

Independent since 1674

METZLER



Fiscal year 2021

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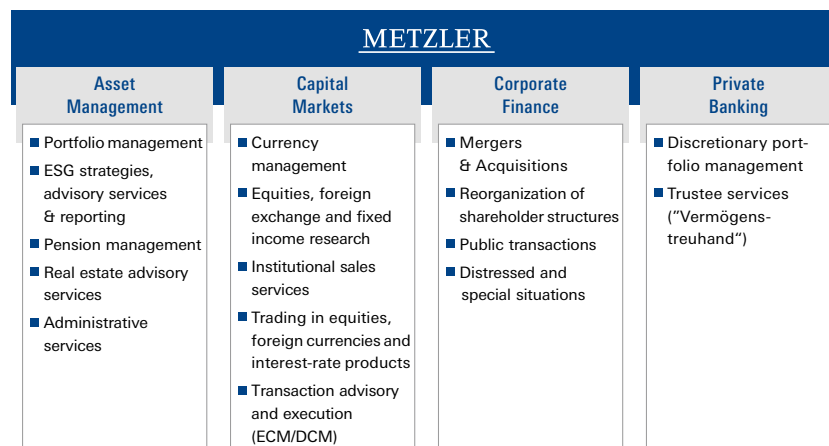
Metzler at a glance

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 Cologne/Düsseldorf, Hamburg, Munich, Stuttgart, Atlanta, Los Angeles, Seattle, Beijing and Tokyo.



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

2021 was an exceptional year, both politically and economically. While the Covid-19 pandemic kept the global community on edge for the second year in a row, the economy recovered noticeably, although supply chain bottlenecks slowed the upswing somewhat. The rebound in economic activity and the accompanying higher prices heightened market players' concerns about rising interest rates. Nevertheless, equity markets received a boost and headed for record highs in 2021. The S&P 500, for example, climbed to a new all-time high in local currency terms with a gain of almost 27 percent, while the European STOXX Europe 50 index achieved a gain of almost 23 percent.

Although we expected the business environment to normalize after the drastic slump in 2020, business trends significantly exceeded our expectations in 2021. Our four business areas – Asset Management, Capital Markets, Corporate Finance and Private Banking – recorded encouraging growth rates. We were able to increase both net commission income and interest revenues. In addition, we reorganized and streamlined our corporate structure to meet the ever-increasing regulatory and supervisory requirements. In December of 2021, we merged our former parent company, B. Metzler seel. Sohn & Co. Holding AG, into Metzler Bank, our Group's central company. In June prior to the merger, we changed the legal form of the bank from a partnership limited by shares to a stock corporation. These changes had no impact on the shareholder structure, and 100 percent of the shares in the bank remain in family ownership to this day. At the beginning of 2022, we also expanded the Executive Board to include three members of the Partners' Committee which was dissolved (see Boards).

Development of Metzler's business areas

Total assets in the [Asset Management](#) division increased from EUR 73 billion in the previous year to EUR 80 billion at the end of December 2021. In Metzler Pension Management, we provided services to more than 270 companies and maintained more than 100,000 pension-related relationships as of the balance sheet date. The resulting investments held on account and at risk of employees

and employers increased to almost EUR 12 billion. In our North American real estate segment, we were able to successfully implement several transactions in the last quarter of 2021 – following a Covid-19-related phase of heightened client reluctance.

In our **Capital Markets** division, business in traditional equity brokerage went very well. We significantly increased our commission income while also improving our research income. The newly established Corporate Solutions department had a very successful year, closing eight transactions. We were able to maintain the business result with institutional fixed-income clients at a solid level – just slightly below the strong prior-year result. In Currency Management, institutional assets under management remained high. In forex business, our internationally active corporate clients benefited from our distinctive expertise and professional handling of currency matters in a corporate context.

Fiscal year 2021 was very successful for our **Corporate Finance** division. We completed several transactions as exclusive M&A advisor in various sectors. We assisted mainly family-owned companies, financial investors and international enterprises on both the buy and sell sides. In the M&A market, domestic and foreign companies as well as other financial investors showed heightened interest in acquisitions, and very attractive results could be achieved in this seller's market. Demand for high-quality M&A advice was very high, and our clients particularly appreciated our many years of experience, high level of confidentiality, process expertise, and excellent access to interesting buyers.

In our **Private Banking** division, the funds entrusted to us performed very well last year. Our clients benefited from high exposure to equities and our successful individual stock picking. Compared to the previous year, we were able to increase revenues significantly. In 2021, we continued to foster close relationships with our clients, remained independent in all our thoughts and actions, and maintained a high degree of integrity. Topics of special interest

to our high net-worth clients included economic trends, supply chain issues, rising energy prices, the German elections, and inflation and interest rate fears. We also held intensive discussions on the shape of US policy under President Joe Biden and the crisis management policies of the central banks.

Outlook

War broke out in Europe in 2022, the course and consequences of which are almost impossible to predict. We believe stagflationary trends in the global economy and a drastic economic slowdown in Europe are possible. Market players are also focused on inflation trends. There is no doubt that central banks are caught between a rock and a hard place. Should monetary policy focus more on rising prices or on a potential slowdown in economic growth? For a long time, monetary authorities on both sides of the Atlantic argued that the current inflation shock was transitory and therefore did not require any action. In the meantime, however, monetary experts have clearly shifted away from this stance. For the USA, we expect gross domestic product to grow by 3.0 percent. We expect economic growth of 2.0 percent in the euro zone and 1.8 percent in Germany, which represents weaker performance than consensus forecasts. For China, we expect further deterioration in the economic outlook due to the policy of rigorous debt reduction introduced in 2021.

