



Annual press conference

Frankfurt/Main, March 5, 2019

 **DZ BANK** Group

DZ BANK Group: Respectable result, good operating performance

Business performance

- **Respectable financial performance:**
Profit before taxes of just under €1.4 billion
- **Good operating performance in all entities:**
Encouraging growth in the customer business
- **Impact of negative one-off effects:**
DZ PRIVATBANK, DVB, further development of DZ BANK AG
- **Stable capital situation:**
Common equity Tier 1 capital ratio of 13.7 percent
(December 31, 2017: 13.7 percent)
- **Very good credit rating:**
AA- (S&P / Fitch)

Strategic development

- **DZ BANK AG:**
 - Completion of merger / migration
 - 'Verbund First 4.0': Ambitious targets for earnings and costs
- **DZ HYP:**
Implementation of merger between DG HYP and WL BANK
- **DVB:**
 - Substantial progress in 2018
 - Stabilization, risk reduction, sale of parts of the business
- **VR Smart Finanz:**
Digital transformation on track
- **Further segments:**
 - Integrated digitalization across the group
 - Focus on growth and efficiency (e.g. 'growth through change' program at R+V)

DZ BANK Group: Income statement (IFRS*)

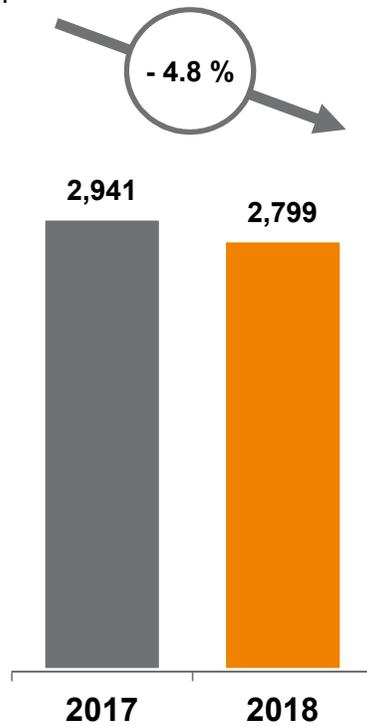
€ million	Jan 1 – Dec 31, 2018	Jan 1 – Dec 31, 2017	Change (%)
Net interest income	2,799	2,941	-4.8
Loss allowances	-21	-786	-97.3
Net fee and commission income	1,955	1,864	4.9
Gains and losses on trading activities	285	506	-43.7
Net income from insurance business	490	907	-46.0
Gains and losses on investments	150	10	>100.0
Other gains and losses on valuation of financial instruments	-120	289	-
Administrative expenses	-4,059	-3,959	2.5
Other net operating income	-109	38	-
Profit before taxes	1,370	1,810	-24.3
Income taxes	-452	-712	-36.5
Net profit	918	1,098	-16.4

