. custody accounts)	6,774	5,851	6,834
Net new funds (incl. custody accounts)	−64	−481	463
• as a percentage of assets under management	−1.0	−8.2	+16.8
Eligible equity	32	32	32
Required equity	12	14	11
Number of employees (full-time equivalent)	98.8	103.6	102.2

Bergos Berenberg AG is an internationally active, independent Swiss private bank with headquarters in Zurich and offices in Geneva. With a history that can be traced back to Joh. Berenberg, Gossler & Co. KG, founded in 1590, it has been active in the Swiss financial centre for more than 30 years. The international team is dedicated to all aspects of asset management and advisory with a focus on private clients, family businesses, shipping clients and next generation clients. With a business model oriented towards pure private banking, it offers advice for all liquid asset classes and alternative investments.

Report on the 31st Financial Year

CONTENTS

GOVERNING BODIES

Board of Directors

Christof Kutscher, Chairman[1]
Chairman of the Supervisory Board of AXA Investment Managers (Germany), Frankfurt a.M.

Adrian T. Keller, Deputy Chairman
Deputy Chairman of the Board of Directors of Diethelm Keller Holding AG, Zurich
Partner of Bergos Berenberg AG, Zurich

Claus G. Budelmann[1]
Former personally liable Managing Partner of Joh. Berenberg, Gossler & Co. KG, Hamburg
Partner of Bergos Berenberg AG, Zurich

Patricia Guerra[1]
Partner at Meyerlustenberger Lachenal AG, Baar
Member of the Board of Directors of Meyerlustenberger Lachenal AG, Baar

Dr. Andreas Jacobs
Entrepreneur, Hamburg
Partner of Bergos Berenberg AG, Zurich

Christian Kühn
Head of Central Business Unit Bank Management, Member of the Extended Management Board of Joh. Berenberg, Gossler & Co. KG, Hamburg

Sylvie Mutschler-von Specht[1]
Entrepreneur, Küsnacht
Partner of Bergos Berenberg AG, Zurich

Michael Pieper
President and CEO of Artemis Holding AG, Aarburg
Partner of Bergos Berenberg AG, Zurich

1 Independent members of the Board of Directors within the definition of the provisions of the Swiss Financial Market Supervisory Authority FINMA.

General Managers

Dr Peter Raskin (Chairman), Partner
Dr Reiner Schrupkowski, Partner
Markus Zwyssig, Partner

Managing Directors

Guy Oliver Aufenacker
Till Christian Budelmann
Maximilian Hefele
Dr Dominik Helberger
Jürgen Hepp
Dr Thomas Kellein
Stefan Kirsch
Mathias Metzger
Gianni Porpiglia
Jens Schütrumpf
Vanessa Skoura[2]
Jürg Sonderegger
Matthias Wiele

Directors

Fabian v. Berenberg-Consbruch
Stefan Buck
Ulrich Gnos
Oliver Goebel
Gertrud Preisig
Till Singer
Soumaila Tékété
Marc van Toornburg
Susanne Toscan
Nino Tschupp
Margarita Vogiatzi[2]

Associate Directors

Tino Bamberger
René Bolhar
Assimina Bota
Raphael Dirren
Frank Eggert
Hanno Ferner
Beate Gerrath
Mareike Händel
Andy Käser
Ruth Kessler
Christine Layda
Martin Lutz
Panagiotis Mavridis
Aurelia Rauch
Therese Schwerzmann
Johanna Suter
Patrycja Szymonska
Dr Stefan Toth
Marc Tütsch
Oliver Watol

2 Geneva branch.

As at: 1/5/2020

Christof Kutscher

Dear clients, friends and colleagues,

The first full financial year of the Swiss bank Bergos Berenberg has drawn to a close.

On behalf of the Board of Directors, I would like to thank you, our clients, for the trust you have placed in Bergos Berenberg. This is something that we have to earn afresh year on year; but in the very year following the Bank's change of ownership, we are particularly aware that only our utmost dedication and professionalism can merit your trust and set the foundation for working successfully together.

Our goal is to maintain our successful operations whilst taking every opportunity for improvements to learn from our mistakes, always considering changes to regulations, values and technologies. The Management and our employees have seized this once-in-a-lifetime opportunity with a sense of enthusiasm and commitment.

Our thanks go to Christian Kühn as representative of Joh. Berenberg, Gossler & Co. KG for his long tenure of work as Chairman of our Board of Directors. As a member of the Board of Directors at Bergos Berenberg, he continues to ensure the continuity of the Bank's relationship with its former parent company. Urs A. Kaelin, Christopher Michael Chambers and Moritz Suter retired in the year under review. As Deputy Chairman of our Board of

Directors, Urs A. Kaelin has made an outstanding contribution to our Bank since he joined us almost 25 years ago. We would like to thank all three of them warmly for their commitment to our Bank. We are delighted that Patricia Guerra has joined the Board of Directors following her election at the end of June 2019. Together with the existing members of the Board of Directors and shareholders Sylvie Mutschler-von Specht, Claus G. Budelmann, Dr Andreas Jacobs, Adrian Keller and Michael Pieper, we have a structure that will allow us to guide the Bank into a successful future, along with the owner-led Management.

Since I joined the Board of Directors and was appointed Chairman in mid-2019, I got to know an organisation that is characterised by the closeness to its clients, its professionalism, its team spirit and its individuality. The Management, comprising Dr Peter Raskin, Markus Zwyssig and Dr Reiner Schrupkowski, as well as all employees, have developed a constructive dynamic in order to provide our clients with outstanding services in an environment of rapidly evolving circumstances.

There has probably never been a year in which analysts have not spoken of a unique, particularly complicated situation on the financial markets. At the beginning of 2019, shortly after the slump in December 2018, dark clouds loomed large on the horizon of the financial world. Looking back, however, 2019 will go down in financial history as a year of exceptionally positive performance. Equity markets put a positive spin on both good and bad news, and the bond markets saw prices rise as yields were falling to record low levels. What more could investors want?

At the end of March 2020, the situation appears to be exactly the opposite. At the beginning of the year, a broad consensus of analysts did not see any major economic risks until the coronavirus developed into a global pandemic. The spread of the virus has raised existential fears among a great many people, and economic life has largely come to a standstill in many countries; central banks, governments and companies are trying with huge programs to manage the crisis and to avoid a downward spiral. A deep recession seems inevitable. This has led to the biggest slump since 1989 on the stock markets and, intensified due to the simultaneous oil price collapse, also on credit markets.

Our clients and their families, as well as our employees and their families have been affected in many ways. In this situation, we are acting decisively with plan, logic and creativity. It is more important than ever to remain engaged in a close exchange with our clients and to continue to act calmly and level-headed. We have robust processes in place and have quickly adapted them to withstand a crisis of this magnitude. What I have witnessed leaves me impressed by the professionalism, flexibility and team spirit of both the Management and staff at Bergos Berenberg.

Bergos Berenberg's business model is very solid, we are – except in securities lending, where we pursue a conservative policy – not active in the loan business and keep our deposits widely diversified at institutions with high ratings.

At the beginning of each year, relationship managers and clients discuss the investment success of the previous year and formulate the strategy for the current year. There are major differences between the investment policy of large institutions such as the Canadian Pension Plan, the Harvard Foundation and Temasek, on the one hand, and private investors on the other. The extraordinary success enjoyed by these institutional investors is coming up more and more in the media and in discussions with clients. However, it should not be forgotten that generalisations are being made here; every investor has different objectives, horizons, restrictions and risks to consider and thus achieves a different outcome. It is at the core of the relationship between the client and our Bank that the situation of the client is properly understood in all its facets. Only such a dialogue – often over many years – enables us to determine the individual investment strategy fitting the client's specific circumstances.

Please allow me to briefly describe some of the differences between private and the most successful institutional investors, specifically in light of the current crisis:

most large institutional investors hold virtually no cash – in most cases just enough to cover their transaction needs. Private investors often keep additional cash in order to be prepared for unforeseen emergencies – such as the current coronavirus crisis – or investment opportunities.

Structural measures take the emotional element of investment decisions out of the equation: the investment policy of large institutions is shaped by an asset allocation that is kept very stable over the long term. Tactical investment decisions are often delegated to committees that can only act within a set of rigid parameters. Only very few investors, both institutional and private, manage to get out of and back into markets in a timely manner.

Institutional investors hold a much higher weighting of illiquid assets such as private equity, private debt, hedge funds and real estate than most of their private counterparts. This makes switching at the wrong time practically impossible due to the illiquid nature of these investments. In historical terms, illiquid assets have also generated an »illiquidity premium«.

Sustainability is becoming an increasingly important factor in investments, a term that is often misunderstood by investors. If a company cannot provide confidence regarding its resilience and future profitability, this prompts investors to apply a discount on its future profits; if, however, its strategy is geared towards sustainable success – even in view of changing circumstances or a crisis – this will be rewarded with a higher valuation. In this respect, sustainability is and has always been at the core of every corporate analysis.

Although there are many good reasons for differences in investment behaviour, we should take the opportunity to analyse what can be improved and where we and our private investors can learn from their large and successful institutional investors. Additionally, the investment spectrum available to investors is now much bigger; at Bergos Berenberg, we will be offering a wider range of investment opportunities – particularly in the illiquid segments – to our private clients that used to be the sole preserve of the major institutions.

Clients now expect additional support from their private bank, whether reflecting their underlying values and investment objectives or with regard to investment opportunities in categories such as risk capital and impact investing. Communication with clients via digital media and online access to portfolios are imperative. Expectations regarding the qualifications and personality of investment advisors have changed and we at Bergos Berenberg will rise to this challenge as an agile organisation.

A trusting relationship with our clients, in which objectives and restrictions are discussed and understood forms the basis of success. The focus lies on achieving investment objectives, however complex, not on selling products. We have defined »Beyond« as one of Bergos Berenberg's key values. We are committed to understanding our clients, their goals and their values and to giving them comprehensive advice that considers their individual circumstances. This is the only way we can achieve good results both with and for our clients on a sustainable basis. This has never been more important than today, given the challenges resulting from the coronavirus pandemic.

The human factor will remain a decisive one. And despite all the discussions about digitalisation, I promise you that, in my role as Chairman of the Board of Directors, this human factor in Bergos Berenberg's client relationships will not lose any importance. It is more essential than ever: not despite of, but because of our shared future and imminent innovations in technology and content.

Christof Kutscher
Chairman of the Board of Directors

Dr Peter Raskin

The first year as an independent private bank

When we and leading owners of Swiss and German family businesses came to an agreement to acquire Berenberg Bank (Schweiz) AG in the summer of 2018 and transform it into the independent Swiss private bank Bergos Berenberg, our common aims were very clear right from the start. We wanted to create a bank unique throughout Europe for family businesses, wealthy individuals and shipping clients and their families. We wanted to develop Bergos Berenberg into a bank that follows a clear business model, one that is very secure and follows a long-term approach. We wanted to create a balanced ownership structure that consists of owners of family businesses and managers who are all equally unconcerned with the short-term optimisation of their interests. We wanted our focus to be on our clients and their families, considering all their needs and personal circumstances rather than just the mere investment of their assets. This approach reflects our shared conviction that the greatest challenges for wealth ultimately stem from the specific circumstances of a client's life, their family or company. Our relationship managers are highly trained experts who know that their clients have a right to honest advice, who foster an open dialogue with them, engaging at eye level, and who feel connected to their employer, whose principles are built around a stable set of values and who are always motivated to get to work with a great deal of passion and empathy.

During our first year as Bergos Berenberg, it became clear to us that these aims have not changed in the slightest. In fact, the opposite is the case. The many discussions that we have been fortunate enough to lead with clients, business partners, companies, other banks, family offices, etc. confirmed a desperate need for a bank of this kind. This is because, for a lot of people, the other banks are too big, too impersonal, not very flexible or often managed by people who may lack any long-term goals beyond their own. It is not uncommon for many banks to focus on marketing (their own) financial products, which leads to irresolvable conflicts of interest.

In these banks, staff tenure is often short. Organisations are restructured, scaled up or down and resegmented to achieve short-term goals without considering the clients' interests. The clients are tired and, all too often, frustrated. For some entities, size seems to be everything, and accordingly banks with different cultures, client structures and business models are merged rather industriously. With such a strategy, many wonder where this leaves the clients – they are, after all, the ones for whom the bank was actually set up.

All these observations encouraged us all the more to tackle our goals with courage and consistency. However, as a first step it was necessary to complete a number of organisational tasks. The most important of these was finding an independent and experienced Chairman for our Board of Directors. We are happy, thankful and proud that with Christof Kutscher we were able to make a choice that was also much noticed by the public. Mr Kutscher is not just an experienced and well-known banker and wealth management expert; he is also well versed in good corporate governance. He contributes new expertise from the institutional sector to our Bank. As a worldly individual, he had spent a long time as the »skipper of super tankers«, and we are very pleased to welcome him on the bridge of our »speedboat«.

The partners all agreed on a strategy that focuses on a successful future, growth, Switzerland, comprehensive client support, entrepreneurship, responsibility, continuity and our highly professional employees.

