

Report of the Supervisory Board



Henning Deneke-Jöhrens, Chairman of the Supervisory Board of DZ BANK AG

In 2023, the Supervisory Board carried out the tasks assigned to it by law, the Articles of Association, and rules of procedure. As part of this remit, the Supervisory Board advised the Board of Managing Directors and monitored its management activities. In particular, the Supervisory Board focused on the liquidity, funding, and capital situation of DZ BANK and on its strategy as the network-oriented central institution and holding company of a financial services group. It also thoroughly addressed current regulatory challenges, the risk situation of the bank and the group, as well as the development of systems and procedures used to manage the main risks in the Bank sector and Insurance sector. The Supervisory Board was always involved in decisions of fundamental importance. The Board of Managing Directors provided the Supervisory Board with regular, timely, and comprehensive reports on all matters relevant to DZ BANK, in particular the strategy, planning, business performance, risk situation, risk management, remuneration systems, regulatory requirements, IT and other technologies, organizational matters, and compliance.

The DZ BANK Group did not significantly adjust its strategic focus in 2023. In the key areas of collaboration identified at group level as offering potential for reinforcing the future viability and profitability of the group, the entities in the DZ BANK Group continued to forge ahead with various strategic programs such as 'Verbund First 4.0' at DZ BANK. An additional implementation package, Fit4Growth, was added to the program in 2023 with the aim of updating processes efficiently. In the reporting year, strategic activities were strongly focused on the topics of sustainability, digitalization, liquidity, and funding, which continue to be issues of major importance for the entities in the DZ BANK Group, both in their core businesses and in their own operations.

Important steps included the further development of the Group Sustainability Committee. This groupwide body is made up of members of the Boards of Managing Directors of the DZ BANK group entities and is the central committee in the DZ BANK Group responsible for managing the implementation of societal, business-policy, and regulatory requirements relating to sustainability matters.

Meetings of the Supervisory Board

The Supervisory Board held five ordinary meetings in 2023. Its members attended the meetings of the Supervisory Board and its committees regularly.

At its meetings in the reporting year, the Supervisory Board regularly received and discussed reports from the Board of Managing Directors on current business performance, the capital situation, and profitability of DZ BANK and the DZ BANK Group. The reports focused on topics such as the impact of geopolitical turmoil and the effects on DZ BANK of the banking crisis, which predominantly affected the US, and the developments at Credit Suisse. Another topic covered in the reports of the Board of Managing Directors was the European Payments Initiative (EPI). The report on the capital situation and capital management in the DZ BANK Group provided the Supervisory Board with information about the AT1 bond issued in the second quarter of 2023, the results of the EBA stress test, and the results of the 2023 Supervisory Review and Evaluation Process (SREP) conducted in respect of the DZ BANK Group. The Board of Managing Directors also reported on the liquidity and funding situation of the Cooperative Financial Network, the DZ BANK Group, the liquidity subgroup (comprising DZ BANK and DZ HYP AG), and DZ BANK. In its reports, the Board of Managing Directors also touched on DZ BANK's share price and on the current situation at DZ HYP AG and R+V in view of the situation in the real estate markets and the position of some individual market players.

The Supervisory Board regularly received and discussed reports on the work of the committees from their Chairs. During the meetings, and by using a voting procedure in writing, the Supervisory Board also adopted resolutions in connection with transactions requiring its consent, such as commitments to long-term equity investments and loans. HR issues from 2022 relating to DZ BANK and the DZ BANK Group were further matters considered by the Supervisory Board. The Supervisory Board received the report from PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) on the audit of the single-entity financial statements and management report of DZ BANK and of the consolidated financial statements and group management report for the year ended December 31, 2022 and the report of the Audit Committee on the audit of the single-entity financial statements and management report of DZ BANK and of the consolidated financial statements and group management report for the year ended December 31, 2022, approved this Audit Committee report following its own review, and approved the single-entity financial statements of DZ BANK and the consolidated financial statements for the year ended December 31, 2022 in accordance with the recommendation of the Audit Committee. In further deliberations, the Supervisory Board acknowledged the 2022 Sustainability Report of the DZ BANK Group, which included the non-financial reporting of DZ BANK and the DZ BANK Group, and the findings of the related review, which the Supervisory Board had engaged the auditor to carry out in order to obtain limited assurance. On this basis and following its own review, the Supervisory Board came to the conclusion that the above-mentioned report for 2022 meets the statutory requirements.

