



Annual press conference

Frankfurt am Main, February 27, 2018

 **DZ BANK** Group

Results of the DZ BANK Group shaped by successful customer business and completion of the merger

DZ BANK Group reports a preliminary profit before taxes of € 1.8 billion

Good operating performance in most group companies

Preliminary common equity Tier 1 capital ratio of 13.9 percent, preliminary leverage ratio rises to 4.4 percent (fully loaded under CRR in both cases)

Progress on the DZ BANK Group's further development: completion of the merger/migration, merger of DG HYP and WL BANK to create DZ HYP, transformation of VR LEASING into a digital provider of finance for the self-employed and small businesses

Negative contribution to profits from DVB due to increased allowances for losses on loans and advances; strategic options being examined

One of the best bank credit ratings in Europe (S&P/Fitch: AA-)

DZ BANK Group: income statement (IFRS)

Preliminary figures for 2017

€ million	Jan. 1– Dec. 31, 2017	Jan.– Dec. 31, 2016 ¹	Change (%)
Net interest income	2,941	2,660	10.6
Allowances for losses on loans and advances	-786	-569	38.1
Net fee and commission income	1,864	1,698	9.8
Gains and losses on trading activities	506	780	-35.1
Gains and losses on investments	10	127	-92.1
Other gains and losses on valuation of financial instruments	289	51	>100.0
Net income from insurance business	907	760	19.3
Administrative expenses	-3,868	-3,600	7.4
Other net operating income	38	34	11.8
Net income from the business combination with WGZ BANK	-91	256	>100.0
Profit before taxes	1,810	2,197	-17.6
Income taxes	-712	-591	20.5
Net profit	1,098	1,606	-31.6

¹ The income statement line items for 2016 relate to the business performance of DZ BANK Group before the merger in the first half of 2016 and to the performance of the merged bank in the second half of 2016. They therefore have only limited comparability with the figures for 2017.

DZ BANK Group

Income statement by segment

€ million	Jan. 1– Dec. 31, 2017	Jan. 1– Dec. 31, 2016	Change (%)
DZ BANK AG	752	702	7.1
BSH	334	158	>100.0
R+V	795	681	16.7
UMH	610	468	30.3
DG HYP	504	237	>100.0
WL BANK ¹	133	118	12.7
TeamBank	148	143	3.5
DZ PRIVATBANK	20	3	>100.0
VR LEASING	-17	7	>100.0
DVB	-774	-278	>100.0
Other/consolidation ²	-695	-42	>100.0
Profit before taxes	1,810	2,197	-17.6

¹ WL BANK included from July 1, 2016.

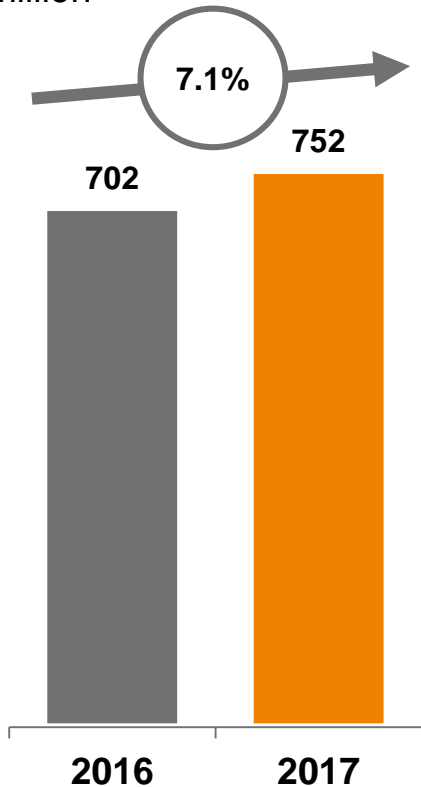
² Positive merger effects of around €500 million included in the prior-year figure.

