Annual Report 2025

M.M.WARBURG & CO
BANK

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1. Executive Board report

Dear Readers,

For M.M.Warburg & CO, 2025 was a year entirely devoted to a deliberate reorganisation. We took a number of far-reaching decisions and implemented them with strong resolve in order to increase our Bank's profitability and ensure it is better positioned for the future. The 2025 financial year closed with a net loss of EUR 38.9 million. This result was in line with our expectations and largely attributable to one-off effects arising from deliberate investments in the future.

Against a backdrop of significant trade disruptions and geopolitical uncertainties, we also saw a decline in earnings in 2025. The tightening of US trade restrictions, in particular, has had a noticeable negative impact on the market environment. Net interest income fell by 11.9%, coming in below the previous year's level, largely as a result of the continued normalisation of the interest rate environment.

By contrast, the performance of our asset management business was encouraging. Following its already excellent rankings in the previous year, in 2025 it was named "Asset Manager of the Year" by firstfive and achieved top rankings across all three assessment periods – 12, 36 and 60 months. As firstfive AG's awards are based on an analysis of real customer portfolios, they are particularly informative. This success highlights the quality of our work and, above all, benefits our customers.

The main factors behind the negative result for the full financial year were one-off effects arising from our two major projects: the migration of our core banking system to agree21 and the fundamental overhaul of our operational and business model. Other administrative expenses relating to the core banking system project amounted to EUR 23.1 million, while one-off extraordinary expenses arising from the adjustment of the operating and business model amounted to a further EUR 24.8 million. In total, these one-off effects therefore amounted to a loss of EUR 47.9 million.

Behind these figures lie two far-reaching changes that will put our bank on a secure footing for the future. Together with the IT service provider Atruvia, we have completely overhauled our IT infrastructure. in May 2026, we successfully completed the migration to the new core banking system, agree21 – a milestone that would not have been possible without the extraordinary efforts of our dedicated staff. The new agree21 system now provides us with a future-proof, scalable IT platform that offers us the technological foundation for a significantly expanded digital offering and new services for our customers. It also forms the foundation for further growth in the coming years.

Alongside this technological reorganisation, we also systematically refined our business model. As announced last year, we conducted a comprehensive review of our business strategy. As a result, going forward we will be focusing our efforts firmly on our two core business areas: private banking and financing in corporate banking. By withdrawing from the institutional capital markets business, we have taken a consistent, albeit difficult, decision. As part of this process, we have also sold our research firm, Warburg Research, and the custodian bank for liquid assets.

At the same time, we are making targeted investments in the expansion of our focus areas. We are strengthening our teams, particularly in private banking. Continuity in customer service remains key to our success – the personal, long-term relationship with our customers is, and always will be, at the heart of our private bank. This strengthened position goes hand in hand with the launch of new products tailored to specific groups. In launching the EDEF – European Defence Equity Fund, we have issued Warburg Bank's first retail fund with a focus on defence, thereby addressing an issue of great social and security policy significance. In addition, we are using ELTIFs to give our private banking customers access to private markets as part of our investment advisory services.

For M.M.Warburg & CO, 2025 was a year focused on investment, during which we laid the foundations for sustainable, profitable growth. A sharply focused business model and a state-of-the-art IT platform serve as the basis of our vision for the coming years. We would like to thank our customers for the trust they have placed in our company, even in a year of far-reaching changes. We would also like to thank our staff, who have supported this transformation with tremendous dedication, as well as our shareholders for their steadfast support. Our value proposition remains unchanged:

M.M.Warburg & CO stands for personalised advice, outstanding performance and first-class service. We will continue to create lasting added value for you in the future.

Markus Bolder
Member of the Executive Board

Stephan Schrameier
Member of the Executive Board

2. Company background

2.1 Business model

M.M.Warburg & CO is a private bank which – as part of a holding company structure – is owned by private shareholders. In addition to its headquarters in Hamburg, the Bank has a regional presence in Germany and, in the 2025 financial year, maintained branches in Berlin, Bremen, Frankfurt, Hanover, Cologne, Munich and Stuttgart. M.M.Warburg & CO's activities are supported by subsidiaries and associated companies, the majority of which are based in Hamburg. As part of the its strategic realignment and the associated refocusing of its business model, the company sold its stake in Warburg Research during the 2025 financial year. For further information, please refer to section 3.1.1 Organisational changes.

M.M.Warburg & CO's corporate identity is rooted in a combination of tradition and a forward-looking approach, and is shaped by the range of services the Bank offers. In this regard, M.M.Warburg & CO is guided by the principles of partnership, independence, reliability, integrity, sustainability and innovation. In 2025, M.M.Warburg & CO began transforming its business model and, among other changes, ceased its investment banking operations. Accordingly, after completing its transformation, the Group, together with its subsidiaries, is now active in the Private Banking & Asset Management and Corporate Banking business areas. It has a diversified business model but – partly through the specialisation of its subsidiaries – occupies its own niche in terms of both customers and products, and focuses on business outside the mass market. In summary, M.M.Warburg & CO's business model can be outlined as follows:

In line with its regional roots, M.M.Warburg & CO's activities are focused on Germany; as such, the company's business operations – and those of its portfolio companies – are particularly influenced by economic developments in the German market. However, the dynamics of the German market are heavily influenced by European and global markets (money and capital markets). The legal framework for the Bank's business activities is defined by national regulations and, particularly in the area of banking regulation, by European regulations.

The business model can be used to set quantifiable targets for the Bank's management. These key performance indicators are monitored and evaluated on a regular basis to ensure compliance with the strategy.

2.2 Employees

In 2025, human resources matters at M.M.Warburg & CO were dominated by the comprehensive reorganisation that accompanied the Bank's major projects to adapt its business strategy ("Mercator") and its software systems[1], including its business processes ("SAIL"). At the same time, we implemented key measures to stabilise the organisation, to support the transition in a transparent manner, and to further improve working conditions, health and skills development.

One of the key focuses of the work was the implementation of the operational changes as part of the "Mercator" project. On the basis of a reconciliation of interests and a social compensation plan agreed with the General Works Council, as well as a supplementary voluntary redundancy

The business model of M.M.Warburg & CO

Private Banking & Asset Management	Corporate Banking
Wealth management and financial advice	Lending
Asset management	Payment transactions
Banking services	Mergers & Acquisitions

[1] Migration of the core banking system to Atruvia AG's agree21 software platform.

scheme, approximately 150 jobs will be cut by the end of 2026. The aim is to carry out the organisational restructuring in a socially responsible manner while simultaneously strengthening the Bank's long-term viability.

To assess the situation during this period of change, we conducted several pulse surveys. The results provided important insights into the future direction as regards communication, leadership and collaboration.

Collaboration with employee representatives remained highly important in 2025 as well. During the reporting year, in addition to the above-mentioned company-wide agreements, new arrangements were concluded regarding the use of large language models (LLMs) and AI, as well as the introduction of software systems. A key element of the arrangements is, in particular, the transition to agree21 (Atruvia AG), which is being closely accompanied in terms of work organisation and training.

To ensure our staff receive appropriate training, we draw up an annual in-house training programme based on a systematic needs analysis and tailored to the requirements of the various departments. In 2025, the programme comprised specialist training courses and seminars, focusing in particular on communication, leadership, personal skills, project management and workplace health promotion; it was supplemented by IT training and English lessons. Beyond that, we provided self-study programmes on topics including money laundering, fraud prevention, compliance, US withholding tax, FATCA/CRS and IT/information security, and delivered training on legal and regulatory matters and taxation in the private banking business. The in-house programme was supplemented by external, specialist training courses. In addition, as part of the Mercator project, plans were drawn up to systematically incorporate certified training programmes for roles relevant to regulatory matters into staff development planning in future.

In the area of health management, we have expanded our range of support services to include an Employee Assistance Programme (EAP) in partnership with BG prevent. This gives employees and managers easy access to professional advice and support in stressful situations. Employees make extensive use of our fitness offering through the EGYM Wellpass corporate fitness and wellness benefits programme.

