

5. Other disclosures

78_Trust activities

Trust activities are not reported in banks' consolidated financial statements. As at the balance sheet date, trust activities were as follows:

| | 2008 | 2007 |
|-------------------|-------|-------|
| | € M | € M |
| Trust assets | 1,952 | 2,551 |
| Trust receivables | 1,694 | 2,344 |
| Trust investments | 256 | 204 |
| Trust shares | 2 | 3 |
| Trust liabilities | 1,952 | 2,551 |

79_Off-balance sheet liabilities

| | 2008 | 2007 |
|---|-------|-------|
| | € M | € M |
| Contingent liabilities from guarantees and indemnity agreements | 1,130 | 1,564 |
| Other commitments | 2,912 | 2,894 |
| Irrevocable loan commitments | 2,017 | 2,270 |
| Placement and underwriting commitments | 484 | 348 |
| of which from discontinued operations | 11 | 0 |
| Commitments arising from rental and operating lease agreements | 371 | 194 |
| Other commitments | 40 | 82 |

An obligation to make additional contributions in the amount of € 2 million (previous year: € 9 million) exists in relation to our equity investment in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main. In addition, we have a proportional contingent liability for the fulfilment of the obligation to make additional contributions of other partners who are members of the Association of German Banks (*Bundesverband deutscher Banken e.V.*), Berlin.

Placement and underwriting commitments comprise capital contribution obligations from investments in private equity funds of € 434 million (€ 11 million of which from discontinued operations) (previous year: € 308 million), investments in real estate companies of € 33 million (previous year: € 0 million), and investments in mezzanine funds of € 17 million (previous year: € 38 million).

The commitments arising from rental, operating lease and other service agreements have a remaining term of up to 49 years (previous year: up to 20 years).

Our subsidiary FRANKFURT-TRUST Invest Luxembourg AG assumed a risk limitation guarantee for investors in the FT Protected Growth Fund launched by FRANKFURT-TRUST Invest Luxembourg AG. This means that FRANKFURT-TRUST Invest Luxembourg AG is obliged to pay 95% of the net asset value established at the beginning of the respective financial year pro rata to an investor at the latter's request against the return of fund units at the end of the financial year, if the redemption price is below the redemption price calculated in accordance with the Fund Rules.

80_Letters of comfort

Sal. Oppenheim jr. & Cie. KGaA

The Bank has issued letters of comfort to third parties within the framework of special agreements for Oppenheim Kapitalanlagegesellschaft mbH, Cologne, Grundstücksgesellschaft Köln-Ossendorf VI mbH, Cologne, and for Sal. Oppenheim jr. & Cie. Beteiligungs GmbH, Cologne. Letters of comfort were also issued for Oppenheim Vermögenstreuhand GmbH, Cologne, and Sal. Oppenheim jr. & Cie. Securities Inc., New York.

On 11 January 2005, the Bank confirmed to Fitch Deutschland GmbH, Frankfurt am Main, in the course of the latter's credit assessment of BHF-BANK AG, Frankfurt am Main, that it considers its indirect equity investment in BHF-BANK AG to represent a strategic investment and that it intends to retain this holding for the foreseeable future. In addition, it confirmed that a profit and loss transfer agreement would be concluded between BHF-BANK AG and Oppenheim Beteiligungs-AG, Wuppertal, effective 1 January 2005, that this agreement would remain unaltered for at least one year, and that it would, in its role as the group parent company, ensure that BHF-BANK AG performed its business activities with the due care and diligence of a prudent business person.

With effect from 31 December 2008/1 January 2009, Oppenheim Beteiligungs-AG sold its entire interest in BHF-BANK AG to the group parent company Sal. Oppenheim jr. & Cie. S.C.A. The profit and loss transfer agreement between BHF-BANK AG and Oppenheim Beteiligungs-AG signed on 12 and 15 April 2005 with effect from 1 January 2005 was cancelled on 15 and 17 December 2008 with effect from 31 December 2008. Accordingly, the letters of comfort to Fitch Deutschland GmbH and the Association of German Banks were revoked.

The Association of German Banks acknowledged the revocations in a letter dated 19 February 2009. Thus, the above letters of comfort in favour of the Association of German Banks will only remain in force in the event that facts already existed at the time of the revocation which result in remedial measures at a later date in accordance with section 2 (2) of the By-Laws of the Deposit Protection Fund.

BHF-BANK AG

Within the scope of its (indirect) stake, BHF-BANK AG ensures that BHF-BANK International S.A., Luxembourg, BHF-BANK (Schweiz) AG, Zurich, and FRANKFURT-TRUST Invest Luxemburg AG, Luxembourg, are in a position to fulfil their liabilities, subject to political risks.

BHF-BANK AG has undertaken to provide BHF Trust Management Gesellschaft für Vermögensverwaltung mbH, Frankfurt am Main, with sufficient funds at all times, to enable the company to meet all obligations resulting from an asset management agreement with the recipient. BHF-BANK AG also has issued a letter of comfort for the shareholding in AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main.

