



Annual Press Conference

Frankfurt am Main, 7 March 2017

 **DZ BANK** Group

Good result reflects positive customer response and successful merger

DZ BANK Group reports a preliminary profit before taxes of €2.2 billion

Good operating performance and positive exceptional effects support the result, negative effects digested

Merger completed successfully, integration is progressing according to plan

Preliminary capital ratios have improved further since the merger: common equity Tier 1 ratio 14.5%, leverage ratio 4.1% fully loaded under CRR

DZ BANK Group: Income Statement (IFRS)

Preliminary Figures 2016

	DZ BANK Group before the merger	
in EUR million	01.01.– 31.12.2016	01.01.– 31.12.2015
Net interest income	2,660	2,870
Allowances for losses on loans and advances	-569	-153
Net fee and commission income	1,698	1,632
Gains and losses on trading activities	780	369
Gains and losses on investments	127	59
Other gains and losses on valuation of financial instruments	51	300
Net income from insurance activities	760	676
Administrative expenses	-3,600	-3,252
Other net operating income	34	-48
Net income from merger with WGZ BANK	256	-
Profit before taxes	2,197	2,453
Income taxes	-591	-657
Net profit	1,606	1,796

DZ BANK Group:

Income Statement by segment

in EUR million	01.01.– 31.12.2016	01.01.– 31.12.2015	Change in %
DZ BANK AG	702	869	-19.2
BSH	158	341	-53.7
R+V	681	625	9.0
UMH	468	556	-15.8
DG HYP	237	447	-47.0
WL BANK	118	-	-
TeamBank	143	132	8.3
DZ PRIVATBANK	3	38	-92.1
VR LEASING	7	-19	>100.0
DVB ¹⁾	-285	46	>100.0
Others / consolidation ²⁾	-35	-582	-94.0
Net profit	2,197	2,453	-10.4

1) According to DVB's pre-consolidation accounts (excluding income subsidy)

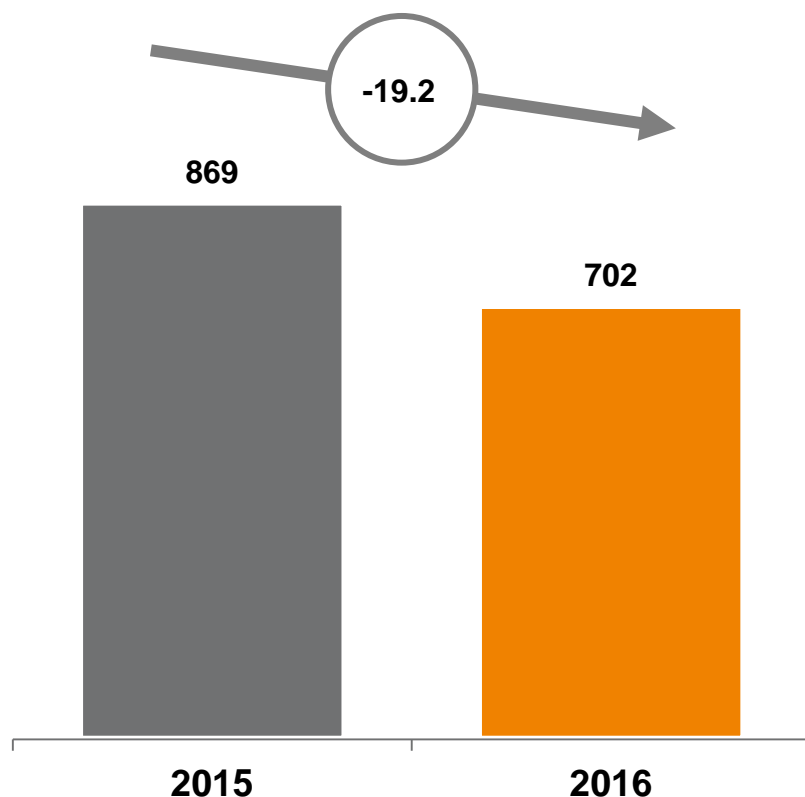
2) 2016 with proceeds from merger with WGZ BANK

Segment DZ BANK AG



Profit before taxes

in € m



Operating performance

P&L

- Stable operating performance in 2016
- At the same time major exceptional effects, e.g. sale of shares in VISA Europe: around € 160 million EUR, offsetting merger costs -€ 247 million

Corporate Banking

- Increased portfolio volume in credit business + 5% to € 52.6 billion (pr. year € 50.3 billion*) in the joint credit business +6.5%

