

Munich Financial Centre Initiative 

**Counsel. Advocacy.  
Balance of interest.**



## Editorial: Munich Financial Centre Initiative: Showcasing Bavaria's business community



Bavaria's economy is highly dynamic. This ability to perform at a high level stems from its innovativeness, and especially manifests itself in the state's financial industry. The industry's large volume of business, broad range of products and services and their high quality make Bavaria one of the leading financial centers in Europe.

Munich is home to Germany's largest insurance, private equity, venture capital, leasing and asset management sectors – and to the country's second largest banking community. The city also has a highly innovative securities exchange that is focused upon serving SMEs (small and medium-sized enterprises). Bavaria's financial community is also comprised of renowned insurers and other companies based in Nuremberg and in northern Bavaria. The community provides employment to a total of some 200,000 highly-qualified persons.

These successes have been facilitated by Munich Financial Center Initiative. Known by its acronym in German of “fpmi”, the Initiative was founded in 2000, and given an important brief: to bundle all of the resources contained in Bavaria's financial community. This bundling has enabled fpmi to realize the following objectives:

- the advocacy of the interests and voicing of the concerns of Bavaria's financial community on the Germany-wide and European levels,
- the augmentation the community's ability to compete on the international scale,
- the increasing of the efficiency of financing processes
- the furthering of the development of the infrastructure employed by Bavaria's financial sector.

The Initiative has some 50 members. They include Bavaria's ministry of economic affairs, the state's leading financial companies, trade chambers and associations, and institutes of financial sciences.

The Initiative is a respected, major source of counsel and information for decision-makers based in Berlin and Brussels. This respect stems from the positions taken and articulated by fpmi, which feature a high degree of expertise, and which take the interests of its members into balanced account. The importance of these members is another cause of the leading role accorded to the Initiative, which conveys its positions in trips undertaken by its delegations to other cities in Germany and to Brussels, and in widely-followed papers.

The Initiative thus constitutes the ideal advocate of Bavaria's financial community, whose future it continues to help shape.

This brochure will brief you on Bavaria's financial community, on the companies and institutions comprising it, and on the unique operating conditions that the state offers them.

Ilse Aigner  
Minister of Economic Affairs, Media, Energy and Technology, State of Bavaria

## Contents

3	Editorial
4	Munich: a briefing on a major financial centre
6	History
8	Insurance
10	Banking
12	Asset management
14	The Munich stock exchange
16	Private equity and venture capital
17	Leasing and factoring
18	Institutions
20	Research and education
22	Top-ranked city in a top-ranked state
24	Expatriates
26	Participants
27	List of illustrations



## Munich: a briefing on a major financial centre

Bavaria and especially its major hub, greater Munich is one of Europe's leading financial centres. This top ranking is due to Munich's across-the-board strength. Thanks to the breadth of their portfolios of cutting-edge offerings and the excellence of their services, its companies are leaders in the banking, insurance, asset management, venture capital, leasing and factoring segments.

Headquartered in Munich (Allianz, Munich Re, HypoVereinsbank and BayernLB), Nuremberg (the Nuremberg insurance group) and elsewhere in Bavaria (HUKCoburg), these companies comprise a sector that is one of the engines sustaining Bavaria's growth. Many of these companies joined with the state's finan-

cial organizations and institutions in setting up the Munich Financial Centre Initiative (fpmi).

This initiative's brief is to serve as the international-level advocate of the state's financial sector and its positions. The initiative's job is also to acquaint the world with the Munich financial community's strengths.

Insurance: a **global** leader  
 Banking: one of Europe's most **important** banking centres  
 Asset management: a **leader** in Europe  
 Munich stock exchange:  
 one of the most **innovative** in Europe  
 Venture capital/private equity: **number one** in Germany  
 Leasing: Germany's **leader**



## History: more than 500 years of innovation

Entrepreneurial boldness was behind the founding of Bavaria's financial community – and its growth into one of Europe's pacesetters.