In accordance with the Audit Committee's recommendations, the Supervisory Board also approved the report of the Supervisory Board to the Annual General Meeting as well as the agenda for the Annual General Meeting on May 24, 2023. Based on the recommendation of the Audit Committee, this was accompanied by the Supervisory Board's proposal to the Annual General Meeting to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as auditor of the single-entity financial statements and the consolidated financial statements for the year ended December 31, 2023 and as auditor for the review of the group's half-year financial report for the period ended June 30, 2023 and any other interim financial statements at the level of the group or DZ BANK AG prepared for periods up to the 2024 Annual General Meeting.

In the context of the single-entity financial statements and the appropriation of profits for 2022 to be decided by the Annual General Meeting, the Supervisory Board examined the DZ BANK Group's capital situation in light of the new standard governing the accounting treatment of insurance contracts (IFRS 17) at R+V, which was not yet required to be applied as at December 31, 2022. Against this backdrop, the Supervisory Board proposed to the Annual General Meeting of DZ BANK on May 24, 2023 that no dividend be paid. At a second, Extraordinary General Meeting on October 19, 2023, the Supervisory Board then proposed a dividend payment of 20 cents per share for 2022.

Under items scheduled for regular discussion, the third quarter of 2023 saw the Supervisory Board examine and deliberate on the strategic planning in the DZ BANK Group for the period from 2024 to 2027. This included discussing the recovery planning, which is required by law. In the fourth quarter of 2023, the Supervisory Board considered and discussed the operational planning for DZ BANK and the DZ BANK Group for 2024. It also gave its consent to the opening of a DZ BANK representative office in Vietnam in order to secure a further sustained increase in income from international business.

Taking account of the related reporting by the Board of Managing Directors, the Supervisory Board examined the results of the 2023 SREP conducted by the ECB in respect of the DZ BANK Group. The supervisory authority was present for this examination. Material matters raised by the supervisory authority during this process were addressed by the Supervisory Board and discussed with representatives of the supervisory authority. These matters related to the business model, internal governance and risk management, quantitative and qualitative capital and liquidity requirements/recommendations, and operational and IT risks, in each case at the level of the DZ BANK Group.

The Supervisory Board also examined all nomination and remuneration issues dealt with by the Nominations Committee, the Remuneration Control Committee, and the Risk Committee, including the appropriateness test in accordance with the German Remuneration Regulation for Institutions (InstitutsVergV). It took note of these matters and passed any necessary resolutions in accordance with the recommendations submitted by the relevant committees.

Meetings of the Supervisory Board committees

Each Supervisory Board committee also met on a number of occasions in 2023. During this period, the Nominations Committee and the Remuneration Control Committee each held three meetings, the Audit Committee four meetings, and the Risk Committee five meetings. The Mediation Committee did not need to meet at all.

In the year under review, the **Nominations Committee** addressed the annual reappraisal of the Board of Managing Directors and the Supervisory Board. The committee also dealt with the succession planning and new structure for the Board of Managing Directors, including the nomination and appointment of a new member and the extension of the term of office of existing members of the Board of Managing Directors. It also conducted an evaluation of competencies in connection with the appointment of a new member. In addition, the committee reviewed the targets for the proportion of women on the Board of Managing Directors and on the Supervisory Board and documented the targets in the diversity policy. The Nominations Committee also reviewed and updated the training policy for the Board of Managing Directors and the Supervisory Board.

Where necessary, the Nominations Committee proposed individual resolutions to the Supervisory Board on the matters it handled.

At its meetings in 2023, the **Remuneration Control Committee** covered a wide range of remuneration issues and contractual matters relating to the Board of Managing Directors. These included the contractual arrangements of a newly appointed member of the Board of Managing Directors and former members of this board. The remuneration matters discussed were the variable remuneration of the members of the Board of Managing Directors of DZ BANK and the former DVB Bank, the amount of which was specified for 2022, and the planning of the corporate and individual targets for the members of the Board of Managing Directors of DZ BANK in 2023. In this context, the committee also addressed the need to set the overall amount of variable remuneration at DZ BANK and in the DZ BANK Group in accordance with section 7 InstitutsVergV.

