M. M. WARBURG & CO
1798

Press release

Warburg Bank reports strong fiscal 2012 thanks to diversified business model and conservative risk policy

- **Group's client assets under management increase by 16% to EUR 44.4 billion**
- **Expansion of regional presence and service offering**
- **Comfortable capital position at both the Bank and the Group**
- **Slight increase in number of employees**

Hamburg, April 18, 2013

M.M.Warburg & CO KGaA (Warburg Bank) has reported a strong fiscal 2012, confirming its position as one of Germany's leading private banks. The Bank remained true to its proven strategy of conservative risk positioning, and avoided speculative investments. Customers showed their appreciation for this policy, with the Warburg Banking Group's assets under management rising by approximately 16% to EUR 44.4 billion (previous year: EUR 38.1 billion). The earnings reported by the Bank and the Group decreased only slightly despite the adverse market climate.

"The European debt crisis continues to keep the markets in suspense. Despite this, we succeeded again in the past year in expanding our market position as a middle-market, universal bank," said Dr. Christian Olearius, Spokesman for the General Partners. *"Our 2012 financial statements show that we are able to generate solid income from our diversified business without increasing our risk, even in times of uncertainty."*

The Bank's conservative approach to lending operations again proved its worth over the past fiscal year. New loans to corporate customers were kept to a reasonable volume, and shipping loan volumes were reduced. Risks arising were dealt with by setting aside a portion of earnings as provisions. The objective was to avoid being dependent on a recovery in shipping market income. Nonetheless, the shipping loan business made an encouraging contribution to earnings in 2012. Warburg continues to regard the lending business, with its regular interest income, as one of its core business fields, since this is also one of the functions that a bank serves in the economy.

The Warburg Banking Group expanded its regional presence as well as the areas it covers in the past year. In October, it opened an office in Munich. With its headquarters in Hamburg, offices in Frankfurt, Cologne, and Munich, and subsidiaries in ten additional German cities, the Bank has a well-rounded nationwide network. Warburg Bank is also expanding its range of services. The newly

M.M.WARBURG & CO KOMMANDITGESELLSCHAFT AUF AKTIEN
M.M.Warburg Bank · 20079 Hamburg · Geschäftsräume/Office: Ferdinandstraße 75 · 20095 Hamburg · Telefon 040-3282-0 · Telefax 040-3618 1000
Internet: www.mmwarburg.com · SWIFT: WBWC DE HH · Bankleitzahl 201 201 00 · Handelsregister Hamburg HRB Nr. 84168

created “Young Entrepreneurs” area addresses start-ups and venture capital funds. These initiatives supplement the Banking Group’s existing diversified offering.

Rise in net interest income at the Bank

Warburg Bank’s three core areas – Investment Banking (including the lending business), Asset Management, and Private Banking – all performed well in fiscal year 2012. The Bank increased its net interest income (including current income and income from profit transfer agreements) from EUR 55.9 million to EUR 58.1 million despite the low interest rate environment. Net fee and commission income amounted to EUR 62.4 million, down from EUR 70 million in the prior year. At the same time, expenses rose as a result of increased banking regulation. All in all, Warburg Bank generated income before taxes of EUR 35.4 million in fiscal 2012 (previous year: EUR 40.7 million).

As a middle-market firm, the Bank places great value on having a sound capital position. For many years, it has pursued a policy of not expanding its balance sheet. This is another reason that the Bank further reduced risk-weighted assets in the past year. As a result, total assets declined from EUR 4.46 billion to EUR 4.18 billion. At the same time, the core Tier I ratio increased from 10.7% to 12.3%. Regulatory capital as defined by the Kreditwesengesetz (KWG – German Banking Act) amounted to EUR 333 million (previous year: EUR 326 million). This means that the institution with its long tradition already meets the Basel III rules as well as all the requirements of the European Banking Authority (EBA). In addition, Warburg Bank’s new compliance structure fulfills the Mindestanforderungen an Compliance (MaComp – Minimum Requirements for Compliance) and the Mindestanforderungen an das Risikomanagement (MaRisk – Minimum Requirements for Risk Management).

Banking Group benefits from independence

The Warburg Banking Group again benefited from its subsidiaries’ high level of regional and subject-matter expertise in the past fiscal year. Middle-market companies, institutional investors, and high net worth individuals in German-speaking countries have the full service offering of a universal bank at their disposal, while benefiting from an owner-managed Group that is independent of third-party influence. Customers continued to appreciate this in 2012, with the Warburg Banking Group increasing its aggregate net interest income from EUR 86.6 million to EUR 88.9 million. By contrast, net fee and commission income decreased from EUR 138 million to EUR 132.3 million. In total, the Warburg Banking Group generated aggregate income before taxes of EUR 39.8 million in 2012 (previous year: EUR 43.6 million).