* provisional

DZ BANK Group: Main income statement positions at a glance

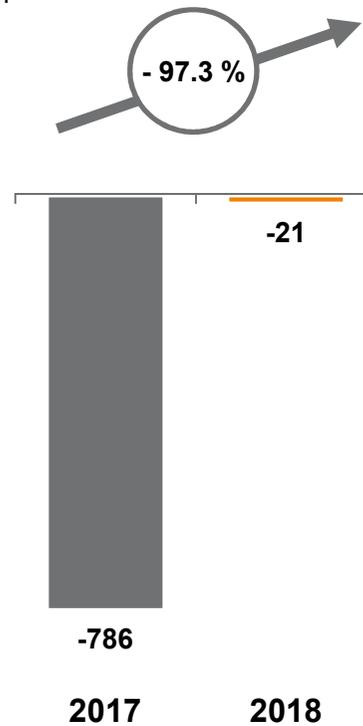
Net interest income

€ million



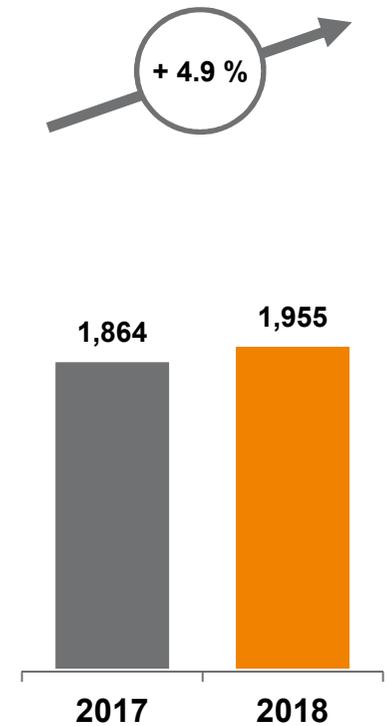
Loss allowances

€ million



Net fee and commission income

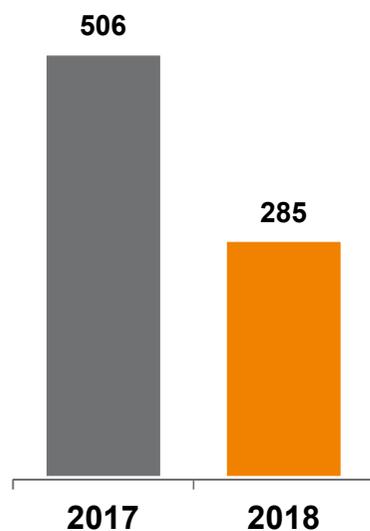
€ million



DZ BANK Group: Main income statement positions at a glance

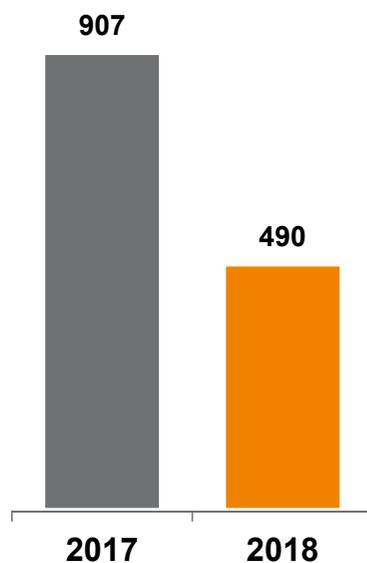
Gains and losses on trading activities

€ million



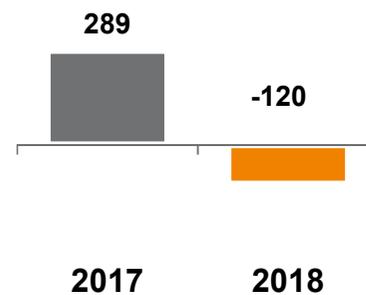
Net income from insurance business

€ million



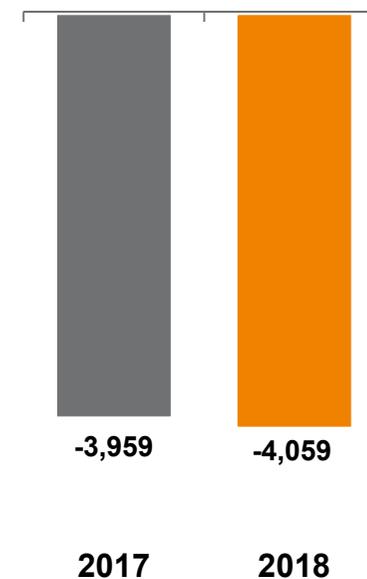
Other gains and losses on valuation of financial instruments