We continued the change project aimed at actively transforming our corporate culture in 2025 and moved it into a consolidation phase. The shift in corporate culture and the elements of collaboration that had been developed thus far were integrated into standard processes and management practices and further institutionalised.

We completely revamped our training programme for recruiting and developing young talent – instead of the traditional bank clerk apprenticeship, we now offer a work-study programme in partnership with the Hamburg University of Applied Sciences (BHH). This enables trainees to obtain two qualifications within four years (bank clerk apprenticeship completion certificate and a bachelor's degree) and enhances the appeal of our programme in the competition for young talent.

To increase our visibility as an employer, we have further expanded our employer brand-building activities and are also using social media platforms such as Instagram and LinkedIn. Throughout 2025, staff from the HR department visited all branch offices to encourage direct on-site dialogue, gather feedback and raise awareness of HR issues in the day-to-day working environment.

The company party in November 2025, which was attended by the vast majority of employees, contributed significantly to a sense of team spirit.

As at 31 December 2025, the Bank had 591 (previous year: 617) employees. The staff turnover rate stood at 5.75% (previous year: 7.82%).

We would like to thank all employees for their hard work and dedication in 2025. We would like to thank the members of the works councils for their continued constructive and reliable collaboration, which has contributed significantly to the Bank's long-term viability.

3. Business report

3.1 Business performance

3.1.1 Organizational changes

Warburg Bank and M.M.Warburg & CO Gruppe GmbH, its wholly-owned shareholder, have resolved, by way of a notarised agreement dated 26 August 2021, to merge M.M.Warburg & CO Gruppe GmbH into Warburg Bank in order to simplify the legal structures and develop a modern governance framework. Completion of the merger has so far been subject to approval by the competent supervisory authority, the European Central Bank, which relies on Germany's national supervisory authority, BaFin, to carry out the beneficial ownership verification procedure. Due to a change in its administrative procedure for conducting beneficial ownership verification under the German Banking Act, of which BaFin informed M.M.Warburg & CO Gruppe GmbH on 30 May 2025, beneficial ownership verification is no longer required. M.M.Warburg & CO Group GmbH and M.M.Warburg & CO (AG & Co.) KGaA are currently examining how the planned merger can be implemented.

As part of the implementation of the agreed strategic realignment and the associated refocusing of its business model, M.M.Warburg & CO has sold its subsidiary Warburg Research GmbH with effect from 1 January 2025. The sale and liquidation will further refine M.M.Warburg & CO's strategic focus.

3.1.2 Operating activities

The world did not become a safer place in 2025. The geopolitical uncertainties caused by the ongoing war in Ukraine and the powder keg that is the Middle East were compounded by significant trade disruptions triggered by the US government's protectionist tariff policy. As a result of falling inflation rates, central banks continued their monetary easing, with short-term interest rates declining while long-term yields remained stable. The euro appreciated against the US dollar, making the EU's export business more difficult. All these factors caused market participants to adopt a generally more cautious approach and to exercise restraint when it came to investment. This complex situation hampered business opportunities for M.M.Warburg & CO.

Net interest income was significantly affected by the generally low interest rate environment. Furthermore, new business in the long-term segment showed only very modest growth. Net interest income fell by 11.9% to EUR 59.3 million (previous year: EUR 67.3 million).

In the challenging market environment, net commission income fell by 7.9% to EUR 61.6 million (previous year: EUR 66.8 million). While international business performed well, revenue from capital market operations and custodian bank business fell short of expectations.

The Bank had already largely ceased its own trading activities at the end of the previous year and gradually reduced its holdings further over the course of the year. Nevertheless, it was able to achieve a net profit from financial transactions of EUR 5.1 million (previous year: EUR 3.4 million), which was mainly attributable to foreign exchange transactions. Of the reserve required under Section 340e of the German Commercial Code (HGB) amounting to EUR 3.8 million, EUR 2.2 million was released at the end of 2025.

M.M.Warburg & CO continued to see its results impacted due to the substantial investments in its IT infrastructure aimed at introducing a new core banking system by 2026. The implementation of the revised business and operating model adopted during the reporting year also had an impact on the Bank's results.

Receivables from customers amounted to EUR 548.9 million (previous year: EUR 448.9 million) in the reporting year and, while maintaining a conservative risk approach, were significantly expanded, primarily in the shorter-term segment. Loans to customers now account for 17.3% (previous year: 14.1%) of total assets. Deposits with banks amounted to EUR 478.1 million (previous year: EUR 536.9 million). Total assets remained stable at EUR 3.2 billion (previous year: EUR 3.2 billion).

Liabilities to customers fell by EUR 344.2 million (previous year: EUR 74.2 million) year on year, a decrease of 14.2% (previous year: 3.0%), to EUR 2,077.3 million (previous year: EUR 2,421.4 million). By contrast, liabilities to banks increased by EUR 455.3 million (previous year: EUR 96.8 million) to EUR 623.1 million (previous year: EUR 167.8 million) in the past financial year. The trading portfolio

has continued to shrink significantly since the decision to discontinue opportunistic trading for own account.

Personnel expenses amounted to EUR 67.9 million (previous year: EUR 70.5 million), of which EUR 56.8 million (previous year: EUR 60.3 million) was attributable to wages and salaries and EUR 11.1 million (previous year: EUR 10.2 million) to social security contributions and pension and other benefit expenses.

Other administrative expenses, including depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment, decreased to EUR 76.5 million (previous year: EUR 83.8 million).

In 2025, expenditure on the new core banking system amounted to approximately EUR 23.1 million.

The company generated a net loss from financial investments of EUR 4.8 million (previous year: net income of EUR 2.9 million). Of this total, EUR -6.2 million (previous year: EUR 1.8 million) was attributable to investments in associates and subsidiaries and EUR 1.5 million (previous year: EUR 1.1 million) to securities held as non-current assets.

Other operating profit amounted to EUR 3.4 million, compared with EUR 26.1 million in the previous year. The high level of profit in the previous year was largely due to the operation of seagoing vessels that were sold at the start of 2025. Furthermore, the release of provisions contributed significantly to the previous year's result. These one-off factors did not apply during the reporting period.

During the financial year, the company incurred one-off extraordinary expenses of EUR 24.8 million (previous year: EUR 0.0 million), which were attributable to the implementation of the modified business and operating model.

Of the EUR 13.3 million transferred to the general banking risks fund in the previous year, an amount of EUR 2.0 million was reversed during the financial year.

All in all, this resulted in a net loss of EUR 38.9 million for the reporting year, compared with a net profit of EUR 1.0 million in 2024.

The loss will be carried forward to the new year, thereby increasing the existing loss carry-forward to EUR 62.4 million (previous year: EUR 23.5 million).

All relevant performance indicators, including the corresponding variance analysis, are presented in section 5, Performance targets.

3.2 Subsidiary reports

3.2.1 Warburg Invest KAG

Warburg Invest Kapitalanlagegesellschaft mbH (Warburg Invest KAG), based in Hamburg, specialises in bespoke asset management solutions for predominantly institutional clients. As a multi-asset boutique, it combines a high level of investment expertise with a systematically active management approach.

In 2025, the capital markets were characterised by generally positive developments on the equity markets, changes in interest rate structures and ongoing geopolitical uncertainties. Against this backdrop, Warburg Invest KAG was once again able to demonstrate the quality of its investment approach and achieve predominantly positive returns for its clients.

Assets under management rose to EUR 6.75 billion by the end of 2025, demonstrating resilience despite adverse net fund flows. Market-driven increases in value, together with the stability of existing client accounts, formed the basis for this increase.

In portfolio management, performance was consistently strong across all key asset classes. In fixed-income management in particular, the company was able to build on its solid track record from previous years. Equity strategies, particularly in the large-cap segment, benefited from the market's positive performance, while multi-asset and liquid alternative strategies delivered additional value through active allocation decisions.

Earnings performance during the financial year was characterised by a continuing challenging environment and by additional, unplanned investments – particularly in IT infrastructure and in connection with regulatory requirements. These strategic expenditure items are intended to ensure the long-term viability of the business model. Supported by additional sources of income, the company generated a net profit of EUR 0.9 million in the reporting year.