M.M.WARBURG & CO KOMMANDITGESELLSCHAFT AUF AKTIEN
M.M.Warburg Bank · 20079 Hamburg · Geschäftsräume/Office: Ferdinandstraße 75 · 20095 Hamburg · Telefon 040-3282-0 · Telefax 040-3618 1000
Internet: www.mmwarburg.com · SWIFT: WBWC DE HH · Bankleitzahl 201 201 00 · Handelsregister Hamburg HRB Nr. 84168

Slight increase in number of employees and average length of service
At the end of the year, Warburg Bank had 474 employees, up from 463 in 2011. The number of employees within the Banking Group was 1,199 at the end of 2012, slightly above the prior-year figure of 1,159. The average length of service at M.M.Warburg & CO was 11.73 years (previous year: 11.66 years). These trends run contrary to those of other German and international banking institutions, and are another sign of stability.

Outlook
"The low interest rate environment and the flood of state regulation continue to represent a challenge for banks," said Dr. Christian Olearius. *"The Warburg Banking Group is responding to these negative factors with efficient cost management and a streamlined infrastructure. We are optimistic thanks to our wide range of services combined with our good capital position and sense of responsibility. After all, in this difficult climate, our demanding clients will appreciate what we have to offer even more."*

About M.M.Warburg & CO
M.M.Warburg & CO is one of Germany's major independent private banks and provides services to private clients, corporate clients, and institutional investors in its core business segments of Private Banking, Asset Management, and Investment Banking. The Warburg Banking Group operates as a financial services provider under the holding company of M.M.Warburg & CO Gruppe (GmbH & Co.) KGaA. The Warburg Banking Group comprises M.M.Warburg & CO, an operating company that also acts as an intermediate holding company, and its subsidiaries: Bankhaus Hallbaum; Bankhaus Löbbecke; Bankhaus Plump; Marcard; Stein & Co; Warburg Hypothekenbank; Schwäbische Bank AG; Warburg Invest; M.M.Warburg & CO Luxembourg; and M.M.Warburg Bank Schweiz. The Banking Group is represented in 14 German cities.

For further information, please contact:
Martin Wehrle
Head of Communications
Phone: +49 40 3282-2436
e-mail: presse@mmwarburg.com

Attachments
Table with figures for fiscal years 2012 and 2011
Overview of M.M.Warburg & CO Gruppe (GmbH & Co.) KGaA

Attachments to the press release

Fiscal years 2012 and 2011

	2012	2011
M.M.Warburg & CO KGaA (Warburg Bank)		
Net income before taxes	€ 35.4 million	€ 40.7 million
Warburg Banking Group		
Aggregate net interest income	€ 88.9 million	€ 86.6 million
Aggregate net fee and commission income	€ 132.3 million	€ 138 million
Aggregate income before taxes	€ 39.8 million	€ 43.6 million
Liable capital and regulatory capital as defined by the KWG	€ 422 million	€ 419 million
Total assets	€ 8.46 billion	€ 8.65 billion
Assets under management	€ 44.4 billion	€ 38.1 billion
Cost-income ratio	74.1%	67.8%

M.M.Warburg & CO Gruppe (GmbH & Co.) KGaA

M.M.Warburg & CO Kommanditgesellschaft auf Aktien

Bankhaus Hallbaum AG	Bankhaus Carl F. Plump & CO AG	Bankhaus Löbbecke AG
Schwäbische Bank AG	Marcard, Stein & Co AG	M.M.Warburg & CO Hypothekenbank AG
M.M.Warburg Bank (Schweiz) AG	M.M.Warburg & CO Luxembourg S.A.	Warburg Invest Kapital-anlagegesellschaft mbH

Warburg Banking Group

M.M.WARBURG & CO KOMMANDITGESELLSCHAFT AUF AKTIEN
M.M.Warburg Bank · 20079 Hamburg · Geschäftsräume/Office: Ferdinandstraße 75 · 20095 Hamburg · Telefon 040-3282-0 · Telefax 040-3618 1000
Internet: www.mmwarburg.com · SWIFT: WBWC DE HH · Bankleitzahl 201 201 00 · Handelsregister Hamburg HRB Nr. 84168