DZ BANK AG and Home savings business / Residential real estate finance

DZ BANK AG segment



Profit before taxes € million



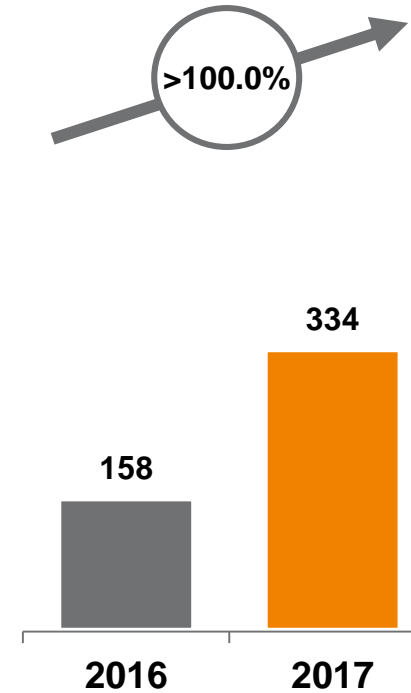
- **Good operating performance**
- Lending volume rises by **2 percent in corporate banking** to € 49.7 billion* and by **8 percent in joint credit business** to € 13.2 billion
- Sales of **structured products** of € 6.1 billion (2016: € 4.4 billion)
- Positive trend in **money market products and currency products**
- **Volume of securitizations** up by 13 percent to € 1.9 billion
- Record volume of € 209 billion in the **custodian bank business** (December 31, 2016: € 184 billion)
- One-off item resulting from the sale of Concardis (income of € 126 million) largely offset by merger-related expenses of € 91 million

Home savings business / Residential real estate finance segment



Schwäbisch Hall

Profit before taxes € million



- **Home savings:** Slight decline in new business to € 28 billion (2016: € 29.2 billion), but still undisputed market leader with market share of over 30 percent
- **Home finance:** Significant increase in new business to € 14.6 billion (up 5 percent year on year)
- Good level of **profit**, although prior-year figure was influenced by increased bonus interest payments

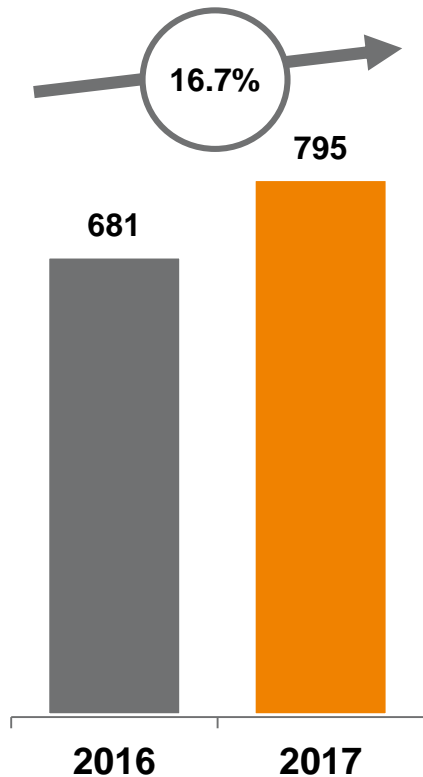
* Excluding the real estate portfolio of € 3.4 billion as at Dec. 2016.

Insurance and Asset Management



Insurance segment

Profit before taxes
€ million

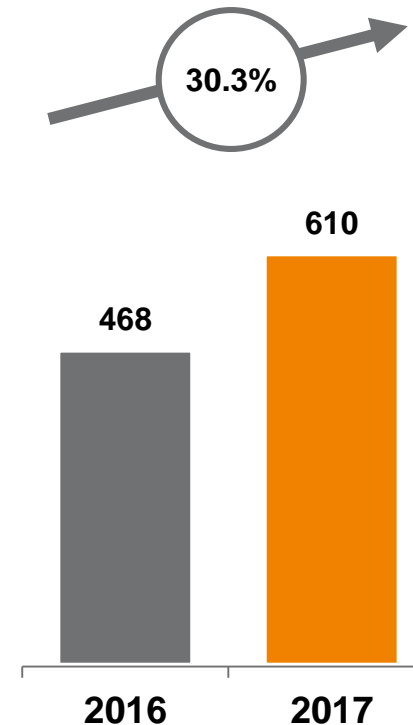


- **Gross premiums written** rise in all three segments, with strongest growth in inward reinsurance
- Net gain under **gains and losses on investments held by insurance companies** at a high level
- Year-on-year increase in **profit before taxes** owing to non-recurring effects in connection with the reform of the German Investment Tax Act



