

PRESS RELEASE

Regulated Information

TRADING UPDATE FOR THE 3 MONTHS ENDED 31 MARCH 2014

Brussels, 15 May 2014 – RHJ International (the “Company” or “RHJI”) today issued a trading update for the 3 months ended 31 March 2014.

Key highlights

- BHF-BANK acquisition successfully completed on 26 March 2014 for a preliminary purchase price of €340 million (subject to post-closing adjustments). 91% stake acquired by Kleinwort Benson Group (“KBG”) for a cash consideration of €309.4 million. 9% acquired directly by RHJI through the issue of new shares with a par value of €30.6 million¹.
- Assets under Management (“AuM”) at BHF-BANK increased to €38.9 billion (31 December 2013: €38.5 billion), benefiting from strong net inflows from Private Banking clients.
- Improved Banking margins and Treasury performance helped drive a small uplift in revenues at Kleinwort Benson Wealth Management (“KBWM”) ². AuM was down marginally at £5.7 billion (31 December 2013: £5.9 billion).
- Continued strong momentum at Kleinwort Benson Investors (“KBI”) with European and North American mandate wins contributing to a 24% increase in AuM to €6.7 billion (31 December 2013: €5.4 billion).
- Strong balance sheet position across the enlarged Group, with a combined proforma Tier 1 ratio of 16.3% ³ underpinned by sound capital resources and strong liquidity position.
- Looking to the future, RHJI is setting post-transformation targets as part of its strategic review of the business following the BHF acquisition. Management is targeting pre-tax profitability of >€60 million supported by annualised net new inflows of 4-6% of AUM. The aim is to deliver these two years after the transformation of BHF-BANK has been completed, and will be driven primarily by revenue synergies, balance sheet management, cost reduction and efficiency improvements.

BHF-BANK

In the first three months of the year, AuM increased to €38.9 billion compared to €38.5 billion as at 31 December 2013 and €37.7 billion as at March 2013. The increase is predominantly attributable to strong net inflows from private banking clients and positive market movements, partly offset by the loss of lower margin mandates in FRANKFURT TRUST’S Asset Management business.

BHF-BANK continued to demonstrate its position as a leading portfolio manager, receiving a number of industry awards. For the eighth consecutive time the bank was awarded first place in the “Elite Report” market survey on wealth management, as well as being recognised for best

¹ Par value of €5.56 per share calculated as issued, paid up capital of €475.9 million, divided by 85.5 million shares in issue.

² Kleinwort Benson Wealth Management refers to KBB/KBCIH: the aggregation of Kleinwort Benson Bank Limited and Kleinwort Benson Channel Island Holdings Limited.

³ Based on a pro-forma aggregation of risk weighted assets and Tier 1 capital across Kleinwort Benson Wealth Management and BHF-BANK at 31 December 2013.

Portfolio Management by the first five institutes and ranking in the top five for 31 categories out of 32.

Against a backdrop of sound economic fundamentals in Germany and improving export trends, BHF-Bank's Corporate division continued to develop its lending business with first class counterparties and increased its total loan portfolio to €2.6 billion at 31 March 2014.

BHF's Financial Markets Division saw a strong start to the year winning the mandate of co-lead manager for the IPO of SLM Solutions, the global technology leader and pioneer in metal-based 3D printing. A healthy business pipeline will further drive the growth in net interest income as well as fee and commission income.

The Financial Markets Division also made a considerable investment during the period in the expansion of its multi-asset trading platforms. This has further enhanced the quality and capabilities of equity, bond, derivative and currency trading systems which now meet the standards of the most demanding clients.

In line with the Group's wider strategy of maintaining a strong balance sheet, BHF-BANK reported a solid Tier 1 ratio of 15% and a loan to deposit ratio of 29%.

Kleinwort Benson Wealth Management ("KBWM")

An encouraging start to the year with trading results benefiting from an uptick in Banking revenues and improved Treasury performance. The ongoing focus on operational efficiency and cost management further contributed to a reduction in operating losses.

Total AuM across our deposit, discretionary investment and advisory investment offerings decreased by 3% in the first quarter, ending the period at £5.7 billion (€6.8 billion) (31 December 2013: £5.9 billion (€7.1 billion)). The net flows were partially attributable to the withdrawal of short term deposits received in Q4 and seasonal trends including clients taking the opportunity to settle their annual tax bills.

KBWM also continued to receive industry recognition, including winning first place for Total Wealth Solutions in the HNW category at the Private Asset Management (PAM) awards.

KBWM is committed to maintaining a solid capital and liquidity position, with key metrics comfortably exceeding regulatory requirements and at the top end of the European banking peer set. During the course of 2013 we took modest action to re-balance the asset allocation within our Treasury portfolio, while adhering to our prudent investment policy and conservative risk appetite. At the end of March 2014, 35% of the £1.7 billion (€2.0 billion) treasury book related to cash and eligible liquid assets compared to 40% at the end of 2013. The corresponding increase in the weighting of high quality and low risk corporate bonds had a slight positive impact on net interest income in the first quarter of the year despite the structural challenges of the low interest rate and tight credit spread environment.

