



# Digital integration. Personal advice.

A look at the DZ BANK Group



# Digital integration. **Personal advice.**

A look at the DZ BANK Group



» We were successful  
in what proved to be  
a challenging year.«

 [www.annualreport.dzbank.com/letter-to-shareholders](http://www.annualreport.dzbank.com/letter-to-shareholders)

## Dear Shareholders,

In 2017, the DZ BANK Group generated profit before taxes of €1.81 billion. This profit was attributable to strong customer business and the sound operating performance delivered by most of the group companies. In addition, we completed the post-merger integration activities in December 2017, which was earlier than planned. We were therefore successful in what proved to be a challenging year.

At the same time, the results for the year were affected by a negative contribution to earnings from DVB Bank, which increased allowances for losses on loans and advances for its maritime portfolio. Nonetheless, the group's profit before taxes was comfortably within our long-term target range of €1.5 billion to €2 billion, underlining the stability and earnings power of our broadly positioned financial services group.

The positive business performance reflects the high level of commitment by the employees in the DZ BANK Group. My colleagues on the Board of Managing Directors and I would like to take this opportunity to express our sincere gratitude to them.

The DZ BANK Group's capital situation remains sound. As at December 31, 2017, the common equity Tier 1 capital ratio (applying the EU Capital Requirements Regulation (CRR) in full) was 13.8 percent (June 30, 2017: 13.0 percent). The decrease compared with the end of the previous year (December 31, 2016: 14.5 percent) was primarily due to changes to the regulatory treatment of investments in insurance companies as regards the calculation of our capital.

We anticipate that the tailwind from economic growth in our domestic market will continue in 2018. Our economists forecast that the German economy will expand by 2.2 percent. The DZ BANK Group has also enjoyed a satisfactory start to the year. Given the persistently challenging market and interest-rate environment, we believe a profit before taxes at the lower end of the long-term target range of €1.5 billion to €2 billion is realistic for 2018 as a whole.

We have a clear growth strategy in our core business aimed at consolidating our successful performance. For example, we are strengthening corporate banking by continuing to invest in the direct business and in joint credit business. We are also adding digital products and services to our portfolio and tapping into new sources of income. At the same time, we are sharpening our focus on enhancing cost efficiency. In this regard, we are exploiting the opportunities presented by digitization to create leaner internal processes. Following the completion of the integration, we can now intensify our focus on leveraging synergies.

In addition, we are continuing to press ahead with the work on our structural changes. These changes include the merger of DG HYP and WL BANK to become DZ HYP, which is progressing well. We are also carrying out the necessary preliminary work for the further development of our organizational structure, the objective of which aims to make the management of our financial services group even more effective.

Over the past year, our organization has once again demonstrated both its significant resilience and its commitment to constant advancement. Building on these foundations, our aim in 2018 – the 200th anniversary of the birth of Friedrich Wilhelm Raiffeisen – is to strive for the continued commercial success of the cooperative financial network.

In our work to make the cooperative financial network secure for the future, we are focusing on a variety of subjects and developing new initiatives that we have presented to you in this short report. The key questions to be answered are how important will personal advice be in the digital age and how can we develop customer business across all channels in partnership with the cooperative banks. We have also provided you with a summary of the main facts and figures relating to the DZ BANK Group's performance over the past year.

I hope this report makes interesting reading.  
Kind regards,

Wolfgang Kirsch  
Chief Executive Officer



4 Editorial

**8 Digitization**  
**Focus on customers**

Online channels open up attractive new ways for customers to contact the companies within the cooperative financial network. But face-to-face discussions remain important.

**10 Sales of the future**  
**»Customer requirements are changing fundamentally«**

**13 Insurance sales**  
**Concentrating on the customer**

**14 Fund investment advice**  
**Innovative sales channel**

**16 Retail customer securities business**  
**Securities investment advice and digitization**

**18 Home finance**  
**Transparent products**

**20 Corporate banking**  
**Banking partner for small and medium-sized enterprises**

**22 Consumer finance**  
**Flexible system**

**24 Omnichannel sales**  
**Digital and personal**

**26 Software solutions**  
**Digital aids**





## 28 DZ BANK Group – partners in the Volksbanken Raiffeisenbanken cooperative financial network

The DZ BANK Group offers a broad range of services for the cooperative banks and their customers.

## 29 Strong brands – strong partners: Selected brands of the DZ BANK Group

## 34 Demonstration of stability and earnings power

In 2017, the DZ BANK Group generated a profit before taxes of €1.81 billion thanks to the strength of its customer business and good operating performance.

## 38 Review of 2017

## 40 International business Global presence

## 43 Corporate responsibility Commitment to sustainability

## 44 HR strategy Employer of choice

More than 30,000 people are employed by the DZ BANK Group. The companies in the group offer their employees long-term career prospects and opportunities for personal development.

## 46 Editorial information

# Digitization

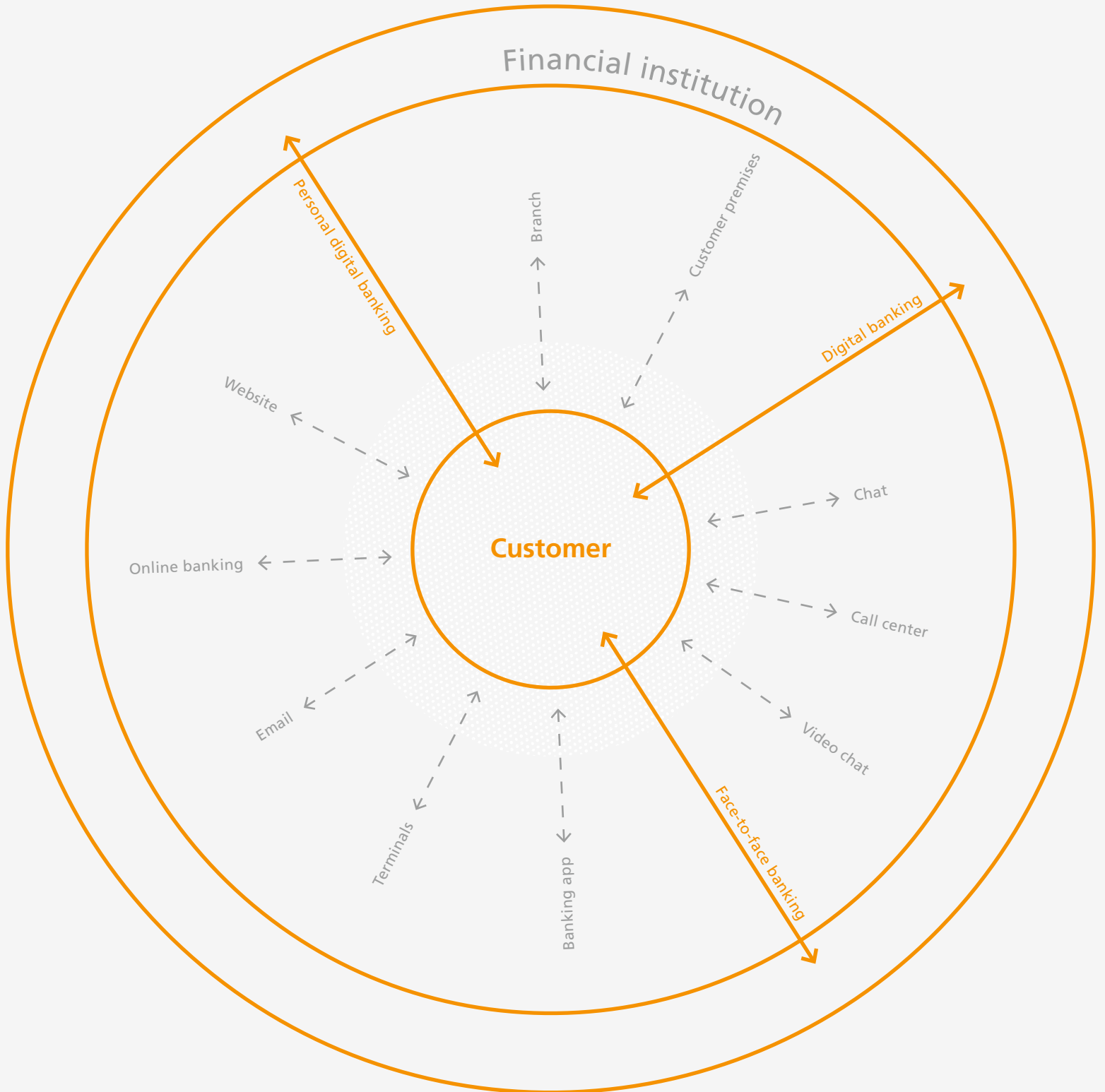
## Focus on customers

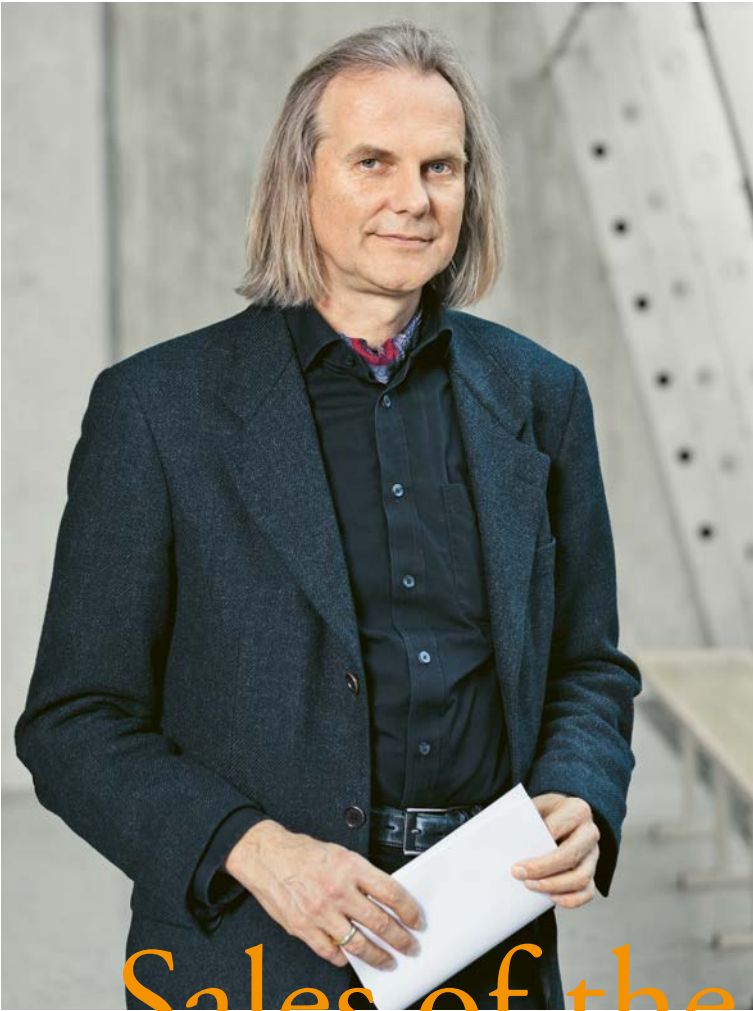
Focusing on the customer has always been a top priority for the companies within the cooperative financial network. After all, many customers are members and thus shareholders of the Volksbanken Raiffeisenbanken. For this reason, the cooperative financial network is guided first and foremost by the interests of its customers when it comes to using digital technologies. New digital communication channels – whether a banking app or video chat – must, above all, be useful, practical, and helpful for customers.