Asset Management segment

Profit before taxes
€ million



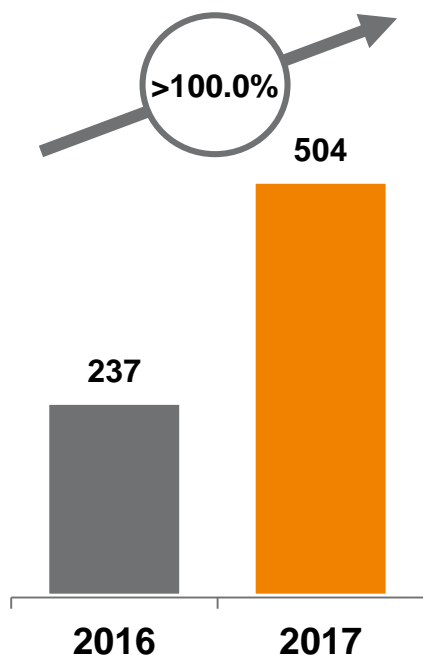
- **Assets under management reach € 323.9 billion** (December 31, 2016: € 292.3 billion), setting **another record** against a backdrop of a strong market performance and high net inflows
- **Net inflows from retail clients of € 9.9 billion** (2016: € 7.1 billion): Inflows mainly driven by PrivatFonds, fund-linked savings plans, real estate funds, and Riester funds
- **Net inflows from institutional clients of € 15.2 billion** (2016: € 16.1 billion): New customers in Germany and abroad; growing volume of assets managed under capital preservation strategies, Quoniam, and sustainability funds
- **Record profit in 2017** due to higher volume-related income

Commercial real estate finance and Housing sector / Public sector business

Commercial real estate finance segment



Profit before taxes
€ million

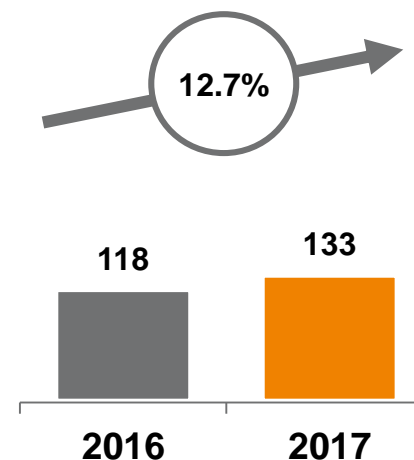


- Satisfactory level of **new business** at € 6.4 billion compared with the exceptionally strong prior-year figure of € 7.4 billion
- **New joint credit business** with the cooperative banks rises to € 3.6 billion (2016: € 3.2 billion)
- **Total volume of core business** grows to € 19.1 billion (December 31, 2016: € 17.8 billion)
- **Good financial performance** in core business; positive contribution to profits from narrowing of spreads in the wind-down portfolio (€ 246 million)

Housing sector / Public sector business segment



Profit before taxes
€ million



- High level of **new business** despite challenging conditions:
 - Real estate finance: € 3.7 billion (2016: € 4.2 billion)
 - Public-sector customer finance: € 0.6 billion (2016: € 1.0 billion)
- **Good financial performance**
- Inclusion in the DZ BANK Group since July 1, 2016, so the profit is not completely comparable with the prior-year figure

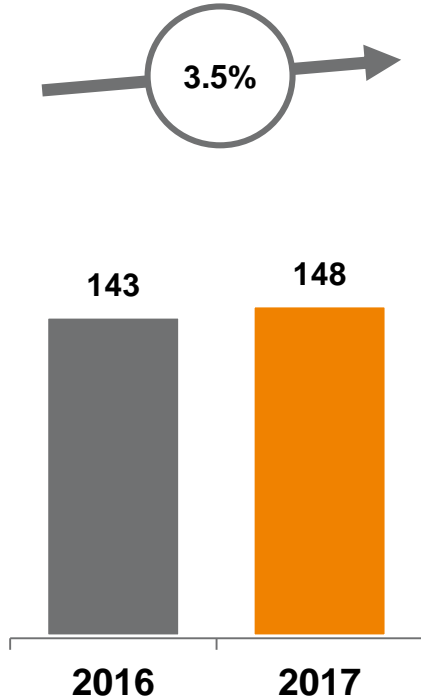
Good progress being made on the merger of DG HYP and WL BANK to create DZ HYP, which will be the largest Pfandbrief bank in Germany