We have already been focusing a great deal on the next generation, but have taken a different approach than other banks. This is because we are not just concerned with connecting to the next generation at an early stage. We want to do so much more. We are actively engaging with them, asking questions and are keen to learn from them. After all, they are the ones who can tell us what they expect from us and what we have to change in order to remain an attractive bank for them in the future.

It is also important to us that our clients feel the benefits of our new structure. With this in mind, we have designed a completely new range of advisory services, which is highly tailored to their different needs. We plan to start showcasing this to our clients at the beginning of the second quarter of 2020.

As a now independent bank, we are constantly putting ourselves to the test and are increasingly adapting a »best in class« approach with partners whose focused services we also would like to make accessible to our clients.

During our first year, the long-term cooperation with our former parent bank, Joh. Berenberg Gossler & Co. KG, Hamburg, also proved successful. We have unrestricted access to all the units that are important to us and are able to use them actively in client business. At the same time, we have also been able to return the favour, and support Berenberg in some of its key areas. The cooperation includes Economics, Equity Research, Corporate Finance, Art Consult and Shipping.

As an example, let me mention our strategy for SMEs, which we are managing together with Joh. Berenberg Gossler & Co. KG, Hamburg, with excellent results. It primarily invests in German companies which – like us – are characterised by medium-sized entrepreneurial families and thus benefit from a cross-generational strategy. It favours companies that make optimum use of their specific competitive advantages, especially in structural growth markets.

In both wealth management and advisory, we are faced with the great challenge of how to invest in times of negative interest rates. In order to be able to offer our clients attractive and contemporary alternatives here, too, we plan to expand our range of private market investments. As a result, we will also be able to assist our clients with investment opportunities in less liquid areas such as private debt and private equity. We do not have to do everything ourselves, but want to cooperate with the best providers on the market. Our owners' many years of experience in private equity and the great expertise of the Chairman of our Board of Directors are unique for a bank with our focus and are of great benefit to us and our clients.

Even during this first year, we have already made fundamental changes to our online banking. It now offers our clients much more modern, new and useful features. Among other things, trading functions can now be activated if required.

We have also entered into a joint venture with R. J. Fleming. With Bergos Fleming AG, Zurich, we are bundling our strengths in multifamily offices and corporate finance. Our network and our expertise have expanded significantly as a result.

In our first year, it has been great to see how more and more clients and experienced bankers from other banks are getting to know us and switching from well-known competitors to us. They are all impressed by how entrepreneurial we can think and act.

Business in 2019 was challenging to say the least. The negative interest rates in Europe and Switzerland forced us to part ways with some larger clients who were not prepared to bear the negative interest rates or to invest at least some of their liquidity. This was, however, almost completely offset by many new clients. This and the positive performance of client portfolios led to a net 17.2% increase in the assets entrusted to us, taking them from CHF 5.8 billion to CHF 6.8 billion.

The major setback of the markets in the last weeks of 2018 and their surprisingly quick rebound in the first weeks of 2019 led to great uncertainty and frustration among clients. Discussions about trade wars, Brexit and some other issues could not really restore client confidence in the capital markets despite some positive developments. As a result, clients were very cautious and hesitant. This, together with the performance-related reduction in the assets entrusted to us due to the market downturn in late 2018, had a significant impact on our earnings. Even though we were able to reduce our costs somewhat, our operating profit still fell by 24.5% in 2019.

We believe that the coronavirus will have an impact on our future profits trend that we cannot yet estimate, even though governments, central banks and companies are attempting to prevent the crisis from worsening with their emergency plans. A decline in economic activity seems increasingly likely despite these measures, which have been taken extremely quickly. In case of a prolonged slump in the financial markets, we have to expect declining earnings from commission income and other fees. However, even that would not prevent us from continuing to pursue our strategy consistently. We take a long-term view, have robust internal processes and are equipped to handle market setbacks. Our business model, which focuses exclusively on private banking, protects our clients and thus also the Bank in crises, as we do not engage in any lending business except in the securities segment.

Having been CEO of Berenberg Bank (Schweiz) AG for many years and now as partner and CEO of Bergos Berenberg AG, I became particularly aware of something in our first year – owner-managed companies, especially owner-managed banks, are very different from entities with employed managers and an anonymous shareholder base. It also became very apparent to me how long-term the highly successful entrepreneurs that now stand behind Bergos Berenberg think and act. In all our discussions, it became clear that everyone was only interested in the sustainable achievement of common long-term goals, not in short-term profit-seeking. We want to work together in the spirit of partnership to develop a unique bank for our clients. Because, after all, we are only there for our clients and their challenges. They are our raison d'être.

Over the coming years, therefore, we want to assure our clients that we not only have an ideal ownership structure and an outstanding Board of Directors, but that we are also operating in the best possible location for our business. They need to feel that we are one of the most reliable partners for all their personal and business challenges. This is because we are not just concerned with investing their wealth, but ultimately with everything arising from their lives that could have a direct or indirect impact on their assets – in other words »Money & Beyond«.

Dr Peter Raskin
Partner · General Manager

BUSINESS DEVELOPMENT STATEMENT/ STATUS REPORT

Underlying economic conditions

The upswing in the global economy weakened considerably in the course of 2019. At 2.3%, growth in global economic output fell far short of the previous year's figure of 2.8%. The economy was burdened especially by international trade disputes, confusion around Brexit and a further slowing of the Chinese economy. Growth in global trade of goods came to a standstill in mid-2019, and production figures from the manufacturing sector were down in many countries in the reporting year.

With economic output growing by just 1.2% in 2019, the eurozone was no longer able to match the previous-year result of 1.9%. It is true that the ongoing decline in unemployment to the most recent figure of 7.5% has shored up consumer confidence and private spending. There has also been a noticeable rise in residential construction and government spending. Because exports lagged behind the growth in imports, however, foreign trade had a dampening effect on the economy in 2019. Concerns surrounding the future of global trade stem from the US in particular. In response, companies cut investments in their cross-border supply chains and reduced their stock levels.

As an export-driven nation, Germany was hit particularly severely by these foreign trade problems in the reporting year. Germany saw its weakest economic growth since 2009, with an increase of a mere 0.6%. This figure was substantially lower than the eurozone average. Despite its clearly dented economy and in spite of rising government spending, Germany again returned a gratifying government surplus amounting to roughly 1.5% of economic output. This result is thanks in no small part to plentiful tax receipts and a labour market that is still robust outside of the industrial sector. Nevertheless, the slight decline compared to the previous-year surplus of 1.9% indicates that the golden era for German government finances is coming to an end.

The General Managers of Bergos Berenberg AG: Markus Zwyssig, Dr Peter Raskin, Dr Reiner Schrupkowski

In the US, growth slowed to 2.3% in the reporting year after 2.9% in the previous year, as the tax boost financed on credit drew to a close. Weaker global trade also left its mark on the US. However, because the US is less dependent on foreign trade than Germany, Europe, Japan and China, growth there remained at a level that is approximately in sync with the long-term trend.

As in the previous years, price increases in Germany, Europe and the US remained muted in 2019. The rapid pace of technological progress as well as globalisation continue to help throttle inflationary pressure. There are, however, signs that the sustained rise in employment in recent years will be reflected in a marginal increase in inflation in large parts of the Western world as soon as the economy has overcome its current dip.

Financial year

Profit

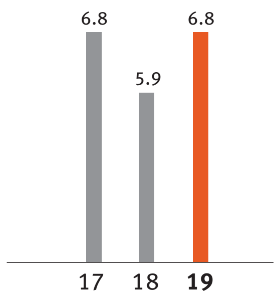
The long upswing on the equity markets was curbed significantly at the end of 2018, and market participants became increasingly fearful of a recession. In addition to the political crises such as the trade war between China and the US, Brexit, and Italy's financial budget, the stock markets were at the same time also adversely impacted by US monetary policy. Contrary to expectations, however, the Federal Reserve did not raise its key interest rate any further, instead cutting it by a total of 75 basis points during the reporting year. This turnaround in monetary policy by the US central bank is likely to have contributed to the fact that the most important equity indices were able to gain 10% or more by the end of 2019 despite the economic concerns at the beginning of the year.

Many investors and asset managers did, however, hang back in anticipation of a market correction and more favourable entry prices and refrained from repositioning their portfolios. This reluctance was reflected in a sharp drop in securities turnover and thus considerably lower commission income.

The increasingly stringent regulation of the financial sector, increased customer expectations with regard to tailored advisory services and their need to communicate with the Bank at all times and via various channels, together with the further digitalisation and automation of investment and banking processes, generated significantly higher system and administrative costs for the Bank, resulting in a marked overall decline in earnings.

Operating income fell from CHF 6.15 million in the previous year to CHF 4.62 million. Profit after taxes stood at CHF 3.62 million, down 24.5% compared to the previous year.

Assets under management
in CHF billion



Assets under management

Client assets managed and administered (incl. custody accounts) increased by a gratifying 17% to CHF 6.8 billion during the reporting year, due on the one hand to the positive market performance and on the other to growth in custody-only assets.

Balance sheet

The sale of the Bank by the former parent company Joh. Berenberg, Gossler & Co. KG completed in October 2018 meant that the exemption provision for receivables from Group companies set out in the risk diversification regulations also ceased to apply. As a result, receivables from banks were further diversified in 2019. The Swiss National Bank maintained its negative interest rates of -0.75% on the deposits of Swiss banks. The European Central Bank did likewise, increasing the negative interest rate on EUR-denominated liquidity from -0.4% to -0.5% during the year.

Due to the Bank's focus on off-balance-sheet business, its lending activities are limited first and foremost to collateralised customer loans. Interbank business is conducted primarily in the short-term segment. The Bank held CHF 21 million of first-class bonds as financial assets at the end of the year. Bergos Berenberg AG's total assets decreased by CHF 140 million year-on-year to CHF 567 million, mainly because of a fall in demand deposits from clients and receivables from banks.

Equity capital

Eligible equity capital was slightly higher at the end of the reporting year, reaching CHF 32.3 million. This means that the Bank's capital adequacy remains well above the minimum required by the Swiss Financial Market Supervisory Authority (FINMA). The core capital ratio of 24.1% was higher than the level in 2018 (17.8%) and well above the minimum ratio required by the regulator (including countercyclical buffer) of 10.5%. Bergos Berenberg AG also effortlessly fulfils FINMA's lending and liquidity requirements for banks. Our leverage ratio as required by Basel III is 5.5% and is therefore well above the prescribed minimum level of 3%. The liquidity coverage ratio (LCR) was 143.9% at the end of 2019 and thus significantly higher than the threshold of 100%. This ratio for short-term liquidity is intended to ensure that banks hold sufficient liquid assets at any time to offset short-term liquidity outflows.

Income from operating activities

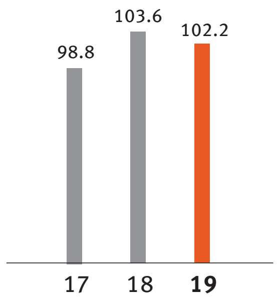
Total operating income generated in 2019 reached CHF 36.5 million, representing a 9.5% decline compared to the previous year. The Bank's core business is commission and service-fee activities. At CHF 27.5 million, the income generated from this business was also around 10% below the contribution to earnings made in the previous year. At CHF 4.1 million, income from trading activities and the fair value option also declined in the reporting year.

In line with a prudent risk policy, the Bank engages in trading operations solely on behalf of its clients and does not trade for its own account. Net interest income decreased from CHF 5.3 million to CHF 5.0 million, not least due to the higher negative interest payable by the Bank compared with the previous year.

Operating expenses

Bergos Berenberg AG is maintaining its strategy of continuous and sustainable growth. Such a growth strategy can only be pursued with employees who are committed to providing comprehensive service and a business model that is consistently focused on client needs. For this reason, our investment activities over the year under review continued to focus on human resources and particularly on developing individual ranges of solutions for our clients. In 2019, a cost savings programme was launched which helped to reduce operating expenses by 2% to CHF 31.1 million, despite major investments in technology and organisation. However, the marked fall in income ultimately pushed the cost-income ratio up from 79.1% to 83.8%.

Number of employees
Full-time equivalent



Employees

At the end of 2019, on a full-time equivalent basis, we had 102.2 employees (previous year: 103.6). The Bank was able to add new experienced relationship managers to its Private Banking division during the reporting year, underlining the attractiveness of Bergos Berenberg AG as an employer for successful and internationally trained relationship managers under the new shareholder structure.

Personnel expenses and other administrative expenses

At CHF 22.2 million, personnel expenses were 1% lower year-on-year. We want to impress our demanding clientele with first-class, long-term and comprehensive advice. Based on our conviction that the most important success factors in Private Banking are very personal support, a high degree of professionalism and a holistic advisory approach, we invest not only in new employees but also in their continuous training. Administrative expenses decreased by 6% compared with 2018, to CHF 9.0 million. Extraordinary expenses for external advisory services also came in lower year-on-year.

