

SERVICE DIVISIONS

Research

KEY DECISIONS SHOULD BE MADE ON THE BASIS OF KNOWLEDGE AND EXPERIENCE. THIS APPLIES IN particular in today's financial world and with respect to investment issues. The critical success factors here are the careful compilation and fast and targeted transfer of knowledge. Oppenheim Research GmbH rises to this challenge by focussing its analyses on the Bank's products, ensuring that information is processed and distributed efficiently via a modern platform.

With a total of 76 employees in Cologne, Frankfurt am Main, Zurich, and since 2006, also in Vienna, Oppenheim Research GmbH is a competence centre for the Bank and a leading research company in the German-speaking world. Research is divided into five areas: Primary Analysis, which focuses on institutional business, Private Banking Research, Equity Investment Analysis, which concentrates on asset management, Quantitative Analysis and Economic Analysis, which provides support to all areas. Research focuses on the systematic generation and fast and targeted transfer of knowledge, which provides a basis of decision for many activities within the Bank.

PRIMARY ANALYSIS

Primary Analysis is represented by 40 corporate analysts and three strategic analysts at offices in Frankfurt am Main, Cologne, Zurich and Vienna. These analysts analyse data and facts on around 280 companies and are distinguished by their local expertise in German, Austrian and Swiss businesses, the emphasis being on small and medium-sized companies. Regional expansion into France is planned for 2007. At pan-European level, Primary Analysis also focuses on sectors such as Automotives/Industrials, Chemicals/Life Sciences, Financial Services, Real Estate, Technology/Telecommunications and Utilities/Logistics.

The expansion of what are known as "stock ownerships" on SMEs was driven further. This means that Sal. Oppenheim's specialists play a leading role in analysing medium-sized companies such as AT+S, Balda, Deutz, Intercell, Solarworld, Rhön Klinikum, IVG, Carl Zeiss Meditec, IKB, Interhyp, Lanxxess, Beiersdorf, Mobilcom and GEA. Deep-seated industry expertise and a large number of well-attended investment conferences further improved the profile of Primary Analysis in 2006. This was also reflected by the award for Research Company of the Year from "Börsen-Zeitung" newspaper.

ECONOMIC ANALYSIS

Economic Analysis supports the business divisions with portfolio decisions and investment recommendations. This involves examining the relevant data of macroeconomic developments and its influence on key figures such as interest rates, exchange rates, economic growth and inflation. Core tasks include preparing macroeconomic forecasts and interpreting economic issues in a capital market context. The regional focus is on Europe, the US and the convergence states. In addition, Economic Analysis delivers significant in-

formation for selecting the investment spectrum for international bond portfolios. The results of research activities are fed via several channels into the Bank's advisory services and investment decisions. Economic Analysis also played an increasingly significant role in the asset allocation process in 2006.

EQUITY INVESTMENT ANALYSIS

Equity Investment Analysis collaborates closely with the traditional active equity management function of Oppenheim Kapitalanlagegesellschaft mbH. Its main task is to support the equity selection process for individual stocks in Asset Management. The focus here is on fundamental analysis. Although the main emphasis is on large caps, interesting companies in the mid and small cap segments are also included. The key factors in this respect are an attractive risk-reward profile and minimum liquidity. The core components of analyst activities are generating investment ideas and monitoring active positions in the Opportunity, Value, Europa 50 and Euroland 50 strategy portfolios.

QUANTITATIVE ANALYSIS

Quantitative Analysis prepares investment decisions for institutional and private portfolios in the Bank's Asset Management segment. Investment Research covers a range of areas from the selection of individual shares and the allocation of funds to the respective asset classes, to investment strategies in general.

Our multi-factor screening tool (MFS), which is based on purely quantitative procedures, enables us to produce yield forecasts for over 1,700 individual stocks in Europe, the US and Japan on a monthly basis. At the end of 2006, over € 2 billion was managed in active equity portfolios and sub-portfolios for the first time using this product. The unit also selects top brokers using the Analysing Analysts tool, which performs data management and programming tasks and produces studies of new issues concerning quantitative research and the latest analytical methods.