Consumer finance and Private Banking

Consumer finance segment

TeamBank

Profit before taxes
€ million

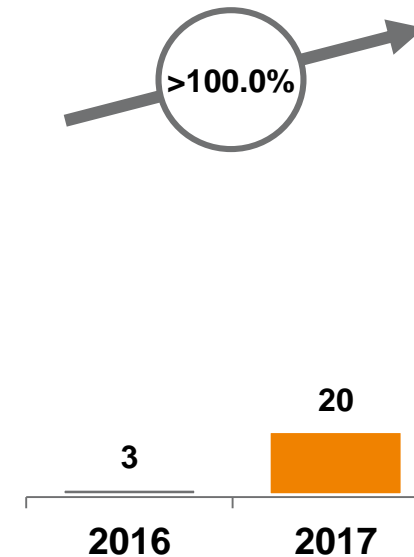


- **New business:** Sharp rise to € 2.95 billion (up 22 percent year on year)
- **Loans and advances to customers** increase to € 8 billion (December 31, 2016: € 7.3 billion)
- **Number of customers:** Significant growth (49,000 new customers) in a market characterized by fierce competition

Private Banking segment

DZ PRIVATBANK

Profit before taxes
€ million

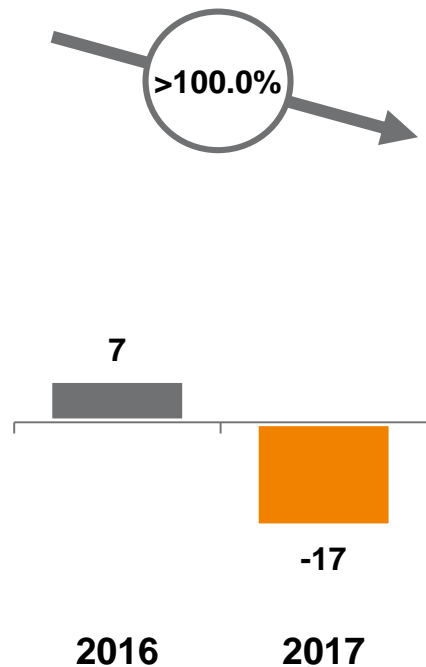


- Stable level of **assets under management** at € 17.3 billion (December 31, 2016: € 16.9 billion)
- The volume of **assets under custody** rose by 9 percent to around € 109 billion
- **Positive financial performance;** prior-year profit affected by one-off items; the level of interest rates and strong pressure on margins continue to have an adverse impact

Leasing

Leasing segment

Profit/loss before taxes € million



- **Buoyant new business** involving new products in online business via the local cooperative banks
- New **equipment leasing** business up by 16 percent to € 1.1 billion
- Sales in the **factoring business** rise to € 3.2 billion (2016: € 3.0 billion)
- **Loss before taxes** influenced by provisions for business transformation

Strategic changes

▶ Program of transformation into a digital provider of finance for the self-employed and small businesses got under way in 2017

▶ Focus on leasing, hire purchase, and loans for the self-employed and small businesses

▶ Partnership being planned in relation to the funding of single assets of more than € 750,000

