Private Bankers founded 1590

BERENBERG BANK

Joh. Berenberg, Gossler & Co. KG

2010

Report
on the 421st Financial Year

Key performance indicators

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total assets	€ millions	1,772	1,943	1,852	1,912	2,294	2,718	3,621	4,279	3,389	3,242
Business volume	€ millions	1,968	2,134	2,019	2,066	2,414	2,861	3,829	4,450	3,552	3,357
Net profit for the year	€ millions	46	41	37	40	50	54	61	47	65	62
Liable equity	€ millions	118	125	130	135	140	145	155	177	212	213
Receivables from clients/loans	€ millions	840	796	715	636	565	567	629	663	573	559
Liabilities to clients/deposits	€ millions	1,377	1,512	1,433	1,472	1,797	2,156	2,983	3,236	2,456	2,326
Return on equity (before taxes)	%	56.8	46.4	39.5	40.6	49.8	52.5	56.2	37.5	53.0	45.3
Cost-income ratio	%	43.1	44.7	48.9	49.9	55.0	65.3	66.5	66.9	61.9	74.2
Assets under management, including subsidiaries	€ billions	7.9	8.2	9.5	10.5	12.4	15.5	19.1	20.3	21.9	25.5
Employees, including subsidiaries		428	429	452	490	551	658	763	837	894	977

Established in 1590, Berenberg Bank is today one of the leading private banks in Germany with assets under management in excess of €25 billion. Our owner-operated banking house is headquartered in Hamburg and has 16 further offices across Germany and around the world. Having a firm grasp of our traditions and values, our one thousand employees are committed to carrying the success of our business well into the future.

Report on the 421st Financial Year

Cornelius Berenberg

Johann Hinrich Gossler

CONTENTS

The Managing Partners (from left to right): Andreas Brodtmann, Dr Hans-Walter Peters and Hendrik Riehmer

Dear clients and business associates,

We are pleased to be able to report that through our concentration on lines of business in which we add value for our clients, and by upholding the highest standards in our role as service providers during the performance of our day-to-day operations,we have once more been able to acquire a large number of new clients and expand our activities involving existing clients. The assets under our management rose by 16.4% in 2010 to €25.5 billion. We would like to express our warmest thanks to our business partners for the confidence shown.

The quality of our services was praised in numerous studies yet again in 2010. Berenberg was named the best provider of private banking services in Germany in the prestigious Euromoney Private Banking Award 2010, while DIE ELITE DER VERMÖGENSVERWALTER (a report on elite asset managers) published in Handelsblatt rated us »summa cum laude« for the seventh consecutive time and our Investment Banking Division received top rankings for German small and mid caps in the important THOMSON REUTERS EXTEL SURVEY.

We continued to invest in growing the Bank's business in 2010, because we are convinced that our business model, which is built on closeness to clients and personalised service, is the right one. We now also offer our private banking services in the UK. Furthermore, we significantly reinforced our strategic consulting capability for small and medium-sized enterprises and European equity research, expanding the number of account managers we employ in the process. We are delighted to have hired high-calibre, highly skilled people to perform the varied tasks of our Bank and are convinced that they will soon become veritable »Berenbergers«.

Especially in light of the amount of money we have invested in expanding the Bank, the operating profit of €61.5 million is very gratifying. This is the second-highest profit in the history of our institution.

Risk management and our conservative business policy are particularly important to us. These have enabled us to report a very strong core capital ratio of 15.1% for the Berenberg Group, which puts us well ahead of the future, tighter capital requirements of Basel III already today.

We are delighted that the family and the Managing Partners had the opportunity to buy back the 25% of the Bank's capital that had been held for many years by Norddeutsche Landesbank. This move has reinforced our status as an independent private bank.

Andreas Brodtmann

Dr Hans-Walter Peters
(spokesman)

Hendrik Riehmer

EXECUTIVES

MANAGING PARTNERS

Dr Hans-Walter Peters (spokesman)

Andreas Brodtmann

Hendrik Riehmer

ADVISORY BOARD

Professor Dr Harald Wiedmann, Chairman
Former Chairman of the Management Board, KPMG Deutsche Treuhand-Gesellschaft AG, and former President, Deutscher Standardisierungsrat, Berlin

Joachim v. Berenberg-Consbruch
Hamburg

Vincent Doumier
Administrateur Délégué, Compagnie du Bois Sauvage S. A., Brussels

Dr Andreas Rittstieg
Gleiss Lutz, Hamburg

Joshua Ruch
Chairman and Chief Executive Officer, Rho Capital Partners, Inc., New York

Dr Hans-Rüdiger Schewe
President, Fürstlich Fürstenbergische Gesamtverwaltung, Donaueschingen

Andreas v. Specht
Managing Partner,
Andreas von Specht - International Trusted Advisors GmbH, Hamburg

MANAGING DIRECTORS

Sven Albrecht
Lars Andersen
Tobias Bittrich
Dr Jan Böhm
Jens Brüggemann
Simon Chisholm
Gunnar Cohrs
Oliver Diehl
Ross Elder
Jörn Engelmann
Lars Fuhrken
Carsten Gennrich
Max Giegerich
Erhard Gold
Jürgen Hauser
Dr Robert Hengl
Anthony Hervey
Eberhard Hofmann
Klaus-Detlef Holbein
Oliver Holtz
Dominic Hughes
Andreas Kitta
Axel Klappstein
Holger Knaup
Stephan Koop
Dr Alexander von Kuhlberg
Christian Kühn
Dieter Lügering
Andrew C. McNally
Thomas Müller
Stephan von Parpart
Ralph Werner Rickassel
Raymund Scheffler
Jochen Schmidt
Dr Holger Schmieding
Dr Ludwig Schmucker
Andreas Schultheis
Uwe Schwedewsky
Mandeep Singh
Tindaro Siragusano
Johannes Sommer
Volker Steinberg
Markus Taubert
Karsten Wehmeier
Dr Ronald Weihe

As at 15 January 2011

Into the future with a strong tradition: maintaining our strengths

Berenberg – that is the name under which we have guided our Bank through its day-to-day business for 421 years. Over all this time, we have developed strengths that have enabled us to progress through the ages with a firm tread. Our knowledge of correlations and processes in the world of finance are just as important as the lasting relationships and networks we have built up as a private bank.

However, we are strong primarily because we can rely upon the talents and abilities of motivated employees. Through their hard work, they uphold a long-established corporate culture that enables us to meet the expectations of our clients time and again – built upon a strong tradition and with an eye for the possibilities of the future. In the present annual report, we aim to look at our journey into the future from the perspective of various people in our company. Their insights are the key to our success in the future.

The pace of change in the banking sector has accelerated even more over the last decade. Today, the world of business, and hence capital flows, is moving faster than ever. This raises an important question: **How can we maintain our strengths for the benefit of our clients in a time of rapid change?** Together with our employees, we provide answers to precisely this question in our day-to-day business activities.

We keep a particularly close eye on correlations. To enable us to operate with a firm tread in today's world of finance, we employ people in our company who have a comprehending eye for the markets. Since 2010, our Chief Economist, Dr Holger Schmieding, has been one of them.

Page 12

In our day-to-day activities, we maintain traditions that remain valid across the ages. To provide our clients with first-class advice, we invest the time it takes to get to know them properly. Sven Albrecht's clients have been appreciating his personal touch for 22 years now.

Page 24

We combine experience with the urge to evolve. Expanding the services we offer has meant rapidly increasing the number of people we employ over the past few years. We now have a thousand people working for our clients, more than twice as many as in 2004. Our HR Director for the past 13 years, Jürgen Hauser, knows how to integrate new employees.

Page 48

We gear our business model to the world around it. With a fine nose for trends, we adapt our business model to match our clients' needs. Our clients demand the very best from us in every area, says Hongying Chen, who has been with our China Desk since 1986.

Page 58

Just like 421 years ago when it all began, we retain a personal touch today and remain human in the way we deal with the challenges and opportunities of our time. We are building on the knowledge we have accumulated and are open for the new possibilities that lie ahead of us. In this regard, we are reliant upon the confidence and support that our clients have placed in us.

REVIEW OF THE YEAR

Social commitment has always been a part of Berenberg Bank's philosophy. This goes back to the time when the Bank was originally founded and continues to be an important concern of the owners and employees.

Culture prize

The Bonnard Trio, consisting of Olena Kushpler, Mikhail Tolpygo and Hovhannes Baghdasaryan (seen photographed with Joachim v. Berenberg-Consbruch and Dr Hans-Walter Peters), received the Culture Prize and its purse of €15,000 awarded by the Berenberg Bank Foundation of 1990. Scholarships went to stage designer Florian Lösche and marimbaphone virtuoso Lin Chen. The Foundation has been promoting young artists for 20 years now, already providing funding of €700,000 for up-and-coming talents.

»Elephant Race«

After an interval of precisely 80 years, Berenberg Bank secured the revival of the famous Elephant Race featuring Mercedes and Bentley sports cars from the pre-war era. Driven by old pros like Jochen Mass and English gentlemen, the powerful beasts made their way around the Nürburgring at up to 100mph during the ADAC's Eifel race weekend. Victory went to Bentley.

Polo

The German Polo Tour was inaugurated in 2010, reflecting growing interest in the sport. The Berenberg Polo Derby in Hamburg opened up this series of tournaments, with the high-calibre Berenberg High Goal Cup in Düsseldorf forming one of the other highlights. Berenberg Bank also showed its colours at tournaments in Donaueschingen, Stuttgart, Klosters and on Majorca.

Salzburg

That football legends like Franz Beckenbauer (photographed with Thomas Gyöngyösi, Dr Hans-Walter Peters and Andreas Brodtmann) and Sepp Maier or world boxing champion Sven Ottke can excel in more than one sport was more than demonstrated at the 1st Berenberg Invitational Golf Tournament which was staged to mark the opening of our new office in Salzburg. A total of €120,000 was collected for a good cause in the process. The day before the event, the guests could enjoy an exhibition entitled »Das Grosse Welttheater« that we had facilitated as main sponsor on the occasion of the 90th anniversary of the Salzburg Festival.

Berenberg Bank Masters

27 of the top 30 golfers on the European Senior Tour teed off at the Berenberg Masters staged in Fancourt, South Africa. Golf icon Gary Player (photographed) acted as tournament ambassador for this classy field. After three days on the world-famous The Links course, Thailand's Boonchu Ruangkit received the winner's trophy, leaving golfing greats like Sam Torrance, Ian Woosnam, Carl Mason and Costantino Rocca in his wake.

Investor conference

We relocated our Equity Research Department to London last spring. We now have 55 analysts serving around 250 listed companies in 21 different sectors. 150 institutional clients accepted our invitation to attend an investor conference at Pennyhill Park to the west of London, during which they had the opportunity to meet directors from 65 selected European companies through presentations and more than 500 individual conversations.

BerenbergKids

Our employees collected donations of around €55,000 during this year's beach volleyball tournament. The good cause was supported by singer Gabriela Gottschalk, German news personality Marc Bator and women's world boxing champion Ina Menzer, who, together with Andreas Brodtmann, formed one of the teams (photographed). Since BerenbergKids was set up in 2007, more than €400,000 has been collected for children in need in Germany, the UK and Switzerland through a variety of projects.

HWWI/Berenberg City Ranking

For the second time since 2008, we joined forces with the Hamburg Institute of International Economics (HWWI) to analyse the sustainability of the 30 biggest cities in Germany. Frankfurt am Main repeated its success from the first ranking (Frankfurt's mayor Petra Roth is seen photographed with Dr Thomas Straubhaar, Karsten Wehmeier and Lars Andersen). The year's big winner was Berlin, with the German capital leaping from 24th to 8th place.

Dr Holger Schmieding

Following stations at the Kiel Institute for the World Economy and the IMF in Washington, D. C., Dr Holger Schmieding joined the U.S. investment bank Merrill Lynch in 1993. He later served as Chief Economist Europe for Bank of America. Since October 2010, Dr Schmieding has been the Chief Economist of Berenberg Bank. He holds a Ph.D. in economics.

Can you describe the work of the Chief Economist of Berenberg Bank in just a few words?

Dr Schmieding: My team and I observe the economy and the financial markets. We check to see if the latest developments confirm our earlier assumptions and views. In particular, we monitor key trends, in the world at large, in the emerging markets and naturally also in Germany. We keep an eye on both long-term trends and short-term trends. That is important because recent events give a clue as to whether the key trends identified to date still hold, or not. They provide important signals that help us to put the situation in the context of the big picture.

What guides your analysis of markets?

Dr Schmieding: No particular model or approach is always right. To correctly apply the various theoretical instruments, it takes a solid education in macroeconomics, plus some experience, and enough honesty to call them into question when appropriate. The most important attribute for my work is the ability to correctly interpret the current market situation and choose the right model to apply, the one that best explains the most important features of the situation at hand. Human behaviour, as expressed in economic activity and the financial markets, is never fully predictable. We thus need to constantly check our interpretation of the world against the reality.

What matters most to you in your work?

