



Annual press conference

Frankfurt am Main, March 2, 2021

 **DZ BANK** Group

Economy and society under COVID-19: The financial services industry as a stabilizing force

-9.8%

Decline in **GDP** in the 2nd quarter of 2020 in Germany



-90%

Decline in **air traffic** in Europe in April 2020 compared with the previous year



approx. **€1.5 trillion**

Amount put up by the German government to fight the coronavirus crisis



approx. **48,000** coronavirus support loans were applied for through the cooperative financial network (market share of **30%**)



90% of employees worked **remotely** during the first lockdown – the bank remained **100%** operational throughout



78 \nearrow **+10**

Organizational Commitment Index DZ BANK's score in the annual employee survey increases from 2019 to 2020

DZ BANK Group delivers an encouraging performance in a challenging environment

Robust earnings

Healthy customer business

Risk situation stable

Costs under control

Solid foundation

€ **1.46** billion

Profit before taxes

€ **4.9** billion

↗ +4.3%

Net interest income/
net fee and commission
income¹

€ **678** million

Loss allowances²

€ **4.0** billion

↘ -0.9%

Administrative
expenses

15.2 percent

Common equity Tier 1
capital ratio

¹ Growth rate excluding DVB's wind-down portfolio: 7.6%.

² This includes a sum of €220 million required under IFRS 9 to take account of expected macroeconomic conditions resulting from the COVID-19 pandemic.

DZ BANK Group forges ahead with strategic development in 2020¹

Schwäbisch Hall
Auf diese Steine können Sie bauen

R+V

Du bist nicht allein.