The situation on the global **equity markets** is unusual. While evaluation indicators like the price/earnings ratio still indicate that US equities are favorably valued, the valuations of European, Japanese and emerging market equities are below historical averages in some cases. In our risk scenario, we expect more key interest rate hikes than are currently priced in due to persistently high inflation. This could lead to further corrections on the equity markets. On the global **bond markets**, the further course of action by the major central banks will continue to set the tone. Purchasing schemes are coming to an end and interest rates are being adjusted upwards in many economic regions. As a result, the global interest rate markets are likely to see a volatile year.

On the **forex market**, we also foresee relatively narrow margins in 2022. The performance of the euro vs. the US dollar is not likely to be anything spectacular, but due to purchasing power parity and current account balances, the euro should ultimately have a slight advantage. The Japanese yen will probably be at the bottom of the performance list again this year, especially since it is not receiving any support in our view.

Despite the uncertain environment for 2022, we firmly believe we can continue to operate our business successfully. We draw confidence from our clearly focused business strategy, our family ownership structure that ensures our independence, and the bank's extremely strong capital base. Furthermore, with our new, modern structure, we believe we are well positioned to adequately address the increasingly complex regulatory risks and associated costs in the future. We want to continue to grow organically and add to the bank's centuries-long success story. Our values – independence, entrepreneurial spirit and humanity – form the basis for this.

Boards

B. Metzler seel. Sohn & Co. Aktiengesellschaft

Executive Board

Kim Comperl (from 1 January 2022)

Harald Illy (until 31 December 2021)

Mario Mattera (from 1 January 2022)

Emmerich Müller

Dr. Marco Schulmerich (from 1 January 2022)

Gerhard Wiesheu

Supervisory Board

Dr. Christoph Schücking, Chairman

Hans Hermann Reschke, Deputy Chairman

Michael Neumann

Advisory Board

Dr. Christoph Schücking, Chairman

Hans Hermann Reschke, Deputy Chairman

Dr. Kurt W. Bock

Hans H. Freudenberg

Wolfgang Kirsch

Elena von Metzler

Franz von Metzler

Dr. Leonhard von Metzler

Dr. Ronaldo Schmitz

Consolidated companies

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

B. Metzler GmbH
Metzler am Main GmbH & Co. KG
Metzler Asset Management GmbH
Metzler FundServices GmbH
Metzler Immobilien GmbH
Metzler Immobilien 2 Beteiligungs GmbH
Metzler Pension Management GmbH
Metzler Pensionsfonds AG
Metzler Sozialpartner Pensionsfonds AG
UMA 1 GmbH & Co. KG
Metzler Asset Management (Japan) Ltd.
Metzler Ireland Limited (until 31 May 2021)
Metzler North America Corporation
Metzler Realty Advisors Inc.
MP & R Ventures Inc.
Metzler/Payden, LLC

Consolidated balance sheet as of 31 December 2021 (short version)

Assets	2021 EUR	2021 EUR	2020 EUR '000
Cash reserve		685,491,740.90	594,932
Due from banks			
on demand	106,816,571.34		87,310
other receivables	540,788,820.02		152,507
		647,605,391.36	239,817
Due from customers		108,755,901.86	130,391
Bonds and other fixed-interest securities			
issued by the public sector	165,921,223.49		244,310
issued by others	586,421,801.37		578,351
		752,343,024.86	822,661
Equity shares and other variable-yield securities		137,517,272.15	137,438
Trading assets		43,861,920.00	0
Equity investments and shares in associated companies		11,181,988.94	15,251
Fiduciary assets		6,293,939,931.71	4,232,215
Intangible assets and tangible fixed assets		97,019,431.34	103,825
Other assets		33,156,000.50	64,650
Total assets		8,810,872,603.62	6,341,180

Liabilities	2021 EUR	2021 EUR	2020 EUR '000
Due to banks			
on demand		17,071,656.04	99,125
Due to customers			
on demand		2,146,518,927.27	1,679,494
Fiduciary liabilities		6,293,939,931.71	4,232,215
Other liabilities		27,544,186.51	3,951
Provisions		57,616,121.20	55,459
Fund for general banking risks		70,000,000.00	70,000
Capital and reserves			
Subscribed capital	18,100,000.00		20,000
Reserves	177,925,770.82		178,819
Currency translation	-153,989.93		-193
Consolidated unappropriated profit	2,310,000.00		2,310
		198,181,780.89	200,936
Total liabilities		8,810,872,603.62	6,341,180
Contingent liabilities			
from guarantees and indemnity agreements		2,848,239.69	2,592
Other commitments			
Irrevocable lines of credit granted		12,875,702.92	1,934

Consolidated profit and loss account for the period 1 January to 31 December 2021 (short version)

	2021 EUR	2021 EUR	2020 EUR '000
Interest income	-2,315,814.11		1,838
Interest expenses	9,950,806.16		5,186
		7,634,992.05	7,024
Current income from equity shares, other variable-yield securities and financial assets		919,410.64	497
Commission income	258,164,118.30		245,518
Commission expenses	-65,115,428.70		-58,787
		193,048,689.60	186,731
Net trading result		487,331.46	861
General administrative expenses			
Personnel expenses	-122,797,205.70		-119,410
Other administrative expenses	-58,762,256.01		-58,521
		-181,559,461.71	-177,931
Depreciation on intangible assets and tangible fixed assets		-6,979,500.37	-7,087
Other operating income/expense		-3,162,008.12	-10,095
Provision for contingent loan losses and result from the valuation of certain securities		-14,626,125.73	3,115
Result from financial assets		9,217,927.52	0
Operating income		4,981,255.34	3,115
Taxes		-2,671,255.34	-805
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 2021 to 31 December 2021 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 2021 reporting date.

We would be happy to provide further information on the annual financial statements for 2021. Please address your request to: crm@metzler.com

Metzler

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