- 1486** The Augsburg-based Fuggers, Europe's leading trading dynasty, sets up a bank that is still in existence today.
- 1774** Founding of Fürstlich Castell'schen Bank, Credit-Casse, in Castell
- 1821** Bavaria's first savings bank is founded in Nuremberg.
- 1830** The Munich Stock Exchange begins trading.
- 1835** Founding of Bayerische Hypotheken- und Wechsel-Bank AG
- 1864** Hypo-Bank introduces mortgage bonds.
- 1869** Founding of Bayerische Vereinsbank AG
- 1880** Founding of Munich Re, now the world's largest reinsurer
- 1889** Carl v. Thieme and Wilhelm v. Finck, Munich Re's co-founders, found Allianz Versicherungs-AG.
- 1911** Founding of Bayerische Rückversicherung AG
- 1916** Hypo-Bank is now the largest mortgage bank in Germany.
- 1924** Swiss Re acquires Bayerische Rückversicherung AG (since 2001 Swiss Re Germany AG).
- 1941** D.A.S. moves its headquarters from Berlin to Munich.
- 1949** Relocation of Allianz Versicherungs-AG's head office from Berlin to Munich
- 1949** Founding in Munich of Germany's first mutual fund ADIG-Investment
- 1958** Hypo-Bank and Bayerische Vereinsbank found Internationale Immobilien-Institut GmbH (iii-investments), the first manager of open-end real estate funds in Germany.

- 1971** Nürnberger Versicherungsgruppe pioneers floating return life insurance in Germany.
- 1975** Nuremberg's Noris Verbraucherbank becomes Germany's first 'self-service' bank.
- 1994** ADIG launches Germany's first money market fund.
- 1994** Hypo-Bank founds Germany's first discount broker, the predecessor of DAB Bank AG.
- 1997** Munich Re assigns much of its direct insurance activities to its ERGO Versicherungsgruppe AG subsidiary.
- 1998** Merger of Hypo-Bank and Bayerische Vereinsbank into Bayerische Hypo- and Vereinsbank AG (HVB), thus creating Germany's second largest bank.
- 2000** Founding of fpmi – the Munich Financial Centre Initiative
- 2000** HVB's Indexchange AG is the first company to issue exchange-traded funds (ETFs) in Germany on the DAX and on the Dow Jones Index.
- 2001** Allianz acquires Dresdner Bank.
- 2005** HVB merges with the Italian UniCredit to form the fifth largest European bank.
- 2009** Federal Government of Germany launches process which ends with its complete takeover of Hypo Real Estate Holding AG.
- 2009** Allianz sells its holdings in Dresdner Bank.
- 2010** Allianz Global Investors complete its takeover of cominvest.
- 2012** Bavarian savings banks fully acquire the LBS Bayerische Landesbausparkasse.



## The insurance industry\*

### In greater Munich

33,390

Employees

60

Insurance companies  
headquartered in region

### In Bavaria

62,260

Employees

98

Insurance companies  
headquartered in state

## Insurance: a global leader

Home to some 60 insurance companies, greater Munich is one of the world's leading centres of insurance. The companies headquartered in Munich include Allianz Group (one of the world's largest provider of insurance and asset management services), Munich Re (the world's largest reinsurer), D.A.S. (Europe's leading provider of coverage for legal expenses), Versicherungskammer Bayern (Germany's largest public sector-owned insurer); and Bayerische Versorgungskammer (Germany's largest public-sector provider of management and investment services for providential pension funds).

These companies are joined by the large number of insurers maintaining offices and operations in Munich. Among them: Swiss Re, one of the world's leading reinsurers.

Bavaria's insurance sector is a major employer. Of its some 62,000 employees, 33,390 work in greater Munich, and some 14,000

in the state's other two insurance centres: Nuremberg (home to such leading insurers as Nürnberger Versicherungsgruppe – Germany's second largest provider of occupational disability coverage) and in Coburg (headquarters of HUK-Coburg, one of Germany's leading suppliers of automobile insurance).