In the first quarter, the loan portfolio remained relatively stable at £454 million (€43 million) (December 2013: £446 million (€34 million)). Despite this fact, loan margins continue to improve against the backdrop of our ongoing repositioning of the portfolio onto a more profitable basis, while maintaining our pricing discipline in a competitive market. Our liquidity metrics also remain strong, with a loan to deposit ratio of 25% amongst the lowest in the European banking sector and with no reliance on wholesale funding. Taken together, these provide us with significant capacity to continue to grow the loan book on a profitable basis, while maintaining comfortable funding and liquidity metrics.

As at 31 March 2014, KBWM had a Tier 1 ratio of 20% similar to that at the end of 2013.

Kleinwort Benson Investors

Kleinwort Benson Investors (“KBI”) has continued its success of 2013 with a very strong first quarter in 2014. Significant net inflows were achieved in North America and Europe. Good investment returns and the effective management of the operating platform have led to continued AuM and profit growth.

At the end of March 2014, AuM amounted to €6.7 billion, a 24% increase from the year-end and 68% higher than the equivalent figure at the end of March, 2013. Net inflows for the quarter accounted for over €1.2 billion of the €1.3 billion growth in AuM.

Q1 2014 investment performance was very satisfactory with almost all of KBI’s Global and Emerging Market equity strategies ahead of benchmarks. Investment strategies focused on environmental themes also produced strong absolute performances. Our longer term track record of strong and consistent investment outperformance remains intact.

KBI received positive industry endorsement for several KBI managed/advised strategies through Lipper ‘Best Fund’ awards in Europe, North America and Asia.

Consistent with trends we have previously reported, we continue to see a marked shift in the geographic distribution of the client base, with North America and Europe, the two largest regions for AuM, accounting for 31% and 39% of our total AuM respectively. AuM on behalf of Irish clients has continued to decline and at quarter-end represented 23% of the total portfolio compared to 28% at the start of the year. This reflects the ongoing structural shifts across the Irish market, which have led to a combination of de-risking and the wind-up of defined benefit pension schemes.

From a product perspective, we are continuing to see healthy demand across our specialist Global Equity and Environmental Equity strategies as well as some outflows from the multi-asset strategies, the latter predominantly relating to Irish pension funds. The combined effect of these trends has led to a marked shift in the weighting of our overall AuM portfolio by product, with our Global Equity and Environmental strategies collectively now accounting for 85% of total AuM compared to 63% at the end of 2012.

Holding Costs

In 2013, holding costs were reduced by 30%, with fixed costs of €15.9 million however still in excess of the target level of less than €10 million. The long-awaited closing of the acquisition of BHF-BANK and the disposal of the remaining legacy industrial assets have removed any further distraction and management is now fully focused on turning around the financial performance of the group. This includes the continued reduction of holding costs towards a level appropriate for a business of our size. The planned simplification of our dual holding structure will bring further cost relief and will be the ultimate step towards achieving targeted cost levels.

Discussions are ongoing with regard to reaching a balanced agreement on the conversion of our co-investors’ interest in Kleinwort Benson Group, after which the dual holding structure can be collapsed. While we cannot commit to any specific timing and will therefore continue to operate under a dual holding structure, the majority of the cost savings to achieve total fixed holding costs of below €10 million, excluding the London lease cost, will be delivered through actions which we are looking to implement in the course of 2014.

Strategic update

BHF-BANK represents a strong cultural and strategic fit with Kleinwort Benson Group's existing wealth management and asset management operations, with the combination of these highly complementary and client-centric businesses providing a solid foundation to drive profitable growth in these core markets. Our strategy is based on three pillars: Private Banking, Asset Management and Financial Markets and Corporates.

In **Private Banking** the acquisition will give us substantial scale, with a high quality franchise and strengthened value proposition to our sophisticated high net worth and entrepreneurial client bases cementing our strong positions in the two fastest growing wealth management markets in Western Europe. The combination also provides significant opportunities to drive both revenue synergies and scale related cost savings across back office and support functions and IT.

In **Asset Management** the acquisition will provide a compelling opportunity for Kleinwort Benson Investors and FRANKFURT TRUST (BHF's asset management business) to leverage each other's distribution strategies and selected products. The upside profit opportunity from combining the highly-complementary skill sets of these highly-rated and award-winning franchises will be driven by the strengthening of the revenue potential of the individual businesses. Given the very specific nature of the markets served by the individual businesses, there is no intention to formally combine Kleinwort Benson Investors and FRANKFURT TRUST to capture cost synergies.

In **Financial Markets and Corporates** the acquisition provides significant potential to leverage BHF-BANK's strong track record and propositions to Kleinwort Benson's sophisticated client base. BHF has a well-established and leading position in the fast-growing German "Mittelstand" (SME) market segment – one of the key drivers of Germany's export economy. In addition to its strong market position in export trade finance, BHF-BANK is a quality leader of individual, customised advisory services within Corporate Banking, with its distinct Financial Markets offering spanning German equity markets, interest rate and currency-related investments as well as treasury and financial markets research.

