

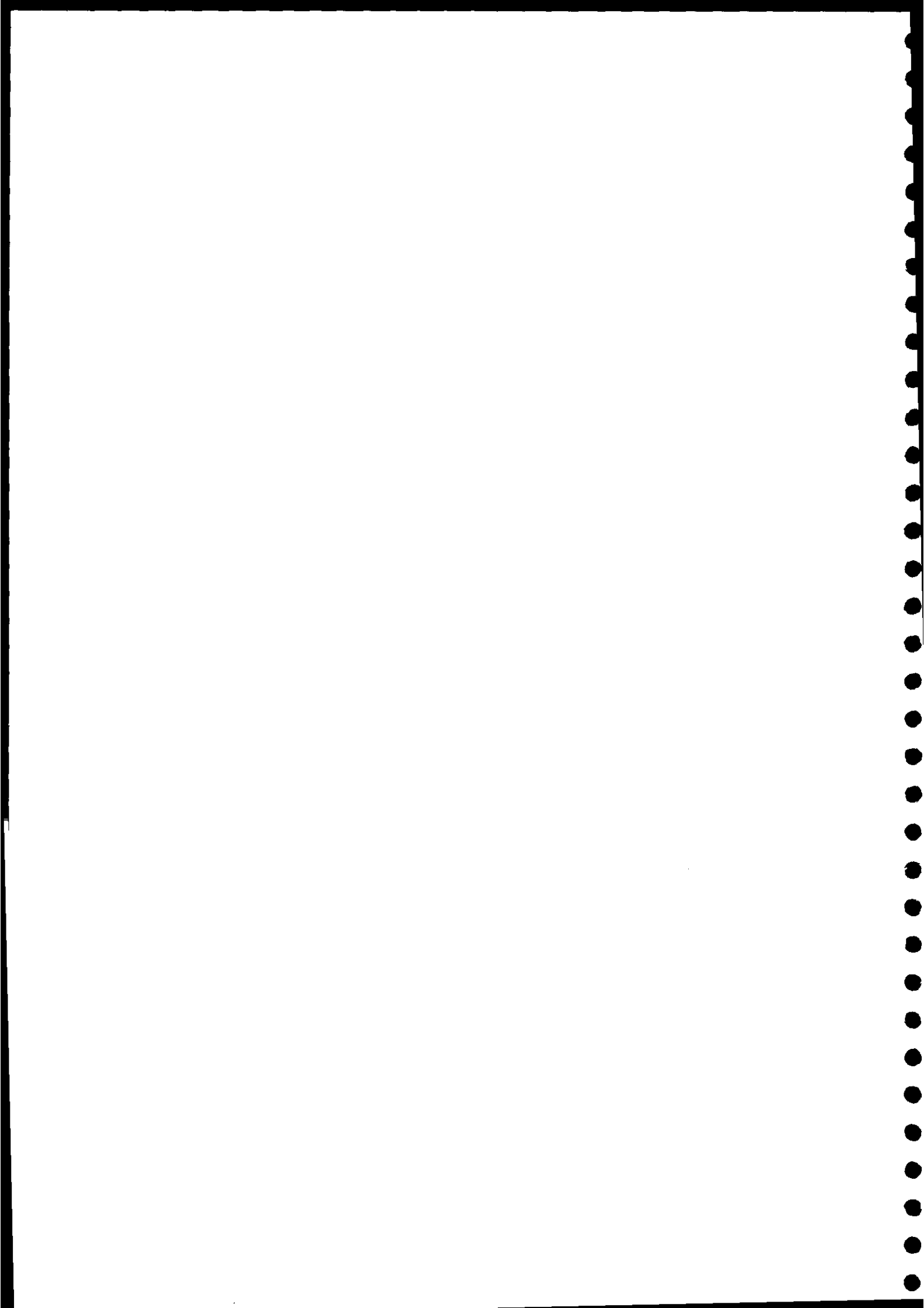
Company No: 2056420

KLEINWORT BENSON PRIVATE BANK LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2005

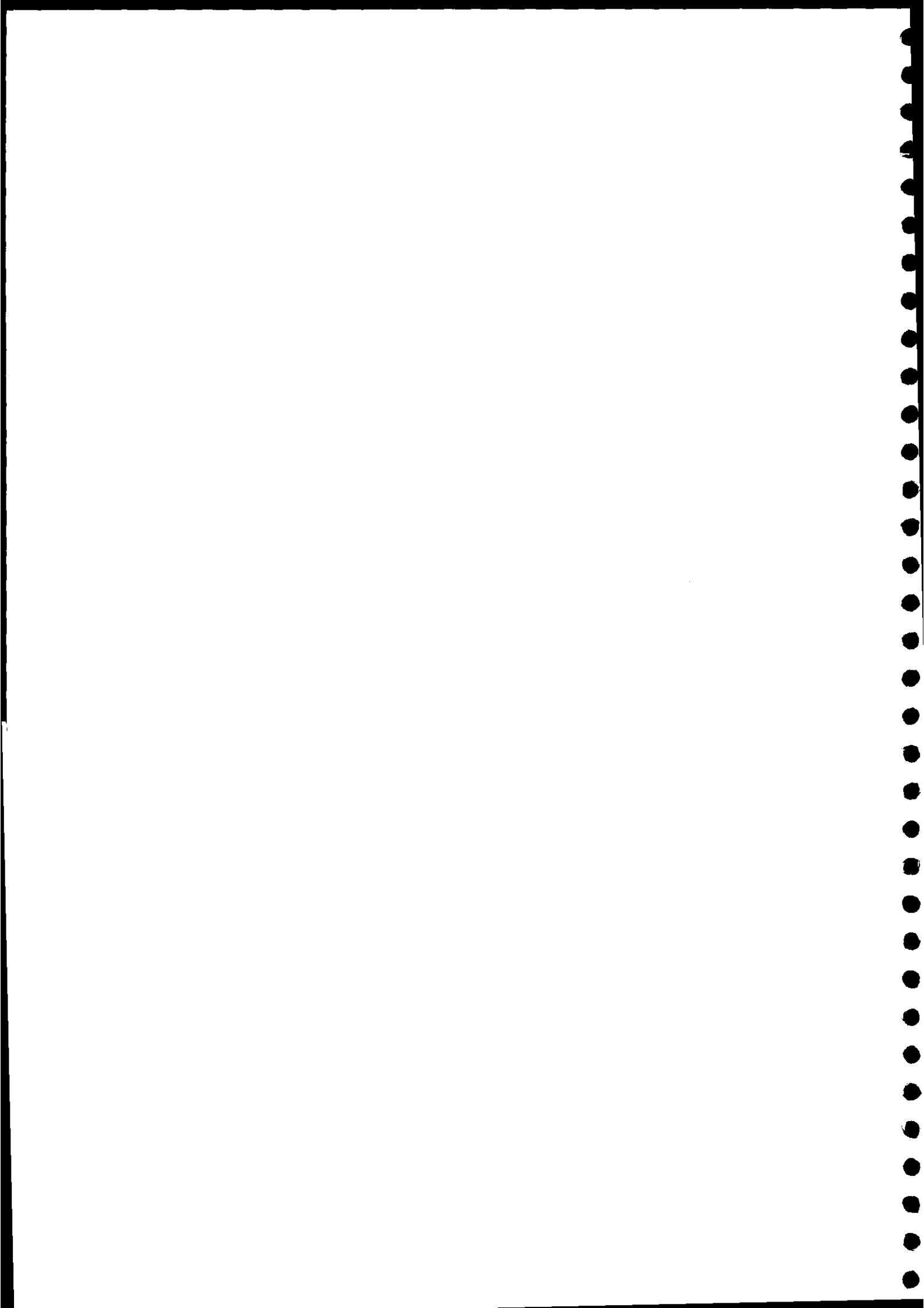




KLEINWORT BENSON PRIVATE BANK LIMITED

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KLEINWORT BENSON PRIVATE BANK LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of private banking services (including wealth management, fiduciary, advisory and banking services) for high net worth individuals.

The Company is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority (FSA) for banking and investment business under the Financial Services and Markets Act 2000.

REVIEW OF THE BUSINESS

The operating performance of the Company remained satisfactory.

RESULTS AND DIVIDENDS

During the year, the Company made a profit on ordinary activities after taxation of £1,561,000 (2004: £4,572,000). The directors do not recommend the payment of a final dividend (2004: £nil). The retained profit of £1,561,000 (2004: profit of £4,572,000) has been transferred to reserves.

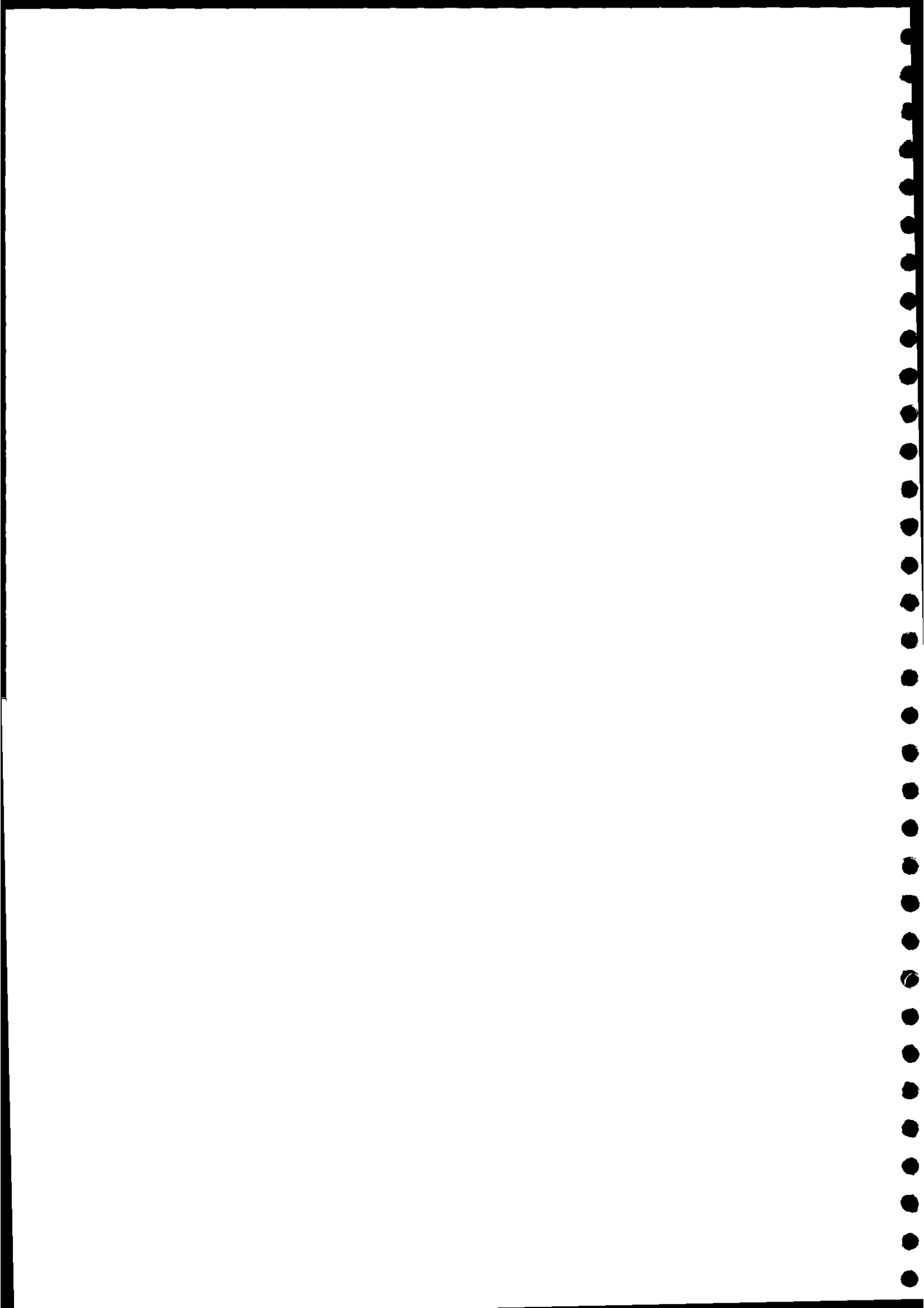
FINANCIAL INSTRUMENTS

The Company uses financial instruments as set out in notes 1 and 29 to the financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The following directors have held office since 31 December 2004:

	Name	Relationship with the Company
1	H Boschke	Holger Boschke resigned as a director of the Company on 24 th March 2006. Holger Boschke was the UK - based Deputy Chief Executive and a member of the Executive Committee. He has been an employee of Dresdner Bank AG since 1988.
2	Dr E Clerici	Enrico Clerici is a non-executive director of the Company and was the former Global Head of Private Banking International "PBI" of Dresdner Bank. He is a Senior Advisor to PBI, employed by Dresdner Bank (Switzerland) Ltd, a sister company within the Dresdner Bank Group
3	J I M Hamilton	Jim Hamilton is a non-executive director of the Company and is a member of the Audit Committee. He is Chairman of Corporate Broking in Dresdner Kleinwort Wasserstein, a sister business within the Dresdner Bank Group.
4	R D C Henderson	David Henderson is the non-executive Chairman of the Company. He was previously Chief Executive of the Company.



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	Name	Relationship with the Company
5	R C Hendry	Ron Hendry resigned as a non-executive director of the Company on 24 th March 2006. Ron Hendry was a non-executive director of the Company and member of the Audit Committee. He was previously employed by a sister company within the Dresdner Bank Group
6	P S S Macpherson	Strone Macpherson is an independent, non-executive director. He is Chairman of the Audit Committee.
7	R F Robins	Richard Robins is the CI - based Deputy Chief Executive; he is a member of the Executive Committee and has been an employee of Kleinwort Benson Channel Islands, a sister business within the Dresdner Bank Group, since 1968.
8	A J Simonet	Anton Simonet is a non-executive Deputy Chairman of the Company. He is the Global Head of the Private Banking International Business Line of Dresdner Bank; the functional reporting line for the management of the Company.
9	R B Taylor	Rob Taylor was appointed to the Board on 6 th January 2005, having joined the Company as Chief Executive on 15 th November 2004. He is Chairman of the Executive Committee.

None of the directors had an interest in the share capital of the Company, nor any disclosable interests in the shares or debentures of any group company. The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent company, Allianz AG, as it is incorporated outside the UK.