Retail Banking

- No. 1 in certificates market with a market share of 17.7% (pr. year 16.4%)
- No. 3 in stock of exchange turnover: market share 11.0% (pr. year 9.2%)
- Sales of structured products € 4.4 billion (pr. year € 4.3 billion *)

Capital Markets

- Good performance in the primary and secondary bond markets, in interest rate derivatives and in fixed income and credit structures
- Volume of securitizations +8% to € 1.6 billion

Transaction Banking

- Custodian bank business grows further to € 184 billion. No. 5 in Germany
- Significant increase in number of credit cards thanks to "Cards Growth Initiative"

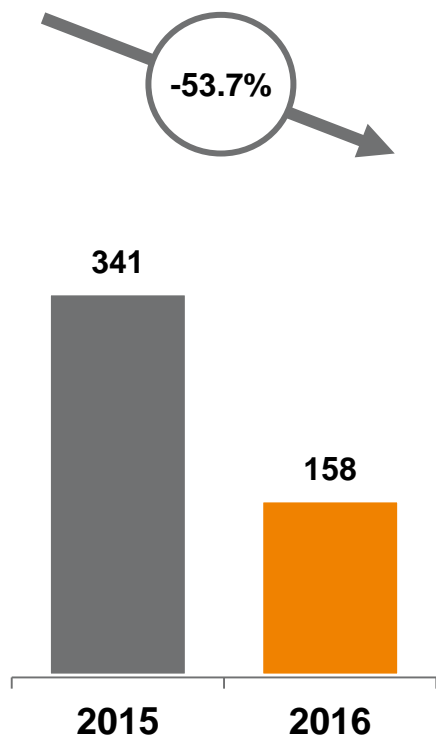
Segment Home Savings Business / Residential Real Estate Finance



Schwäbisch Hall

Profit before taxes

in € m

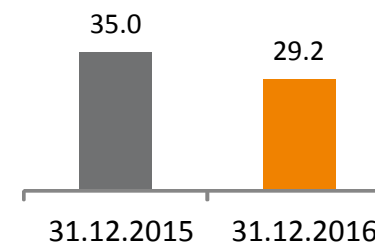


- **Home saving:** new business benefited in the previous year from above-average growth
- **Home finance:** down slightly, but still at a high level
- **Profit performance** influenced by additional provisions for bonus interest payments (-€ 175 million)

Operating performance

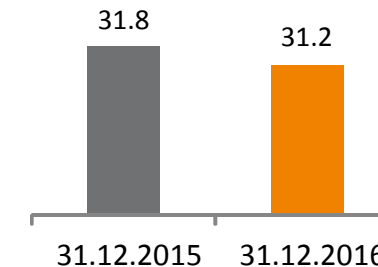
New Home Savings Business

in € bn



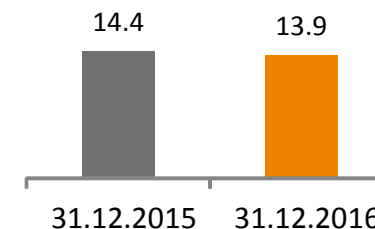
Market share in Germany

in %



New home-finance business

in € bn



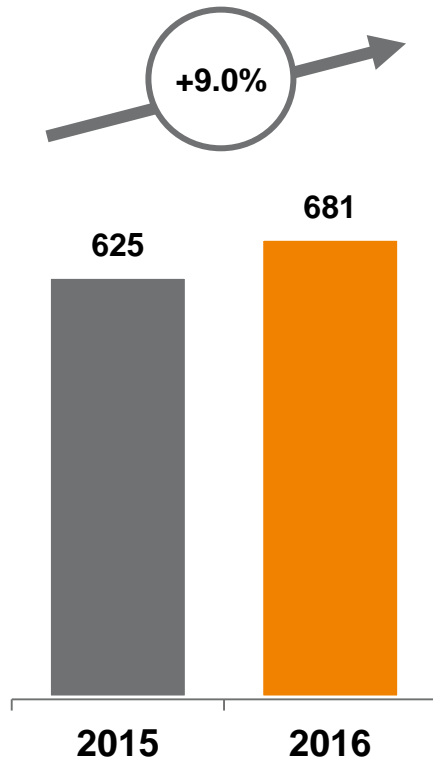
**BSH remains undisputed market leader;
Low interest rate environment is a challenge**

