

PRESS RELEASE

BHF-BANK posts further success in 2007

- **Robust operating earnings**
- **Not directly affected by subprime crisis; sound liquidity position**
- **Further strong inflows of new funds**
- **Successful start into 2008**

Frankfurt am Main, 22 April 2008. BHF-BANK's 2007 annual accounts show that the bank stood its ground well in an extremely challenging market environment. As at 31 December 2007, the bank's net income before tax amounted to €91 million and was thus only slightly down on the previous year. All the divisions made a positive contribution to the overall result. With reported capital and reserves of €617 million, BHF-BANK's pre-tax return on equity stood at 13.7 %, after 15.6 % in the previous year and 13.8 % in 2005. The overall capital ratio as defined by the banking supervisory authorities improved to 12.3 % while the regulatory liquidity ratio remained at a very good level.

Commission business remains the key success factor

Net commission income was up 9.6 % at €228 million in 2007. Commission business accounted for 61 % of total income in 2007, after 53 % in the previous year.

More than half of this result was attributable to income from securities business, which was 5.4 % up on the previous year. Income from advisory and brokerage business doubled from €8 million to €16 million due to successful corporate finance activities. The rise in commissions from asset management from €57 million to €61 million also contributed to the positive trend in net commission income as a whole.

Total assets under management rose by 15.3 % overall to €40.8 billion.

Net interest income amounted to €117 million, after €131 million in the previous year. In the face of low margins, BHF-BANK has consciously abstained from lending business since 2006 and has not engaged in any credit substitute business either. This now enables the bank to build up new lending business in a targeted manner at much more attractive margins. Net interest income after provision for losses on loans and advances amounted to €128 million, after €142 million in the previous year.

Together, net trading income and income from investments amounted to €22 million, after €47 million in the previous year. Substantial profits were realised in the investment portfolios in the year of report, with income from investments increasing to €85 million. As signs of a downturn on the markets emerged around mid-year, the bank was quick to build up hedging positions to safeguard the reserves held in its investment portfolios. The related hedging costs are reported under net trading income pursuant to IFRSs, while the gains generated are recognised under income from investments. At €296 million, the bank's general administrative expenses remained almost unchanged against the previous year's level.

Fitch confirms rating

Fitch Ratings affirmed BHF-BANK's Long-term rating (Issuer Default Rating or IDR) of A and the positive Outlook as well as the Individual rating of B/C and the Short-term IDR of F1. As regards the Support rating, Fitch once again awarded the best possible rating of 1. The rating agency explained that its assessment reflected, in particular, the sustained positive trend in the bank's key financial figures, the good quality of its assets and Sal. Oppenheim Group's strong commitment to BHF-BANK.

Broadly diversified earnings base

Asset Management & Financial Services

Asset Management & Financial Services continued its positive trend in 2007 and achieved a result of €42 million, after €40 million in the previous year. Despite the adverse conditions on the capital markets, the division succeeded in generating substantial inflows of new funds. Frankfurt Trust Investment-Gesellschaft clearly increased its assets under management in mutual funds and under institutional mandates and attracted €4 billion in new assets. Assets managed in investment funds and as part of advisory mandates rose from €13.2 billion to €17.7 billion. Frankfurter Service Kapitalanlage-Gesellschaft further consolidated its position as a fund

administration and reporting specialist. Total assets under administration grew by around 65 % to €28 billion.

As at the end of the year, Frankfurter Fondsbank managed 919,000 investment accounts with assets totalling € 15.6 billion. The company thus underpinned its position as market leader in client business in Germany and reinforced its good competitive position among the three leading IFA platforms.

The volume of securities under custody in custody and derivatives services rose by €22.6 billion to €303.5 billion in 2007.

Financial Markets & Corporates

Financial Markets generated a result of €20 million in the year under review and thus fell short of the previous year's good result of €42 million. The uncertainty that the subprime crisis caused on the financial markets also weighed down on the portfolios held by BHF-BANK. Equity trading benefited from the bullish trend on the international equity markets and the consistently strong turnover in securities business.

In Corporates, the bank achieved a result of €26 million, after €23 million in the previous year. Stronger business activities, in particular in Corporate Finance, led to a sharp increase in the result with gains in both interest and commission income. The close cooperation with the Private Banking division also opened up attractive new business opportunities. Thanks to its conservative credit risk policy, BHF-BANK did not need to make any net additions to its provisions for losses on loans and advances for the third year in succession.

A major player in foreign trade finance for many decades now, BHF-BANK once again supported its clients in a variety of export business transactions and projects in 2007, particularly in the telecommunications sector and the steel industry. Short-term trade finance was another field in which the bank matched its good results of the previous year.

Private Banking

In business with very wealthy clients, BHF-BANK further consolidated and expanded its position as the second-largest German private bank.

The bank's clear positioning as a partner for entrepreneurial families proved its worth in the year under review. The Private Banking division posted a result of €43 million and thus achieved a year-on-year increase of 30.3 %, after a rise of more than 43 % from 2005 to 2006.

This very gratifying performance was once again primarily due to the sharp rise of 19.8 % in income to €115 million, which was mainly borne by commission income from asset management and securities business as well as alternative investment business. The bank succeeded in winning substantial market shares both in the German-speaking countries as well as on the international markets.

Having raised the minimum investment amount to €1 million, BHF-BANK's Private Banking is focusing even more strictly on providing advisory services for highly wealthy private clients. The volume of assets under management showed another strong rise in the year under review. In all business areas - advisory services, portfolio management and Frankfurt Family Office, for instance - BHF-BANK achieved record inflows of net new client assets. Overall, the bank's clients entrusted more than €1 billion in new assets to the bank's portfolio management in 2007.

Good start into 2008

BHF-BANK has made a successful start into the new business year. The performance of the first quarter has shown how important it was to be well prepared for a sustained period of market turbulence. Thanks to its robust business model, which is characterised by a strictly conservative risk and liquidity profile, BHF-BANK can continue to focus its undivided attention on the requirements of its clients. Despite the persistent downward trend on the markets, the bank achieved a further rise in its assets under management to €42 billion as at the end of the first quarter.

Key figures of BHF-BANK Group

BHF-BANK Group			
in €m	1.1. until 31.12.2007	1.1. until 31.12.2006	Change in %
Income figures			
Net interest income*	117	131	-10.7
Provision for losses on loans and advances	11	11	-
Net commission income	228	208	9.6
Net trading income	-63	11	-
Income from investments	85	36	-
General administrative expenses	-296	-299	-1.0
Other income	9	9	-
Result from continuing operations/ Net income before tax	91	107	-15.0
Net income for the year attributable to Group shareholders	70	77	-9.1
Key indicators			
Cost/income ratio in %	81.5	79.1	-
Pre-tax return on equity in %	13.7	15.6	-
Balance sheet figures			
Total assets	19,039	17,766	7.2
Reported capital and reserves	617	684	-9.8
Key indicators pursuant to Principle I (German Banking Act - KWG)			
Capital and reserves	740	662	11.8
Risk positions	6,021	5,629	7.0
Overall capital ratio in %	12.3	11.8	-
Number of staff	2,012	1,911	5.3

* Including profit from associates accounted for using the equity method.

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