

Press release

Volume of Private Clients transactions in the first quarter of 2014

Dr. Klein generates strong growth in its volume of loan transactions at the beginning of the year

Lübeck, 17 April 2014: The Private Clients division of Hypoport AG increased its volume of loan transactions by 25 per cent in the first three months of 2014. By contrast, the volume of transactions in its insurance business contracted by 6 per cent in the first quarter of this year. The insurance portfolio managed by Dr. Klein delivered a better performance, growing by 7 per cent over the same period. Business in insurance remains challenging, with providers across the sector currently having to deal with regulatory adjustments and the low rates of return on pension products.

The transaction-related figures reported by Dr. Klein remained largely encouraging in the first quarter of 2014. The volume of loan transactions generated was especially impressive, growing by 25 per cent compared with the corresponding period of last year to €1.5 billion (Q1 2013: €1.2 billion). The continued availability of attractive borrowing terms fuelled further high demand for mortgage finance at the beginning of 2014. Dr. Klein & Co. AG used its extensive branch network to provide many customers with appropriate loan products as part of its localised service.

By contrast, the volume of insurance transactions that it generated shrank by 6 per cent year on year to €4.4 million (Q1 2013: €4.7 million). Whereas new general insurance business performed well, there was a decline in transaction volumes in health insurance and in the Life Insurance & Investments division. Dr. Klein continued to expand its one-stop customer service, increasing the insurance portfolio under its management by 7 per cent on the previous quarter to €108.3 million (Q4 2013: €101.1 million).

The CEO places the transaction-related figures in context

Stephan Gawarecki, the chief executive officer (CEO) of Dr. Klein & Co. AG, sees the growth in transaction volumes as being closely linked to the historically low level of interest rates. "Having risen – with only slight fluctuations – from May to September of 2013, borrowing rates edged down during the last few weeks of the year and continued on this lower trajectory at the beginning of 2014. In mid-March the best interest rates available on ten-year mortgage loans fell below 2.0 per cent, undercutting the low for 2013. Whereas, according to Bundesbank statistics, growth in mortgage finance remained more or less flat at the beginning of this year, Dr. Klein managed to expand its transaction volumes. Its independent business model, which is rooted in close collaboration with virtually all major finance providers, enabled Dr. Klein to outperform the market average."

The transformation of the insurance industry will continue in 2014 and subsequent years. "Implementation of Solvency II is due to start by the beginning of 2016. Consequently, one of the challenges facing insurance companies is the need to modify the capital adequacy requirements

DR. KLEIN

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applicable to their investments," explained Stephan Gawarecki. "What's more, life insurance and other pension products are suffering from low investment returns. Dr. Klein is therefore focusing its main efforts on expanding the insurance portfolio under its management in order to enhance the future potential and resilience of its operations in the face of fluctuating levels of new insurance business."

Neither the revenue nor the earnings generated by Hypoport can be directly extrapolated from the transaction figures given above.

Information on Dr. Klein

Dr. Klein is an independent provider of financial services for private and corporate clients. It offers personalised solutions for private clients' full range of financial needs. Some 600 specialists deliver impartial and comprehensive advice over the internet and at more than 200 branches on issues such as mortgages, insurance and investments. Dr. Klein & Co. AG has been a major financial service partner to housing companies, local authorities and commercial property investors since 1954. It provides its institutional clients with a fully integrated service comprising expert advice and customised solutions in the areas of financial management, portfolio management and insurance for business customers. Its client-focused advisory expertise and close, longstanding relationships with all leading banks and insurance companies ensure that its customers always have quick and easy access to the best financial services. Dr. Klein is a wholly owned subsidiary of Hypoport AG, an online financial service provider that is listed on the Frankfurt Stock Exchange.

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