Sustainability remains an integral part of the investment philosophy. With a binding minimum ESG standard and specialised strategies built upon it, Warburg Invest KAG continues to position itself clearly in the field of sustainable investment.

For the 2026 financial year, the focus will be on the targeted expansion of assets under management. A combination of proven investment performance, a diverse product range and the planned expansion of sales activities provides a solid foundation for this. In an increasingly volatile market environment, Warburg Invest KAG considers itself well positioned to further strengthen its competitive edge and drive lasting growth.

3.2.2 Marcard, Stein & Co

With a team of over 80 employees, the family office bank Marcard, Stein & Co is dedicated to meeting the objectives and needs of business-owning families through a comprehensive range of services, combining this with the traditional expertise and service offering of a private bank.

Marcard, Stein & Co's core business consists of providing a comprehensive range of family office services required for the management of complex family assets. In addition, the full range of services offered by traditional banking is available within wealth management. For example, the bank offers selected services for liquid assets, such as investment advice and asset management. Investment advice is provided on the basis of a shared investment philosophy, which is underpinned by a common focus on long-term capital preservation. Fund Services operates as an independent and opportunistic business unit serving international investment funds and their clients.

The growing instability of the geopolitical environment – triggered by Russia's war of aggression against Ukraine that began in February 2022, the escalating tensions in the Middle East and structural upheavals in the international order – has brought systemic risks to light on a scale and at a pace that also directly affect private asset-holding families. Sanctions regimes, energy price shocks, supply chain disruptions and geopolitically driven volatility in the capital markets have a direct impact on asset structures, corporate shareholdings and cross-border asset arrangements.

In our view, the desire for safety and protection for the family has become significantly more important to our clients in this context. This not only applies to health aspects, but also to risk management and ensuring that family members are able to make decisions and take action in difficult situations. Putting the family strategy on a firm footing, with succession concepts and professional emergency planning, has become increasingly important. Proactive and holistic risk management is becoming a key component of asset protection for families.

Crisis management strategies tailored to the specific needs of each family, incorporating structured prevention and action plans, aim to manage the impact of both exogenous systemic shocks and endogenous family risks. Exogenous risks include, in particular, geopolitically induced asset constraints, regulatory restrictions and reputational risks arising from the geopolitical environment. Endogenous risks include potential succession disputes, the sudden loss of key personnel, and internal reputational risks that could jeopardise family cohesion. The development of such crisis management strategies is becoming established as a distinct and central component of the bank's family office advisory services.

Marcard, Stein & Co also provides advice on all aspects of asset strategy across all asset classes, including liquid assets, real estate, private equity and hedge funds.

Decades of experience and expertise as a partner to asset owners, combined with its banking licence, give Marcard, Stein & Co a special position in the diverse family office market. The family office bank is subject to all applicable supervisory and regulatory requirements, ensuring that clients enjoy the highest level of process quality and security. This strategic advantage helps us to maintain and strengthen our position in the market.

Real estate

The real estate asset class makes a significant contribution to customers' asset portfolios. Marcard, Stein & Co manages this area with an experienced team of real estate specialists. The focus is on asset and transaction management for directly held properties and on reviewing, selecting and monitoring indirect real estate investments.

Marcard, Stein & Co is capitalising on the current stable market price levels for the benefit of its clients by selectively acquiring new properties, primarily in the residential sector in major German cities. As increases in value in the current capital market environment are driven, in particular, by rent increases, the focus is on properties with long-term potential for rent growth. This is often more realistic with existing properties than with new-builds.

Corporate investments

As in previous years, in 2025 the Corporate Investment Management team continued to act as a partner to Marcard, Stein & Co's clients, advising them on how to expand their direct corporate investments. In addition to the ongoing monitoring of active shareholdings and reporting on their financial performance, protecting shareholder interests once again delivered value.

By systematically expanding its international network of fund managers and placement agents, Marcard, Stein & Co has, in the Executive Board's view, further consolidated its position as a sought-after investment partner. Although activity remained well below historical highs in both corporate acquisitions and exits, signs of a recovery began to emerge in 2025. In particular, experienced and specialised private equity firms that focus on creating value through operational improvements at companies should continue to be able to capitalise on their competitive advantages in such a market environment.

Results of operations

Marcard, Stein & Co. ended the past financial year with a solid operating profit, albeit slightly lower than in the previous year. Operating income increased compared with the previous year. Net interest income fell slightly compared with the previous year, but continues to make a significant contribution to operating income. Commission income from our family office clients grew once again. This increase more than offset the decline in net interest income. However, as in the previous year, high one-off, project-related operating expenses associated with the overhaul of our IT platform had a negative impact on the full-year results. In addition, ongoing personnel expenses continued to increase due to the expansion of our workforce, mainly as a result of regulatory requirements and the separation of business processes from our parent company.

3.3 Company position

3.3.1 Results of operations

Statement of financial performance

	2025 EUR thousand	2024 EUR thousand	Change EUR thousand	Change %
Interest income	115,832	168,010	-52,178	-31.1
Interest expenses	-59,740	-104,887	45,147	43.0
Current income	1,165	2,105	-941	-44.7
Income from profit-sharing, profit or partial profit distribution	2,000	2,023	-23	-1.1
Net interest income	**59,257**	**67,251**	**-7,994**	**-11.9**
Commission income	67,925	72,473	-4,547	-6.3
Commission expenses	-6,338	-5,638	-701	-12.4
Net commission income	**61,587**	**66,835**	**-5,248**	**-7.9**
Net income from trading activities	**5,089**	**3,418**	**1,671**	**48.9**
Personnel expenses	-67,886	-70,519	2,633	3.7
Other administrative expenses/depreciation	-76,549	-83,794	7,246	8.6
Administrative expenses	**-144,435**	**-154,313**	**9,878**	**6.4**
Net operating income/expenses	**3,406**	**26,141**	**-22,735**	**-87.0**
Risk provisioning income/expenses	**4,307**	**2,336**	**1,971**	**84.4**
Change in the fund for general banking risks	**1,987**	**-13,321**	**15,308**	**>100**
Profit/loss from financial investments	**-4,763**	**2,924**	**-7,686**	**>100**
Profit/loss from operating activities	**-13,564**	**1,271**	**-14,835**	**>100**
Extraordinary income (+) / expenses (-)	**-24,798**	**0**	**-24,798**	**n.a.**
Taxes	**-509**	**-271**	**-238**	**-88.0**
Annual profit/loss	**-38,871**	**1,000**	**-39,871**	**>100**

Net interest income
Net interest income, including current income and income from profit-sharing agreements, amounted to EUR 59.3 million in the reporting year, falling short of the previous year's figure (previous year: EUR 67.3 million). The decline in net interest income was primarily attributable to the normalisation of the interest rate environment and lower contributions to earnings from the securities portfolio.

Net commission income
At EUR 61.6 million, net commission income was slightly below the previous year's level. Net commission income consists primarily of management and brokerage fees from securities services, fees from international payments and income from corporate finance services. During the reporting year, there was a significant year-on-year decline, particularly in income linked to the capital markets. This should be viewed against the backdrop of a generally subdued capital market environment, which in 2025 was characterised by periods of heightened volatility, cautious issuers and investors, and, in some respects, a reduced propensity to transact.

Net income from trading activities
Net income from trading activities rose to EUR 5.1 million in the reporting year (previous year: EUR 3.4 million). This was due to the release of the reserve required under Section 340e of the German Commercial Code (HGB) amounting to EUR 2.2 million in connection with the closure of the trading book at the end of the year. As was the case in the previous year, the result from the foreign exchange segment contributed significantly to trading income in the reporting year.

Administrative expenses
Personnel expenses fell to EUR 67.9 million in the reporting year (previous year: EUR 70.5 million). Of this amount, EUR 56.8 million (previous year: EUR 60.3 million) was attributable to wages and salaries, and EUR 11.1 million (previous year: EUR 10.2 million) to social security contributions and pension and other welfare benefit expenses. In 2025, personnel expenses were 3.7% below the previous year's level due to the fact that no provisions had been formed for bonus payments and because of the lower headcount.