None of the directors benefited from qualifying third party indemnity provisions during the year or at the date of this report.

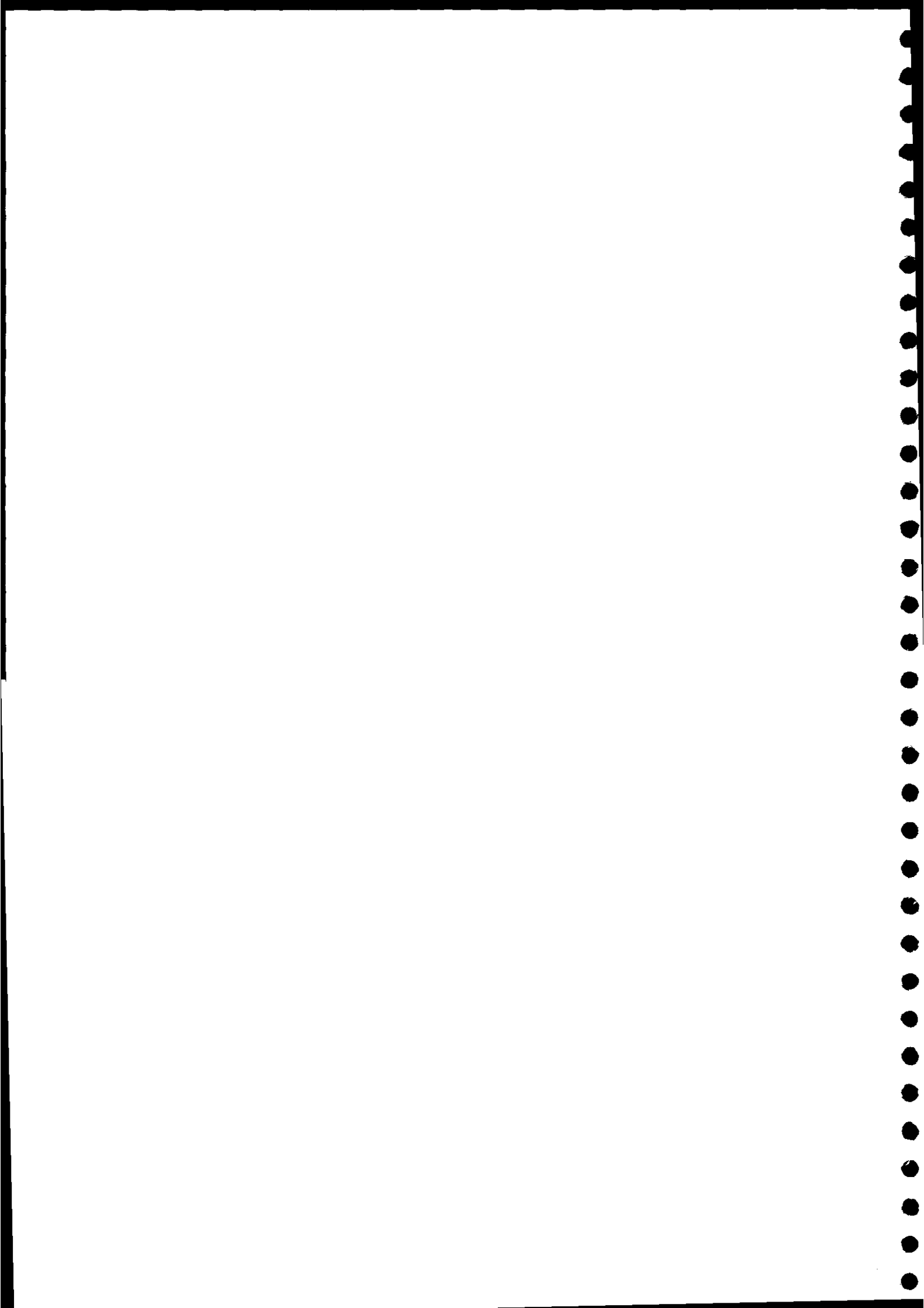
CORPORATE GOVERNANCE

As detailed previously, during 2005 the Board of Directors comprised three executive directors and six non-executive directors. Whilst only one non-executive director is fully independent, all are considered to be independent in character and judgement. The non-executive directors participate fully with their executive colleagues in Board Meetings and have access to any information they need to perform their duties.

The roles of Chairman and Chief Executive are separated and are clearly defined. The Chairman is primarily responsible for the working of the Board and the Chief Executive for the running of the business and implementation of Board strategy and policy.

The appointment of directors is considered by the Board and formally approved by the shareholder. Directors need not retire by rotation or stand for re-election by the shareholder.

The Board has at least six substantive meetings each year; a programme is prepared, and agreed each year, which ensures that the directors are able regularly to discharge their duties. Matters reserved for the attention of the Board include determination of the Company's strategy, reviews of budgets and financial statements, company acquisitions and disposals and major capital expenditure.



KLEINWORT BENSON PRIVATE BANK LIMITED

Every director is offered training upon appointment and as necessary during their appointment. All directors have access to the advice and services of the Company Secretary and may seek independent professional advice, if necessary, at the Company's expense.

The Board has appointed the following committees and each of them has formal terms of reference covering its authority and duties, which are regularly reviewed by the Board.

Executive Committee

The Board has delegated the day to day management of the business to the Executive Committee whose members are detailed above. The purpose of the Executive Committee is to consider the strategic and planning issues for the Company and make appropriate recommendations to the Board. The Executive Committee establishes reporting lines, requests reports and information and facilitates the conduct of the private banking business and the effective monitoring and review thereof, including: reviewing consolidated budgets, business plans and financial performance and the monitoring of risk.

Audit Committee

The Audit Committee comprises those non-executive directors detailed above as members of the Committee together with John Henwood, an independent non-executive director of Kleinwort Benson Channel Islands Holdings Limited (a sister company within the Dresdner Bank Group) who has been a member of the Committee since 22nd July 2005. Bernd Morgenschweis, who was a member of the credit department in Dresdner Bank, Frankfurt served on the Audit Committee until 19 January 2005.

The Audit Committee reviews the adequacy of the accounting systems and internal controls of the Company, the financial statements and the Company's accounting policies.

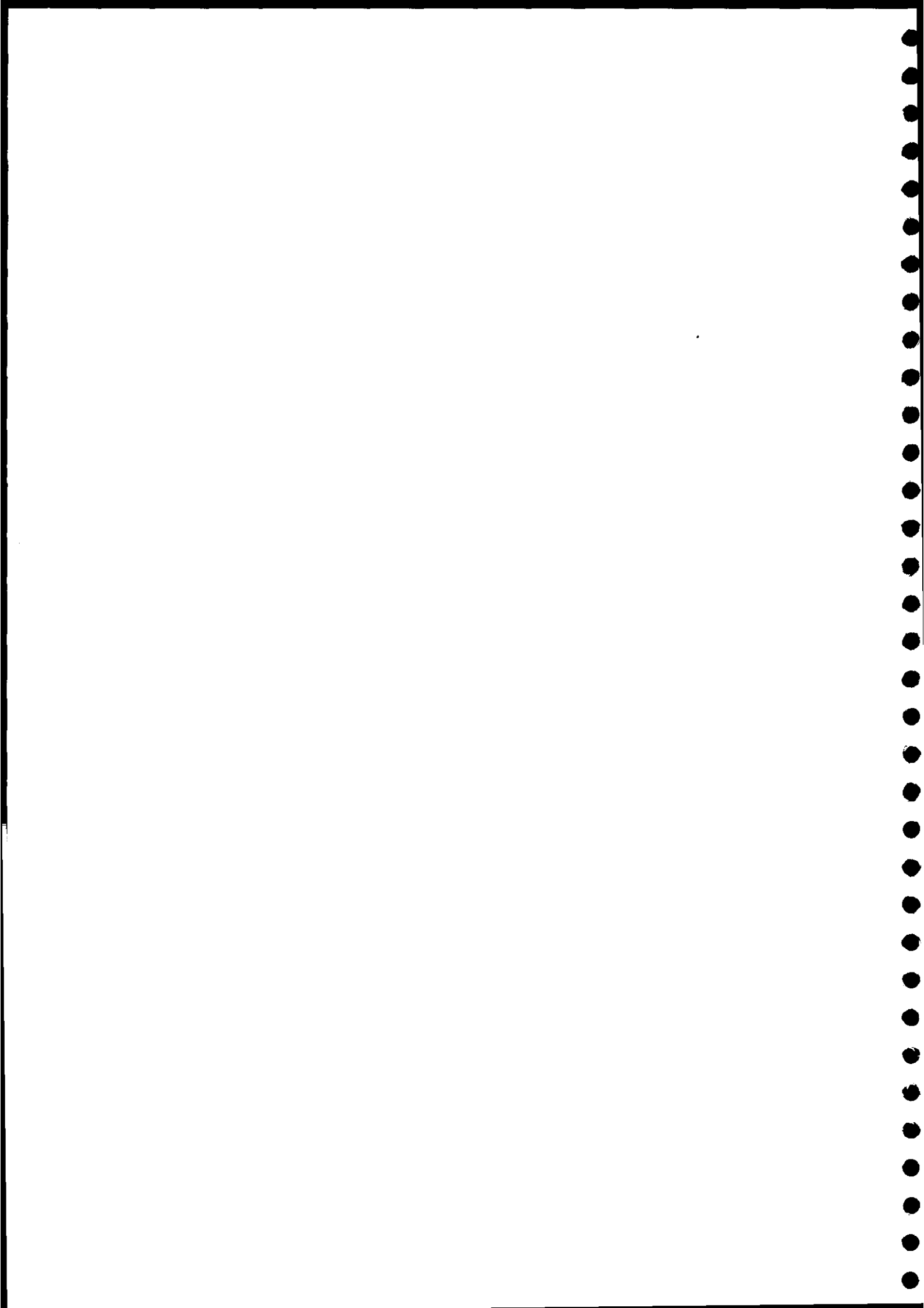
The Audit Committee is responsible for reviewing the external auditors' independence, the nature of non-audit services supplied and non-audit fee levels relative to the audit fee. Dependent on the type of non-audit service supplied, these services also have to be approved by the Audit Committee and at an appropriate level within Allianz AG.

The Committee has at least three substantive meetings each year. On invitation, the chairman, the chief executive, the head of finance, the head of risk control, the head of internal audit and the external auditors attend meetings to assist the committee to fulfil its duties.

EMPLOYEES

It is the Company's policy to give full and fair consideration to employees and potential employees without regard to race, colour, sex, gender reassignment, marriage, disability, ethnic or national origin. All Company policies, practices and procedures relating to resourcing, training, development and promotion are administered equally and in accordance with all applicable laws. It is the Company's policy to provide equal opportunities in all aspects of employment from the sourcing and selection of candidates, recruitment and training of employees to terms and conditions of employment and reasons for termination of employment and to ensure that any employment decisions are taken without reference to irrelevant or discriminatory criteria.

Communication with employees has continued through a cascade process, so all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with employees has also continued through presentations, newsletters and e-mails.



KLEINWORT BENSON PRIVATE BANK LIMITED

POLICY STATEMENT ON PAYMENT OF CREDITORS

The Company's policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of their terms and to settle accounts in accordance with them. The number of creditor days in relation to suppliers' balance outstanding at year-end was nil (2004: nil).

POLITICAL AND CHARITABLE CONTRIBUTIONS

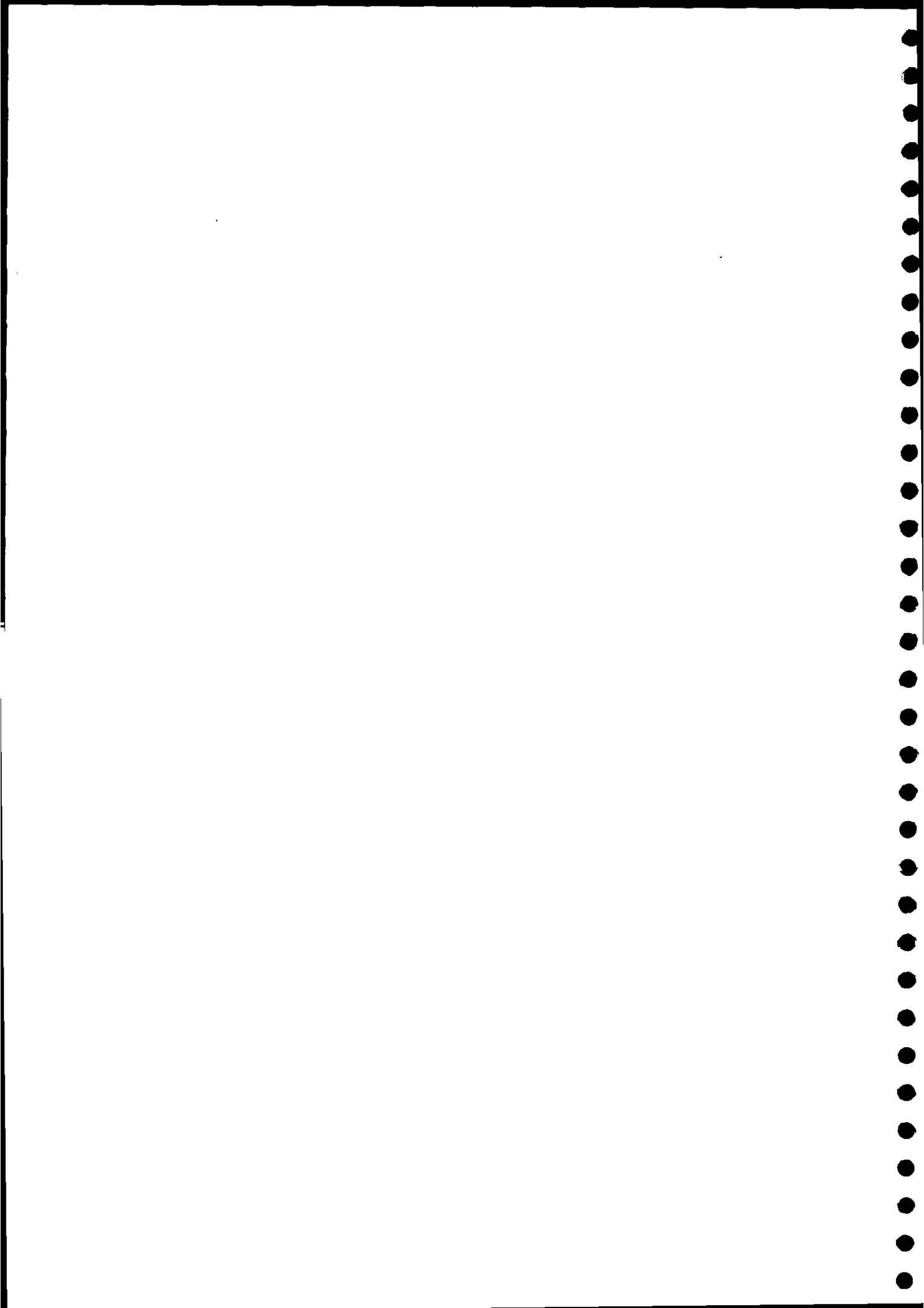
The Company made no political or significant charitable contributions during the year. Staff are encouraged to participate in charitable activities and, in certain circumstances, receive matching donations from a charitable fund which is operated separately to these accounts.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The directors have taken advantage of the Elective Resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of auditors and, accordingly, KPMG Audit Plc will remain in office.