Dr Schmieding: We need to communicate clearly. I like to inform our clients about what is important to them using clear words that are easy to understand. Above all, I first need to understand the issues myself. I then need to explain well-founded ideas and insights in such a way that the client can understand them in the context of the big picture. I am well aware that I am judged on the basis of the clear statements I have made, but I consider that to be a normal part of my job. With that philosophy, I feel very much at home in a bank like Berenberg.

You left a major bank to join Berenberg in the autumn of 2010. What is different about Berenberg?

Dr Schmieding: Berenberg does not suffer from excessive office politics or bureaucracy. Appropriate decisions can be reached quickly, without getting bogged down in committees. As a well-managed private bank, Berenberg makes it possible for its employees to take entrepreneurial initiatives within the Bank, based on a sound business concept. That makes it a fun place to work.

OVERALL ECONOMIC DEVELOPMENT

Two years after the major crisis struck, the global economy has left the worst behind it. After the financial markets seized up during the disorderly collapse of Lehman Brothers in late 2008, triggering the worst recession in the West for over 60 years, many countries made up most of the lost ground in 2010. The upturn that started in China and other emerging economies in the spring of 2009 before reaching many Western countries that summer picked up pace during the course of 2010. The economy has been performing well again in some countries. These include China, India and many newly industrialising nations together with a few major European countries, led by Germany, Sweden and Switzerland. The economy in the United States and Japan also recovered strongly.

Many trends in the global economy are pointing in the right direction:

- Startled into action by the Greek crisis, many countries are repairing their public finances.
- Almost all countries that now need to rapidly reduce their budget deficits are doing so in a way that promotes growth. They are paring back public spending and reforming entrenched structures instead of merely raising taxes. This can boost their potential growth in the long term and help to make their fiscal situation sustainable.
- Employment is rising in many countries, including Germany and the United States.
- Private households and companies were able to improve their financial position in just about all major countries during 2010.

At present, we see no undesirable developments or bubbles in either emerging markets or the major Western countries that could be severe enough to spark a new, cleansing recession. We thus expect the global economic recovery to continue in 2011. However, the outlook is not without risks. Oil prices have risen in early 2011. At the time of writing (18 March 2011), we cannot yet gauge the full extent of the disasters that have struck Japan. It is possible that the world economy may temporarily lose momentum despite solid long-term fundamentals.

Germany turned into a key driver of the global economy last year. With economic output expanding by 3.6%, Germany recorded its best performance since reunification in 1990. Germany is one of the leading producers of top-quality machinery and cars on the global market. Demand for these goods tends to fluctuate greatly with the global business cycle. German economic output collapsed by 4.7% in 2009 as companies throughout the world delayed investing in new plant and households decided not to buy new cars. In 2010, German companies then benefited from a resurgence in global demand for these goods.

However, the German recovery has gone far beyond the usual ebb and flow of the economic cycle. The number of people unemployed at the end of 2010 was at its lowest level for 18 years. Germany is now reaping the rewards of the reforms that it implemented in the years after 2003 under its »Agenda 2010« programme. A distinct austerity policy coupled with wage restraint has turned Germany into an attractive location for industry. After many companies made great efforts in 2009 to retain their core workforce through the recession, the increase in employment really took hold during 2010, with the number of people in gainful employment rising 400,000.

»Germany turned into a key driver of the global economy last year.«

That the German recovery is largely home-spun is also demonstrated by the profile of aggregate demand. Exports rose by 14% on a price-adjusted basis in 2010, which was faster than the 13% rise recorded for imports. Exports thus contributed 1.1 percentage points to the 3.6% rise in total economic output. Nevertheless, the lion's share came from the domestic economy, which contributed a good 2.5 percentage points to growth.

The classical leading indicators for the economy and employment suggest that the number of unemployed could fall below the three million mark during the course of 2011. While business climate in the retail sector reached its highest level for almost 20 years, surveys indicate that companies are eager to hire new workers. At the same time, wage inflation is likely to rise to close to 3% in 2011. Private consumption could thus become the new motor of growth during the course of the year.

To the surprise of many international observers, the German economy expanded rapidly in 2010, even though some peripheral countries of the European Union became entangled in a dangerous debt crisis. With its contributions to common credit and guarantee packages for Greece and other euro-area countries, Germany granted additional time for the countries concerned to sort out their public finances and to reinforce their economies' ability to grow by enacting structural reforms. At the same time, Germany and the other core European countries successfully shielded their own economies from the debt storms on the periphery of the euro area. The debt situation in various European countries is likely to present economic policy with further challenges in 2011.

OPERATIONS AND STRUCTURE

Berenberg Bank operates in four business divisions: Private Banking, Investment Banking, Asset Management and Commercial Banking.

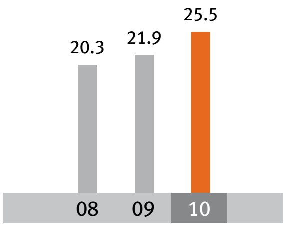
We achieved good results in 2010 in all four business divisions, built on an expanded client and business base. In addition to this favourable earnings structure, we are pleased to have greatly increased the number of clients we serve and seen the high quality of the work we perform confirmed in various studies and press reports. Our aim now is to build upon this quality leadership.

»Our clients again profited from the implementation of heavily diversified investment strategies and consistent risk management in a demanding year for capital markets.«

During 2010, the assets managed by the Group grew by 16.4% to €25.5 billion (2009: €21.9 billion).

Berenberg Bank's head office is in Hamburg. In Germany, we have further branch offices in Bielefeld, Bremen, Düsseldorf, Frankfurt, Munich and Stuttgart plus representative offices in Braunschweig and Wiesbaden. Our presence abroad is based on branch offices in London, Luxembourg, Paris, Salzburg and Vienna, a representative office in Shanghai and a representative office under Swiss law in Zurich.

Assets under management
€ billions



We have subsidiaries with head offices in Germany, Switzerland and Luxembourg.

The former representative offices in London and Salzburg were transformed into branch offices during 2010. We also opened a branch office in Vienna in 2010. The facilities listed (mainly London) were expanded as well. Since we believe it extremely important to provide personal care for our clients, we have again increased the number of people in our employ to match our growth.

We consider our in-house IT Department to be a particular competitive advantage. More than 100 employees in this area are involved in the development and implementation of proprietary software that enables us to deploy high-availability, as well as secure IT applications that have been specially tailored to our clients and our operations.

Our commitment to proprietary trading and lending activities is in line with our restrictive risk strategy.

The excess liquidity resulting primarily from the client deposits entrusted to us is invested very conservatively in a well-diversified portfolio of securities, comprising, for the most part, securities issued by German public-sector issuers and Pfandbriefs. At no time has the Bank made investments in subprime structures.

FINANCIAL PERFORMANCE

Net profit for the year

The 2010 financial year closed with a net profit of €61.5 million (€65.1 million). Following on from the record profit recorded in the previous year, this represents the second-best total in the Bank's history. We are very satisfied with this result, notably against the backdrop of the large amounts invested in expanding our proven business model. The return on equity, calculated as the ratio of profit before tax to equity at the start of the year, amounted to 45.3% after 53.0% in the previous year. The cost-income ratio changed from 61.9% to 74.2%. The ratio of current net interest income (without income from participating interests/affiliated companies) to net commission income is 18:82 after 24:76 last year.

Net interest income

The current net interest income declined from €42.2 million to €32.9 million.

This development can be attributed notably to lower interest income from the conservatively invested holdings of securities compared with last year. In addition, the volume of deposits held by our clients declined as a result of shifts in securities investments.

As in 2009, a partial distribution from the current profits of subsidiaries was received in the 2010 financial year. The profit of Berenberg Bank (Schweiz) was retained in full.

Net commission income

Net commission income, which is dominated by securities operations, increased by 16.1% to €152.0 million compared with €130.9 million in the previous year, in what was still a very volatile market environment.

Our strategy of broad-based securities operations involving three divisions (Private Banking, Investment Banking and Asset Management) again proved its worth in 2010. Net commission income from commercial banking is dominated by the services we perform for our German and international shipping clientele. In traditional corporate banking operations, the Bank has reduced the proportion of unprofitable client relationships in order to increasingly leverage the expertise built up in the Structured Finance segment to expand new business with good margins. The positive development of net commission income from lending operations underlines this trend.

Net trading income

Net income from financial transactions declined by 30.5% to €29.6 million after totalling €42.3 million in 2009.

Whereas FX trading performed extremely well to increase the net income from the previous year with unchanged limits, the value-at-risk limits for securities trading were not as heavily utilised as in 2009, meaning that the price gains were lower. When the German Accounting Law Modernisation Act (BilMoG) came into effect at year-end, a statutory reserve of €3.3 million was set up for the first time compliant with Section 340g of the German Commercial Code. This amount is drawn from the net income from trading activities to act as additional economic capital.

General administrative expenses

The positive development in the results of operations positions allowed us to invest in reinforcing and expanding our successful business model in 2010.

As had already been the case in previous years, we again invested heavily in highly qualified staff in 2010. We made use of the small time window afforded by the present market environment to acquire high-calibre, competent staff for our institution, notably in the Investment Banking Division. Personnel expenses rose to €111.2 million in 2010 (€91.5 million).

Workforce growth coupled with capital spending on modern IT and targeted marketing activities led to a rise in the cost of materials and in the depreciation of property, plant and equipment. Together with the personnel expenses, this development led to a 20.8% increase (2010: €170.7 million) in general administrative expenses, including depreciation and amortisation of property, plant and equipment, and intangible assets.

Risk provisions

Within the framework of risk provisioning, sufficient funds have been allocated to valuation allowances and provisions for lending operations. All identifiable credit risks have been taken into account in full using prudent valuation methods.

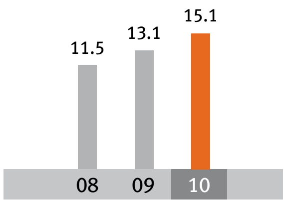
Client deposits have, for the most part, been invested in a highly diversified, very conservatively structured portfolio of bonds. Securities issued by German public-sector issuers and securities with German government or state guarantees dominate our portfolio. At no time did the Bank have any non-liquid securities or structured products in its portfolio. The holdings of securities are valued solely at market prices. In line with the conservative risk strategy, the Bank avoids the risks of a comprehensive maturity transformation and uses interest rate swaps to shorten the duration of the portfolio.

LIQUIDITY AND FINANCIAL POSITION

Capital base and principles

The Bank's liable equity rose to €213.3 million during the reporting year (€212.0 million). The total equity consists of core capital of €163.3 million (€160.0 million) and supplementary capital of €50.0 million (€52.0 million). The supplementary capital consists of subordinated liabilities of €45.0 million (€47.0 million) and the profit participation capital of €5.0 million (€5.0 million) maturing in more than two years.

Core capital ratio
Berenberg Group, %



The capital ratio compliant with the German Solvency Regulation amounted to 15.6% at year-end and the core capital ratio totalled 11.5%. The Berenberg Group (group of consolidated companies for regulatory purposes) had a capital ratio of 18.8% and a core capital ratio of 15.1% at the reporting date. This capital base means that we continue to meet all the statutory requirements regarding equity capital and today already comfortably meet the tighter equity capital requirements of Basel III to be applied in the future.

Despite the liquidity reserves that are constantly maintained for institutional investors' various funds, our ratio compliant with the German Liquidity Regulation is well above the industry average, at an annual average of 3.16 (2.81 at year-end), and comfortably above the requirements of the German Federal Financial Supervisory Authority (BaFin).

Funding and securities portfolio

Berenberg Bank can meet all its funding needs from client deposits, while regularly generating a large liquidity surplus. The Treasury Department invests the majority of this surplus in top-rated bonds with a view to minimising possible credit risks.

At year-end, the portfolio consisted of bonds and other fixed-income securities with a volume of €1,862.0 million. This portfolio is dominated by securities issued by German public-sector issuers (63%) and other securities with a German state or public guarantee (21%). In addition, we hold German Pfandbriefs (6%); government bonds (5%) and covered bonds (4%) from Scandinavia, Austria and France.

The remaining maturity of these holdings averaged two years at year-end, meaning that the spread change risk inherent in this portfolio is limited. The interest rate risk is regularly restricted to the 3- or 6-month Euribor. The vast majority is deposited with Deutsche Bundesbank, which ensures the availability of a high refinancing facility with the ECB in the event of an unexpected short-term liquidity requirement.

At the same time, shares with a volume of €81.4 million are held in investment funds as part of the liquidity reserve. With this, we are pursuing reduced-risk investment strategies based on international equity indexes and applying active (but still short) duration management on the bond side.

The Bank has no positions in asset-backed securities or similar structured lending products in either investment funds or its own direct holdings.

Total assets and business volume

Total assets declined slightly in 2010, from €3,388.6 million to €3,241.6 million. Shifts in client deposits towards securities and alternative investments due to the low level of interest rates were again observed. Thus, liabilities to clients declined to €2,326.2 million (€2,455.6 million). Client deposits account for 71.8% (72.5%) of total assets.

Liabilities to banks essentially consist of client trust funds held on deposit by our Swiss banking subsidiary. These remained practically unchanged at €489.4 million (€494.2 million).

Receivables from banks increased to €504.6 million (€354.8 million), of which €125.0 million is deposited with Deutsche Bundesbank. Excess liquidity was again essentially invested in bonds issued mainly by public-sector issuers instead of receivables from banks.