€ million



Administrative expenses

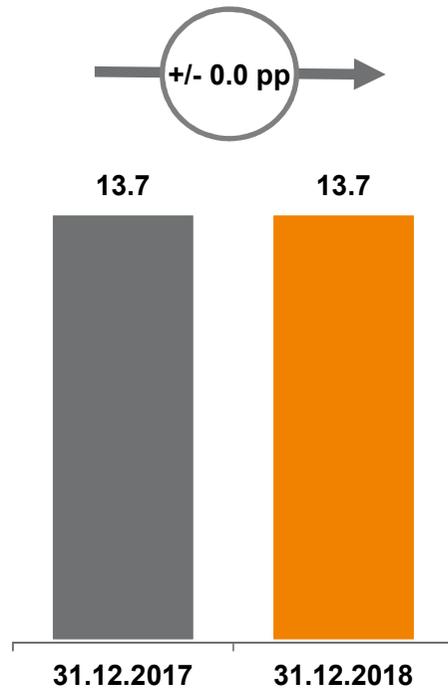
€ million



DZ BANK Group: Key capital ratios, fully loaded

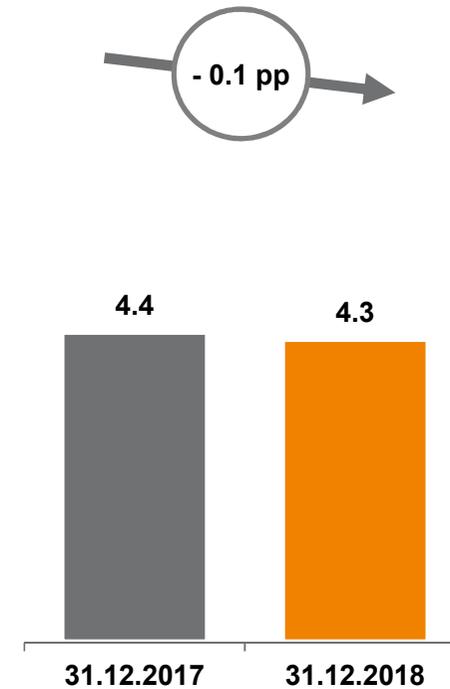
CET1 ratio

percent



Leverage ratio

percent



DZ BANK Group: Income statement by group company

€ million	Jan 1 – Dec 31, 2018	Jan 1 – Dec 31, 2017	Change (%)
BSH	295	334	-11.7
R+V	413	795	-48.1
TeamBank	145	148	-2.0
UMH	502	610	-17.7
DVB	-130	-774	83.2
DZ BANK AG	522	752	-30.6
DZ HYP	232	637¹	-63.6
DZ PRIVATBANK	-151	20	-
VR Smart Finanz	1	-17	-
Other / consolidation	-459	-695	34.0
Profit before taxes	1,370	1,810	-24.3

X = companies associated with the holding

X = companies associated with the central institution / corporate bank

¹ = on a pro forma basis due to the merger

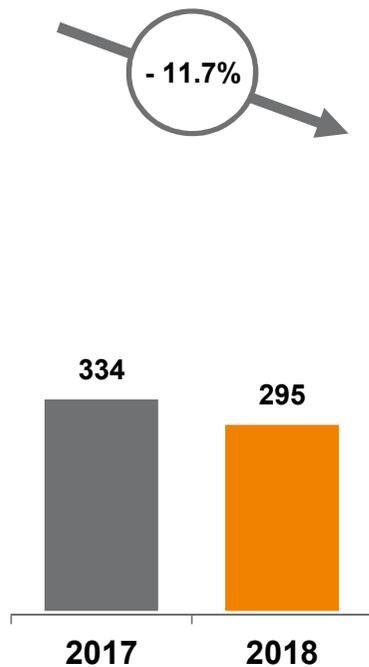
Home savings/consumer home finance and insurance

Profit before taxes



Schwäbisch Hall

€ million

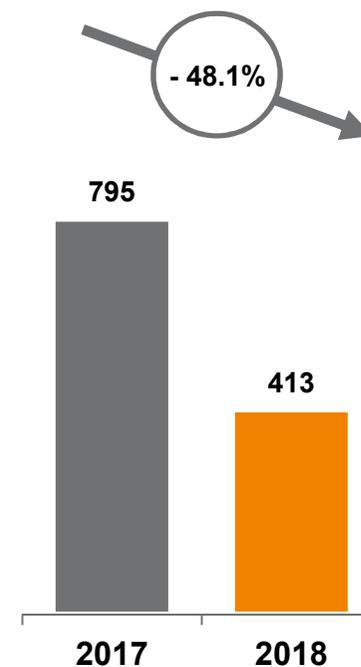


- **Home savings:** New business rose to €29.7 billion (2017: €28.0 billion), clearly underscoring BSH's market-leading position
- **Home finance:** Further increase in new business to €15.2 billion (up 3.8 percent year on year)
- Satisfactory level of **profit before taxes**, although low interest rates took a heavy toll