TeamBank

Union Investment

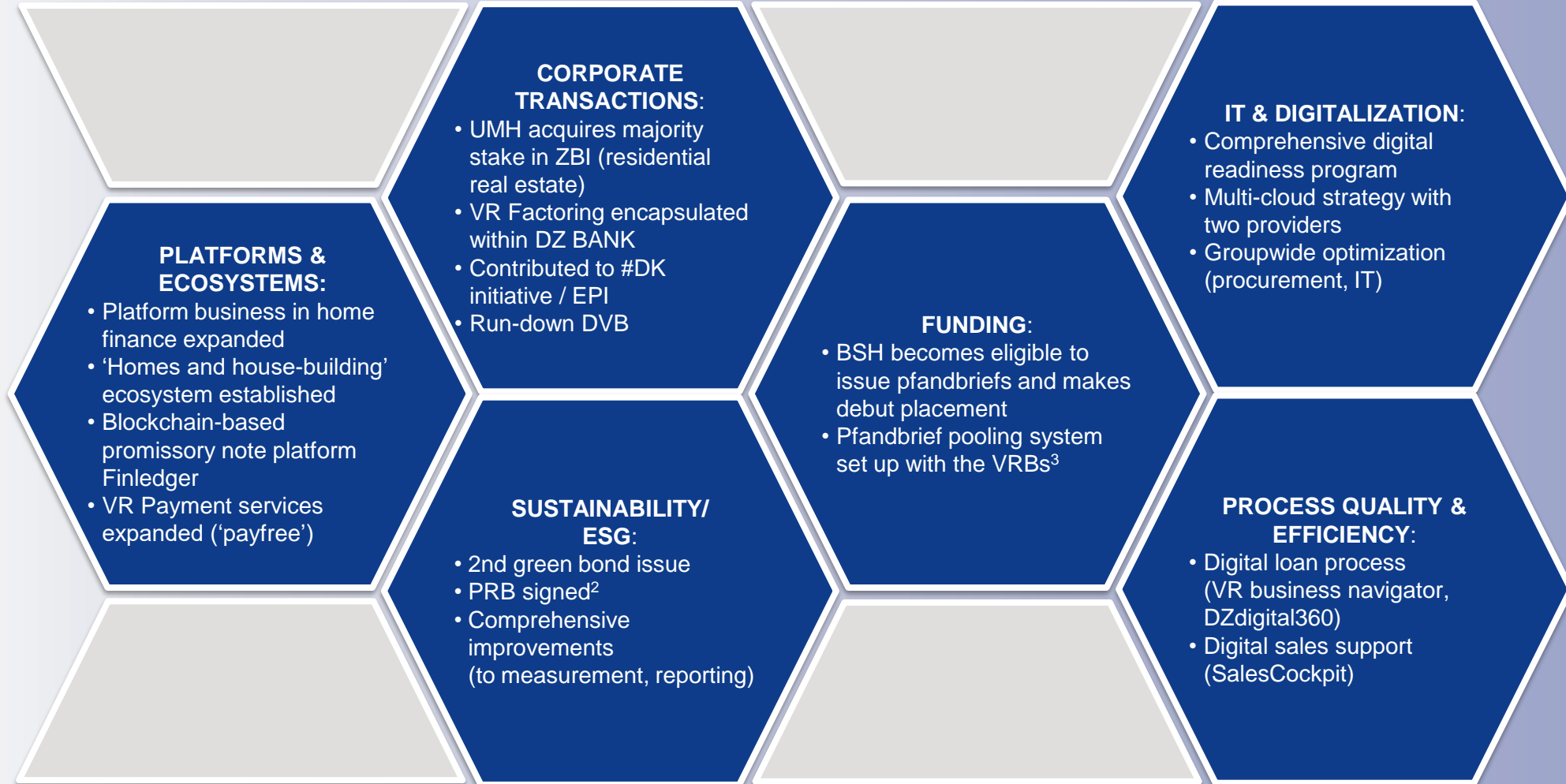
DZ BANK
Die Initiativbank

DZ HYP

DZ PRIVATBANK

VR Smart Finanz

DVB



¹ Selected initiatives ² Principles for Responsible Banking, ³ Volksbanken & Raiffeisenbanken (local cooperative banks)

DZ BANK Group: Income statement (IFRS)*

€ million	Jan. 1– Dec. 31, 2020	Jan. 1– Dec. 31, 2019	Change (%)
Net interest income	2,797	2,738	+2.2
Net fee and commission income	2,121	1,975	+7.4
Gains and losses on trading activities	552	472	+16.9
Gains and losses on investments	166	182	-8.8
Other gains and losses on valuation of financial instruments	-22	255	>100.0
Gains and losses from the derecognition of financial instruments measured at amortized cost	-2	15	>100.0
Net income from insurance business	347	1,174	-70.4
Loss allowances	-678	-329	>100.0
Administrative expenses	-4,036	-4,074	-0.9
Other net operating income	210	250	-16.0
Profit before taxes	1,455	2,658	-45.3
Income taxes	-475	-778	-38.9
Net profit	980	1,880	-47.9

* Provisional; figures for prior year restated.

DZ BANK Group: Income statement by group company

€ million	Jan. 1– Dec. 31, 2020	Jan. 1– Dec. 31, 2019	Change (%)
BSH	81	189	-57.1
R+V	277	1,063	-73.9
TeamBank	154	152	+1.3
UMH	649	648	+0.2
DZ BANK – central institution and corporate bank	244	293	-16.7
DZ HYP	582	687	-15.3
DZ PRIVATBANK	38	36	+5.6
VR Smart Finanz	-45	-10	>100.0
DVB	-285	-108	>100.0
DZ BANK – holding function	-238	-258	+7.8
Other/Consolidation	-2	-34	+94.1
Profit before taxes	1,455	2,658	-45.3