## Leading companies\*

### Allianz

144,094

Employees worldwide

106.4

Turnover: billion euros

### Munich Re

45,437

Employees worldwide

52.0

Premium income: billion euros

### HUK-Coburg

9,072

Employees

5,576

Premium income: billion euros

### Versicherungskammer Bayern

6,789

Employees

6.9

Premium income: billion euros

### Nürnberger Versicherungsgruppe

4,260

Employees (not counting external sales force)

3.6

Premium income: billion euros

\*figures as of 2012



## Banking: a leader in its sector

Bavaria plays a major role in the German banking industry. Munich is the second most important city for banking in the country. Its banking community comprises some 160 banks. Of them, some 50 are headquartered in the city, with these including two of Germany's largest: HypoVereinsbank (HVB), which merged in 2005 with Italy's UniCredit to form the first truly pan-European bank and BayernLB. The large number of offices maintained by foreign banks in Munich details its banking community's international reach.

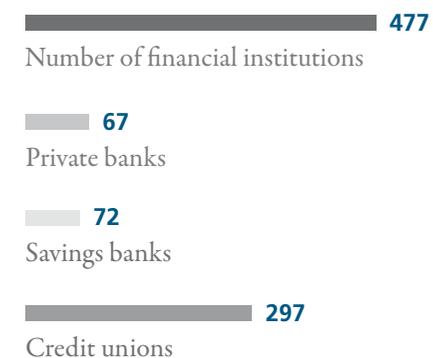
Bavaria itself is home to nearly 500 banks, including 72 savings banks, 300 credit unions and 67 private banks. Employing some 121,000 persons and accounting for a 1/5 of the Germany-wide total, this number of

500 is greater than that of any other German state – and even that of Switzerland which is regarded as the land of banking par excellence.

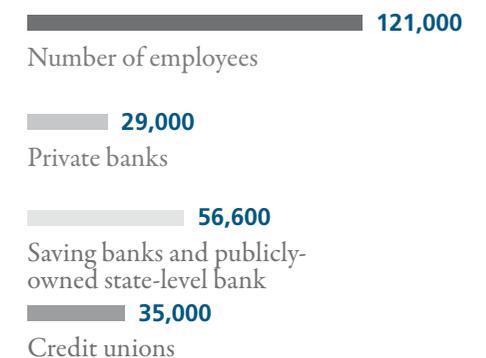
The size of Bavaria's banking community is detailed by the some 500 billion euros in loans it has outstanding to companies, consumers and public sector entities. Much of this credit has gone for mortgages, an area in which Bavaria's banks have traditionally played a major role. Munich-based banks have issued one third of all mortgage bonds outstanding in Germany.

## Bavaria's banking community\*

### Financial Institutions



### Employees



**Total loans outstanding: 500 billion euros**

\*data is from 2013 and has been partially rounded off



## Asset management: large and innovative

In 1949, the Munich-based ADIG launched Germany's first asset management company. Munich-based companies now manage assets worth well over 1 trillion euros.

This international-leading position is attributable to the adeptness shown by Bavaria's asset management companies in anticipating trends and in rapidly turning these perceptions into innovative and standard-setting products. Among them: open-end real estate and money market funds. It was Munich-based companies which pioneered in Germany exchange traded and total return bond funds.

The high quality of Munich's asset managers is attested by the high ratings conferred upon the funds managed by them – and by the trust accorded to them by private and institutional investors, with the latter

including major corporations and financial service providers.

This position of leadership extends to closed-end funds, with several of Germany's most important issuers being based in Munich. KGAL GmbH & Co. KG, for example, has been one of the issuers for closed-end funds for years.