This has been the way digitization has progressed in many companies within the cooperative financial network in recent years, both in the DZ BANK Group and in the cooperative banks. Some of their success stories are presented on the following pages. All of them demonstrate how online channels open up attractive new ways for customers to contact their financial services providers. This development has resulted in omnichannel communication between customer and company. However, offline communication – i. e. face-to-face meetings – will continue to have a role to play when customers are looking for advice on important financial matters.

 [www.annualreport.dzbank.com/digital-integration](http://www.annualreport.dzbank.com/digital-integration)







**Professor Christian Rieck,**  
trend researcher

Christian Rieck is Professor for Finance and Economic Theory at Frankfurt University of Applied Sciences. He was a student of Reinhard Selten, the only German Nobel laureate in economic sciences to date. Rieck investigates the interaction between humans and artificial intelligence. He has published works on behavioral finance, digitization, and bank 3.0.

He tweets at:  
[www.twitter.com/profrieck](https://www.twitter.com/profrieck)

# Sales of the future »Customer requirements are changing fundamentally«

According to digitization researcher Christian Rieck, the sales organizations of companies in nearly every sector are entering a new era. This is particularly true for banks, whose advisors will in future meet increasingly rarely with their customers, yet will be able to work all the more efficiently thanks to support from artificial intelligence.

**Professor Rieck, digitization is on the agenda at virtually every company here in Germany. Nonetheless, you have warned that digitization could overwhelm established companies – even those that see the trend – for lack of adequate response. Why is that?**

I'm not sure whether companies have yet grasped the extent of the digital revolution. Many executives are concentrating on technologies that support their existing business models. They're not paying sufficient attention to the disruptive nature of digitization, i. e. its ability to create something completely new. This is an especially important issue for sales organizations, because customer needs are changing as a result of this rapid shift. For example, more and more people are looking for services that solve complex problems; they don't want to simply buy a product.

**Which industries do you think are particularly affected by these changes?**

The book and music sectors – and the media industry in general – were the first to experience the full force of the digital revolution and, since then, have been suffering an unprecedented decline. On the one hand, producers and publishers realized too late what was coming their way and how users' behavior would change. But on the other, their options for reacting were limited anyway. That is why digitization made such rapid progress in these sectors. Margins collapsed overnight and business models were destroyed. Bad for companies, good for customers.

**To what extent have companies in other industries learned from this?**

It's often not easy for established companies to readjust, even if they know that they need to do so. Microsoft, for example, began developing technically refined and easy-to-use tablets at an early stage, but its rival Apple won the race. Why? Microsoft's customers found the devices far too simple. At that time, most of them were professional users who were unable to use the tablets for their work. And Microsoft didn't manage to reach a completely new segment of customers who would be interested in this kind of device. But it doesn't have to be this way. My impression is that German engineering

companies, for example, are making good progress on using digitization to their advantage and offering genuine added value to their customers. Many of them are small and medium-sized enterprises, not major corporations. In my opinion, SMEs find it easier than big companies to adjust to substantial changes.

**The financial sector has also embarked on the digitization journey. What do the changes mean for banks' sales organizations and advisory business?**

Company size plays a role here, too. The cooperative banks are well placed to deal with the changes. In my view, relatively small, locally managed entities are more flexible than large organizations when it comes to digitization. Moreover, the financial sector as a whole has a crucial advantage over other industries, although this has not been recognized as such by many companies. By this, I mean regulation. Banking is one of the most heavily regulated sectors of all, and financial institutions have built up expertise that took a lot of time and money to acquire. That's why fintechs – start-ups focusing on the financial sector – frequently decide not to engage in cut-throat competition and not to cover the entire value creation process. Instead, the newcomers are increasingly collaborating with banks. They position themselves as experts in individual areas, particularly sales, where speed and willingness to experiment are key.

**Established banks probably do not consider partnering with fintechs to be sufficient. Should the banks themselves become digital pioneers?**

Financial institutions have always pioneered the use of new technology. So it's only logical that banks want to be at the forefront of digitization as well. They already are in many parts of their business, but these efforts are not visible to customers. Banks have long been focusing on digitizing those processes that run in the background without customers seeing them. That's now changing because banks are introducing digital technologies at the customer interface on a huge scale in order to open up new sales and communications channels. At the same time, they have to continue to project their familiar, professional image. After all, people will only let companies look after their money if they truly trust them.

### How can banks strike the right balance?

The best way is for banks to take more than one approach and to adapt to the needs of different types of customer. Some people will still want to be able to go into a branch to obtain advice in the traditional manner in a familiar environment. And there will be those who are willing to pay for this service. The comeback of local neighborhood stores shows that people still appreciate a sense of security and familiarity. At the same time, banks have to appear innovative in order to appeal to the growing number of people who are very comfortable with digital technology. And between these two extremes, banks will have to offer their customers a broad range of channels.

### What might successful new digital concepts look like?

A digital sales concept often works well when, rather than offering a single product, companies create packages that tie in with aspects of customers' lives. For example, a home finance provider's app that also lets you virtually furnish your new house is very useful and complements the actual finance product. Another driving factor is simplification, a successful example being Union Investment's automated investment advice tool, MeinInvest. The trend for mass customization is really taking off in the financial sector at the moment.

### Will financial products only be sold via digital channels in the future?

No. Alongside the digital business, there will be plenty of areas, such as home finance, where the customer will want to talk to someone in person, at least before they sign the contract. There will also be other occasions where customers will still seek out their personal advisor. Purely digital sales, conducted solely by robo-advisors, won't work. The future of sales is the symbiosis between humans and machines. Especially as such teams, in addition to offering empathy, can also be more effective than artificial intelligence on its own.

### How does the traditional branch fit into this new world of banking?

Customers will no longer visit their bank daily or weekly because they'll have no reason to do so. The declining importance of cash is driving this trend as customers don't need to use ATMs so often. But for banks, it's important that people continue to see going into a branch as a routine event, so that they don't feel intimidated. Perhaps banks will soon be opening cafés or setting up mini-branches inside other stores – as post offices have done.

### Given the many opportunities offered by digitization, how can banks find out which concepts really work?

Banks need to have the confidence to test out ideas. This is the only way to find out what works. The digital revolution is so complex that you can't spend ages at the drawing board and then implement all the plans with military precision. At the same time, technological progress means that it's never been so easy to test new concepts as it is at present. This is why many companies are trying to copy the working methods of start-ups: testing what works on a small scale and setting up short feedback loops so that adjustments can be made. Successful ideas are continued, others are dropped.

### Do banks need to think more disruptively than before?

Yes, otherwise other companies will come along and grab the business, regardless of any high entry barriers. It's difficult for a bank to launch such innovations on the market if parts of its own business are the ones that suffer. However, banks have to accept the fact that new products and services might cannibalize their core business. This is almost impossible to avoid if you want to be successful.

 [www.annualreport.dzbank.com/sales-of-the-future](http://www.annualreport.dzbank.com/sales-of-the-future)

# Insurance sales

## Concentrating on the customer


The standardized advisory process, 'R+V-BeratungsQualität', at the cooperative insurance company R+V Versicherung provides field sales staff with a useful framework for meetings with customers that is supported by specially developed advisory software. This enables advisors to devote more attention to the customer's individual objectives.

From insurance and investments to pensions and property, the 5,000-plus field salespeople at R+V Versicherung advise their customers on financial matters relating to nearly every aspect of life. The insurer recently implemented a standardized advisory process to further improve its customer care by ensuring all field staff follow the same standards. To this end, R+V developed its own new software, 'Beratungsqualität' (quality of advice), which helps employees to structure their customer meetings. The advantage is that, because the software keeps track of the meeting agenda, the advisor can fully focus on the customer's individual needs.