The impact of the BHF acquisition on the key performance indicators is as follows:

<i>(Year ended 31 December 2013)</i>				
<i>All figures in EUR millions unless otherwise stated)</i>				
	Existing KBG	BHF	Combined	% increase
AuM (€bn)				
Private Banking	7.1	19.2	26.3	270%
Asset Management	5.4	16.6	22.0	307%
Financial Markets and Corporates ^①	-	2.7	2.7	N/A
Total	12.5	38.5	51.0	308%
Revenues				
Private Banking ^②	81.5	82.1	163.6	101%
Asset Management	15.6	31.8	47.4	204%
Financial Markets and Corporates ^③	14.0	85.2	99.2	609%
Total^④	111.1	199.1	310.2	179%
Tier 1 capital ^{⑤⑥}	219	445	664	N/A
Risk Weighted Assets ("RWAs") ^{⑤⑥}	1,106	2,976	4,082	N/A
Tier 1 ratio (Basel III) ^{⑤⑥}	19.8%	15.0%	16.3%	N/A
FTEs	714	1,072	1,786	150%

① Assets under Management in BHF comprise Institutional client deposits within the Corporates business.

② KBG Private Banking figure excludes €15.2m of income from Corporate Advisory and Treasury activities. These are included within the Financial Markets and Corporates line to align to the segmentation used by BHF.

③ BHF Financial Markets revenues include income from Treasury business.

④ Total revenue figure for BHF does not include €20.8m of "Other / consolidation" revenues. Total income reported by BHF prior to US/UK tax and restructuring amounted to €219.9m in 2013.

⑤ Figures for Kleinwort Benson Group relate to the Wealth Management operations only.

⑥ Combined figures for Tier 1 capital, RWAs and Tier 1 ratio represent a simple pro forma aggregation and are not intended to reflect a true consolidated figure.

Total AuM and revenues across BHF-BANK and KBG's financial services businesses amount to €1.0 billion and approximately €310 million respectively, based on reported figures for 2013.

BHF has a highly liquid and low risk balance sheet. Consequently, the enlarged KBG entity post-acquisition has a robust capital position, with a Basel III tier 1 ratio of 16.3% and an IFRS net asset value of €774 million⁴. Headcount across the financial services business is close to 1,800 FTEs.

In the short term profitability will remain under pressure with 2014 results expected to reflect the expenses and transformation costs of the BHF transaction. Underlying operating profits however will begin to benefit from the transformation activities set out above. More specifically the improved financial performance will be reflected in two key levers.

On the revenue side we are targeting net new asset flows of 4-6% per annum. This compares with combined flows for KB and BHF in 2013 of 4.4%. With our expanded range of products and wider distribution platform, allied with the strength of the underlying product offer and good performance in asset management, we believe we can achieve this goal.

In addition to the headline scale benefits that the BHF acquisition brings to KBG's existing financial services businesses, the combination also offers significant potential to drive cost synergies across the Private Banking / Wealth Management franchises, which have been identified and which are in the process of being implemented.

⁴ IFRS net asset value comprises 100% of BHF's preliminary net asset value of €94m and 100% of KBG's preliminary net asset value pre-capital increase of €280 million.

Given the highly-complementary nature of BHF-BANK and Kleinwort Benson's Private Banking / Wealth Management businesses, combined with RHJI and BHF-BANK Management's extensive experience in integrating and turning around financial services businesses, we are confident that we will achieve synergy cost savings in excess of €20 million. To achieve these synergies and lead the transformation process, RHJI Executive Management has taken on a more execution-based and operational role than they have been able to do while the BHF-BANK transaction and approval process were in progress.

This will provide a significant uplift to overall profitability and allow us to achieve our goal of delivering >€60 million of pre-tax profit for the group. We expect to meet these targets two years after the transformation of the businesses and will update our shareholders on progress made on a regular basis. We believe that delivery against these targets will demonstrate the success of the BHF-BANK transaction.

About RHJ International

RHJ International is a financial services group with principal activities in wealth management, asset management and merchant banking. Our wealth management operations are conducted through Kleinwort Benson Wealth Management and BHF: two independent and relationship-driven private banks, with a combined Tier 1 capital ratio of 16.3% and €1 billion of assets under management as at 31 December 2013. RHJI's asset management operations are carried out by Kleinwort Benson Investors and Frankfurt Trust. Kleinwort Benson Investors is a Dublin-based institutional asset manager that offers investors innovative and differentiated specialist strategies on both a segregated and unitised basis, while Frankfurt Trust specializes in European equities, multi assets and fixed income. As at 31 December 2013, Kleinwort Benson Investors and Frankfurt Trust managed €5.4 billion and €16 billion of client assets, respectively. RHJI is listed on the Euronext Brussels, with the ticker symbol "RHJI"

This press release contains certain forward-looking statements concerning the Company's operations, economic performance and financial condition. Such forward-looking statements are based on management's current expectations, estimates and projections and are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company has no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release.

An update to the Strategy section of our Corporate Presentation is available on our corporate website (www.rhji.com).

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