Other administrative expenses, including depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment, fell to EUR 76.5 million (previous year: EUR 83.8 million). As in the previous year, other administrative expenses included investments running into the tens of millions of euros in connection with the transition to the new core banking system. In the previous year, depreciation on the company's own fleet of seagoing vessels had a negative impact on earnings of EUR -12.2 million.

Net other operating income / expenses
The net total of other operating income and expenses amounted to EUR 3.4 million (previous year: EUR 26.1 million). Other operating income amounted to EUR 20.1 million (previous year: EUR 50.9 million) and included, among other items, income from the operation of seagoing vessels amounting to EUR 7.7 million (previous year: EUR 29.0 million), income from agency agreements of EUR 1.8 million (previous year: EUR 2.0 million) and a contribution to profit of EUR 4.2 million from the sale of the custodian bank for securities funds, which took place as part of the transformation of the business model. Provisions not relating to lending activities were released in the amount of EUR 2.4 million (previous year: EUR 13.9 million). Other operating expenses

Risk provisioning income/expenses

	31 Dec 2025	31 Dec 2024	Change	
	EUR thousand	EUR thousand	EUR thousand	%
Net provision for individual risks in lending business	-695	3,771	-4,466	>100
Net provisions for general risks in lending business	4,894	-1,528	6,422	>100
Net income from securities services	108	93	15	16.1
Risk provisioning income/expenses	**4,307**	**2,336**	**1,971**	**84.4**

amounted to EUR 16.7 million (previous year: EUR 24.8 million) and included expenses relating to the operation of seagoing vessels totalling EUR 15.3 million (previous year: EUR 23.1 million). The expense arising from the discounting of provisions fell to EUR 0.2 million (previous year: EUR 0.4 million).

Risk provisioning income/expenses

Risk provisioning generated income of EUR 4.3 million in the reporting year, compared with income of EUR 2.3 million in the previous year.

Change in the fund for general banking risks

The allocation of EUR 13.3 million to the fund for general banking risks made in the previous year was reversed in the reporting year in the amount of EUR 2.0 million.

Profit/loss from financial investments

Profit/loss from financial investments amounted to EUR -4.8 million in 2025 (previous year: EUR +2.9 million). This comprised depreciation and gains or losses on securities held as fixed assets totalling EUR 1.5 million (previous year: EUR 1.1 million). Of a total of EUR -6.2 million (previous year: EUR +1.8 million) attributable to investments and shareholdings in associated companies, EUR -4.9 million was attributable to the loss on the sale of Warburg Research GmbH.

Extraordinary income/expenses

Extraordinary income/expenses amounted to EUR -24.8 million in the reporting year and was affected by one-off charges relating to the Mercator project. Of this amount, EUR 15.0 million was attributable to staff restructuring costs and EUR 9.8 million to write-downs on intangible assets.

Annual profit/loss

Taking into account taxes of EUR -0.5 million (previous year: EUR -0.3 million), this resulted in a net loss for the reporting year of EUR 38.9 million (previous year: net profit of EUR 1.0 million), which will be added to the loss carried forward from the previous year.

Return on equity

The return on capital employed, calculated as the ratio of profit from operating activities to equity in the previous year, was -5.7% (previous year: 0.4%). In this context, the company generated a loss from operating activities of EUR 13.6 million (previous year: profit of EUR 1.3 million) for the reporting year. The return on capital employed determined in accordance with section 26a (1) sentence 4 of the German Banking Act (KWG) was -1.2% (previous year: 0.03%).

Cost-to-income ratio

The cost-to-income ratio, calculated as the ratio of administrative expenses to the sum of net interest income, net commission income and net trading income, stood at 114.7% (previous year: 112.4%).

3.3.2 Net assets

Assets

	31 Dec 2025 EUR thousand	31 Dec 2024 EUR thousand	Change EUR thousand	Change %
Cash reserve	34,091	8	34,083	>100
Receivables from banks	478,142	536,942	-58,800	-11.0
Receivables from customers	548,904	448,939	99,965	22.3
Bonds/other fixed-income securities	1,866,268	1,798,020	68,249	3.8
Shares / non-fixed-income securities	19,214	17,496	1,718	9.8
Trading portfolio	5,948	13,260	-7,312	-55.1
Investments/shares in affiliated companies	66,345	73,025	-6,680	-9.1
Fiduciary assets	83,773	113,701	-29,928	-26.3
Intangible assets/property, plant, and equipment	11,348	85,514	-74,166	-86.7
Other assets	62,758	91,644	-28,885	-31.5
Total assets	**3,176,792**	**3,178,549**	**-1,756**	**-0.1**

Total assets remained virtually unchanged compared with 31 December 2024.

Cash reserves, receivables from banks and receivables from customers

Compared with the previous year, the sum of cash reserves and receivables from banks decreased by a total of EUR 24.7 million. The total amount of receivables from customers increased, mainly in the short-term segment, by a total of EUR 100.0 million to EUR 548.9 million.

Bonds and other fixed-income securities

Bonds and other fixed-income securities increased by a total of EUR 68.2 million in the reporting year.

Trading portfolio

The trading portfolio of EUR 5.9 million (previous year: EUR 13.3 million) includes derivative financial instruments and pending foreign exchange transactions with a market value of EUR 5.9 million (EUR 12.6 million).

In this context, the risk allowance calculated using the value-at-risk method amounts to EUR 0.0 million (previous year: EUR 0.1 million).

During the reporting year, the company ceased all trading in shares and other non-fixed-income securities (previous year: EUR 0.8 million).

Investments/shares in affiliated companies

The decline in the portfolio is primarily attributable to the sale of Warburg Research GmbH and write-downs on investments and shareholdings in associated companies.

Fiduciary assets

The volume of assets under management is lower than in the previous year due to the winding up of several funds (a decrease of EUR 29.9 million).

Intangible assets/Property, plant and equipment

The value of intangible assets and property, plant and equipment decreased by EUR 74.2 million in the reporting year. This decline was largely attributable to the sale of seagoing vessels (gas tankers) for EUR 65.6 million. In addition, the company recognised depreciation and amortisation of EUR 9.8 million in connection with the Mercator project.

Other assets

Other assets comprised miscellaneous assets amounting to EUR 59.5 million (previous year: EUR 86.8 million) and prepaid expenses amounting to EUR 3.2 million (previous year: EUR 4.9 million). Other assets include tax receivables, collateral for financial futures transactions, profit entitlements and receivables from clearing accounts with affiliated companies and associated companies, custodian bank fees and custody fees, material inventory and other items. The year-on-year decrease was primarily due to a decline in receivables from the operation of seagoing vessels amounting to EUR 11.6 million and receivables from collateral for financial futures transactions amounting to EUR 17.5 million.

3.3.3 Financial position Liabilities

Equity and liabilities

	31 Dec 2025	31 Dec 2024	Change	
	EUR thousand	EUR thousand	EUR thousand	%
Liabilities to banks	623,070	167,756	455,314	>100
Liabilities to customers	2,077,278	2,421,430	-344,151	-14.2
Trading portfolio	5,104	9,473	-4,369	-46.1
Fiduciary liabilities	83,773	113,701	-29,928	-26.3
Other liabilities	33,709	56,822	-23,114	-40.7
Provisions	55,750	57,217	-1,467	-2.6
Subordinated liabilities	87,500	98,500	-11,000	-11.2
Fund for general banking risks	13,000	17,170	-4,170	-24.3
Equity (after profit-and-loss transfer agreement)	197,608	236,479	-38,871	-16.4
Total assets	**3,176,792**	**3,178,549**	**-1,756**	**-0.1**
Contingent liabilities	20,688	21,316	-628	-2.9
Irrevocable lending commitments	125,531	98,311	27,220	27.7

Liabilities

Liabilities to banks rose year on year by EUR 455.3 million to EUR 623.1 million (previous year: EUR 167.8 million) as a result of open market operations. By contrast, liabilities to customers fell significantly year on year to EUR 2,077.3 million (previous year: EUR 2,421.4 million).

Trading portfolio

The trading portfolio of EUR 5.1 million (previous year: EUR 9.5 million) consists mainly of forward foreign exchange contracts.