## Munich's innovations in asset management

Germany's **first** investment company

Germany's **first** investment fund

Germany's **first** open-end real estate fund

Germany's **first** money market fund

**First** exchange traded fund on DAX

**Pioneer** in total return bond funds



## The Munich stock exchange: trend-setting stock exchange trading

As a major stock exchange centre, Munich provides trend-setting market-making models and security-assuring technologies for trading financial products. The position of being at the forefront of the introduction of innovations facilitating the efficient securing of capital started in 1830, which is when Bayerische Börse was founded by the Münchner Kaufmannsstube based in Munich. The objective was to create a platform removing the tight and complex constraints placed upon security trading in those early days of the Industrial Revolution, and to thus make stocks a main and easy source of capital for growth of the manufacturers in the region.

Today's tasks of Bayerische Börse AG comprise maintaining a fair, neutral and transparent trading platform to which all market players have unrestricted access. Bayerische Börse AG as the private sector holding company serving as the corporate parent of publicly-governed Börse München fosters the introduction and development of capital market innovations.

Thus Bayerische Börse AG developed a market model for Börse München which has since been emulated by a number of other exchanges. This model has set the standards codified into law by MiFID. Both investors and their brokers profit from the features offered by MAX-ONE. The electronic trading system guarantees best execution for orders in more than 14,000 securities. The market model melds the advantages of automated securities trading with the know-how of longstanding securities brokerages, so called 'specialists'. Traded on Börse München are shares, bonds, funds, ETFs and ETCs.

To provide small and medium-sized enterprises with a source of equity, Börse München launched m:access in 2005.

### Bayerische Börse AG: at a glance

Traded on it are more than **14,000** securities and bonds from more than **60** countries

More than **600** ETFs and ETCs traded

Funds traded without issue surcharge comprising **3,300** securities

More than **5,500** closed-end funds traded

m:access – high-quality market segment for small and medium-sized enterprises (**50** companies currently listed)



## Private equity and venture capital: Germany's leading centre for private equity and venture capital

Bavaria has Germany's largest venture capital and private equity community. It is comprised of nearly 50 VC and PE suppliers headquartered in Munich, and of the large number of companies maintaining operations and offices in the city. This large number is attributable to the size and makeup of Bavaria's economy, whose sustained successes

are a product of the predominance in it of companies active in IT, life sciences, technological service providers and other cutting edge sectors that are traditionally prime targets of VC and PE. In 2010, the VC/PE community invested some 1.1 billion euros in nearly 280 Bavarian companies.

## Leasing and factoring: Munich is home to Germany's leaders

The Munich metropolitan area is Germany's leading region for leasing. Germany's Association of Leasing Companies' 200 members account for 90 % of the country's market. Of these companies, nearly 20 % are headquartered in greater Munich.

Including Eurofactor AG (Germany's leading provider of import factoring services) and Siemens Financial Services, greater Munich's factoring community is among the most important in Germany.

Among these companies: LHI Leasing and Hannover Leasing which also rank among Germany's top issuers of closed-end funds.





## Institutions: boosting Bavaria's business community

It took a very few decades for Bavaria's economy to transform itself from an agrarian backwater into one of the world's great suppliers of high-tech products and services. This fast-paced, broad-ranging development was produced by the entrepreneurial spirit shown and sustained by the state's companies, which availed themselves of the support provided by Bavaria's state government, by regional and local-level authorities, by municipalities, by trade associations and by chambers of commerce when creating, producing, marketing and deploying their advanced offerings.

The state government's job in turning Bavaria into a role model of economic growth encom-

passed the creation of a pro-business, pro-growth operating environment – and the setting up by the state's economics ministry of Invest in Bavaria. The agency works with regional and local business development authorities in securing investment in the state. Encompassed in this brief is the provision of expert, expeditious services to both international and locally-based companies. These services incorporate the expertise and input forthcoming from banking and other trade associations and from chambers of commerce and of skilled trades. The strength of the state's financial community is ascribable to this network of business development.