Profit before taxes



€ million



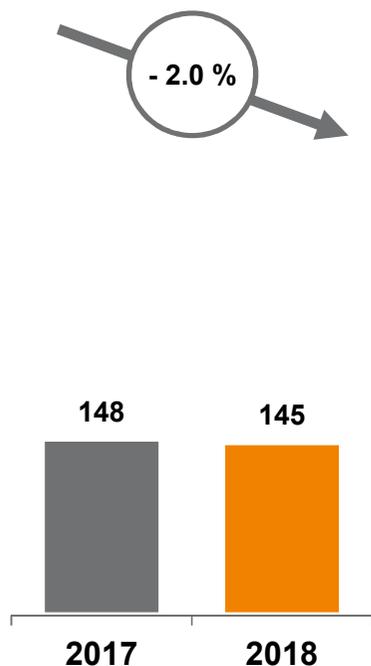
- **Gross premiums written** at €16.1 billion, even higher than the good prior-year figure of €15.3 billion – increase in all three segments
- Solid net gain under **gains and losses on investments held by insurance companies**, albeit significantly down due to challenging capital markets combined with low interest rates
- Year-on-year decrease in **profit before taxes**, mainly because of the deterioration in gains and losses on investments held by insurance companies

Consumer finance business and asset management

Profit before taxes

TeamBank

€ million

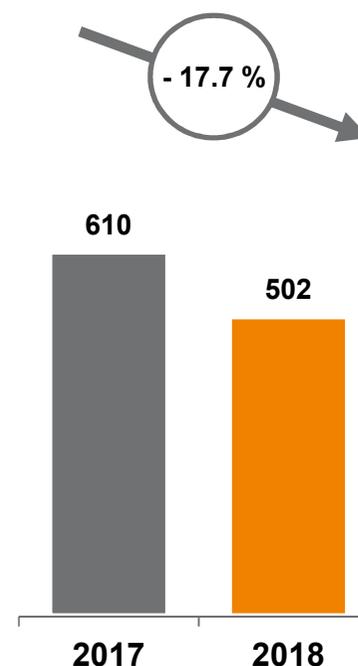


- **At €2.98 billion, new business** was at the same good level as last year (2017: €2.95 billion)
- **Loans and advances** to customers increased to €8.39 billion (December 31, 2017: €7.97 billion)
- **Number of customers:** Further strong growth (44,000 new customers) in a market characterized by fierce competition
- **Risk situation** remained unremarkable
- **Steady financial performance** thanks to stable business

Profit before taxes

Union Investment

€ million

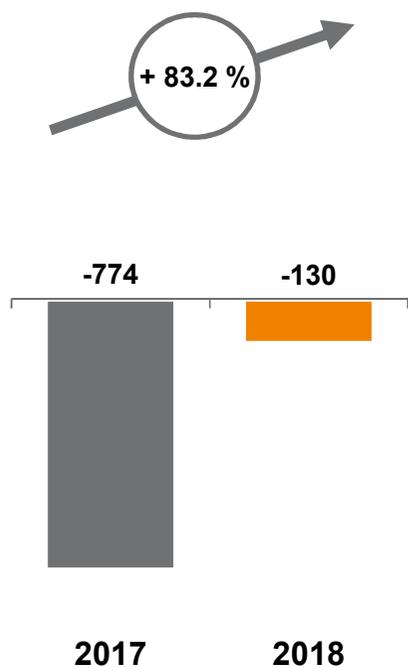


- **Assets under management** held steady year on year at €323.4 billion despite challenging market conditions (December 31, 2017: €323.9 billion)
- **Net inflows** remained high from both retail customers (€7.5 billion) and institutional customers (€7.8 billion)
- **Good profit before taxes**, but down compared with 2017 due, in particular, to a fall in performance-related management fees resulting from the market environment