Subordinated liabilities

Subordinated liabilities decreased to EUR 87.5 million during the reporting year due to maturities amounting to EUR 11.0 million.

Other liabilities

Other liabilities comprised miscellaneous liabilities amounting to EUR 31.2 million (previous year: EUR 55.2 million) and deferred income amounting to EUR 2.5 million (previous year: EUR 1.6 million). The decline in miscellaneous liabilities was primarily due to a decrease in collateral for forward financial transactions. Collateral for forward financial transactions amounted to EUR 5.1 million in the financial year (previous year: EUR 32.9 million).

Provisions

This line item on the statement of financial position comprised, in particular, pension provisions amounting to EUR 34.9 million (previous year: EUR 36.9 million), tax provisions of EUR 0.8 million (previous year: EUR 0.3 million) and other provisions amounting to EUR 20.1 million (previous year: EUR 20.3 million). A significant proportion of the other provisions relates to the coverage of potential risks associated with a special-purpose fund launched in 2012 and already liquidated, for which Warburg Bank acted as the custodian bank. In addition, this figure includes, among other items, provisions for personnel and audit expenses.

Capital structure

The Bank's equity is composed as follows:

	31 Dec 2025	31 Dec 2024
	EUR thousand	EUR thousand
Subscribed capital	125,000	125,000
Capital reserve	135,000	135,000
Other retained earnings	0	0
Accumulated loss	-62,392	-23,521
Equity	**197,608**	**236,479**

The net loss for the year is to be carried forward to the current year.

Liquidity

There were no restrictions affecting the availability of capital during the reporting period. The Bank had unrestricted access to the money and capital markets at all times. Being able to meet payment obligations at all times, and thus successfully manage liquidity risk, is a prerequisite for the Bank's independence. Liquidity management is therefore of paramount importance. It serves to provide the necessary liquid funds needed by the Bank to carry out financing projects and service liabilities as they become due. Customer deposits are the most important source of refinancing. In addition, the interbank market and Deutsche Bundesbank facilities are used to procure liquidity.

The Bank's liquidity coverage ratio (LCR) as at 31 December 2025 stood at 185.4% (previous year: 209.1%).[2]

The Bank's net stable funding ratio (NSFR) stood at 173.2% as at 31 December 2025 (previous year: 240.1%).[2]

[2] Latest report submitted. Figures for the previous year have been adjusted to reflect the final submitted reports.

4. Risk report

4.1 Risk management

Risk management encompasses the management and monitoring of all of M.M.Warburg & CO's business activities. As the parent company for banking supervisory purposes of the M.M.Warburg & CO Financial Holding Group (hereinafter referred to as "the Financial Holding Group"), M.M.Warburg & CO sets the group-wide standards for the risk management system. These also apply to M.M.Warburg & CO itself.

Subordinate companies are included in the risk management of M.M.Warburg & CO at the level of M.M.Warburg & CO in accordance with the accounting and reporting system via the investment approach (carrying amount plus any loans/liabilities granted). In order to identify material companies within the meaning of risk control and MaRisk (minimum requirements for risk management), M.M.Warburg & CO conducts an annual or occasional investment inventory and, within the material companies, risk inventories to determine the material types of risk.

The most recent review of investments resulted in the following material subsidiaries as at 31 December 2025:

- Marcard, Stein & Co AG
- Warburg Invest Holding GmbH with its subsidiary:
  - Warburg Invest Kapitalanlagegesellschaft mbH ("Warburg Invest KAG mbH")

As a result of the Group's uniform risk management approach, the business and risk strategy of M.M.Warburg & CO, as the parent company under banking supervisory law, is closely interlinked with the financial holding group and its subordinate companies.

Operational controlling translates the business and risk strategy into operationalised key figures broken down by business area and profit centre for the current and subsequent financial years as part of annual budget planning and strategic multi-year planning (five-year period). Operational controlling reviews the achievement of targets on a monthly basis by comparing actual figures with targets, thereby ensuring that operational planning is continuously monitored.

Risk management measures taken by the Executive Board to reduce, transfer or decide whether to bear risks are determined by the risk quantification, analysis and reporting as part of the operational risk management processes.

Thanks to the structural and procedural organisation of risk management at M.M.Warburg & CO, the Executive Board has appointed risk managers who are operationally responsible for all types of risk identified during the risk inventory. As regards risk monitoring in accordance with MaRisk, the Risk Control function and the MaRisk Compliance function represent special functions. These are supplemented by the internal audit function.

The aim of risk management is to ensure that M.M.Warburg & CO is able to bear risks at all times within the scope of its business and risk strategy.

4.1.1 Risk management system

M.M.Warburg & CO is exposed to a wide variety of risks. As part of risk management and risk control, the principal risks were identified as counterparty default risk, market price risk, liquidity risk, and operational risk. In addition, strategic and business risks also play a significant role.

The above-mentioned risks are not limited to M.M.Warburg & CO. Instead, risk monitoring and control requires Group-wide integrated risk management. Risk management therefore includes the identification, quantification, limitation, monitoring and reporting of all risks to which the Group is exposed within the scope of the business and risk strategy defined by the Executive Board.

The controlled assumption of risks, paying due regard to profitability considerations, is crucial for broad-based business activities. The ability to identify, measure, adequately assess and manage risks is essential to successful business operations.Risk management is based on an annual or ad hoc review of investments to identify the relevant investee companies and risk inventories to identify the material risks. These are quantified using financial mathematical models and compared with the risk limits set by the Executive Board. Risk monitoring and reporting are based on daily market price and liquidity risk reports and quarterly risk reports, which report counterparty default, market price, liquidity and operational risks to the relevant supervisory bodies.

Within each risk category, risk quantification is carried out taking into account diversification and correlation effects at portfolio level. The aggregation of the key types of risk that should reasonably be covered by capital is carried out on an additive basis. This means that market price risk, counterparty risk and operational risk are aggregated without taking into account risk-mitigating diversification effects. Liquidity risk is considered separately.

From an economic perspective, the primary control parameter in the risk-bearing capacity calculation is the risk appetite, which is set annually by the Executive Board as the allocated risk coverage potential. The risk appetite forms the basis for deriving the other risk limits and describes the maximum aggregate risk that the Executive Board is willing to assume in order to achieve the Bank's strategic objectives. For each type of risk, the risks assumed are limited within the risk limits derived from the risk appetite. By defining the risk appetite and the resulting risk limits for each material risk category, the Executive Board sets out the framework for risk management and for the business areas, which are reviewed at least quarterly.

To determine the risk-bearing capacity from an economic perspective, the Bank uses the present value-based method set out in BaFin's risk-bearing capacity guidelines. In line with the principle of giving priority to the satisfaction of all creditors, the approach involves first recognising equity as shown in the statement of financial position, together with other accounting items that serve as liabilities, and then, by taking into account hidden liabilities and reserves, converting this into an economic view that is independent of accounting conventions. Subordinated or supplementary capital is not counted towards risk coverage potential.

The risks borne by downstream companies are reflected in the risk assessment on the basis of the investment approach and thus in counterparty risk. Irrespective of this, downstream companies within the risk limit system at Group level are assigned risk limits for the individual material risk types in line with their needs and in accordance with the Bank's approved risk appetite. Overall, the approved risk limits and their utilisation are within the risk coverage potential.

The risk measurement and management systems in use, as well as the underlying risk models, are developed in accordance with the plan, reviewed at least annually and as and when necessary, and continuously adapted to business developments. This regularly leads to optimisations, as well as reviews and adjustments to parameters.

The risk assessment confidence level for the 2025 financial year was 99.9%, and the risk assessment horizon was one year for all risk types.

As part of its risk-based audit planning, or on an ad hoc basis as and when necessary, the internal audit function regularly reviews all key areas of the company-wide risk management process, as well as the risk management system as a whole. Audits are carried out both at the parent company and at subordinate companies by the Group Audit department.

4.1.2 Risk types

Counterparty default risks

Counterparty default risk refers to potential losses or impairments resulting from the default or deterioration of the creditworthiness of business partners with whom lending relationships exist. The term "lending" is based on section 19(1) of the German Banking Act (KWG).