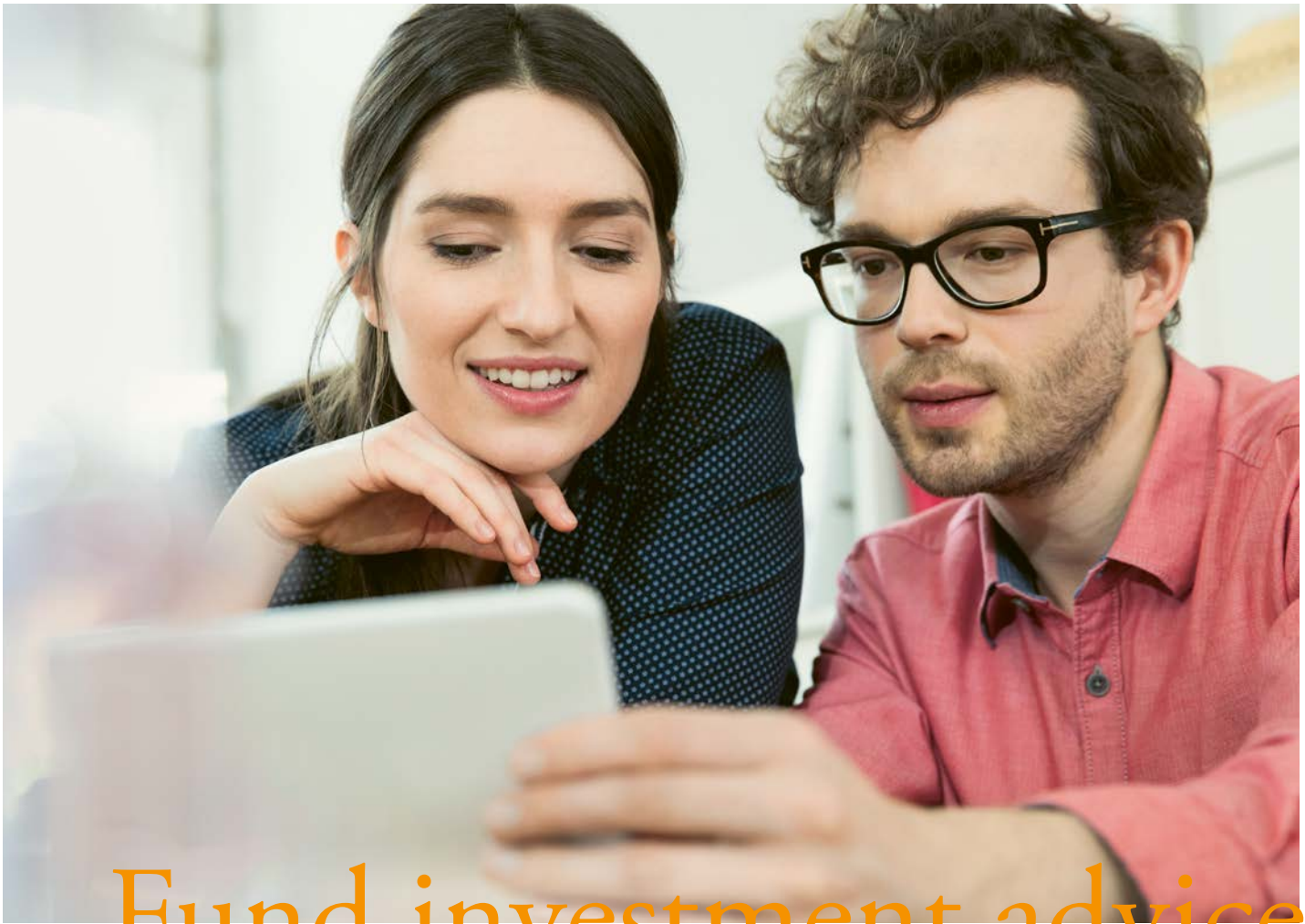
R+V has introduced the advisory process across the company and intends to progressively enhance the functionality of the supporting advisory software. For example, it recently added a module for occupational pension provision. Long-term care insurance, casualty insurance, and supplementary health insurance modules are to be integrated by the end of the year. Moreover, the software is linked to the advisory concept of the Bundesverband der Deutschen Volksbanken

und Raiffeisenbanken (BVR) [National Association of German Cooperative Banks] and bank advisors can transmit customer data to the R+V field sales force electronically. "This means that we are brought into the advisory process at an earlier stage and can fulfill customers' requirements more precisely," says Ralf Kemler, who heads up the BeratungsQualität project at R+V.

Another advantage of the software is that it incorporates practical tools such as the pensions module, which enables the advisor to calculate the net payments (after all deductions) that a customer will receive in later life. Furthermore, the customer can go through his or her aims and needs with the advisor on the screen and is therefore more involved in the discussion. This creates transparency in the advisory process and a more personal atmosphere – the ideal conditions for a customer relationship that is based on trust.

 [www.annualreport.dzbank.com/insurance-sales](http://www.annualreport.dzbank.com/insurance-sales)





# Fund investment advice Innovative sales channel

Fund management company Union Investment has developed an electronic assistant for fund investments. Its aim in doing so was to provide the Volksbanken Raiffeisenbanken with an additional sales channel for investment products. There is strong interest from the banks. But face-to-face advice will continue to play an important role going forward.

Robo-advisors are one of the hottest trends on the fintech scene. These intelligent tools advise people on how to invest their money in investment funds. Union Investment, the fund management company in the cooperative financial network, has tapped into this trend

by developing its own robo-advisor named MeinInvest. The decision to do so was made in 2016. A number of Volksbanken Raiffeisenbanken tested the investment tool in order to get some experience of how it works in practice.

The new technological possibilities were not the only reason for developing a robo-advisor. Another was the fact that branch-based banks are seeing a shift in customer requirements. Many customers now want to be able to obtain advice online. “When we identify this sort of market trend, we have to adapt our business model accordingly,” says Gabriel Placentra, head of the e-business and advisory solutions team at Union Investment. “And we have to enable the intermediary banks to update their business models in the same way.” This is precisely where a robo-advisor comes in, as it provides the banks with an additional sales channel that does not entail high costs.

» We liaised closely with the banks while we were developing the robo-advisor. «

Gabriel Placentra, Union Investment

#### Experience of online sales

Union Investment was already operating the online investment portal VisualVest when it began to develop the robo-advisor. “We therefore had experience of selling investment funds online,” reports Placentra. But rather than building on an existing tool, the fund management company wanted to create a new one that would meet the needs of sales partners. “We liaised closely with the banks on this.”

MeinInvest was successfully launched on the market as part of a pilot phase. During this period, a number of banks tested the new tool and gave their feedback to Union Investment. “The reactions were very positive,” says Helmut Batz, sales director in Union Investment’s Bavarian Regional Office. “Many banks want to integrate MeinInvest into their sales process in the second or third quarter of 2018.” MeinInvest is therefore now being rolled out to all banks in the cooperative financial network. The demand from the banks for MeinInvest is not simply attributable to customer interest and the opportunity to reduce sales costs. Another reason is MeinInvest’s fee model. When a customer uses the robo-advisor and subsequently invests money in a fund, the bank does

not receive trail commission from the fund management company. Instead, the customer pays a service fee to the bank. “This model could prove advantageous in the future when stricter regulations on commission payments are introduced,” explains Batz.

» Many banks want to integrate MeinInvest into their sales process. «

Helmut Batz, Union Investment

#### Personal advice remains important

Batz believes that banks deploying the new robo-advisor should incorporate it into their overall strategy. “It is not enough to simply add it to an existing website.” The banks should consider in advance, for example, which customer groups they want to reach with the new tool. Advisors and employees in the customer dialog center can then showcase it to suitable customers. The robo-advisor is also an interesting option for banks that want to establish an online branch. “We’re discussing all these aspects with the banks at the moment,” reports Batz.

Batz is confident that the robo-advisor will not replace the conventional fund investment advice provided by bank employees. “MeinInvest complements the existing services.” In the future, customers will therefore be able to decide whether they want to be advised by a human or by a robot. Ultimately, investing will remain a matter of trust. And some customers will still want the option of a face-to-face discussion, thinks Batz. “A good advisor can help customers make the right decisions by listening to them and asking the right questions. This will continue to be important in the future.”

 [www.annualreport.dzbank.com/  
fund-investment-advice](http://www.annualreport.dzbank.com/fund-investment-advice)



# Retail customer securities business **Securities investment advice and digitization**

DZ BANK helps the cooperative banks to provide a comprehensive range of tailored investment solutions for their securities business with retail customers – using both online and offline channels. The cooperative banks' traditionally close relationships with their customers are thus combined with digital channels oriented to customers' needs.



When it comes to the behavior of retail customers, bank products can be divided into two categories. The products in the first category generate active demand and include payments processing, various types of insurance, and home finance. When they need products such as these, the vast majority of customers will themselves contact an advisor at their bank or use a relevant online platform. The situation is quite the opposite in the second category, with most customers only taking action if the subject is raised during a face-to-face meeting with an advisor or if they see something on the internet that looks relevant to their needs. Most personal investment products fall into this category, as does securities business with retail customers. Many customers are aware that they cannot really avoid securities products when making an investment, particularly in the current environment of low interest rates. However, many are often reticent to act alone.

That is why DZ BANK helps the cooperative banks in a variety of ways to offer needs-oriented securities investment solutions and to contact customers about such products, whether via online channels or in person. This benefits the banks as the focus on customer requirements allows them to stand out from the competition. But it also caters to the interests of customers, who of course now use various channels to obtain information about investment products but still appreciate face-to-face, personal contact with their bank advisor. Moreover, the cooperative banks' selling points have traditionally been their customer focus and their long-standing customer relationships, which frequently go back many years. The close customer/principal bank relationship is often further strengthened by the fact that the customer is also a shareholder in the cooperative bank.


DZ BANK helps the Volksbanken Raiffeisenbanken to make full use of their strengths in their securities business with retail customers. The cooperative banks have access to DZ BANK's attractive portfolio of securities business products, among which they will find solutions that are optimally tailored to different types of investor, different investment objectives, and different market situations. DZ BANK offers investment solutions that enable the

customers of the Volksbanken Raiffeisenbanken to invest in the stock markets and bond markets, whether in individual securities or in indices. The investment advisors in the cooperative banks can directly access all the product and market information across all channels from their banking workplace, so they can make full use of it during customer meetings. The cooperative banks can also draw on the expertise of DZ BANK's capital market strategists, who produce regular newsletters on subjects relating to capital markets and investing. The retail customer advisors use these newsletters in their sales work. Furthermore, experts at DZ BANK regularly arrange teleconferences for the local securities advisors in which they report on the latest developments in the capital markets and on the possible ways of using the product solutions that are important in retail customer business.

Independent retail investors who do not want personal advice from their principal bank can obtain information about the product portfolio of DZ BANK online at [www.dzbank-derivate.de](http://www.dzbank-derivate.de). There they will find detailed information on products such as investment certificates and leverage products, along with information on various capital markets and an online magazine containing up-to-date and useful background information for investment decisions.

As the use of digital technologies increases and customers' requirements change, an efficient omnichannel strategy becomes increasingly important to the cooperative financial network in its securities business with retail customers. That is why DZ BANK is helping the cooperative banks to optimize their customer and advisory processes in the securities business, both online and offline.

The availability of both online and offline channels is crucial to sales success, especially as personal advisors will continue to actively help customers with their investments for the foreseeable future, supported by customized information provided through online channels.

 [www.annualreport.dzbank.com/  
retail-customer-securities-business](http://www.annualreport.dzbank.com/retail-customer-securities-business)



# Home finance

## Transparent products


New software from home finance provider Schwäbisch Hall is speeding up the processing of finance applications. The software passed its first practical test with flying colors thanks to the use of agile project management from the development stage onward.