Segment Insurance



Profit before taxes

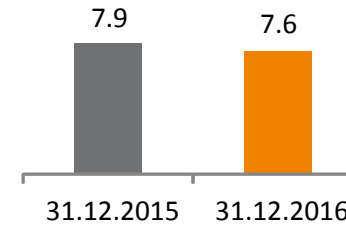
in € m



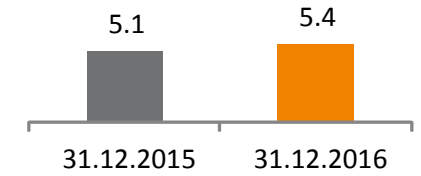
- **Gross premiums earned** increased overall on the previous year; premiums declined in the life insurance business, but this was more than offset by strong growth above all in property/casualty and active reinsurance
- **Investment result** increased significantly on the previous year (mainly due to lower level of long-term interest rates)

Operating performance

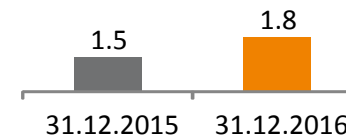
Gross premiums earned Life / Health insurance in € bn



Gross premiums earned property / casualty in € bn



Gross premiums received active reinsurance in € bn

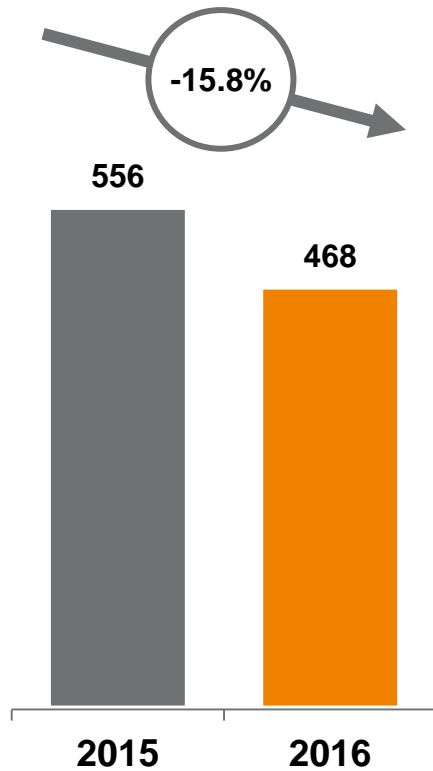


Premiums developed well especially in the non-life and reinsurance segments; investment result well above the year-earlier level

Segment Asset Management

Profit before taxes

in € m

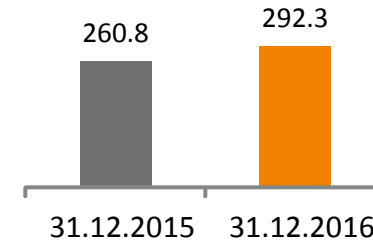


- **Assets under management** again at all-time high with high but slightly lower net banking business inflow
- **Retail customers:** market leadership defended in capital preservation funds and Riester products
- **Institutional business:** new customers in Germany and abroad; increased portfolio volume of sustainability funds: +€ 7.4 billion
- **Earnings performance** declining from high level