Research activities

The ongoing digitalisation of our lives, which particularly also extends to the financial services industry, is creating new markets, products and services which we incorporate into our business strategy in the interests of our clients in order to align our range of services with their changed needs, which will continue to transform in the future. In addition to system and process optimisations that have already been completed or are currently underway, we are now in the process of developing the digital »road map« for the next few years. This defines how we can best harness current market trends and disruptive innovations in the banking business for our clients within the framework of our business model through agile solutions.

Risk management

The Board of Directors continually assesses the primary risks to which the Bank is exposed. To this end, it has adopted a framework concept that defines the Bank's risk policy, tolerance and limits. The instruments and organisational structures used to identify, evaluate, monitor and report the defined risks within each risk category have also been described. Appropriate processes have been put in place to ensure the timely identification and assessment of new risks.

The Bank's independent supervisory bodies monitor risks and compliance with internal guidelines as well as legal and regulatory requirements. Compliance and Risk Control regularly present their activity and risk report to the Board of Directors. This report outlines the most significant risks to which the Bank is exposed together with the risk-minimising measures and controls implemented in order to avoid financial damage and reputational risk.

Outlook

The outlook for 2020 is overshadowed by unusual risks. While the trade dispute between the USA and China has eased for the time being, the coronavirus pandemic poses unusual challenges not only to health systems but also to the economy and politics. Economic activity is likely to decline sharply during the months in which containment measures and restrictions are imposed to slow the spread of the virus and thus save lives.

Beyond the immediate and deep crisis, we nevertheless see some reasons for cautious optimism about the outlook for the second half of 2020 and 2021. If the coronavirus pandemic is contained, both domestic activity and world trade could return to growth after the current slump. In certain areas, some, but probably not all, of the losses from the crisis can be made good.

The current recession is also affecting the financial sector. The US Federal Reserve and the European Central Bank have reacted to the coronavirus shock with historically unprecedented measures. Even in the aftermath of the crisis, key interest rates are unlikely to move up much. Beyond the challenges posed by the coronavirus crisis, it is the banks that have traditionally generated their revenues mostly from interest rate business that must continue to make intensive efforts to find new areas of business.

Business divisions

Private Banking

In Private Banking, our focus in serving our clients is on a holistic approach, while at the same time avoiding conflicts of interest. This approach means we immerse ourselves in our clients' worlds, with the aim of identifying any challenges regarding their assets, addressing them and implementing a solution at an early stage. Our clients are thus not segmented by the value of the assets entrusted to us, but by the nature and type of their needs. Due to the diversity of the relevant advisory topics, these needs can sometimes have a greater impact on the assets than investment-related matters.

We focus particularly on the service for family businesses, wealthy individuals and shipping clients. We also pay particular attention to the gradual and strategic introduction of the next generation to wealth and the associated responsibility, and have thus established the next generation as our fourth client group. Our aim is to create significant added value for these client groups through our specialist knowledge, tailored services and special events and networking platforms. True to the slogan »Money & Beyond«, we build on close personal relationships which will last for decades and go beyond pure financial services.

Our employees take on a special role. As knowledge managers, they must be able to immerse themselves in our clients' lives and meet them at eye level. Our relationship managers must be excellently trained and internationally experienced. They must be guided by their own set of values and demonstrate a high degree of empathy. As private bankers who love culture, are socially committed and show curiosity, they create the basis for genuine private banking. They always try to put the well-being of their clients first.

To avoid conflicts of interest, we follow an open product architecture on the investment side. This is not about us being able to do everything alone. Rather, we show our clients the range of our services and products in the context of an open architecture with a »best in class« approach and offer certain services via selected third parties. We invest and advise primarily in all liquid asset classes and all common reference currencies as well as in alternative investments.

Besides liquid investments, wealthy entrepreneurs also have a need for M&A and other corporate finance services, which we offer through our global network. As an entrepreneurial Swiss private bank, we also provide access to special investment solutions that are often only known in small circles, such as in the areas of real estate and private equity. Furthermore, we advise our clients in the emotional asset class of art.

In addition to our head office in Zurich, we are also present in the western part of Switzerland. We work closely with the Berenberg Group and thereby offer our clients all the services and expertise of an internationally successful company, in combination with the advantages and possibilities of a smaller Swiss private bank.

Investments

In the course of the year under review, the business area Investments was newly created. All investment expertise is bundled in three teams – Asset Management, Active Advisory and Capital Market Strategy. The range of services includes classic asset management for private and institutional investors as well as a variety of advisory models through which needs-based investment solutions are recommended. The interdisciplinary investment process combines all competencies. The pooling of resources in the three highly specialised units enables in-depth analyses in order to produce a sound capital market opinion. To this end, the Investment Committee acts as the central investment policy decision-making body of the Bank and thus forms the basis for the consistent implementation of the investment strategies in asset management and advisory services. Internal and external communications of the capital market opinion round off the process.

Asset Management

The Asset Management team is responsible for a broad range of discretionary investment strategies. Different multi-asset-class and single-asset-class solutions are offered for various client needs. The latter also includes the Bank's three well-known single stock strategies – the SME portfolio, the Switzerland strategy and the STOCKPICKER approach. The capital markets performed extremely well in 2019. In a pleasing development, the Bank's multi-asset core strategies thus even slightly exceeded what were already impressive returns of comparable markets. Assets under management from private investors increased by approximately 6% despite negative currency effects. A notable event in the reporting year was the launch of the Bergos Euro Credit Fund. The successful single-stock solution of the same name is now also available as a fund solution in the bond segment. There has been a surprisingly strong inflow of investor funds since the launch.

Active Advisory

The Active Advisory team provides a central investment universe, which includes the whole spectrum of asset classes and instruments. The securities included in the universe are given a vote. Through cooperation with external partners, clients are offered a very broad investment universe with a large number of equities, bonds and funds. This ensures optimal advice tailored to clients' needs. The experts in the team generate high-conviction recommendations for all key asset classes based on the overall opinion of Bergos Berenberg. In order to better meet the individual needs of our discerning clients in the future, we plan to introduce new advisory models with various service levels. Under the new advisory mandates, clients will be given access to our comprehensive investment and advisory expertise and provided with tailored investment advice organised into a set system. The three models allow clients to decide for themselves how much advice they want to receive. They differ in terms of intensity of support, frequency of consultation and scope of monitoring.

Capital Market Strategy

The Capital Market Strategy team focuses on developing the capital market strategy and communicating Bergos Berenberg's opinion, which is presented to our clients and business partners in regular market commentaries. Particular attention is paid to the analysis of capital markets in the equities asset class. A discretionary »top-down« approach is used to assess overall market performance. The evaluation of the various facets of the global equity market is always based on a specially designed four-dimensional approach. This involves continuously assessing the fundamental situation of the overall economy and companies, on the one hand, as well as analysing equities as traded instruments and also looking at the sentiment of the market players, on the other hand. This methodological approach thus comprises the blocks macro (economy and politics), micro (earnings and valuation), technical (indices and internals) and sentiment (surveys and positioning).

Maritime

Shipping has always represented a significant part of the Bank's business activities. Our experts in Zurich and Geneva have remarkable maritime knowledge and are specialised in working with international clients in this segment. Our ties to the shipping industry go back a long way: the first shipowning activities of our former parent company, Joh. Berenberg, Gossler & Co. KG, date back as far as 1779. A century later, they also acted as co-founders of HAPAG and Norddeutsche Lloyd.

Today, the maritime business of our Swiss Bank extends worldwide to the major shipping centres in Europe and Asia. Our international clientele in the maritime sector include, among others, owners, holdings, and P&I Clubs. We understand that our clients' requirements and needs are as individual as their companies. Our in-house expertise as well as an extensive network enable us to provide a wide range of commercial services related to traditional portfolio management solutions, while at the same time offering access to alternative financing options.

Art Consult

Art – what is it? Is art a fantasy? An object that resists all rational definitions? Especially when we are talking about seemingly crazy eight- or even nine-digit prices?

Art is admired and treasured almost everywhere in the world. The seven wonders of the world celebrated in ancient literature already included descriptions of fabulously beautiful buildings, which consequently became prestigious travel destinations. For understandable reasons, fine art became a particularly prized asset class several years ago, for there a global market for painting, sculpture, graphic art, and also photography has developed since the 1980s.

As a financial product, art is seemingly stable compared to other asset classes, but very volatile at the same time. If one thinks of the great successful auctions, art is highly liquid, but when one has bad luck with one's sales, it is almost completely illiquid. Art Consult has been working with this contradiction since 2013, advising collectors, passionate connoisseurs, and coolly calculating investors, and is thus attuned to individuals with very different expectations.

Internationally, art consultancy pursues very similar goals. As a general rule, clients are explicitly promised a comprehensive service. Special emphasis on investment is rare, for this was the sole function of art funds until about ten years ago. Art funds, however, insofar as they still exist, have moved away from promising high returns. For the art market has become more volatile ever since the number of market participants has risen and buying behaviour has become increasingly influenced by fashion. Some slogans would have you buy the art of »women« or »blacks« and disregard art by »white men«. A New York museum director addressed a »Call for Cultural Courage« to her audience. Museums, she said, have the task of »turning history toward the better«. The key word »diversification« is often in the foreground today; linear art history is apparently passé. Art Consult regards such precepts with curiosity and also with caution. One needs to know the big and the small players in order to precisely assess the duration of the new trends. Due to the coronavirus, the art markets largely closed in March 2020, after a drop in sales of over 5% was already registered in 2019.

In contrast to the auction houses and galleries, Art Consult is not under selling pressure. It is not tied in with a bank's art collection, nor does it sponsor art fairs.

After analysing a given situation, Art Consult is dedicated to systematically strengthening a collection and/or recommending the sale of individual works. It offers particularly well-founded advice, for the powerful emotionality of art now calls more than ever for the protection of customers.

And the fine print? Art Consult meets the strict requirements of the Bank's own compliance. Its fees are significantly lower than the margins and premiums in the market. Its advice is based on the experience of a museum director who has been internationally active for decades and who knows the majority of today's renowned artists personally. The Art Consult team also includes an analyst who worked for several auction houses and for the online platform Artnet.com, as well as a communications expert who was able to gain experience in one of the leading New York galleries.

After working with a large number of wealthy individuals who continually build up their collections with the guidance and expert advice of Art Consult, the department will establish new international contacts in the coming years. Art is and remains what we may safely presume is the noblest asset class, for it bestows material, spiritual and emotional wealth. Only when absolutised can it become dangerous. To be cognisant of this, too, is one of the noble tasks for professionals in a reliable private bank.

Subsidiaries: Bergos Fleming AG

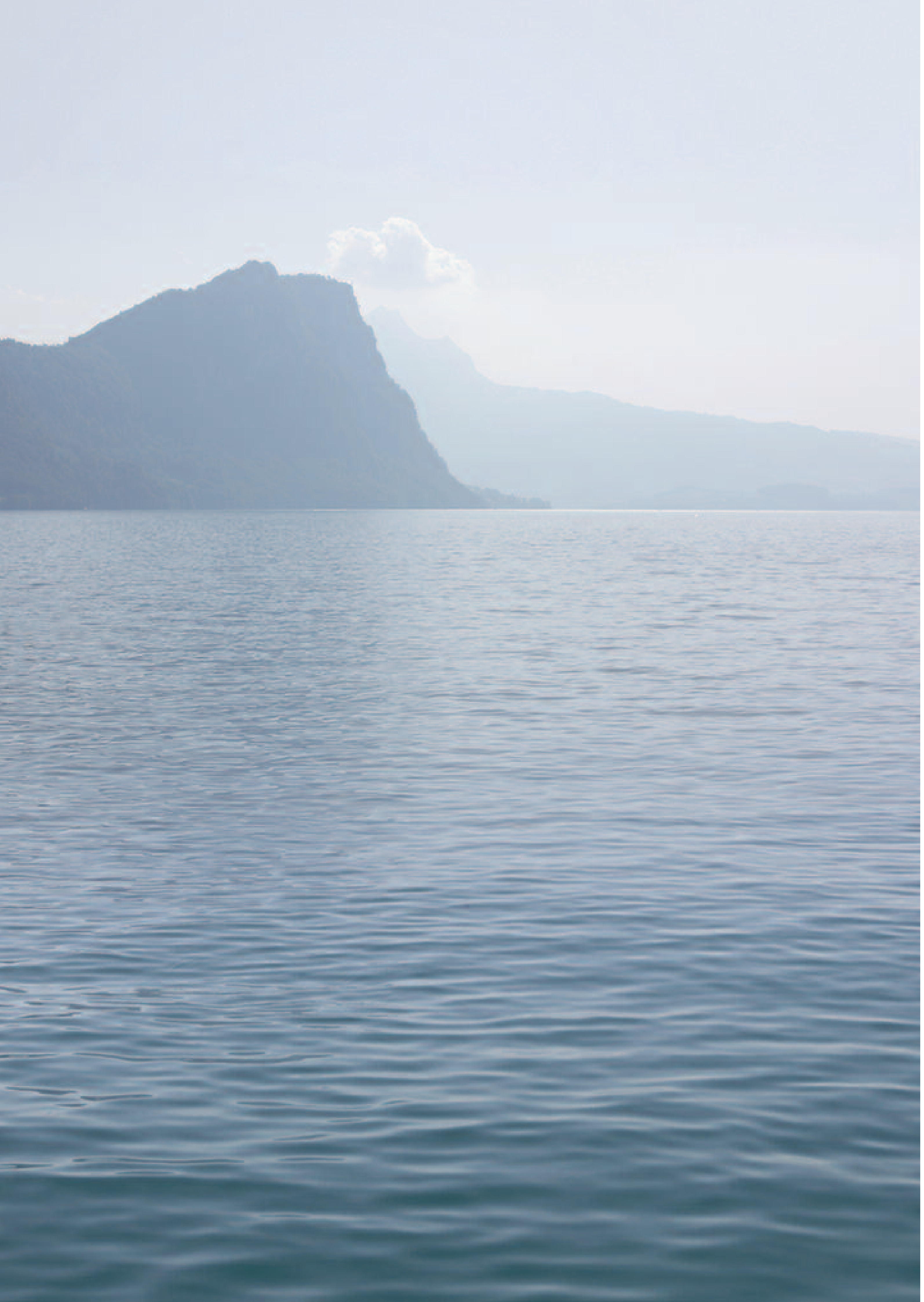
Bergos Berenberg AG, Zurich, and R.J. Fleming & Cie SCSp, Luxembourg, set up at the end of last April a joint multi family office with its registered head office in Zurich. In the new joint venture »Bergos Fleming«, Bergos Berenberg AG holds 51% and R.J. Fleming & Cie SCSp 49% of the equity.