Anyone who has tried to calculate the cost of a mortgage will know that comparing the monthly payments of principal and interest over different repayment periods is a slow process, with the advisor having to make complex adjustments to the parameters. Schwäbisch Hall, the cooperative home finance provider, has recently developed a software application called 'Kreditberatung//Neu' (loan advice//new) that enables advisors to conveniently adjust the term of the mortgage using a slider bar on the touchscreen of their laptop. Customers can therefore see for themselves on the monitor how the length of the term will affect the monthly payments and total costs. "The software makes the task easier and increases product transparency for customers," explains Bianca Treuter, who is responsible for project communications.

In July 2016, a small interdisciplinary team of home finance and IT experts from Schwäbisch Hall began to develop the new software for field staff. The first employees have already begun using the latest pilot version of the program and are enjoying its many advantages. When meeting customers, for example, they can click to see which documents are still required for a finance application and then easily add the missing ones to the system. This is because the salespeople's smartphones have a digital document management app that is compatible with the software. Using the app, they can

take photos of documents such as proof of income and send them straight to headquarters. Customers can also provide their signature electronically directly on the touchscreen. "This ensures that data passes seamlessly from one medium to the next," emphasizes Mike Dörr, project manager. "Field sales employees can process applications much more quickly and easily than before."

To ensure the software works optimally on a day-to-day basis, the development team consulted the people who would be using the software as part of an agile project management approach. In fixed-length project phases known as sprints, the team developed the individual modules to a stage at which the field salespeople could test the software and provide feedback. "This is one of the first agile projects that we have developed for and with the field sales team," says Marcus Krieg, overall project manager at Schwäbisch Hall. And it is clearly a success: The list of volunteers taking part in the pilot is growing all the time and will have grown to around 500 users by May 2018. At the end of the year, the software should be ready for use by all of Schwäbisch Hall's 3,800 field staff when processing home finance applications.

 [www.annualreport.dzbank.com/home-finance](http://www.annualreport.dzbank.com/home-finance)



The corporate bank of the future is digital, agile and, above all, customer-focused. That means properly understanding our individual needs and and translate them into quick and simple solutions.

**Oliver Albrecht**  
Managing Director, Vetter Pharma-Fertigung GmbH & Co. KG



Small and medium-sized enterprises, in particular, need their bank to have a capable team of advisors with experience of their particular sector. When this is combined with a comprehensive understanding of the customer at all management levels, a reliable working relationship can be established.

**Barbara Scheitz**  
Managing Director, Andechser Molkerei Scheitz GmbH

# Corporate banking

## Banking partner for small and medium-sized enterprises


The requirements placed on banks by corporate customers are changing rapidly. DZ BANK will respond to these changes and, as an initiative-led bank, continue to act as a strategic partner for its customers.

Corporate banking has always been part of the business model of the cooperative banks. As digitization disrupts the financial sector, this line of business will need to reinvent itself. Banks have to identify which solutions will be needed by small and medium-sized enterprises in the future. Only those institutions with an in-depth understanding of their corporate customers' needs and requirements will be able to do this.

Small and medium-sized enterprises expect their bank to forge ahead with digitization. They want to be able to access solutions via digital channels. At the same time, banks with corporate business are asking themselves how much advice their customers will continue to require, as many corporate customers have recently significantly increased their own expertise regarding financing and structuring. Moreover, many companies' treasury departments now have vastly improved technologies at their disposal. As a result, companies are in many areas less dependent on banks than they were in the past. This is changing the relationship between credit institutions and their corporate customers.

In future, banks will have to juggle two roles. As product suppliers, they have to provide corporate customers with off-the-peg products as cost-effectively and efficiently as possible – often via digital channels. And as strategic advisors, they have to be a source of ideas for their customers right along the value chain – and demonstrate a thorough understanding of their customers' business.

DZ BANK is committed to fulfilling these new roles for its corporate customers and remaining a reliable banking partner to small and medium-sized enterprises. Corporate customers can take DZ BANK's perception of itself as an initiative-led bank as a promise.

 [www.annualreport.dzbank.com/  
corporate-banking](http://www.annualreport.dzbank.com/corporate-banking)



# Consumer finance

## Flexible system

Even internet-savvy customers don't always want to communicate with their bank online. That is why TeamBank has intelligently integrated its online and offline channels.

Many bank customers appreciate the new possibilities opened up by digitization: Using a computer or smartphone, they can now call up data and carry out financial transactions wherever they are, whenever they want. But most customers do not want to only communicate with their bank electronically. Particularly before making an important decision, they want to draw on the expertise of a customer advisor during a face-to-face meeting.


TeamBank, the consumer finance expert in the cooperative financial network, has systematically updated its products and services in line with changing customer requirements over the past few years. The bank has created an ecosystem for liquidity management in which the different communication and sales channels – bank branches, computers, and mobile devices – are integrated with each other. The aim is to give customers easy access to liquidity anytime and anywhere.

TeamBank's ecosystem incorporates a wide range of channels. For example, customers can obtain advice about easyCredit consumer finance while in a Volksbanken Raiffeisenbanken branch. If, after talking to the bank, customers decide they have a specific liquidity requirement, they can activate the loan themselves in the

easyCredit customer portal and the desired amount will be transferred to their account without the need for another credit check.

Another element of the ecosystem at TeamBank is the 'ratenkauf by easyCredit' product, the first seamless cross-media installment purchase solution that merchants can offer both in their e-commerce and in their brick-and-mortar businesses. After making a purchase or placing an order, consumers can adjust the installment purchase arrangements using the easyCredit app or the customer portal. For example, they can suspend payments or repay outstanding installments ahead of schedule.

The linking of online and offline channels not only offers a number of advantages for bank customers but also benefits the Volksbanken Raiffeisenbanken. They are able to provide the best available advice on consumer finance and installment purchasing to existing customers while also bringing new customers into the cooperative financial network.

 [www.annualreport.dzbank.com/  
consumer-finance](http://www.annualreport.dzbank.com/consumer-finance)



# Omnichannel sales Digital and personal

Many of the Volksbanken Raiffeisenbanken have made digitization a priority. VR Bank Main-Kinzig-Büdingen is an example of how an innovative sales process works at local level. It also highlights the advantages of a comprehensive digitization strategy in advisory business.

Talking to customers via video chat, changing a standing order over the telephone, or using text chat on the internet. At VR Bank Main-Kinzig-Büdingen's first digital inhouse trade fair back in 2016, the 570 employees had the chance to test all the digital sales channels offered by their bank from the customer perspective. The aim was to turn the employees into ambassadors for the bank's digital sales strategy. "Employees can only recommend suitable channels to their customers if they know how the digital channels work and what the benefits are," explains Andreas Hof, the bank's Chief Executive Officer.

About 18 months ago, the local cooperative bank's management team drew up a new mission statement: "We are shaping a new future that is cooperative, regional, digital, and personal." "Customers increasingly expect flexibility and personalized products from their bank," says CEO Hof. "Our new strategy enables us to focus on these requirements." The bank is forging ahead with the use of digital technologies in its provision of advice to customers, who can now use Union Investment's new robo-advisor MeinInvest to invest in a fund and open a new current account entirely online.



An omnichannel sales process has long been a reality at this local cooperative bank. Last year, the bank's employees conducted 58,000 personal customer meetings, customers used the banking app 2.2 million times, and they accessed online banking 3.7 million times. Video chats are now routine, both for advisors in the central customer service center and for many employees working in the branches. The traditional telephone call is also an important channel, with 415,000 transactions carried out per year, e. g. for securities advice and account services. This might be the case if a customer is away from their home or office and does not wish to use online banking because they do not have a secure internet connection.

» Every customer should be able to find the right communication channel for getting in touch with us. «

In order to optimize customer contact, the bank is currently developing a new customer segmentation system, based on how comfortable customers are with digital technologies. Based on this system, the bank will decide which channels to use for particular customers and how it will use their data. For example, a MeinInvest user may receive automated investment proposals that have been tailored to his or her needs according to the existing data held by the bank. Hof is taking his cues from the pioneers of digital technology: "Companies like Google demonstrate how best to use data for contact with customers," he states. "We banks have been far too reticent until now because that is what customers expected of us for a long time." However, Hof is now seeing that many people are becoming more receptive: "We want to tap into this trend so that we can give our customers the best possible advice, depending on their preferences."

Initiatives like the inhouse trade fair are designed to help employees buy into the new strategy. Staff are also undertaking special training, with participants obtaining a multi-level 'digital driver's license' that allows them to use virtual sales channels. But if a problem does arise in day-to-day business, one of the bank's 28 'pilots' will lend a hand. These particularly tech-savvy employees are ready to help their colleagues at short notice if needed. The pilots range in age from 18 to 58.

Andreas Hof believes this is a good opportunity for inter-generational collaboration – and clearly illustrates that willingness to learn new things does not necessarily depend on age.


» Our aim is to improve our customer advice and sales processes every year so that we can provide optimal advice to our customers, depending on their preferences. «

VR Bank Main-Kinzig-Büdingen plans to evolve continuously over the coming years. At the next inhouse trade fair on digital change, set to take place in April of this year, employees will find out more about customer focus, the omnichannel bank, and digitization. "We also regularly look at what other companies offer," explains Hof. His aim is for the bank's customer advice and sales processes to improve a little every year.