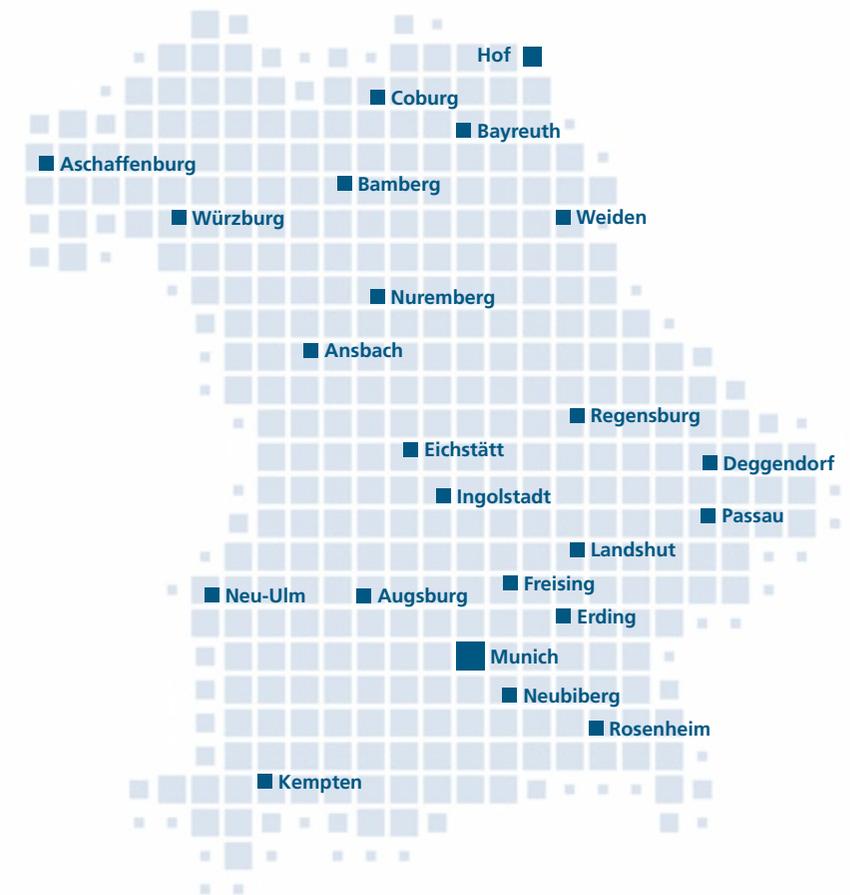
## Research and education: the knowledge cluster

Bavaria's academic community is large and productive.

- It is comprised of 51 institutions of higher education including LMU Munich and TU Munich with a total enrolment of 320,000 students. Of them, about 50,000 are majoring in economics and related disciplines.
- Bavaria's research community is equally large and renowned. In addition to university and corporate facilities, it includes thirteen institutes of the Max Planck network, which devotes itself to basic research, and which is headquartered in Munich. Also headquartered in the city is the Fraunhofer Society. With eleven institutes in Bavaria, Fraunhofer is Germany's leading network of research application.
- Among the many other research institutes in Bavaria: Munich's ifo Institute for Economic Research.

To ensure that the fruits of this research are turned into market-making products and services, Bavaria's government has set up an infrastructure of innovation forging and maintaining close working ties between the state's scientific (and especially their technology transfer and financing departments) and business communities. Clusters form the nodes of this infrastructure. Their coalescence and cultivation are focuses of state policies. These clusters promote the development of curricula and research projects meeting corporate needs and recognizing and anticipating technological trends. These, in turn, foster product innovation and the international-level viability of Bavaria's financial community. The state of Bavaria's clusters campaign led to the setting up in 2006 of Bavaria's Finance Centre. It maintains a close working relationship with the Munich Financial Centre Initiative. Entailed in this is the pursuing of projects leading to the development of advanced financial systems and services by the state's business and academic communities.

## Departments of economics at Bavaria's universities





## Munich: top-ranked city in a top-ranked state

Many rankings are compiled of Germany's cities and states. Each employs a proprietary methodology. All these rankings have one thing in common: they accord the top spots to Munich and to Bavaria.