▶ Factoring is to continue to be offered in the DZ BANK Group

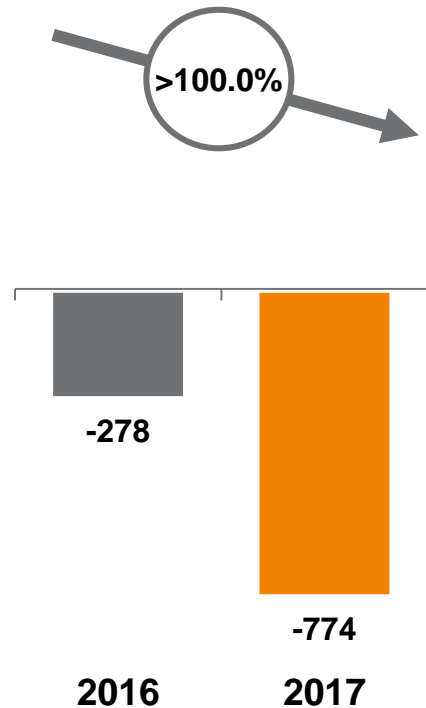
▶ Sale of the centralized settlement business segment and BFL Leasing GmbH is planned

Transport finance



Transport finance segment

Loss before taxes € million



- Market situation remains **difficult**, with overcapacity in the main shipping segments; low oil price is weighing on the offshore segment
- Sharp decrease in the **customer lending volume** owing to significantly reduced new business (€ 3.1 billion compared with € 6.5 billion as at December 31, 2016)
- Further substantial increase in **allowances for losses on loans and advances** to € 728 million in the maritime segments

Customer lending volume € billion



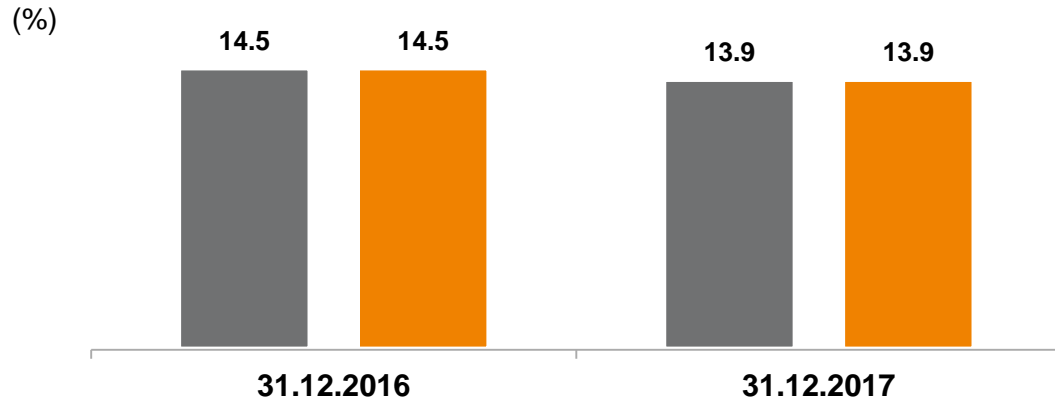
Strategic changes

- DVB made positive contribution to profits until 2015 and has a diversified portfolio structure
- Classified as a non-strategic business line; since then, the strategic options have been re-examined regularly
- Market deteriorated sharply in 2016 and 2017 due to overcapacity and the movement of the oil price, in turn resulting in a greater requirement for allowances for losses on loans and advances
- Squeeze-out/delisting in 2017; scaling back of new business; conclusion of a profit-and-loss transfer and control agreement