» We are shaping a new future that is cooperative, regional, digital, and personal. «

**Andreas Hof**, Chief Executive Officer of VR Bank Main-Kinzig-Büdingen eG

 [www.annualreport.dzbank.com/  
omnichannel-sales](http://www.annualreport.dzbank.com/omnichannel-sales)

# Software solutions

## Digital aids

 [www.annualreport.dzbank.com/  
software-solutions](http://www.annualreport.dzbank.com/software-solutions)

**70.4 %**  
of consumers want  
a personal point  
of contact at their bank

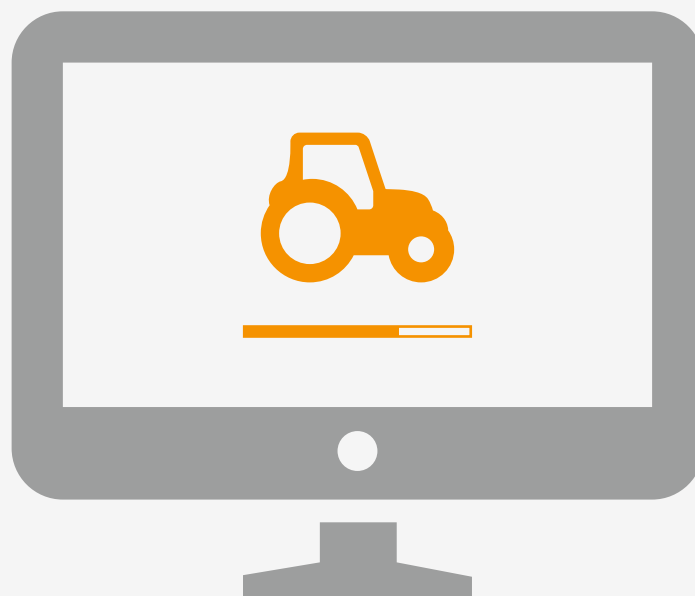
Source: Statista, March 2018

### Financial planner **fymio – the smart finance app**

It is easy to keep track of your personal finances with 'fymio'. This tool from TeamBank – the consumer finance expert in the Volksbanken Raiffeisenbanken cooperative financial network – can be used as a smartphone app or in an internet browser. Once customers have linked their accounts to it, they can see at a glance how much money they have left over until the next pay day. But fymio not only factors in regular expenditure, such as rent, but also predictable costs, e. g. grocery shopping.

### Corporate finance tool **VR BusinessOnline**

Thanks to 'VR BusinessOnline', the opening hours of their local Volksbanken Raiffeisenbanken branch are no longer as important to corporate customers. This service from the DZ BANK Group gives companies round-the-clock access to financing and investment products of the cooperative financial network. An initial inquiry can be submitted digitally, and in some cases the entire transaction is completed online.





One in three search engine queries on banking products is now made by smartphone

Source: GfK's 'Customer Journey Banking' study, February 2017

## Sales support VR GeschäftsNavigator

Digital assistants make life easier not only for customers but also for the customer advisors at the Volksbanken Raiffeisenbanken. One such tool is the 'VR GeschäftsNavigator' by DZ BANK. The software automatically identifies the products in which a corporate customer might be interested, provides the product information to the advisor, and forwards an inquiry to the relevant specialist at DZ BANK.



# 122 million

is the predicted number of users in the robo-advisor segment in 2022

Source: Statista, March 2018

## Pension calculator VR AltersvorsorgeCockpit

How much money will I have in later life, how much do I need, and what do I need to set aside in order to maintain my standard of living? These questions can be answered with the 'VR AltersvorsorgeCockpit' app, which the cooperative financial network unveiled in autumn 2017. Users can scan in their pension information and add existing pension policies. The app reveals the pension income shortfall and gives the user guidance on how to reduce it.



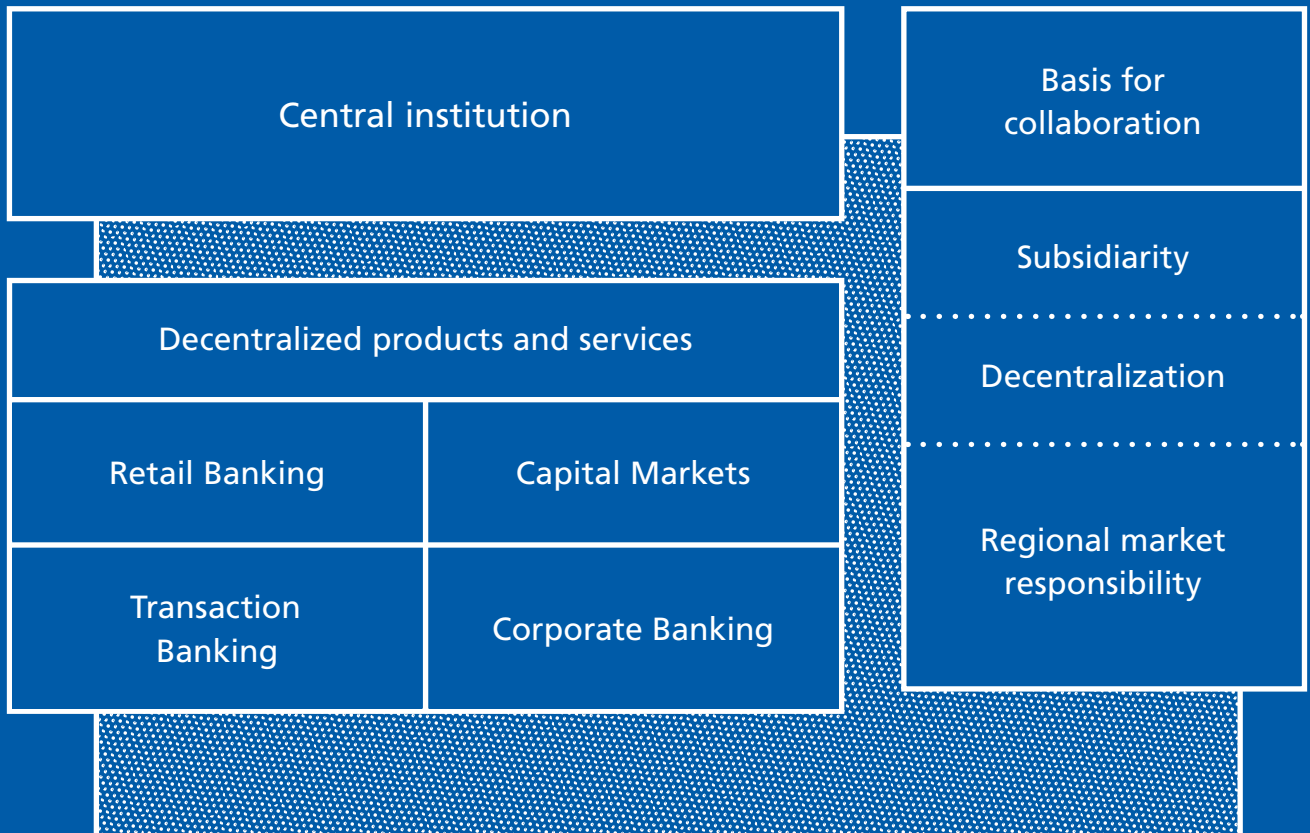
# DZ BANK Group – partners in the Volksbanken Raiffeisenbanken cooperative financial network

The DZ BANK Group forms part of the German cooperative financial network, which includes around 900 Volksbanken Raiffeisenbanken and is one of Germany's largest private-sector financial services organizations measured in terms of total assets. Within the cooperative financial network, DZ BANK AG functions as the central institution and is responsible for supporting the business of the cooperative banks in their regions and strengthening their competitiveness. It also operates as a corporate bank and acts as the holding company for the DZ BANK Group.

The Group Coordination Committee is the highest-level management and coordination committee in the DZ BANK Group. The objectives of this committee are to strengthen the competitiveness of the DZ BANK Group and to manage the coordination of fundamental product and sales issues. The committee ensures coordination between the key entities within the DZ BANK Group in order to achieve consistent management of opportunities and risks, to allocate capital, to deal with strategic issues and to leverage synergies. The members of this committee comprise the Board of Managing Directors of DZ BANK, the General Executive Manager of DZ BANK, and the chief executive officers of Bausparkasse Schwäbisch Hall, DG HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, Union Investment, VR LEASING, and WL BANK.

 [www.annualreport.dzbank.com/profile](http://www.annualreport.dzbank.com/profile)

## Services offered by the DZ BANK Group for the cooperative banks and their customers



### Network focus and principle of subsidiarity

Strengthening the market position of the cooperative banks is a key factor for the success of the cooperative financial network. The DZ BANK Group supports the pursuit of this objective within the framework of its network-focused corporate strategy based on the principles of subsidiarity, decentralization, and regional market responsibility. It is guided by its overarching mission as a network-oriented central institution and financial services group and organizes its activities in line with a three-pronged strategy: growth in accordance with the needs of the cooperative financial network, continuation of the focus on business activities, and integration within the group and with the cooperative banks.

# Strong brands – strong partners

## **Selected brands of the DZ BANK Group**


The DZ BANK Group includes Bausparkasse Schwäbisch Hall, DG HYP, DZ PRIVATBANK, R+V Versicherung, TeamBank, the Union Investment Group, the VR Leasing Group, WL BANK, and various other specialized institutions. With their strong brands, the entities in the DZ BANK Group constitute key pillars in the range of financial products and services offered by the cooperative financial network. The DZ BANK Group delivers its strategy and range of services for the cooperative banks and their customers through its four business lines – Retail Banking, Corporate Banking, Capital Markets, and Transaction Banking.

This combination of banking, insurance, home savings, and investment products and services has a long and successful tradition in the cooperative financial network. The specialized institutions in the DZ BANK Group provide highly competitive products at reasonable prices within their specific areas of expertise. This ensures that the cooperative banks in Germany are able to offer their clients a comprehensive range of outstanding financial services.

 [www.annualreport.dzbank.com/profile](http://www.annualreport.dzbank.com/profile)



DZ BANK is the second-largest commercial bank in Germany and the central institution in the Volksbanken Raiffeisenbanken cooperative financial network. It is the central institution for all cooperative banks in Germany, which number almost 1,000 and between them hold the majority of its shares. Under the tagline 'DZ BANK. Die Initiativbank', it supports the business of the independent cooperative banks in their regions with the aim of strengthening their competitiveness. The combination of local customer knowledge and central product expertise has proved to be highly effective.

 More information:  
[www.dzbank.com](http://www.dzbank.com)


# €506 billion

With total assets of €506 billion,  
DZ BANK is the second-largest  
bank in Germany.






R+V Versicherung is one of the leading insurance companies in Germany and has been on a growth trajectory for many years now. It is the second-largest insurer in both the life and non-life sectors. Based in Wiesbaden, R+V enjoys the trust of more than 8 million customers, who have insured over 24 million risks.

