

Independent since 1674

METZLER

Fiscal year 2023

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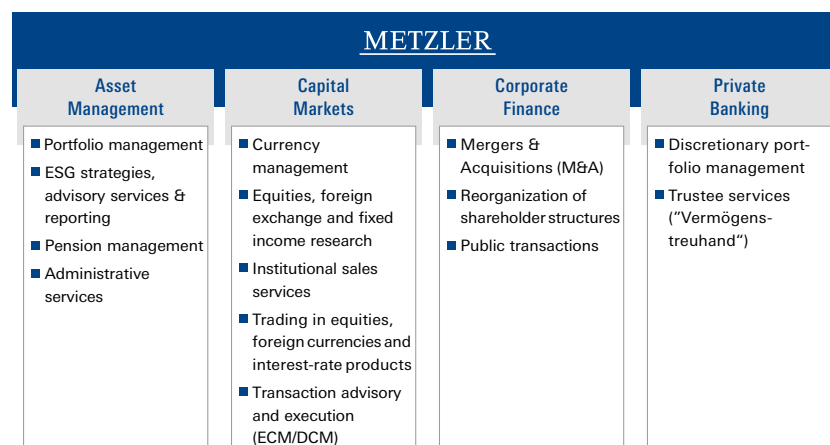
Metzler at a glance

Modern corporate structure

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

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

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



Preserving our independence is pivotal to success

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

Editorial

The past year was dominated once again by considerable geopolitical uncertainties and armed conflicts that caused enormous human suffering. These conflicts had a significant impact on the capital markets, which were also affected by the central banks' endeavors to check inflation and by the changing economic outlook. Despite these challenging factors, conditions on the capital markets brightened compared to the previous year. Our business performance in 2023 was very pleasing overall. Commission income was only slightly lower than we had predicted. At the same time, we were very satisfied with the net interest income, which significantly exceeded our expectations again.

We made key decisions to ensure the continued successful development of Metzler Bank. We extended the Executive Board by appointing Stefanie Buchmann and Franz von Metzler. Furthermore, Gerhard Wiesheu became CEO on 1 July, taking over from Emmerich Müller, who was appointed to the Supervisory Board. In the second half of the year, the new Executive Board systematically drove the bank's business strategy forward and aligned it for further growth.

In the next few years, focus, efficiency and growth will be key priorities. This will help us pave the way for investments in areas that are crucial for our clients in times of global change. Our strategy includes expansion plans for Asset Management, Capital Markets, Corporate Finance and Private Banking, also in Japan and the USA. Here we are expanding our strong position in all business areas. This includes the steadily rising importance of future competencies – for example, in the areas of pension schemes, digital assets and ESG.

Development of Metzler's business areas

Total assets in the [Asset Management](#) division increased to EUR 70 billion by year-end 2023, which compared to EUR 69 billion the previous year. Assets under management were exposed to opposing market trends. In view of the altered interest rate situation, many investors increased their strategic

bond quotas and a rise in the number of new relationships was recorded in this segment. Analogously to the sector trend, this was accompanied by a tendency to reduce equity exposure, resulting in an outflow of funds. At Metzler Pension Management, we registered significant inflows of funds from new clients. As of the reporting date, we advised more than 780 companies, for which we administered over 100,000 pension relationships and accounts. This resulted in total investments for the account of and at the risk of employees and employers of over EUR 16.2 billion, which compared to EUR 14.5 billion the previous year.

In the **Capital Markets** division, we consolidated commission income in 2023, following three years of significant increases, and also accelerated growth of new client business compared to the previous year. We increased our equity trading and equity sales staff. In addition, we continued to expand the client base for our research activities, which have received multiple awards, and specifically invested in young employees with high potential. Despite the persistently challenging capital market situation, the Corporate Solutions department successfully supported many transactions, including several capital increases and bond issues. In cooperation with Crédit Agricole CIB, we were involved in the IPO of Thyssenkrupp Nucera AG & Co. KGaA. Higher interest rates and more buoyant trading activity increased our business results from bond trading. Here too, we registered a significant rise in our new client base. Currency Management recorded growth in both our domestic market and Japan, which is our foreign target market. Our forex trading services once again made a significant contribution to the overall result. Here, we served internationally active corporate clients and developed flexible collateral solutions for institutional investors.