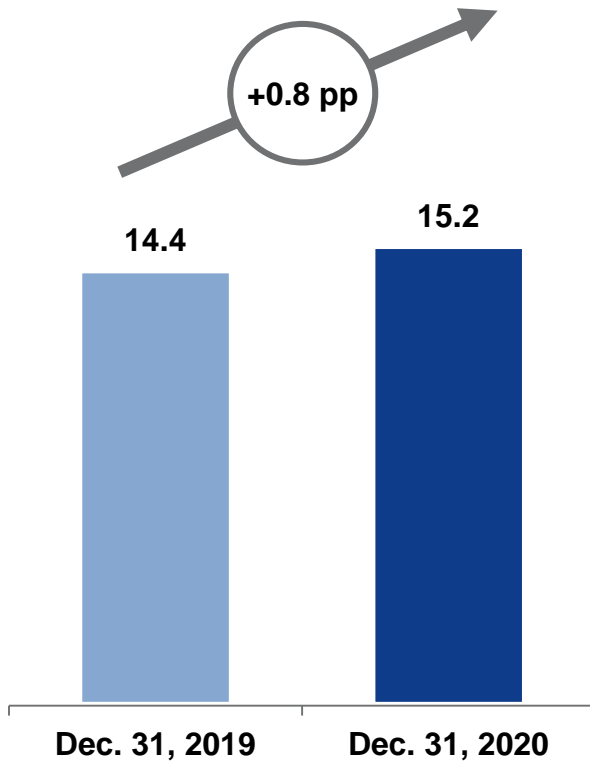
X = holding companies

X = companies assigned to the central institution and corporate bank

DZ BANK Group: Key capital ratios, applying the CRR in full

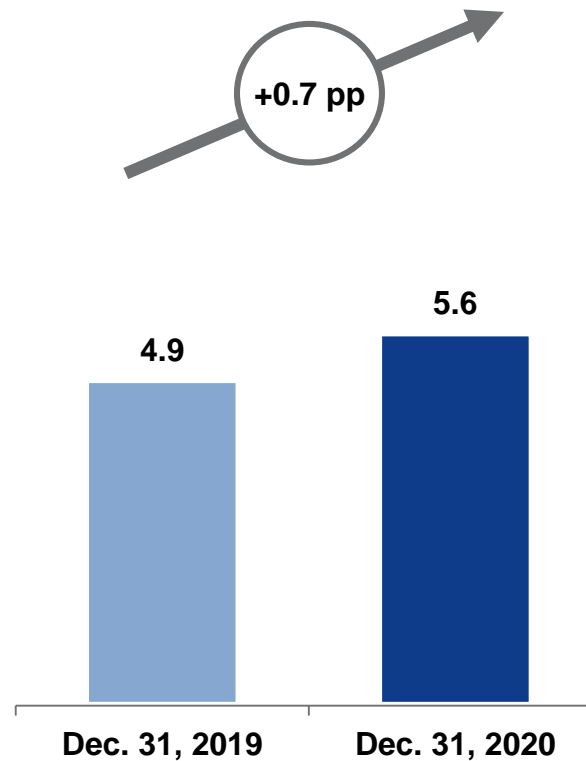
Common equity Tier 1 capital ratio

%



Leverage ratio

%

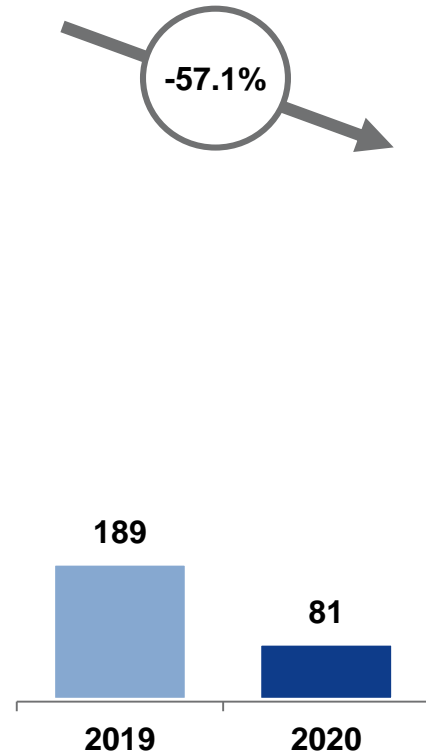


- Capital ratios increased as a result of profit retention and careful capital management
- Leverage ratio has increased in part because the overall exposure is lower following initial adoption of the CRR 'quick fix' that allows central bank deposits to be excluded from the calculation
- The calling of the Tier 1 issues of approx. €1.4 billion announced in January has no impact on the common equity Tier 1 capital ratio

