

Press release

Frankfurt am Main, 20 April 2005

BHF-BANK makes successful start in 2005 – Planning clearly exceeded in the first three months

- Existing and new clients welcome the new business model and the bank's return to its strengths as a private bank
- Return on equity of more than 19%
- Stable capital structure and comfortable equity capital ratio of 15.8%
- Cost/income ratio stands at 69%

Following the first 100 days of the financial year 2005, the newly formed BHF-BANK Group presents itself with a sound balance sheet and robust earnings strength. With a pre-tax result pursuant to IFRS of EUR 32.5 million, the Frankfurt-based private bank – freed of its legacy burden following its takeover by Sal. Oppenheim – has clearly outperformed the plan and thus also exceeded the expectations of its new owners. The Board of Managing Directors expressly thanked the 1,700 members of staff, whose motivation and commitment enabled the bank to achieve this good result. The bank's profitability is also reflected in the cost/income ratio of 69.0%.

Advisory, service and sales & trading bank - success from the outset

By combining the strengths of a private bank with its long-standing capital market expertise, BHF-BANK has enhanced its attractiveness among clients and achieved an outstanding competitive position. "Clients who were rather reticent last year have taken up business again and we have also acquired new clients. This is in particular also due to the very high level of motivation among our staff," said Matthias Graf von Krockow, Spokesman of the Board of Managing Directors of BHF-BANK. Graf Krockow was very satisfied with the bank's operating result in the first months of the year, which did not include any one-off income effects: "Our strategy has been absolutely successful. The new BHF-BANK is a sound company with strong earnings and no risk which is managed by a very committed and experienced Board of Managing Directors." With a result of EUR 32.5 million in the first quarter of 2005, BHF-BANK achieved a return on equity of more than 19%.

Optimum diversification and sustained profitability

BHF-BANK's business model is highly diversified and its income structure typical of a private bank. More than half of its income is generated from stable commission business. The volume of assets under custody, which is the basis for commission income, totalled approx. EUR 180 billion as at the end of the first quarter. BHF-BANK's business model is thus very robust, particularly when it comes to market fluctuations, and promises to generate stable earnings. The assets under management amount to a total of EUR 32.6 billion.

Low risk and strict cost management

The business model of BHF-BANK and its structure provide for a low degree of risk. In the period under review, the bank was one of the few German institutions that did not need to make any provisions for losses on loans and advances. Due to the low level of costs overall and in particular the extremely low risk costs, the bank enjoys substantial room for manoeuvre and can thus react flexibly and quickly when it comes to exploiting favourable market conditions. Furthermore, BHF-BANK's loan portfolio meets particularly high credit standing criteria. BHF-BANK will continue to provide credit facilities to medium-sized German companies as part of a comprehensive business relationship.

Very good level of equity capital resources

Compared to both commercial and private banks BHF-BANK has a very high level of capital and reserves. The reported capital and reserves amounted to EUR 717 million as at 31 December 2004. Based on the BIS requirements, the capital ratio stood at the comfortable level of 15.8%.

The divisions

Asset Management & Financial Services

With its investment company Frankfurt Trust, BHF-BANK ranks among the ten most successful portfolio managers in Germany. "On top of this, both Frankfurter Fondsbank and Custody & Derivatives Services are excellently positioned and highly profitable brands in Asset Management, enabling us to cover the entire value added chain," said Dietmar Schmid, the member of the Board of Managing Directors responsible for Asset Management & Financial Services.

Frankfurter Fondsbank is one of the most important fund brokerage platforms in Germany offering financial service providers the entire range of fund transaction and account management services. Frankfurter Fondsbank manages more than EUR 2.1 billion of fund assets in approx. 125,000 accounts. In client business, the bank performs all aspects of account administration for renowned investment fund companies, managing EUR 6.5 billion in 620,000 accounts. In terms of the number of accounts held for external third parties outside the group, BHF-BANK is the market leader in Germany in both these business segments. With a market share of approx. 14% on the Eurex and around 65% on the EEX, the bank is the most important clearer on these two exchanges. BHF-BANK is also making good progress towards regaining its former leading position in custody business. The specialist magazine “Global Custodian” recently awarded the bank the title of “Best Domestic Agent Bank in Germany”. The joint venture with the global leader in custody business, The Bank of New York, is developing very positively.

Financial Markets & Corporates

For decades, BHF-BANK has enjoyed an excellent reputation and high recognition as ‘the’ German forex trading house. The bank is one of the leading market makers in the euro-zone for all the major trading currencies and even ranks among the 10 strongest market participants for a number of selected currency pairs worldwide. BHF-BANK also holds an excellent market position in business with derivatives and structured products. The bank ranks second as an issuer of reverse convertible bonds in Germany and is an experienced market maker for swaps, caps/floors and swaptions. In fixed-income trading, BHF-BANK is particularly prominent as a market maker for mortgage bonds (Pfandbriefe). As regards equity products, the bank holds a strong market position as a Germany expert with recognised research. BHF-BANK continues to foster its firm ties with the German ‘Mittelstand’, providing its customers with the entire range of expert services. In Corporate Finance, the bank’s clients can benefit from expertise ranging from capital increases to initial public offerings, corporate takeovers and succession arrangements which are drawn up in close cooperation with Private Banking. Moreover, the bank has traditionally been one of the most important export and structured trade & commodity financiers and providers of Hermes-covered financings in Germany.

Private Banking

In terms of volume and quality, BHF-BANK’s Private Banking belongs to the top segment of German private banks. Its ten branches are located in all the important economic centres in Germany. Independent advisory services and long-term asset growth remain the division’s hallmarks and guiding principles. With its comprehensive range of products and services,