Operating performance

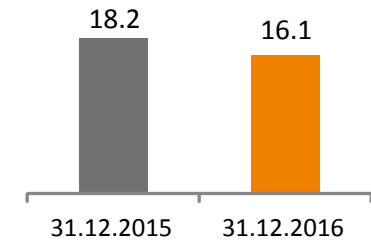
Assets under Management

in € bn



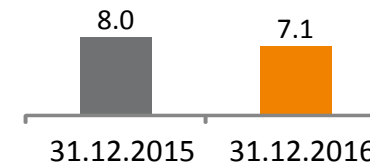
Net inflow institutional clients

in € bn



Net inflow retail banking business

in € bn



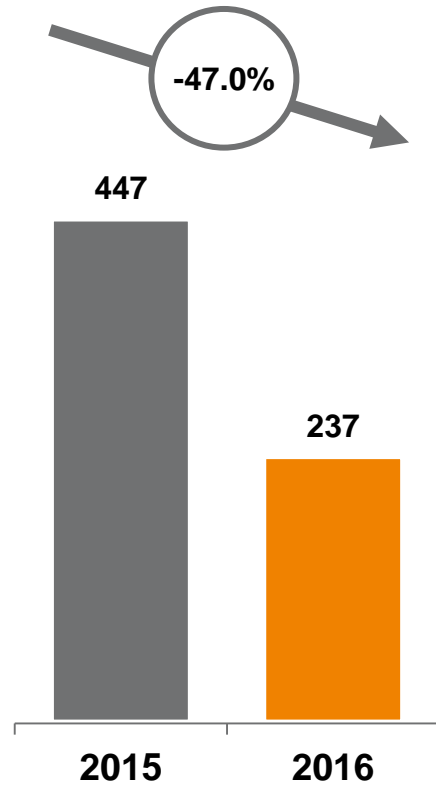
Earnings remain at a very high level

Segment Commercial real estate finance business



Profit before taxes

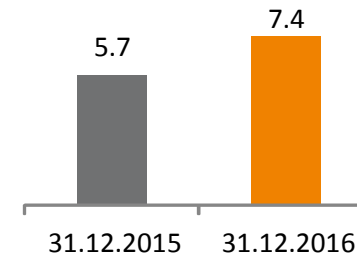
in € m



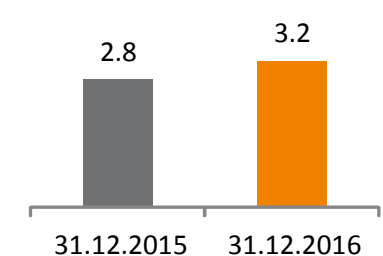
- **New business** increased significantly despite heavy competition and cautious risk policy
- **Number of loans in the meta business** with the cooperative banks increases
- **Total volume of commercial real estate finance business increased** thanks to successful servicing of the market
- **Good profit performance** in the core business; negative effects from spread development in the wind-down portfolio (-€ 73 million)

Operating performance

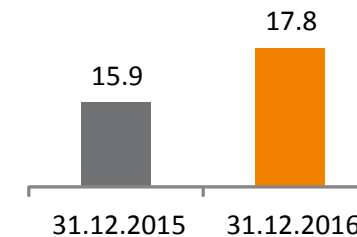
New commercial real estate finance business in € bn



Volume of new meta business with VRB in € bn



Total volume of commercial real estate finance business in € bn



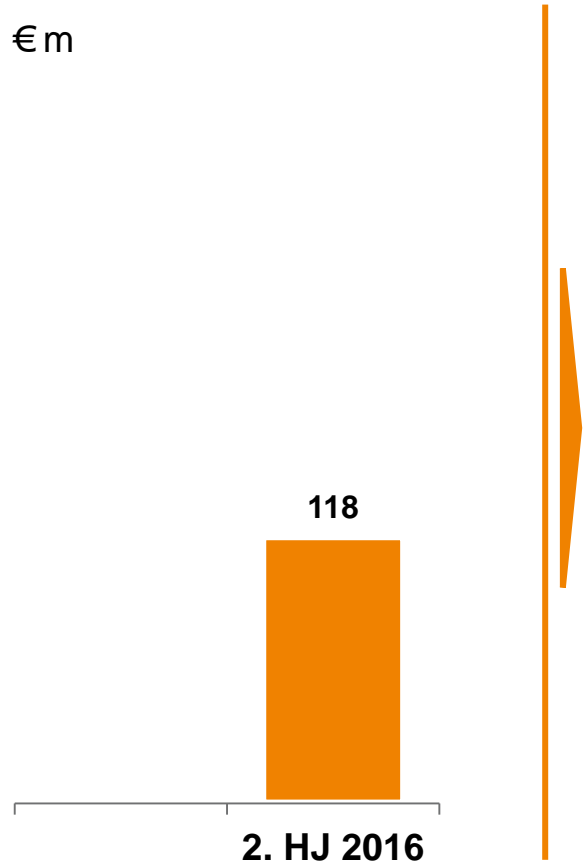
DG HYP reports a successful performance in its core business, valuation of the wind-down portfolio is highly volatile

Segment Housing Sector / Public Sector Business



Profit before taxes

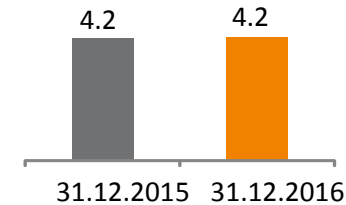
in € m



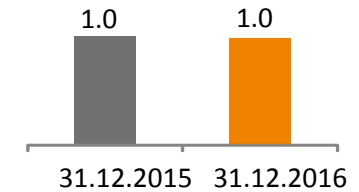
- **New business** held steady at year-earlier level despite heavy competition and cautious risk policy
- WL BANK achieves a **profit before taxes** of € 118 million for HY2 2016 (consolidated in DZ BANK Group since 01.07.2016)
- **Good earnings performance**, also influenced by reversals of impairment losses