Segments: Home savings/consumer home finance, insurance

Profit before taxes

€ million

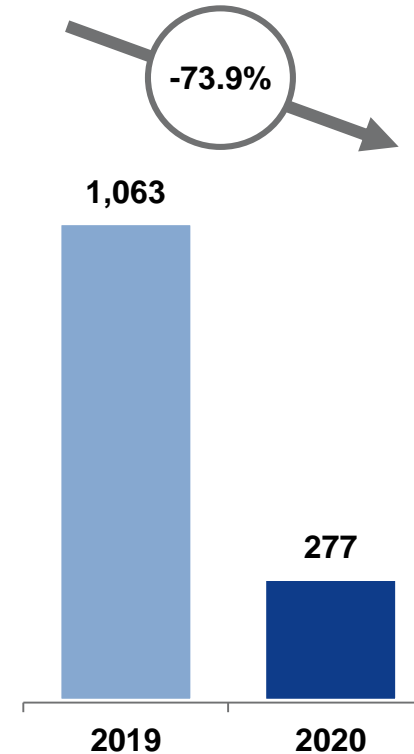


Schwäbisch Hall

- **Home savings:** Decline in new business to €24.2 billion (2019: €28.5 billion)
- **Home finance:** New business rose to €19.1 billion (2019: €16.7 billion), outstripping average market growth
- BSH has a robust market position (market share of 30.1% in Germany)
- **Profit before taxes** adversely affected by persistently low interest rates
- Additions to provisions for building society operations lower than in the prior year and absence of the positive one-off item that had arisen in 2019 due to the disposal of BSH's Czech company

Profit before taxes

€ million

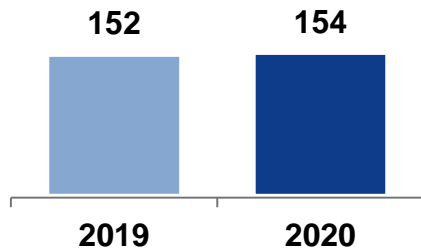


- **Gross premiums written** of €19.0 billion, significantly higher than the prior-year figure of €17.4 billion – increase in all segments
- Sharp fall in **profit before taxes** following strong prior-year result
- Decline mainly attributable to lower net gain reported under gains and losses on investments held by insurance companies (exceptionally high net gain in 2019) and an increase in claims, particularly in reinsurance, as a result of the COVID-19 pandemic

Segments: Consumer finance business, asset management

Profit before taxes

€ million

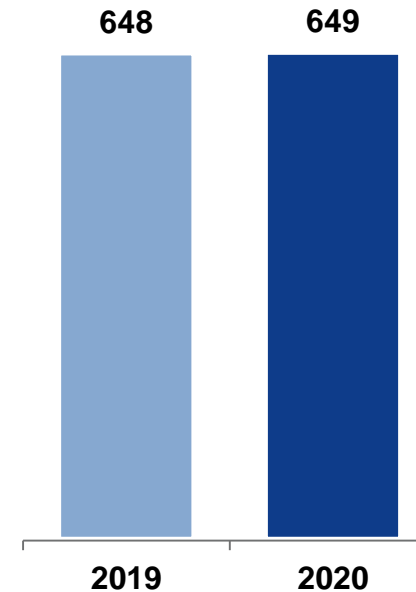


TeamBank

- **Volume of new business** down from €3.5 billion to €2.8 billion in challenging market environment
- **Loans and advances to customers** hold steady at €9 billion
- Further growth in the **number of customers** (up by 18,000) in a fiercely competitive market
- **Profit before taxes** on a par with prior-year period