In the **Corporate Finance** division, we acquired a large number of new projects in various sectors, such as the industrial, technology and alternative energy sectors, in the past financial year. This was particularly pleasing as 2023 was the second consecutive year in which the German M&A market suffered setbacks. We assisted family-owned companies, financial investors

and international enterprises on both the buy and sell sides. In the technology and business service areas, we worked for companies such as Planet AI GmbH, Intelligix IT-Service GmbH and ConMoto Strategie & Realisierung GmbH. Our M&A business was – and continues to be – extremely active as many companies are reconsidering their business portfolios due to changes in the business environment or seeking succession solutions. This has led to considerable demand for high-quality, customized advice. Our clients appreciate that we have many years of M&A experience, direct access to interesting investors, and a high level of discretion and commitment.

The **Private Banking** division also developed positively in 2023 and continued on its path of long-term growth. In bumpy but nevertheless positive overall capital market conditions, a steady inflow of funds entrusted to us by clients led to a further rise in funds under management. This increase in the value of the assets managed by us in 2023 reflects both general market momentum and our successful investment strategy. Client retention remains high, mainly because of the long-term continuity of advice by experienced staff and our constant focus on offering custom-tailored financial solutions. We are also working to enhance our digital communication platform and align it even better to users' needs and technology standards. Furthermore, we have taken the first preparatory steps towards opening a new location in Berlin.

Outlook

The challenges remain complex. Factors include geopolitical uncertainty and armed conflicts. At the same time, important elections are coming up in the USA and global economic growth is cooling. We have also identified some positive developments relating to central bank monetary policy and technological progress, for example, in artificial intelligence (AI).

We expect **overall economic growth** to slow down slightly to around 2.6 percent in 2024 due to the major central banks' restrictive monetary policy.

Moreover, we assume that inflation will decline appreciably. Globally, inflation peaked at 8.7 percent in 2022 and dropped to 6.8 percent in 2023 – a trend that we predict will continue in 2024 with a further drop to 4.0 percent. We therefore expect the European Central Bank (ECB) and the US Federal Reserve (Fed) to cut their key interest rates during the year.

We anticipate that the ECB will reduce the refinancing rate to 2.5 percent by year-end, so yields on bonds with a residual maturity of up to five years will fall. Longer-dated bonds, on the other hand, will be influenced by the yield trend in the USA. Rate reductions by the Fed are likely to be lower than anticipated, so there is a risk of disappointment on the US **bond market** and a rise in yields. As the year progresses, investors could become increasingly jittery with regard to financing of enormous US government deficits if new tax cuts or new spending programs are promised during the election campaign. This could impact the market for US treasuries and could spill over to Europe. In principle, AI technology should boost productivity growth in the next few years, resulting in rising **equity market prices**. This positive scenario is marred by the possibility of turbulence on the US bond market. However, we believe this would be a volatility shock that would shake the equity markets in the second half of the year but not end their positive underlying trajectory. On the **forex market**, we see a good chance that the euro exchange rate could strengthen in 2024. The fundamentals are good. Interest rate cuts should improve growth prospects and government debt is trending downwards in the euro zone – unlike in the USA.

The difficult conditions and uncertainties hampering the forecasts for future development naturally confront us with challenges. We are convinced that we can successfully overcome these. With our continued high capital base, our traditionally strong and stable liquidity cushion and the long-term focus of our business model, we believe we are very well equipped in our 350th year. We have therefore chosen “Focus Future” as the motto for our anniversary year and have embarked on the systematic implementation of our strategy, which we revised in 2023. We have set the stage for further growth.