The committee carried out a test of the appropriateness of the remuneration of the Board of Managing Directors and conducted the regular review of the salaries of the members of the Board of Managing Directors [as at January 1, 2024]. Further discussions by the Remuneration Control Committee covered the report by the Board of Managing Directors on the structure of the remuneration systems (DZ BANK Group remuneration strategy), the appropriateness of the remuneration systems, analysis of the risk takers for 2023, and the remuneration officer's remuneration control report. In addition, the committee received reports from the remuneration officer on the appropriateness of the remuneration systems.

Where necessary, the Remuneration Control Committee proposed individual resolutions to the Supervisory Board on the matters it handled.

In 2023, the **Audit Committee** studied the findings of the audit of the single-entity financial statements and management report of DZ BANK as well as of the consolidated financial statements and group management report for the year ended December 31, 2022 by PwC. It recommended that the Supervisory Board approve the single-entity financial statements of DZ BANK and the consolidated financial statements for the year ended December 31, 2022, as submitted.

Furthermore, the committee discussed the appointment of the auditor of the single-entity financial statements and the auditor of the consolidated financial statements for 2023 as well as the appointment of the auditor for the review of the group's half-year financial report and any other interim financial statements. In regard to the above, the Audit Committee considered the independence and quality of the auditor. The fee to be paid to the auditor was also taken into account. The Audit Committee recommended that the Supervisory Board propose to the Annual General Meeting on May 24, 2023 that PwC again be appointed as the auditor of the single-entity financial statements and the consolidated financial statements for the year ended December 31, 2023, and as auditor for the review of the group's half-year financial report for the period ended June 30, 2023 and any other interim financial statements at the level of the group or DZ BANK AG prepared for periods up to the 2024 Annual General Meeting.

In addition, the Audit Committee examined the half-year financial report of the DZ BANK Group for the period ended June 30, 2023 and the reports from PwC on the review of the half-year financial report and on the audit of the securities and investment services business and the depository function in 2022/2023. Furthermore, the Audit Committee studied the planning for the audit of the 2023 single-entity and consolidated financial statements by PwC, discussed the auditor's areas of focus for 2023 and key findings from the current audit, and monitored the financial reporting process.

In other activities, the Audit Committee discussed the report of the Supervisory Board to the Annual General Meeting and prepared the Supervisory Board's review of the combined non-financial statement of DZ BANK and the DZ BANK Group for 2022. This also involved carefully studying the findings of the external review of the 2022 Sustainability Report, for which PwC was also engaged by the Supervisory Board. The committee recommended resolutions to the Supervisory Board in relation to both matters.

In addition, the Audit Committee examined and discussed the business performance and the capital situation of the DZ BANK Group. Here too, the discussion placed particular emphasis on the capital situation of the DZ BANK Group and on the level of loss allowances in view of the prevailing economic and geopolitical challenges. The Audit Committee also acknowledged the segment reporting for DZ BANK – central institution and corporate bank (CICB), for the DZ BANK holding function, and for the business subsumed under 'Other/ Consolidation'. The committee routinely focused on supervisory audits carried out in the DZ BANK Group, the latest regulatory issues, non-financial risk, and the project portfolio at DZ BANK, and discussed these matters with the Board of Managing Directors. Other matters addressed by the committee included the reports prepared by Group Audit for the periods ended December 31, 2022 and June 30, 2023, the annual compliance report for 2022, updates on progress with resolution planning, the reports on the bank-wide internal control system (ICS) and on non-financial risks, the IT strategy of the DZ BANK Group, the IT strategy of DZ BANK, and the outsourcing strategy of DZ BANK. In this context, the Audit Committee monitored the effectiveness of the internal control system, risk management system, and the internal audit function. Additionally, it examined the engagement of the auditor for non-audit services and updated the guidance for the approval of such services at the end of the year.

Where necessary, the Audit Committee proposed individual resolutions to the Supervisory Board on the matters it handled.