Profit before taxes

€ million



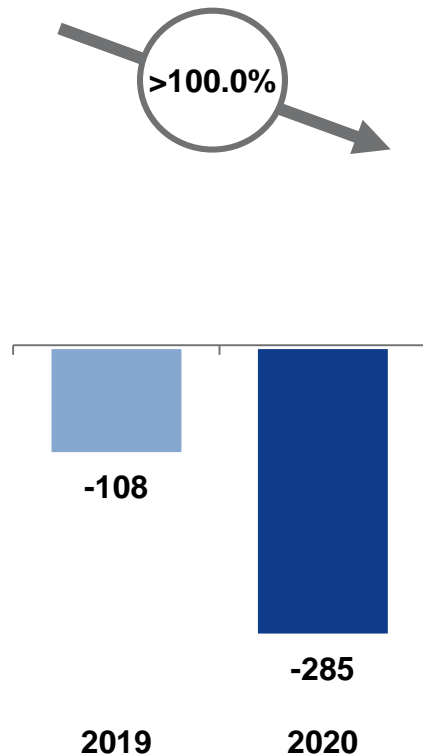
Union Investment

- Increase in **assets under management** to €385.9 billion (December 31, 2019: €368.2 billion)
- Compared with the prior year, **net inflows** were down from institutional clients (€6.3 billion) but up for retail clients (€8.8 billion)
- Good **financial performance** in a challenging market environment, despite changes in the valuation of guarantee commitments and the absence of the positive effect in 2019 arising from the sale of Union Investment's Polish company

Segments: Transport finance, DZ BANK – holding function

Profit before taxes

€ million

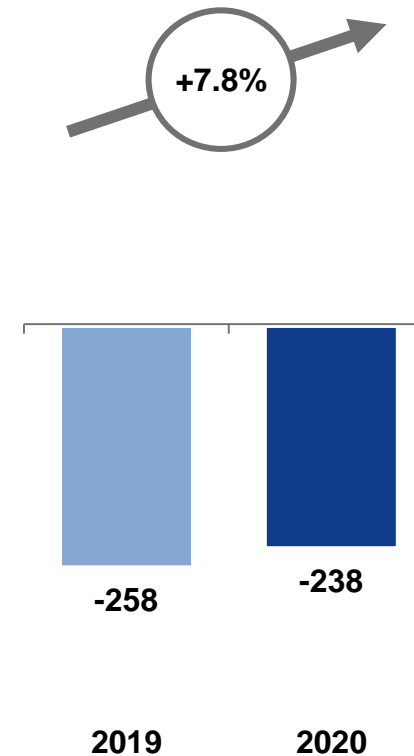


- **Market conditions** in maritime sectors remained difficult and were exacerbated by COVID-19 crisis
- **Contraction** due to disposals (esp. aviation at the end of 2019) and managed scaling back of the ship and offshore business
- Current **volume of customer loans** stands at €3.9 billion (was €7.4 billion at end of 2019 and €19.4 billion at end of 2017)
- **Loss before taxes** inflated by higher than budgeted loss allowances



Profit before taxes

€ million



- This segment is a cost center for expenses in connection with the holding function
- **Interest expense** for the provision of funding and subordinated capital
- **Administrative expenses** include, in particular:
 - expense (based on total assets) for the bank levy/BVR protection scheme
 - group management function/regulatory requirements
 - IT and project costs
- **Loss before taxes** improves due to further reduction in costs in the holding function



Segment: DZ BANK – central institution and corporate bank

Robust earnings

€ **244** million

Profit before taxes

Growth in customer business

€ **1.76** billion

↗ **+10.3%**

**Net interest income/
net fee and
commission income/
gains and losses on
trading activities**

Risk situation stable

€ **337** million

Loss allowances¹

Costs under control

68.6 %

Cost/income ratio

¹ This includes a sum of €93 million required under IFRS 9 to take account of expected macroeconomic conditions resulting from the COVID-19 pandemic.