Boards

B. Metzler seel. Sohn & Co. Aktiengesellschaft

Executive Board

Stefanie Buchmann
Kim Comperl
Mario Mattera
Franz von Metzler
Emmerich Müller (until 30 June 2023)
Dr. Marco Schulmerich
Gerhard Wiesheu, CEO (from 1 July 2023)

Supervisory Board

Hans Hermann Reschke, Honorary Chairman

Wolfgang Kirsch, Chairman
Dr. Christoph Schücking, Deputy Chairman (until 30 June 2023)
Emmerich Müller, Deputy Chairman (from 1 July 2023)
Joseph Bernhart
Hans H. Freudenberg
Sven Knauer
Sascha Koppenhagen
Elena von Metzler
Dr. Leonhard von Metzler
Dr. Katrin Stark

Consolidated companies

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

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

Consolidated balance sheet as of 31 December 2023 (short version)

Assets	2023 EUR	2023 EUR	2022 EUR '000
Cash reserve		27,937,100.87	25,423
Due from banks			
on demand	1,150,655,021.25		2,063,351
thereof at Deutsche Bundesbank 1,065,000,000.00			
other receivables	10,365,806.01		0
		1,161,020,827.26	2,063,351
Due from customers		393,375,486.69	249,264
Bonds and other fixed-interest securities			
issued by the public sector	122,758,036.91		82,432
issued by others	1,003,438,813.42		377,672
		1,126,196,850.33	460,104
Equity shares and other variable-yield securities		167,499,112.20	135,005
Equity investments and shares in associated companies		9,638,997.94	9,641
Fiduciary assets		6,876,641,398.79	5,256,702
Intangible assets and tangible fixed assets		93,665,168.24	96,060
Other assets		67,995,600.46	31,905
Total assets		9,923,970,542.78	8,327,455

Liabilities	2023 EUR	2023 EUR	2022 EUR '000
Due to banks			
on demand		83,323,738.03	82,308
Due to customers			
on demand		2,563,890,583.09	2,622,161
Fiduciary liabilities		6,876,641,398.79	5,256,702
Other liabilities		40,970,870.86	31,153
Provisions		61,767,681.14	56,807
Fund for general banking risks		100,000,000.00	80,000
Capital and reserves			
Subscribed capital	18,100,000.00		18,100
Reserves	177,212,478.08		178,228
Currency translation	-246,207.21		-314
Consolidated unappropriated profit	2,310,000.00		2,310
		197,376,270.87	198,324
Total liabilities		9,923,970,542.78	8,327,455
Contingent liabilities			
from guarantees and indemnity agreements		2,519,239.69	2,849
Other commitments			
Irrevocable lines of credit granted		13,185,000.00	13,894

Consolidated profit and loss account for the period 1 January to 31 December 2023 (short version)

	2023 EUR	2023 EUR	2022 EUR '000
Interest income	123,955,719.93		14,873
Interest expenses	-101,494,723.47		-4,074
		22,460,996.46	10,799
Current income from equity shares, other variable-yield securities and financial assets		667,922.20	3,361
Commission income	231,515,954.53		257,823
Commission expenses	-51,219,505.83		-63,523
		180,296,448.70	194,300
Net trading result		929,934.94	134
General administrative expenses			
Personnel expenses	-125,128,641.30		-127,043
Other administrative expenses	-62,509,710.35		-64,873
		-187,638,351.65	-191,916
Depreciation on intangible assets and tangible fixed assets		-5,368,287.62	-5,872
Other operating income/expenses		-3,656,677.69	-6,275
Provision for contingent loan losses and result from the valuation of certain securities		-4,408,677.35	-633
Result from financial assets		0,00	435
Operating income		3,283,307.99	4,333
Taxes		-973,307.99	-2,023
Profit for the year		2,310,000.00	2,310
Consolidated unappropriated profit		2,310,000.00	2,310



Reference to the unqualified auditor's opinion

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, has issued an unqualified audit opinion for the complete consolidated financial statements and the group management report for the fiscal year from 1 January 2023 to 31 December 2023 prepared by B. Metzler seel. Sohn & Co. Aktiengesellschaft, Frankfurt/Main, Germany.

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Unless otherwise stated, all information in this year's financial statements relates to the 31 December 2023 reporting date.

We would be happy to provide further information on the annual financial statements for 2023. Please address your request to: crm@metzler.com

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