

PRESS RELEASE

BHF-BANK continues its successful path in 2006

- Net income before tax increased by 15 %
- Quality of earnings base further enhanced
- Strong rating upgrade
- Highest inflows of new funds in the bank’s history
- Further headway in international business

Frankfurt am Main, 19 April 2007. BHF-BANK’s financial statements for the year 2006 show that the bank succeeded in continuing the good performance seen in the previous year. Net income before tax amounted to €107 million in the year under review and was thus 15.1 % up on the prior-year figure. All the divisions made an almost equal contribution to the overall result. With capital and reserves amounting to €684 million, BHF-BANK improved its pre-tax return on equity from the 13.8 % recorded in the previous year to 15.6 % in 2006. BHF-BANK Group’s overall cost/income ratio stood at 75.7 % after 75.9 % in the previous year. The overall capital ratio pursuant to Principle I amounted to 11.8 %; the bank’s total assets stood at €17.8 billion.

Operating activities clearly driven by commission business

“Instead of pursuing hasty expansion, we have given clear priority to enhancing the quality of our earnings base. Net commission income posted an extraordinarily dynamic trend, reflecting the bank’s clear focus on advisory business,” Matthias Graf von Krockow, Spokesman of the Board of Managing Directors of BHF-BANK, pointed out at today’s annual accounts press conference of the Frankfurt-based private bank. Bolstered by strong securities business (+16.8 %) and a significant increase in asset management business (+21.2 %), net commission income amounted to €208 million (previous year: €184 m) and thus accounted for more than half of the bank’s income. BHF-BANK Group’s total assets under management rose by 13 %

to around €35 billion (previous year: €31 bn). Net trading income amounted to €11 million, and thus improved by €17 million on the previous year's figure. BHF-BANK was able to make substantial net reversals of provisions for losses on loans and advances in 2006. No net additions were required on balance. The risk-oriented reduction of the average total credit extended in corporate client business notwithstanding, net interest income after provisions for losses on loans and advances amounted to €142 million and was almost unchanged as compared with the previous year (€143 m).

Rating further improved

The consistently positive trend in the key financial figures and the high quality of assets are reflected, not least, by the strong upgrade of the bank's rating. Fitch Ratings has upgraded BHF-BANK's long-term rating (Issuer Default Rating, or IDR) from A- to A and improved the bank's Outlook from "stable" to "positive". Fitch also confirmed its current Individual rating of B/C and its Short-term rating of F1. The bank's Support rating was raised from 4 to the best possible level of 1. This also reflects the fact that BHF-BANK is a long-term, strategically important part of the Sal. Oppenheim Group.

Broadly diversified earnings structure

The Asset Management & Financial Services division rigorously expanded its product and service range in financial year 2006. In addition to classic asset management, the bank now offers the entire value added chain of administration services in investment fund business. All the subsidiaries forming part of the division were able to outperform their prior-year results. The area Custody & Derivatives Services put in a very successful performance, increasing the volume of assets under custody by around 39 % to €280 billion due, not least, to the acquisition of many new mandates. BHF-BANK has been offering market risk management for institutional clients as an innovative new service since the end of 2005. The "Risk Services Clients" unit already made a positive contribution to the result in its first financial year. BHF-BANK currently measures market risks for an asset volume of around €150 billion on a daily basis. The bank intends to offer and expand this service on an

international scale. Overall, the division achieved an impressive increase in its result, which rose by 38 % to €40 million in the past financial year.

In the Financial Markets & Corporates division, Financial Markets generated total income of €99 million in 2006. It thus succeeded in matching the previous year's good result of €42 million. In 2006, BHF-BANK was once again one of the most active and successful issuers of structured products. Corporates was able to further expand its good market position, particularly in foreign trade finance and corporate finance business. As part of the bank's consistently conservative lending policy, Corporates posted a result of €23 million as compared with €29 million in 2005.

In Private Banking, BHF-BANK succeeded in further extending its good market position, posting strong earnings growth and achieving a significant increase of 41 % in its result to €33 million. This rise was primarily attributable to the bank's asset management services offered across all asset classes. In 2006, the division recorded the strongest inflows of new money in the history of BHF-BANK, attracting around €1 billion in funds from private clients. The acquisition of new clients, most of them family entrepreneurs looking for comprehensive holistic services, played a major role in this development.

Positive performance continued in 2007

BHF-BANK made an excellent start to the new financial year. The IFRS result as at the end of March amounted to €41.5 million and thus exceeded the figure for the first quarter of the previous year by more than 25 %. BHF-BANK is optimistic as regards the further course of the year. The bank laid the foundations for becoming the preferred advisory bank for private investors with an entrepreneurial background, institutional investors and corporate clients in 2006 and will consolidate this basis in the next few years. In addition to expanding its business from the locations established in Abu Dhabi and Geneva in 2006, the Frankfurt-based private bank will in future place particular emphasis on Latin America and the Middle East.

Key figures of BHF-BANK Group

BHF-BANK Group			
in €m	1.1. until 31.12.2006	1.1. until 31.12.2005	Change in %
Income figures			
Net interest income	131	141	-7.1
Provision for losses on loans and advances	11	2	-
Net commission income	208	184	13.0
Net trading income	11	-6	-
Income from investments	36	49	-26.5
General administrative expenses	-299	-287	4.2
Other income	9	10	-
Income from continuing operations/net income before tax	107	93	15.1
Net income after tax	78	99	-21.2
Net income for the year attributable to Group shareholders	77	98	-21.4
Key indicators			
Cost/income ratio in %	75.7	75.9	-
Pre-tax return on equity in %	15.6	13.8	-
Balance sheet figures			
Total assets	17,766	18,005	-1.3
Reported capital and reserves	684	716	-4.5
Key indicators pursuant to Principle I (German Banking Act - KWG)			
Capital and reserves	662	747	-11.4
Risk positions	5,629	4,395	28.1
Overall capital ratio pursuant to Principle I	11.8	17.0	-
Core capital ratio pursuant to Principle I	9.5	12.1	-
Number of staff	1,911	1,838	4.0

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