Segment: DZ BANK – central institution and corporate bank

Corporate banking business strengthened in 2020

Positioning and strategic development

» In the **top 5** banks for corporate banking¹

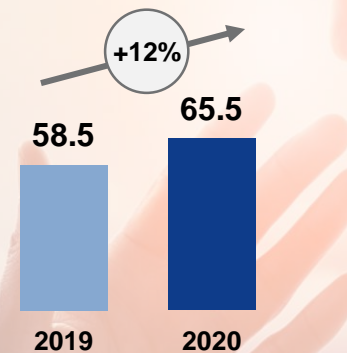
» **Approx. 48,000** applications, with a volume in excess of €12 billion, for coronavirus relief programmes made through the cooperative financial network (market share of **30%**)

» DZ BANK's digital loan process **goes live**

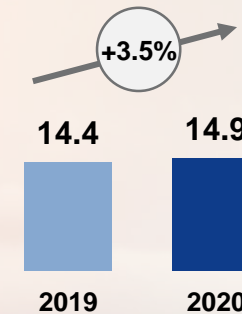
» VR Smart Finanz's **digital development loan** set up in just a couple of days

Selected metrics

Lending volume²
€ billion



Volume of joint credit business
€ billion



- Export finance: +12%
- Cross-selling: +6%

¹ According to FINANCE magazine's survey of banks carried out in 2020, ² Domestic Corporate Banking & Structured Finance

Segment: DZ BANK – central institution and corporate bank

Successful positioning and strong revenue from the capital markets business

Positioning and strategic development

» **Ranked 7th** for bank bonds and covered bonds and **ranked 3rd** for sovereign bonds, supnationals, and agencies (electronic secondary market trading in euro bonds, source: Bloomberg)

» **Ranked 8th** for euro covered bond issues (Dealogic league table Q1–Q3 2020)

» **€250 million** green bond issued as a senior non-preferred bond, oversubscribed nearly three and a half times

» **Blockchain**-based promissory note platform Finledger piloted

Selected transactions

ESG bonds, covered bonds, and bank bonds

MuniFin



Aareal



Berlin Hyp

Corporate bonds and promissory notes

EnBW



Segment: DZ BANK – central institution and corporate bank

Good market position in all transaction banking divisions

Positioning and strategic development

» Active business development: credit card processing, **Apple Pay**, instant payments, **Request to Pay**

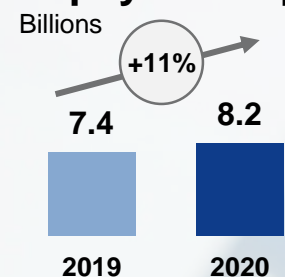
» Contributed to **#DK initiative** and **EPI**¹

» Implementation of strategic initiatives for the **digital euro**

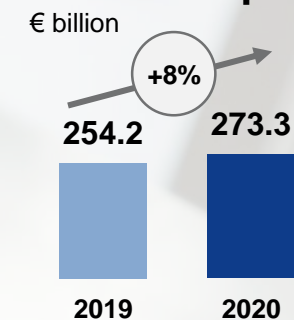
» **Payfree** adds to range of services offered by VR Payment

Selected metrics

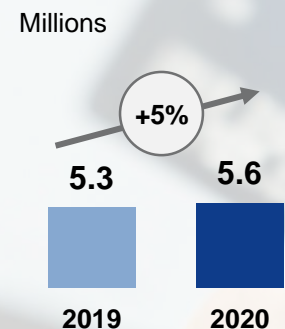
Number of transactions in payments processing



