

Holding and foreign companies

SAL. OPPENHEIM INTERNATIONAL S.A.

As a holding company, Sal. Oppenheim International S.A. supported the Sal. Oppenheim Group in the expansion of its shareholdings and the further development of synergies and product ideas. In financial year 2006, these included the acquisition of a 10.78% stake in the asset management company Financière Atlas S.A., Paris, in which BHF-BANK already holds a majority share. This direct investment enabled Sal. Oppenheim to further expand its asset management capabilities in Europe, and to gain direct access to the French market.

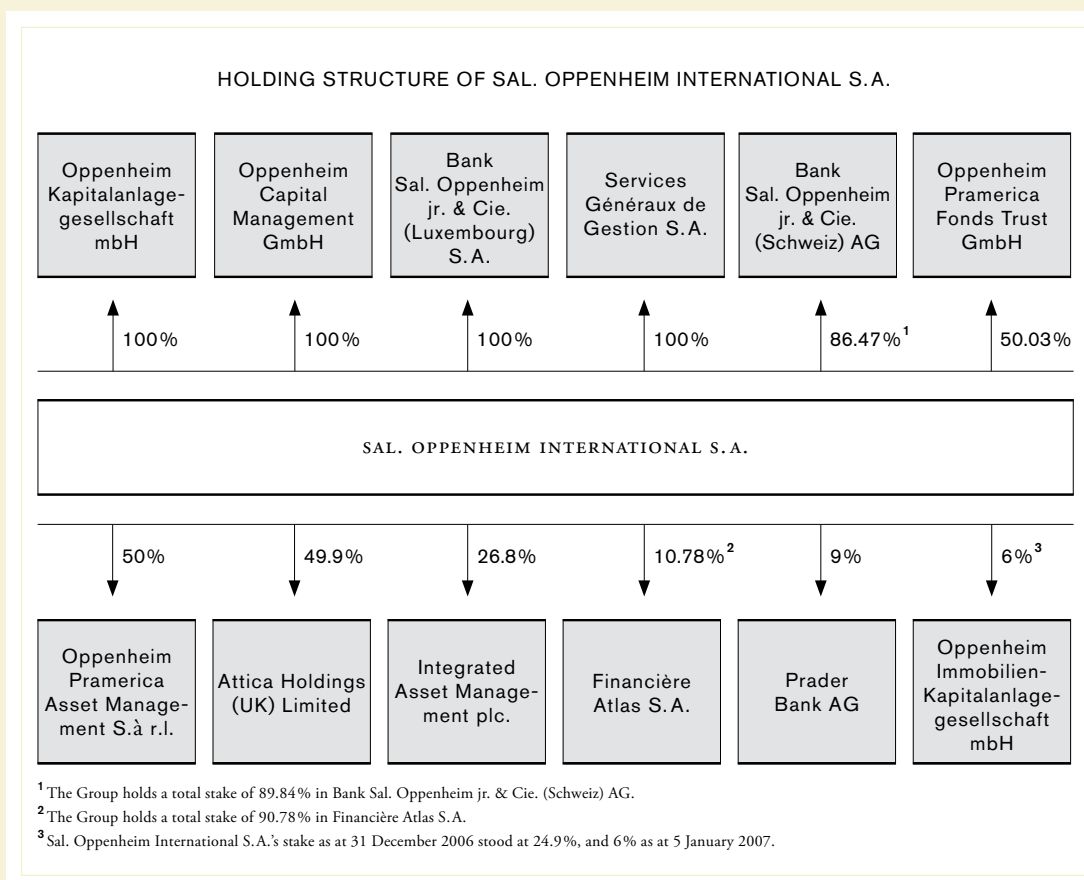
Sal. Oppenheim International significantly strengthened the Asset Management division with a further transaction in May, securing an excellent position on the European hedge fund market at the same time. The Luxembourg-based holding company effected the 100% takeover of Attica Holdings (UK) Limited, London, in the first step of a planned process. The second step involved using 50.1% of this shareholding to acquire a 26.8% stake in the listed investment company Integrated Asset Management plc. (IAM), also based in London. Like Attica, IAM is an experienced hedge fund manager with a particular focus on funds of hedge funds, meaning that the two companies complement one another exceedingly.

The Company also invested in a 9% stake in Prader Bank AG, founded in 2005 and based in Bolzano, Italy, thereby gaining access to the market in northern Italy. With its integrated advisory approach, Prader Bank targets small and medium-sized companies, as well as private individuals and established institutions in the region.

Sal. Oppenheim International's stake in Oppenheim Immobilien-Kapitalanlagegesellschaft mbH (OIK) was reduced by 11% to 24.9% in an initial tranche by selling shares to the listed IVG Immobilien AG in 2006. In a second tranche at the beginning of 2007, Sal. Oppenheim International's remaining stake was reduced to 6%.