KLEINWORT BENSON PRIVATE BANK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

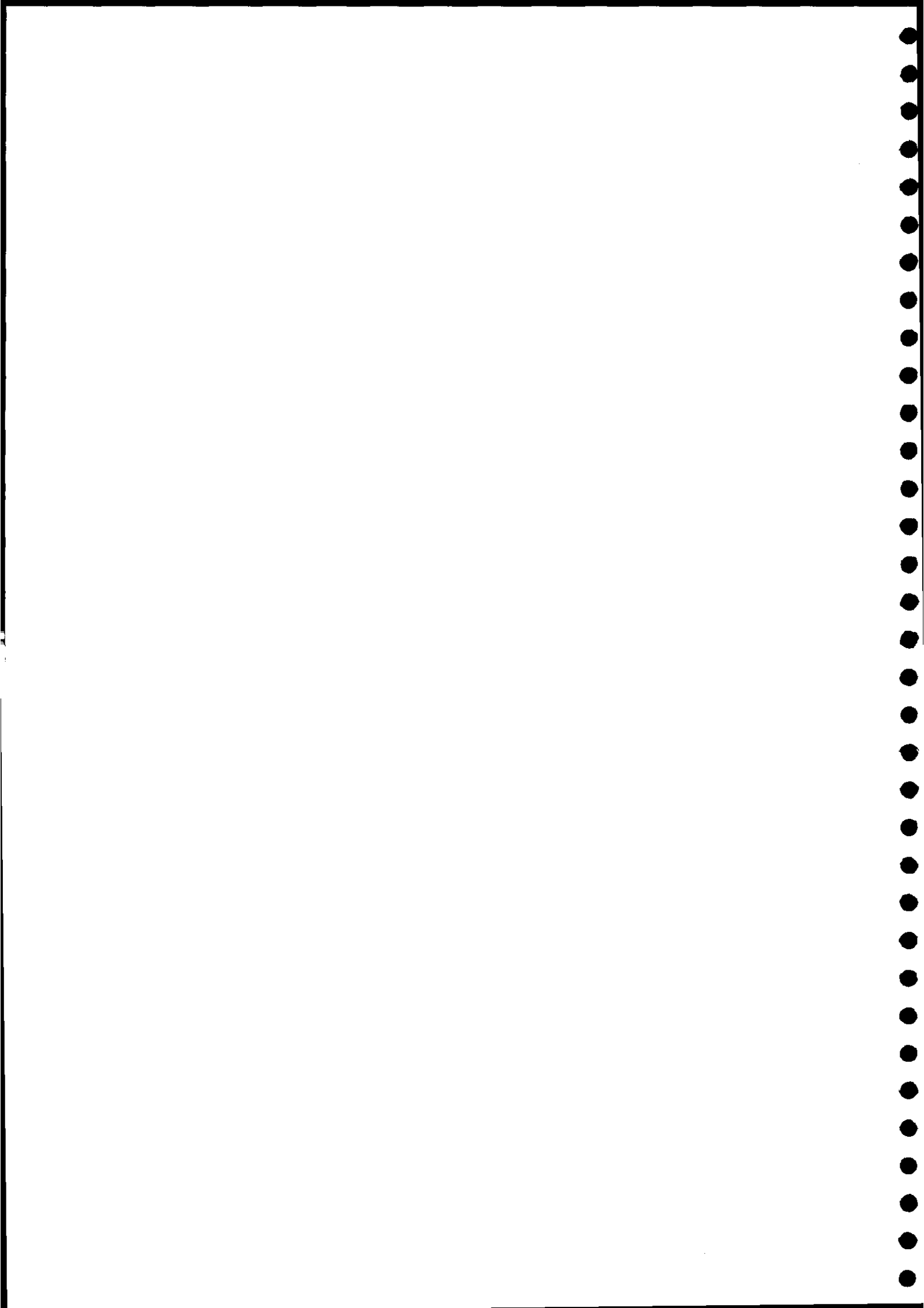
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors
Signed on behalf of the Board



J C Boait
Secretary
28 March 2006

10 Fenchurch Street
London EC3M 3LB



KLEINWORT BENSON PRIVATE BANK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLEINWORT BENSON PRIVATE BANK LIMITED

We have audited the financial statements of Kleinwort Benson Private Bank Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 6, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

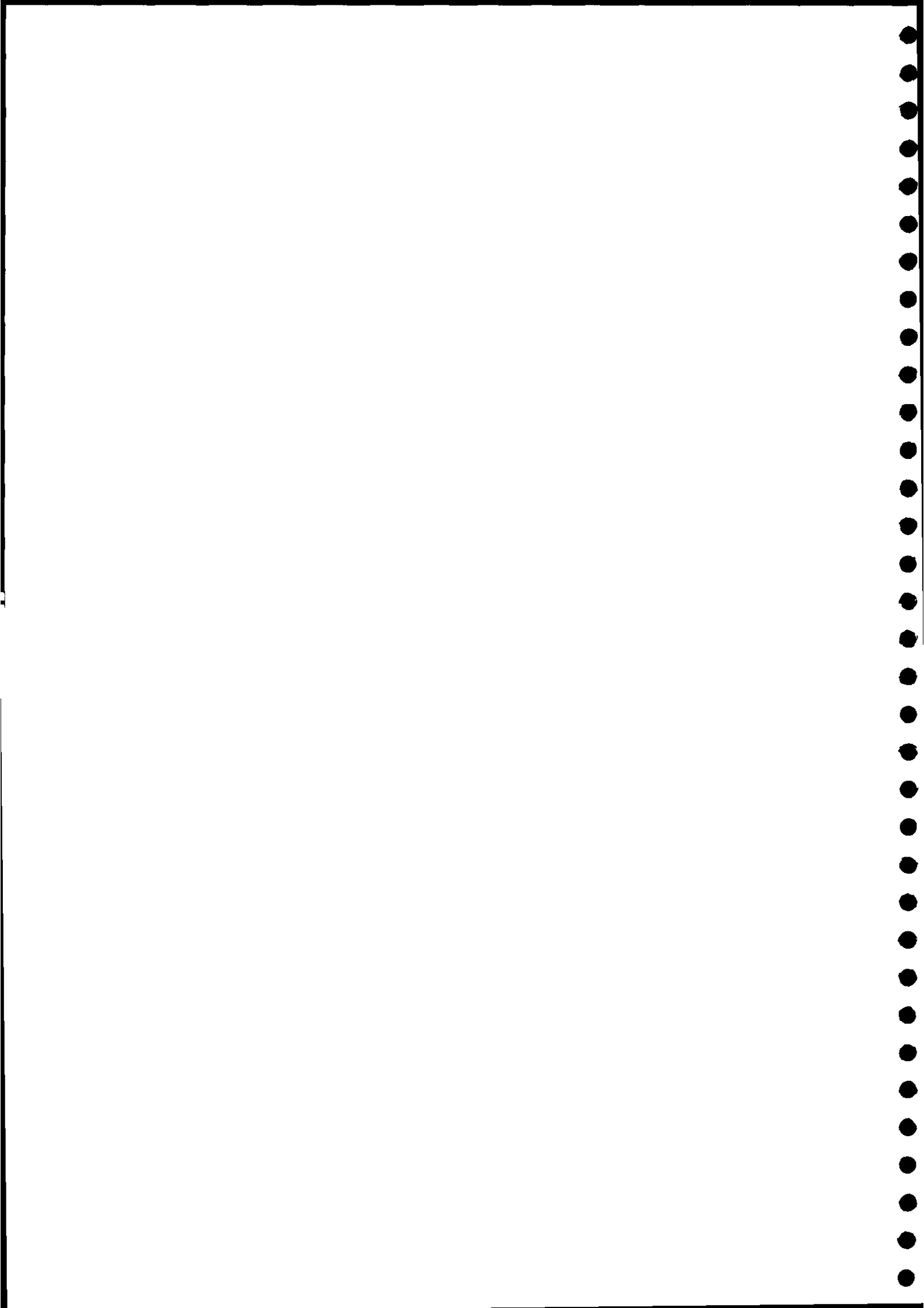
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



KLEINWORT BENSON PRIVATE BANK LIMITED

Opinion

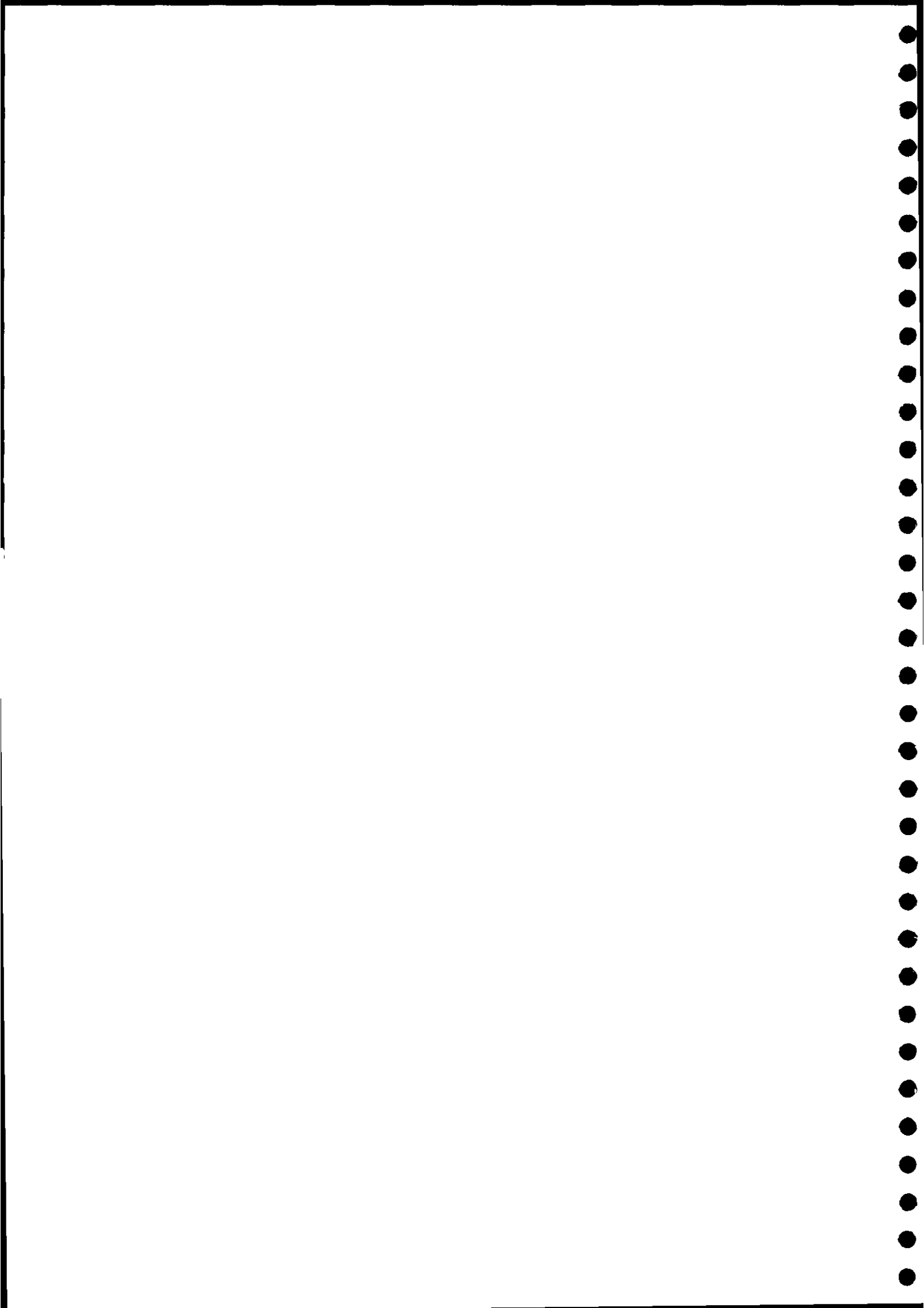
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London
28 March 2006



KLEINWORT BENSON PRIVATE BANK LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

	Notes	2005 £'000	Restated 2004 £'000
Interest receivable:			
- interest receivable and similar income arising from Debt and other Fixed Income Securities		41,795	34,922
- other interest receivable and similar income		20,560	10,734
Less: interest payable		(54,454)	(37,944)
NET INTEREST INCOME		7,901	7,712
Dividend Income	3	-	14
Fees and Commissions Receivable		30,467	31,209
Fees and Commissions Payable		(911)	(1,058)
Dealing losses		(2,332)	-
Other operating income	4	754	746
OPERATING PROFIT		35,879	38,623
Administrative Expenses	5	(33,559)	(31,934)
Adjustments to Provisions for Bad and Doubtful Debts	10	-	166
Amounts written off fixed asset investments	12	(8)	(16)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	6	2,312	6,839
Tax on Profit on Ordinary Activities	7	(751)	(2,267)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAX FOR THE YEAR		1,561	4,572