R.J. Fleming & Cie SCSp in Luxembourg is an associated company of R.J. Fleming & Co. Ltd in London and was founded by Roderick J. Fleming, Chairman of the Board of Directors of Robert Fleming & Co., one of the oldest British merchant banks, which in 2000 was sold to Chase Manhattan (now JP Morgan). Robert Fleming & Co. was the pioneer of investment trusts in Scotland in the 19th century and through joint ventures among others with T. Rowe Price in the United States as well as Jardine Matheson in Asia, later became one of the largest international asset managers at the time.

Bergos Fleming AG specialises in providing support in structuring and advising complex estates, taking into account both liquid and illiquid asset classes. Particular emphasis is placed on the appropriate structuring of assets for future generations. Transparency creates a solid basis for important investment decisions that focus on the individual and personal needs of the family. Bergos Fleming AG, with its centuries of experience in advising wealthy clients, provides independent, client-focused and discreet support, along with the transparent, professional monitoring and management of their assets.

The range of services provided by Bergos is structured in modules. »Controlling« forms the basis of all services and includes consolidating and monitoring the individual assets distributed across various portfolio managers and various investment classes. In »Investment Advisory«, the Bergos team coordinates and monitors the implementation of an entire asset strategy that includes both liquid and illiquid investment classes. Bergos also offers other specific services with its »Special Projects« and »Family Services« modules, depending on the wishes of the client. These focus on succession planning and governance issues, consulting services on real estate and art, and support in international corporate finance transactions.

In the year under review Bergos Fleming AG successfully demonstrated its competence as a loyal and discreet partner in all wealth-related matters and plans to further broaden its services in 2020.



CORPORATE GOVERNANCE

Corporate structure

As at 31 December 2019, Bergos Berenberg AG was structured as follows:

Board of Directors

Internal Auditing

General Management

Dr Peter Raskin
(Chairman)

- **Private Banking**
  Customer Advisory Services
  Geneva branch
- **Investment Services**
  Portfolio Management
  Active Advisory
  Fund Management
- **Marketing/ Public Relations**
- **Human Resources**
- **Legal**
  Client Administration
- **Strategic Project Management**
- **Art Consult**
- **Bergos Fleming AG**
  Subsidiary

Dr Reiner Schrupkowski

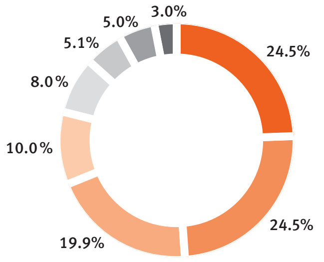
- **Private Banking**
  Customer Advisory Services
  Zurich head office

Markus Zwyssig

- **Back Office**
- **Business Project Management**
- **Compliance**
- **Trading/Treasury**
- **IT**
- **Lending**
- **Accounting/Controlling**
- **Risk Controlling**

Ownership structure

Since 31 October 2018, Bergos Berenberg AG is an independent Swiss private bank. The owners are five family entrepreneurs, the current management as well as former parent company Joh. Berenberg, Gossler & Co. KG in Hamburg. The key participants in Bergos Berenberg AG are:



24.5 %	Centinox B AG, Hergiswil (Family Michael Pieper)
24.5 %	Diethelm Keller Holding AG, Zürich (Families Adrian T. and Andreas W. Keller)
19.9 %	Joh. Berenberg, Gossler & Co. KG, Hamburg
10.0 %	Niantic Holding GmbH, Hamburg (Family Dr Andreas Jacobs)
8.0 %	A & S Beteiligungen AG, Zug (Family Sylvie Mutschler-von Specht)
5.1 %	Claus G. Budelmann, Hamburg
5.0 %	Dr Peter Raskin, Grüningen
3.0%	Other

As at: 31/12/2019

Equity capitalisation

The Bank meets the more stringent equity capital requirements (Basel III), effective since 2017, without having to take additional measures. In the year under review, Bergos Berenberg AG's eligible equity amounted to CHF 32 million. The ratio of eligible equity to required equity, as stipulated by Basel III, was 301%. Therefore, our ratio remains significantly above the equity capitalisation requirements.

The Board of Directors of Bergos Berenberg AG: Adrian T. Keller, Christian Kühn, Sylvie Mutschler-von Specht, Claus G. Budelmann, Patricia Guerra, Michael Pieper, Dr Andreas Jacobs, Christof Kutscher

Board of Directors

The Board of Directors performs its duties pursuant to the Swiss Code of Obligations and the Swiss Banking Act. The members of the Board of Directors are not invested with any executive functions within Bergos Berenberg AG. Four of the eight members of the Board of Directors are independent in accordance with the provisions of the Swiss Financial Market Supervisory Authority FINMA.

Bergos Berenberg AG's General Meeting elects the chairman and the other members of the Board of Directors. The Board of Directors is self-constituting and determines its members' signatory powers and the form of signing required. The Board also appoints its chairman and deputy chairman. The members of the Board of Directors are appointed for one year and may be re-elected. The Board of Directors convenes as often as is necessitated by the business operations and meets at least four times a year. There were four meetings in the year under review.

The Board of Directors is quorate when the absolute majority of its members are present. In accordance with the Board of Directors' Organisation Regulations, votes and elections within the board require the absolute majority of the members present to be valid. In the event of a parity of votes, the chairman has the casting vote. In the event of circular resolutions, the majority of all the members of the Board of Directors must give their approval.

The Board of Directors is responsible for the overall management, supervision and controlling of the General Managers of Bergos Berenberg AG, and is responsible for appointing and dismissing the General Managers and the head of Internal Auditing. It also approves the appointment and promotion of the Bank's authorised signatories. The Board of Directors regularly revises and passes the Bank's mission statement and strategy, issues the necessary instructions and stipulates the Bank's organisational structure and risk policy. It also devises and passes the Bank's finance and capital plans, and receives the reports written regarding the existence, suitability and effectiveness of the internal control system.

The Board of Directors has established a committee. This Committee of the Board of Directors must comprise at least two members. The Chairman of the Board of Directors is an ex officio member of this committee and acts as its chairman. All other members are appointed by the Board of Directors based on the chairman's proposals. The distinction between the remits of the Board of Directors, the Committee of the Board of Directors, and the General Managers is stipulated in the Bank's Organisation Regulations.

The members of the Board of Directors are:

- Christof Kutscher, Chairman[1]
  Chairman of the Supervisory Board of AXA Investment Managers (Germany), Frankfurt a.M.
  Former member of the UBS Group Management Board
  Born 1958, German citizen
  Master's degree in economics from the University of Freiburg i.Br.
  Member of the Board of Directors since 2019

- Adrian T. Keller, Deputy Chairman
  Chairman of the Board of Directors of DKSH, Zurich
  Deputy Chairman of the Board of Directors of Diethelm Keller Holding AG, Zurich
  Partner of Bergos Berenberg AG, Zurich
  Degree in business administration (lic. oec. HSG) from the University of St. Gallen
  Born 1951, Swiss citizen
  Member of the Board of Directors since 2006

- Claus G. Budelmann[1]
  Former personally liable Managing Partner of Joh. Berenberg,
  Gossler & Co. KG, Hamburg
  Partner of Bergos Berenberg AG, Zurich
  Qualified banker
  Born 1944, German citizen
  Member of the Board of Directors since 1988; Chairman from 1999 to 2009

- Patricia Guerra[1]
  Partner at Meyerlustenberger Lachenal AG, Baar
  Member of the Board of Directors of Meyerlustenberger Lachenal AG, Baar
  Born 1959, Swiss and Ecuadorian citizen
  Master of Law (LLM) from the University of Michigan, Ann Arbor, USA
  Member of the Board of Directors since 2019

- Dr Andreas Jacobs
  Entrepreneur, Hamburg
  Partner of Bergos Berenberg AG, Zurich
  Dr. jur., Universities of Munich and Fribourg, MBA from INSEAD
  Born 1963, German citizen
  Member of the Board of Directors since 2018

- Christian Kühn
  Head of Central Business Unit Bank Management, Member of the
  Extended Management Board of Joh. Berenberg, Gossler & Co. KG, Hamburg
  Degree in Business Administration at the University of Kiel
  Born 1968, German citizen
  Member of the Board of Directors since 2014; Chairman from 2017 to 2018

- Sylvie Mutschler-von Specht[1]
  Entrepreneur, Küsnacht
  Partner of Bergos Berenberg AG, Zurich
  Degree in business administration (lic. oec. HSG) from the University
  of St. Gallen
  Born 1964, German and Swiss citizen
  Member of the Board of Directors since 2018

- Michael Pieper
  President and CEO of Artemis Holding AG, Aarburg
  Partner of Bergos Berenberg AG, Zurich
  Degree in business administration (lic. oec. HSG) from the University
  of St. Gallen
  Born 1946, Swiss citizen
  Member of the Board of Directors since 1993

1 Independent member of the Board of Directors within the definition of the provisions of the Swiss Financial Market Supervisory Authority FINMA.

General Management

The General Managers of Bergos Berenberg AG act as one body and make decisions as a council. In the event of differences of opinion, the Board of Directors casts the deciding vote. The General Managers develop the strategy for the attention of the Board of Directors, implement the board's decisions and conduct the day-to-day business in accordance with the budget, the objectives for the year, and the risk policy. The General Managers ensure that the Bank adheres to the regulatory provisions and the applicable industry standards.

Decisions regarding new products, business activities and markets likewise fall within the remit of the General Managers. In the event that these fundamentally affect the Bank's business policies, the General Managers take the matter directly to the Board of Directors for a decision to be made.

The General Managers of Bergos Berenberg AG are:

- Dr Peter Raskin, Chairman
  Assessor jur., doctorate (Dr. rer. pol.) from TU Darmstadt
  Born 1968, German and Swiss citizen
  General Manager since 2009, Chairman since 2009
  Partner of Bergos Berenberg AG, Zurich

- Dr Reiner Schrupkowski
  Assessor jur., doctorate (Dr. iur.) from the University of Basel
  Born 1964, German and Swiss citizen
  General Manager since 2013
  Partner of Bergos Berenberg AG, Zurich

- Markus Zwyssig
  Executive MBA from the Lucerne University of Applied Sciences and Arts, Swiss certified accounting and controlling expert (Dipl. Experte), certified accountant (Dipl.-Buchhalter)
  Born 1959, Swiss citizen
  General Manager since 2009
  Partner of Bergos Berenberg AG, Zurich

Auditing body

The financial statements of Bergos Berenberg AG are audited by BDO AG. This external statutory auditor is appointed for a year at each ordinary General Meeting. BDO AG was first appointed to audit the financial statements for the financial year 1993.

The chief auditor is Erik Dommach, who started in this capacity in the 2014 financial year and who is also the leading supervisory auditor for the year under review. In accordance with the provisions of banking law, this position is rotated every seven years.

Supervision and control of the external audit is the responsibility of the Board of Directors. Its remit includes handling the reports of the internal and external auditors.

Bergos Berenberg AG is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA. Both the requirements stipulated in Article 728 of the Swiss Code of Obligations (independence of the auditor) and the FINMA provisions pursuant to »Circular 13/3 Audit matters« therefore have to be complied with when selecting the external auditing body.

Other key selection criteria for the Board of Directors are the auditing body's proven expertise, including in relation to complex finance and valuation matters, and continuity of business relations with the auditor.