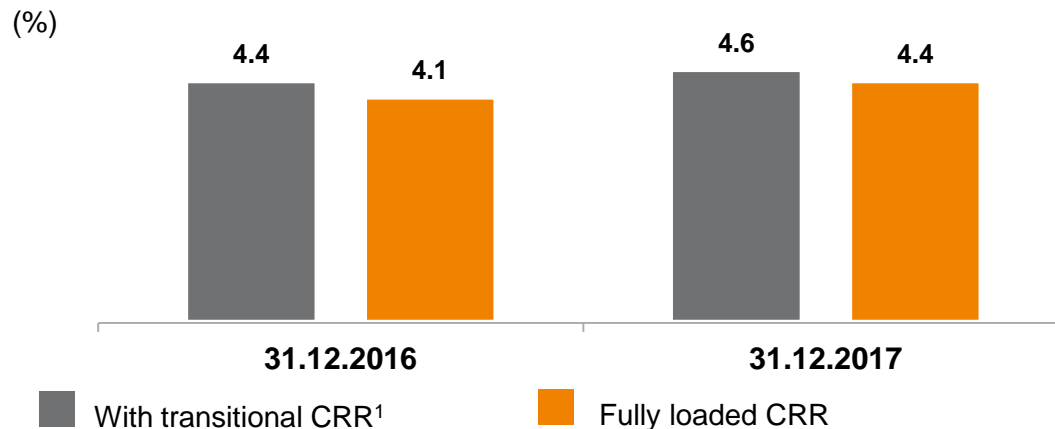
DZ BANK Group

Key capital ratios

Common equity Tier 1 capital ratio



Leverage ratio



- **Common equity Tier 1 capital ratio** applying CRR in full at 13.9 percent (June 30, 2017: 13.0 percent). Year-on-year fall (December 31, 2016: 14.5 percent) was primarily due to the changed regulatory treatment of investments in insurance companies
- **Minimum capital requirements** (SREP ratio²) for 2018: 8.79 percent (December 31, 2016: 7.83 percent)

- **Leverage ratio** rises to 4.4 percent (applying CRR in full)
- The treatment of receivables within the cooperative financial network and of development loans remains a key discussion point

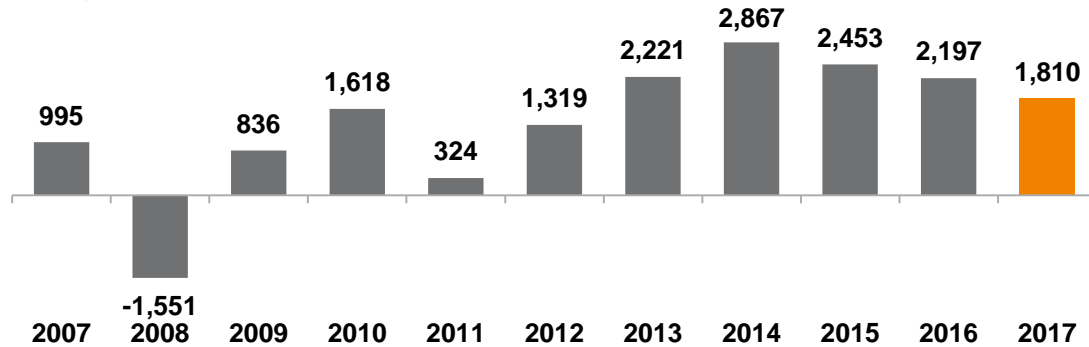
¹ Regulatory effects from Jan. 1 of the subsequent year applied as at Dec. 31.

² MDA trigger (maximum distributable amount): Year-on-year increase owing to raising of the capital conservation buffer and the O-SII buffer (buffer for other systemically important institutions)

The DZ BANK Group has evolved into a stable and highly profitable Allfinanz service provider

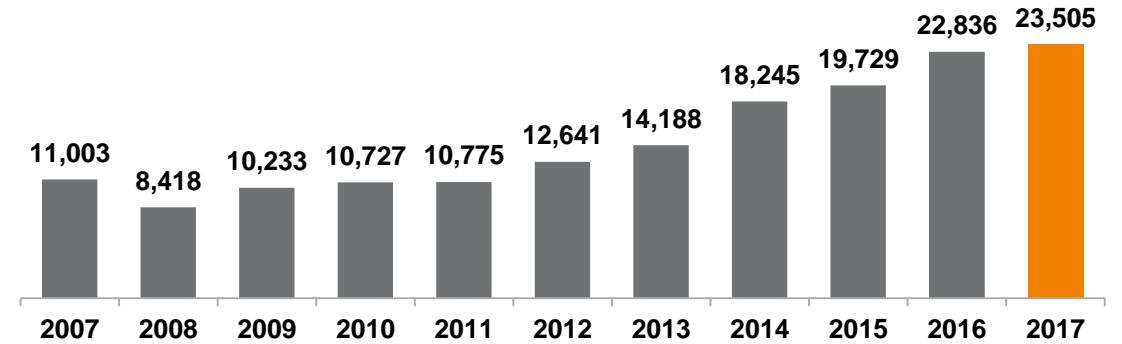
Profit/loss before taxes

(€ million)