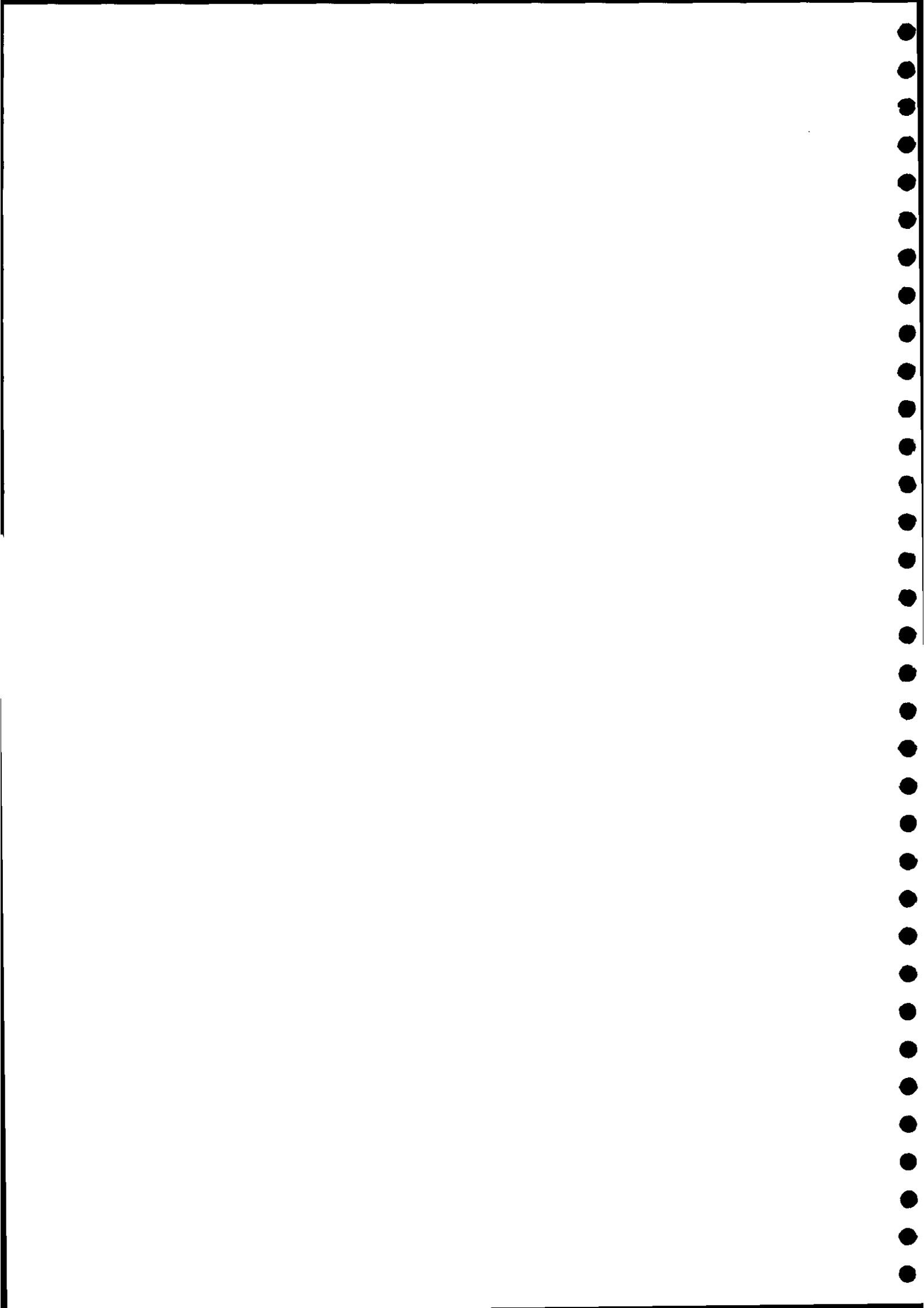
There is no difference between the profit on ordinary activities before and after tax for the current year and previous year, except where fair values are used for derivative instruments, as stated in the accounting policies, Note 1.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2005

	2005 £'000	Restated 2004 £'000
Retained profit for the year	1,561	4,572
Prior year adjustment on adoption of FRS 17	(6,913)	-
TOTAL (LOSSES)/GAINS RECOGNISED SINCE LAST REPORT	(5,352)	4,572

The accounting policies and notes on pages 11 to 40 form part of these accounts.



KLEINWORT BENSON PRIVATE BANK LIMITED

BALANCE SHEET

as at 31 December 2005

	Notes	2005 £'000	Restated 2004 £'000
ASSETS			
Loans and Advances to Banks	8	163,012	21,314
Loans and Advances to Customers	9	54,992	45,089
Debt and other Fixed Income Securities	11	1,092,609	917,022
Equity Shares	12	38	32
Shares in Group Undertakings	13	432	432
Settlement Balances	25	4,574	6,691
Tangible Fixed Assets	14	299	-
Other Assets	15	50,212	6,714
Prepayments and Accrued Income		27,837	30,117
Deferred Taxation	16	2,488	2,963
Total Assets		1,396,493	1,030,374
LIABILITIES			
Deposits by Banks	17	629,132	212,811
Customer Accounts	18	665,046	722,082
Settlement Balances	25	2,836	5,919
Other Liabilities	19	25,340	21,932
Provisions for Liabilities	20	2,024	1,569
Accruals and Deferred Income		14,461	9,968
		1,338,839	974,281
Called Up Share Capital	21	23,683	23,683
Share Premium Account	22	167	167
Profit and Loss Account	22	33,804	32,243
		57,654	56,093
Total Liabilities		1,396,493	1,030,374
MEMORANDUM ITEMS			
Contingent Liabilities:			
Guarantees and Assets Pledged as Collateral Security	23	1,886	1,767
Commitments:			
Other Commitments	23	28,668	66,370

Approved by the Board of Directors on 28 March 2006 and signed on its behalf by:



R B Taylor
Director



J M Hamilton
Director

The accounting policies and notes on pages 11 to 40 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) (a) Basis of Preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 17 'Retirement benefits' in full;
- FRS 20 'Share based payments';
- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial Instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking companies, Statements of Recommended Accounting Practices ('SORP') issued by the British Bankers' Association and applicable accounting standards. The financial statements have been prepared on a basis consistent with the prior year, except where otherwise disclosed.

Taking advantage of section 228(1) of the Companies Act 1985, group accounts have not been prepared as the Company is itself a wholly owned subsidiary of another company established under the law of a member State of the European Economic Community.

(b) Portfolio Asset Management Fees, Commissions, Structured Product Fees, Real Estate Fees and Interest Income

Commissions charged to clients on securities transactions are credited to the profit and loss account and collected as they fall due.

Portfolio asset management fees in excess of commission already charged are accounted for on an accruals basis.

Fees from Structured Products transactions are credited to the profit and loss account and collected as they fall due.

The company introduces clients into property development activity and manages the relationship between the clients and property developers through the period of development. The company is entitled to a fee based upon the profitability of the scheme on completion. Income in relation to this activity is credited to the profit and loss on an invoiced basis given the uncertainty of the amount due at the end of the period.

Interest on advances is accounted for as it accrues.

1 ACCOUNTING POLICIES (continued)

(c) Provisions for Bad and Doubtful Debts

Specific provisions against bad and doubtful debts are made on the basis of regular reviews of exposures. Provisions are charged directly to the profit and loss account. Debts are written off when it is considered that there is no realistic prospect of recovery.

Interest income that is considered doubtful is excluded from the profit and loss account and credited to the balance sheet. When there is no realistic prospect of recovery the balance is written off.

(d) Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at mid-market closing rates of exchange ruling at the balance sheet date except where they are covered by forward contracts. When a foreign currency asset or liability is covered by a forward contract it is translated into sterling at the spot rate implied in the forward contract and the effect of the movement in this rate is taken to the profit and loss account on a daily basis.

All foreign exchange translation differences are recognised in the profit and loss account.

(e) Financial Instruments

The Company uses derivative financial instruments to hedge both exposures to fluctuations in interest and foreign exchange rates and to enter into strategic interest rate risk investment positions. Derivative instruments utilised by the Company are forward rate agreements, forward foreign exchange contracts, interest rate swaps and options.

These derivative financial instruments have been classified in accordance with the British Bankers' Association SORP on Derivatives, and are accordingly measured at fair value with changes recognised in the profit and loss account immediately, unless a hedging relationship can be proven. Where a hedging relationship exists derivative transactions are measured on an accrual basis. Positive and negative fair values are only netted where a legal right to do so exists.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered in the foreseeable future.

(g) Interests in Associated Undertakings and Subsidiary Undertakings

Interests in associated undertakings and shares in subsidiary undertakings are stated at cost less provision for impairment in value.

1 ACCOUNTING POLICIES (continued)

(h) Fixed Asset Investments

Equity shares are included in the balance sheet at market value, or if shares are not readily transferable, at directors' valuation. Any movement in value below original cost is deemed an impairment in value against which a provision is made.

Debt securities are valued at cost, adjusted for amortisation of any material premium or discount on purchases over the period to redemption, less provision for impairment in value.

(i) Tangible Fixed Assets and Depreciation

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life of between two to five years. Fixed assets are periodically reviewed for impairment. Where the carrying amount is greater than its estimated recoverable amount, the asset is written down to its recoverable amount.

(j) Leased Assets

All leases are classified as operating leases and the annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

(k) Share based payments

The Allianz Employee Share Purchase Plan and Group Equity Incentive Plans allow employees to acquire shares in Allianz AG, the ultimate parent company, or receive payouts from the Company with reference to Allianz AG share prices. The fair value of the cash settled share based payments to employees is recognised as an expense with a corresponding increase in liabilities. The fair values are measured at grant date and spread on a straight-line basis over the period during which the employees become unconditionally entitled to the payments. The fair value is measured by reference to the market value of Allianz AG shares or by using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

(l) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No.1 (revised) not to prepare a cash flow statement, as a parent undertaking, Dresdner Bank AG, prepares consolidated accounts which are publicly available.

(m) Post retirement benefits

The Company has this year fully adopted FRS 17 'Retirement Benefits'. Under this standard, the Company applies the multi employer exemption as the Company is unable to identify its share of the underlying assets and liabilities of the defined benefit section of the Dresdner Kleinwort Wasserstein Pension Plan and the Post Retirement Healthcare Plan (PRHC). Therefore the Company accounts for the schemes as if they were defined contribution schemes.

KLEINWORT BENSON PRIVATE BANK LIMITED

1 ACCOUNTING POLICIES (continued)

As a result a prior year adjustment is required so as to write off a prepayment of £9,876,378 which was being carried in the balance sheet, representing the unamortised portion of a lump sum payment made in 2002 under the revised policy and charged in full in the profit and loss account in that year. The net effect on the profit and loss account for 2004 is a reduction in the pension cost of £647,107.

2 SEGMENTAL INFORMATION

The Company's business relates to the provision of private banking services (including wealth management, fiduciary, advisory and banking services) for high net worth individuals, which the directors consider to constitute one business segment.

The Company operates from a single geographical location, namely the United Kingdom.

3 DIVIDEND INCOME

	2005 £'000	2004 £'000
Income from listed investments	-	14
	-	14

4 OTHER OPERATING INCOME

	2005 £'000	2004 £'000
Foreign exchange gains	447	637
Gains relating to hedges on group share incentive plans	307	77
Other capital gains	-	32
	754	746

5 ADMINISTRATIVE EXPENSES

The Company is a member of a funded defined benefit scheme and a defined contribution pension scheme (the Dresdner Kleinwort Wasserstein Pension Plan (the Plan)) that are operated in London on behalf of group undertakings. There are also unfunded arrangements in place to provide health insurance (PRHC) in retirement for a substantial proportion of its pensioners and staff. Pension and post retirement health insurance costs are re-charged to the Company on the basis of contributions and premiums paid in respect of those staff by Dresdner Kleinwort Wasserstein Limited.

A formal valuation of the Plan is performed every three years by qualified independent actuaries. The latest full formal actuarial valuation was carried out as at 1 January 2005. At that date, the market value of the assets of the Plan was £549 million (£402 million in respect of the defined benefit section and £147 million in respect of the defined contribution section). Based on the assumptions used, the value of assets attributable to defined benefit members was sufficient at that date, on a going concern basis, to cover 81% of the value of benefits that had accrued to members. The actuarial method used for this assessment was the Projected Unit method and the main assumptions used were an investment return of 5.29%, salary growth of 4.75% and pension increases of 2.75%.

5 ADMINISTRATIVE EXPENSES (continued)

The most recent assessment of the PRHC liability was carried out with the advice of independent qualified actuaries as at 1 January 2000 in accordance with the requirements of SFAS 106, the US GAAP standard relating to post retirement benefits other than pensions, as per the requirements of UITF 6. The actuarial method used for this assessment was the Projected Unit method and the main assumptions used were a discount rate of 6.75% and healthcare claims costs inflation of 8.0%. The assessed value of the liabilities at that date was £22.7m.

The Company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and hence have applied the multi employer exemption under FRS 17 to account for the schemes as if they were defined contribution schemes.

The contribution payable in 2005 by the Company was £2,474,693 in respect of the defined benefit section (2004- £2,446,020) and £713,064 in respect of the defined contribution section (2004- £672,080).

The trustees have agreed a series of future contributions in respect of the defined benefit section of the Plan for the next 15 years, intended to clear the current deficit, subject to review at future actuarial valuations. The overall contribution paid on behalf of the participating companies to the defined benefit section of the Plan in 2005 was £12.1m and the overall contribution for 2006 will be £17m.

The overall premiums payable on behalf of the participating companies in respect of members of the PRHC will be approximately £1.6m in 2006. Premiums are reviewed annually in July. The overall contribution for 2005 was £1.5m.