As a result of the continued application of our conservative, low-risk lending policy, receivables from clients amounting to €558.8 million (€572.6 million) were almost at the same level as in 2009.

The expanded business volume fell to €3,356.6 million in 2010 from €3,552.5 million in 2009 in line with the slight decline in total assets.

Credit volume

The expanded credit volume declined to €673.8 million (€736.4 million). This consists of receivables from clients of €558.8 million and contingent receivables from guarantees and other indemnities of €115.0 million.

Sven Albrecht

After starting his career with a bank in Oldenburg, Sven Albrecht joined Berenberg in 1988. Since that time, he has played an instrumental role in developing various functions of the Bank's Private Banking Division. Since 2000, Sven Albrecht has exercised responsibility for the advice provided to entrepreneurs and the structuring of the assets of high net-worth clients in his capacity as Managing Director.

To what extent has Private Banking changed in the last two decades of your work at Berenberg?

Albrecht: Earlier, we primarily managed the surplus cash of our clients. Today our range of advice and support is much more comprehensive. These days in Private Banking, we provide advice and support in all matters related to the family assets of our clients and how to invest those assets. Above all, we focus on the structuring of private assets. As part of that task, we also deal with issues such as real estate, wealth succession and equity investments. All work begins with an exact survey and analysis of their overall financial situation.

When it comes to entrepreneurs, in particular, is it not necessary to consider their business assets in addition to their private assets?

Albrecht: The advice and support we provide are always geared to the individual needs of our clients. For that purpose, it is necessary to understand their »financial universe« in its entirety. In the case of entrepreneurs, their business assets are extremely important, of course, because they often represent most of the client's total assets. For that reason, the Berenberg Entrepreneur's Office provides a comprehensive analysis of the client's business; when appropriate, we support the entrepreneur in matters such as financing or the re-placement of equity capital. For that purpose, we work closely together with other departments of the Bank. For me as an advisor in Private Banking, that means I need to be well acquainted with all the other services our Bank has to offer.

Comprehensive cooperation in financial matters depends on trust. How do you win the trust of clients?

Albrecht: Trust is developed over many years of cooperation. We create the basis for trust by permanently offering our clients added value, by constantly cultivating close relationships and by always being as transparent as possible. Our clients justifiably expect us to back up our opinions with sound facts and reasoning, and to express those opinions in a clear, comprehensible manner. That is particularly important in the case of establishing reasonable return expectations, for example. Performance is increasingly an important factor by which we measure our own success as well. At the same time, however, we are focused on sustained success over the long term.

Why do you think Berenberg's Private Banking will continue to be so very successful in the future as well?

Albrecht: We will continue to build on the strengths that set us apart from other banks: providing expert, personalised advice with particular dedication and high quality. In that quest, we will stay true to the values that have characterised our Bank for centuries, while also incorporating modern developments in the financial world. Our Private Banking team is quick and effective and we see things from the perspective of our clients. Furthermore, we are constantly upgrading the range of services we can offer. Thus, we established a Foundation Office to bundle the expertise that we have built up in this area over many years. But we also strive to adapt our services to reflect social change. For example, we are paying particular attention to the continually growing demographic group of older people. ”

BUSINESS DIVISIONS

PRIVATE BANKING

»Stability in a dynamic environment« – This statement is the best way of summarising 2010 from the point of view of the Private Banking Division. What we understand by stability is primarily the security of our clients' portfolios and the long-term protection of assets. But the solidity of our Bank as a whole and the long-term stability of our business model are also guarantees for the private investors and institutional clients whom we serve as a reliable partner. Our clients benefited from the implementation of strongly diversified investment strategies and rigorous risk management in what was another challenging year. We succeeded in considerably cushioning the effects of what were in some cases quite severe market distortions. Our clearly structured investment process, in addition to vision and caution, helped in avoiding risky investment decisions to a great extent. As a result, we safeguarded the interests of our investors, at the same time contributing significantly to the growth of the assets under our management.

All-round advisory

We have always been committed to the idea of comprehensive advisory. We lay the foundations for a dialogue between equal partners by means of our highly qualified employees and our profound understanding of the complex needs of our clients. Our advisory service does not stop at the traditional securities business; by observing the structure of our clients' total assets, we can offer them significant added value. This always starts with an analysis of the individual proportions of risk and return and the subsequent comparison with our clients' expressed targets. As a final step, these factors are then subjected to an optimisation process, on the basis of which we look for the best solutions for our investors out of the broad range of securities, participating interests, property and alternative investments available on the market. These then form the basis for long-term wealth strategies.

Growth

Growth was a distinguishing feature of our performance in 2010. Apart from our clients' individual assets, we have also seen substantial growth in the overall volume of funds entrusted to us. This was due not only to the expansion of existing relationships but also to the acquisition of many new clients. We note with great pleasure that our expertise was convincing in every target group – wealthy individuals and entrepreneurs as well as foundations, associations and religious institutions.

To accommodate the increased business volume, we also increased our staff count because we view private banking as a very personal service. Our staff selection is subject to strict criteria. In addition to professional qualifications, which are, of course, a basic requirement, we also attach great importance to the adviser's personality. The expertise gathered over years in the Private Banking Division was supplemented by numerous in-house and external training courses. Our clients, in turn, benefited from a strong advisory offering in 2010.

Capacity for innovation

The continuous development of our internal infrastructure provides proof of the theory that tradition and continuity are the ideal ingredients for innovative corporate development. The permanent improvement of our modern, highly effective portfolio and risk management systems, as well as continuous optimisation of our reporting systems, served again and again as meaningful back-up for our client-focused operations in 2010.

Additionally, numerous innovations in the form of newly developed investment solutions or those we identified in the market made a significant contribution to our clients' sustained investment performance. Our selective total return approaches are worth mentioning here, as well as our market-based equity strategies and selective risk-adjusted certificates. On the basis of an actively managed universal bank strategy, our clients continued to benefit from products developed in the Capital Markets and Asset Management Divisions.

Solutions to highly complex task requirements devised on the basis of interdepartmental cooperation are also particularly innovative for our clients.

Our locations

The further expansion of what is already an extensive network of nine Private Banking offices in Germany and a branch in Austria continued in 2010 in the form of preparations for establishing operations in a new market for our Bank's Private Banking Division: through our London Branch, the United Kingdom represents a European market which can add a second international dimension to a Private Banking growth strategy that was mainly focused on Germany in the past. We will analyse further opportunities in 2011. We will, however, continue to be guided by the principle of organic expansion with an investment budget appropriate to the size of the business division.

Awards

The quality of our services in Private Banking again achieved recognition in 2010. We were particularly pleased with the »Best Private Bank in Germany« award, which we received at the EUROMONEY PRIVATE BANKING AWARDS in February 2010, following in the footsteps of Deutsche Bank (2009) and Sal. Oppenheim (2008). This award highlighted our expertise in wealth management in the categories 1 to 10 million U.S. dollars (1st place), 10 to 30 million U.S. dollars (2nd place) and over 30 million U.S. dollars (2nd place), as well as »institutional discretion and security« (1st place).

»We were particularly pleased with the ›Best Private Bank in Germany‹ award.«

In November 2010, we received the top »summa cum laude« ranking in DIE ELITE DER VERMÖGENSVERWALTER (a report on elite asset managers), published in Handelsblatt, for the seventh consecutive time. As in 2009, Berenberg again achieved the maximum number of points.

We do not regard these awards as an excuse to rest on our laurels, but as an incentive to continue delivering top performance for our clients every day in the future.

Berenberg Private Capital GmbH

Our Berenberg Private Capital subsidiary focuses on identifying investment opportunities in structured investments with a clearly defined quality standard and assessable risks. The company grants private investors, among others, access to projects, which, as a rule, only a small circle of investors can participate in with relatively large amounts. Other areas include professional asset structure analysis and the development of investment strategies for residential property.

Apart from highly motivated employees, other keys to success include the constant improvement of processes and systems and the ability to perform with a sense of proportion and with expertise, two elements of great importance in modern times. This philosophy is reflected in the choice of investment solutions and in the further development of services. The aim is always to provide appropriately modern service to our clients and generate reasonable added value.

In the 2010 financial year, we enhanced our processes and systems in the *Structured Investment and Participating Interest Department*, enabling high-yielding structured investments to be identified by means of our employees' experience and know-how even better than before. The main focus was on selecting valuable investments in physical assets. As in the previous year, attention was centred on residential property. Rental buildings were particularly highly sought after due to the diversified tenant structure and the resulting stable income stream. Other property sectors with a broadly based user structure, such as multi-storey car parks, are also becoming more and more popular with investors. Investments in intrinsically valuable agricultural land, the value of which proved to be particularly stable during the financial crisis, were also in great demand.

Sustainability is becoming a more and more important feature of responsible investment. In view of the opportunities in the field of renewable energies now developing into an accepted form of investment suitable for capital markets, we were able to offer our clients a solar investment on a selective basis in this sector for the first time.

An *asset structure analysis* is essential when offering in-depth investment advice. The Berenberg SIGMA asset strategy, successfully established in the past few years, was completely overhauled in 2010 and will also set standards in the market in future. Furthermore, we succeeded in improving individualisation options by extending the investment universe.

In the area of *property services*, we identified buildings suitable for residential property investment in spite of a market environment characterised by strong demand. One of the results of this strategy was a complex transaction in the field of residential property development, for which we served in an advisory and agency capacity.

Consilisto Berenberg Privat-Treuhand GmbH

Our Consilisto Berenberg Privat-Treuhand subsidiary operates in two segments: Family Office and Foundation Office. The *Family Office* segment specialises in providing highly individual advisory and support for complex portfolios. An overall asset strategy is devised in consultation with the clients, which is then implemented independently and in parts by different asset managers. This process includes the documentation of all transactions executed, fiscal analysis, assessment of overall assets and active asset management. In view of the growing demands, the extensive range of services provided was increased further in 2010 (including asset consolidation, asset controlling and asset consulting). A newly developed accounting system fulfilled the requirements relative to transparency and the pooling of information. The strategy of recommending to clients the best and most suitable investments on an impartial basis proved to be most popular and was remarkably successful, particularly in our work with midsize companies.

The *Foundation Office* takes on the planning, realisation and monitoring of substantial foundation wealth in accordance with a long-term maintenance strategy and in order to sustainably guarantee the foundation's purpose. This Office provides services based on issues relevant to foundations, which the Family Office would otherwise provide in the case of private wealth. In a low interest rate environment, the »selection of asset managers« service was in particularly high demand, in addition to the consolidation of various different assets. The range of services is completed by succession planning, which covers both entrepreneurial and private aspects.

Berenberg Lux Invest S. A.

In 2010, Berenberg Lux Invest was awarded the title of the most successful investment boutique by the magazine »Capital«. The twelve team members focus on absolute return funds and asset management strategies, in which about €3 billion are managed in 20 funds. Both covered call strategies, HIGH-DISCOUNTPORTFOLIO UNIVERSAL and BERENBERG GLOBAL OPPORTUNITY-CONCEPT PORTFOLIO, were particularly successful, leaving the benchmark Euro Stoxx 50 index far behind them. They were also given the highest possible five star rating category by the Morningstar rating agency. The product portfolio was expanded further in 2010 with new funds such as the option strategy SELECT RANGE-UNIVERSAL-FUND and BONUS-PORTFOLIO UNIVERSAL. The portfolio also includes a UCITS III fund under the name of SELECT TRADE-UNIVERSAL-FUND, which outperformed the market with double-digit percentage appreciation in 2008 and 2009, and also developed positively in 2010. Another key feature is the BERENBERG-1590-VERMÖGENSVERWALTUNGSSTRATEGIEN, consisting of five funds set up exclusively for clients of the Bank and selected cooperation partners. The flagship of this range is the €650 million strong pension fund BERENBERG-1590-ERTRAG-UNIVERSAL, one of the best of its class and also bearing a five star banner. At the end of 2010, Berenberg Lux Invest set up a Germany fund, which concentrates on dividend-bearing securities and links the selection with a covered call strategy.

Berenberg Bank (Schweiz) AG

Founded in 1988, Zurich-based Berenberg Bank (Schweiz) supports international clients in private banking, asset management, fund management and family office. The large demand for these services encourages us to open a branch in Geneva, the aim of this venture being not only to win investors in western Switzerland but also to have a better access to clients already familiar with this international banking centre.

Berenberg Bank (Schweiz) has received top accolades on both a national and European level, on many occasions in the past. At the end of 2010 the independent testing authority »Fuchsbriefe« again confirmed the top quality of our subsidiary.

The Bank is well positioned for further sustained growth in the coming years not only because of its excellent competitiveness (as demonstrated by the healthy increase in the client base), but also due to its growing capitalisation.

In 2010 the Bank won a number of new clients, who helped increase total assets under management by more than 500 million Swiss francs. In contrast, the drastic side-effects of the appreciation of the Swiss franc have meant that the total volume of clients' funds under management has not increased proportionately to the asset growth. Nevertheless, it has increased slightly and amounts to 3.2 billion Swiss francs.

Further details about the Bank's activities can be found in the separate annual report of Berenberg Bank (Schweiz).