Individual borrowers are monitored by Credit Risk Management, which, as a back-office department, assesses the creditworthiness of the borrower using internal rating systems and assesses credit exposures taking into account the collateral provided. In this context, cross-customer relationships of borrowers are also taken into account as a "group of connected customers" in accordance with Article 4(1) no. 39 of the CRR. Mathematical and statistical methods are used to determine the credit rating; these methods weight and combine specific (usually financial) indicators and qualitative characteristics relating to a customer, and aggregate

them to produce a final credit assessment. Rating and risk classification procedures are in place for borrowers in the corporate, retail, banking, shipping and commercial property sectors. Countries, governments and public bodies are assessed with the help of external ratings.

A procedure to limit issuer risk has been implemented for the Bank's own securities portfolio. The same applies to counterparty risks arising from derivatives trading; in this case, netting agreements are entered into to limit risk. Risk-mitigating collateral agreements are also in place with the counterparty banks. OTC derivatives are gradually being settled through regulated clearing houses (CCPs) as a result of the clearing requirement for financial counterparties. This further reduces counterparty risk. Country risk is monitored in the quarterly risk report as part of the regional analysis of counterparty default risks and compliance with the country limits set out in the risk strategy. The limit systems in place appropriately limit the various aspects of counterparty risk to the extent necessary.

Collateral is an important tool for reducing risk. It is measured at regular intervals and the associated lending guidelines are reviewed on a regular basis. The LTV ratios of financial collateral are automatically recalculated on a daily basis. As regards collateral in the form of real estate and ships, we use external expert opinions to ensure that the collateral values are assessed impartially.

Provisions for risks are recognised on a case-by-case basis, taking into account expected recoveries or the expected proceeds from the realisation of collateral, and after deducting realisation costs. Depending on the type of loan, different supporting procedures are used to assess the need for risk provisioning.

The overall portfolio is distributed across different investments, sectors, and size classes. In line with its risk policy, M.M.Warburg & CO maintains a diversified loan portfolio. Of the total portfolio of securities, receivables, loan commitments and trading portfolios, receivables and loan commitments to customers accounted for 22.2% (previous year: 16.0%), while receivables and loan commitments to banks accounted for 15.7% (previous year: 19.1%), securities accounted for 61.9% (previous year: 64.5%) and the trading portfolio for 0.2% (previous year: 0.5%).

The Bank's ship and maritime loan portfolio, which is diversified across different types of vessel, amounts to EUR 35.8 million (previous year: EUR 26.6 million), including outstanding externally committed credit lines.

The strategic ship and maritime loan portfolio comprises container ships, bulk carriers, product tankers, gas tankers and multi-purpose carriers. Close cooperation with ship-owners and vessel owners, together with ongoing review of individual investments, forms the basis for portfolio monitoring.

At the level of the overall loan portfolio (excluding non-performing loans), risk is measured using the credit value-at-risk method via Monte Carlo simulation. This methodology is supplemented by the calculation of a migration premium, which takes account of the risks arising from rating downgrades. On this basis, portfolio analyses are carried out to monitor the risk diversification of the loan portfolio and to identify potential risk concentrations at sector or borrower level at an early stage. In addition, the economic risks associated with non-performing loans are quantified. The quantification of the risk associated with non-performing loans measures the risk of the need for additional risk provisions.

Counterparty default risk is limited at portfolio level. In addition, business and risk policy guidelines governing portfolio structure are in place, designed to ensure an appropriate distribution of risk. Compliance with these guidelines is analysed on a quarterly basis and, together with comprehensive stress test analyses (historical, hypothetical and quantitative, inverse scenarios), is reported to the Executive Board and the Supervisory Board.

In the case of banks, public sector borrowers and clearing houses, recovery rates are applied to the unsecured portions. These are derived, among other sources, from generally available historical data and are estimated on a conservative basis. The aim of this approach is to take these portfolio holdings – which are generally substantial – into account in a risk-appropriate manner when measuring CVaR.

The credit value-at-risk (CVaR), including the migration premium, calculated at the end of the year with a confidence level of 99.9% and a one-year horizon, amounted to EUR 54.3 million for M.M.Warburg & CO (previous year: EUR 72.6 million). The CVaR calculation includes all loans that are not classified as non-performing. The risk arising from non-performing loans amounted to EUR 1.4 million as at 31 December 2025 (previous year: EUR 1.7 million).

M.M.Warburg & CO. acquires stakes in other banks and companies engaged in banking-related activities where this makes sense from a strategic and financial return perspective.

Investment Control is responsible for the qualitative and quantitative monitoring of day-to-day business operations. Of the companies classified as significant, only Marcard, Stein & Co AG has a control and profit-transfer agreement in place.

Market price risks

Market price risk refers to potential losses resulting from unfavourable changes in exchange rates or market prices.

The Bank uses two value-at-risk risk models to assess market price risks. Each is based on a historical simulation which draws on changes in key risk factors (in particular market interest rates, credit spreads, share prices and foreign exchange rates) over a historical period in order to determine the potential future changes in value of the positions in the trading and investment books that are subject to market price risks. The measurement of market price risk for operational management is based on a simple historical simulation, whereas the measurement of market price risk for economic risk-bearing capacity, based on a holding period assumption of 250 trading days, is based on a resampling approach. A diversification premium, calculated separately in each case, is added to the value at risk when calculating market price risk, in order to ensure the stability of the market-induced diversification effects incorporated into the risk model. The amount of the diversification premium is calculated in such a way that diversification effects are taken into account only up to the minimum observed over a business cycle.

The value at risk (VaR) for all market price risks, calculated at the end of the year at a confidence level of 99.9% and a holding period of 250 trading days, including the premium for diversification effects, amounted to EUR 15.3 million for M.M.Warburg & CO (previous year: EUR 17.5 million). This figure – calculated without risk-mitigating portfolio effects – includes share risks of EUR 0.3 million (previous year: EUR 1.5 million), foreign exchange risks of less than EUR 0.1 million (previous year: less than EUR 0.1 million), vega risks of EUR 0 million (previous year: EUR 0 million), market interest rate risks of EUR 2.3 million (previous year: EUR 6.3 million) and credit spread risks of EUR 13.3 million (previous year: EUR 13.9 million).

The market price risk for economic risk-bearing capacity, calculated on a monthly basis in the 2025 financial year, is compared with the market price risk limit, whereas the market price risks calculated daily for operational management at portfolio level are compared with the limits derived from the risk limit within the framework of a portfolio structure. Furthermore, the risks associated with short-term trading portfolios are subject to limits, the levels of which change dynamically on a daily basis to ensure that losses are capped. Accumulated realised and unrealised losses restrict the range of options available.

The quality of the risk model used is continuously assessed using a clean back-testing procedure. Historical, hypothetical and quantitative inverse stress scenarios, carried out on a monthly or quarterly basis, complement the monitoring and management of market price risk.

Concentrations of risk in Solva-Null bonds issued by German issuers (the Federal Republic of Germany, the federal states, development banks, etc.) are deliberately accepted, as these are regarded as the safest investment in the eurozone. A concentration of risk in relation to the United States (i.e. holdings of US Treasuries) is also deliberately accepted. The Bank therefore accepts and bears the risk of a change in the credit rating of the Federal Republic of Germany and the USA.

The measurement of interest rate risk in the investment portfolio is incorporated into the Bank's own value-at-risk framework and reporting. Interest rate risk in the investment portfolio arising from trading and non-trading transactions is quantified on a daily basis. The non-trading transactions relevant to interest rate risk are broken down into their cash flows on a daily basis and included in the VaR calculation. Implicit interest rate floor agreements are modelled for both variable-rate securities and variable-rate receivables, and are taken into account in risk measurement.

The market price risks calculated on a daily basis, as well as the mark-to-market valuation of trading positions, are communicated to the Executive Board daily as part of the relevant daily report from Risk Control. The market price risks, which are calculated on a monthly basis, are communicated to the Executive Board in a monthly report.

Operational risks

Operational risk is defined as the risk of losses arising from the inadequacy or failure of internal processes, staff or technology, or as a result of external events.