**The rankings' findings:** Munich has the strongest growing and performing economy of any city in Germany – and is set to retain this position in the years to come. Munich's best-in-Germany prosperity has been accompanied by a sustained and country-best rise in employment. This trend has been experienced by the state as a whole. Over the last 30 decades, the number of gainfully employed in Bavaria has increased by approximately 30 %. This rate is significantly more than that of Germany as a whole.

**Top companies:** One factor causing the state's country-best rates of economic and employment growth and size is the number of major companies in the state. Of the

1,000 largest companies in Germany, some 90 are headquartered in Munich (ranking it number one among Germany's cities), with a further 15 each being based in Nuremberg and Augsburg.

**Market capitalization:** These blue chips join mid-caps and small-caps in giving Munich's business community the largest market capitalization of that of any city in Germany.

**Patents registrations:** The innovativeness of Bavaria's scientific and business communities is shown by the fact that they account for one fourth of all patent applications in Germany.

## Bavaria's economy\*

**GDP (nominal): 465.5 billion euros**  
**GDP per capita: 36,865 euros**  
**GDP per gainfully employed person: 67,013 euros**  
**Exports: 166 billion euros**  
**Total gainfully employed persons: 6.9 million**  
**Total permanently employed persons: 4.7 million**  
**Percentage of self-employed persons: 12 %**



## Expatriates: top performers flock to Bavaria's top performing companies

Bavaria is home to many of Germany's top companies, both large and small, and to a number of top-notch research institutes and of institutions of higher education. The people staffing these companies are among the most qualified and innovative in Germany. And that's no coincidence. Top people prefer, after all, to work for top performers.

Among these top performers are the seven Munich-headquartered companies, each among the world's leaders in its field, listed in Germany's 30 company-strong DAX stock index. Many of these top people are from elsewhere in Germany and the world. Attracting them to Bavaria: its top performing companies – and the state's top ranked quality of life.

Munich, for instance, is one of the world's greenest and safest cities. It also has a highly enjoyable, traditions-derived, four seasons

lifestyle, thanks to the nearby lakes and Alps. This quality of life has been ranked among the highest in the world by a number of studies, including that of Mercer in 2012. The management consultants named Munich to be the 4th best place for expatriates to live among the 221 major cities in the world. Nuremberg is also a top finisher in such studies.

The worldwide appeal of Munich and the rest of Bavaria is detailed by its population growth. Each year, an average of 20,000 people move to the city. Many of them come from abroad. As a result, 320,000 of the city's residents – nearly one quarter of its population – are non-German in origin.

A further component of Bavaria's unexcelled quality of life is its rich and diverse cultural scene. Theaters, cinemas, bookstores and other cultural venues abound in the state. Many of

them have English-language offerings. Prime among them is Munich's America House.

Bavaria's proverbial richness of natural and historical attractions means that you will never run out of fun things to do and to visit. Prime among these attractions: the Alps. Great for climbing, skiing, hiking and rafting, these mountains are just 'a piece down the road' from Munich.

Allianz SE  
www.allianz.com

Baader Bank AG  
www.baaderbank.de

Bayerischer Bankenverband e.V.  
www.bayerischer-bankenverband.de

Bayerischer Industrie- und Handelskammertag BIHK  
www.muenchen.ihk.de

Bayerisches Finanz Zentrum e.V.  
www.bfz-ev.de

Bayerisches Staatsministerium für Wirtschaft  
und Medien, Energie und Technologie  
www.stmwmet.bayern.de

Bayerische Börse AG  
www.boerse-muenchen.de

BayernLB  
www.bayernlb.de

Caceis Bank Deutschland GmbH  
www.caceis.de

Commerzbank AG  
www.commerzbank.de

D.A.S. AG  
www.das.de

Deutsche Bank AG  
www.db.com

Deutsche Bundesbank Hauptverwaltung München  
www.bundesbank.de

Deutsche Pfandbriefbank AG  
www.pfandbriefbank.com

die Bayerische  
www.diebayerische.de

Generali Versicherungen AG  
www.generali.de

Genossenschaftsverband Bayern e.V.  
www.gv-bayern.de

Handwerkskammer für München und Oberbayern  
www.hwk-muenchen.de

Hauck & Aufhäuser Privatbankiers KGaA  
www.hauck-aufhaeuser.de

HUK-COBURG Versicherungsgruppe  
www.huk.de

HypoVereinsbank (UniCredit Bank AG)  
www.hvb.de

ibi research GmbH  
www.ibi.de

ifo Institut für Wirtschaftsforschung e.V.  
an der Universität München  
www.ifo.de