INVESTMENT BANKING

Service and client operations are the hallmarks for our Investment Banking. We have concentrated our equity research and sales activities in the City of London, as this is where we have excellent contacts with the players in the most important banking centre in Europe. Trading operations continued to be based in Hamburg, thereby ensuring permanent controlling. With a variety of services such as equity, bond and foreign exchange trading, coupled with those special transactions coming from our strategic consultancy based in Frankfurt and in London, our Investment Banking Division is well diversified and not dependent on the results of any individual operation. The high quality of our services was confirmed again by independent surveys: our clients voted Berenberg Bank number one in the categories of sales, research and corporate access in the renowned THOMSON REUTERS EXTEL SURVEY for Germany, which is carried out annually.

Capital Markets

Research

In addition to relocating to London all the equity analysts who had previously worked on a decentralised basis early in 2010, we also established sector teams in 2010. Not least due to the continuing financial crisis, we succeeded in hiring the most experienced staff in the appropriate sectors, who appreciate the opportunities a bank like Berenberg can offer. At the end of 2010, we had 55 analysts in London serving nearly 250 mostly European listed companies in 21 sectors. This number of companies will almost double in the next few months. We have therefore taken a large step towards our goal of establishing a European research product in both the mid cap and large cap sectors. Unlike many other large banks with whom we compete, we focused particularly on the mid cap sector, in which we have been very successful for many years, in hiring new staff.

»Our clients voted Berenberg Bank number one in the categories of sales, research and corporate access in the renowned THOMSON REUTERS EXTEL SURVEY for Germany, which is carried out annually.«

Furthermore, pooling research activities in London facilitates very efficient structures in and between the various teams as well as in the services areas. This not only ensures top quality research but also enables us to operate promptly and efficiently.

The expansion of senior analysts in particular has almost been completed. In 2011, we will take on further new staff only on an individual basis, in addition to complementing the existing teams with highly motivated, keen and capable junior staff. By expanding our sales activities, we also ensure that the European research product is marketed specifically to our institutional clients. In this way, we can generate considerably higher sales potential than in the original mid cap approach.

In addition to staging regional conferences in our offices in Hamburg, London, Paris and Zurich, we again organised a European conference at Pennyhill Park near London at the beginning of December. All together, more than 150 institutional clients took the opportunity to get to know executive officers from 65 selected European companies in presentations and in more than 500 individual meetings.

Our analysis team again won numerous awards in 2010, thereby affirming the high quality and esteem that our research enjoys in the market. As has been the case for many years, Europe's financial experts voted Berenberg Bank the best institution for equity analysis of German small and mid caps in the annual THOMSON REUTERS EXTEL SURVEY. We also came in third in the renowned INSTITUTIONAL INVESTOR ranking for the analysis of German equities. STARMINE put us in first place in the earnings estimates category for French small and mid caps and third place for stock recommendations on small and mid caps in Switzerland.

Sales

Although trading volumes in the institutional equity sector still posed a special challenge in 2010, our sales team again succeeded in considerably expanding and strengthening relations with institutional clients. We were therefore in a position to significantly increase our market share – despite starting at a low level.

Parallel to the start of our European research product, we also made good progress in the structural development of our Sales Department. We increased the number of sales specialists from three to nine; that step has already had a positive effect on clients' perception of our products and services. Moreover, we hired a total of eight additional general sales staff in London, Paris and Zurich, so that we can bring out the best in our comprehensive product range. A new sales team is due to start work in Frankfurt early in 2011. We also plan on setting up a sales presence in the United States this year.

As part of a successful marketing strategy for our research product, we organised 150 analyst roadshows and 1,200 individual meetings worldwide in 2010. This represents a 35% increase over 2009 and as much as 90% over 2008. We managed to win over almost 70 new institutional clients to our services during the course of 2010. We secured 18 of the 25 new clients targeted at the start of the year. Both these trends are likely to gain momentum in 2011, when our research product achieves full capacity and the planned new sales team is well and truly up and running.

»As part of a successful marketing strategy for our research product, we organised 150 analyst roadshows and 1,200 individual meetings worldwide in 2010.«

Sales Trading

The Sales Trading team succeeded in gaining market share and expanding its important role as an execution specialist in the field of pan-European blue chips and small and mid caps in the 2010 financial year. In doing so, the expansion of the sector teams in the Sales and Research Departments in particular proved to be most successful. Working closely with the experienced senior colleagues for the various sectors in London, Sales Trading succeeded in winning over 80 new clients, mostly in the United States and the United Kingdom. The sectoral approach enables our colleagues in Sales Trading to go beyond the stock-picking model to support our clients with a very broad and detailed range of information for their equities business. This is particularly the case for European blue chips.

Turnover in European equities increased by 4% over 2009 particularly as a result of strong OTC trading. In that respect, our team benefited from its excellent, long-standing contacts with the buy-side trading desks of our international asset manager clientele.

We succeeded in acquiring new clients for the Bank and expanding the services offered to existing institutional clients by systematically improving the various electronic trading applications we use (Direct Market Access, Algorithmic Trader, Program Trading).

The Bank will become a member of the London Stock Exchange (LSE) in 2011, in order to provide a direct connection to capital markets for the purpose of expanding our leading role as a specialist in the field of cash equities and meeting the high quality expectations of our clients to an even greater extent.

Fixed Income

Following the subprime, financial-markets, bank and economic crises, 2010 was dominated by the sovereign debt crisis. The spreads for the affected countries of Greece, Ireland, Portugal and Spain reached record levels at the end of a volatile 2010. Conversely, this development led to historically low interest rates on German federal bonds and other high-rated bonds. In the case of corporate bonds, the improved economic expectations, which were confirmed during the course of the year, led to a further narrowing of spreads. High-yield corporate bonds were bought particularly by private clients looking for returns, whereas institutional clientele continued to be very risk-conscious, as in 2009.

The services offered by our new Sales Trading Fixed Income Department, which was set up in 2009, were successfully placed in the market in 2010. The clients served by this department include institutional investors such as banks, investment companies, pension funds and insurers. The teams established in Düsseldorf and Vienna in 2010 built up a fixed group of clients in a short space of time, thereby considerably strengthening our position in the fixed-income business. The Düsseldorf Branch serves clients in western Germany, the Hamburg branch serves clients in northern Germany and the twelve experienced employees working in the Vienna Branch successfully serve clients in southern Germany, Austria, Slovenia, Slovakia and Switzerland. The Vienna Branch is ideally suited to serve as a hub for specific capital markets topics in eastern and western Europe.

We will continue this strategy in 2011 and systematically expand the department further by starting up our own bond research, among other things.

Currency Trading

The sovereign debt situation in the euro zone was the dominant issue in currency trading as well. The euro was one of the major losers in the first half of 2010. Fears of Greece's possible sovereign default led to doubts about the euro's quality and ability to withstand a crisis.

There was great demand among our clients in 2010 for intelligent hedging instruments to secure underlying foreign currency transactions. We again saw growing interest in structured hedging deals, which suit the clients' desire for individual participation rights and specific cash flow hedges. Additionally, we were able to satisfy the growing need among our clients for long-term protection options extending beyond the conventional period of twelve months.

Corporate Finance

The experience gained over four centuries of advisory for entrepreneurs and their families, as well as the independence and discretion of a private bank, supported by the strength achieved in the market for German small and mid cap equities in the last few years, form the basis of our corporate finance activities. They are divided into the departments Strategic Advisory and Corporate Banking & Structured Finance.

Our services include the provision of support in strategic and operational planning, raising capital, and buying and selling assets. In contrast to many competitors established in the market, we do not offer our own products, but concentrate on providing service to our clients.

Strategic Advisory

In 2010, we again enlarged the service spectrum for our corporate clients and further improved the services we offer to existing clients. Our strategic advisory services focus on the three key areas of Corporate Broking, Equity Capital Markets and Transaction Advisory, in particular. Moreover, we have a team of highly skilled and experienced industry specialists working for us, in order to provide the senior management of our corporate clients with support in strategic decisions and to bring their plans to a successful conclusion.

The philosophy of our Strategic Advisory Segment relies on the following three key principles: independence, market knowledge and integrity. The high credibility of our advisory services is based on, among other things, the exceptional position which our Capital Markets Department has created with regard to the placement of equities and the ensuing business relationships. This network of relationships with market participants from various different areas and investment styles, which not only includes portfolio managers and analysts, but also economists, corporate executives and even journalists, enables us, in our opinion, to assess potential market reactions to changes in companies and the demand for capital in a very special way.

In providing advice to exchange-listed companies, Berenberg is guided by the *Corporate Broking* Service originating in the United Kingdom. This advisory approach relies on independence rather than being transaction-related. In this way, we follow an unmistakably unique approach in Germany. Our advisors are able to call upon extensive experience in dealing with investors from all over the world. They specialise in harmonising the interests of expanding companies in need of capital with the interests of potential investors. In the first year of operation, we were able to constantly expand our portfolio of existing clients. Companies from various different industrial sectors benefit from our advice. In dealing with these clients, we are confronted with varying market capitalisations ranging from €100 million up to €3 billion. We expect solid portfolio growth for this sector in the coming year.

The *Equity Capital Markets* (ECM) team achieved great success in 2010. This department has been a part of Strategic Advisory since October 2010. At the same time, the ECM team was strengthened.

The market environment proved to be difficult despite the positive forecasts for initial public offerings made at the beginning of 2010. There was only modest demand for new issues, and the valuations linked to these circumstances, as well as the intended use of the proceeds, were reviewed in depth. Investors continue to have a very conservative approach and not only demand significant upside potential but also the commitment of additional capital to promote growth. Globally, prices in the stock markets have recovered, but not the volumes traded. Under these circumstances, there was only modest growth in trading activity, overall, up to the year-end. We expect that the positive forecasts for 2010 will not show their full effect until 2011. This means that there is very high demand, and the preparations for a series of new issues by the end of the year are under way.

Given this background, we achieved a very good performance in 2010. We were active in the capital markets for both existing and new clients and have advised and supported them in a series of substantial capital raising transactions. Here is a summary of our most important activities in 2010:

- Initial public offering for European CleanTech I SE, volume €115 million – Joint Lead Manager
- 10% capital increase (without subscription rights), Colonia Real Estate AG – Sole Lead Manager
- 10% capital increase (without subscription rights), Smartrac AG – Sole Lead Manager
- 10% capital increase (without subscription rights), ElringKlinger AG – Joint Bookrunner
- 10% capital increase (without subscription rights), Pfleiderer AG – Sole Lead Manager
- Capital increase with subscription rights issue, 11.4 million shares, Hamborner REIT AG – Co-Lead Manager
- Sale of 5% of treasury shares, Pfleiderer AG – Sole Lead Manager
- Sale of 4.5% of treasury shares, Tipp24.com – Sole Lead Manager

The *Transaction Advisory* team forms the basis for the further development of our capabilities in the M&A market. In addition, our transaction experts make their expertise available to the ECM team and industry specialists. We hired new staff to bolster what already was a strong M&A team in 2010. Consequently, we are able to offer our clients a much more effective service. The team has now reached the critical mass required to successfully conclude a significant transaction volume while also developing new business.

Despite conditions in the M&A market being difficult throughout the whole year, our consistently success-driven work approach in the client's interest as well as our participation in a number of substantial transactions under the leadership of other banks led to us being ranked number 10 in the Bloomberg ranking for M&A transactions with takeover targets in Germany. In numerical terms, we were involved in seven transactions with a total volume of €4.6 billion We anticipate a sustainable market recovery in 2011, as a new understanding of valuations asserts itself and more liquidity becomes available. Transactions will continue to be initiated by private equity investors wishing to restructure their portfolios, including both exchange-listed companies stepping up their growth plans against the backdrop of the ongoing global recovery and by private companies that have postponed their plans due to the developments over the last two years. In conclusion, it should be noted that we ended the year 2010 with a well-filled transaction pipeline for 2011.

Corporate Banking & Structured Finance

Our *Corporate Banking* is characterised by intensive, trustful cooperation with our clients. We have continuously widened our range of services and advisory options, enabling us to satisfy our clients' individual needs with a comprehensive package of special solutions.

In the *Structured Finance* Department, we increased our activities in the capital market environment once again with equity-based transactions, deals with selected financial investors and going-private business. In addition, we are committed to a strategy of independent advisory via our *Financial Advisory* Department, based on our capital markets experience accumulated over many years. We advise our clients on the basis of the specific requirements of the appropriate corporate client with regard to the ideal financing structure, the use of suitable forms of financing and successful implementation.

Intensive cooperation with small and medium-sized enterprises enables us to purposefully increase further the proportion of non-lending business. We offer added value particularly in foreign exchange trading, but also in strategic corporate transactions, providing qualified ideas and solutions on the basis of independent advice. In this way, our clients are able to benefit from the sector expertise of other departments such as Strategic Advisory and from innovative approaches in asset management – not only in the field of wealth investment but also in risk management solutions, especially when foreign currencies are involved.

Short and fast decision-making processes and a clearly focused, solution-driven approach enable us to maintain valuable and helpful cooperative relationships with our clients, in spite of the Bank's growth.