FINANCIAL STATEMENTS

Balance sheet

Assets TCHF	31/12/2019	31/12/2018
Cash and cash equivalents	114,916	83,006
Due from banks	163,233	352,901
Due from clients	256,461	236,897
Trading transactions	0	3
Positive replacement values of derivative financial instruments	1,898	1,762
Financial assets	20,814	24,361
Accrued income and prepaid expenses	4,913	5,081
Participations	56	105
Fixed assets	1,553	1,942
Other assets	3,484	1,186
Total assets	**567,328**	707,244

Liabilities TCHF		
Due to banks	52,502	18,531
Due to client deposits	472,244	641,040
Negative replacement values of derivative financial instruments	1,682	1,976
Accrued expenses and deferred income	5,204	6,286
Other liabilities	1,040	5,368
Provisions	199	2,053
Share capital	10,000	10,000
Statutory profit reserve	2,500	2,500
Voluntary profit reserves	19,304	14,659
Equity capital	−1,000	0
Retained earnings carried forward	31	31
Profit	3,622	4,800
Total liabilities	**567,328**	707,244

Off-balance-sheet transactions

TCHF	31/12/2019	31/12/2018
Contingent liabilities	12,319	7,933
Irrevocable commitments	1,588	1,572

Income statement

Income and expenses from ordinary banking activities TCHF	31/12/2019	31/12/2018
Interest income		
Interest and discount income	4,237	4,653
Interest and dividend income on trading activities	6	2
Interest and dividend income on financial assets	6	0
Interest expenses	716	643
Gross interest income	**4,965**	5,298
Changes to valuation adjustment for default risks and interest losses	0	0
Subtotal net interest income	**4,965**	5,298
Commission and service-fee income		
Commission income on securities and investments	28,897	32,261
Commission income on lending activities	310	109
Commission income on other services	1,050	994
Commission expenses	−2,804	−2,899
Subtotal commission and service-fee income	**27,453**	30,465
Income from trading activities and the fair value option	**4,213**	4,684
Other ordinary income		
Results from the sale of financial assets	0	0
Sundry ordinary income	675	0
Subtotal sundry ordinary income	**675**	0
Operating expenses		
Personnel expenses	−22,234	−22,391
Other administrative expenses	−9,220	−9,592
Subtotal operating expenses	**−31,454**	−31,983
Valuation adjustments to shareholdings, depreciation and amortisation	−1,232	−1,335
Changes to provisions and other valuation adjustments as well as losses	−1	−978
Annual profit	**4,619**	6,151
Extraordinary income	85	71
Taxes	−1,082	−1,422
Profit	**3,622**	4,800

Allocation of retained earnings

TCHF	31/12/2019	31/12/2018
Profit	3,622	4,800
Retained earnings	31	31
Unallocated retained earnings	**3,653**	4,831
Allocation of retained earnings		
• Allocation to the general statutory profit reserve	−200	0
• Distribution from unallocated retained profit	−1,269	−4,644
• Distribution from retained earnings	−2,153	−156
Retained earnings carried forward	**31**	31

STATEMENT OF EQUITY

TCHF	Capital resources	Statutory sources reserves	Statutory profit reserves	Reserves for general banking risks	Voluntary profit reserves and profit/loss carried forward	Own equity interest (minus position)	Profit for the period	Total
Equity at the start of the reporting period	10,000	0	2,500	0	14,690	0	4,800	31,990
Acquisition of equity capital						−1,000		−1,000
Dividends and other distributions							−156	−156
Other allocations (withdrawals) to the reserves for general banking risks								0
Other allocations (withdrawals) to the other reserves	0				4,645		−4,644	1
Profit/loss (profit for the reporting period)							3,622	3,622
Equity at the end of the reporting period	**10,000**	**0**	**2,500**	**0**	**19,335**	**−1,000**	**3,622**	**34,457**

NOTES TO THE FINANCIAL STATEMENTS

Notes on business activities, general notes and details of personnel

General notes and details of personnel

Bergos Berenberg AG, based in Zurich, operates as a bank within the meaning of Art. 1 et seq. of the Swiss Federal Act on Banks, Savings Banks and Securities Dealers and mainly provides investment advice and asset management services. Adjusted for part-time staff, its headcount at the end of the year was 102.2 employees (previous year: 103.6).The average annual number of full-time positions is 103.7.

Balance sheet operations

With the Bank's focus on off-balance-sheet business, its lending activities are limited first and foremost to collateralised customer loans. Interbank business is primarily conducted in the short-term segment. Long-term financial requirements are essentially covered by the Berenberg Group. The Bank held CHF 21 million of first-class bonds as financial assets at the end of the year.

The acquired portfolios should – depending on the liquidity development on the one hand and the respective risk assessment on the other – be held to maturity and used neither for active speculation nor for capital gains. A very conservative investment strategy is pursued with various monitoring limits.

Commission and service-fee activities

Income from commission and service-fee activities constitutes the primary source of income for the Bank and essentially comprises income from securities trading and from portfolio and asset management activities. These services are used by both private customers and institutional clients.

Trading

The Bank implements and executes all standard trading transactions for its clients. In all of these activities, the Bank acts as a commission agent and does not engage in any active trading. There is only a small degree of own account trading with foreign currencies and this is limited to currencies with a liquid market.

Notes on risk management

Risk assessment

The Board of Directors continually assesses the primary risks to which the Bank is exposed. The independent risk management presents the progress report and risk report to the Board of Directors for the purposes of assessing the appropriateness of the Bank's risk management. The risk report serves to outline the relevant risks and their possible impacts on the Bank's financial accounting, and to highlight the steps taken to measure, manage and limit these risks (risk management). The Board of Directors did not identify any risks in the course of the financial year which might necessitate a major revision of the assets, liabilities, financial position and profit or loss as presented in the annual financial statements. Please read the following statements for more details of risk management.

Risk management

The risks related to the Bank's activities are systematically recorded, managed and limited on the basis of uniform guidelines and standards whose appropriateness is periodically examined. The Bank complies with the guidelines and standards stipulated by the Swiss Financial Market Supervisory Authority FINMA and approved by the Swiss Bankers Association. The Bank's executive bodies are regularly notified about the development of the Bank's assets, liabilities and financial position.

The Board of Directors has opted not to set up an Audit Committee, since the size criteria stipulated in FINMA circular 2017/1 do not apply to Berenberg Bank (Schweiz) AG. This task is performed by the full Board of Directors.

Key types of risk for the Bank

As its core line of business is asset management and advisory services, the Bank is primarily exposed to risks concerning its reputation and legal issues. By granting collateral loans, the Bank exposes itself to default risks and interest rate risks. It is also subject to operational risks.

Default risks

The Bank's credit policy comprises all activities which can generate a loss if counterparties are unable to fulfil their obligations. To minimise the credit risk, conservative lending limits have been laid down which draw on, amongst other things, the ratings of the main rating agencies in order to ascertain a counterparty's default risk. Currency risks, country risks and other risks such as diversification and liquidity risks are likewise taken into account when determining lending amounts. Loans are issued in accordance with uniform guidelines and credit limits. Loan applications are assessed by a body independent of the Bank's front office. Individual loan applications are evaluated on the basis of the Bank's lending guidelines in accordance with a uniform procedure which recognises four different risk categories.

Group A	Loans which are fully covered
Group A–	Loans which are fully covered, but which entail a diversification risk and which therefore merit special attention
Group B	Loans which merit special attention (e.g. when lending amount is exceeded or as a result of a request placed by the responsible member of the management board, the Credit department or the account manager)
Group C	Loans with a risk of loss that are classed as in need of explanation according to the Bank's lending guidelines

Bank investments and the choice of counterparties for bank transactions are subject to stringent internal quality requirements and limits. Loans are evaluated and monitored on a daily basis. Violations of limits and loans requiring special attention are reported to the General Managers immediately and to the Board of Directors every quarter.

In order to manage the financial assets, minimum criteria have been defined for the issuer's credit rating along with maximum limits.

Market risks

Substantial interest rate risks are avoided by refinancing the loans issued with as closely matching maturities and currencies as possible. Financial assets with the shortest fixed-interest period possible are selected so as to avoid interest rate risks. The risk of losses due to interest rate changes is lowered by a system of limits. Interest rate risks resulting from balance sheet and off-balance-sheet operations are evaluated on the basis of the funds transfer pricing system, and the evaluations focus on the sensitivity of the present value of the equity. Industry-standard ALM software is used to calculate interest rate risks.

Credit spread change risks are relevant if fixed-income securities or other similar investments are not held to final maturity. These are limited by selecting prime debtors and the shortest maturities possible.

Market price risks are checked by means of a system of lines and monitored using suitable KPIs such as Value at Risk (VaR).

Foreign currency and retail trade is conducted primarily in connection with client transactions and is restricted to liquid markets. All other currency risks are kept to a minimum by means of a system of limits.

Other market risks

All other market risks are kept to a minimum by means of a system of limits. In relation to derivatives, the Bank has no exposures on its own account. There are no market liquidity risks relating to foreign exchange trading, as no transactions are made in tight markets. Trading transactions are evaluated and monitored daily. At the departmental level, responsibility for risk control is kept distinct from responsibility for trading.

Liquidity risks

The Bank's liquidity risk management is monitored and secured by the provisions of banking legislation. Short-term ability to pay is ensured through the Execution Desk's active cash management, in accordance with the currency and bank limits approved by the General Managers. The Bank's General Managers control the liquidity risk within the scope of the business competencies allocated to them by the Board of Directors and the provisions of banking legislation. The Board of Directors sets the counterparty limits and defines requirements for financial investments. In order to minimise liquidity risk, high-quality liquid assets which can be credited to the liquidity coverage ratio should generally be selected. In the event of a liquidity shortfall, a four-stage emergency plan has been developed. On a quarterly basis, a liquidity stress test is carried out and the results are reported to the General Managers and once a year additionally to the Board of Directors. The calculation is based on figures from interest-rate risk reporting in the accounting system. The Liquidity Coverage Ratio (LCR) as a KPI for the liquidity of the Bank is calculated on a daily basis.

Operational risks

Pursuant to article 89 of the Capital Adequacy Ordinance (ERV), operational risks are defined as the »danger of losses resulting from the inadequacy or failure of internal procedures, individuals or systems, or from external events«. The definition covers all legal risks, including fines from regulatory authorities and settlements. The Bank allocates operational risks into the following areas for simplified presentation of risk classification: codes of conduct and securities compliance, business risks and risk management, compliance risk, crossborder risk, client tax risk, risk of dormant assets, information technology risk, handling of electronic client data, cyber risks, outsourcing, business continuity management, physical security, fraud risks and personnel risk.

The Board of Directors has defined and regularly reviews a framework for management of operational risks, in particular the determination of risk appetite and risk tolerance. The form, type and level of the operational risks to which the Bank is exposed and which it is prepared to accept should be recorded. The overall concept is based on the COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission). In particular, various risk management techniques were adopted, for example for the overall risk assessment, risk metrics and risk indicators. To implement the framework agreement, Risk Control shows the Board of Directors, as part of the annual risk report, those operational risks that the Bank considers to be particularly critical. The criticality of an operational risk is assessed by Risk Control. The risks selected in this way are described using the principles laid down by FINMA and measures taken to limit the risk are explained. The Bank uses the basic indicator approach to calculate operational risk.

Compliance and legal risks

The General Managers and the Compliance department ensure that the Bank's business activities are carried out in accordance with the applicable regulations and the due diligence requirements of a financial intermediary. They are responsible for compliance with the requirements and developments of the supervisory authority, the legislature and other organisations. They are also responsible for ensuring that directives and regulations are amended in accordance with regulatory developments and that these are complied with. The Bank's legal department handles all of the Bank's legal issues. In particular, it works to minimise the risks inherent in cross-border transactions using appropriate measures.

Outsourcing of business divisions

The Bank has outsourced its SIC and European SIC interbank payments to AnaSys AG, Zurich. An external provider is commissioned with linking anonymous transaction data with the corresponding tax information for the creation of customer tax breakdowns. Internal audit activities have been outsourced to Joh. Berenberg, Gossler & Co. KG, Hamburg, while physical mailing activities have been outsourced to Avaloq Outline, Zurich.

Accounting and valuation methods

Principles
The accounting and valuation methods are subject to the Swiss Code of Obligations, the Swiss Federal Act on Banks and its regulation, and the statutory provisions and directives of the Swiss Financial Market Supervisory Authority FINMA. The annual financial statements give an impression of the Bank's assets, liabilities, financial position and profit or loss in accordance with the financial reporting regulations applicable to banks and securities dealers.

Recognition and reporting
All business transactions are recorded in the companies' books on the trade date and contribute to the calculation of income as of this date. Balance sheet transactions with a fixed time to maturity and futures are recognised as of their respective value dates. Securities and precious metals transactions as well as payment transactions for clients are recognised in the balance sheet as of their respective settlement dates.

Foreign currency translation
Transactions in foreign currencies are recognised at their respective daily rates of exchange. Monetary assets are translated on the basis of the rate of exchange on the balance sheet date and are recognised in the income statement. Differences in the exchange rate arising between the trade date and the settlement date of a transaction are recognised in the income statement.

