M. M. WARBURG & CO
1798

Press Release

Warburg Bank well on track

- **Client portfolios record above-average performance**
- **Further growth in assets under management**
- **Corporate transaction services bear fruit**
- **Net income for the year up 8%**
- **Business in first quarter of 2015 exceeds expectations**

Hamburg, April 15, 2014 – M.M.Warburg & CO continued its unwavering course in 2014, once again generating healthy results. Going forward, the Bank will maintain its traditional focus as a family-run, private universal bank rooted in a tradition of continuity. Its balanced business model prevents one-sided approaches, ensuring independence by avoiding inappropriate risks.

Warburg Bank's Asset Management saw the value of almost all of its investment strategies rise by over 10% in 2014. **Joachim Olearius**, spokesman for the partners and responsible for the realignment of the division over the past few years, says that the good results are important to customers: *"We have established a highly systematic investment process and, after good years in 2012 and 2013, have now closed another year with healthy asset growth for our clients."*

Customer funds again increased on the back of the Bank's performance and its reputation as a solid, reliable partner: Total assets under management grew from EUR 50.1 billion in the previous year to EUR 56.0 billion. The Warburg Banking Group also manages a custodian bank volume of EUR 36.8 billion.

Within the Investment Banking division, the Corporate Finance unit successfully completed over 20 transactions and advisory mandates in fiscal 2014. Further important mandates were implemented at the beginning of 2015. Trading transactions initiated by customers, in particular with fixed-income securities, made an above-average contribution to net fee and provision income in the Sales and Trading unit. The continuation of the lending business with private and corporate clients as well as financing in the real estate and shipping areas offset the negative trend in net interest income and lifted its contribution to earnings in the past year.

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Figures

M.M.Warburg & CO (Warburg Bank) posted net income before taxes of EUR 25.0 million (previous year: EUR 23.2 million) in what is currently a difficult environment for banks. Aggregate income before taxes generated together with its subsidiary institutions in Germany, Luxembourg, and Switzerland (the Warburg Banking Group) amounted to EUR 27.7 million (previous year: EUR 25.5 million).

Net interest income increased despite the increasingly entrenched low interest rate environment. Aggregate net interest income in the Warburg Banking Group amounted to EUR 80.1 million (previous year: EUR 72.3 million); aggregate net fee and commission income rose to EUR 140.4 million (previous year: EUR 132.6 million). This encouraging increase in the operating result confirms the Warburg Banking Group's solid profitability.

The further deliberate reduction in recognized assets saw Warburg Bank's total assets decrease to EUR 3.68 billion (EUR 3.81 billion). Total assets in the Warburg Banking Group declined from EUR 8.03 billion to EUR 7.94 billion.

Warburg Bank's liable capital rose to EUR 365 million in 2014 (previous year: EUR 339.1 million) in anticipation of the release of a silent partner's contribution in the amount of EUR 25 million planned for 2015. The Warburg Bank's good capital position is demonstrated by its total capital ratio of 14.0% and Common Equity Tier 1 capital ratio of 11.2%. The Warburg Banking Group's own funds are reported in accordance with the new requirements set out in the CRR for the first time as of year-end 2014. As a consequence, they declined from EUR 427 million to EUR 342 million as forecast, although quality improved thanks to a stronger Common Equity Tier 1 Capital Ratio.

The Warburg Banking Group recorded a moderate increase in headcount. It employed 1,275 people (previous year: 1,230) as of the reporting date.

Switch to Supervisory Board

Dr. Christian Olearius and Max Warburg stepped down as general partners of Warburg Bank in 2014 after almost three decades of both intensive and successful work for the Banking Group, the Bundesverband deutscher Banken, and the interests of northern Germany as a business center. In the future, Dr. Olearius and Max Warburg will guide and support the next generation of partners as Chairman of the Supervisory Board and member of the Supervisory Board, respectively.

Outlook
The low interest rate environment as a deliberate political solution to the debt crisis will remain a challenge for investors and banks for some time. Banks have already responded with adjustments to their deposit policy. Negative interest rates are being introduced, although these will initially be limited to deposits from institutional clients.

