Frankfurt, July 9, 2013

PRESSEMITTEILUNG

Cooperative Financial Network reveals sharp jump in earnings and a stronger capital base

In 2012, the Volksbanken Raiffeisenbanken Cooperative Financial Network generated net profit after taxes of €6.9 billion, which was €2.4 billion ahead of its earnings in 2011. A large proportion of the group's earnings resulted from the recovery in the financial markets, but it was also attributable to strong customer business. Having increased its equity from €65 billion to €72 billion, the cooperative financial group is in a strong position and well equipped to deal with the lingering economic uncertainties. The group's solvency ratio of 14.7 percent demonstrates its capacity to assume risk.

These strong results reflect the close, successful partnership within the cooperative financial network, although stable, predictable economic conditions will be essential for it to maintain this performance in the future. Consequently, the National Association of German Cooperative Banks (BVR) is taking a firm stand against the EU Commission's proposals concerning banking union which call for the creation of a single resolution mechanism or for a merger of the national resolution funds of individual countries. "We remain committed to fighting any communitization of bank risk at the expense of the German banks. This is something we owe to our customers and members," said Uwe Fröhlich, President of the BVR.

Last year, the Cooperative Financial Network 's consolidated total assets grew by 3 percent to €1,090 billion. This was due to the efforts of the group's 190,000 or so employees who work at its 1,101 primary banks, at DZ BANK and WGZ BANK, at its central product specialists, the three mortgage banks DG HYP, WL BANK and Münchener Hypothekenbank and Bausparkasse Schwäbisch Hall, R&V-Versicherung and Union Investment.

"In 2012, the Cooperative Financial Network again performed well in customer lending, which is its core business", explained Fröhlich. Lending to retail and corporate customers rose by 4.2

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percent to €632 billion last year, with particularly strong expansion in the local cooperative banks' corporate lending business. Customer deposits also grew during the reporting period, rising by 2.8 percent to almost €665 billion.

At €19.6 billion, net interest income was just 1.1 percent ahead of the previous year, an impressive performance given the persistently fierce competition in the market and the flat yield curve. Overall, the higher volume achieved in the group's lending and deposit-taking businesses with retail and corporate customers more than offset the slight decline of 0.04 percentage points in the interest margin which fell to 1.83 percent.

Net allowances for loans and advances of €1.0 billion remained at a long-term low and reflected the robust financial health of the group's customers.

Despite ongoing uncertainty among investors following the sovereign debt crisis, net fee and commission income improved by an impressive 1.5 percent, rising to €4.9 billion. This modest increase was largely attributable to steady revenue from businesses such as payments processing and to growth in the distribution of guarantee products and in the brokerage of home savings contracts, loans and leases.

Gains on trading activities rose to €0.9 billion compared with €0.7 billion the previous year. Gains and losses on investments and other gains and losses on the valuation of financial instruments were influenced by the recovery in the financial markets. Although the group made net losses of around €3.2 billion on these items in 2011, a total improvement of €3.6 billion in both items – primarily on the back of reversals of impairment losses on bonds – resulted in a net gain of €0.4 billion in 2012.

The 2.8 percent increase in administrative expenses, bringing them to €16.3 billion, was not only the result of encouraging growth in major divisions of the Cooperative Financial Network ; it was also due to increased regulatory and legal requirements.

Net income from insurance business climbed by 32.6 to €0.8 billion in 2012.

Last year, income taxes amounted to €2.4 billion, virtually all of which related to current tax, i.e. tax paid. In 2011, €1.2 billion was reported under this item, which included deferred tax assets, while taxes paid amounted to €2.0 billion. As a result, there was a 20 percent increase in 2012, from €2.0 billion to €2.4 billion.

The biggest proportion (57.8 percent) of the group's consolidated total assets of €1,090 billion was attributable to the primary banks, 31.6 percent was attributable to the DZ BANK Group, 7.5 percent to the WGZ BANK Group and 3.1 percent to Münchener Hypothekenbank.

For further information, see: www.bvr.de/KJA

Background information about the Volksbanken Raiffeisenbanken Cooperative Financial Network :

The local cooperative banks, Sparda banks, PSD banks, the cooperative church banks and the specialized institutions hold virtually all of the capital of the Cooperative Financial Network – including its two central institutions, DZ BANK AG and WGZ BANK AG. *They have more than 30 million customers, over 17.3 million of whom are members of the local cooperative banks and therefore their shareholders. The ownership structure of the cooperative banking group is therefore very broad and the group is entirely in private hands.*

The central institutions and specialized service providers within the cooperative sector, which include Bausparkasse Schwäbisch Hall AG, DG HYP - Deutsche Genossenschafts-Hypothekenbank AG, Union Asset Management Holding AG and R+V Versicherung AG as well as Münchener Hypothekenbank eG, WL BANK AG Westfälische Landschaft Bodenkreditbank, VR-LEASING AG, TeamBank AG Nürnberg and DZ PRIVATBANK S.A., provide the local cooperative banks with a full range of financial products and services from which each local bank compiles a package that meets the needs of its position in the market. The BVR is the strategic competence center of the cooperative banking group. As an umbrella organization for the banking sector, it represents the interests of the cooperative banking group at both national and international levels. The BVR also operates the protection fund, which guarantees that deposits are safe by protecting the banks.