The following rates of exchange were used for foreign currency translation:

Currency	Rate on balance sheet date 31/ 12/ 2019	Rate on balance sheet date 31/ 12/ 2018
EUR	1.0859	1.1283
USD	0.9690	0.9859
GBP	1.2727	1.2565
JPY	0.8918	0.8944
CAD	0.7428	0.7242
SEK	10.3430	11.0140

General valuation methods
The individual items reported under a balance sheet item are valued on an individual basis (item-by-item valuation). Receivables and obligations in foreign currencies and foreign banknotes and coins held for exchange business are valued on the basis of their mid-rates on the balance sheet date.

Cash and cash equivalents, receivables from banks, liabilities
These items are recognised at their par value or at cost less specific valuation adjustments for impaired receivables.

Loans (receivables from clients)
Impaired receivables, i.e. receivables where it is unlikely that the debtor will be able to honour their future obligations, are valued on an individual basis and the impairment is covered by specific valuation adjustments. Off-balance-sheet transactions such as firm commitments, warranties and derivative financial instruments are likewise included in this valuation. At the very latest, loans are deemed to be impaired when the fair value of the collateral falls below the outstanding credit amount or if the contractually agreed payments of capital and/or interest have been outstanding for more than 90 days. Interest which is outstanding for more than 90 days is classed as overdue. Overdue interest and interest which is unlikely to be paid on schedule is no longer collected, but is allocated to valuation adjustments and deducted from the receivables. Loans are made interest-free if the collectability of the interest is so doubtful that accrual and deferral of said interest is no longer considered to be prudent.

Impairment is calculated on the basis of the difference between the carrying amount of the receivable and the likely recoverable amount, taking into account the counterparty risk and the net proceeds from the utilisation of existing collateral.

If a receivable is classified as wholly or partially irrecoverable or if collection of the receivable is waived, the receivable is written off and is recognised as part of the corresponding valuation adjustment. Amounts which are recovered having previously been written off are credited to the valuation adjustments for default risks.

Securities and precious metals trading portfolios

Securities and precious metals trading portfolios are measured and recognised at fair value. The fair value is considered to be the price determined on an efficient and liquid market or a price determined on the basis of a valuation model. If, in exceptional circumstances, no fair value is available, these trading portfolios are measured and recognised on the principle of the lower of cost or market value.

Price gains or losses resulting from the valuation are recognised as »Income from trading transactions and the fair value option«. Interest and dividend income from securities trading portfolios is recognised as »Interest and dividend income from trading portfolios«. Refinancing expenses for the trading positions are charged to interest cost.

Financial assets

Fixed-income debt instruments and convertible and option bonds not included in a trading portfolio are measured at the lower of cost or market value insofar as they are not due to be held until their final maturity. Valuation adjustments are netted and are recognised as »Sundry ordinary expenses« or »Sundry ordinary income«. An asset may be written up to no higher than its original cost provided its fair value that has fallen below said original cost subsequently increases. This valuation adjustment is recognised as described above.

Debt instruments acquired with the intention of being held until their final maturities are measured in accordance with the accrual method. In this case, premiums and discounts are accrued in the balance sheet for the entire term of the instrument until its final maturity. Interest-related gains or losses resulting from the early sale or redemption of an instrument are accrued over the course of its remaining term, i.e. until its original final maturity. Impairments or reversals of impairment losses triggered by a counterparty's credit quality are recognised in the income statement as explained as »Held to final maturity«.

Fixed assets

Investments in new fixed assets are capitalised and carried at cost if they are used in more than one accounting period and if their value exceeds the lower threshold for capitalisation. Investments in existing fixed assets are capitalised if this will lead to a sustained increase in their fair value or utility value or if this substantially lengthens their useful life.

In subsequent valuations, the fixed assets are carried at cost less cumulative write-downs. Write-downs are effected over the estimated useful life of an asset. Assets are tested for impairment annually. If impairment testing reveals a change in the useful life or impairment, the residual carrying amount is written down over the remainder of the asset's useful life or an impairment is recognised. Write-downs and any additional impairment are recognised in the income statement under »Depreciation of fixed assets«. Impairments are reversed if the reasons for impairment no longer exist.

The estimated useful life of individual fixed asset categories is as follows:

- Fixed assets — 5 years
- Software, IT and communication systems — 3 years

Gains realised through the sale of fixed assets are recognised under »Extraordinary income« and losses are recognised under »Extraordinary expenses«.

Pension obligations

The Bank has joined a defined-contributed pension scheme with Bâloise-Sammelstiftung, which is mandatory for employees over the age of 17. Retirement age is reached on the first day of the month following the employee's 65th birthday (female employees: 64th birthday). However, insured employees who are willing to accept pension cuts have the possibility of retiring at the age of 58.

The Bank bears the costs of the occupational pensions of all of its employees and their surviving dependants in accordance with the legal provisions. The Bank's pension obligations and the assets to cover these are outsourced to the collective pension foundation named above.

The pension plans are organised, managed and financed in accordance with the legal provisions, the foundation deeds and the applicable pension plan regulations. The Bank recognises its employer contributions as personnel expenses.

At the end of the year, there were no liabilities in relation to the pension plan.

Taxes, current taxes

Current taxes are recurring, usually annual, taxes on income. One-time or transaction-specific taxes are not classed as current taxes. Current taxes on the profit for the period are determined on the basis of the local taxation regulations for the assessment of profit and are carried as an expense in the accounting period in which the profits were accrued. Direct taxes owed on the Bank's current profits are recognised as accrued expenses and deferred income.

Contingent liabilities, irrevocable commitments, liabilities to pay in capital or additional capital on shares

These are presented under off-balance-sheet items at their par value. Provisions are made on the liabilities side of the balance sheet for foreseeable risks.

Valuation adjustments and provisions

Specific valuation adjustments and provisions are made for all discernible loss risks in accordance with the principle of caution. Valuation adjustments and provisions which are no longer required in an accounting period for economic reasons are reclassified to profit or loss. Specific valuation adjustments are deducted directly from the corresponding item on the assets side. Provisions for other risks are presented under this balance sheet item.

Derivative financial instruments

All derivative financial instruments are measured at fair value. They are recognised as positive or negative replacement values under »Positive replacement values of derivative financial instruments« or »Negative replacement values of derivative financial instruments«. Fair value is based on market prices, price quotations from dealers, and discounted cash flow and option pricing models.

In the case of transactions with derivative financial instruments effected for trading purposes, realised and unrealised gains and losses are recognised as »Income from trading transactions and the fair value option«.

Changes to the accounting and valuation methods

There were no changes to the accounting and valuation methods.

Information on the balance sheet

Collateral for coverage of receivables and off-balance-sheet transactions as well as impaired receivables TCHF

Type of collateral		Mortgage	Other	Without	Total
Loans (before netting with valuation adjustments)					
Due from clients		0	254,495	1,976	256,471
Total loans (before netting with valuation adjustments)	Reporting year	0	254,495	1,976	256,471
	Previous year	0	233,192	3,715	236,907
Total loans (after netting with valuation adjustments)	Reporting year	0	254,495	1,966	256,461
	Previous year	0	233,192	3,705	236,897

		Mortgage	Other	Without	Total
Off-balance-sheet					
Contingent liabilities		0	12,300	19	12,319
Irrevocable commitments		0	1,588	0	1,588
Total off-balance-sheet	Reporting year	0	13,888	19	13,907
	Previous year	0	9,458	47	9,505

Non-performing loans		Gross claims	Estimated liquidation value of collateral[1]	Net claims	Specific valuation adjustments
	Reporting year	10	0	10	10
	Previous year	10	0	10	10

Note:
1 Loan or realisable value per client: the smaller amount is authoritative.

Trading transactions and other financial instruments measured at fair value (assets and liabilities)

TCHF

Trading transactions – assets	2019	2018
Trading transactions	0	3
• Debt instruments, money market instruments and transactions	0	0
Thereof listed	0	0
• Equity securities	0	3
Other financial instruments measured at fair value	0	0
• Debt instruments	0	0
Total trading transactions and other financial instruments (assets)	0	3
• Thereof: determined on the basis of a valuation model	0	0
• Thereof: securities eligible for repo transactions	0	0
Trading transactions – liabilities		
Total trading transactions and other financial instruments (liabilities)	0	0

Open derivative financial instruments (assets and liabilities)

TCHF

		Trading instruments			Hedging instruments		
		Positive repl. val.	Negative repl. val.	Contract volumes	Positive repl. val.	Negative repl. val.	Contract volumes
Interest instruments							
• Future contracts incl. FRAs		0	0	0	0	0	0
• Swaps		0	0	0	0	0	0
Foreign exchange							
• Future contracts		1,898	1,682	261,307	0	0	0
Total before netting agreements	Reporting year	1,898	1,682	261,307	0	0	0
	Previous year	1,762	1,976	378,507	0	0	0

Total after netting agreements		Pos. replacement values (cumulative)	Neg. replacement values (cumulative)
	Reporting year	1,898	1,682
	Previous year	1,762	1,976

Breakdown according to counterparties	Central clearing offices	Banks and securities dealers	Other clients
Positive replacement values after netting agreements	0	1,143	755

Financial assets TCHF

	Book value 31/12/2019	31/12/2018	Fair value 31/12/2019	31/12/2018
Debt instruments	20,814	24,361	20,792	24,360
• Thereof: intended to be held to final maturity	20,814	24,361	20,792	24,360
Total financial assets	**20,814**	24,361	**20,792**	24,360
• Thereof: securities eligible for repo transactions	5,432	5,669	5,434	5,674

Breakdown of counterparties according to rating in the reporting year[1]	Highest credit rating to secure investments with a negligible default risk	Secure investments barring any unforeseen events	Good investments on average	Speculative to highly speculative investments
Debt instrument at book value in the reporting year	**18,622**	2,192	0	0

Participations TCHF

	Cost of acquisition	Valuation adjustments accumulated	Book value 31/12/2018	Reclassifications	Investments	Divestments	Valuation adjustments	Book value 31/12/2019
Other participations[2]								
• With market price	0	0	0	0	0	0	0	0
• Without market price	0	0	105	0	0	−49	0	56
Total participations	0	0	105	0	0	**−49**	0	**56**

Permanent direct or indirect significant participations

Company name and domicile	Business activities	Capital in TCHF	Proportion in %	Proportion of votes in %	Direct ownership	Indirect ownership
Bergos Fleming AG, Zurich	Family Office management services	100	51	51	Yes	–

Notes:
1 Bergos Berenberg AG uses the ratings system of FINMA-recognised ratings agencies to assign financial assets to various credit rating categories.
2 The participations do not show any market value.

Fixed assets TCHF

	Procurement value	Depreciation accumulated	Book value 31/12/2018	Reclassifications	Investments	Divestments	Depreciation	Book value 31/12/2019
Bank building	0	0	0	0	0	0	0	0
Software developed in-house or purchased externally	7,659	6,562	1,097	0	791	0	−776	1,112
Other fixed assets	10,066	9,221	845	0	52	0	−456	441
Objects in financial leasing	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total fixed assets	17,725	15,783	1,942	**0**	**843**	**0**	**−1,232**	**1,553**

The acquisition cost and the accumulated depreciation thus far were reduced in the current year by the outflows.

Other assets and liabilities TCHF

	2019 Other assets	2019 Other liabilities	2018 Other assets	2018 Other liabilities
Balancing account	0	216	214	0
Strict clearing accounts	658	824	615	827
Other assets and liabilities	2,826	0	357	4,541
Total	**3,484**	**1,040**	1,186	5,368

Pledged or relinquished assets to hedge own liabilities as well as assets subject to reservation of ownership TCHF

	31/12/2019 Book value	31/12/2019 Effective obligations
Relinquished account balances as security for futures	**6,606**	3,110

Pension commitments

The Bank offers a contributory pension scheme for its employees (Bâloise-Sammelstiftung für die obligatorische Vorsorge, Basel). Retirement age is reached on the first day of the month following the employee's 65th birthday (female employees: 64th birthday). However, insured employees who are willing to accept pension cuts have the possibility of retiring at the age of 58.

Economic benefit/economic liability and pension scheme expenses TCHF	Surplus/under-funding	Economic proportion attributable to Bank		Change compared with previous year of the economic share (economic benefit or economic liability)	Paid pension scheme contri-butions for the reporting year	Personnel expenses	
	2019	2019	2018		2018	2019	2018
Pension schemes without surplus/ underfunding	0	0	0	0	0	1,551	1,481

As in the previous year, there are no liabilities to own pension schemes and no reserves for employer contributions. There are also no welfare funds or welfare pension schemes.
Occupational pensions are provided for through a pension plan with a collective pension foundation at Basler Leben AG. An insurance solution was chosen that completely covers all insurance and investment risks. According to the collective pension foundation, it is not possible that the pension plan provides insufficient coverage at the reporting date.
Any surpluses will be credited to the pensions of those insured, which is why the pension plan cannot be excessively covered and there cannot be any economic benefit to the company.