Transport finance

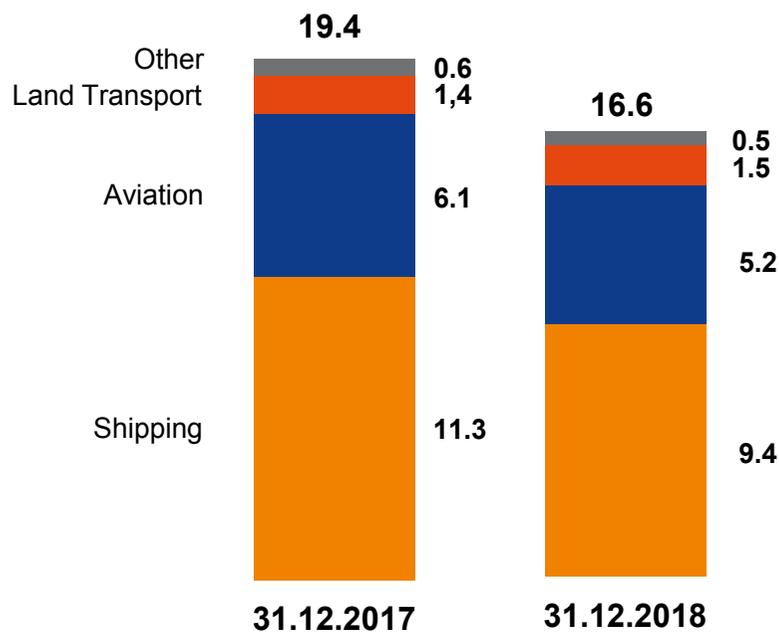
Profit before taxes

€ million



Customer lending volume

€ billion



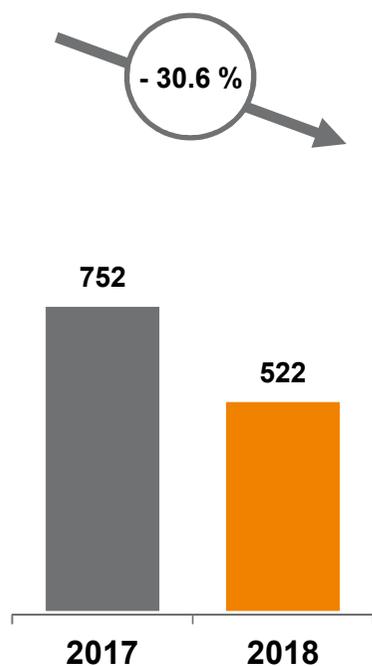
Financial performance / strategy



- ▶ Significant **improvement in loss allowances** from €728 million to €80 million
- ▶ Earnings squeezed by **IFRS valuation effects** (€105 million), solid operating performance
- ▶ Targeted **reduction of the lending volume**, particularly NPLs
- ▶ **Sale of major parts** of the business (land transport, aviation, LogPay)
- ▶ **Strategic options** being examined for the maritime portfolio

Profit before taxes

€ million



- Fall in income, in particular **lower income from long-term equity investments** and a lower net gain under gains and losses on trading activities
- **Unremarkable risk situation** with net reversals
- Increase in **net fee and commission income** thanks to brisk customer business
- **Restructuring provision** for job cuts / social plan (€80 million)

Operating performance

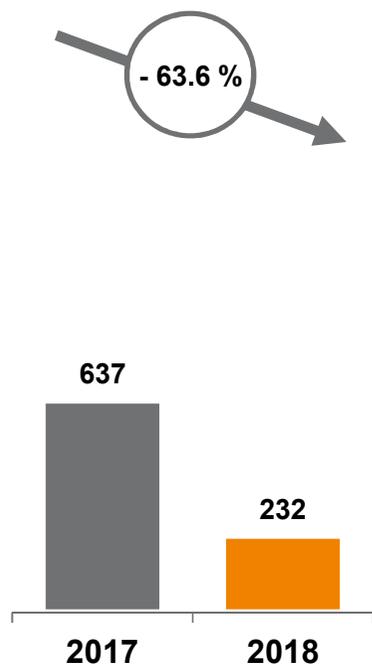
- ▶ **Corporate Banking:** Increase in the lending volume to €53.8 billion (up 9 percent)
- ▶ **Securities business for retail customers:** Sales of structured products at a good level of €6.0 billion (2017: €6.1 billion)
- ▶ **Capital Markets:** Robust performance in the primary market business for bonds; volume of securitizations exceeded €2.0 billion
- ▶ **Transaction Banking:** Payments processing – approx. seven billion SEPA transactions (up 3.8 percent); cards – approx. five million credit cards issued (up 6.0 percent); custody business – record volume of €215 billion (up 2.8 percent)