Continuing the lending business has proven a successful move for the Warburg Banking Group. The operating net interest income it generated is more than satisfactory given the prevailing interest rate environment. However, non-interest-bearing business is becoming increasingly important. The realignment of Asset Management and a streamlining of the structures of the German asset management companies in the Warburg Banking Group will enable growth in this key business area to continue in the current year.
A stronger Equity Sales presence in Frankfurt is improving the reach of Warburg Bank's research and brokerage services, which focus on small- and mid-cap German shares. The Corporate Finance unit will be based not only in Hamburg in the future – it will also serve middle-market companies in southern Germany from Munich.
Its broad expertise in ship financing enables Warburg Bank to profitably leverage opportunities arising in the current market environment and hence to deepen existing customer relationships. The Corporate Finance unit advises a large number of shipping companies on modern ship financing options.

Joachim Olearius on the current fiscal year: *"The reliability and solidity of the Warburg Banking Group inspires trust: the volume of both private and institutional client funds continues to increase. The transactions completed at the end of 2014 and the beginning of 2015 show that independent entrepreneurs and family shareholders in particular value the support provided by an independent private bank. My partners Dr. Henneke Lütgerath, Eckhard Fiene, Dr. Peter Rentrop-Schmid and I are therefore confident about the current year – we will exploit the many business opportunities that arise in the best possible interests of our clients, employees, and our owners."*

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About M.M.Warburg & CO
Figures for 2014 and 2013; Overview of the Warburg Group
Extract from Corporate Finance 2014

About M.M.Warburg & CO

Founded in 1798, M.M.Warburg & CO is an independent German private bank. As a universal bank, it provides sophisticated banking services to discerning private clients, corporate clients, and institutional investors in its core business areas of Private Banking, Asset Management, and Investment Banking.

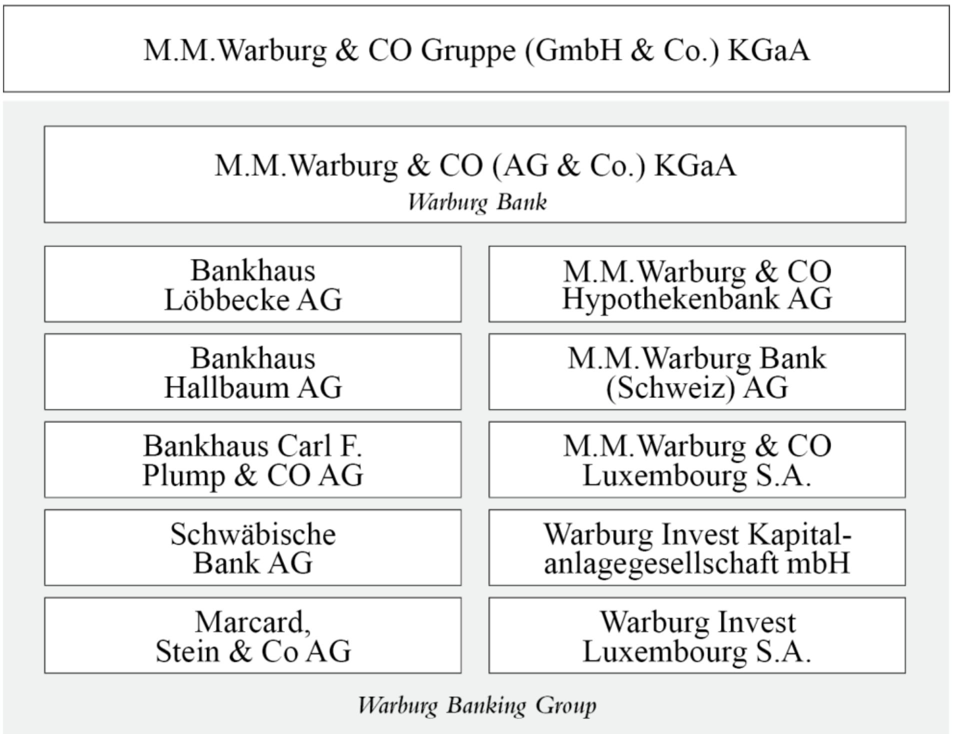
The Warburg Banking Group operates as a financial services provider under the holding company M.M.Warburg & CO Gruppe (GmbH & Co.) KGaA. It has liable capital of EUR 342 million, client assets under management of EUR 56 billion, and 1,275 employees (as of December 31, 2014). The Warburg Banking Group comprises M.M.Warburg & CO, the operating company and parent institution, and its subsidiaries: Bankhaus Löbbecke, Bankhaus Hallbaum, Bankhaus Carl F. Plump & CO, Marcard, Stein & Co, M.M.Warburg & CO Hypothekenbank, Schwäbische Bank, Warburg Invest, M.M.Warburg & CO Luxembourg, and M.M.Warburg Bank (Switzerland). The Banking Group is represented in 13 German cities.