The support given to entrepreneurs and entrepreneur families by the *Berenberg Entrepreneur's Office* has become a key pillar of our advisory concept. The analysis of business assets in their entirety, consisting mainly of business investments and property, together with the support given by one primary contact, has proved to be successful. Our capabilities in the areas of succession planning, shareholder finance, asset allocation and property advice are bundled in the Berenberg Entrepreneur's Office, in order to satisfy the individual needs of our entrepreneurial clients.

The diverse activities conducted on the basis of our advisory and support concepts for Corporate Banking, Structured Finance, Berenberg Entrepreneur's Office and Property have raised our profile significantly, both nationally and now also internationally.

After encouraging progress in 2010, we see good growth potential for the current year, based on further improvements to the Bank's structure, the widening scope of advisory services and the successful strengthening of new and existing client relations.

ASSET MANAGEMENT

The Asset Management Division manages assets for pension funds and insurance companies, as well as industrial enterprises, family offices, financial services providers and foundations.

Concentrating on alternative investment strategies, newly launched retail funds, attractive performance and intensive client service contributed to a substantial increase in assets under management. Compared to the previous year, assets managed on behalf of institutional clients grew by more than one third.

The strategic and structural orientation was again honoured by our clients. For example, the award given by the TELOS rating agency and the management consultants Homburg & Partner proves that our three-stage client relationship model (Relationship Management, Investment Advisory and Portfolio Management) is especially well received by institutional investors. In the 2010 satisfaction survey, Berenberg Asset Management scored very well for the quality of its advisory and client support, as well as its structured and transparent investment process. Berenberg goes a slightly different way compared to other asset managers in the support of institutional clients in that it differentiates between client and mandate. With Investment Advisory, the support strategy is given another dimension because the responsible advisor acts as the main contact for the individual mandate and as the extended arm of Portfolio Management. This not only helps to relieve Portfolio Management of sales duties, but also improves the quality of advice provided.

Our success is also due to the streamlining and focusing of our range of products and services, which we have purposely geared to investors' needs. We identify strongly with a quantitative style of investment. We develop specialised investment solutions for institutional investors based on systematic and, as a rule, quantitative/model-based investment processes. Our expertise includes strategies for the dynamic hedging of market price risk (Protect Overlay) and for the generation of additional income (Alpha Overlay) from equities, bonds, currencies and commodities. In implementing optional, market-neutral strategies, we rely on our trusted DYMACS strategies for equity and bond markets. In selecting bonds and equities, we apply the quantitative models we have developed ourselves. All strategies are offered as UCITS III retail funds, special mandates or pure overlay/portable alpha solutions.

Focus on institutional retail funds

There has been a strong increase in interest among institutional investors for retail funds as an investment opportunity. At this point in time, selective strategies are no longer exclusively shown in a special-purpose fund, but to a larger extent in a retail fund.

We reacted to this development by completing a structured product portfolio in 2010, in which ten retail funds were successfully launched. As a whole, these institutional retail funds reflect the product expertise of the business division. Institutional investors are able to decide for themselves how to invest their assets, and are given significantly more flexibility, with an investment in a retail fund, compared to a special-purpose fund structure.

The fund volume of retail funds managed by our Asset Management Division has grown by more than half compared to the previous year. As at year-end 2010, 20% of total assets under management were made up of institutional retail funds. Our approach in currency management continues to be of great interest and was in strong demand with investors. By way of example, our BERENBERG CURRENCY ALPHA UI has become the largest currency fund set up in Germany, with a volume of €374 million.

»Our BERENBERG CURRENCY ALPHA UI has become the largest currency fund set up in Germany, with a volume of €374 million.«

Innovative fee model

In order to give institutional investors as clear a picture as possible with regard to the cost of retail funds, we have negotiated and implemented an innovative all-in fee pricing structure for retail funds, in the interest of our clients. The all-in fee includes the asset manager's fee, in addition to the fees charged by the investment company and the custodian bank. Compared to traditional fee models for retail funds, the investor incurs generally lower and, above all, calculable costs.

Furthermore, the all-in fee for administration and custody includes all other charges listed in the prospectus such as issuing costs, legal and tax consultancy charges, audit and publicity costs as well as advertising fees. As a result we have succeeded in realising the idea of a transparent and cost-effective institutional retail fund. Not only does the fund's total expense ratio reflect actual costs, the fund costs have also been reduced, particularly in respect of the institutional share classes. We have brought in the investment company Universal-Investment-Gesellschaft mbH and the custodian bank State Street Bank GmbH to serve as cooperation partners and implement the all-in fee.

To summarise, as a result of our initiative to introduce greater cost transparency, an investment in our retail fund is now a real alternative to a special-purpose fund for institutional investors, not only due to the above-mentioned liquidity advantages, but also in view of the optimised cost structure.

Institutional asset management

From an investor's point of view, the free of charge fund of funds vehicle of BERENBERG STRATEGY ALLOCATION, which we set up in June 2010, is another positive result of the strategic alliance. We have bundled all our portfolio management capabilities into this asset-managing fund of funds.

The investment weightings are systematically controlled in the strategy allocation process with the aim of generating a positive return in every market environment. Because we manage all the target funds, institutional investors benefit not only from the no-fee fund of funds structure but also from transparent reporting, down to the level of individual securities.

Personal contact and transparent information policy

Personal contact with our clients is essential when it comes to cementing business relations and strengthening trust. Our clients and investors were given the chance to learn about new strategies in-depth in numerous direct meetings, conference calls and monthly online conferences, and the chance to develop tailor-made investment solutions with our specialists. We welcomed more than 400 institutional investors to our conference lounge and workshop at the Institutional Money Conference. Additionally, 40 institutional clients accepted our invitation to the traditional Berenberg Asset Management Conference and used the occasion to exchange views and opinions on economic policy and current capital markets issues.

COMMERCIAL BANKING

Shipping

The recovery of the global economy and world trade since early 2010 has also led to impressive growth rates in some sectors of marine shipping. This development, however, must be seen in the context of the global economic crisis in the previous year. In the fourth quarter of 2010, however, seasonal fluctuations and the threat of overcapacity in some markets led to declining freight and charter rates.

Even amid such volatile conditions, we continued to be a reliable partner to our clients, despite the fact that, in view of this situation, we only took on new business cautiously and selectively, and only on the most conservative terms.

Nonetheless, we see growing opportunities in the current market environment. Ship values have fallen dramatically compared to the boom years. Banks providing traditional ship finance are not yet as active as they used to be. Furthermore, the requirements applicable to borrowers' equity ratios have increased. In view of our strategic focus, we are currently in a position to finance more modern ships with relatively low loan-to-value ratios. In the future, we will continue to focus on financing second-hand tonnage with short- to medium-term loan maturities.

Apart from the lending business, our services in the field of cash management in particular were in strong demand. The various divisions of the Bank, and especially the clearing and settlement departments, are very familiar with the high demands of our shipping clients. The efficient management of operational accounts not only serves the purpose of loan monitoring, but also satisfies the demanding and individual quality expectations of our clients. Short decision-making procedures internally combined with outstanding continuity in personal client support serve to facilitate fast and flexible service and quick decisions.

We will also continue our prudent growth process by stepping up our activities in connection with the bank-related execution of the operating business of our clients. These have proved to be a most stable income component in a difficult market.

We will of course continue to serve as a partner in all matters related to active interest rate and currency management. From our point of view, it goes without saying that we will provide our clients with advice on the constant valuation and possible re-focusing of their appropriate positions.

Country activities

China continues to play a leading role in our country activities. The close cooperation between our China Desk in Hamburg and our Representative Office in Shanghai has paid off remarkably well, in terms of both acquiring new clients and serving existing clients. In addition to our long-standing activities in the processing and financing of trade deals between China and Germany, we have notably succeeded in expanding our position in the Chinese shipping market.

We are available to assist trading and production companies in hedging country risks outside of China as well, focusing primarily on Asia and the Middle East. Our strategy continues to be based on our principle of assessing each transaction individually in line with current conditions instead of applying a blanket country limit; that way, we can stay close to our clients. We also apply the country expertise gained from regular visits to the countries in question, in addition to the fundamental data, when performing risk assessment for a given country. Placements in the international secondary market additionally serve to diversify risk within the framework of our risk policy.

Jürgen Hauser

After working in the banking industry for just a few years, Jürgen Hauser was appointed Head of Employee Development of a German private Bank. He joined Berenberg in 1998; since that time, he has headed up the Bank's Human Resources Department, which comprises 15 employees.

On 1 March 2011 the number of Berenberg employees crossed the magic threshold of 1,000 …

Hauser: That makes me very happy! It's a good feeling when your Human Resources Department is mainly concerned with hiring new employees, instead of having to make them redundant. We have doubled our workforce in the last six years alone. Such growth makes for a wonderful, but also challenging task, which can only be mastered in close cooperation with all the managers of our Bank.

What steps do you take to make sure that new employees are quickly integrated into the fabric of our company?

Hauser: First, we invest a great deal of time in selecting the right employees for our Bank. Once they are hired, we devote considerable attention to them. Besides orientation sessions and interim meetings, we also assign an experienced mentor to each new employee, to help him or her become socially integrated with the rest of our workforce. But it is our business itself that serves as a very effective integration mechanism; that is because we have a genuine role for everyone we hire. Therefore, our colleagues perceive newly hired employees as a valuable support. That really speeds up the integration process. Furthermore, everyone who works for us can quickly assume new responsibilities. That enhances their identification with their jobs and therefore also with our Bank and its values.

Is there such a thing as a Berenberg culture?
How do you maintain that culture?

Hauser: As a bank with a history that dates back 400 years, our corporate culture and values are particularly important to us. Our corporate identity is especially well developed. We are proud of our long history, but we are also constantly striving to develop innovative new solutions for our clients. This dichotomy between tradition and modernity shapes our work at Berenberg. Aside from assuring continuity in advice and client relationships, we also value the entrepreneurial attitudes and dedication of our employees. That opens up the discretionary freedom that so many of our employees prize, but they also need to effectively exercise that freedom.

The crucial thing is to actively practice our corporate culture and pass it on to new employees, instead of merely writing up a list of platitudes.

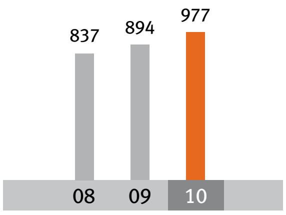
That is a lofty aspiration.

Hauser: One that our clients demand of us. As a private bank, we promise to deliver an especially high level of quality. To meet those expectations, our employees need to possess a comprehensive spectrum of capabilities, including client focus and a service orientation, and above all the ability to develop effective solutions. We employ individuals, and that means our employees can put their entire personality into their work for us. We encourage this by adapting our positions to our employees, not the other way around. That is a challenging task, but it is worth the effort because it keeps us flexible as a bank and therefore ready to meet the challenges of the future.

EMPLOYEES

Workforce as at 31 December

Bank and subsidiaries



Even if 2010 was a very turbulent year for the financial industry, the Berenberg Group succeeded in expanding its strong position in the market and again increasing the size of its workforce. At year-end 2010, the Berenberg Group had a total of 977 (894) employees, of whom 874 (782) work in the Bank. Much of the growth in the workforce came outside of Germany, notably at our office in London. We now employ 195 people abroad (131), of whom 100 work in London (42).

We expect the workforce to grow by a further 10% or so in 2011. Helping new employees feel at home is a major challenge for all of us. Again last year, we succeeded in quickly integrating new colleagues into the Bank and our processes, and acquainting them with our corporate culture. This would hardly have been possible without the strong personal commitment of every individual involved, and this is the only way of securing the success of our institution in the long run. At this point, we would like to express our sincere thanks to our employees for all their hard work and effort. We would also like to thank the employee representatives for their constructive attitude and involvement.

The investment banking trainee programme that we launched this year has proved to be a great success, satisfying the requirements of a business model that has a greater international orientation. This has enabled us to gain a higher profile among university graduates. We are planning to expand the programme next year. Putting this together with the generalist trainee programme that spans all four of the Bank's business divisions, the number of trainees we have will probably double.

To keep pace with the ongoing growth of the Bank in the staff and back-office departments with our own talent in the long run, the Bank is also undertaking significant activities in other areas of training for junior staff. We have added a course for office communications clerks to our education offering. As part of our cooperation with the Nordakademie private university, we have expanded the offering with a business IT course.

RISK REPORT

We continued to apply our conservative risk strategy unchanged throughout the past financial year. The deliberate focus on less risky, service-oriented business divisions proved its worth. The Bank's liquidity situation was good throughout the year. Our securities portfolio is dominated by paper issued by German public-sector issuers. At no time did the Bank conduct proprietary investments in securitised credit structures or similar investments.

The Bank's risk management process is characterised by its strategic orientation towards services-based business divisions combined with the use of modern risk measurement methods optimally geared to the institution's business.

The main risk types we analyse as part of our risk management process are counterparty, market price, operational and liquidity risk.

Reputation risks are evaluated as part of the management of operational risk. In addition, we also play close attention to the risk of earnings collapsing. Our approach to managing the risk of earnings collapsing is intended to prevent losses arising from the possible weakening of individual earnings components that prove volatile over the course of time.