Commercial real estate finance and leasing

Profit before taxes



€ million

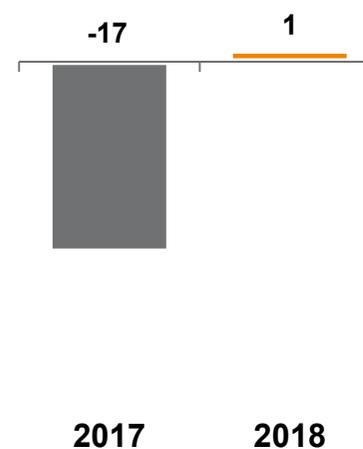


- **New business in commercial real estate business** up from €7.1 billion to €7.7 billion
- **Housing sector:** New business held steady at €1.0 billion
- **New business with retail customers and retail investors** grew to €2.2 billion (2017: €2.0 billion)
- **Overall volume of real estate finance** climbed from €42.5 billion to €44.5 billion
- **Profit before taxes** squeezed by volatility of fair value gains and losses – stable operating performance

Profit before taxes



€ million

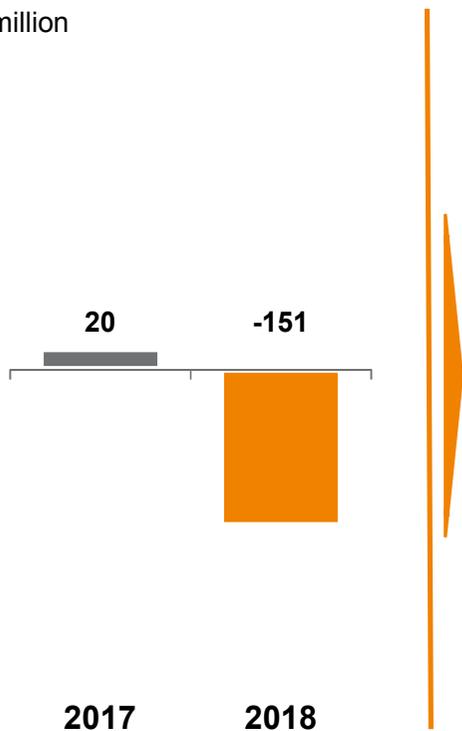


- Strong rise in **online business with cooperative banks** (up 17.6 percent)
- Stable **new business** in equipment leasing (€1.2 billion)
- **Factoring volume** increased from €3.2 billion to €3.4 billion
- **Transformation** into a digital provider of finance for the self-employed and small businesses is going to plan
- **Profit before taxes** included transformation-related one-off items

Private banking

Profit before taxes

€ million



- Market environment and interest rates remained challenging, with fierce competition for market share and **pressure on margins**
- Changed expectations about the business led to **impairment recognized in profit or loss amounting** to approx. €170 million (adjustment of goodwill and customer relationships)
- **Stable operating performance** and more intense collaboration with cooperative banks

Operating performance

DZ PRIVATBANK

- ▶ **Assets under management in private banking** amounted to €16.7 billion (December 31, 2017: €17.3 billion); recent decline due to capital markets
- ▶ At €3.1 billion, **gross inflows** were at a robust level (2017: €3.3 billion)
- ▶ **Foreign currency loans (LuxCredit):** Lending volume on a par with the end of 2017 at €5.0 billion
- ▶ **Custody business:** Market-related fall in assets under custody to €101.6 billion (December 31, 2017: €108.8 billion)