Operating performance

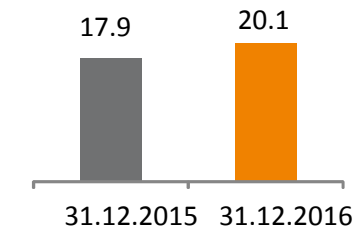
New commitments real estate loans in € bn



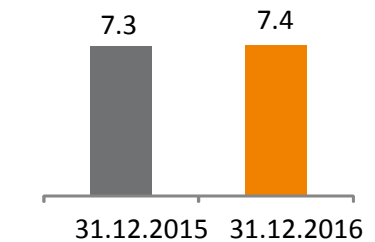
New public-sector business in € bn



Portfolio of real estate loan business in € bn



Total portfolio of public sector business in € bn

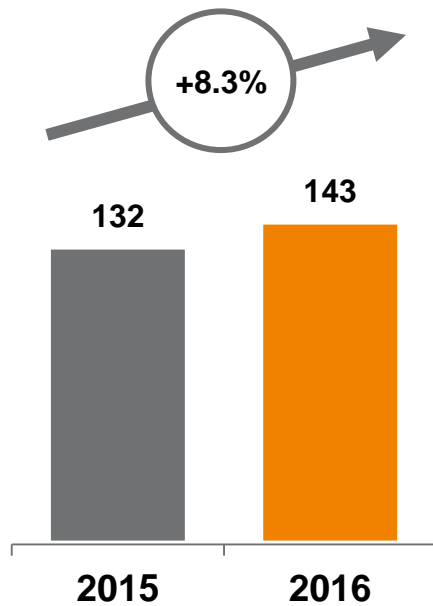


WL BANK with a good performance in servicing the market in all core segments, volatility due to valuation effects

Segment Consumer Finance

Profit before taxes

in € m

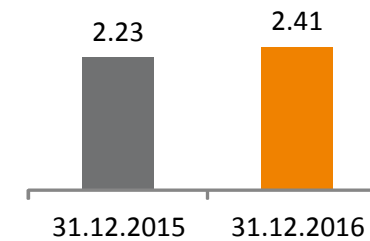


- **New business:**
Increased by 8.2% on the previous year
- **Customer count:**
Convincing growth (+16,000 new customers) despite increasing competition
- **Profit:**
Positive development because of increased new easyCredit business

Operating performance

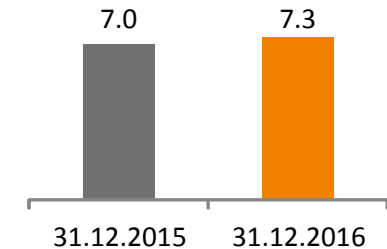
easyCredit new business

in € bn



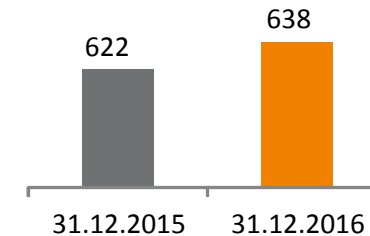
easyCredit loan portfolio

in € bn



Customer Count

in thousands

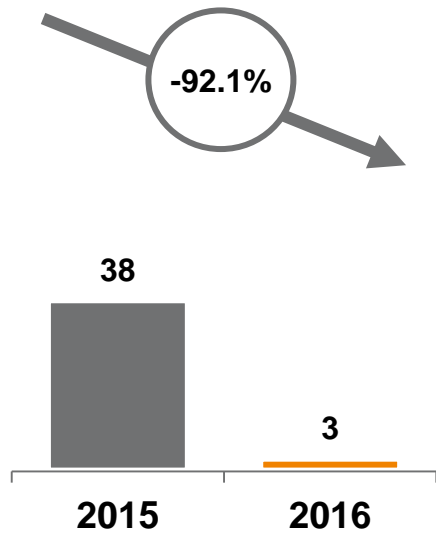


TeamBank reports gratifying growth in a tougher competitive environment

Segment Private Banking

Profit before taxes

in € m

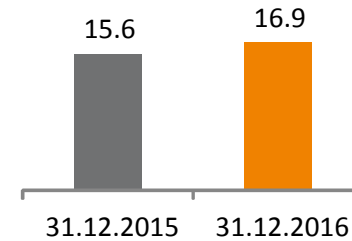


- Assets under Management:**
 Increased volume of AuM
- Volumes:**
 Stable positive trend; increased cooperation with the cooperative banks is increasingly having an effect (partner banks +10%)
- Earnings:**
 Down due to currency-induced exceptional effect in the previous year, increased provisions, ongoing pressure on margins in Private Banking, low interest rate environment