The major assumptions used by the actuary as at 31 December 2005 were:

	DrKW Plan – Defined Benefit Section	Post Retirement Medical Benefit
Discount rate	4.78%	4.78%
Retail price index	2.75%	-
Salary increases	4.75%	-
Pension/medical cost increases	2.75%	8.00%

The major assumptions used by the actuary as at 31 December 2004 were:

	DrKW Plan – Defined Benefit Section	Post Retirement Medical Benefit
Discount rate	5.40%	5.40%
Retail price index	2.60%	-
Salary increases	4.60%	-
Pension/medical cost increases	2.60%	7.00%

KLEINWORT BENSON PRIVATE BANK LIMITED

5 ADMINISTRATIVE EXPENSES (continued)

The assets in the schemes and the expected rates of return as at 31 December 2005 were:

	Long term rate of return	DrKW Plan – Defined Benefit Section £m	Post Retirement Medical Benefit £m
Equity	8.00%	196.6	-
Corporate bonds	4.78%	97.4	-
Gilts	4.00%	165.5	-
Other	4.50%	11.6	-
Total		471.1	-

The assets in the schemes and the expected rates of return as at 31 December 2004 were:

	Long term rate of return	DrKW Plan – Defined Benefit Section £m	Post Retirement Medical Benefit £m
Equity	8.50%	175.4	-
Corporate bonds	5.40%	92.9	-
Gilts	4.50%	131.8	-
Other	4.75%	1.8	-
Total		401.9	-

The following amounts at 31 December 2005 were measured in accordance with the requirements of FRS 17:

	DrKW Plan – Defined Benefit Section £m	Post Retirement Medical Benefit £m	Total £m
Total market value of assets	471.1	-	471.1
Present value of scheme liabilities	566.6	43.2	609.8
Deficit in the scheme	(95.5)	(43.2)	(138.7)

The following amounts at 31 December 2004 were measured in accordance with the requirements of FRS 17:

	DrKW Plan – Defined Benefit Section £m	Post Retirement Medical Benefit £m	Total £m
Total market value of assets	401.9	-	401.9
Present value of scheme liabilities	427.7	31.7	459.4
Deficit in the scheme	(25.8)	(31.7)	(57.5)

KLEINWORT BENSON PRIVATE BANK LIMITED

5 ADMINISTRATIVE EXPENSES (continued)

Directors' Remuneration	2005 £'000	2004 £'000
Aggregate emoluments	772	692
Company pension contributions to money purchase schemes	<u>27</u>	<u>35</u>

Retirement benefits are accruing to two directors (2004 – one) under the money purchase scheme and to no director (2004 – nil) under a defined benefit scheme. For details on Group Equity Incentive schemes see note 30.

Highest paid director	2005 £'000	2004 £'000
Aggregate emoluments	307	250
Company pension contributions to money purchase scheme	<u>-</u>	<u>28</u>

Staff costs	2005 £'000	2004 £'000
Wages and salaries	13,671	13,067
Social Security costs	1,590	1,490
Other pension costs	<u>3,188</u>	<u>3,506</u>
	<u>18,449</u>	<u>18,063</u>

Average number of employees for the period 1 January to 31 December	222	225
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6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before taxation is stated after charging:	2005 £'000	2004 £'000
Expenses paid by Dresdner Kleinwort Wasserstein Limited on behalf of the Company and subsequently recharged	23,788	24,724
Operating lease charges	1,258	1,446
Auditors' remuneration (excluding VAT)	<u>213</u>	<u>150</u>

The management charge is stated net of recharges to other group undertakings.

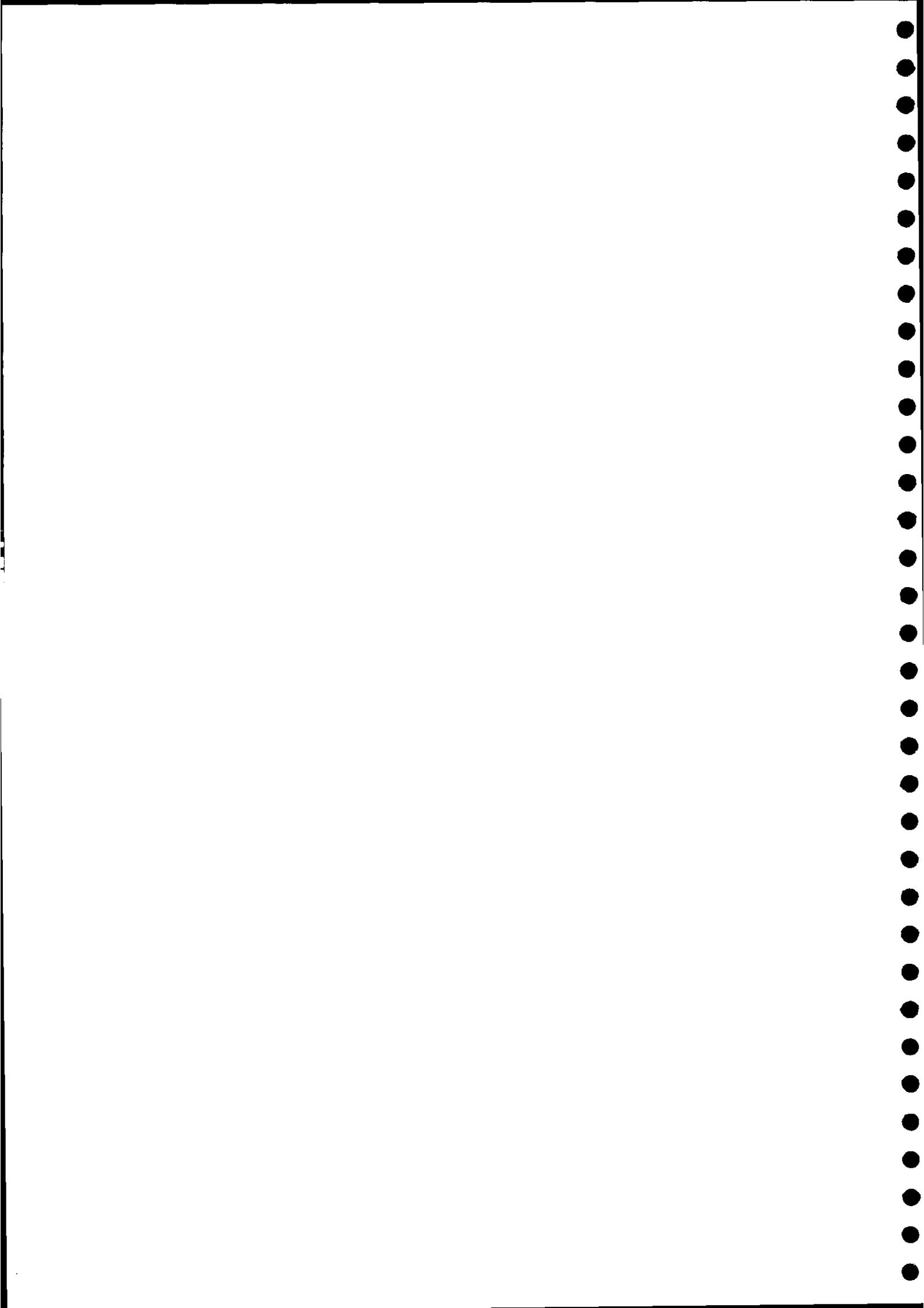
In addition to audit fees, other fees (excluding VAT) of £108,938 (2004 - £21,250) were paid to the auditors in respect of non-audit services.

KLEINWORT BENSON PRIVATE BANK LIMITED

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
Taxation is based on the results for the year and comprises:		
Current tax:		
Group relief payable at 30%	-	2,213
Adjustment in respect of prior periods	(319)	-
Foreign tax	595	54
Total current tax	276	2,267
Deferred tax (see note 16):		
Release of deferred tax asset on adoption of FRS17	2,963	-
Losses carried forward	(2,023)	-
Origination of timing differences	(465)	-
Total deferred tax	475	-
Total tax on profit on ordinary activities	751	2,267

	2005 £'000	2004 £'000
Factors affecting current tax charge for the year		
Profit on ordinary activities before tax	2,312	6,192
Profit on ordinary activities at standard rate of corporation tax in the UK of 30%	694	1,858
Effects of:		
Tax free income		
- dividends	-	(4)
Additional deductible items	(3,138)	
Expenses not deductible for tax purposes	421	361
Adjustment to tax charge in respect of prior periods	(319)	-
Foreign tax charge	595	54
Losses available for carry-forward	2,023	-
Group relief claimed free of charge	-	(2)
Current tax charge for year	276	2,267



KLEINWORT BENSON PRIVATE BANK LIMITED

8 LOANS AND ADVANCES TO BANKS

	2005 £'000	2004 £'000
Remaining maturity:		
Three months or less	161,425	19,727
One year or less but over three months	-	-
Over one year but less than five years	1,587	1,587
	163,012	21,314

Included in the above are amounts totalling £2,744,586 (2004 - £2,677,498) that are repayable on demand. Included in the above is £1,844,370 (2004 - £17,583,568) owed by a fellow group undertaking. There are no subordinated amounts included in the above.

9 LOANS AND ADVANCES TO CUSTOMERS

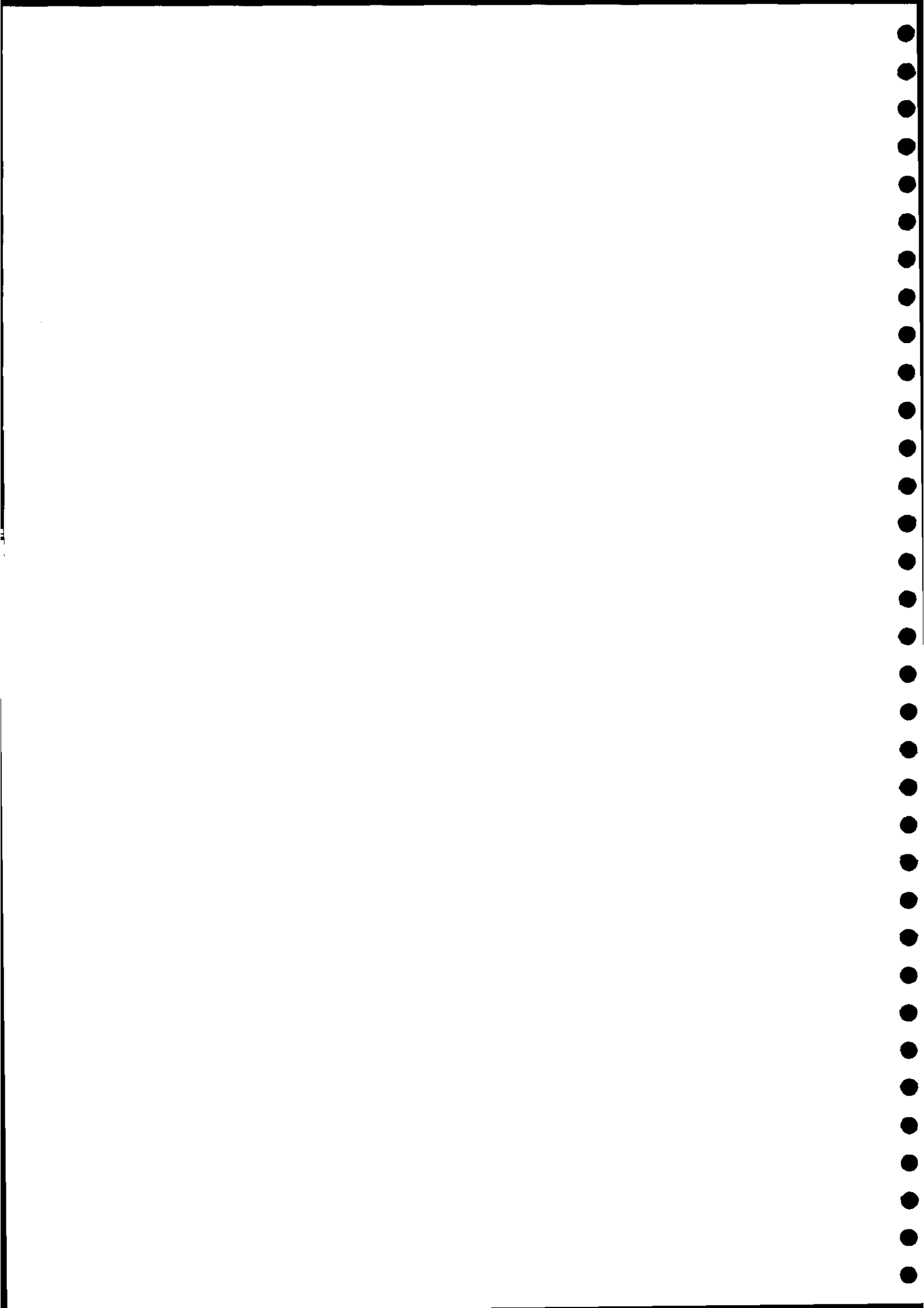
	2005 £'000	2004 £'000
Remaining maturity:		
Three months or less	336	11,329
One year or less but over three months	24,117	9,800
Five years or less but over one year	21,567	11,751
Over five years	11,350	14,587
General and specific bad and doubtful debt provisions (Note 10)	(2,378)	(2,378)
	54,992	45,089

Included in the above are amounts totalling £271,780 (2004 - £649,779) that are repayable on demand or at short notice.

Included in the above are loans totalling £2,555,371 before provisions, £2,378,680 after interest provisions (2004 - £2,555,371 before provisions, £2,378,680 after interest provisions) on which interest has been suspended.

Included in the above is £240,965 (2004 - £184,807) owed by a fellow group undertaking.

There are no subordinated amounts included in the above.