Further development of DZ BANK AG: 'Verbund First 4.0'

**Market approach:
focused on cooperative
banks, oriented to
clients, present in the
digital space**

» Jointly increase **income from customers**
at DZ BANK AG and the DZ BANK Group

» Optimize **joint business** with the
cooperative banks

» Enhance **digital solutions** and
platforms

**Steering and
production:
efficient, effective,
and focused**

» **Automate** and **digitalize** core
processes from end to end
(lending, finance, risk, IT)

» Reduce **expenditure** on external
service providers

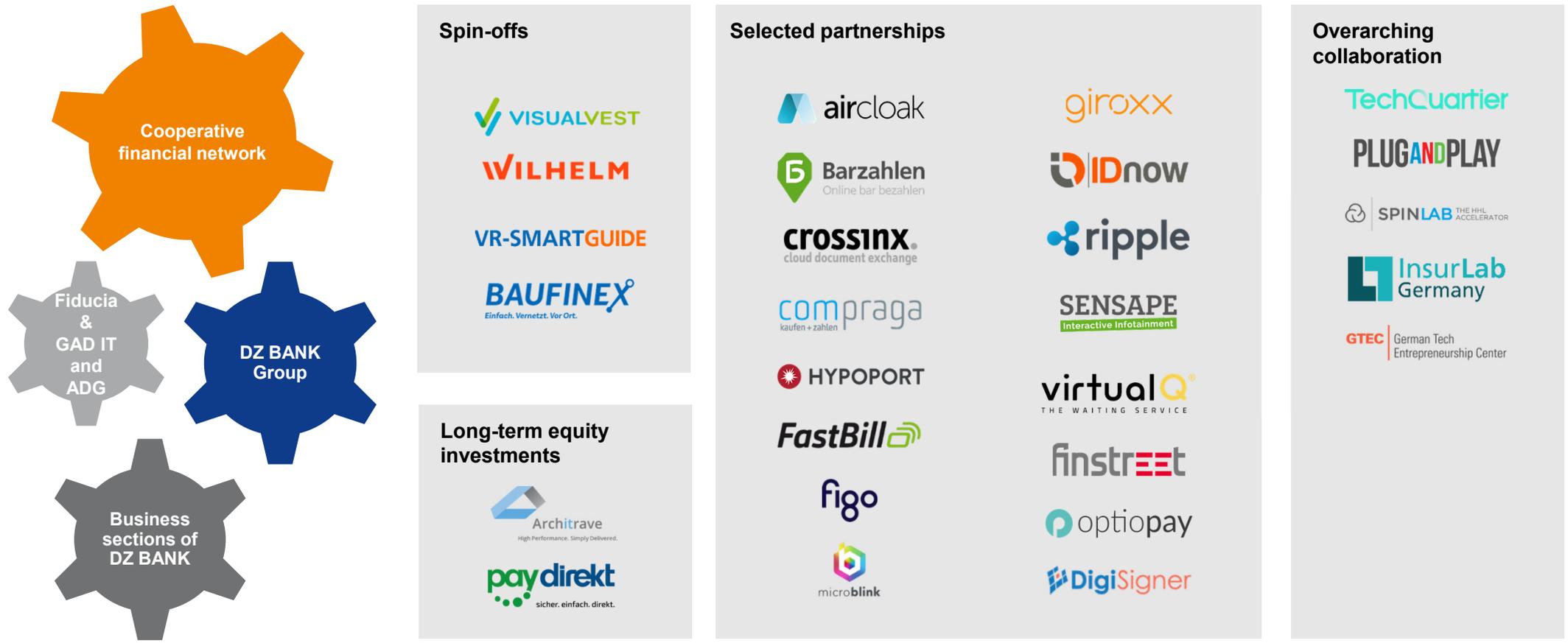
» Cut almost 500 further jobs
by 2023

**Employees and
culture:
integrative and
performance-driven**

» Strengthen **customer focus** and concentrate
more on efficiency and performance

» Manage **demographic change** and
strategically develop **talented employees**
across the group

DZ BANK Group: Successful innovation for the cooperative financial network



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