Operating performance

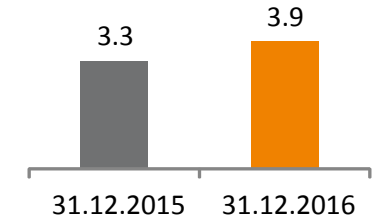
Assets under Management

in € bn



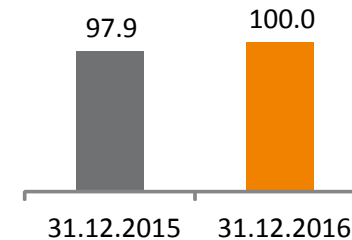
Gross new money

in € bn



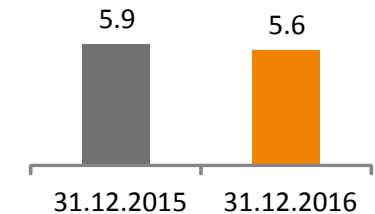
Assets under custody

in € bn



Lending volume

in € bn

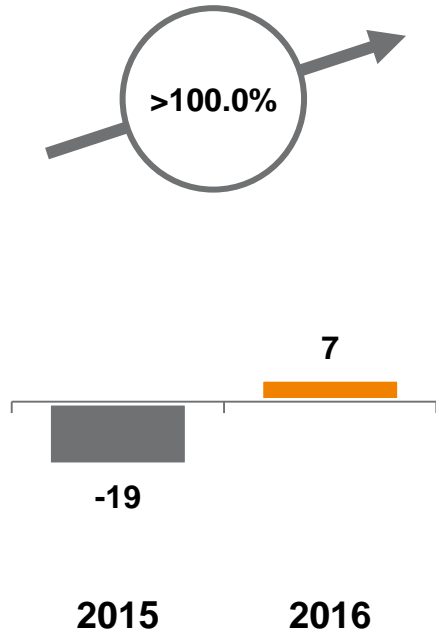


Stabile operating performance, negative exceptional effects

Segment Leasing

Profit before taxes

in € m

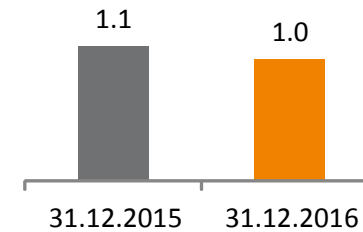


- New business:**
 Almost unchanged
- Factoring:**
 Turnover charts solid performance
- Profit before taxes:**
 In the black after adjustment for the previous year's exceptional effects