Valuation adjustments, provisions and reserves for general banking risks TCHF

	31/12/2018	Specific usage	Transfers	Recoveries, overdue interest, currency differences	New creation charged to income statement	Reversal credited to income statement	31/12/2019
Provisions for deferred taxes	0	0	0	0	0	0	0
Provisions for default risks	0	0	0	0	0	0	0
Provisions for other business risks	2,053	−2,595	0	741	0	0	199
Provisions for restructuring	0	0	0	0	0	0	0
Provisions for pension liabilities	0	0	0	0	0	0	0
Other provisions*	0	0	0	0	0	0	0
Total provisions	**2,053**	**−2,595**	**0**	**741**	**0**	**0**	**199**
Valuation adjustments for default and country risks	10	0	0	0	0	0	10
• Thereof: valuation adjustments for default risks from impaired receivables	10	0	0	0	0	0	10
• Thereof: valuation adjustments for deferred risks	0	0	0	0	0	0	0

Capital resources and shareholders with more than 5% of all voting rights TCHF

Capital resources	2019 Total nominal value	2019 Number of units	2019 Dividend-bearing capital	2018 Total nominal value	2018 Number of units	2018 Dividend-bearing capital
Share capital	10,000	5,000	10,000	10,000	5,000	10,000
• Thereof: paid in	10,000	5,000	10,000	10,000	5,000	10,000
Total capital resources	**10,000**	**5,000**	**10,000**	10,000	5,000	10,000

Significant shareholders and shareholder groups with voting ties

With voting right	2019 Nominal TCHF	2019 Share in %	2018 Nominal TCHF	2018 Share in %
Centinox B AG, Hergiswil	2,450	24.50	2,450	24.50
Diethelm Keller Holding AG, Zurich	2,450	24.50	2,450	24.50
Joh. Berenberg, Gossler & Co. KG, Hamburg	1,990	19.90	1,990	19.90
Niantic Holding GmbH, Hamburg	1,000	10.00	1,000	10.00
A & S Beteiligungen AG, Zug	800	8.00	800	8.00
Claus G. Budelmann, Hamburg	510	5.10	510	5.10
Dr Peter Raskin, Grüningen	500	5.00	500	5.00
Other (respective capital owners up to and including 5%)	300	3.00	300	3.00
Total capital resources	**10,000**	**100.0**	10,000	100.0

Indirect participants through a stake of more than 5% in

	2019	2018
Centinox B AG, Hergiswil:		
Centinox Holding AG, Hergiswil	100.00	100.00
Diethelm Keller Holding AG, Zurich:		
DKH Holding AG, Zurich	100.00	100.00
Joh. Berenberg, Gossler & Co. KG, Hamburg:		
PetRie Beteiligungsgesellschaft mbH, Hamburg	21.00	21.00
Prof Dr Jan Philipp Reemtsma, Hamburg	15.00	15.00
Christian Erbprinz zu Fürstenberg, Donaueschingen	15.00	15.00
Compagnie du Bois Sauvage S.A., Brussels	12.00	12.00
Joachim v. Berenberg-Consbruch, Hamburg	10.26	10.05
Dr. Hans-Walter Peters, Hamburg	5.08	5.08
Other (respective capital owners up to and including 5%)	21.66	21.87
Niantic Holding GmbH, Hamburg:		
Dr Andreas Jacobs, Hamburg	100.00	100.00
A & S Beteiligungen AG, Zug:		
C+H Development Holding AG, Zug	75.00	75.00
Andreas von Specht, Hamburg	12.50	12.50
Henry Mutschler, Zurich	6.25	6.25
Céline Mutschler, Zurich	6.25	6.25

Amounts due to and from related parties TCHF

	Receivables 2019	2018	Liabilities 2019	2018
Qualified stakeholder	13,772	119,011	17,277	5,694
Group companies	0	0	129	697
Governing bodies	0	1	794	1,113

Transactions with related parties
Balance sheet and off-balance-sheet transactions are administered in line with market requirements.

Maturity structure of financial instruments and debt capital TCHF

Assets / financial instruments	Demand	Callable	Within 3 months	Due after 3 months up to 12 months	Due after 12 months up to 5 years	Due after 5 years	Immo-bilised	Total
Cash and cash equivalents	114,916	0	0	0	0	0	0	114,916
Due from banks	104,035	32,051	27,147	0	0	0	0	163,233
Due from clients	0	101,647	55,704	88,434	10,676	0	0	256,461
Trading activities	0	0	0	0	0	0	0	0
Positive replacement values of derivative financial instruments	1,898	0	0	0	0	0	0	1,898
Financial assets	0	0	5,432	0	15,382	0	0	20,814
Total assets / financial instruments								
Reporting year	**220,849**	**133,698**	**88,283**	**88,434**	**26,058**	**0**	**0**	**557,322**
Previous year	219,549	157,928	212,296	69,880	39,277	0	0	698,930
Debt capital / financial instruments								
Due to banks	52,502	0	0	0	0	0	0	52,502
Due to client deposits	472,244	0	0	0	0	0	0	472,244
Negative replacement values of derivative finance	1,682	0	0	0	0	0	0	1,682
Total debt capital / financial instruments								
Reporting year	**526,428**	**0**	**0**	**0**	**0**	**0**	**0**	**526,428**
Previous year	661,547	0	0	0	0	0	0	661,547

Balance sheet by domestic and foreign origin according to the domicile principle TCHF

	2019 Domestic	2019 Foreign	2018 Domestic	2018 Foreign
Assets				
Cash and cash equivalents	91,385	23,531	79,669	3,337
Due from banks	109,800	53,433	133,129	219,772
Due from clients	52,828	203,633	57,997	178,900
Trading activities	0	0	0	3
Positive replacement values of derivative financial instruments	403	1,495	97	1,665
Financial assets	0	20,814	0	24,361
Accrued income and prepaid expenses	4,433	480	4,560	521
Participations	56	0	105	0
Fixed assets	1,553	0	1,942	0
Other assets	3,484	0	1,186	0
Non-paid-in capital resources	0	0	0	0
Total assets	**263,942**	**303,386**	278,685	428,559
Liabilities				
Due to banks	28	52,474	2,139	16,392
Due to client deposits	65,557	406,687	82,647	558,393
Negative replacement values of derivative financial instruments	1,108	574	1,026	950
Accrued expenses and deferred income	5,204	0	6,273	13
Other liabilities	1,040	0	5,368	0
Provisions	199	0	2,053	0
Capital resources	10,000	0	10,000	0
Statutory profit reserve	2,500	0	2,500	0
Voluntary profit reserves	19,304	0	14,659	0
Equity capital	−1,000	0	0	0
Retained earnings carried forward	31	0	31	0
Profit	3,622	0	4,800	0
Total liabilities	**107,593**	**459,735**	131,496	575,748

Assets by country/region (domicile principle)

Assets	2019 Absolute TCHF	2019 Share in %	2018 Absolute TCHF	2018 Share in %
Switzerland	263,942	46.52	278,685	39.40
Other Europe	180,730	31.86	318,058	44.97
North America	5,131	0.90	2,953	0.42
Caribbean	25,714	4.53	28,446	4.02
Latin America	6,849	1.21	8,693	1.23
Africa	45,471	8.01	41,686	5.89
Asia	6,736	1.19	7,366	1.04
Other countries	32,755	5.78	21,357	3.03
Total assets	**567,328**	**100.00**	707,244	100.00

Assets by credit rating of regions (risk domicile)

Rating class*	2019 Absolute TCHF	2019 Share in %	2018 Absolute TCHF	2018 Share in %
Rating class 1	231,544	95.27	385,322	94.98
Rating class 2	0	0.00	0	0.00
Rating class 3	0	0.00	142	0.04
Rating class 4	11	0.00	3,381	0.83
Rating class 5	673	0.28	82	0.02
Rating class 6	310	0.13	1,588	0.39
Rating class 7	10,496	4.32	15,176	3.74
No rating	0	0.00	0	0.00
Total foreign assets	**243,034**	**100.00**	405,691	100.00

* The country rating of the Swiss Export Risk Insurance is applied.

Balance sheet by currency TCHF

Assets	CHF	EUR	USD	GBP	JPY	Other	Total
Cash and cash equivalents	91,197	23,665	42	12	0	0	114,916
Due from banks	4,727	66,129	68,947	10,469	3,073	9,888	163,233
Due from clients	47,878	114,299	71,025	18,958	2,934	1,367	256,461
Trading activities	0	0	0	0	0	0	0
Positive replacement values of derivative financial instruments	1,898	0	0	0	0	0	1,898
Financial assets	0	20,814	0	0	0	0	20,814
Accrued income and prepaid expenses	4,452	153	215	91	2	0	4,913
Participations	56	0	0	0	0	0	56
Fixed assets	1,553	0	0	0	0	0	1,553
Other assets	3,484	0	0	0	0	0	3,484
Total assets recognised in the balance sheet	155,245	225,060	140,229	29,530	6,009	11,255	**567,328**
Claims deriving from forward exchange securities	48,746	122,940	65,715	13,046	1,427	9,432	261,306
Total assets	203,991	348,000	205,944	42,576	7,436	20,687	**828,634**
Liabilities							
Due to banks	8,821	2,463	38,126	1,102	1,885	105	52,502
Due to client deposits	66,866	260,243	105,580	28,284	1,527	9,744	472,244
Negative replacement values of derivative financial instruments	1,682	0	0	0	0	0	1,682
Accrued expenses and deferred income	4,996	137	71	0	0	0	5,204
Other liabilities	1,040	0	0	0	0	0	1,040
Provisions	199	0	0	0	0	0	199
Capital resources	10,000	0	0	0	0	0	10,000
Statutory profit reserve	2,500	0	0	0	0	0	2,500
Voluntary profit reserves	19,304	0	0	0	0	0	19,304
Equity capital	−1,000	0	0	0	0	0	−1,000
Retained earnings brought forward	31	0	0	0	0	0	31
Profit	3,622	0	0	0	0	0	3,622
Total balance sheet liabilities	118,061	262,843	143,777	29,386	3,412	9,849	**567,328**
Delivery payables from forward exchange transac.	86,972	84,926	61,766	13,040	4,013	10,589	261,306
Total liabilities	205,033	347,769	205,543	42,426	7,425	20,438	**828,634**
Net position per currency	−1,042	231	401	150	11	249	**0**

Information on off-balance-sheet transactions

Contingent receivables and liabilities TCHF

	2019	2018
Credit guarantees and similar items	12,319	7,933
Other contingent liabilities	0	0
Total contingent liabilities	**12,319**	7,933
Contingent receivables deriving from tax loss carried forward	0	0
Other contingent receivables	0	0
Total contingent receivables	**0**	0

Fiduciary transactions TCHF

	2019	2018
Fiduciary placements with third-party banks	870,957	862,579
Fiduciary placements at Group companies and affiliated companies	0	0
Fiduciary credits for third-party accounts	0	0
Total	**870,957**	862,579

Assets under management TCHF

	2019	2018
Type of assets under management		
Assets in funds managed by the Bank	205,927	322,046
Assets with management mandate	1,721,000	1,638,860
Other assets under management	4,121,055	3,774,079
Total assets under management (incl. double-counted)	**6,047,982**	5,704,985
• Thereof: double-counted	121,227	165,052
Total assets under management (incl. double-counted) at the start of the reporting year	5,704,985	6,586,681
+/− Net inflow of new funds or net outflow of funds	−99,096	−367,417
+/− Price development, interest, dividends and foreign currency development	442,093	−514,279
Total assets under management (incl. double-counted) at the end of the reporting year	**6,047,982**	5,704,985

The clients' assets include account balances, trust funds and all portfolio holdings. Only assets held for custody purposes (custody assets) are not included. These comprise shares held by clients in their companies.
The net inflow/outflow of new funds is the balance of all incomings and outgoings of money and securities. The interest credited to or invoiced to the clients is regarded as an internal accounting entry and is therefore not taken into account.
The previous year's figures for assets under management were reduced by TCHF 30,741 due to a reclassification.

Information on the income statement

Significant refinancing income under the interest and discount income item as well as from significant negative interest TCHF

	2019	2018
Negative interest on lending activities (reduction of interest income)*	−1,126	−724
Negative interest on deposit-taking activities (reduction of interest expense)*	794	850

Personnel expenses TCHF

	2019	2018
Salaries (attendance fees and fixed remuneration payable to banking authorities, salaries and supplements)	18,800	18,907
Bank contributions to staff pension funds	1,551	1,481
Other social benefits	1,412	1,453
Other personnel expenses	471	550
Total	**22,234**	22,391

Other administrative expenses TCHF

	2019	2018
Premises costs	1,657	1,680
Costs of information and communication technology	2,982	2,952
Costs of vehicles, machinery, furniture and other equipment	151	194
Auditors' fee	180	228
• Thereof: for accounting and regulatory auditing	180	228
• Thereof: for other services	0	0
Other operating expenses	4,250	4,538
Total	**9,220**	9,592

Notes regarding significant losses, extraordinary income and expenses, significant reversals of hidden reserves, reserves for general banking risks and released valuation adjustments and provisions

There are no significant extraordinary income and no extraordinary expenses.

