

BHF  BANK

PRIVAT SEIT 1854



**Press conference**

**Frankfurt, 27 April 2006**

# Agenda

**1**

**Successful implementation of the new business model**

**2**

**Milestones and performance 2005**

**3**

**Outlook 2006**

# We have accomplished what we set out to achieve

## 1 Strict implementation of the two-bank strategy

- BHF-BANK as an independent bank
- Two-bank strategy successful in practice
- BHF-BANK established as one of the leading private banks
- Part of one of Europe's largest private banking groups

## 2 Successful return to the bank's entrepreneurial roots

- Values treasured by our clients correspond with those of our bank
- Entrepreneurial spirit motivates staff

**Targets clearly exceeded in 2005**

## 3 Clear positioning as an advisory, service and sales & trading bank

- Divisions:
  - Asset Management & Financial Services
  - Financial Markets & Corporates
  - Private Banking
- Competitive range of products and services

## 4 Optimised risk structure in lending business

- No provisions for losses on loans and advances required in 2005
- Targeted reduction of risk-weighted assets
- Strong equity capital resources

# Successful return to entrepreneurial roots

## CLIENTS

– The **success of our clients** is at the very heart of **everything we do**  
Focus on entrepreneurial clients

– Our **client relationships** are of a **long-term nature** and thus ensure the **success of our clients and of our bank**

– Our **independent identity** serves to **strongly motivate our staff**, who make **full use** of BHF-BANK's strengths **for our clients**

▶ **Clear client focus with highly motivated staff is the key to success**

# Pooling of expertise for our clients

## EXPERTISE

We see our divisions as pools of expertise for:

– **Private clients**

- Portfolio management
- Corporate finance for large portfolios
- Alternative investments: real estate, mezzanine and private equity

Rigorously **covering all the asset classes** held by our clients

– **Institutional clients**

- Asset management
- Financial services
- Financial markets

Offering **customised capital market products**

Covering the **entire value-added chain**

– **Corporate clients**

- Corporate banking and finance
- Foreign commercial business

**Specialising in selected services**

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# Successful position as an advisory, service and sales & trading bank ...

Asset Management & Financial Services	Financial Markets	Corporates	Private Banking
<ul style="list-style-type: none"><li>– Full acquisition of <b>FRANKFURT-TRUST</b> and named best bond fund manager<sup>1)</sup></li><li>– <b>Successful cooperation</b> with <b>BoNY</b> in <b>custody business</b> and named best domestic agent bank<sup>3)</sup></li><li>– <b>Consolidation of FFB's leading market position</b> in client business and named best fund transaction platform<sup>2)</sup></li><li>– <b>Foundation of FSK</b> as an investment fund administration company</li></ul>	<ul style="list-style-type: none"><li>– <b>Consolidation</b> of excellent <b>market position</b> in fixed-income and foreign exchange trading</li><li>– <b>Position</b> as the <b>second-largest issuer</b> of reverse convertible bonds<sup>4)</sup></li><li>– <b>Strengthened its position</b> as a <b>specialist</b> for German equities and trading on the EEX (e.g. in CO<sub>2</sub> certificates)</li></ul>	<ul style="list-style-type: none"><li>– <b>Risk-oriented strategic realignment</b> in lending business</li><li>– <b>Focus</b> on advisory-intensive financial services</li><li>– <b>Expansion of position</b> as one of the <b>top ten players</b> in foreign commercial business</li></ul>	<ul style="list-style-type: none"><li>– <b>Expansion of quality leadership</b> in private portfolio management</li><li>– <b>Awards<sup>5)</sup></b> as one of the top three portfolio managers</li><li>– <b>Consolidation of position</b> as an <b>innovation leader</b> in alternative investments</li><li>– <b>Leading position</b> when it comes to structuring large portfolios</li></ul>

1) Greenwich Associates 2) BearingPoint 3) Global Custodian 2005 4) Deutsches Derivate Institut 5) firstfive 12/2005, Elite Report 2006

## ... leading to a good performance by all divisions ...

Asset Management & Financial Services	Financial Markets	Corporates	Private Banking	Consolidation/ Other
EUR 30 m	EUR 42 m	EUR 29 m	EUR 23 m	- EUR 31 m
<ul style="list-style-type: none"> <li>- <b>Strong growth</b> in funds under management to EUR 13 bn</li> <li>- <b>Successful growth</b> in depotbanking and custody business to more than EUR 200 bn in AuC</li> <li>- <b>Most important clearer</b> on the EEX</li> <li>- <b>FFB profitable</b> since second quarter</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Stable income</b> from fixed-income and foreign exchange trading</li> <li>- <b>Positive earnings trend</b> posted by Luxembourg subsidiaries</li> <li>- <b>Strict cost discipline</b></li> </ul>	<ul style="list-style-type: none"> <li>- <b>Improved portfolio quality</b> through selected new business and a further reduction in risk-weighted assets</li> <li>- <b>Stable earnings trend</b> in foreign commercial business</li> <li>- <b>No additions to provisions for losses on loans and advances</b></li> </ul>	<ul style="list-style-type: none"> <li>- <b>Sharp increase</b> in assets under management with BHF TRUST (+39 %) and family office (+70 %)</li> <li>- <b>Successful placement</b> of alternative investments such as private equity, mezzanine and real estate</li> </ul>	

Net income before tax

EUR 93 m

## ... and to a profit that exceeded expectations

Income Statement (IFRSs) (in EUR m)	Actual 2005
Income	378
Expenses	-287
Provisions for losses on loans and advances	2
<b>Profit</b>	<b>93</b>

- | **Earnings structure with strong focus on commissions** (net commission income accounts for approx. 50%)
- | **Lending policy takes due account of risk**, so that **no risk provisions** were required
- | **Profit clearly above plan**

Key indicators	Actual 2005
RoE	14 %
RAROC	24 %
RWA	EUR 4,395 m
Overall capital ratio	17 %
Cost/income ratio	76 %
Number of staff	1,838
AuM	EUR 31 bn

- | **Very good capital ratios**
- | **Expected return clearly exceeded**

# BHF-BANK Group – Balance Sheet pursuant to IFRSs

<b>Assets (IFRSs)</b> in EUR m	<b>2005</b>	<b>Liabilities (IFRSs)</b> in EUR m	<b>2005</b>
Cash reserve	150	Deposits from other banks	6,480
Placements with/loans and adv. to other banks	3,452	Amounts owed to other depositors	5,086
Loans and advances to customers	2,292	Liabilities evidenced by paper	112
Total prov. for losses on loans and adv.	-42	Liabilities held for trading	4,751
Assets held for trading	8,093	Neg. fair values of deriv. hedging instr.	29
Pos. fair values of deriv. hedging instr.	92	Provisions	192
Investments	3,602	Tax liabilities	128
Property and equipment	128	Other liabilities	170
Intangible assets	23	Subordinated capital	341
Tax assets	145	Capital and reserves	716
Other assets	70		
<b>Total assets</b>	<b>18,005</b>	<b>Total liabilities</b>	<b>18,005</b>

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# Rigorous earnings growth in 2006 based on success achieved so far

## TARGETS 2006

- 1** Expansion of portfolio management through organic growth, cooperations and acquisitions
  - 2** International expansion to focus on attractive markets (Switzerland, Middle East, India)
  - 3** Targeted expansion of product range for clients in all asset classes
- ➔ Further focus on strengthening net commission income on a sustainable basis
  - ➔ Maintaining cost discipline and optimised risk structure in lending business