KLEINWORT BENSON PRIVATE BANK LIMITED

10 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	Specific £'000	2005 General £'000	Total £'000	Specific £'000	2004 General £'000	Total £'000
At 1 January	2,378	-	2,378	2,544	-	2,544
Charge for the year	-	-	-	40	-	40
Releases and recoveries	-	-	-	(206)	-	(206)
At 31 December	2,378	-	2,378	2,378	-	2,378
Of which:						
Loans and advances to customers	2,378	-	2,378	2,378	-	2,378

11 DEBT SECURITIES AND OTHER FIXED INCOME SECURITIES

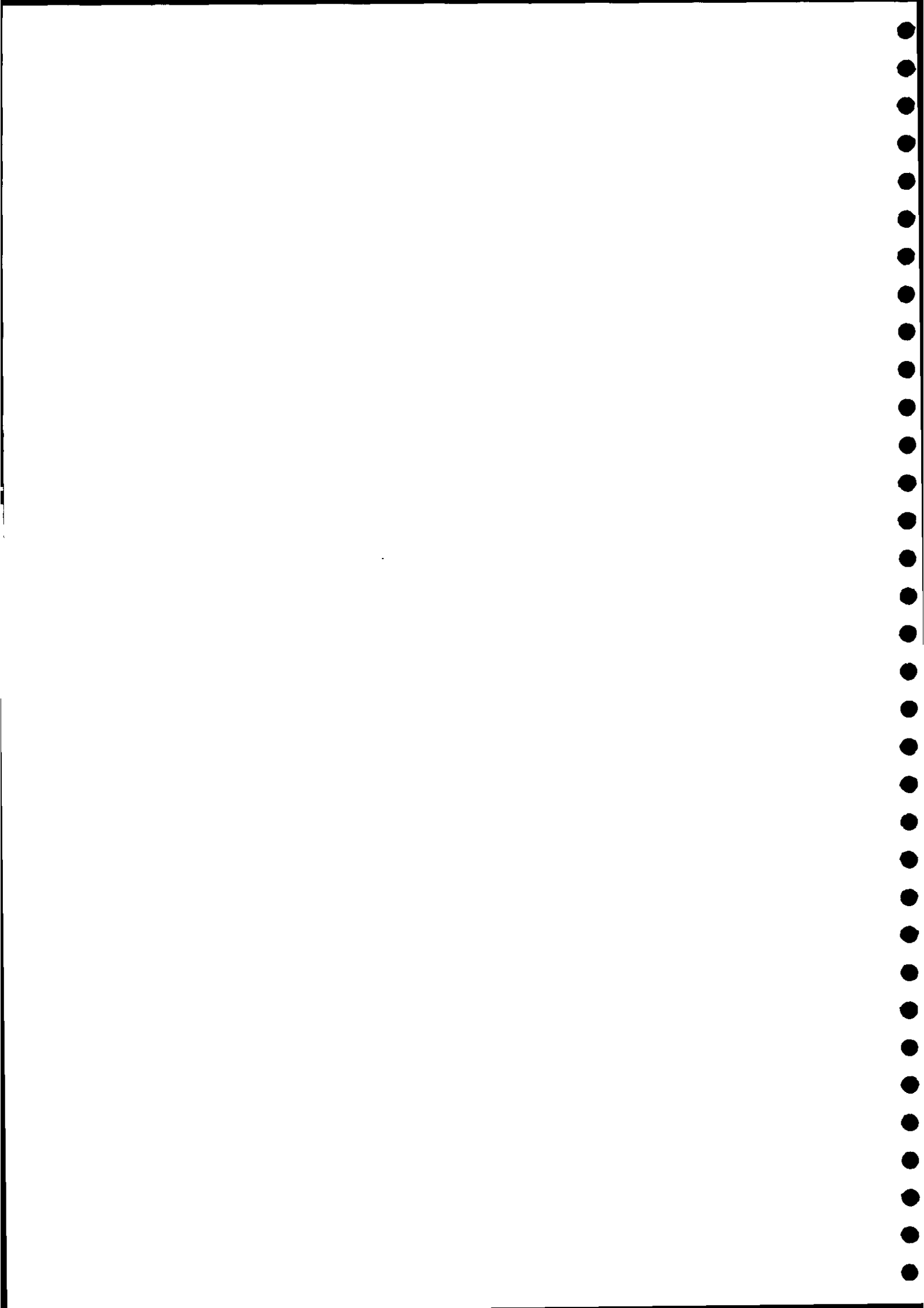
	2005		2004	
	Balance Sheet £'000	Market Value £'000	Balance Sheet £'000	Market Value £'000
Issued by Banks:				
Investment Securities - Floating rate note (FRN) interest coupons	854	849	12,981	13,292
Investment Securities - Certificates of Deposit	1,091,755	1,090,460	904,027	903,850
Issues by Non-banks:				
Investment Securities - Convertible loan notes	-	-	14	14
Investment securities	1,092,609	1,091,309	917,022	917,156

Market values are determined by reference to quoted market prices or, where no market price is available, using internal models that discount expected future cash flows at prevailing interest rates.

All the certificates of deposit are due within one year and are unlisted. These are held until maturity. In the opinion of the directors there has been no impairment in value.

Included in the above are amounts receivable from group undertakings totalling £25,000,000 (2004- £nil).

The loan notes converted to equity shares on 31 December 2005, as per note 12.



KLEINWORT BENSON PRIVATE BANK LIMITED

11 DEBT SECURITIES AND OTHER FIXED INCOME SECURITIES (continued)

	2005 £'000	2004 £'000
Remaining maturity of Floating Rate Note interest coupons:		
One year or less	854	12,067
Five years or less but over one year	-	914
	854	12,981

	FRN Interest coupons £'000	CD's £'000	Loan notes £'000	Total £'000
At 1 January 2005	12,981	904,027	14	917,022
Acquisitions	-	1,329,289	-	1,329,289
Receipt of FRN coupons	(12,127)	-	-	(12,127)
Foreign currency adjustments	-	10,914	-	10,914
Maturities	-	(1,152,475)	(14)	(1,152,489)
At 31 December 2005	854	1,091,755	-	1,092,609

There are no material unamortised premiums or discounts included in the above.

12 FIXED ASSET INVESTMENTS - EQUITY SHARES

	2005		2004	
	Balance Sheet £'000	Directors' Valuation £'000	Balance Sheet £'000	Directors' Valuation £'000
Investment Securities				
At 1 January	32	32	2,016	2,016
Arising on conversion of loan notes (see note 11)	14	14	-	-
Disposals	-	-	(1,968)	(1,968)
Provision for (decrease)/increase in value of equity shares	(8)	(8)	(16)	(16)
At 31 December	38	38	32	32

KLEINWORT BENSON PRIVATE BANK LIMITED

13 SHARES IN GROUP UNDERTAKINGS

	£'000
At 1 January 2005	432
Acquisitions	-
Disposals	-
At 31 December 2005	432

	£'000
The subsidiary undertakings and their costs are:	
FINANCIAL ADVISERS	
Kleinwort Benson Financial Services Limited	100
Kleinwort Benson Trustees Limited	100
NON TRADING	
European Properties Inc. Limited	12
Fenchurch Nominees Limited	*
Frank Nominees Limited	*
GKB (General Partner) Limited	10
KBIM (IT) Nominees Limited	*
KBIM General Nominees Limited	*
KBIM Standby Nominees Limited	*
KBPB Nominees Limited (formerly Foreign Holdings Limited)	*
Kleinwort Benson Farmland Trust (Managers) Limited (75% owned)	*
Kleinwort Benson Unit Trusts Limited	200
Langbourn Nominees Limited	*
Norman Nominees Limited	*
RB Nominees Limited	*
Robert Benson Lonsdale & Co (Canada) Limited	10
	432

* The aggregate cost of this company is less than £1,000.

All the companies, with the exception of GKB (General Partner) Limited, are incorporated in Great Britain and registered in England and Wales. GKB (General Partner) Limited is registered in Guernsey. All the companies are 100% owned, except as noted above. The holdings are in ordinary shares unless stated otherwise. None of the subsidiary companies is a bank.

KLEINWORT BENSON PRIVATE BANK LIMITED**14 TANGIBLE FIXED ASSETS**

	2005 £'000	2004 £'000
Office furniture and equipment		
Historical cost 1 January 2005	-	-
Assets- in- progress additions	299	-
Historical cost 31 December 2005	299	
Depreciation and impairment losses	-	-
Carrying value 31 December 2005	299	-

As at 31 December 2005 the fixed assets were in the process of being constructed and depreciation will commence once the assets are ready for use. No office furniture or equipment were pledged as collateral for the Company's liabilities.

15 OTHER ASSETS

	2005 £'000	2004 £'000
Derivative financial instruments	45,730	2,741
Fee debtors	340	417
Amounts owed by group undertakings	867	10
Other assets	3,275	3,546
	50,212	6,714

The fee debtors represent balances due within one year.

16 DEFERRED TAXATION

	2005 £'000	2004 £'000
Deferred tax asset 1 January	2,963	2,963
(Charge)/ credit for the year	(475)	-
Balance 31 December	2,488	2,963
Comprising:		
Deferred tax asset on adoption of FRS17	-	2,963
Tax losses carried forward	2,023	-
Excess capital allowances	465	-
	2,488	2,963

Losses carried forward have been justified based on the expectation that future profits will be available to utilise the losses.

Due to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, deferred tax assets or tax liabilities, as appropriate, have been recognised using the year end tax rate of 30% (2004- 30%).

KLEINWORT BENSON PRIVATE BANK LIMITED**17 DEPOSITS BY BANKS**

	2005 £'000	2004 £'000
Remaining maturity:		
Repayable on demand	17,191	169
Three months or less	604,001	183,487
One year or less but over three months	7,940	29,155
	<u>629,132</u>	<u>212,811</u>

Included in the above are amounts owed to fellow group undertakings amounting to £616,678,651 (2004 - £128,367,163) none of which are subordinated loans owed to fellow group undertakings.

18 CUSTOMER ACCOUNTS

	2005 £'000	2004 £'000
Remaining maturity:		
Repayable on demand	153,557	180,087
Three months or less	484,279	522,562
One year or less but over three months	27,210	19,433
	<u>665,046</u>	<u>722,082</u>

Included in the above are amounts owed to group undertakings totalling £519,862 (2004 - £519,136).

19 OTHER LIABILITIES

	2005 £'000	2004 £'000
Derivative financial instruments	6,850	-
Taxation payable	1,031	3,214
Certificated Liabilities	17,459	18,718
	<u>25,340</u>	<u>21,932</u>

Included in the above Certificated Liabilities are amounts owed to group undertakings totalling £6,461,574 (2004 - £5,631,824). The balances consist of unlisted index linked structured certificates issued to customers.

	2005 £'000	2004 £'000
Remaining maturity of Certificated Liabilities:		
One year or less	4,740	-
Five years or less but over one year	12,719	18,718
	<u>17,459</u>	<u>18,718</u>

KLEINWORT BENSON PRIVATE BANK LIMITED

20 PROVISIONS FOR LIABILITIES

	Legal Provision £'000	Other Provisions £'000	Total £'000
1 January 2005	1,325	244	1,569
Charged/(released) to the profit and loss account	-	1,817	1,817
Utilised during the year	(1,325)	(37)	(1,362)
31 December 2005	-	2,024	2,024

Other Provisions

Includes a provision for restructuring of £590,750 and a provision of £566,000 for National Insurance payable, following HM Revenue & Customs enquiries into National Insurance planning arrangements participated in by the Company. The balance is to be utilised in the forthcoming year. Other provisions also include amounts provided for in terms of Allianz equity incentive schemes made available to staff and management.

21 CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised: 25,000,000 (2004 - 25,000,000) ordinary shares of £1 each	25,000	25,000
Allotted and fully paid: 23,683,333 (2004 - 23,683,333) ordinary shares of £1 each	23,683	23,683

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued Share Capital £'000	Share Premium Account £'000	Profit & Loss Account £'000	Total 2005 £'000	Total 2004 £'000
At 1 January as previously stated	23,683	167	39,156	63,006	59,081
Adoption of FRS 17	-	-	(6,913)	(6,913)	(7,560)
At 1 January as restated	23,683	167	32,243	56,093	51,521
Retained profit for the year	-	-	1,561	1,561	4,572
At 31 December	23,683	167	33,804	57,654	56,093

KLEINWORT BENSON PRIVATE BANK LIMITED

23 MEMORANDUM ITEMS, COMMITMENTS AND CONTINGENT LIABILITIES

The following analysis shows the commitments and contingent liabilities at balance sheet date. The risk weighted amounts have been calculated in accordance with the requirements of the Financial Services Authority Interim Prudential Sourcebook for Banks.

	2005		2004	
Contingent liabilities	Contract Amount	Risk Weighted Amount	Contract Amount	Risk Weighted Amount
	£'000	£'000	£'000	£'000
Guarantees and letters of credit	1,886	810	1,767	685
	1,886	810	1,767	685
Commitments	Contract Amount	Risk Weighted Amount	Contract Amount	Risk Weighted Amount
	£'000	£'000	£'000	£'000
Undrawn formal standby facilities, credit lines and other commitments to lend:				
- One year and over	16,235	8,020	18,793	8,329
- Less than one year	2,413	-	45,933	-
	18,648	8,020	64,726	8,329
Annual commitments under non-cancellable operating leases over buildings are as follows:				
- Within one year	1,734	-	-	-
- In the second to fifth years	5,067	-	1,644	-
- Over five years	3,219	-	-	-
	10,020	-	1,644	-
Total Commitments	28,668	8,020	66,370	8,329

Contingent Liabilities

- (a) In the ordinary course of business, the Company has given letters of indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising there from cannot be quantified, but it is not believed that any material liability will arise under these indemnities. In addition there were commitments arising in the normal course of business for forward foreign exchange contracts.
- (b) There are a small number of cases where the bank has a commercial dispute with clients or former clients. The uncertainty surrounding the outcomes, and any associated costs, is such that no provision has been made in the accounts.

23 MEMORANDUM ITEMS, COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Commitments

During the year the Company has agreed to lease new premises in Gresham Street for a period of at least 7 years.

24 DIRECTORS' LOANS AND OTHER TRANSACTIONS

At 31 December 2005, the aggregate amount outstanding of loans to directors of the Company was £262,000 in respect of one director (2004 - £174,142 in respect of one director).

Directors are entitled to deal in securities in accordance with the Company's rules for personal dealings in securities. Personal dealing rules for all Kleinwort Benson Private Bank Limited staff require them to deal out-house with named brokers who send copy contract notes to the Company's Compliance Department. The Company can carry out discretionary asset management for staff.