On 21 February 2009, BHF-BANK AG issued a letter of comfort to a particular recipient undertaking to provide BHF Asset Servicing GmbH and its subsidiary Frankfurter Service Kapitalanlage-Gesellschaft, with sufficient funds at all times, to enable them to meet their obligations. At the same time, BHF-BANK AG also issued a letter of comfort for BHF Asset Servicing GmbH to another special recipient.

81_ Investment funds managed on behalf of unit holders

| | 2008 | 2007 |
|---|--------|--------|
| | € M | € M |
| Total net asset value | 36,211 | 44,217 |
| Number of investment funds under management | 540 | 513 |

82_ Subordinated assets

Assets are classified as subordinated if they rank behind the claims of other creditors in the event of insolvency or liquidation of the debtor. The volume of subordinated assets was € 293 million (previous year: € 327 million), of which € 177 million was attributable to bonds and notes (previous year: € 232 million), and € 116 million to loans and advances to customers (previous year: € 95 million).

83_Assets pledged as collateral

The carrying amounts of the assets pledged as collateral can be broken down as follows:

| | Cash collateral | | Securities | |
|---------------------------------|-----------------|------|------------|-------|
| | 2008 | 2007 | 2008 | 2007 |
| | € M | € M | € M | € M |
| Stock market transactions | 316 | 0 | 3,158 | 2,160 |
| OTC transactions | 909 | 495 | 107 | 0 |
| Securities lending transactions | 0 | 0 | 437 | 804 |
| Other transactions | 0 | 5 | 71 | 190 |

A further € 3,759 million in securities was deposited as collateral at the European Central Bank and other domestic central banks (previous year: € 4,267 million). Collateral was pledged in line with current market conditions.

84_Collateral received

Collateral received with the entitlement to rehypothecate can be broken down as follows:

| | Cash collateral | | Securities | |
|---------------------------------|-----------------|------|------------|------|
| | 2008 | 2007 | 2008 | 2007 |
| | € M | € M | € M | € M |
| OTC transactions | 916 | 582 | 0 | 0 |
| Securities lending transactions | 0 | 77 | 97 | 143 |
| Other transactions | 0 | 0 | 2,419 | 9 |

As at the reporting date, the collateral received was not rehypothecated (previous year: € 1,235 million). No collateral was realised in the reporting year (previous year: less than € 1 million).

85_Regulatory capital and solvency ratio

The regulatory capital adequacy requirements applicable to the Group are based on recommendations from the Basel Committee on Banking Supervision, for which the Bank for International Settlements (BIS) provides the secretariat function, and on European Council directives put into Luxembourg legislation. The Commission de Surveillance du Secteur Financier (CSSF) monitors compliance with these requirements.

The Company complied with the requirements for the whole of the reporting period.

Regulatory capital

| | 2008 | 2007 |
|---|--------------|--------------|
| | € M | € M |
| Core capital (Tier I capital) | 1,433 | 1,908 |
| Supplementary capital (Tier II capital) | 198 | 165 |
| Total | 1,631 | 2,073 |

Risk assets and market risk positions

| | 2008 | 2007 |
|--|---------------|---------------|
| | € M | € M |
| Risk assets | 13,418 | 14,165 |
| Capital charge for market risk positions | 1,354 | 3,375 |
| Capital charge for operational risk | 1,619 | 0 |
| Total positions subject to a capital charge | 16,391 | 17,540 |

Capital ratios

The solvency ratio is the key indicator for measuring capital adequacy of banks. This ratio puts a bank's regulatory capital in relation to its counterparty and market price risks. Counterparty risk is measured by compiling on and off-balance sheet exposures into risk-weighting categories according to degree of risk. The Group's market risk component is made up of the combined market risk positions of the individual group units. These are calculated in accordance with a standard approach, or, if using internal models, are multiples of the Value at Risk calculated on the basis of the models for regulatory purposes. These internal models for calculation of the market risk component of the Bank's risk position were approved by BaFin prior to the relocation of the group headquarters to Luxembourg.

| | 2008 | 2007 |
|---------------------------------|------|------|
| | % | % |
| Total capital ratio | 10.0 | 11.8 |
| Regulatory capital requirements | 8.7 | 10.8 |

After allowing for IFRS 5 the total capital ratio was 11.0%.

86_Employees

| | Male | | Female | | Total | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR | | | | | | |
| Full-time employees | 2,474 | 2,187 | 1,435 | 1,241 | 3,909 | 3,428 |
| Part-time employees | 83 | 43 | 275 | 233 | 358 | 276 |
| Trainees | 37 | 42 | 26 | 23 | 63 | 65 |
| Total | 2,594 | 2,272 | 1,736 | 1,497 | 4,330 | 3,769 |

87_Related party disclosures

1. Related parties of the Bank

Related parties are any natural or legal persons that can control the reporting company or one of its subsidiaries, or that can exercise significant influence over the company or its subsidiaries either directly or indirectly, as well as all natural and legal persons controlled by the reporting company, or over which the latter can exercise significant influence.

We have therefore identified all affiliated companies, insofar as these are not consolidated, joint ventures and associated companies as related parties. A breakdown can be found under note 89 in the list of companies included in the consolidated financial statements.