Equity

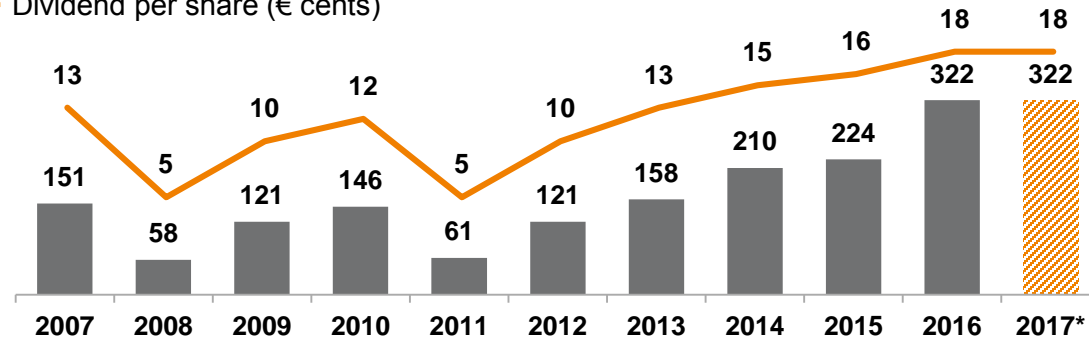
(€ million, as at Dec. 31)



Dividend

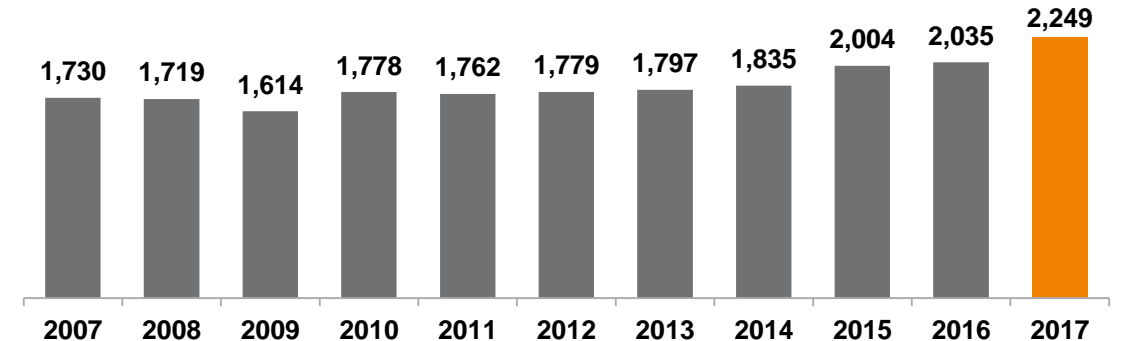
■ Total dividend payout according to German GAAP (€ million)

— Dividend per share (€ cents)



Fee, commission, and bonus payments to cooperative banks

(€ million)



* Proposed

Completion of the integration provides the basis for the DZ BANK Group's further development

▶ **Cost synergies of around € 50 million** achieved in 2017; including the reduction of **400 full-time employees**

▶ **Non-recurring expense relating to the merger** totaled **around € 350 million** under IFRS

▶ **14 months** between Day 1 of the new institution and the **completion of the migration**

▶ **45 individual projects, 1,000 project employees, approx. 100,000 person days** in connection with the **migration**

Efficiency increases and income growth as a result of digitalization

Union Investment



Union Investment

MeinInvest

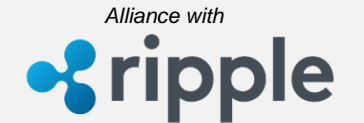
R+V Versicherung

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VR-FINANZGUIDE

ReiseBank



paydirekt



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VR-EXTRAPLUS

TeamBank



R+V Versicherung



TeamBank



DZ BANK

VR BUSINESS
ONLINE

Schwäbisch Hall



BERATUNG // NEU
AGIL | DIGITAL | EMOTIONAL 

DZ BANK

VR GeschäftsNavigator

... and over 100
other activities

Our areas of focus

▶ **Put digitalization into practice – simplify processes, strengthen the customer business**

▶ **Improve cost efficiency – increase profitability**

▶ **Refine the structures – improve effectiveness**

▶ **Growth remains essential – drive the expansion of the core business**

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