



M. M. WARBURG & CO  
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## Press Release

### Warburg Bank well positioned for increase in interest rates after a sound fiscal year 2013

- **The group's assets under management increase by 13 per cent to 50.1 billion euros**
- **Sustainable income sources ensure satisfactory result**
- **Capital resources of bank and group increase once again**
- **Good start to the current fiscal year**
- **Banking group will profit from increasing interest rate level**

Hamburg, April 14, 2014

In the past fiscal year M.M.Warburg & CO KGaA (Warburg Bank) has continued to develop its position as an independent private bank. In an environment characterized by historically low interest rates and considerable bureaucracy related expenses, the bank and the Warburg Banking Group succeeded in achieving a satisfactory result. *“Independence and flexibility in our decisions is one of our assets. Our discerning clients appreciated this also last year,”* said Dr. Christian Olearius, spokesman of the general partners. *“The significant increase in the assets under management reflects this appreciation.”*

In financial investments, good developments in the stock markets as well as successful portfolio management and new customer relationships ensured a considerable financial inflow. Within the banking group, the assets under management increased by 13 per cent to 50.1 (previous year: 44.4) billion euros. The commissions in the private client segment noticeably increased. Furthermore, the banking group also achieved an above average commission income in Bond Sales and Corporate Finance. These improvements in commissions are the result of volume growths and are not due to margin increases or increased client transactions.

The interest result suffered as a result of the low interest rate policy combined with a security oriented investment strategy. Furthermore, risk provisions as well as increased expenditure due to bureaucratic requirements placed a burden on the pre-tax profit. Overall, the Warburg Bank achieved a pre-tax income of 23.2 (previous year: 35.5) million euros. The group's pre-tax income was 25.6 (previous year: 39.8) million euros.



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Dr. Christian Olearius on the result: *“Difficult times are not suitable for great expectations concerning revenue. That we have succeeded in achieving a satisfactory, reasonable result in these conditions is evidence of our broad and sound business.”*

### **Banking group’s liable funds increase**

As a reliable partner for its clients, the Warburg Bank places great importance on financial soundness. In this way it fulfils, particularly in the credit business, its serving role for the real economy. Last year weighted risk assets were reduced further and, with this, the total assets decreased from 4.18 billion to 3.81 billion euros. At the same time, the core capital quota rose slightly to 12.4 per cent. The group fulfils all the capital requirements according to Basel III and the stipulations of the European Banking Authority (EBA) already now. On 31.12.2013 the liable funds of the Warburg Banking Group were 427 million euros (422 million euros in the previous year).

In interest business, the banking group reached the turning point already in the middle of 2013. The banking group would directly benefit from a higher interest rate level. This is ensured by reserved deposit conditions, a prudent investment policy as well as select credit commitment. A balanced risk and return policy remains the declared, overriding strategy. With the business divisions Investment Banking (including credit business), Asset Management and Private Banking as well the regional and thematic areas of specialization of the subsidiaries, the group offers all services of a universal bank from one source.

The shipping business resulted in sufficient earnings contributions also in 2013. The additional risk provisions protected a large part of the portfolio against possible negative market developments already several years in advance. In this way the segment does not depend on the further development of the charter rates. The Warburg Group will use its many years expertise in shipping to support its clients in this field also in the future. Already now, the group is supporting several institutional clients in their investments in this sector. In addition the company also seeks forms of financing for shipping companies beyond classic credit.

### **Number of employees increases slightly**

Similar to the previous year, the number of employees has again increased slightly. At the end of 2013, 1,230 people worked for the Warburg Banking Group (previous year: 1,199). In the bank the number of employees fell slightly from 474 to 466 employees. The average time spent working with the company remains almost twelve years. In the current banking environment and particularly in the sites covered by the Warburg Group, this consistency is remarkable and is also highly appreciated by the clients.



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The Warburg Banking Group continues to place considerable importance on its autonomy and the entrepreneurial thinking of its employees. Client services and technical further developments use primarily the company's own infrastructure and third party service providers are only involved in exceptional cases which, in turn, limits the number of people involved and enables fast decisions as well as a high degree of discretion. This spirit of independence allows the bank to offer its clients flexible and individual solutions also in the future.

## **Outlook**

*“The Warburg Banking Group has had a good start to the current year. The inflow of client assets and our good performance have continued. In addition the interest result has stabilized since mid 2013. We will profit considerably from a higher interest rate level,”* said Dr. Christian Olearius.

*“Our well balanced earnings structure ensures that we will be an independent and reliable partner for our clients also in the long term.”*

## **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 Hypothekbank; 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.

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## **Attachments**

Table with figures for fiscal years 2013 and 2012

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



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Attachments to the press release

Fiscal years 2013 and 2012

	2013	2012
<b>M.M.Warburg &amp; CO KGaA (Warburg Bank)</b>		
Net income before taxes	€23.2 million	€35.4 million
<b>Warburg Banking Group</b>		
Aggregate net interest income	€72.3 million	€88.9 million
Aggregate net fee and commission income	€132.6 million	€132.3 million
Aggregate income before taxes	€25.5 million	€39.8 million
Liabe capital and regulatory capital as defined by the KWG	€427 million	€422 million
Total assets	€8.03 billion	€8.46 billion
Assets under management	€50.1 billion	€44.4 billion
Cost-income ratio	86.5 %	74.1 %

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*