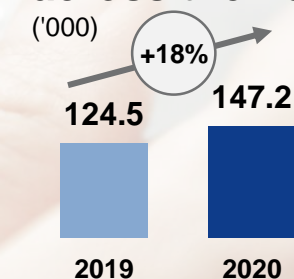
AuD² in depositary business³



Number of credit cards³



No. of terminals in operation across the network⁴

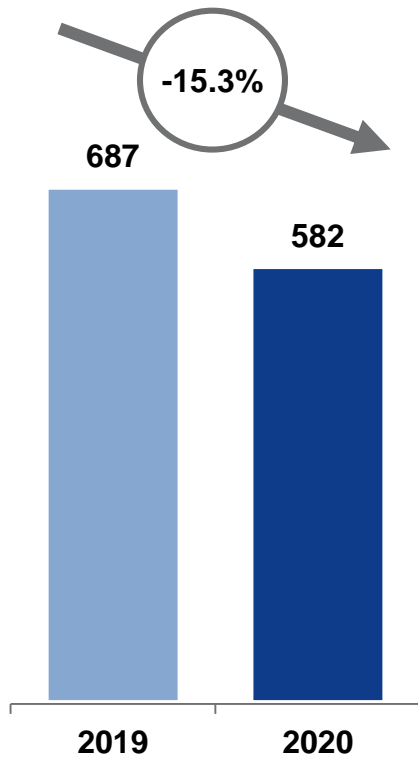


¹ European Payments Initiative (EPI), ² Assets under depositary, ³ As at December 31, ⁴ VR Payment

Segments: Commercial real estate finance, private banking

Profit before taxes

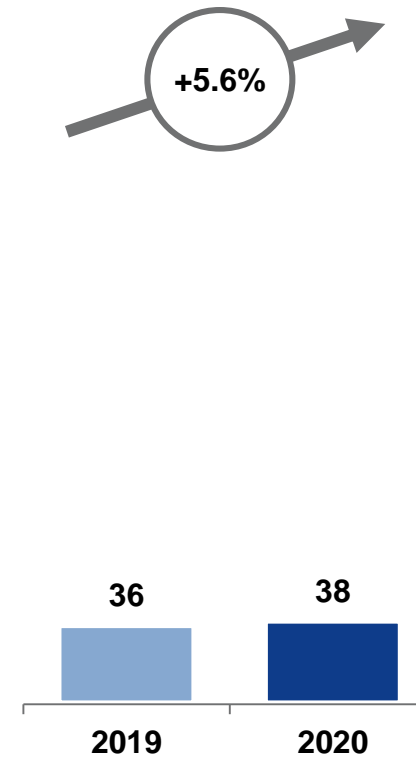
€ million



- **New business with corporate customers** down from €10.3 billion to €8.0 billion
- Growth in **new business with retail customers** (€2.1 billion compared with €1.8 billion in 2019)
- **Overall volume of real estate finance** climbed from €50.2 billion to €53.3 billion
- **Profit before taxes** influenced by good operating performance but also by high level of volatility of fair value gains and losses in the government bond portfolio

Profit before taxes

€ million

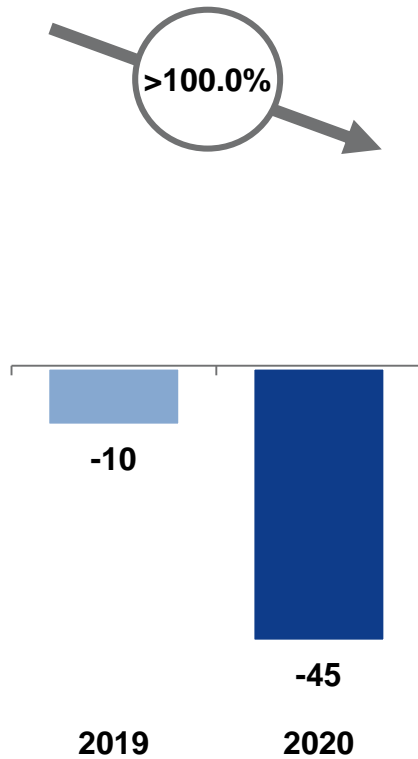


- Stable earnings situation due to good operating performance, with year-on-year growth in assets under management in **private banking** (up by 6%) and **assets under custody** (up by 16%)
- **Market conditions** remained difficult, with fierce competition and low interest rates