Institut der Wirtschaftsprüfer in Deutschland e.V.  
(IDW)  
www.idw.de

Institut für Kapitalmärkte und Finanzwirtschaft  
www.kmf.bwl.uni-muenchen.de

Kreissparkasse München, Starnberg, Ebersberg  
www.kskmse.de

Landeshauptstadt München  
www.muenchen.de/arbeitsundwirtschaft

Lebensversicherung von 1871 a.G. München  
(LV 1871)  
www.lv1871.de

Lehrstuhl für Finanzmathematik  
www.mathfinance.ma.tum.de

LfA Förderbank Bayern  
www.lfa.de

Merck Finck & Co oHG Privatbankiers  
www.merckfinck.de

Münchener Hypothekbank eG  
www.muenchener-hypothekbank.de

MÜNCHENER VEREIN  
Versicherungsgruppe VVaG  
www.muenchener-verein.de

Munich Re AG  
www.munichre.com

Munich Risk and Insurance Center  
www.mric.uni-muenchen.de

mwb fairtrade Wertpapierhandelsbank AG  
www.mwbfairtrade.com

NÜRNBERGER Versicherungsgruppe  
www.nuernberger.de

Oberbank AG  
www.oberbank.at

R+V Versicherung AG  
www.ruv.de

Raiffeisenlandesbank Oberösterreich  
www.rlbooe.de

Sparkassenverband Bayern  
www.sparkassenverband-bayern.de

Stadtsparkasse München  
www.sskm.de

State Street Bank GmbH  
www.statestreet.de

Swiss Life  
www.swisslife.de

Swiss Re  
www.swissre.com

UBS Deutschland AG  
www.ubs.com/deutschland

vbw – Vereinigung der Bayerischen Wirtschaft e.V.  
www.vbw-bayern.de

Versicherungskammer Bayern  
www.vkb.de

Wirtschaftsprüferkammer  
www.wpk.de

Zentrum für Weiterbildung und Wissenstransfer  
(ZWW)  
www.zww.uni-augsburg.de



### List of illustrations:

Page 3: Ilse Aigner, Minister of Economic Affairs, Media, Energy and Technology, State of Bavaria  
Pages 4/5: Town Hall of Munich, Theatiner Church and “Cathedral of Our Dear Lady”, Munich  
Pages 6/7: Munich Stock Exchange  
Page 10: HypoVereinsbank  
Pages 14/15: Munich Stock Exchange  
Pages 18/19: Deutsche Bundesbank Main Offices Munich  
Pages 20/21: Geschwister-Scholl-Platz, Lecture Hall of LMU Munich  
Pages 22/23: Panorama of Munich  
Pages 24/25: Bavarian State Opera Munich, Allianz Arena  
Page 27: Victory Gate Munich

#### Photo credits:

Allianz Arena München Stadion GmbH: page 25  
Bavarian Ministry for Economic Affairs, Media, Energy and Technology: page 3  
Getty Images: page 8  
HypoVereinsbank: page 10  
iStockphoto: pages 11, 19  
LMU München: pages 20/21  
Munich stock exchange: pages 6/7, 14/15  
proxenos GmbH: pages 18/19  
Shutterstock: pages 4-6, 12/13, 16/17, 22-24, 27



[www.fpmi.de](http://www.fpmi.de)

fpmi Munich Financial Centre Initiative  
c/o Munich Stock Exchange  
Karolinenplatz 6  
80333 Munich  
Germany  
E-Mail: [kontakt@fpmi.de](mailto:kontakt@fpmi.de)