Operating performance

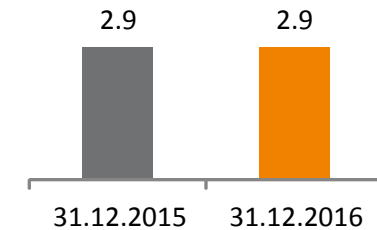
New equipment leasing business

in € bn



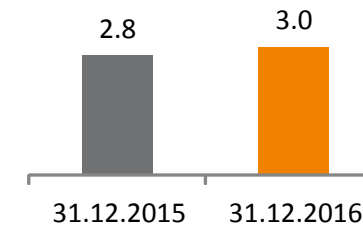
Existing equipment leasing business

in € bn



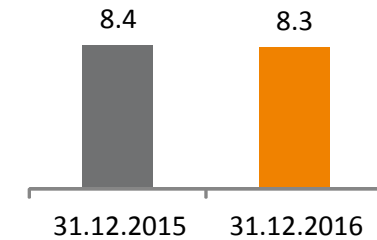
Factoring sales

in € bn



Central settlement sales

in € bn



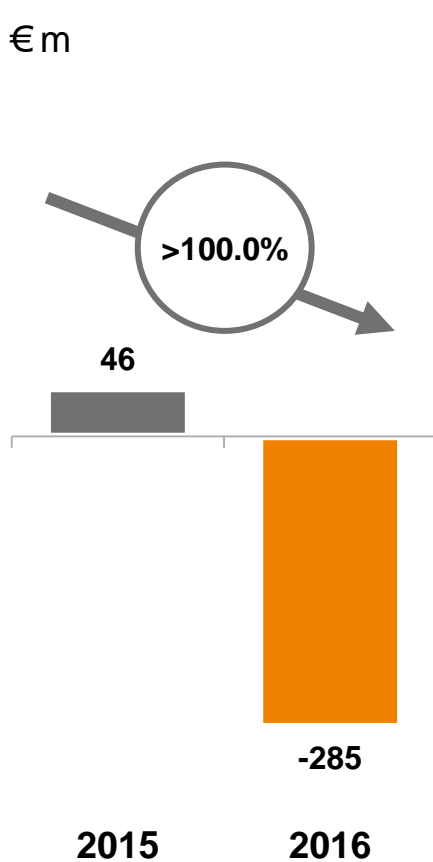
Stable new business

Segment Transport Finance



Profit before taxes ¹⁾

in € m

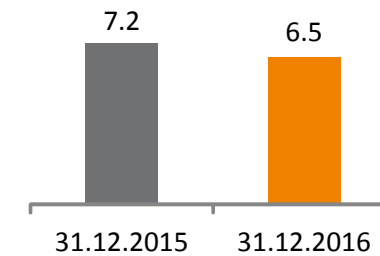


- **Nominal customer lending grows slightly**; volume of early loan repayments remains high
- Significantly increased **allowances for losses on loans and advances** as a result of ongoing negative effects in the shipping market (massive overcapacity, slackening growth momentum, lower oil price)
- **Income subsidy** of € 150 million
- **Squeeze-out** planned for 2017

Operating performance

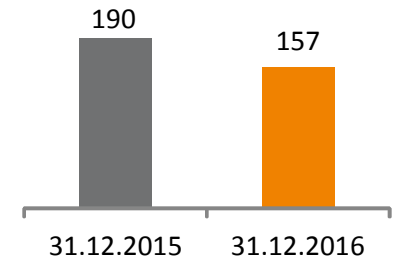
New business volume

in € bn



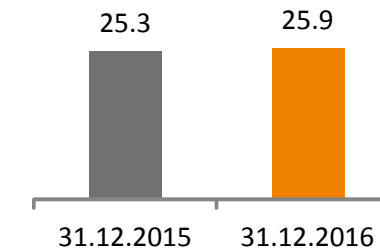
New transactions

Number of



Nominal customer lending

in € bn



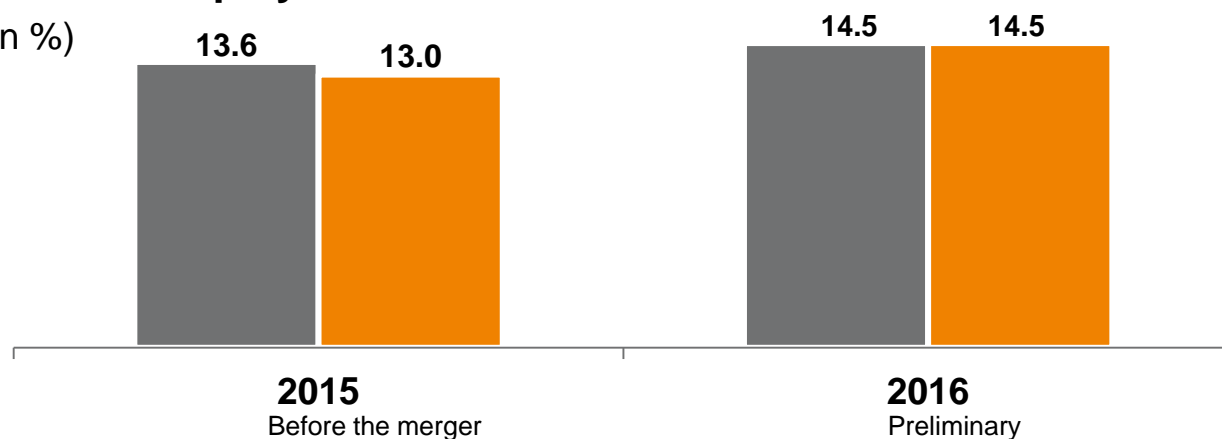
DVB with its first year of losses due to increased risk costs because of ongoing crisis in the shipping market

¹ According to pre-consolidation accounts DVB (excluding income subsidy)