We consider all key management employees of the Bank, as well as their immediate relatives within the meaning of section 1589 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) and their spouses, to be private individuals related to the Bank. Key management employees include the Bank's partners and Managing Committee, as well as the members of the Supervisory Board and the Shareholders' Committee.

2. Related party transactions

Loans granted to, and commitments entered into for related parties were as follows:

| Type of loan | Loan volume | | Average effective interest rate | | Average term | |
|--------------------------------|-------------|------------|---------------------------------|-------------|--------------|--------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | € M | € M | % | % | Months | Months |
| Overnight and short-term loans | 812 | 639 | 5.83 | 4.93 | 12 | 10 |
| Roll-over loans | 4 | 2 | 3.96 | 4.73 | 116 | 14 |
| Subtotal | 816 | 641 | 5.82 | 4.93 | 13 | 10 |
| Other loans and advances | 44 | 4 | 6.17 | 0.00 | 7 | 12 |
| Total | 860 | 645 | 5.84 | 4.93 | | |

Of these loans and commitments, € 207 million can be attributed to the personally liable partners (previous year: € 185 million), while € 74 million can be attributed to the members of the Supervisory Board (previous year: € 69 million).

The loans granted to related parties were granted in line with current market conditions.

As at the balance sheet date, the Bank held deposits belonging to related parties in the amount of:

| Type of investment | Deposit | | Average interest | | Average maturity | |
|--------------------|------------|------------|------------------|-------------|------------------|--------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | € M | € M | % | % | Months | Months |
| Demand deposits | 120 | 114 | 1.25 | 3.40 | 12 | 4 |
| Savings deposits | 141 | 26 | 4.68 | 4.67 | 6 | 2 |
| Total | 261 | 140 | 3.10 | 3.63 | | |

The conditions granted to related parties are in line with market conditions.

The commission income (in line with current market conditions) generated by related parties during the financial year totalled € 5.4 million.

The group company CAM Private Equity Consulting & Verwaltungs-GmbH, Cologne, received € 0.3 million from Oppenheim Private Equity Manager GmbH, Cologne, under an advisory agreement, and paid € 0.3 million to CAM-Fairview Private Equity Partners L.P., Farmington, under a service agreement.

3. Disclosures on the remuneration of related parties

Remuneration of the management totalled € 4.9 million (previous year: € 16.2 million). Of this figure, € 1.8 million (previous year: € 7.3 million) relates to fixed, and € 3.1 million (previous year: € 8.9 million) to variable remuneration components.

The pension provisions for former personally liable partners and their surviving dependents amounted to € 18 million (previous year: € 14 million). The pension payments to former personally liable partners and their surviving dependents amounted to € 1.5 million (previous year: € 1.2 million).

88_Extraordinary events after the balance sheet date

The owners of Sal. Oppenheim jr. & Cie. S.C.A. have resolved to restructure the business and investment activities of the Group. In the future, industry holdings will be managed in a newly formed holding structure that is not affiliated with the Bank. This affects the industrial holding ARCANDOR Aktiengesellschaft in which Sal. Oppenheim jr. & Cie. S.C.A. has a 28.6% stake, 24.9% of which will be sold to the new holding company. In addition, 20% of shares in IVG Immobilien AG held by the wholly-owned subsidiary Sal. Oppenheim jr. & Cie. Beteiligungen S.A. will be sold to the industrial holding company. The group parent company Sal. Oppenheim jr. & Cie. S.C.A. will sell Sal. Oppenheim Private Equity Partners S.A. and Sal. Oppenheim Private Equity Partners GmbH with its subsidiaries CAM Private Equity Consulting & Verwaltungs-GmbH and VCM Capital Management GmbH to the industrial holding company.

89_Scope of consolidated financial statements

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2008

| Name | Registered office | Capital share in % |
|---|-------------------|--------------------|
| I. FULLY CONSOLIDATED COMPANIES | | |
| Sal. Oppenheim jr. & Cie. S.C.A. | Luxembourg | |
| Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG | Zurich | 100.00 |
| Betrados B.V. | Amsterdam | 100.00 |
| Bfl-Beteiligungsgesellschaft für Industriewerte mbH | Frankfurt/M. | 100.00 |
| BHF-BANK AG | Frankfurt/M. | 100.00 |
| BHF Capital Management GmbH | Frankfurt/M. | 100.00 |
| BHF Grundbesitz-Verwaltungsgesellschaft mbH & Co am Kaiserlei OHG | Frankfurt/M. | 100.00 |
| BHF Immobilien-GmbH | Frankfurt/M. | 100.00 |
| BHF-BANK (Jersey) Ltd. | St. Hélier | 100.00 |
| BHF-BANK (Schweiz) AG | Zurich | 100.00 |
| BHF-BANK International S.A. | Luxembourg | 100.00 |
| BHF-Betriebservice GmbH | Frankfurt/M. | 100.00 |
| BHF LUX IMMO S.A. | Luxembourg | 100.00 |
| BHF Private Equity Treuhand- und Beratungsgesellschaft mbH | Frankfurt/M. | 100.00 |