Sal. Oppenheim International S.A. currently holds shares in the following companies:

- Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A., Luxembourg
- Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, Zurich
- Oppenheim Capital Management GmbH, Cologne
- Oppenheim Immobilien-Kapitalanlagegesellschaft mbH, Wiesbaden
- Oppenheim Kapitalanlagegesellschaft mbH, Cologne
- Oppenheim Pramerica Asset Management S.à r.l., Luxembourg
- Oppenheim Pramerica Fonds Trust GmbH, Cologne
- Services Généraux de Gestion S.A., Luxembourg
- Financière Atlas S.A., Paris
- Attica Holdings (UK) Limited, London
- Integrated Asset Management plc., London
- Prader Bank AG, Bolzano



—> BUSINESS PERFORMANCE

Sal. Oppenheim International does not prepare its own consolidated financial statements. It is recognised within the parent company's consolidated financial statements. Financial year 2006 closed with net income for the period of € 56.4 million. A dividend of € 44.8 million was distributed to the parent company.

Sal. Oppenheim International was able to integrate the newly acquired investments smoothly, and is now focussing on exploiting further synergies. All of the company's shareholdings and their range of products fit into the Group's comprehensive client offering. As part of the expansion of services offered, Luxembourg, as a financial centre, was able to contribute to the further development of the Group.

BANK SAL. OPPENHEIM JR. & CIE. (SCHWEIZ) AG

Zurich-based Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG focuses on asset management for private clients and investment banking for institutional clients. The branch office in Geneva offers asset management services only. The Swiss asset manager offers its discerning domestic and international clientele a comprehensive and customised range of support and advisory services. Investment banking focuses on research, as well as on sales of Swiss and German equities and structured products. With its sister company Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG, formed a year ago, advisory business for M&A, real estate and other capital market transactions is also being significantly strengthened and expanded. After successfully expanding its investment banking business in 2006, Sal. Oppenheim has now also entered the top bracket in Switzerland, and is the leading foreign investment bank in the country.

-> BUSINESS PERFORMANCE 2006

The Private Banking division once again showed very positive development in 2006. Both the 20% increase in client assets under management (7% of which related to a net inflow of funds), and the increase in active advisory services contributed to a rise in commission income, and, as a result, to this success. Sales of structured products in Switzerland also played their part in the success story, and are now being marketed in Italy, too. Our Oppenheim Swiss Opportunity fund achieved a very strong performance of 27% in 2006, and received a 5-star rating from Morning Star for the three-year period.

The bank's net income rose by a very pleasing 23% to CHF 28.7 million. Total assets amounted to CHF 788.9 million at the end of the year.

The positive business development seen in 2006 was also reflected in the significant increase in staff numbers, the greatest in the history of the Swiss bank: the bank employed a workforce of 158 as at the end of 2006, a year-on-year increase of 40%.

-> OUTLOOK FOR 2007

Sal. Oppenheim jr. & Cie. (Schweiz) AG plans to continue its successful strategy in 2007, and to further expand and tap into international markets in Latin America, Greece and Turkey, in particular. The advisory business relating to capital market transactions, IPOs and capital increases is to be expanded further in cooperation with sister company Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG.

SAL. OPPENHEIM JR. & CIE. CORPORATE FINANCE (SCHWEIZ) AG

Since its formation in December 2005, Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG has already established itself as a successful service provider in Switzerland in the areas of Mergers & Acquisitions, Equity Capital Markets, Real Estate Advisory and Financial Institutions in only the first year of its existence. In cooperation with Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, the Corporate Finance team executed several prestigious capital market transactions in the course of financial year 2006.

For the first time in the history of the Group, Sal. Oppenheim acted as lead manager in a CHF 100 million transaction in Switzerland, thereby positioning itself in the top Swiss investment banking bracket and propelling the Group to the status of a leading provider of capital market services. M&A business in Switzerland was also successful.

The team played a leading role in seven M&A transactions totalling CHF 14.1 billion, placing Sal. Oppenheim third in the Merger Market League Tables based on both the volume and number of transactions, after it attained seventh place in the previous year. 2006 saw the laying of the foundation stone for the development of the real estate asset management business area within the Swiss real estate investment banking business. The fund structured by Sal. Oppenheim Real Estate and launched in Luxembourg started out in 2007 with a volume of CHF 100 million.

BANK SAL. OPPENHEIM JR. & CIE. (LUXEMBOURG) S.A.

Sal. Oppenheim jr. & Cie. (Luxembourg) S.A. focuses its business activities on private banking for high-net-worth private clients, custodian banking for investment funds domiciled in Luxembourg, and its function as a processing centre for Sal. Oppenheim Group companies.

Its close cooperation with its sister companies in the Grand Duchy of Luxembourg and other Group companies allows the bank to offer its clients the full range of Sal. Oppenheim Group services.

—> BUSINESS PERFORMANCE 2006

Financial year 2006 was a great success for Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A. Net income (after tax) rose by 28.2% to € 10.34 million, the best result in the bank's history. Commission, interest and foreign exchange income rose to a total of € 28.45 million, the lion's share of which was attributable, as expected, to commission business with € 19.02 million. The cost/income ratio improved to 52.5%.

Private Banking increased its volume through inflow of funds by over 13% in 2006. The above-average increase in asset management mandates and the high level of acceptance for alternative investment concepts among clients in this segment were very encouraging. This growth was both organic, due to the existing network, and the result of the setup of a further advisory team.