25 SETTLEMENT BALANCES

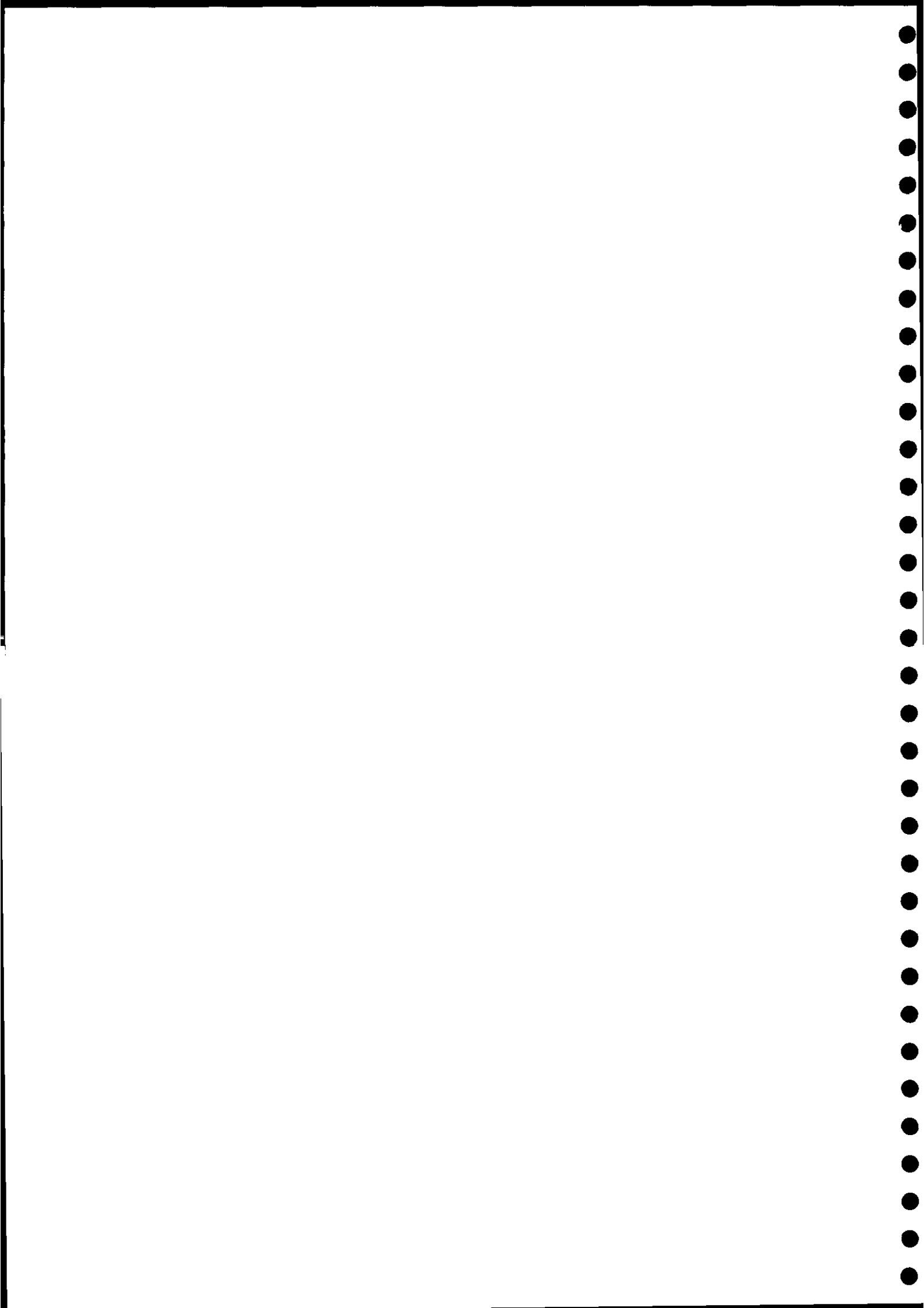
Included in settlement balances receivable are amounts totalling £302,029 (2004 - £111,427) owed by group undertakings. Included in settlement balances payable are amounts totalling £391,907 (2004 - £42,420) owed to group undertakings.

26 RELATED PARTY DISCLOSURES

At 31 December 2005, the Company was a wholly owned subsidiary of Dresdner Bank AG and the consolidated financial statements of Dresdner Bank AG are publicly available (see Note 31). Accordingly, advantage is taken in these financial statements of the exemptions available in Financial Reporting Standard No. 8 on 'Related Party Disclosures' for the disclosure of transactions with entities that are part of the group or investees of group entities qualifying as related parties.

Advantage has been taken of the exemption from related party disclosures that will conflict with the Company's duty of confidentiality as an approved bank.

Balances with Group undertakings are disclosed in Notes 6, 8, 9, 15, 17, 18, 19 and 25.



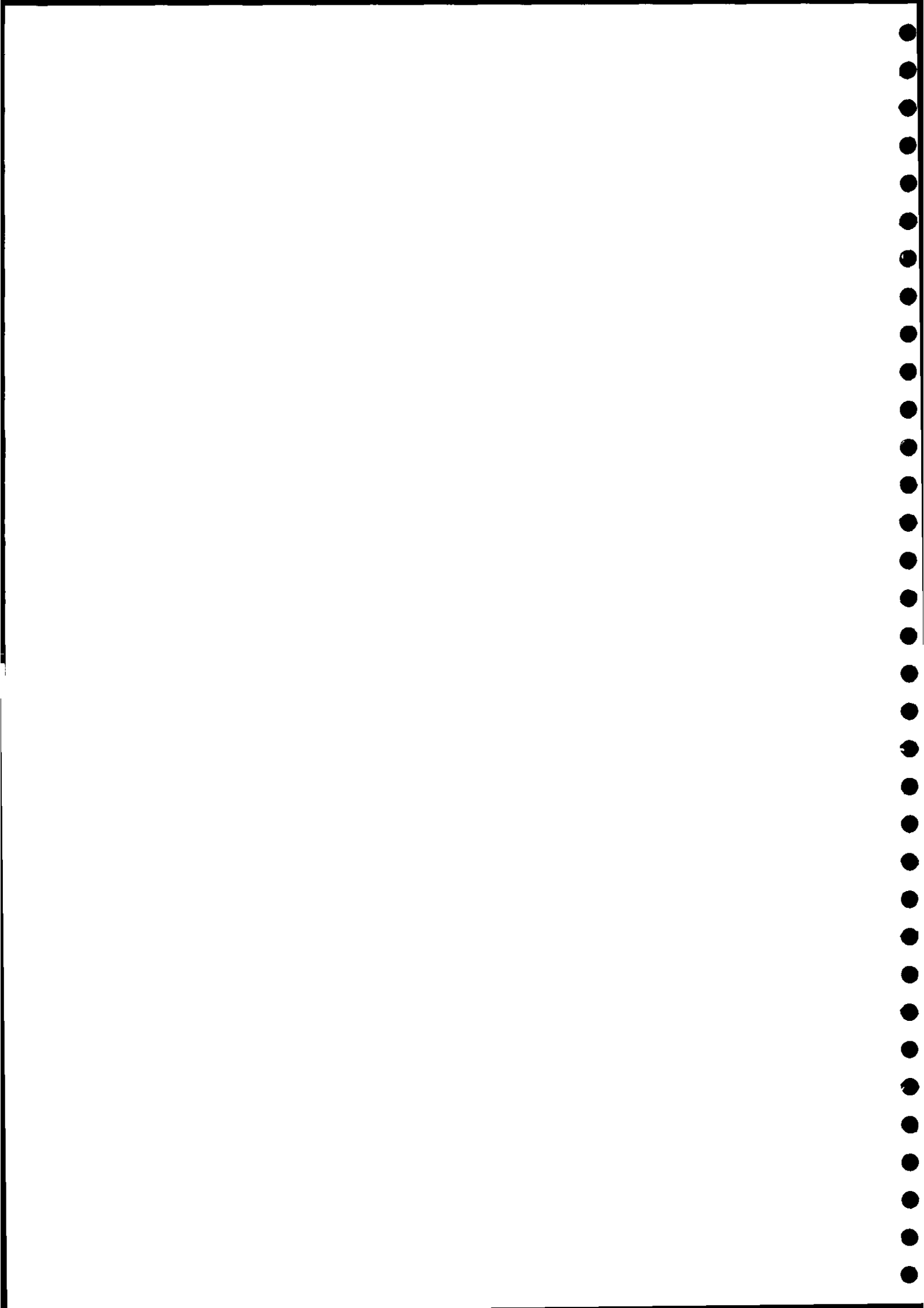
KLEINWORT BENSON PRIVATE BANK LIMITED

27 CURRENCY EXPOSURE

The currency exposure of the Company as at 31 December 2005 and comparative period are stated in sterling equivalent as follows:

	USD	Euro	Other Currencies	Total
	2005	2005	2005	2005
	£'000	£'000	£'000	£'000
Assets	755,562	73,364	4,173	833,099
Liabilities	(295,080)	(93,080)	(4,033)	(392,193)
Notional amounts underlying open foreign exchange contracts	(459,168)	20,542	-	(438,626)
Net Currency Exposure as at 31 December 2005	1,314	826	140	2,280

	USD	Euro	Other Currencies	Total
	2004	2004	2004	2004
	£'000	£'000	£'000	£'000
Assets	96,200	19,477	813	116,490
Liabilities	(46,353)	(19,462)	(870)	(66,685)
Notional amounts underlying open foreign exchange contracts	(47,103)	-	(10)	(47,113)
Net Currency Exposure as at 31 December 2004	2,744	15	(67)	2,692



28 REVIEW OF THE COMPANY'S RISK PROFILE

Risk Management and Risk Control

The traditional banking activities undertaken by the Company result in exposure to a number of risks that are mainly credit, liquidity, market (interest rate and foreign currency) and operational risk. Management of these risks is the responsibility of the business (with the exception of non-bank exposures which is the responsibility of the Credit Risk Management function within Risk Control Division). Independent monitoring and control of these risks at an operational level is the responsibility of the Risk Control Division.

The Company's management strategies are included in various policy documents used by the relevant areas of the business. On a regular basis, policy documents are reviewed by Risk Control and approved by EXCO. Day to day monitoring and reporting of risk is carried out by the Company's Risk Control Division with formal escalation procedures in place to ensure breaches of limits set are communicated to senior management on a timely basis. The Company has a non-trading book as defined by Financial Reporting Standard No. 13 'Derivatives and Other Financial Instruments'.

Credit risk

Credit risk is the risk of financial loss arising from the failure of a customer or counterparty to settle financial obligations to the Company as they fall due. For non-treasury credit decisions, by authority of EXCO, Private Bank Credit Committee is charged with the approval of all business activity that involves credit risks. Requests for new or changes to interbank limits require the approval of Cash Management Committee, the FSA and Dresdner Bank AG. Change to policy requires the approval of ExCo.

Liquidity risk

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The liquidity of the Company is managed by its Cash Management Department and is monitored by the Risk Control Division in accordance with limits laid out in the Company's liquidity policy document. The internal limits are set to ensure that the Company stays within limits set by the FSA and Dresdner Bank. In order to meet these requirements, the cash flow commitments are measured and managed on a daily basis to avoid undue concentration of funding requirements at any point in time or from any particular source. Liquidity risk is mitigated by maintaining both a diversified portfolio of high quality liquid and marketable assets, and a diversified deposit base.

Market risk

Market risk is the risk that changes in the level of interest rates, the level of exchange rates between currencies or the price of securities and other financial contracts, including derivatives, will have an adverse financial impact. The primary risks within the Company's activities are interest rate and currency risk, which are discussed below.

Interest rate risk

Interest rate risk arises in the balance sheet as a result of fixed and variable rate assets and liabilities. Exposure to interest rate movements arises when there is a mismatch between interest rate sensitive assets and liabilities. The interest rate mismatches are monitored daily. Forward rate agreements and interest rate swaps are the principal derivatives used by the Company to hedge against or create interest rate risk. Note 29 includes the interest rate mismatches on the Company's assets and liabilities as at 31 December 2005. However, the note does not actually reflect the interest rate exposure of the Company as the impact of derivatives is excluded.

28 REVIEW OF THE COMPANY'S RISK PROFILE (continued)

Foreign currency risk

The Company's foreign currency exposures comprise the monetary assets and liabilities of the Company that are not denominated in sterling. The Company's open currency positions are monitored daily against preset limits. The table in Note 27 shows the Company's exposure in major currencies as at 31 December 2005.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, controls or projects due to people, system, organisation or external factors. Operational risk is managed and mitigated within each of the front office and support areas and is monitored by Risk Control through the application of an operational risk framework.

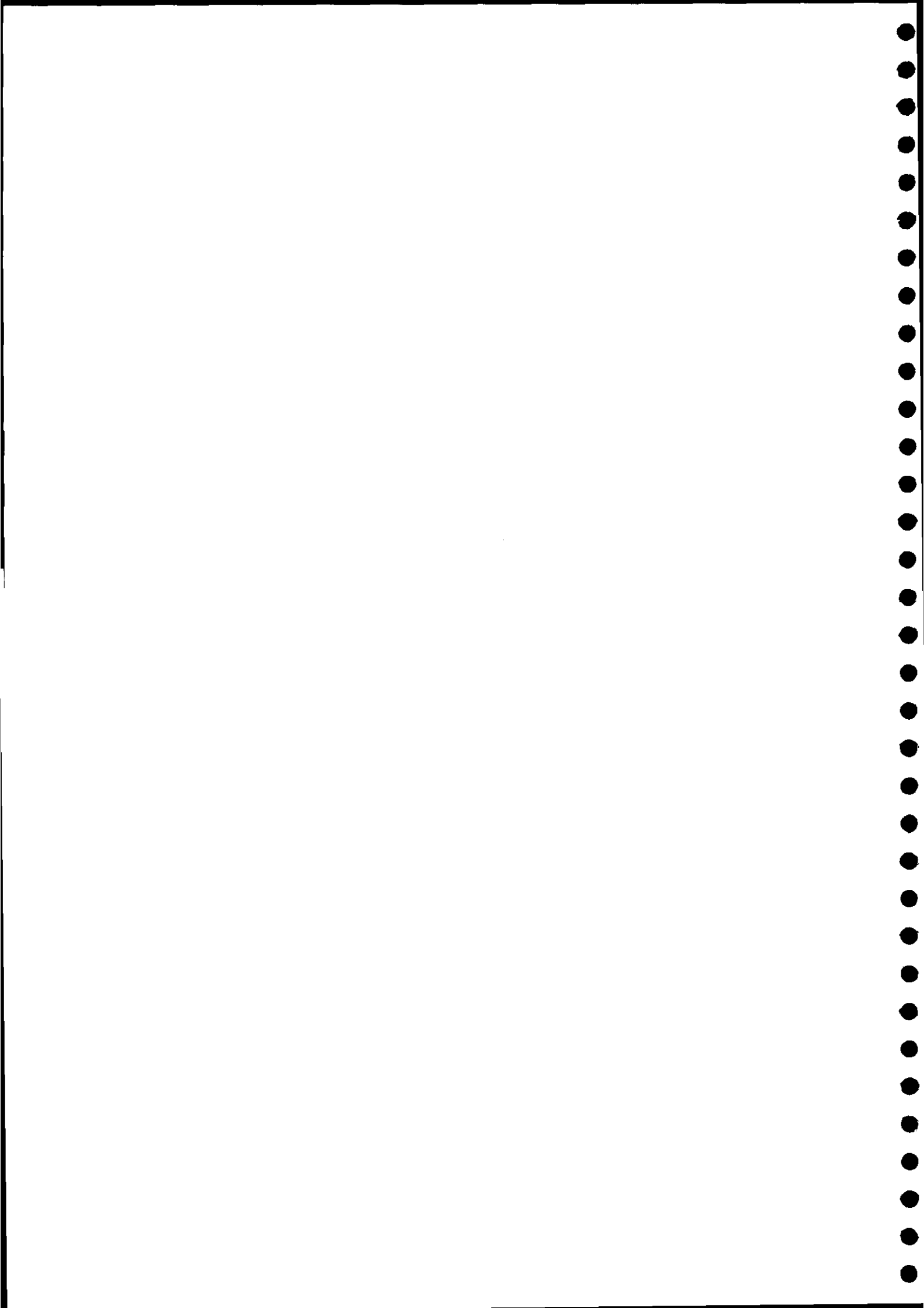
29 RISK PROFILE – NUMERICAL DISCLOSURE

The Company's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out in Note 28.