DZ BANK Group: Key Capital Ratios

Common equity Tier 1 ratio

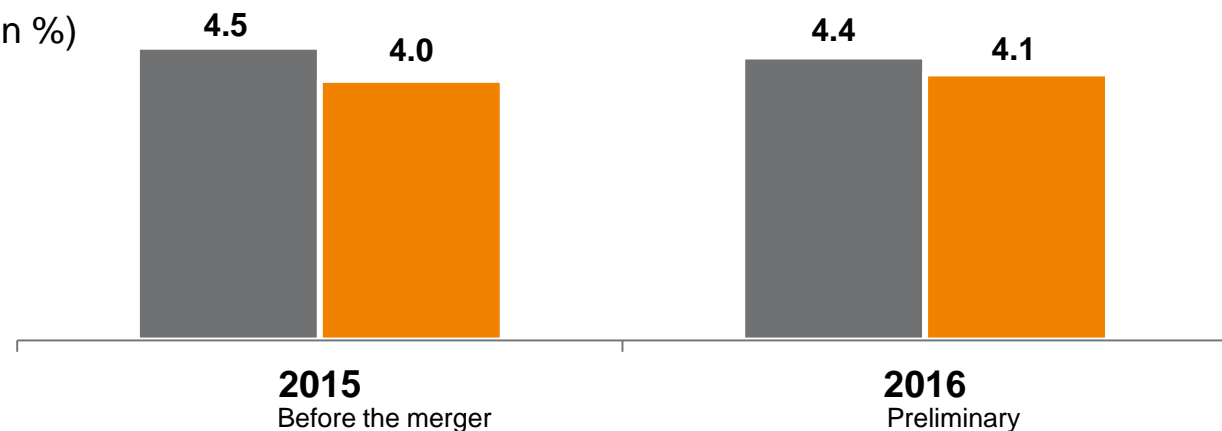
(in %)



- Capital ratios rise continuously to 14.5% as at 31.12.2016
- Improvement due to development of business and positive capital effects from the merger
- SREP ratio for 2017 (including Pillar 2 Requirement): 7.83%

Leverage ratio

(in %)



- Stable leverage ratio
- Treatment of intra group debt / development loans remain central points of discussion

■ With transitional CRR¹ ■ Fully-loaded CRR

¹ Regulatory effects of 1 January of the following year brought forward to 31 December

Merger brought to a successful conclusion, integration is making rapid progress

What has been achieved

- Transaction implemented on schedule despite tight timetable
- Operating stability ensured in all business segments
- Unified brand identity for the merged bank
- The targeted organizational structure has already been implemented for a large part of the bank
- Harmonization of the product portfolio, pricing and processes is well advanced
- Targeted IT architecture specified, important individual migrations already complete
- Realization of a capital effect of around € 500 million
- First personnel-cost synergies realized faster than planned (> 25% already realized)

What still has to be done

- Implementation of further migration steps is planned by Q4/2017, archiving and dismantlement planned in 2018
- Complete implementation of specialist integration planned by end of 2018
- Complete implementation of synergy potential of € 100-150 million p.a.

DZ BANK – a strong partner in Corporate Banking and Capital markets



BOND ISSUE

EUR 2.26 billion
Joint Bookrunner



Die Initiativbank



BOND ISSUE

EUR 3 billion
Joint Bookrunner



Die Initiativbank



BOND ISSUE

EUR 1.75 billion
Joint Bookrunner



Die Initiativbank



BOND ISSUE

EUR 4 billion
Joint Bookrunner



Die Initiativbank



SHARE BUYBACK

Exclusive Broker
and Sole Arranger



Die Initiativbank



**LONG-TERM
INVESTMENT LOAN**

2016



Die Initiativbank

A94 Autobahn München-Passau 

**PROJECT FINANCE
FACILITY**

Mandated
Lead Arranger

2016



Die Initiativbank



MEYER TURKU

**ADVANCE PAYMENT
GUARANTEE**

Sole Lender

2016



Die Initiativbank



HERDER


**SENIOR SECURED
CREDIT FACILITY**

Mandated Lead
Arranger

2016



Die Initiativbank



SYNDICATED LOAN

Initial Mandated
Lead Arranger &
Bookrunner

2016



Die Initiativbank

Digitalization already well underway in many segments



R+V-Scan app for the paperless submission of medical invoices for comprehensive or supplementary private health insurance



Ripple-Blockchain allows users to make international payments across the Atlantic in just eight seconds



KreditFuchs app for determining mortgageable values and enhancing customers' advisory experience



Online payments system of German banks and saving banks



Fymio finance app for the intelligent analysis of turnover on all accounts and recording consumer wish lists



Web-based auction platform for the sale of trade receivables



VR-AgrarInvestplan

Individualized input and important information on **development offerings for farmers**



VisualVest – Online portal for private investment in the form of a robot advisor

What issues are we focusing on?

Continue integration successfully and reap synergies systematically

Further reinforce our market positioning

Make use of opportunities offered by digitalization – drive forward networking and simplification

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