 More information:  
[www.ruv.de](http://www.ruv.de)



TeamBank AG with its easyCredit product family is the liquidity management specialist in the Volksbanken Raiffeisenbanken cooperative financial network. It provides integrated, innovative products and services that give customers easy access to liquidity wherever they are and whenever they want. The key elements of the ecosystem are the customer-friendly finance service 'easyCredit-Finanzreserve', the seamless cross-media payment process 'ratenkauf by easyCredit', and an online credit agreement service.

 More information:  
[www.teambank.de](http://www.teambank.de)

**24** million

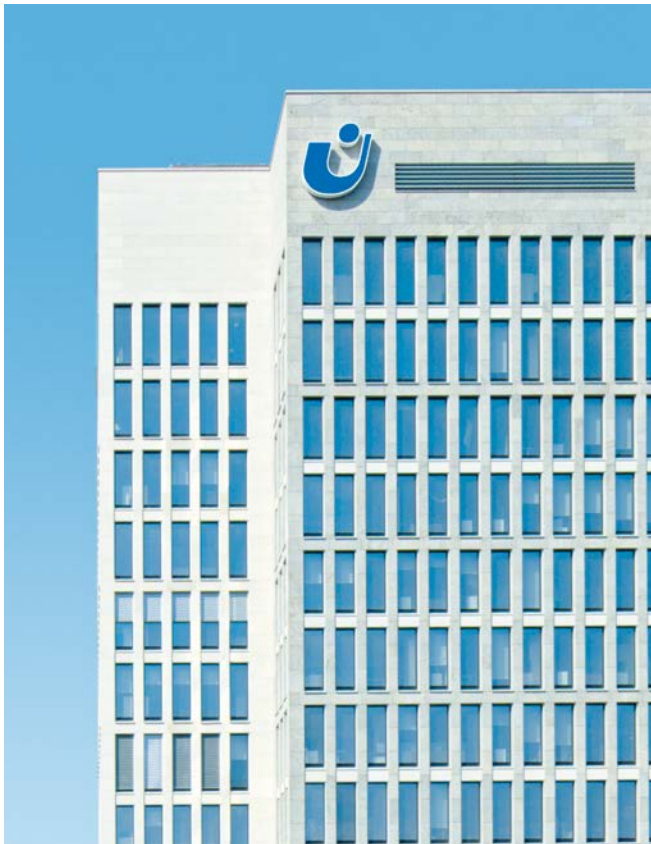
insurance policies taken out  
with R+V Versicherung





The Union Investment Group is the fund management specialist within the cooperative financial network and has been developing investment solutions for retail and institutional investors for more than 60 years. Over 2,900 employees manage assets amounting to some €323.9 billion. In total, more than 4.3 million customers entrust Union Investment with their money.

More information:  
[www.union-investment.de](http://www.union-investment.de)



7.3 million

customers make Bausparkasse Schwäbisch Hall the biggest building society in Germany

**Schwäbisch Hall**   
*Auf diese Steine können Sie bauen*

Schwäbisch Hall is Germany's largest building society, with around 7.3 million customers. It is also one of the leading home finance providers. Ever since it was established in 1931, Schwäbisch Hall has been firmly anchored in the cooperative financial network. The building society's almost 3,300 field staff and around 3,000 inhouse employees provide customers with expert advice and support.

More information:  
[www.schwaebisch-hall.de](http://www.schwaebisch-hall.de)

€323.9 billion

is the volume of assets managed by Union Investment

# Demonstration of stability and earnings power

In 2017, the DZ BANK Group generated a profit before taxes of €1.81 billion thanks to the strength of its customer business and a good operating performance at most group companies. At the same time, the results for the year were affected by a negative contribution to earnings from DVB Bank, which increased allowances for losses on loans and advances for its maritime portfolio. Nonetheless, the group's profit before taxes was comfortably within our long-term target range of €1.5 billion to €2 billion, underlining the stability and earnings power of our broadly positioned financial services group.

The DZ BANK Group's capital situation remains sound. The common equity Tier 1 capital ratio (applying the CRR in full) was 13.8 percent as at December 31, 2017.

The key facts and figures relating to the DZ BANK Group's results for 2017 can be found on the following pages.

 The full 2017 Annual Report is available at [www.annualreport.dzbank.com](http://www.annualreport.dzbank.com)

**€1,810** million

Profit before taxes

**13.8 %**

Common equity  
Tier 1 capital ratio  
(applying CRR in full)

**€2,249** million

Fee, commission, and  
bonus payments  
to cooperative banks

**€506** billion

Total assets

**AA-**

Credit rating  
(Standard & Poor's)

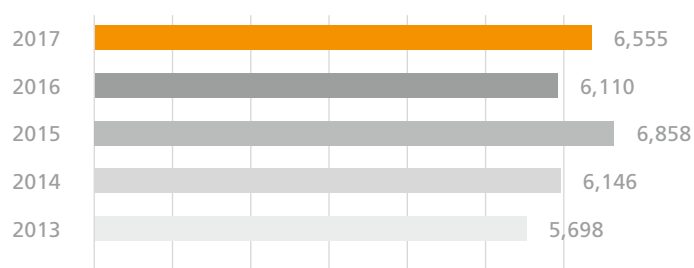
**30,279**

Average number of  
employees during the year

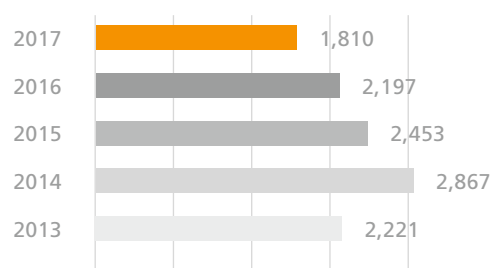
# Financial performance

€ million

## Income



## Profit before taxes



## Income statement

Net interest income	2,941
Allowances for losses on loans and advances	-786
Net fee and commission income	1,864
Gains and losses on trading activities	506
Gains and losses on investments	10
Other gains and losses on valuation of financial instruments	289
Net income from insurance business	907
Administrative expenses	-3,868
Other net operating income	38
Net income from the business combination with WGZ BANK	-91
<b>Profit before taxes</b>	<b>1,810</b>

## Cost/income ratio

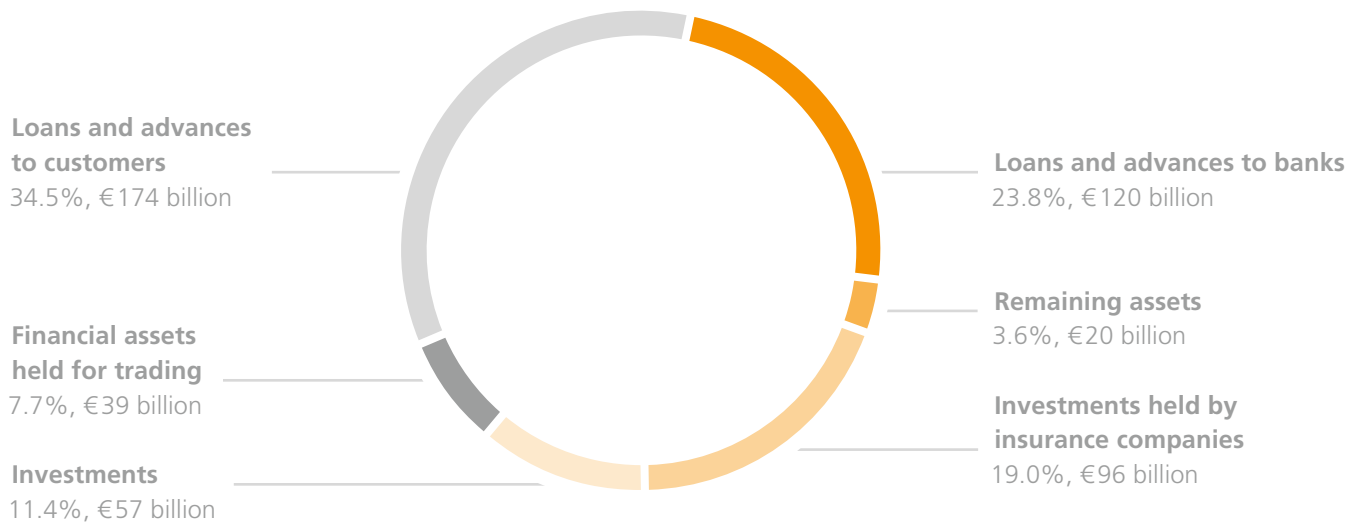
+ 0.1 percentage points

**59.0 %**

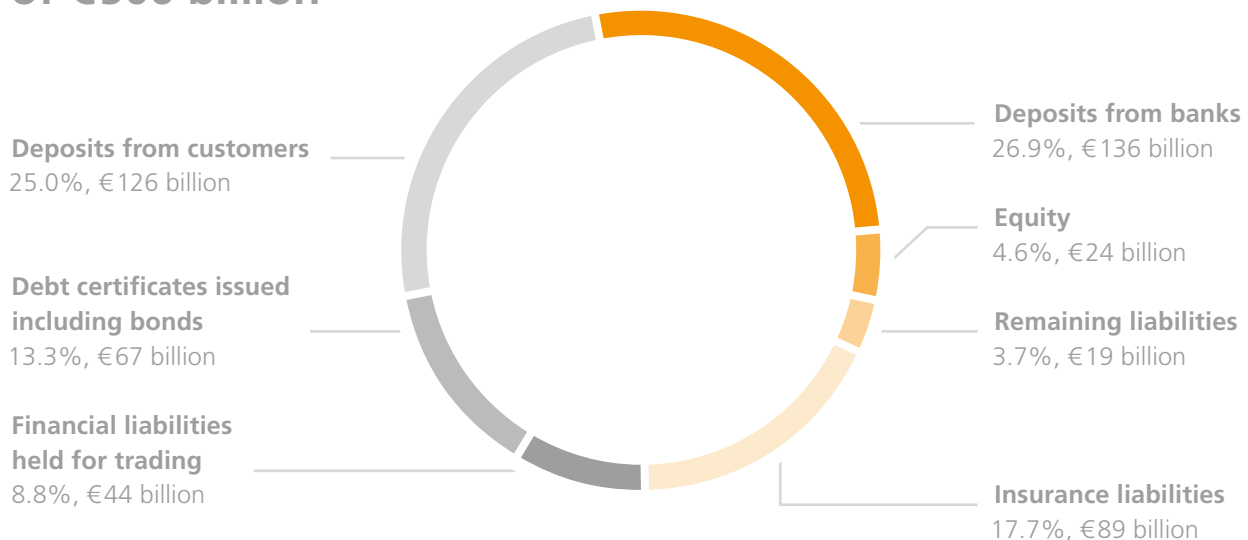
# Balance sheet structure

Numbers have been rounded

## Assets of €506 billion



## Equity and liabilities of €506 billion



# Review of 2017

A lot happened in the DZ BANK Group last year. Here is a summary of the biggest business successes and milestones.