In 2023, the **Risk Committee** studied the findings of the review of the lending business, which had been brought forward, regulatory and organizational matters, and the shareholdings in the context of the audit of the single-entity financial statements of DZ BANK and of the consolidated financial statements for the year ended December 31, 2022. In addition, the committee advised the Supervisory Board on current and future overall risk appetite and strategy in the DZ BANK Group. It also helped the Supervisory Board to monitor implementation of this strategy. This involved regularly examining and acknowledging the quarterly reports on overall risk (including risk indicators) and credit risk. The risk appetite statement, the risk strategies, and the 2024 group governance policy of the DZ BANK Group were, as usual, on the agenda for the committee at the end of the year. The review of the risk reports and strategies was an important component in the process of monitoring the effectiveness of the risk management system at DZ BANK and in the DZ BANK Group. Furthermore, the Risk Committee examined the risk situation pertaining to DZ HYP's real estate loan portfolio, focusing in particular on the subportfolio relating to finance for project developers, property developers, and purchases of land. In each quarter of 2023, the Risk Committee also received an update on the latest geopolitical developments (war in Ukraine, dependency on China / dispute between China and Taiwan, conflict in the Middle East) and their impact on DZ BANK.

Moreover, the Risk Committee discussed and acknowledged reports from the Board of Managing Directors on the results of the stress tests in the DZ BANK Group. It also dealt with various matters relating to long-term equity investments (including a capital increase at VR Factoring GmbH) and loan applications. The committee studied the outcome of the comply-or-explain process for the audit of the group lending policy and group risk management policy, which was completed successfully and did not identify any instances of non-compliance without agreed action plans in 2022. In further deliberations, the committee examined the terms and conditions in customer business. The committee also reviewed the remuneration systems at DZ BANK pursuant to section 25d (8) sentence 4 KWG and found that the incentives set as part of the remuneration system take account of the risk, capital, and liquidity structure of the institution as well as the probability and maturity of revenue. The deliberations of the Risk Committee also covered the work program for resolution planning for 2023 in accordance with the Single Resolution Board's requirements.

Where necessary, the Risk Committee proposed individual resolutions to the Supervisory Board on the matters it handled.

Corporate governance

In line with the requirements of the German Banking Act, the Supervisory Board conducted an evaluation of the Board of Managing Directors and a self-evaluation in the first quarter of 2023. It found that the structure, size, composition, and performance of both the Board of Managing Directors and the Supervisory Board and the knowledge, skills, and experience of the individual members of the Board of Managing Directors and Supervisory Board and of the Board of Managing Directors and Supervisory Board as a whole fulfilled the requirements laid down by law and in the Articles of Association. The Supervisory Board therefore confirmed the individual suitability of the individual members of the Board of Managing Directors and Supervisory Board and the collective suitability of the Board of Managing Directors and Supervisory Board as a whole. In this context, it also signed off an updated profile of skills and expertise for the Board of Managing Directors and Supervisory Board.

In its view, the Supervisory Board had adequate financial and personnel resources at its disposal in the reporting year to be able to support new members in becoming familiar with their role and to provide the training that is necessary to maintain members' required level of expertise. DZ BANK offers to cover the costs for members of the Supervisory Board of training programs from external providers that are relevant to the activities of supervisory boards. As part of the onboarding process, new members are offered customized internal training sessions and information meetings to help them prepare for their tasks on the Supervisory Board of DZ BANK. This offer is meeting with good take-up. In 2023, the Supervisory Board also received internal training on compliance, IFRS 17, cryptodepository business, IT, and ESG instruments in the lending business.

There were no indications of fundamental and far-reaching conflicts of interests affecting Supervisory Board members.

Cooperation with the auditor

PwC attended all meetings of the Audit Committee and provided explanations and information as requested. As a priority at these meetings, the Audit Committee discussed with PwC the audit plan and the provisional key audit matters for the 2023 single-entity financial statements and consolidated financial statements. Moreover, the Audit Committee obtained information on the auditor's other areas of focus for 2023.

For the purposes of monitoring the quality of the audit of the financial statements for the year ended December 31, 2023, the Audit Committee asked PwC to provide a quality report explaining the quality assurance processes and measures implemented by the auditor, for example in connection with acceptance and continuation of the engagement and in connection with independent quality assurance related to the engagement. The committee also conducted its own evaluation of the quality of the audit using the qualitative indicators defined in the committee's audit quality review guidelines. For the purposes of this evaluation, the Audit Committee took into account any findings and conclusions from external and internal inspections of which it was aware.