In the custodian business, the volume of assets under custody increased by 18%, thereby passing the 8 billion mark for the first time. Net new assets totalled just under € 816 million, showing above-average performance compared with the bank's competitors in Luxembourg. The bank further expanded its range of innovative products and services in the area of alternative investment concepts and asset engineering in financial year 2006. This meant that it could offer its internationally active clients tailored financial solutions for asset structuring, working in close collaboration with its sister company Services Généraux de Gestion S.A., which is also based in Luxembourg. The client advisory business also focussed on diversifying the product range. In addition to derivative certificate strategies, the bank clearly distinguished itself from its Luxembourg-based competitors by offering alternative solutions, in particular, thus generating substantial added value for its clients.

—> OUTLOOK 2007

The bank sees a solid foundation for further expanding its business areas in 2007. Increasing awareness of Sal. Oppenheim as Europe's leading private banking group has led the bank to expect good growth opportunities, particularly in international private banking, which is why it has optimised its advisory team accordingly. The bank also expects positive growth opportunities in its safe custody business, particularly because it can offer tailored solutions in all areas of the fund industry. In this respect, the new institutional fund legislation will have a positive effect on business in Luxembourg.

SAL. OPPENHEIM JR. & CIE. BETEILIGUNGEN (LUXEMBOURG) S.A.

Sal. Oppenheim jr. & Cie. Beteiligungen (Luxembourg) S.A. bundles the key minority shareholdings of the Sal. Oppenheim Group. The wholly-owned subsidiary of Sal. Oppenheim jr. & Cie. KGaA concluded its first full financial year. The minority shareholdings showed encouraging development.

SERVICES GÉNÉRAUX DE GESTION S.A.

Services Généraux de Gestion S.A. (SGG), Luxembourg, which became a wholly-owned subsidiary of Sal. Oppenheim International S.A. in 2005, can boast decades of success in the segments of finance, engineering and administrative services, and, with 115 employees, is number two in trust and domiciliation business and family office in Luxembourg. SGG focuses primarily on European family structures in the Benelux countries, Switzerland, France, and southern Europe. The integration of SGG was successfully completed in 2006. It was able to offer internationally active clients tailored financial solutions for asset structuring, working in close collaboration with Bank Sal. Oppenheim jr. & Cie. (Luxembourg) S.A.

The company's strength on the Luxembourg, Belgian, Dutch, Swiss, French and southern European markets will allow it to enhance the Group's presence in these countries, which will be key to the further

expansion of Sal. Oppenheim's European business. The associated regional business expansion effect was reinforced by the synergies with respect to cross selling in corporate finance, the fund business and family office activities. In view of these factors, SGG expects its positive business performance to continue.

BANK SAL. OPPENHEIM JR. & CIE. (ÖSTERREICH) AG

The Austrian branch, founded in 2001 and headquartered in Vienna, was converted into a full-service Austrian bank in the form of a public limited company in financial year 2006. This not only reflects the growing significance of Sal. Oppenheim's activities in Austria itself, but also creates the central springboard from which the Bank can expand into the countries of central and eastern Europe. With locations in both Vienna and Salzburg, the 52 employees of Sal. Oppenheim jr. & Cie. (Österreich) AG, along with the Czech representative office in Prague, focus on the core business divisions Asset Management and Investment Banking.

—> BUSINESS PERFORMANCE 2006

The favourable overall tax framework for investments in Austria has driven the dynamic expansion of the asset management business with domestic and foreign clients. In the reporting year, total assets under management by Sal. Oppenheim in Austria, in both the retail and the institutional business, increased by 31% to € 3.9 billion. Income was up by 72% year-on-year. This meant that Bank Sal. Oppenheim jr. & Cie. (Österreich) AG achieved a new record with net income for the year (after tax) of € 2.5 million.

The offer of total-return concepts in the bond segment prompted an increase in the number of clients in asset management, particularly with respect to insurance companies, but also among high-net-worth private clients and foundations. This also applied to the Czech market, where Sal. Oppenheim launched a fund managed in line with the total return approach. Considerable volume was also placed with institutional funds in the real estate segment. Sal. Oppenheim Austria played a key role in the foundation of the Austrian certificate forum "Zertifikate Forum Austria" in a move designed to support and develop the Austrian market for certificates and structured products. Investment Banking/Corporate Finance provided support for several successful transactions including the sale of VA Tech Hydro and the IPOs of BioDiesel International AG and CA Immo International AG.

—> OUTLOOK 2007

Sal. Oppenheim jr. & Cie. (Österreich) AG will be placing more emphasis on the Investment Banking division in the future. The creation of a separate team for the corporate finance business will enable the bank to expand its successful dovetailing concept for Private Banking and Investment Banking. Furthermore, the establishment of an equity research department in Vienna is intended to strategically develop market potential in Austria and eastern Europe, and to exploit it in a more targeted manner. The opening of the representative office in the Czech Republic in 2005 is to be followed in 2007 by an office in Warsaw.