

PRESS RELEASE

BHF-BANK – 18.2 per cent increase in half-year result

- More than €800 million in net new assets in portfolio management
- Return on equity increased to 19.5 per cent
- Commission business once again the bank's strongest source of income
- Assets under management total €37.8 billion

Frankfurt am Main, 31 August 2007. BHF-BANK continued on its successful path in the first half of 2007. As at 30 June, the Frankfurt-based private bank recorded net income before tax of €65 million, exceeding the corresponding figure of the previous year (€55 million) by 18.2 per cent. Return on equity increased from 16.1 per cent in the corresponding period of the previous year to 19.5 per cent, with broadly diversified sources of income across all the divisions. The cost/income ratio improved from 71.9 per cent in the first half of 2006 to 69 per cent in the reporting period. Like at mid-year 2006, BHF-BANK's active portfolio and risk management meant that there was once again no need to make any net additions to provisions for losses on loans and advances.

Commission business is the bank's strongest source of income

As at 30 June 2007, income from interest, commission and trading business as well as income from investments totalled €201 million, with commission business once again showing a very dynamic trend. Like in financial year 2006, commission and fee activities were the bank's strongest earnings component. This improvement was mainly due to income growth in securities business and livelier corporate finance activities. This is all the more noteworthy as the bank sold its asset management group in France, Financière Atlas S. A., to its parent company at the beginning of the year.

Matthias Graf von Krockow, Spokesman of the Board of Managing Directors, was very satisfied with the performance posted by BHF-BANK in the first half year and commented: "Our

philosophy of clearly understanding our clients' personal and business situation and providing them with comprehensive hands-on support generates a steady flow of new and sustainable business opportunities. Furthermore, our focus on high-quality advisory services is ideally suited for achieving continuous income growth."

Growth in Asset Management, Corporates business and Private Banking

In the Asset Management & Financial Services division, BHF-BANK increased its net income from €22 million as at 30 June 2006 to €25 million as at 30 June 2007. Frankfurt-Trust, the investment fund company within BHF-BANK Group, and the other asset management subsidiaries also recorded sharp growth in their operative business. In Custody & Derivatives Services, the bank achieved double-digit growth rates. Assets under custody rose to more than €300 billion. The profit contribution of Market Risk Services has more than doubled as compared with the first half of 2006.

In business with corporate clients, BHF-BANK increased its result by 36 per cent over the figure recorded in the first half of 2006. Net income now amounts to €15 million. Particularly the seamless integration of Corporate Finance expertise with know how in Private Banking proved to be very successful. Income in Corporate Finance business tripled as compared with the previous year, the figure as at 30 June 2007 already exceeding the result for the full year 2006. As regards export business, a particularly important segment of the German economy, the bank's experts in foreign commercial business and Financial Markets offered comprehensive advisory and support to their clients, many of whom are family-owned "Mittelstand" firms and major industrial companies. Furthermore, BHF-BANK was also an active financing partner providing corporate loan facilities to its clients.

Financial Markets recorded a balanced result and thus fell clearly short of the good performance posted in the first half of 2006. The area is subject to a two-fold development. As in the previous year, equities business benefited from the bullish trend on the international equity markets and the consistently strong turnover in securities business. At the same time, however, the robust economy and rising inflationary fears in the euro and US dollar areas led to sharp interest rate hikes in the second quarter of 2007, which had an adverse effect on the fixed income and foreign exchange trading portfolios.

The Private Banking division was able to continue its strong growth and increased its result by 30.4 per cent as compared with the first half of the previous year from €23 million to €30 million. In the first six months of this year alone, portfolio management attracted more than €800 million in net new funds from clients. On a half-yearly basis, Private Banking thus recorded the highest inflow of net new assets ever in the company's history. As part of this positive trend, BHF-BANK was able to further consolidate its strong market position among very wealthy clients, with approximately 45 per cent of all the assets held under portfolio management mandates being attributable to this exclusive clientele.

Subprime crisis insignificant for BHF-BANK

BHF-BANK's robust business model combines the long-term, personal and individual approach towards clients of a private bank with the strong deal-making expertise of an investment bank and a full-service offering when it comes to investment funds. Based on this clear-cut business focus, the bank intends to further sharpen its profile as the preferred advisory bank for entrepreneurially minded clients.

"BHF-BANK has therefore had no reason to invest in the US subprime segment or in similar asset classes. We will continue to avoid such investments in the future. The adverse effects that the US subprime mortgage market has had on other asset classes, as shown by the widening credit spreads even on papers with good credit ratings, will remain insignificant for the bank's further positive performance," said Ingo M. Mandt, Chief Financial and Risk Officer on the Board of Managing Directors.

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