 [www.annualreport.dzbank.com/review](http://www.annualreport.dzbank.com/review)

**March: Union Investment's assets under management pass the €300 billion mark**



**April 21: DZ BANK Group awards the 2017 Career Prize**

In Frankfurt, the DZ BANK Group presented the 2017 Career Prize. Now in its 16th year, and with total prize money of €24,000, the highest sum awarded by any German company, it was awarded in recognition of the six best academic dissertations in the area of banking and finance.

**June 1: DZ BANK and China Development Bank agree on a strategic alliance**



**June: TeamBank unveils its new corporate identity**

The successful product brands were restructured under the umbrella of TeamBank, and the corporate design for the TeamBank company and employer brand was updated.

**May: TeamBank awards the easyCredit Prize for Financial Literacy**

The prize was opened up to a broader range of entrants for the first time in 2017. Now, not only the cooperative banks but also schools, universities, associations, and interest groups can submit projects.

**June 27: DG HYP and WL BANK push ahead with their merger – memorandum of understanding signed**

The merger, due to take effect in 2018, will create the largest Pfandbrief bank in Germany.

**July: The Unilmmo: Wohnen ZBI residential real-estate fund for retail investors, from its launch the largest of its kind marketed in Germany**

**July 17: Record investments at R+V**

For the first time, the market value of the R+V insurance group's investments exceeds €100 billion.

**September: Union Investment manages assets of more than €30 billion as part of sustainability-oriented investment briefs**

**September 13: DZ BANK's 2017 Investment Dialog**

**November 17: R+V establishes its own academy for modern HR work**



**October 20: R+V launches autonomous driving research project at Frankfurt Airport**

In cooperation with Fraport AG, highly automated vehicles are being tested at the airport – on a busy road used by a variety of vehicles.

**September 18: Bausparkasse Schwäbisch Hall chosen as Best Building Society for the third time in a row**

# International business

## Global presence

International business is becoming more and more important for German companies. DZ BANK supports its customers in this regard by sharing its expertise and maintaining branches and representative offices around the world.

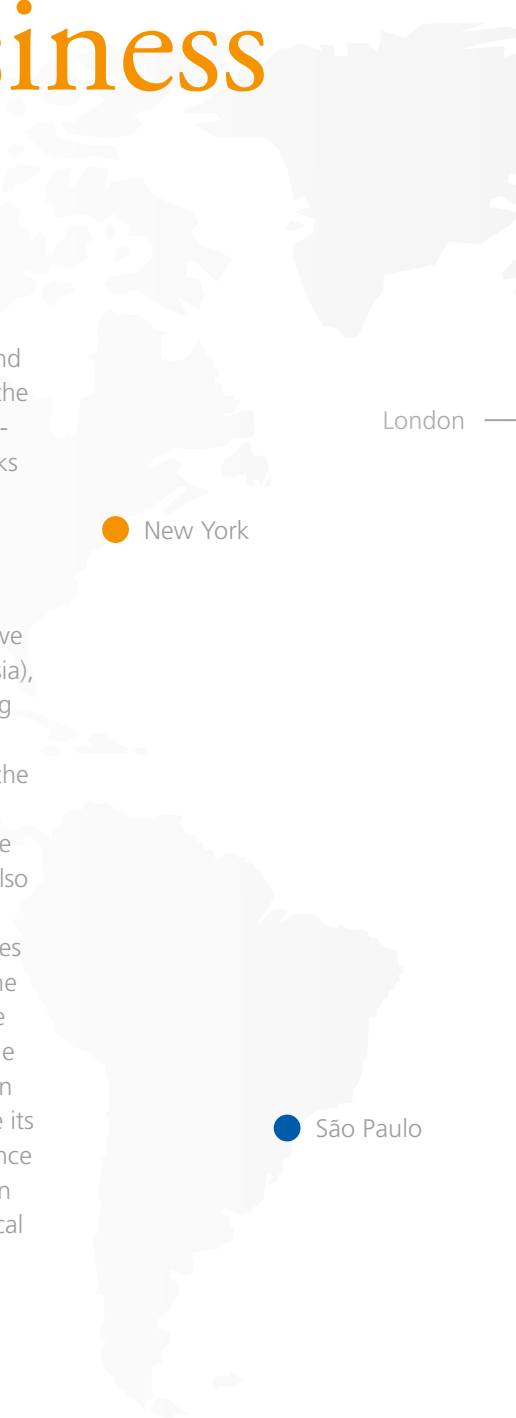
Business beyond Germany's borders is increasingly becoming a key success factor for companies of all sizes. It enables them to tap into new sales markets outside Germany, produce goods there, and buy goods and commodities. As a result, companies grow less dependent on individual markets. They also gather invaluable experience while operating in other countries.

The international focus of many companies is reflected in the banking sector. Customers expect banks to have comprehensive knowledge of international business and a global presence. DZ BANK offers both. Its experienced international specialists assist the cooperative banks and their customers on matters relating to international business. Moreover, DZ BANK has a network of branches and representative offices in the world's major economic hubs and growth markets.

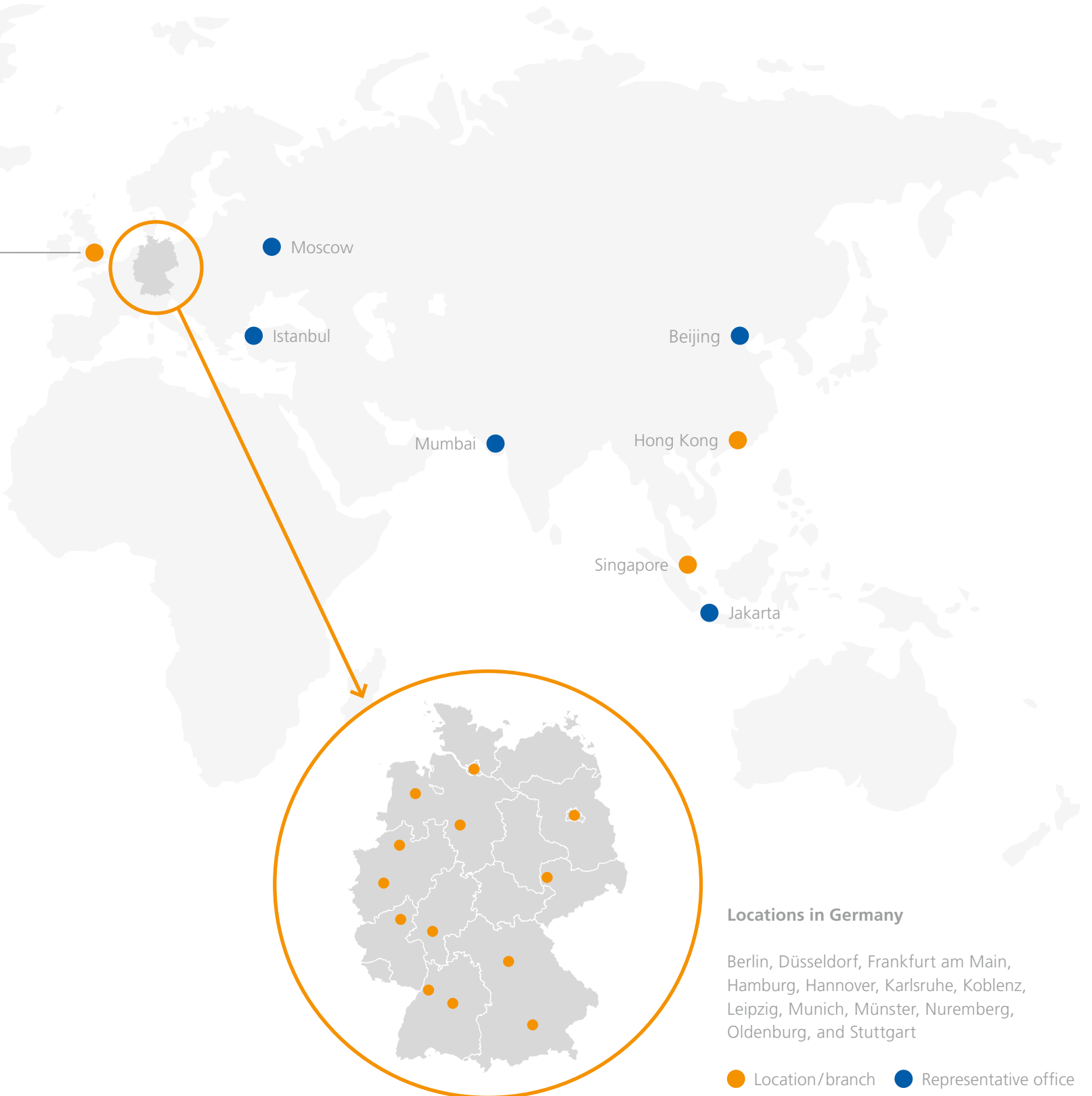
DZ BANK's German desks in London, New York, Hong Kong, and Singapore provide support for customers of the local cooperative banks and of DZ BANK with regard to their business activities in their region.

Customers can obtain bilingual advice and benefit from the specialist knowledge of the local and German markets. The German-speaking employees on the German desks also put customers in touch with local specialists for various issues.

Besides the four foreign branches with a German desk, DZ BANK has representative offices in Istanbul (Turkey), Moscow (Russia), São Paulo (Brazil), Mumbai (India), Beijing (China), and Jakarta (Indonesia). To supplement its own international network, the bank also has correspondent bank relationships with leading institutions in some 150 countries. This enables DZ BANK to also help customers with their international business activities in countries where it does not have a presence itself. In addition, the bank has entered into a strategic alliance with China Development Bank (CDB), the largest state-owned development bank in the People's Republic of China. Alongside its representative office in Beijing, this alliance also allows DZ BANK to access markets in all the Chinese provinces through the local CDB branches.







