

PRESS RELEASE

Record result for Sal. Oppenheim in 2005

- *Best results in company history for Cologne-based private bank*
- *Substantial increase in net income and assets under management*
- *€ 464 million rise in shareholders' equity to € 1,764 million secures long-term independence*
- *Sal. Oppenheim plans further growth*

Cologne, 26 April 2006 – Cologne-based private banking group Sal. Oppenheim jr. & Cie. increased pre-tax consolidated net income by 86% to €282.6 million in 2005 (2004: €151.7 million), making it the most successful year in the company's history. The report on the 217th financial year, presented by Sal. Oppenheim at today's results press conference was prepared for the first time in accordance with IFRS (International Financial Reporting Standards). The 2005 results are also the first to include BHF-BANK AG, which was acquired at the turn of the year 2004/2005.

The positive extraordinary effect of around €38 million generated by the reduction of the stake in IVG Immobilien AG, as well as accumulating IFRS effects of €33 million contributed to the improved results.

Matthias Graf von Krockow, spokesman for the personally liable partners, was very pleased with this result: "This success was only possible thanks to a substantial increase in the volume of business with existing clients. Added to this, a large number of new clients also placed their trust in us. All of our divisions, subsidiaries and branch offices helped us to outperform our forecasts by a clear margin."

Increase in equity

Shareholders' equity grew by €464 million to €1,764 million as a result of the increase in disclosed reserves from net income in the year under review and the disclosure of hidden reserves in line with the transition to IFRS accounting. Graf Krockow considers the increase in capital resources to be one of the key successes of 2005. "This forms the basis for further profitable growth and guarantees our independence. By strengthening both capital and reserves, we will be able to

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take advantage of any growth opportunities that present themselves in the future.” Consolidated total assets now amount to €32 billion, of which €14 billion is attributable to Sal. Oppenheim, and €18 billion to BHF-BANK.

Successful launch of the “two-bank strategy”

The acquisition of BHF-BANK AG, and along with it, the successful launch of the “two-bank strategy”, was the landmark event for Sal. Oppenheim in 2005. Both banks retain their individual identity, decision-making authority and employees along with their distinct market presence. The Frankfurt-based private bank’s success is reflected in its contribution to pre-tax consolidated net income of €1.8 million. “BHF-BANK made excellent use of its newly-gained strength in the reporting year,” emphasised Graf Krockow. BHF-BANK will be presenting its 2005 results in detail at the results press conference in Frankfurt tomorrow.

Significant expansion of operating activities

At €420.2 million, the net commission income was the Group's main source of income. This was boosted by the continued stability of securities business with further increasing volumes as well as commission income from resumed business as designated sponsor. The increase in other commission income largely resulted from the success of M&A business, where Sal. Oppenheim retains a leading position among German-speaking countries. Net interest income totalled €21.4 million and net trading income for the Group was €101.5 million. In the area of Financial Markets, the business focus was primarily on equities, with an emphasis on retail derivatives, structured products and equity brokerage, on the basis of strong equity research. The Group’s net income/loss from non-current financial assets was €88.1 million.

The positive development seen in 2005 is also reflected in the key ratios for Group management – the cost/income ratio was 77.5% in 2005, return on equity before taxes reached 17.5%, and the Principle I ratio was 13.4% with risk assets of €13.7 billion. The strengthening of the own funds base, in particular from net income for the year 2005, will boost the Principle I ratio to around 15.0% this year - assuming risk assets remain at the same level. Own funds are composed primarily of tier 1 capital.

The business model has proved itself

All Bank divisions performed positively in 2005. The Bank's transition to an integrated Asset Management and Investment Bank proved to be the right move in line with the changed market conditions. The following contributions were made by individual business divisions to the net result of €282.6 million: Asset Management (€88.6 million), Private Banking (€78.7 million), Corporate Finance (€58.8 million) and Financial Markets (€100.2 million). "Our strong position in the financial market is also the result of swift and profitable internal growth in all areas and of successful external growth through targeted acquisitions," explained Graf Krockow. For instance, Sal. Oppenheim expanded its European asset management activities with the 100% takeover of Services Généraux de Gestion S.A., Luxembourg and its subsidiaries in the second half of 2005. Groupwide assets under management and advice increased to €123 billion in financial year 2005. Sal. Oppenheim also organically expanded its position as Europe's leading private bank, opening a representative office in Prague at the end of the year. That makes Sal. Oppenheim one of the first western European private banks to be represented locally in a new EU member state. By taking over 30 M&A specialists from Ernst & Young and founding Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG, Sal. Oppenheim's Investment Banking also underlines its top position in the German-speaking M&A market. The highlights of the year without a doubt included the acquisition of one of the largest real estate companies in northern Germany, Lower Saxony-based NILEG, by the Fortress Investment Group, which Sal. Oppenheim advised. With a volume of around €1.5 billion, this transaction was one of the largest domestic acquisitions in the real estate sector in 2005. The strategic real estate investment banking partnership resolved with JPMorgan in the late summer also serves to punctuate Sal. Oppenheim's leading role in the area of real estate transactions in Germany.

Sal. Oppenheim plans further growth

Sal. Oppenheim considers itself to be well positioned for the current financial year. The acquisition of BHF-BANK and the independent identity of the two institutions as part of the "two-bank strategy" has been accepted by the market. Sal. Oppenheim's capital resource base is very comfortable in comparison to other banks, and will serve as a foundation for continued growth. The Bank's operating result has already reached a high level. Still, the private bank group anticipates a modest rise in 2006. Graf Krockow: "We will do our utmost to continue our success story on this solid foundation of tradition and innovation in the years to come."

Key Group figures from the 2005 annual financial statements (IFRS)

<i>in € million</i>	2004	2005
Total assets	11,745	32,029
Risk assets	6,957	13,658
Shareholders' equity	1,506	1,764
Profit/(loss) from ordinary activities	152	283
Net income for the period	201	251
Pre-tax return on equity (%)	10.1	17.5
Employees (number)	1,394	3,160

Fitch Ratings Ltd.	Long-term	Short-term	Individual rating
	A	F1	B/C

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