Note:
* The figures of the previous year have been amended.

Link between the tables of FINMA Circular 2016/01 and regulatory reporting

KM1: Regulatory key figures

	2019	2018
Eligible equity (in TCHF)		
1 Tier 1 capital ratio (CET1)	32,304	31,834
2 Tier 1 capital (T1)	32,304	31,834
3 Total capital	32,304	31,834
Risk-weighted positions (RWA in TCHF)		
4 RWA	134,113	178,900
4a Minimum own funds	10,729	14,312
Risk-based capital ratio (% of RWA)		
5 CET1 ratio	24.09%	17.79%
6 Tier 1 capital ratio	24.09%	17.79%
7 Total capital ratio	24.09%	17.79%
CET1 buffer requirement (% of RWA)		
8 Own funds buffer under Basel minimum standards (2.5% from 2019)	2.50%	1.88%
9 Anti-cyclical buffer (Art. 44a ERV) under Basel minimum standards	0.00%	0.00%
10 Additional equity buffer because of international or national system relevance	0.00%	0.00%
11 Total buffer requirements under Basel minimum standards in CET1 quality	2.50%	1.88%
12 Available CET1 to cover buffer requirements under Basel minimum standards (after deduction of CET1 to cover minimum requirements and where applicable to cover TLAC requirements)	16.09%	14.29%
Target capital ratios under Appendix 8 ERV (% of RWA)		
12a Own funds under Appendix 8 ERV	2.50%	2.50%
12b Anti-cyclical buffer (Art. 44 and 44a ERV)	0.00%	0.00%
12c Target CET1 ratio under Appendix 8 ERV plus anti-cyclical buffer under Art. 44 and 44a ERV	7.00%	7.00%
12d Target T1 ratio under Appendix 8 ERV plus anti-cyclical buffer under Art. 44 and 44a ERV	8.50%	8.50%
12e Target total capital ratio under Appendix 8 ERV plus anti-cyclical buffer under Art. 44 and 44a ERV	10.50%	10.50%
Basel III leverage ratio		
13 Total commitment (in TCHF)	586,397	720,857
14 Basel III leverage ratio (core capital as % of total commitment)	5.51%	4.42%

Liquidity ratio (LCR)	4th quarter	3rd quarter	2nd quarter	1st quarter	4th quarter 2018
15 Total high-quality, liquid assets (in TCHF)	101,968	134,299	153,122	132,421	101,484
16 Total net outflows (in TCHF)	65,508	53,881	57,386	58,817	65,977
17 LCR (liquidity coverage ratio)	155.66%	249.25%	266.83%	225.14%	153.82%

OV1: Overview of risk-weighted positions TCHF

	2019 RWA	2018 RWA	2019 Minimum own funds	RWA deviation in %
1 Credit risk	57,944	101,884	4,635	−43.13%
20 Market risk	1,020	1,077	82	−5.29%
24 Operational risk	73,596	73,990	5,888	−0.53%
25 Amounts below the threshold deductions (with 250% according to positions to be risk-weighted)	0	0	0	0%
27 Total	**132,560**	176,951	**10,605**	**25.09%**

LIQA: Liquidity – Management of liquidity risks

Please see the notes to the »Liquidity risk« section.

CR1: Credit risk – Credit quality of assets TCHF

	A Gross book value of defaulted positions	B Gross book value of not defaulted positions	C Adjustments/ write-downs	D Net value (a + b – c)
1 Receivables (excluding debt instruments)	0	419,704	10	419,694
2 Debt instruments	0	20,814	0	20,814
3 Off-balance-sheet positions	0	13,907	0	13,907
4 Total reporting year	0	**454,425**	**10**	**454,415**
Total previous year	0	718,708	10	718,698

More detailed definitions of internal default are given in the notes to the »Default risk« section.

CRB: Credit risk – additional information on the credit quality of assets

Outstanding or overdue receivables of more than 90 days, in line with our notes to the »Receivables« section, only amount to a negligible TCHF 10. These were disclosed in the section »Collateral for coverage of receivables and off-balance-sheet transactions as well as impaired receivables«.

CR3: Credit risk – Overall view of risk reduction techniques TCHF

	A Unsecured positions/ book value	C Positions secured by collateral, effectively collateralised amount	E + G Positions secured by financial guarantees or credit derivatives, effectively collateralised amount
Receivables (incl. debt instruments)	193,531	242,557	4,420
Off-balance-sheet positions	2,131	11,776	0
Total reporting year	**195,662**	**254,333**	**4,420**
of which defaulted	0	0	0
Total previous year	492,508	222,214	3,976

CR5: Credit risk – Positions according to position category and risk weighting under the standard approach TCHF

Position category / risk weighting	A 0%	B 10%	C 20%	D 35%	E 50%	F 75%	G 100%	H 150%	I Other	J Total credit risk positions
1 Central governments and central banks	96,562									96,562
2 Banks and securities dealers	0		162,553		8,556					171,109
3 Public corporation and multilateral development banks			16,183							16,183
4 Companies							150			150
5 Retail						2,549	10,122	1,661		14,332
6 Equities								56		56
7 Other positions	282						1,553		0	1,835
8 Total reporting year	**96,844**	**0**	**178,736**	**0**	**8,556**	**2,549**	**11,825**	**1,717**	**0**	**300,227**
9 of which mortgage-backed receivables										0
10 of which overdue receivables										0
Total previous year	94,342	0	376,019	0	1,117	4,667	17,657	2,682	3	496,487

CCR3: Counterparty risk – Positions according to position category and risk weighting under the standard approach TCHF

Position category / risk weighting	A 0%	B 10%	C 20%	D 50%	E 75%	F 100%	G 150%	H Other	I Total credit risk positions	Total previous year
1 Central governments and central banks									0	0
2 Banks and securities dealers	172		6,183	512					6,867	3,875
3 Public corporation and multilateral development banks			64						64	386
4 Companies	2								2	869
5 Retail	898					23			921	740
6 Equities									0	0
7 Other positions									0	0
8 Total reporting year	**1,072**	**0**	**6,247**	**512**	**0**	**23**	**0**	**0**	**7,854**	5,870
Total previous year	1,595	0	3,026	1,117	0	125	7	0	5,870	

ORA: Operational risks – General information

Please refer to the comments in the »Operational risks« section.

Interest rate risks: Objectives and policies for interest rate management in the banking book (IRRBBA)

Disclosure of qualitative information

a) IRRBB for purposes of risk control and measurement
The following three forms of interest rate risks are considered:
• Interest rate resetting (mismatches between interest rate repricing maturities and final maturities)
• Basis risk (change in interest rates)
• There are no contracts with implicit options

b) Strategies for the control and reduction of IRRBB
The Board of Directors has established an appropriate monitoring policy that is consistent with the business strategy of the risk policy. It defines the key points of the limit system and the most important report points. It also specifies the maximum interest rate risk positions by means of global limits. The Executive Board is responsible for the operational implementation of the risk policy for interest rate risks in the banking book. It submits a request for strategic limits to the Board of Directors and is responsible for the control of interest rate risks within the scope of the limits set by the Board of Directors. It approves the replicating products offered by the bank once a year or when necessary. The Accounting Department is responsible for the measurement and monitoring of compliance with the limits set by the Executive Board and approved by the Board of Directors and submits the Interest Rate Risk Report (ZIRU Statistics) to the Swiss National Bank on a quarterly basis. The Risk Control Department submits a quarterly report on its findings to the Board of Directors.

c) Periodicity and description of the IRRBB measures
Interest rate risk measures are recalculated on a quarterly basis. EVE and NII calculations are performed using ALM Focus and FiRE, respectively.

d) Interest rate shock and stress scenario
EVE interest rate shock scenarios:
- Parallel shift up and down
- Steepener/flattener shock
- Increase and decrease in short-term interest rates
NII interest rate shock scenarios:
- Base scenario
- Parallel shift up and down
For us as a Category 5 bank, no further scenarios are required.

e) Differing model assumptions
In the internal interest rate measurement system, the Bank currently uses model assumptions with static income effect and a currency-independent interest rate curve difference of 100 basis points. These are different from the disclosures made in the IRRBB1 table.

f) Hedges
Bergos Berenberg offers short-term, currently secured Lombard loans with a maximum interest rate commitment risk of one year. This gives rise to a relatively low interest rate risk. The Bank does not conduct special hedging trades, as a general rule.

g) Modelling and parametric assumptions
Loan extensions are done with the same maturities. Fixed-term financial assets are held to maturity, as a general rule.

Economic value of equity (EVE)

1. The cash flows include interest rate margins from an external interest rate perspective.

2. Bergos Berenberg uses the exact residual maturity for fixed positions and for positions with indefinite residual maturities, own replication key.

3. Cash flows are discounted to present value with the currency-dependent LIBOR swap curve.

4. For the change in net interest income (NII), Bergos Berenberg utilises the specification in FINMA-RS 2016/1 »Regulatory Disclosure Requirements«.

5. The Bank uses static replication keys for the variable positions.

6. The Bank does not hold behaviour-dependent positions with early repayment options.

7. Moreover, no behaviour-dependent term deposits with early withdrawals are taken into account.

8. Bergos Berenberg holds no positions with automatic interest rate options in the banking book.

9. The Bank uses interest rate derivatives to manage interest rate risk only in exceptional cases.

10. There are no further assumptions.

IRRBBA1: Interest rate risks: Quantitative information on the position structure and resetting of interest rates TCHF

	Total	Thereof: CHF	Thereof: other significant currencies that represent more than 10% of assets or liabilities in the balance sheet total	Average repricing maturities (in years) Total	Average repricing maturities (in years) Thereof: CHF
Determined repricing maturity	724,705	162,905	481,973		
Receivables from banks	59,198		48,466	0.03	0.00
Receivables from customers	154,814	43,632	93,635	0.44	0.42
Money market mortgages	0	0	0		
Fixed-rate mortgages	0	0	0		
Financial investments	20,814	0	20,814	0.05	0.00
Other receivables	0	0	0		
Receivables from interest derivatives	245,018	48,747	172,366	0.18	0.26
Liabilities to banks	0	0	0		
Liabilities from client deposits	0	0	0		
Medium-term notes	0	0	0		
Bonds and mortgage-backed loans	0	0	0		
Other liabilities	0	0	0		
Liabilities from interest derivatives	244,861	70,526	146,692	0.18	0.19
Undetermined repricing maturity	730,285	84,670	584,558		
Receivables from banks	104,034	4,726	86,610	0.08	0.08
Receivables from customers	101,657	4,256	91,688	0.22	0.22
Variable mortgage claims	0	0	0		
Other demand receivables	0	0	0		
Demand liabilities in personal and current accounts	472,092	66,866	365,671	0.22	0.22
Other demand liabilities	52,502	8,822	40,589	0.08	0.08
Liabilities from client deposits, callable but not transferrable (savings)	0	0	0		
Total	**1,454,990**	**247,575**	**1,066,531**		

IRRBB1: Interest rate risks: Quantitative information on present value and interest income TCHF

	EVE (change in economic value)		NII (change in net interest income)	
Period	31/12/2019	30/06/2019	31/12/2019	30/06/2019
Parallel shift up	178	269	3,737	−1,944
Parallel shift down	−174	−255	−3,669	1,913
Steepener shock (1)	−208	−359		
Flattener shock (2)	239	415		
Increase in short-term interest rates	279	485		
Decrease in short-term interest rates	−280	−481		
Maximum	279	485	3,737	1,913
Tier 1 capital	**30,835**	**31,834**	**30,835**	**31,834**

Comments on the significance of the stated values. The materiality of the published values and all significant changes since the previous reporting period are to be explained.

(1) Decrease in short-term interest rates in combination with increase in long-term interest rates.

(2) Increase in short-term interest rates in combination with decrease in long-term interest rates. Excluding Tier 1 capital, which is used to fulfil gone-concern requirements.

REPORT OF THE STATUTORY AUDITORS

to the General Meeting of Bergos Berenberg AG, Zurich

BDO

Phone +41 44 444 36 46
Fax +41 44 444 35 35
www.bdo.ch
erik.dommach@bdo.ch

BDO Ltd
Schiffbaustrasse 2
CH-8031 Zurich

Report of the statutory auditor
to the general shareholder's meeting of

Bergos Berenberg AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Bergos Berenberg AG which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 46 - 72) for the year ended 31 December 2019.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

BDO

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 14 February 2020

BDO Ltd

Erik Dommach
Auditor in Charge
Licensed Audit Expert

Dorothee Kammerer
Licensed Audit Expert

Bergos Berenberg AG
Kreuzstrasse 5 · P.O. Box 186
8034 Zurich · Switzerland
Phone +41 44 284 20 20
Fax +41 44 284 20 22

Geneva Branch
29, Quai du Mont-Blanc
1201 Geneva · Switzerland
Phone +41 22 308 59 00
Fax +41 22 308 59 20

www.bergos-berenberg.ch
info@bergos-berenberg.ch

Bergos Fleming AG
Kreuzstrasse 5
8034 Zurich · Switzerland