Segment: Finance solutions for the self-employed and small businesses

Profit before taxes

€ million


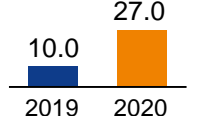
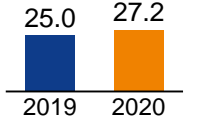
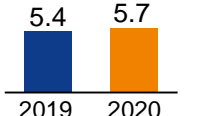




- Progress with **transformation** into a digital provider of finance for the self-employed and small businesses
- Volume of new business dips slightly to €1.25 billion (2019: €1.34 billion), but overall volume of business increases (up by €192 million)
- Increase in the **number of customers** (up by 9,000)
- **Profit before taxes** affected by the transformation and the introduction of the new VR Smart flexible development loan product as well as the increase in loss allowances due to COVID-19



Building on a solid foundation, DZ BANK Group is continuing to enhance its sustainability profile

Current position

<p>Rating</p>	<p>DZ BANK Group holds C+ 'prime status' rating from ISS ESG</p>							
<p>ESG consultancy (structuring and placements)</p>	<p>In 2020, the total volume of bond issues with green, social, and sustainable objectives that were supported by DZ BANK as the lead underwriter amounted to over €27 billion.</p>	 <table border="1"> <tr> <th>Year</th> <th>Volume (€ billion)</th> </tr> <tr> <td>2019</td> <td>10.0</td> </tr> <tr> <td>2020</td> <td>27.0</td> </tr> </table>	Year	Volume (€ billion)	2019	10.0	2020	27.0
Year	Volume (€ billion)							
2019	10.0							
2020	27.0							
<p>Development loans for environmental protection & sustainability</p>	<p>In 2020, DZ BANK AG consolidated its position as one of the largest brokers of sustainable development loans in Germany with a volume of more than €27 billion.</p>	 <table border="1"> <tr> <th>Year</th> <th>Volume (€ billion)</th> </tr> <tr> <td>2019</td> <td>25.0</td> </tr> <tr> <td>2020</td> <td>27.2</td> </tr> </table>	Year	Volume (€ billion)	2019	25.0	2020	27.2
Year	Volume (€ billion)							
2019	25.0							
2020	27.2							
<p>Financing for renewable energies</p>	<p>With a total lending volume of approx. €5.7 billion, DZ BANK AG is one of the biggest funding partners for renewable energies (esp. wind energy, photovoltaics) in Germany</p>	 <table border="1"> <tr> <th>Year</th> <th>Volume (€ billion)</th> </tr> <tr> <td>2019</td> <td>5.4</td> </tr> <tr> <td>2020</td> <td>5.7</td> </tr> </table>	Year	Volume (€ billion)	2019	5.4	2020	5.7
Year	Volume (€ billion)							
2019	5.4							
2020	5.7							
<p>Sustainable investments</p>	<p>With €61 billion of customer assets under management in 2020, Union Investment is a leader in sustainable investments</p>							
<p>Sustainable insurance</p>	<p>Expansion of the sustainable insurance portfolio: e.g. sustainable funds used in fund-linked insurance products</p>							

Strategic activities

	<p><i>Top priority and governance at CEO level</i></p>
	<p><i>Central sustainability unit at DZ BANK AG</i></p>
	<p><i>Products and solutions in the DZ BANK Group with a focus on sustainability</i></p>
	<p><i>Development of sustainability classifications for the portfolio (impact, opportunities / risks)</i></p>
	<p><i>Enhancing exclusion criteria and sectoral rules</i></p>
	<p><i>Enhancing reporting process with regard to sustainability/ESG</i></p>

Outlook

- » **Pandemic will hamper the economic recovery in 2021**
- » **DZ BANK expects economic growth of 2.7 percent in 2021**
- » **DZ BANK Group's business model is proving particularly robust in this environment; stable capital base provides a good foundation for further investment in future market success**
- » **DZ BANK will continue to work in partnership with the cooperative banks and support their customers**
- » **Continuity in the priority areas: Growth in all business lines, (digital) efficiency, sustainability, strategic development and focus**
- » **Profit forecast for 2021: slightly below the level of the prior year**

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