The Bank mitigates operational risks through a clear functional separation of the trading divisions from the back-office divisions, and a suitably detailed set of organisational rules combined with mandatory controls and approvals that are integrated into the technical systems. The control system is constantly evolving. Contingency plans and backup agreements, together with the daily backup of the database, guarantee the availability of the IT systems used at all times. In addition, residual risks are partly covered by insurance. On the basis of regulatory, legal and profession-specific standards, the internal audit function monitors all organisational arrangements and their effectiveness in managing risks. The Legal department reviews all of the Bank's major contracts. The MaRisk compliance function monitors compliance with legal requirements and provides early warning of the implementation of new relevant legal provisions.

A complaints database is used as a means of early risk detection. Customer complaints are systematically recorded in this database, regardless of their validity or the likelihood of potential loss. Analysing the volume and reasons for complaints enables the early identification of critical activities and, consequently, the implementation of countermeasures.

In the loss database, losses are recorded according to loss categories. By categorising incurred losses, a high degree of transparency regarding operational losses has been achieved. Risk Control has developed a Monte Carlo simulation method that combines self-assessments with actuarial statistical distribution assumptions to estimate operational risk. Operational risk is defined as the total quantile of the allocation minus the expected loss (unexpected loss). A value at risk for operational risks calculated using this method is determined at least once a year and can be broken down into the loss categories for analysis purposes. The calculated value at risk helps to determine the limit for the reserved economic capital relating to operational risks in the risk tree. The value at risk, calculated at a confidence level of 99.9% and over a one-year period, amounted to EUR 19.4 million for M.M.Warburg & CO as at 31 December 2025 (previous year: EUR 21.3 million). Risk allocation ties up economic capital as part of the risk-bearing capacity calculation. Value at risk loses its informative value if, in future, losses arising from previously unobserved events occur on a scale that would structurally necessitate a different form of modelling.

In the context of operational risk, stress tests are depicted quantitatively by subjecting the input parameters to stress, and qualitatively through scenario descriptions.

The definition of operational risks generally includes the relevant legal risks. This also includes the risk that regulatory audits may result, for example, in additional tax payments and, where applicable, further financial burdens.

At the end of 2022, M.M.Warburg & CO received tax assessment notices for 2010, pursuant to which business expenses relating to so-called cum-ex transactions were disallowed and adjusted off balance sheet. The outstanding claim – resulting from various amended assessment notices – relates solely to trade tax, while enforcement of the notices remains suspended. The amended assessment notices continue to be challenged by way of an objection. The appeal proceedings for 2010 are ongoing. For 2011, an additional tax liability of approximately EUR 4.1 million had been anticipated for the Warburg Group; however, following the tax authorities' change to the calculation method for 2011, as set out in the amended assessment notice dated 27 December 2023, the additional tax liability now stands at approximately EUR 1.45 million. Appropriate provisions have been made in respect of this matter. In September 2022, Germany's Federal Central Tax Office (BZSt) issued a payment demand to Warburg Invest for EUR 60.6 million in respect of a special fund that had been involved in cum-ex transactions in 2009. Warburg Invest, together with other jointly and severally liable parties, settled the full amount. No further financial risks arising from the fund are anticipated.

With regard to another Warburg Invest investment fund from 2010 involved in cum-ex transactions, the former custodian bank has been held liable by the relevant tax authority for the refunded capital gains tax and solidarity surcharge in full, amounting to EUR 48.8 million. In the opinion of the Bank's legal advisers, the fulfilment of a settlement agreement concluded, inter alia, with the fund's former custodian bank has resulted in the discharge of all (potential) liabilities owed by Warburg Invest in relation to this special fund.

Between 2012 and 2015, Warburg Invest managed two investment funds which, as part of the investment advice provided by third parties, carried out transactions involving shares, or pension and securities lending transactions involving shares, around the dividend record date, with the purchase and delivery of the shares taking place before the dividend record date (known as cum-cum transactions). Claims were made against Warburg Bank, acting as custodian bank for a domestic special fund managed by Warburg Invest, dated 22 December 2020 and 21 December 2021, without a demand for payment, in respect of the fund financial years 2012/2013 and 2013/2014, totalling approximately EUR 49 million. In June 2022, the tax authorities announced that they intend to hold Warburg Bank liable – beyond the previous liability claims – as the final domestic paying agent for the entire period of the special fund (2011/2012 to 2013/2014), for a total amount of approximately EUR 98.6 million. The corresponding notice of additional assessment was issued in July 2022. Warburg Bank lodged an objection against all the notices. An application was also made for a stay of execution in respect of the additional assessment notice. The issue concerning an unauthorized withdrawal of the objection against the liability notice dated 21 December 2021 has since been resolved (through court proceedings).

By letter dated 26 May 2025, the tax authority partially withdrew the liability notice of 21 December 2021 and fully annulled the additional assessment for 2014 and partially for 2013; however, by decision dated 10 December 2025, the liability notice of 22 December 2020 was increased (to the Bank's detriment) by EUR 10 million for 2013 and by EUR 12.8 million for 2014, so that the total amount of the notices remains EUR 98.6 million.

On 12 January 2026, an action for annulment was brought before the Hamburg Fiscal Court against the liability notice of 22 December 2020, as set out in the decision on the objection of 10 December 2025. Furthermore, on the same day, an application for suspension of enforcement was filed with the Hamburg tax office in respect of all assessed liability amounts (for withholding tax on investment income for 2013 in the amount of EUR 25.1 million and for 2014 in the amount of EUR 32.0 million), effective from the due date until a final and binding decision on the merits; this suspension was granted by the Hamburg tax office subject to the provision of security in the form of an assignment of claims arising from the tax indemnity, and an objection was also lodged against the payment demand.

In the event of being held liable by the tax authorities, M.M.Warburg & CO would bear only a limited economic burden. Based on the tax indemnity with the initiator, Warburg Bank can seek reimbursement for any claims by the tax authorities relating to withholding tax amounts for the fund financial years 2012/2013 and 2013/2014. The amounts indicated are below the maximum liability limits under the tax indemnity. In addition to the tax indemnity, Warburg Bank is entitled to further enforceable and valuable claims against the investor (the party liable for tax) arising from joint and several liability (recourse) under Section 426 of the German Civil Code (BGB). The claim against the initiator and the investor, relating to claims arising from a tax indemnity agreement, joint and several liability and damages, has been filed with the Regional Court of Hamburg.

Liquidity risks

Institutional liquidity risk is divided into three components, depending on the time horizon considered:

1. intra-day liquidity risk,
2. insolvency risk and
3. structural liquidity risk.

It therefore refers to the risk that the Bank will be unable to meet its payment obligations and that the desired level of long-term refinancing is no longer guaranteed.

The Treasury department is responsible for managing the liquidity risk. This department is also responsible for managing the Bundesbank account and the pledgeable liquidity and loss provision stocks of securities. These holdings are included in liquidity management as a reserve.

Liquidity risk is monitored daily by Risk Control. The various components of liquidity risk are monitored on a daily basis using key risk indicators (KRIs) and other risk, concentration, and emergency indicators with correspondingly defined early-warning and escalation thresholds. Stress tests are also calculated and the insolvency risk is assessed in two basic scenarios. The model used is based on liquidity-effective cash flows (contractual and statistically modelled) broken down by maturity bands (next day to ten years) and the liquidity buffer (deposits with the Bundesbank, free holdings of ECB-eligible securities, US Treasuries and bonds from issuers to be treated as central or local government issuers under special circumstances pursuant to Article 116(4) of Regulation (EU) No. 575/2013).

The following KRIs assess the components insolvency risk and structural liquidity risk:

- Liquidity-at-risk coverage ratio (LaR-CR)
- Survival period (SP)
- Funding ratio (maturity band of twelve months)

The LaR-CR is calculated as the minimum of the ratios of the liquidity buffer to the cumulative cash outflows for each maturity band up to the "three-month" maturity band. The funding ratio represents the ratio of liabilities to assets in need of refinancing for the "twelve-month" maturity band. The survival period indicates the maturity range up to which a positive liquidity balance exists in accordance with the current liquidity situation. It also describes the period of time available for control measures in the event of unplanned developments. For the currencies defined as material, a so-called FX structural limit is used to limit and monitor the corresponding risks, depending on liquidity transformations in different currencies. As at 31 December 2025, only the US dollar is monitored using an FX structural limit.