The potential losses of the various business divisions are quantified for the risk types listed in accordance with the value-at-risk principle (VaR). The value-at-risk represents a loss threshold for a given probability level. The value-at-risk procedures only reflect the potential losses given relatively normal market movements. For several years now, we have consequently been supplementing risk evaluations with an analysis of stress scenarios.

The regularly performed comparison between risk and economic capital is based on these two different ways of assessing the risk position.

The economic capital considered as part of our risk management process is kept separate from the concept of regulatory capital or equity capital. In line with the concept of a going concern, it should be possible to cope with unexpected losses without having to fall back on external capital measures. Consequently, the economic capital is essentially formed from the easily liquidated reserves available to the Bank. These reserves are compared with the value-at-risk within the framework of a confidence level of 99% derived from the German Solvency Regulation (SolvV).

A second comparison between risk position and economic capital is based on a possible target rating for the Bank, calculating the amount of risk exposure for a confidence level of 99.98%. Under this method, the results of stress scenarios are incorporated in the calculations. Possible diversification effects across the various risk types are ignored by aggregating the covering amounts for the various categories of risk. The economic capital to be set against the risks is supplemented by unused portions of regulatory capital that are not tied by risk-weighted assets. Even under this extreme scenario, the continued existence of the Bank as a going concern is assured.

Not all of the economic capital available to the Bank in the past financial year was used by the business divisions, which highlights the conservatism built into the Bank's risk management process and expresses the appropriateness of the relationship between the opportunities arising from business activities and the risks assumed, with regard to the overall profit or loss. The optimisation of the risk/reward ratio is defined as a key objective of our risk-adjusted overall bank management system. The business divisions only enter into risk if it is commensurate with the potential rewards. In addition, for an inverse stress test we regularly define scenarios which, if they were to occur, would tie up all of the economic capital available.

Management has overall responsibility for the risk management process and defines the general conditions for managing the various risk types. A central Finance unit, to which the Controlling/Risk Control Department reports, acts independently of the various front offices in organisational terms as required by the MaRisk for banks and financial service institutions. This unit ensures a constant flow of information to the Bank's management and Advisory Board and is responsible for developing and overseeing the systems used in overall bank management and risk management.

The Risk Control Department carries out a risk inventory every month and sets the risk amounts of the various risk types against the available economic capital.

As part of the risk management process, we ensure that excessive concentrations of risk do not exist in either the various risk classes or across the various risk classes.

A back office unit that is organisationally independent from the front office units employs a wide-ranging limit structure to monitor the exposure to counterparty risk. A wide range of controlling analyses is used to support the management of default risk at overall portfolio level.

Market price risk arises from both short-term positions in the trading book and strategic positions in the banking book. It is monitored by the Risk Control unit. Risk Control also quantifies operational risk, the size of which is limited by a comprehensive set of rules and contingency plans. The Treasury Department is responsible for the management of liquidity risk together with the Money Dealing Department.

A monthly full calculation is used to monitor the profit and loss of the business divisions, taking into account the risks assumed. The risk of collapsing earnings in the profit centres is analysed in this context.

In addition, the Controlling unit makes available to both management and the individual relationship managers an efficient management information system that makes it possible for the users to analyse the risk-adjusted earnings and risk variables (VaR) at every aggregation level, from the Bank as a whole all the way down to the individual client.

The Bank's Internal Audit Department controls the organisational precautions described in detail below for managing, monitoring and controlling the various categories of risk on a regular basis based on the parameters specified in the Audit Manual.

The Credit Risk Management and Risk Control Departments provide information on a regular basis to the Risk Monitoring Committee set up by the Bank's Advisory Board.

The principles of our risk management strategy are recorded in a written risk strategy, which is available to all employees.

The complete risk report can be viewed at www.berenberg.de/riskmonitoring.

OUTLOOK

Over the next few years, the Bank and its subsidiaries will continue to concentrate on its four business divisions: Private Banking, Investment Banking, Asset Management and Commercial Banking.

Private Banking

Again in 2011, we will not restrict our advisory services to traditional securities transactions, looking also to create value by considering our clients' complete wealth. To do so, we will select the best solutions from the range of securities, participating interests, properties and alternative investments available on the market. These then form the basis for individual, long-term wealth strategies.

We will leverage our ability to innovate in both the ongoing refinement of our in-house infrastructure and the identification of effective investment strategies. The solutions we draw up for the highly complex problems of our clients by collaborating across divisional lines are also innovative. This client-oriented business activity is something we continue to consider a key success factor in our planned growth.

We are looking to substantially increase the assets entrusted to us by both expanding existing business relationships and concluding new client mandates. Added to this is the commencement of operations in what is a new market for the institution's Private Banking Division through our London office. This move gives more of an international flavour to Private Banking's growth strategy that had previously focused strongly on Germany. We will look into further opportunities during 2011. The underlying premise is of organic expansion with an investment budget commensurate with the division's scope.

Investment Banking

We are optimistic about the prospects for our investment banking activities, despite the persistently high volatility on the capital markets. We used the past financial year to expand and reinforce the structure of our Investment Banking Division, hiring further competent specialists for our team in what is for us a beneficial labour market environment.

The London Office, in which all our research teams have been consolidated, will continue to serve as the main hub of Berenberg's investment banking activities. In addition, we will further strengthen our Investment Banking Office in Frankfurt and add new staff. We intend to commence sales activities in that office in the first half of 2011. Around the middle of the year, we intend to open a new office in Boston, Massachusetts, from which we will market our research directly to the big mutual fund companies in the United States.

These investments in an even broader product offer enable us to act as a reliable partner at the side of our clients. We expect this to yield a smoothing of the earnings from our highly successful currency and fixed income operations and also hope to benefit disproportionately from an expected upturn in business in the cash equities and corporate finance segments. In fact, we are already involved in a significant number of transactions planned for 2011.

Asset Management

Against the backdrop of flourishing economies and global economic growth, we will focus in 2011 on generating sustainable alpha in the areas of investment that we specialise in.

Specifically expanding our expertise in emerging markets will enable us to tap sources of alpha with clear potential for value growth. This will allow us to offer an alternative form of high reward investment for risk-averse investors.

In an inflationary environment, our clients will benefit from our tailor-made investment concepts in the field of duration hedging. With interest rates expected to rise, the individual hedging of existing bond portfolios will have a positive impact on the performance of the Asset Management Division during the course of the year.

Consequently, we are confident of being able to build on the thoroughly positive development of the division from last year and again provide a stable contribution to profits in 2011.

Commercial Banking

The Commercial Banking Division encompasses our activities in shipping, banks and the China Desk, and is mainly characterised by service activities and deposit-taking business.

We expect the global economy to continue expanding in 2011. Compared with 2010, however, the pace is likely to slow somewhat, although the growth will be built on a broader and more solid foundation worldwide. The forecasts for world trade as the major driver of shipping call for growth of 11 to 12%. The shipping markets will be exposed to risks arising from the expected rise in tonnages.

Demand remained strong for our services in the field of cash management, which we consider to be extremely important as a core line of business and has proven to be a stable source of earnings in the difficult market climate. We expect this segment to continue expanding. We believe that the current market environment is throwing up increasing opportunities in lending operations. Ship values have fallen sharply compared with the boom years. Traditional ship-financing banks are not available again yet to the usual extent, while the requirements for borrowers to provide more equity have risen. Consequently, the current direction of our business strategy enables us to finance newer ships with relatively low loan-to-value ratios. We will continue to concentrate on the financing of second-hand tonnage into the future with short- to medium-term loan maturities.

In the current market environment, we see good chances for the Bank and its subsidiaries to acquire more new customers and expand existing business relationships.

We are looking to expand all aspects of our securities operations over the next few years, seeing a further core line of business with great potential in the commercial banking segments that we occupy. Our goal is to gain further share of the market.

Against the backdrop of our strategic orientation, we are deliberately planning to expand our workforce selectively. In this context, we intend to adapt our internal structures to match, especially on the IT side, by making further investments.

At the time the annual financial statements were drawn up, no specific risks that could have a major impact on the future performance of the Bank were known.

We are convinced that we have a good position on the market and expect to again report a good net profit for the year driven by the hard work and commitment of our skilled staff.

Hongying Chen

Following an internship with the Bank of China in Shanghai, Hongying Chen joined Berenberg Bank in 1986, where she completed a vocational training programme for bankers. In the following years, she established the China Desk in Hamburg; in 2001, she additionally assumed responsibility for the Representative Office in Shanghai.

At first glance, a representative office in Shanghai would seem to be somewhat exotic for a bank like Berenberg. How did that come to be?

Chen: Our ties to China date back to the year 1794, when we and other merchants sent the first merchant ship from Hamburg to China. In the 1950s, we were among the first correspondent banks of the Bank of China. In the 1970s, well before the Chinese market began to be opened up to foreigners, we travelled to China and established contacts with Chinese companies. That approach illustrates Berenberg's philosophy quite well: We did not go to China because we wanted to tap a market of 1.3 billion people with high growth rates; rather, we went there in the service of long-established client relationships and because we were capable of satisfying special needs with our personalised services.

A long time has passed since the 1950s. China is an economic giant today. What has changed since then?

Chen: In earlier times, we were mainly engaged in processing trade deals in China, primarily through our Chinese correspondent banks. Today, we offer our clients a broader range of banking services, including operational processing, financing and advice in matters involving the capital markets. Our work is mainly focused on Chinese shipping companies. Aside from the country's dominant ocean carriers, we now also serve a number of medium-sized and private shipping companies in China, also with the help of our representative office in Shanghai.

That sounds like growth.

Chen: Indeed, we want to gradually broaden the basis of our business activities in China. For example, we put our expertise to work in advising and supporting international clients who wish to commence business operations in China. Or conversely, we assist Chinese companies seeking to establish a foothold in Germany.

All major international banks are active in China today. How is it that a private bank like Berenberg can still be successful in that country?

Chen: The credit belongs to our trustful client relationships, which we have personally built up and cultivated for decades, and to the quality of our services. Businesses in China are also beginning to realise that size is not always synonymous with higher quality. Take payments to China, for example: In case of problems, we are capable of checking the matter and solving the problem within a matter of minutes, by reason of our organisational structure. Large banks are often not capable of meeting that standard. Also, the fact that we specialise in certain activities gives us a competitive advantage. Thus, the Berenberg name is very well known in our area of specialised expertise: the shipping and banking sector.

"

BALANCE SHEET AS AT 31 DECEMBER 2010

Assets		2010 €	2009 €
Cash reserve			
Cash on hand		1,096,381	786,016
Balances with central banks		46,137,599	52,156,590
	1)	**47,233,980**	52,942,606
Receivables from banks			
Payable on demand		395,561,259	236,962,329
Other receivables		109,033,821	117,833,946
		504,595,080	354,796,275
Receivables from clients	2)	**558,759,749**	572,631,999
Bonds and other fixed-income securities			
Bonds and notes			
– by public-sector issuers	3)	1,209,313,501	1,258,662,447
– by other issuers	4)	652,671,148	893,563,013
		1,861,984,649	2,152,225,460
Shares and other variable-yield securities		**104,564,161**	130,151,363
Assets held for trading		**51,097,048**	0
Participating interests	5)	**8,872,939**	8,859,415
Shares in affiliated companies	6)	**3,178,079**	3,178,079
Trust assets	7)	**27,959,870**	44,459,241
Intangible assets		**2,367,917**	2,752,615
Property, plant and equipment		**11,514,288**	10,714,243
Other assets		**58,095,784**	55,891,786
Prepaid expenses		**0**	32,581
Excess of plan assets over pension liabilities		**1,358,425**	0
Total assets		**3,241,581,969**	3,388,635,663

1) thereof: with Deutsche Bundesbank €45,644,749
2) thereof: municipal loans €15,037,500
3) thereof: eligible as collateral with Deutsche Bundesbank €1,209,313,501
4) thereof: eligible as collateral with Deutsche Bundesbank €651,755,221
5) thereof: in banks €89,864; in other financial institutions €0
6) thereof: in banks €2,540,872; in other financial institutions €0
7) thereof: trustee loans €9,429,726

Equity and liabilities		2010 €	2009 €
Liabilities to banks			
Payable on demand		265,189,213	316,579,424
With agreed term or period of notice		224,242,221	177,669,093
		489,431,434	494,248,517
Liabilities to clients			
Savings deposits with agreed notice period of			
– three months		495,942	533,941
– more than three months		59,415	86,775
Other liabilities			
– payable on demand		1,688,853,721	1,794,620,025
– with agreed term or notice period		636,809,057	660,340,866
		2,326,218,135	2,455,581,607
Liabilities held for trading		**3,044,475**	0
Trust liabilities	1)	**27,959,870**	44,459,241
Other liabilities		**43,524,882**	40,220,639
Deferred income		**47,417**	99,850
Provisions			
Provisions for pensions and similar obligations		17,802,195	31,811,327
Provisions for taxes		9,010,620	4,797,000
Other provisions		49,718,587	47,184,459
		76,531,402	83,792,786
Subordinated liabilities		**45,000,000**	50,112,919
Profit participation capital	2)	**5,000,000**	5,000,000
Special fund for general banking risks		**3,300,000**	0
Equity			
Subscribed capital		150,000,000	150,000,000
Retained earnings		10,000,000	10,000,000
Profit available for distribution		61,524,354	55,120,104
		221,524,354	215,120,104
Total equity and liabilities		**3,241,581,969**	3,388,635,663
Contingent liabilities			
Liabilities from guarantees and indemnities		115,019,540	163,832,606
Other obligations			
Irrevocable loan commitments		61,806,696	72,377,963