**Locations in Germany**

Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Hannover, Karlsruhe, Koblenz, Leipzig, Munich, Münster, Nuremberg, Oldenburg, and Stuttgart

● Location/branch ● Representative office



€24.8 billion

portfolio of development loans  
arranged through DZ BANK AG  
for green projects

€5.0 billion

funding volume approved by  
DZ BANK AG for renewable  
energy projects

# Market leader

Union Investment is the market leader for  
sustainable investments, with assets under  
management of €33.5 billion

# Corporate responsibility Commitment to sustainability

To step up the dialog on sustainability in the DZ BANK Group, we brought together the group's sustainability activities in 2010 and founded the Group Corporate Responsibility Committee (Group CRC) in 2014. This committee provides a platform for sustainability managers from all group entities to plan joint activities. Our objective is to exploit market opportunities and avoid risk while enhancing corporate citizenship.

The Group CRC provides input for the specialist divisions so that common standards can be developed. The collaboration between the group entities is focused on topics such as the environment and climate change. For example, we have drawn up and signed off a groupwide climate strategy. As a financial services provider, we can make the biggest difference in our core business – but this is also where our biggest challenge lies. We want to be financially successful and, at the same time, take account of environmental, social, and ethical concerns in our decision-making. In 2017, for example, we introduced a groupwide sustainability policy that sets out the minimum standards for sustainable lending.

The DZ BANK Group is one of the leading financial services providers in terms of sustainability. This is regularly confirmed by the sustainability rating received from the sustainability ratings agency oekom research AG, which has awarded us its prime status for particularly sustainable companies since 2011.

 [www.sustainability.dzbank.com](http://www.sustainability.dzbank.com)



# HR strategy

## Employer of choice

The DZ BANK Group is the employer of choice for more than 30,000 employees. We put the cooperative values into practice, staying true to our 'Erfolgsprinzip: WIR' slogan (success principle: us). This is what makes us so special and so successful, and manifests itself in a very congenial working environment and a low rate of staff turnover. Employees and managers treat each other as equals, and personal, trust-based, and cooperative interaction is encouraged. Our HR policy is geared to employees' stage of life, enabling us to offer them long-term prospects for their future career and opportunities for personal development as well as giving them flexibility for their life planning. The remuneration and additional benefits that we offer, such as occupational pension provision, corporate health management programs, and services for improving work-life balance, are combined to create an attractive overall package.

### Personal development

The DZ BANK Group wants to retain its employees over the long term and help them to develop in line with their requirements. The different areas of focus of the nine group companies give employees the opportunity to become familiar with a broad range of financial services without having to move to a new employer. Along with standardized transfer conditions, various initiatives take place at different levels with the aim of making it easier to move between companies. For example, each company has a career scout who provides confidential advice and support for employees interested in a career move or change of job. Information days and other events taking place each year in the companies not only encourage employees to broaden their horizons but also foster the sharing of information on work-related matters.

The dedicated communications platform 'Erfolgsprinzip: WIR' is being established to promote personal dialog. Feature articles, such as the 'WE stories', will provide insights into what goes on in other companies.

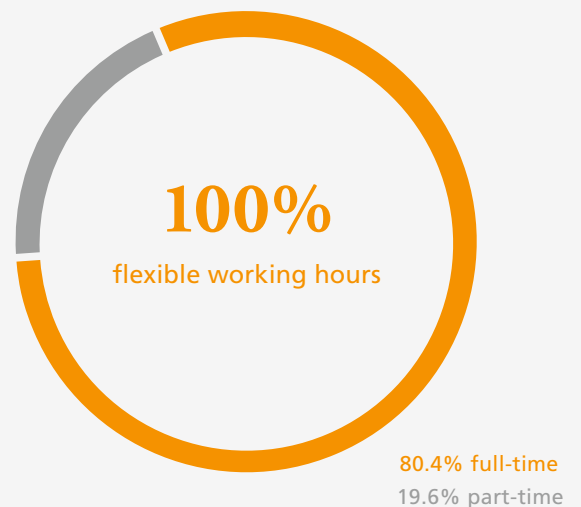
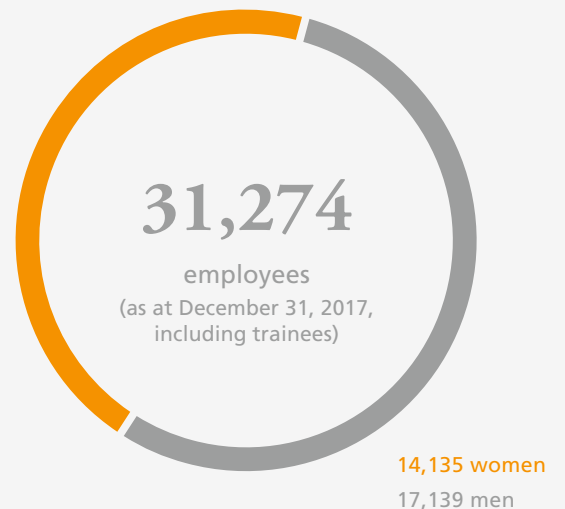
Potential employees and other interested parties can find out more about the DZ BANK Group on the dedicated careers website ([www.erfolgsprinzip-wir.de](http://www.erfolgsprinzip-wir.de)), which also features job listings. The successful launch of the 'Employees attract employees' program in autumn 2017 is a sure sign of the commitment that employees feel towards their particular employer within the DZ BANK Group.

### Work-life balance

For some years now, companies in the DZ BANK Group have been certified by berufundfamilie Service GmbH, which recognizes companies with family-friendly and life-stage-oriented HR policies. Certification has to be renewed every three years and is contingent on the auditing of specific measures. [www.berufundfamilie.de](http://www.berufundfamilie.de)

### Cross-mentoring program

For the past three years, heads of department (mentees) and heads of division (mentors) have been paired up from different companies. As well as sharpening their own focus, they gain a better understanding of their partner's company and its business model. Participants also have the option of continuing their career paths at other companies.



 [www.erfolgsprinzip-wir.de](http://www.erfolgsprinzip-wir.de)

## EDITORIAL INFORMATION

This report is available in digital form on our website at [www.annualreport.dzbank.com](http://www.annualreport.dzbank.com).

DZ BANK AG  
Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main  
Platz der Republik  
60325 Frankfurt am Main  
Germany

Postal address:  
60265 Frankfurt am Main  
Germany

Tel: +49 (0)69 7447 01  
Fax: +49 (0)69 7447 1685  
[www.dzbank.com](http://www.dzbank.com)  
[mail@dzbank.de](mailto:mail@dzbank.de)

Represented by the  
Board of Managing Directors:  
Wolfgang Kirsch, Chief Executive Officer  
Uwe Berghaus  
Dr. Christian Brauckmann  
Wolfgang Köhler  
Dr. Cornelius Riese  
Michael Speth  
Thomas Ullrich

General Executive Manager:  
Uwe Fröhlich

Chairman of the Supervisory Board:  
Helmut Gottschalk

# Key figures

## DZ BANK Group

€ million	2017	2016		Dec. 31, 2017	Dec. 31, 2016
<b>FINANCIAL PERFORMANCE</b>			<b>RISK POSITION</b>		
Income <sup>1</sup>	6,555	6,110	<b>LIQUIDITY ADEQUACY</b>		
Allowances for losses on loans and advances	-786	-569	<b>DZ BANK Group</b>		
Profit before taxes	1,810	2,197	Economic liquidity adequacy (€ billion) <sup>3</sup>	16.1	11.2
Net profit	1,098	1,606	<b>DZ BANK banking group</b>		
Cost/income ratio (percent)	59.0	58.9	Liquidity coverage ratio – LCR (percent)	161.7	151.0
	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>CAPITAL ADEQUACY</b>		
<b>FINANCIAL POSITION</b>			<b>DZ BANK Group</b>		
<b>Assets</b>			Economic capital adequacy (percent) <sup>4</sup>	170.5	170.1
Loans and advances to banks	120,489	107,253	<b>DZ BANK financial conglomerate</b>		
Loans and advances to customers	174,376	176,532	Coverage ratio for the financial conglomerate (percent) <sup>5</sup>	188.5	180.3
Financial assets held for trading	38,709	49,279	<b>DZ BANK banking group</b>		
Investments	57,486	70,180	Common equity Tier 1 capital ratio (percent) <sup>6</sup>	13.9	14.5
Investments held by insurance companies	96,416	90,373	Common equity Tier 1 capital ratio applying CRR in full (percent) <sup>7</sup>	13.8	14.5
Remaining assets	18,118	15,830	Tier 1 capital ratio (percent) <sup>6</sup>	15.2	16.0
<b>Equity and liabilities</b>			Total capital ratio (percent) <sup>6</sup>	17.3	18.6
Deposits from banks	136,122	129,280	Leverage ratio (percent) <sup>6</sup>	4.6	4.4
Deposits from customers	126,319	124,425	Leverage ratio applying CRR in full (percent) <sup>7</sup>	4.4	4.1
Debt certificates issued including bonds	67,327	78,238	<b>AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR</b>		
Financial liabilities held for trading	44,280	50,204		<b>30,279</b>	<b>29,341</b>
Insurance liabilities <sup>2</sup>	89,324	84,179	<b>LONG-TERM RATING</b>		
Remaining liabilities	18,717	20,285	Standard & Poor's	AA-	AA-
Equity <sup>2</sup>	23,505	22,836	Moody's Investors Service	Aa3	Aa3
<b>Total assets/total equity and liabilities</b>	<b>505,594</b>	<b>509,447</b>	Fitch Ratings	AA-	AA-
<b>Volume of business</b>	<b>871,114</b>	<b>843,130</b>			

1 Total of net interest income, net fee and commission income, gains and losses on trading activities, gains and losses on investments, other gains and losses on valuation of financial instruments, net income from insurance business, and other net operating income.

2 Prior-year figure restated.

3 Stress scenario with the lowest minimum liquidity surplus.

4 The figure as at December 31, 2016 differs from the figure in the 2016 Annual Report due to a scheduled recalculation of the overall solvency requirement for the Insurance sector in the second quarter of 2017.

5 Dec. 31, 2017: provisional coverage ratio; Dec. 31, 2016: confirmed final coverage ratio.

6 In accordance with the requirements applicable as at the reporting date.

7 In accordance with the requirements applicable from 2019.