The key risk indicators are limited by the Executive Board. In addition, early-warning thresholds are set to ensure a sufficient liquidity buffer at all times for unscheduled developments in cash flows.

M.M.Warburg & CO's key risk indicators as at 31 December 2025 were as follows:

- LaR-CR (minimum up to three months): 155%
- Survival period: three years
- Funding ratio (twelve-month maturity band): 204%

Daily reporting is supplemented by monthly and quarterly reports with commentary, including stress test reports with commentary. Detailed escalation processes and a comprehensive liquidity contingency plan round off the risk management instruments for liquidity risk.

Other and indirect risks

In addition to the risks mentioned above, the Bank is exposed to further risks.

Within the scope of the risk inventory, the following risks were identified and classified as other risks: strategic risk, business risk and pension risk. Strategic risk includes, in particular, the risk of a strategically inappropriate positioning, regulatory risks and the risk of a changing labour market. Business risk represents the risk of unplanned declines in earnings due to the failure to achieve revenue and cost targets. This risk is mitigated in the economic risk-bearing capacity concept by maintaining a risk buffer.

In addition, indirect risks and risk drivers are identified during the risk inventory process, including, at present, reputational risk, model risk and ESG risks. These risks do not constitute a separate risk type, but influence the various risk types. Reputational risk is defined as the risk that public reporting could negatively impact confidence in M.M.Warburg & CO. When considering reputational risk, a distinction is made between two aspects. The long-term dimension is considered as part of the strategy and the short-term dimension is reflected as part of the liquidity risk. Model risk is reflected in the economic risk-bearing capacity concept by means of a risk buffer. ESG risks are analysed separately on a regular basis, both qualitatively and quantitatively.

4.1.3 Risk exposure in accordance with banking supervisory regulations

The sections of the risk report referred to above cover the internal controls that the Group and the Bank have imposed on themselves in order to monitor risks appropriately within the framework of the risk strategy. In addition, numerous regulatory requirements must be met as part of banking supervisory reporting. The most important key figures (capital adequacy and liquidity) for the Bank as at 31 December 2025 (based on reports submitted) were as follows: [3]

- Own-funds ratio: 19.2% (previous year: 21.5%)
- Total Tier 1 capital ratio: 16.1% (previous year: 17.0%)
- Common Equity Tier 1 capital ratio:: 12.9% (previous year: 13.8%)
- LCR: 185.4% (previous year: 209.1%)
- NSFR: 173.2% (previous year: 240.1%)

The leverage ratio reported was 5.1% (previous year: 5.4%). The key figures were determined in accordance with regulatory requirements.

The most important key figures (own funds and liquidity) for the financial holding group as at 31 December 2025 were as follows: [4]

- Own-funds ratio: 18.0% (previous year: 20.4%)
- Total Tier 1 capital ratio: 15.0% (previous year: 16.1%)
- Common Equity Tier 1 capital ratio:: 11.9% (previous year: 13.0%)
- LCR: 207.4% (previous year: 234.2%)

The minimum regulatory requirements and capital buffer requirements were met as at 31 December 2025, taking into account individual agreements with the supervisory authority.

4.1.4 Risk-bearing capacity in accordance with MaRisk

From an economic perspective, the utilisation rate of the risk coverage potential (RDP) – with a 99.9% confidence interval and a one-year risk assessment horizon – stood at 47% for M.M.Warburg & CO (previous year: 59%).

[3] Figures for the previous year have been adjusted to reflect the final submitted reports.

[4] The figures are based on the values from the most recent report submitted.
Further changes may occur before the date of official approval of the Group's annual financial statements.The previous year's figures have been adjusted to reflect the final reports submitted.

5. Performance targets

Performance targets

Metric	Target 2025	Actual 2025	Achievement 2025	Target 2026
Net income for the year	Sharp decline	Sharp decline	Target achieved	Sharp increase
Net interest income	Sharp decline	Sharp decline	Target achieved	Slight increase
Net commission income	Slight decrease	Sharp decline	Target not achieved	Sharp decline
Trading result	Sharp decline	Sharp increase	Target not achieved	Sharp decline
Administrative expenses	Slight decrease	Sharp decline	Target not achieved	Slight decrease
Risk provisioning requirements	Sharp decline	Sharp decline	Target achieved	Sharp increase
Return on equity	Sharp decline	Sharp decline	Target achieved	Sharp increase
Cost-to-income ratio	Sharp increase	Sharp increase	Target achieved	Sharp decline

The geopolitical tensions, which are set to continue escalating in 2026, the ongoing rise in protectionism and the resulting caution regarding investment represent significant headwinds for the global economy. The growth outlook for Germany therefore remains subdued.

In this highly challenging market environment, the Bank recorded a net loss for the year of EUR 38.9 million. The year-on-year decline in the net result is therefore, as expected, significant compared with the previous year's net profit of EUR 1.0 million.

As anticipated by the Bank in its forecasts, net interest income fell sharply compared with the previous year. This is attributable in equal measure to the challenging interest rate environment and the slow growth in lending activity.

Commission income for 2025 fell more sharply than expected compared with the previous year – which had already been weaker than forecast – and thus fell short of the target. The cautious market environment has led to a decline in the number of transactions in the capital markets business and a fall in revenue from the custodian services business, while international business remained more than stable. The income generated from the sale of the liquid custodian bank was recognised in other operating income; in management reporting, however, it was allocated to net commission income. This means that the performance target would have been achieved.

Although the Bank had already largely ceased trading for own account by the end of the previous year and had gradually reduced its positions further over the course of the year, the trading result was significantly better than expected. This is almost entirely attributable to the foreign exchange result. Trading activities were completely discontinued at the end of 2025.

The strategic restructuring of M.M.Warburg & CO remains the focus of our efforts.

As a result, administrative expenses declined sharply compared with the 2024 financial year and were thus well below the level planned for 2025. The Bank's strict cost discipline had a positive impact in this regard. However, the recognition of one-off restructuring costs under extraordinary expenses also helped to reduce administrative expenses compared with the previous year.

As predicted, the return on equity and the cost-to-income ratio deteriorated significantly compared with the previous year.

As regards net interest income, the outlook for the coming financial year remains subdued. This is attributable to short-term interest rates that are expected to remain low, a yield curve characterised by stable, high levels at the long end, and the resulting sluggish growth in lending activity.

In view of the continuing challenging market environment and the restructuring of the business, the Bank expects net commission income to continue to fall sharply in the coming year.

Due to the complete discontinuation of trading activities, net income from financial transactions will no longer be a factor in 2026.

The Bank expects administrative expenses, including depreciation, to continue to fall slightly in the coming year.

Based on the expected trends in the relevant indicators, the CIR is set to fall sharply in the 2026 financial year, but will remain well above 100%. The return on equity is forecast to improve significantly, as no extraordinary expenses are expected to be incurred in 2026 and net profit is consequently set to rise sharply.

In the 2025 financial year, Warburg Bank adopted a new business and operating model, the implementation of which has begun and is continuing in the current year. Once implemented, the Bank is expected to be significantly more profitable and thus more attractive to investors. Implementation will continue to tie up considerable resources in 2026 and affect the bottom line. However, the Bank expects that earnings will show a significant positive trend thereafter.

As part of the strategy project, an industry benchmarking exercise was carried out to set target figures for both key performance indicators, resulting in a cost-to-income ratio of 80% and a return on equity of 8% being set as medium-term targets for M.M.Warburg & CO. These target figures are expected to be within reach by the end of the 2027 financial year, once work on the new core banking system has been completed and the outcomes of the business model analysis have been implemented.

As always, M.M.Warburg & CO stands ready to serve its customers as a reliable partner, offering financing and investment options tailored to their needs on the basis of its independence.

The annual report contains forward-looking statements regarding business and earnings performance based on current plans, estimates, forecasts and expectations. These statements are subject to risks and uncertainties. Actual results and performance may therefore differ from the assumptions made.

Hamburg, June 29, 2026

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Partnership limited by shares

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BANK

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