Short-term debtors and creditors have been included in all the following disclosures, where applicable.

In accordance with the requirements of Financial Reporting Standard No. 13 'Derivatives and other Financial Instruments: Disclosures', the Company has prepared the following required disclosure tables: -

29.1	Interest rate sensitivity gap analysis	page 31
29.2	Hedging	page 33
29.3	Fair values of non-trading derivatives	page 35
29.4	Fair values of financial assets and liabilities	page 36
29.5	Analysis of counter-party credit risk	page 37



KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.1 Interest Rate Sensitivity Gap Analysis

Year ended 31 December 2005

	Within 3 months	After 3 months but within 6 months	After 6 months but within 1 year	After 1 year but within 5 years	After 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets:							
Loans and advances							
- to banks	159,615	-	-	1,587	-	1,810	163,012
- to customers	17	1,668	22,449	19,267	11,350	241	54,992
Debt Securities	380,461	210,297	501,851	-	-	-	1,092,609
Investments	-	-	-	-	-	38	38
Other assets	-	-	-	-	-	85,842	85,842
Total assets	540,093	211,965	524,300	20,854	11,350	87,931	1,396,493
Liabilities:							
Deposits by banks	619,355	3,941	4,000	-	-	1,836	629,132
Deposits by customers	637,316	19,139	8,071	-	-	520	665,046
Other liabilities	-	-	-	-	-	44,661	44,661
Shareholders funds	-	-	-	-	-	57,654	57,654
Total liabilities	1,256,671	23,080	12,071	-	-	104,671	1,396,493
Interest rate sensitivity gap at 31 December 2005	(716,578)	188,885	512,229	20,854	11,350	(16,740)	-
Cumulative gap as at 31 December 2005	(716,578)	(527,693)	(15,464)	5,390	16,740	-	-

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.1 Interest Rate Sensitivity Gap Analysis (continued)

Year ended 31 December 2004

	Within 3 months	After 3 months but within 6 months	After 6 months but within 1 year	After 1 year but within 5 years	After 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets:							
Loans and advances							
- to banks	18,370	-	-	1,587	-	1,357	21,314
- to customers	8,766	3,743	6,057	11,751	14,587	185	45,089
Debt Securities	235,220	294,331	386,544	913	-	14	917,022
Investments	-	-	-	-	-	32	32
Other assets	-	-	-	-	-	53,830	53,830
Total assets	262,356	298,074	392,601	14,251	14,587	55,418	1,037,287
Liabilities:							
Deposits by banks	183,429	19,155	10,000	-	-	227	212,811
Deposits by customers	702,130	14,799	4,634	-	-	519	722,082
Other liabilities	-	-	-	-	-	39,388	39,388
Shareholders funds	-	-	-	-	-	63,006	63,006
Total liabilities	885,559	33,954	14,634	-	-	103,140	1,037,287
Interest rate sensitivity gap at 31 December 2004	(623,203)	264,120	377,967	14,251	14,587	(47,722)	-
Cumulative gap as at 31 December 2004	(623,203)	(359,083)	18,884	33,135	47,722	-	-

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.2 Hedging

The tables below summarise, firstly, the unrecognised gains and losses on hedges at 31 December 2005 and movements therein during the year, and secondly, the deferred gains and losses on hedges carried forward in the balance sheet at 31 December 2005, pending their recognition in the profit and loss account.

Unrecognised gains and losses on hedges

	Gains	Losses	Total net gains / losses
	£'000	£'000	£'000
Unrecognised gains and losses on hedges at 1 January 2004	7,605	(6,159)	1,446
Of which recognised in the year to 31 December 2004	(6,134)	4,475	(1,659)
Gains and losses arising before 1 January 2004 that were not recognised in the year to 31 December 2004	1,471	(1,684)	(213)
Gains and losses arising in the year to 31 December 2004 that were not recognised in that year	6,609	(222)	6,387
Unrecognised gains and losses on hedges at 31 December 2004	8,080	(1,906)	6,174
Of which recognised in the year to 31 December 2005	(4,674)	1,812	(2,862)
Gains and losses arising before 1 January 2005 that were not recognised in the year to 31 December 2005	3,406	(94)	3,312
Gains and losses arising in the year to 31 December 2005 that were not recognised in that year	2,634	34	2,668
Unrecognised gains and losses on hedges at 31 December 2005	6,040	(60)	5,980
Of which expected to be recognised in the year to 31 December 2006	1,874	(6)	1,868

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.2 Hedging (continued)

Deferred gains and losses on hedges carried forward in the balance sheet

	Gains	Losses	Total net gains / losses
	£'000	£'000	£'000
Gains and losses carried forward in the balance sheet at 1 January 2004	252	(213)	39
Of which recognised in the year to 31 December 2004	252	(213)	39
Gains and losses arising before 1 January 2004 that were not recognised in the year to 31 December 2004	-	-	-
Gains and losses arising in the year to 31 December 2004 that were not recognised in that year	130	(351)	(221)
Gains and losses carried forward in the balance sheet at 31 December 2004	130	(351)	(221)
Of which expected to be recognised in the year to 31 December 2005	130	(351)	(221)
Gains and losses arising before 1 January 2005 that were not recognised in the year to 31 December 2005	-	-	-
Gains and losses arising in the year to 31 December 2005 that were not recognised in that year	-	-	-
Gains and losses carried forward in the balance sheet at 31 December 2005	-	-	-
Of which expected to be recognised in the year to 31 December 2006	-	-	-

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.3 Fair values of non-trading derivatives

The notional, fair values and book values of derivative contracts held for non-trading purposes as at 31 December 2005 are shown below.

Non-trading derivatives at 31 December 2005

	Contract or underlying principal £'000	Positive fair value £'000	Related book value £'000	Negative fair values £'000	Related book value £'000
Interest rate contracts:					
Interest rate swaps	2,553,362	41,179	41,179	(273)	(273)
Forward rate agreements	5,139,219	1,765	1,765	(1,676)	(1,676)
	7,692,581	42,944	42,944	(1,949)	(1,949)
Exchange rate contracts:					
Forward foreign exchange contracts	555,864	2,786	2,786	(4,901)	(4,901)
	555,864	2,786	2,786	(4,901)	(4,901)
Equity contracts:					
Equity index swaps	6,254	57	-	(145)	-
Equity index options	42,679	7,362	1,194	(188)	(498)
	48,933	7,419	1,194	(333)	(498)
Total	8,297,378	53,149	46,924	(7,183)	(7,348)

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.3 Fair values of non-trading derivatives (continued)

The corresponding figures for 2004 were as follows:

	Contract or underlying principal £'000	Positive fair value £'000	Related book value £'000	Negative fair values £'000	Related book value £'000
Interest rate contracts:					
Interest rate swaps	717,569	3,749	5,360	(404)	(1,282)
Forward rate agreements	2,343,679	419	-	(1,304)	(221)
	3,061,248	4,168	5,360	(1,708)	(1,503)
Exchange rate contracts:					
Forward foreign exchange contracts	66,747	3,857	2,757	(106)	(16)
	66,747	3,857	2,757	(106)	(16)
Equity contracts:					
Equity index options	45,499	5,877	3,007	(492)	(935)
	45,499	5,877	3,007	(492)	(935)
Total	3,173,494	13,902	11,124	(2,306)	(2,454)

29.4 Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities for which a liquid and active market exists:

	Non-trading fair value 2005 £'000	Non-trading book value 2005 £'000	Non-trading fair value 2004 £'000	Non-trading book value 2004 £'000
Certificates of deposit	1,090,460	1,091,755	903,850	904,027
Floating rate note (FRN)				
interest coupons	848	853	13,292	12,981
Equity shares	38	38	32	32

The derivative fair values have not been included as they are already disclosed in the tables in 29.3 above.

Market values are determined by reference to quoted market prices or, where no market price is available, using internal models that discount expected future cash flows at prevailing interest rates.

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29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.5 Analysis of counter-party credit risk

The residual maturity of third party exposures arising from non-trading derivative contracts is set out below. The analysis is based on the net replacement cost of OTC and non-marginal exchange traded derivatives, which is considered to be the maximum credit risk exposure, and is defined as the cost of replacing all transactions that have a positive fair value at 31 December 2005.

	One year or less	Between one and five years	Total
31 December 2005	£'000	£'000	£'000
Exchange rate contracts			
Notional principal amount	47,826	-	47,826
Replacement cost	2,786	-	2,786
Interest rate contracts			
Notional principal amount	4,989,921	708,442	5,698,363
Replacement cost	27,725	15,219	42,944
Equity contracts			
Notional principal amount	7,443	25,496	32,939
Replacement cost	1,945	5,474	7,419
Total			
Notional principal amount	5,045,190	733,938	5,779,128
Replacement cost	32,456	20,693	53,149

KLEINWORT BENSON PRIVATE BANK LIMITED

29 RISK PROFILE – NUMERICAL DISCLOSURE (continued)

29.5 Analysis of counter-party credit risk (continued)

31 December 2004	One year or less	Between one and five years	Total
	£'000	£'000	£'000
Exchange rate contracts			
Notional principal amount	66,520	227	66,747
Replacement cost	3,847	10	3,857
Interest rate contracts			
Notional principal amount	1,446,512	52,806	1,499,318
Replacement cost	3,083	1,085	4,168
Equity contracts			
Notional principal amount	-	33,797	33,797
Replacement cost	-	5,877	5,877
Total			
Notional principal amount	1,513,032	86,830	1,599,862
Replacement cost	6,930	6,972	13,902

	Notional Principal	Replacement cost
	£'000	£'000
31 December 2005		
Location of counter-party		
OECD Financial Institutions	5,779,128	53,149
31 December 2004		
Location of counter-party		
OECD Financial Institutions	1,599,862	13,902

30 SHARE BASED PAYMENTS

Employee share purchase plan

Shares of Allianz AG, the ultimate parent company, are offered to qualifying employees at preferred terms within a defined period. To qualify employees must have been in an uninterrupted employment or training relationship, with no notice of termination given, for at least six months before the share offer; in addition, the purchase is subject to restrictions on the amount that employees can invest. The number of shares issued under these offers in the fiscal year amounted to 1,721; the difference between the exercise price and the market price in the amount of approximately £58,000 was recognised in total staff costs.

Group Equity Incentives (GEI)

The Allianz Group GEI was established for senior executives and is designed to to recognise their contribution to the increase in enterprise value and to promote the Group's long-term success. The GEI consists of two components:

(a) Stock Appreciation Rights (SAR's)

Beneficiaries under this plan are granted stock appreciation rights. These rights are subject to a two-year lock-up and expire after seven years.

The stock appreciation rights can be exercised at almost any time between the second and the seventh anniversary of the grant date, provided that the price of Allianz AG's shares has outperformed the Dow Jones Europe STOXX Price Index (600) at least once for a period of five consecutive exchange traded days, and that it exceeds the reference price by at least 20% at the time of exercise.

Under the terms of the SAR's, the Company is obliged to settle in cash the difference between the quoted market price of Allianz AG's shares on the exercise date and the reference price specified in the relevant plan. The maximum difference is capped at 150% of the reference price. Any rights that have not been exercised by the last day of the plan will be automatically exercised to the extent that the conditions for this have been met. Where the conditions have not been met or where a participant has left the Company's employment, the rights will expire.

8,684 SAR's were granted in the year under review (2004- 6,693). No SAR's had been exercised as at 31 December 2005, and the number of SAR's granted under the SAR plans but not yet exercised amounted to 19,314 (2004- 10,630).

The total staff costs for the SAR's are calculated as the amount by which the Allianz AG share price exceeds the SAR reference price. The total staff costs are recalculated for each reporting period on the basis of the changes in the Allianz AG share price and are accrued over the two-year lock-up period. A provision in the amount of £338,059 was recognised as an expense as at 31 December 2005.

(b) Restricted Stock Units (RSU's)

Allianz AG launched an incentive plan that grants performance-related compensation in the form of virtual shares, or 'restricted stock units' (RSU's). The goal of the RSU plan is to increase enterprise value and align the interests of the Allianz Group's shareholders and management, by linking the compensation paid to key executives to Allianz AG's share price performance. The shares are subject to a five-year lock-up period.

30 SHARE BASED PAYMENTS (continued)

4,420 RSU's were issued to executives under this plan in 2005 (2004- 3,219). No RSU's had been exercised as at 31 December 2005, and the number of RSU's granted under the RSU plans but not yet exercised amounted to 9,293 (2004- 4,873).

These rights will be exercised at the same time for all Plan participants on the first exchange traded day following the expiration of the five-year lock-up period. Allianz AG decides the settlement method at the time of exercise; to make a cash payment to beneficiaries in the amount of the average closing price of Allianz AG shares in Xetra trading on the exercise date, or to issue one Allianz AG share or equivalent equity instruments per RSU to the beneficiaries. However, it is anticipated that cash settlement is likely.

The total staff costs for the RSU Plan are based on the Allianz AG share price; they are recalculated for each reporting period on the basis of the changes in the share price and are accrued over the five-year lock-up period. A provision in the amount of £137,513 was recognised as an expense as at 31 December 2005.

31 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and ultimate controlling party is Allianz AG, a company incorporated in Germany.

On 8 February 2006 the extraordinary shareholders' meeting of Allianz AG approved the intended merger of Allianz AG and Riunione Adriatica di Sicurtà S.p.A ("RAS"). The merger is part of a comprehensive transaction resulting in the full acquisition of RAS by Allianz AG, and the conversion of Allianz AG into a European Company (Societas Europaea or "SE") with the adoption of the corporate name Allianz SE.

Kleinwort Benson Private Bank Limited is a direct subsidiary of Dresdner Bank AG. Dresdner Bank AG is the parent undertaking of the smallest group of which the Company is a member.

Copies of the consolidated financial statements of Dresdner Bank AG will be available in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. Financial statements for Allianz AG are available from Allianz AG, Investor Relations, Koeniginstrasse 28, D-80802 Munich, Germany.