The breadth and depth of the business model is evidenced by the wide range of specialist focus areas offered to customers. The parent bank offers private banking, asset management, and investment banking services including lending services in the three main business areas. As part of the Warburg Banking Group, Marcard, Stein & Co, M.M.Warburg & CO Hypothekenbank, and M.M.Warburg & CO Luxembourg each have their own specialist focus – family office banking, real estate financing, and asset administration. Alongside this wide range of specializations, the breadth of the business model is underlined by the Warburg Banking Group's broad regional presence in 15 locations across Germany, Luxembourg, and Switzerland.

The strong regional roots of banks such as Carl F. Plump, Löbbecke, Hallbaum, or Schwäbische Bank enable close client relationships. Each of these institutions has its own identity, an expression of cultural diversity shaped not least by its home region. These advantages are at risk of being lost amid the increasing standardization and quantitative management in the current banking environment. The close cooperation within the Warburg Banking Group enables private banks of this size to continue to respond flexibly to the wishes of their clients locally or in specific markets, while benefiting from the efficiency offered by integration with the staff and service units of a larger parent bank.

Fiscal years 2014 and 2013

	2014	2013
Warburg Bank		
Net income before taxes	EUR 25.0 million	EUR 23.2 million
Warburg Banking Group		
Aggregate net interest income	EUR 80.1 million	EUR 72.3 million
Aggregate net fee and commission income	EUR 140.4 million	EUR 132.6 million
Aggregate income before taxes	EUR 27.7 million	EUR 25.5 million
Liable capital and regulatory capital as defined by the KWG	EUR 342.3 million	EUR 427.0 million
Total assets	EUR 7.9 billion	EUR 8.0 billion
Assets under management	EUR 56.0 billion	EUR 50.1 billion



Corporate Finance 2014 – Excerpt from "Transactions and Services"

In the M&A advisory segment, the sale of the Fleesensee resort to the Lindner group was completed in 2014 after many years of work for a consortium of investors. Herbert Turnauer Stiftung was advised on the sale of its share in Constantia Flexibles to the Wendel group. Advisory services were also provided to the principal shareholder of Mevis Medical Solutions, a listed company, on the sale of its interest to the U.S. Varian Medical Systems group in connection with a public takeover bid. We supported Tivoli Malz GmbH in its acquisition of all of the shares of GlobalMalt Polska. Other public M&A transactions worked on in 2014 but not yet completed included advising the shareholders of Coppenrath & Wiese on the sale of the company, advising Prokon's insolvency administrator on structuring the transaction and selling the company, as well as supporting Burger King GmbH's insolvency adviser in finding investors. The M&A team prepared fairness opinions for the supervisory and management boards of DAB Bank, UMS Medical Systems, and update software. After resuming venture capital advisory services, a private placement was made on behalf of investment company Venture Stars.

In the Equity Capital Markets segment, a particularly noteworthy achievement was the successful completion of its advisory mandate in connection with the restructuring of and the termination of insolvency proceedings for IVG. The segment handled capital increases at Softing AG, Lotto24 AG, and SFC Energy AG in the year under review. In addition, larger packages of shares in Adler Modemärkte AG and elmos Semiconductor AG were successfully placed. We provided support in connection with public takeover bids to Aalberts Industries in its acquisition of a majority interest in Impreglon SE, to Tocos Beteiligung GmbH in its acquisition of a majority interest in Hawesko Holding AG, as well as to Joma Industrial Source Corp. in its acquisition of a majority interest in C.A.T. oil AG and the acquisition of shares in AXA Immoselect, a real estate fund.
The Debt and Mezzanine Markets segment successfully completed the restructuring of credit financing for DMK Deutsche Milchkontor GmbH. As well as advising Prokon on the structuring of a bond as described above, the segment acted as co-manager in the placement of a high-yield bond for Hapag-Lloyd AG.