Furthermore, the committee dealt with the engagement of and fee for the auditor. To monitor the independence of the auditor, the Audit Committee obtained a declaration from PwC confirming its independence. The committee also obtained information about any services other than the audit of the annual financial statements for which PwC was engaged. It adopted a resolution to update the catalog of predefined non-audit services that can be treated as approved without the Audit Committee needing to adopt a separate resolution in each individual case.

The auditor PwC confirmed that the single-entity financial statements – together with the bookkeeping system – and the management report of DZ BANK as well as the consolidated financial statements and the group management report submitted by the Board of Managing Directors for the year ended December 31, 2023

complied with the applicable legal provisions. PwC issued an unqualified opinion for each of these sets of financial statements. The audit reports were submitted to the members of the Supervisory Board, who discussed them in detail at their meetings. In addition, the Chairman of the Supervisory Board and the Chairs of the Supervisory Board committees maintained a regular, intensive dialogue with the auditor. This dialogue also covered the independent auditor's report pursuant to section 322 HGB (including the key audit matters). The Supervisory Board agrees with the findings of the audit.

The Board of Managing Directors of DZ BANK issued a separate combined non-financial report for the DZ BANK Group and DZ BANK for 2023. The Supervisory Board decided to submit the report for a voluntary external review, for which it engaged the auditor. PwC did not become aware of any facts that would lead it to believe that the separate combined non-financial report for the DZ BANK Group and DZ BANK for 2023 had not been prepared, in all material respects, in accordance with the statutory requirements. On this basis and in accordance with the Audit Committee's recommendation, the Supervisory Board concluded, having conducted its own review, that the Sustainability Report complies with the statutory requirements. At its meeting on March 21, 2024, the Supervisory Board therefore approved the 2023 Sustainability Report of DZ BANK.

Adoption of the financial statements

At their respective meetings, the Supervisory Board and its Audit Committee scrutinized the single-entity financial statements and management report of DZ BANK (including the Board of Managing Directors' proposal for the appropriation of profits) as well as the consolidated financial statements and group management report for the year ended December 31, 2023. The Chairman of the Audit Committee provided the Supervisory Board with detailed information about the committee's extensive deliberations on the single-entity financial statements and management report of DZ BANK as well as the consolidated financial statements and group management report. Representatives of the auditor attended the Supervisory Board meeting convened to adopt the financial statements as well as the preparatory meetings held by the Audit Committee and by the Risk Committee so that they could report in detail on the material findings of their audit. They were also available to answer questions from the members of the Supervisory Board. The Supervisory Board did not express any reservations following the concluding findings of its review.

The Supervisory Board approved the single-entity financial statements of DZ BANK and the consolidated financial statements prepared by the Board of Managing Directors for the year ended December 31, 2023 at its meeting on March 21, 2024 in line with the Audit Committee's resolution recommendation. The financial statements have therefore been adopted. The Board of Managing Directors and the Supervisory Board have decided to propose to the Annual General Meeting on May 16, 2024, in a resolution on the appropriation of the distributable profit reported in the 2023 single-entity financial statements amounting to €506,455,778.84, that a dividend of 25 cents per share be distributed (total distribution of €447,836,189.25) and that the remaining distributable profit for 2023 of €58,619,589.59 be carried forward to the next accounting period.

Personnel changes on the Board of Managing Directors and the Supervisory Board

There were no personnel changes on the Board of Managing Directors of DZ BANK in 2023. In view of the upcoming departure of Mr. Uwe Fröhlich, who will be retiring as planned with effect from July 1, 2024, Mr. Johannes Koch was appointed to the Board of Managing Directors with effect from January 1, 2024. He has taken on the role of HR director on the Board of Managing Directors. Once Mr. Fröhlich has stepped down with effect from July 1, 2024, Dr. Riese will be the sole Chief Executive Officer.

As regards the employee representatives on the Supervisory Board and as reported last year, the courts appointed Mr. Kevin Voß to replace Mr. Spitzbarth as a labor union representative (section 16 MitbestG) on

the Supervisory Board of DZ BANK with effect from January 1, 2023. There were no personnel changes among the shareholder representatives on the Supervisory Board in 2023.

The Supervisory Board wishes to thank the Board of Managing Directors and all employees of the DZ BANK Group for their valuable contribution in 2023.

Frankfurt am Main, March 21, 2024

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank,
Frankfurt am Main



Henning Deneke-Jöhrens
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