1) thereof: trust loans €9,429,726
2) thereof: due within two years: €0

INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010

Expenses		2010 €	2009 €
Interest expenses		**39,894,343**	50,540,042
Commission expenses		**23,475,259**	18,157,765
General administration expenses			
Personnel expenses			
– Wages and salaries		97,322,433	79,421,359
– Social security charges and expenses for pensions and similar benefits	[1]	13,885,558	12,104,619
Other administrative expenses		53,957,686	43,732,308
		165,165,677	135,258,286
Depreciation, amortisation and write-downs on tangible and intangible assets		**5,298,587**	5,937,655
Other operating expenses		**4,199,731**	5,832,192
Write-downs and value adjustments on receivables and certain securities, and additions to loan-loss provisions		**0**	9,915,656
Extraordinary expense		**233,860**	0
Taxes on income		**11,002,289**	11,664,257
Other taxes where not shown under Other operating expenses		**200,667**	122,781
Net profit for the year		**61,524,354**	65,120,104
Total expenses		**310,994,767**	302,548,738

[1] thereof: for pensions €4,285,521

Income	2010 €	2009 €
Interest income from		
– credit and money market activities	22,959,474	23,807,026
– fixed-income securities and government-inscribed debt	49,227,603	68,101,144
	72,187,077	91,908,170
Current income from		
– shares and other variable-yield securities	571,955	817,722
– investments	1,156,523	727,022
– shares in affiliated companies	12,449,986	12,913,435
	14,178,464	14,458,179
Commission income	**175,452,605**	149,103,209
Net income from assets held for trading	**29,641,514**	42,632,948
Income from write-ups of receivables and certain securities and from the reversal of loan-loss provisions	**12,647,280**	0
Other operating income	**5,931,055**	4,446,232
Extraordinary income	**956,772**	0
Total income	**310,994,767**	302,548,738

Appropriation of net profit		
Net profit for the year	**61,524,354**	65,120,104
Transfers to retained earnings	**0**	10,000,000
Profit available for distribution	**61,524,354**	55,120,104

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010 (EXCERPTS)

GENERAL

The annual financial statements for the year ended 31 December 2010 have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the accounting regulations for banks.

Unless stated otherwise, figures for 2009 are shown in brackets. On account of the legal changes to the German Commercial Code (enacted by the German Accounting Law Modernisation Act (BilMoG)), the figures for 2009 are only of limited value for comparison purposes. The figures for 2009 have not been adjusted (Section 67 (8), Introductory Act to the German Commercial Code (EGHGB)).

Principal accounting and valuation methods

In principle, the existing accounting and valuation methods have been applied again in 2010. They have only been modified to reflect the new legal provisions.

Receivables from clients and banks are stated at the nominal amount. Accrued interest is included in the respective balance sheet items. Deferred income items have been set up for discounts on loans and on purchased receivables.

Specific value adjustments have been set up to provide adequate cover for all identifiable risks in the loan book. General value adjustments have been set up to cover latent risks and collective value adjustments have been set up in Luxembourg for the same purpose. The value adjustments are deducted from the receivables or added to provisions.

Securities classified as held for liquidity purposes are measured strictly at the lower of cost or market.

The Bank uses the modified mark-to-market method with a value-at-risk discount to measure securities held for trading. The risk discount is determined on the basis of the Bank's internal management system in accordance with supervisory regulations, meaning that it employs appropriate accounting procedures. The value-at-risk is determined for a holding period of ten days and a confidence level of 99%. A historical observation period of 250 trading days is assumed, with the individual changes in value incorporated in the calculation with equal weighting.

Shares in affiliated companies and participating interests have been carried at acquisition cost.

Property, plant and equipment is carried at acquisition or production cost, less scheduled depreciation taken on a straight-line basis. Assets with acquisition costs of up to €150 are written down in full in the year of acquisition. Low-value assets with acquisition costs of between €150 and €1,000 are grouped together in a collective item and written down on a straight-line basis. They are shown in the analysis of non-current assets as additions and in the amount disclosed for depreciation in the financial year.

Other assets, including purchased options, are recognised at the lower of acquisition cost or fair value. Option premiums received and paid are not normally taken to the income statement until the option either expires or is exercised.

Liabilities are carried at the amount payable plus accrued interest.

Provisions have been recognised taking adequate account of all identifiable risks and uncertain obligations, including those arising from off-balance-sheet transactions, in accordance with the principles of sound commercial judgement.

Provisions for pensions are calculated in the amount of the obligation in accordance with the projected unit credit method on the basis of the biometric data included in the 2005G standard tables prepared by Dr Klaus Heubeck. An interest rate of 5.17%, rate of increase of 2.5% in future compensation, rate of increase of 2.0% in pension obligations and an industry-specific standard turnover rate are applied. Appropriations to pension provisions are presented within interest expenses and personnel expenses.

Provisions due in more than one year are discounted using the average market rate of the past seven years appropriate for their remaining maturity (Section 253 (2) 1, German Commercial Code (HGB)). As provided for in the German Provision Discounting Ordinance (RückAbzinsV), the interest rates used for discounting tally with the monthly interest rates published by Deutsche Bundesbank.

Derivatives are accounted for by creating valuation units. Assets and liabilities denominated in foreign currency are translated using the foreign exchange reference rates published by the European Central Bank.

Forward currency contracts are valued across the board using the forward rate applicable at the reporting date for all transactions. The results in the different currencies are offset. A provision for anticipated losses on pending transactions would have to be set up to cover any remaining loss; a compensating item is set up on the assets side of the balance sheet under Other assets for any remaining gain from specially covered transactions.

Gains on currency and securities transactions involving clients are carried in net commission income.

As in 2009, the price gains on client-related trading activities are reflected in net commission income. Consequently, deviating from the regulatory trading book, the securities transactions conducted on behalf of clients are carried under Bonds and other fixed-income securities and Shares and other variable-yield securities.

NOTES TO THE BALANCE SHEET

Receivables from/liabilities to clients/banks

Breakdown of maturity by remaining maturity	Up to 3 months		More than 3 months and up to 1 year		More than 1 year and up to 5 years		5 years and over	
€'000	2010	2009	2010	2009	2010	2009	2010	2009
Receivables								
from clients	419,991	388,579	50,617	24,664	73,397	124,134	14,754	35,255
of which: with no fixed maturity	317,338	298,211						
from banks	28,747	77,894	367	0	0	0	79,920*	39,940
Liabilities								
to clients	593,481	579,526	43,328	80,815	0	0	0	0
to banks	170,365	128,828	47,055	42,377	6,240	6,200	582	264
Savings deposits	496	534	22	65	37	22	0	0

* A line of business (trading in promissory notes) gave rise to a position at the reporting date comprising promissory notes sold for future settlement in January 2011.

Loans with a term of more than one year are not subject to any specific interest rate risk as a result of swaps or other interest rate hedges (micro-hedges).

Disclosure of relationships with affiliated companies and companies in which a participating interest is held

Relationships	with affiliated companies		with companies in which a participating interest is held	
€'000	2010	2009	2010	2009
Receivables				
Banks	0	0	0	330
Clients	0	0	73	0
Liabilities				
Banks	433,965	411,631	0	0
Clients	7,166	43,807	1,410	1,181

Bonds and other fixed-income securities

This item divides into securities of €'000	public-sector issuers	other issuers	Total
2010	1,209,314	652,671	1,861,985
of which:			
– due in 2011	219,197	202,871	422,068
– participating interests	0	0	0
2009	1,258,662	893,563	2,152,225

The bonds of public-sector issuers originate almost exclusively from German federal states.

The following table shows the breakdown of bonds of other issuers:

Bonds of other issuers €'000	**2010**	**2009**
German Pfandbriefs	112,790	304,880
European covered bonds	87,106	168,238
Bonds with public guarantee	261,137	262,592
Bonds with state guarantee	170,767	142,991
Banks (unsecured)	0	2,529
Other	20,871	12,333
Total	**652,671**	893,563

Positions with state guarantees originate from German development banks or are older issues by Landesbanks that still enjoy state guarantees provided by the German state or a federal state (some of which are also secured by liens). Debentures with a state guarantee are mostly backed by Germany.

The remaining maturity of all bonds averages around two years. Interest rate risk is normally limited to the 3- or 6-month Euribor by investing in floaters or by means of interest rate swap hedges (micro-hedges).

Shares and other variable-yield securities

This item contains shares in investment funds of €83.2 million (€71.0 million) used as investments as part of the liquidity reserve.

The Bank holds shares of more than 10% in domestic investment funds within the meaning of Section 1 of the German Investment Act (InvG). These break down as follows:

€'000	Investment	Market value	Book value	Reserve	Payout target
BAI-Universal-Fonds	Equities	51,261	46,433	4,828	189
BIRD-Universal-Fonds	Bonds	40,628	35,000	5,628	357

There are no restrictions on daily redemption rights.

In addition, the Bank has a non-strategic holding of shares in the Dolomitti-Fd-Atlas Alternative Fund (market value: €783 thousand; book value: €777 thousand; 2010 payout: €0), which is to be wound down in 2011.

Positions held for trading

€'000	2010
Assets	
Bonds and other fixed-income securities	44,120
Shares and other variable-yield securities	6,575
Derivative financial instruments	256
Foreign currencies	146
Liabilities	
Bonds and other fixed-income securities	145
Shares and other variable-yield securities	2,899

Legal changes to the German Commercial Code (HGB) have made it necessary to show held-for-trading positions separately from 2010. The figures for 2009 have not been adjusted.

The financial instruments held for trading are marked-to-market less a risk discount. The risk discount is calculated in accordance with the Basel Risk Paper using the same method as for the external reporting of our internal model. The discount is calculated and disclosed for each portfolio separately. If the risk discount exceeds the write-up amount, no more than the amount of the write-up is used as the risk discount.

The derivative financial instruments are exclusively interest rate swaps.

Marketable and listed securities

As in the previous year, all bonds and debentures are marketable. Of the shares and other variable-yield securities, the investment funds of €83.2 million (€70.7 million) included in the liquidity reserve are not marketable. All other equities are listed on a stockmarket. €2.7 million (€2.7 million) of the shares in affiliated companies are marketable. The remaining participating interests and shares in affiliated companies are not marketable.

Valuation units

Fixed-income securities of €844.3 million have been included in micro-hedges to hedge interest rate risk. The Bank's strategy for managing interest rate risk calls for its lending and deposit-taking activities to have a short-term structure. Transactions with a term of more than one year are essentially exchanged by concluding interest rate swaps, which serves to reduce the dependence on positions that are sensitive to changes in interest rates. The effectiveness of the valuation units is determined using the fair-value-oriented method.

Trust assets

The trust assets and corresponding trust liabilities relate to loans of €9.4 million (€30.0 million) extended to non-bank clients on a trustee basis and other trust assets or trust liabilities of €18.5 million (€14.5 million) held as security for the pension obligations of a third party.

Analysis of non-current assets			Acquisition cost			Depreciation/amortisation			Residual book value	
€'000	Balance 31/12/2009	Addi-tions	Dis-posals	Balance 31/12/2010	Balance 31/12/2009	Addi-tions	Dis-posals	Balance 31/12/2010	2010	2009
Participating interests	8,859	17	3	8,873	0	0	0	0	8,873	8,859
Shares in affiliated companies	3,178	0	0	3,178	0	0	0	0	3,178	3,178
Furniture and office equipment	33,104	4,417	427	37,094	22,390	3,509	319	25,580	11,514	10,714
Intangible assets	8,206	1,410	7	9,609	5,453	1,790	2	7,241	2,368	2,753
	53,347	5,844	437	58,754	27,843	5,299	321	32,821	**25,933**	25,504

Other assets

This item contains accrued interest and fees of €24.7 million (€19.0 million). An adjustment item of €12.5 million (€10.5 million) has been recognised on the assets side of the balance sheet for forward foreign exchange contracts concluded and forward foreign exchange contracts rolled over on account of the special cover.

Other provisions

This item comprises mostly provisions for personnel expenses.

Excess of plan assets over pension liabilities

€'000	Acquisition cost securities 2010	Fair value 2010	Amount payable provisions 2010
Provisions for pensions and similar obligations	16,256	16,256	15,459
Other provisions (semi-retirement)	1,499	1,499	937

€'000	Interest expense 2010	Interest income 2010	Valuation at fair value 2010
Provisions for pensions and similar obligations	1,543	0	0
Other provisions (semi-retirement)	78	0	0

Section 246 (2) 2 HGB contains a requirement to net the assets serving to settle pension obligations with the corresponding liabilities. The 2009 figures have not been adjusted to reflect the new regulation as of 2010.

The prerequisites for netting interest expenses or interest income with possible expenses or income from pension plan assets were not met in 2010. Obligations arising from employee working-time accounts, which would otherwise be presented in the line item of other liabilities, were netted with assets of the same amount, which would otherwise be presented in the line item of other assets. Section 253 (1) 4 HGB requires that such assets be measured at fair value. The assets in question are composed exclusively of exchange-listed securities of public issuers, the market value of which is equal to the stock exchange price at the reporting date. There is an excess of plan assets over pension liabilities of €1.4 million overall.

Subordinated liabilities

Interest expense of €2.6 million is included in expenses. The following table shows the breakdown of the subordinated liabilities totalling €45.0 million:

€'000	%	Due
10,000	6.55	01/06/2018
10,000	6.80	25/06/2018
5,000	6.25	07/01/2019
10,000	6.00	03/01/2020
10,000	6.00	30/01/2020

The terms comply with Section 10 (5a) of the German Banking Act (KWG). There is no right to demand premature repayment. Subordinated liabilities of €45.0 million are included in liable equity compliant with Section 10 KWG (supplementary capital).

Special fund for general banking risks

The special fund for general banking risks was set up with an amount of €3.3 million in accordance with Section 340e (4) HGB. The transfer is included in net income from trading activities at €3.3 million.

Other liabilities

This item mainly includes current taxes payable of €8.3 million (€7.9 million) and deferred interest payments of €19.2 million (€21.5 million) for interest rate swaps and swaptions. An adjustment item of €7.2 million (€3.0 million) has been recognised on the liabilities side of the balance sheet for forward foreign exchange contracts concluded and forward foreign exchange contracts rolled over.

Deferred tax assets and liabilities

At the reporting date, there were temporary differences between the stated values of individual line items in the commercial balance sheet and those in the tax balance sheet. Recognition and measurement differences giving rise to deferred taxes occurred in the line items of receivables from clients, shares and other variable-yield securities, participating interests, provisions, the special fund for general banking risks and supplementary capital.

Those items were measured by application of an average trade tax rate of 16.42%.

The option to capitalise deferred tax assets permitted by Section 274 (1) 2 HGB has not been exercised.

Additional notes to the balance sheet

Various securities have been deposited with other banks as security deposits for Eurex and lending trades. There were no open-market positions at year-end.

Assets of €216.0 million (€220.3 million) and liabilities of €885.0 million (€995.3 million) are denominated in foreign currency.

Contingent liabilities

Liabilities for guarantees and indemnities include guarantees for bills of exchange of €84.5 million (€131.4 million) and documentary credits of €30.5 million (€32.4 million). As part of the annual screening of the lending portfolio carried out by the Bank's credit risk management function, the guarantees and documentary credits issued were also examined for potential default risk. This review did not indicate a need to set up any provisions. It is considered very unlikely that the amounts will be utilised.

NOTES TO THE INCOME STATEMENT

Breakdown of income by geographic segment

Interest income, current income from shares and other variable-yield securities, participating interests and shares in affiliated companies, commission income, net income from trading activities and other operating income shown in the income statement break down into 93% generated in Germany (96%) and 7% (4%) generated abroad.

Service activities

We provided services to our clients, particularly in the management and brokerage of securities transactions and in international documentary business. Income of €89.2 million (€85.7 million) from commission-earning business and €31.8 million (€23.4 million) from fund management was generated from the management and brokerage of securities transactions.

Other operating income

This item comprises principally cost reimbursements from the provision of services and reversals of other provisions.

Extraordinary income and expenses

The extraordinary income and expenses arise from the changes in accounting methods resulting from the amendments to the law enacted with the German Accounting Law Modernisation Act (BilMoG).

The extraordinary income results from the valuation at fair value of the items held for trading and the valuation of the securities pledged as at 1 January 2010 to cover pensions and similar obligations. The extraordinary expenses include the adjustment of the provisions for pensions and similar obligations in accordance with Section 235 (1) and (2) HGB. The option to distribute the expense over future financial years permitted by Section 67 (1) EGHGB was not exercised.

OTHER INFORMATION

Other financial commitments

As a result of the participating interest held by the Bank in Liquiditäts-Konsortialbank GmbH, there is a contingent liability under the Bank's Articles of Association.

There are annual commitments arising from rental and lease agreements and from software licences amounting to €14.7 million (€7.0 million) per year for the next three financial years. The increase in the annual commitments is mainly attributable to the expansion of the offices outside Germany.

Futures

Futures contracts were entered into during the course of the year that can be divided into the following by their essential nature:

- Futures in foreign currencies, especially future foreign exchange contracts, commitments arising from foreign exchange options, foreign exchange option rights and structured products;
- Forward interest rate contracts, especially forwards involving fixed-income securities, commitments arising from interest rate options, interest rate option rights, interest rate swaps, swaptions, caps and floors;
- Futures relating to other price risks, especially equity futures, index futures, commitments arising from equity options, equity option rights, commitments arising from index options and index option rights.

Client transactions are normally hedged. As a general rule, the Bank only enters into its own positions in order to hedge interest rate risks from other positions directly or in general. Thus, interest rate swaps are used as interest rate hedging instruments for fixed-income bonds (micro-hedge).

The following table shows the derivative financial instruments outstanding at the reporting date:

€'000	Volume 2010	Volume 2009	Positive market values 2010	Positive market values 2009	Negative market values 2010	Negative market values 2009
Forward exchange transactions	5,010,602	5,128,245	64,668	29,107	54,269	19,072
Securities futures	1,764,763	1,727,462	6,388	11,798	6,388	11,798
Securities options	2,142,443	1,079,376	62,648	31,250	62,724	31,852
Swaps	1,381,363	1,461,275	47,857	62,607	3,620	4,965
Caps/floors	94,633	160,783	1,826	1,806	1,826	1,806
Equity options	4,491	195	0	0	38	92
Bonds futures	100,000	60,000	2,704	939	0	0
Total	**10,498,295**	9,617,336	**186,091**	137,507	**128,865**	69,585

The transactions listed above are almost exclusively concluded to hedge fluctuations in interest rates, exchange rates or market prices in trading activities.

The Bank assesses the potential market risk for trades involving interest rates and trades involving equity and/or currency risk in its trading book in accordance with an internal model that has been checked and approved by the German Federal Financial Supervisory Authority (BaFin). Multiplying these risks by a factor of 3.0 and adding further interest rate, equity and currency positions in accordance with the standard method (pursuant to the current German Solvency Regulation) gives rise to a capital adequacy requirement of €15.8 million (€37.2 million).

The following table shows the breakdown of the capital adequacy requirement:

Market risk	Capital adequacy requirement	
€'000	2010	2009
Standard method		
Net equity positions	698	1,042
Net interest positions	3,345	1,012
Overall currency position	36	135
Total	**4,079**	2,189
Proprietary risk models		
Net equity positions	9,403	33,154
Net interest positions	1,626	995
Overall currency position	650	909
Subtotal	**11,679**	35,058
Total	**15,758**	37,247

Board of Management

The Board of Management comprised the following personally liable partners in 2010:

Dr Hans-Walter Peters, Banker (Spokesman)
Andreas Brodtmann, Banker
Hendrik Riehmer, Banker

Remuneration and loans

We have decided not to disclose the remuneration paid to the members of the Board of Management because we believe the conditions set forth in Section 286 (4) HGB have been met.

As in the previous year, no loans were granted to members of the Board of Management after taking account of the allocation of the profit available for distribution in 2010.

Appropriation of profit

The profit of €61.5 million available for distribution is earmarked for distribution to the shareholders.

AUDITORS' REPORT

The following unqualified auditors' report was issued on the full annual financial statements and the management report:

»We have audited the financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and management report of Joh. Berenberg, Gossler & Co. KG, Hamburg for the financial year from 1 January 2010 to 31 December 2010. The maintenance of the accounting records and the preparation of the financial statements and management report in accordance with German commercial law are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the financial statements, including the accounting records, and the management report based on our audit.

We conducted our audit of the financial statements in accordance with Section 317 HGB (German Commercial Code) and the generally accepted standards for the audit of financial statements promulgated by the Institute of German Auditors (»Institut der Wirtschaftsprüfer« ((IDW)). Those standards require that we plan and perform the audit so that material misstatements affecting the presentation of the net assets, financial position and results of operations in the financial statements prepared in accordance with accounting principles generally accepted in Germany and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the system of internal accounting control and the evidence supporting the disclosures in the accounting records, the financial statements and the management report are examined primarily on a test basis. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.«

Hamburg, 21 March 2011

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Rohardt — Auditor

sgd. Butte — Auditor

Private Bankers founded 1590

BERENBERG BANK

Joh. Berenberg, Gossler & Co. KG

BERENBERG BANK Joh. Berenberg, Gossler & Co. KG
Neuer Jungfernstieg 20 · 20354 Hamburg (Germany) · Phone +49 40 350 60-0 · Fax +49 40 350 60-900
www.berenberg.de · info@berenberg.de

Bielefeld Branch Welle 15 · 33602 Bielefeld (Germany) · Phone +49 521 97 79-0 · Fax +49 521 97 79-200

Representative Office Braunschweig Vor der Burg 1 · 38100 Braunschweig (Germany) · Phone +49 531 12 05 82-0 · Fax +49 531 12 05 82-10

Bremen Branch Hollerallee 77 · 28209 Bremen (Germany) · Phone +49 421 348 75-0 · Fax +49 421 347 72 61

Düsseldorf Branch Private Banking: Cecilienallee 4 · 40474 Düsseldorf (Germany) · Phone +49 211 54 07 28-0 · Fax +49 211 54 07 28-28
Investment Banking: Cecilienallee 10 · 40474 Düsseldorf (Germany) · Phone +49 211 54 07 28-45 · Fax +49 211 54 07 28-40

Frankfurt Branch Bockenheimer Anlage 3 · 60322 Frankfurt (Germany) · Phone +49 69 91 30 90-0 · Fax +49 69 91 30 90-55

Munich Branch Possartstraße 21 · 81679 Munich (Germany) · Phone +49 89 25 55 12-0 · Fax +49 89 25 55 12-200

Stuttgart Branch Bolzstraße 8 · 70173 Stuttgart (Germany) · Phone +49 711 490 44 90-0 · Fax +49 711 490 44 90-90

Representative Office Wiesbaden Wilhelmstraße 12 · 65185 Wiesbaden (Germany) · Phone +49 611 711 85-0 · Fax +49 611 711 85-185

London Branch 60 Threadneedle Street · London EC2R 8HP (United Kingdom) · Phone +44 20 3207 7800 · Fax +44 20 3207 7900

Luxembourg Branch 46, Place Guillaume II · 1648 Luxembourg (Luxembourg) · Phone +352 46 63 80-1 · Fax +352 46 63 86

Paris Branch 48, avenue Victor Hugo · 75116 Paris (France) · Phone +33 1 58 44 95 00 · Fax +33 1 58 44 95 01

Salzburg Branch Sigmund-Haffner-Gasse 16 · 5020 Salzburg (Austria) · Phone +43 662 44 40 00-0 · Fax +43 662 44 40 00-22

Representative Office Shanghai 16G, Majesty Building · 138 Pu Dong Avenue · Shanghai 200 120 (P. R. China) · Phone +86 21 58 79 52 16 · Fax +86 21 58 79 32 35

Vienna Branch Schottenring 12 · 1010 Vienna (Austria) · Phone +43 1 227 57-0 · Fax +43 1 227 57-57

Representative Office Zurich Freischützgasse 10 · 8004 Zurich (Switzerland) · Phone +41 44 283 20-20 · Fax +41 44 283 20-21

Berenberg Bank (Schweiz) AG Kreuzstrasse 5 · 8034 Zurich (Switzerland) · Phone +41 44 284 20-20 · Fax +41 44 284 20-22
Geneva Branch: 29, Quai du Mont-Blanc, 1201 Geneva (Switzerland) · Phone +41 22 308 59-00 · Fax +41 22 308 59-20

Berenberg Lux Invest S. A. 46, Place Guillaume II · 1648 Luxembourg (Luxembourg) · Phone +352 46 63 80-1 · Fax +352 46 63 86

Berenberg Private Capital GmbH Neuer Jungfernstieg 20 · 20354 Hamburg (Germany) · Phone +49 40 350 60-0 · Fax +49 40 350 60-959

Berenberg Treuhand GmbH Neuer Jungfernstieg 20 · 20354 Hamburg (Germany) · Phone +49 40 350 60-0 · Fax +49 40 350 60-270

Bergos AG Kreuzstrasse 5 · 8034 Zurich (Switzerland) · Phone +41 44 284 20-28 · Fax +41 44 284 20-22

Consilisto Berenberg Privat-Treuhand GmbH Neuer Jungfernstieg 20 · 20354 Hamburg (Germany) · Phone +49 40 350 60-448 · Fax +49 40 350 60-912

Private Bankers founded 1590

BERENBERG BANK

Joh. Berenberg, Gossler & Co. KG

NEUER JUNGFERNSTIEG 20
20354 HAMBURG (GERMANY)
PHONE +49 40 350 60-0
FAX +49 40 350 60-900
WWW.BERENBERG.DE
INFO@BERENBERG.DE

400 YEARS – EXPERIENCE BUILDS THE FUTURE