

# I DZ BANK Group fundamentals

## 1 Business model and strategic focus

(The following chapter contains disclosures relating to ESRS disclosure requirement ESRS 2 SBM-1 paragraphs 40 a) i, ii and 42 a) b).)

The DZ BANK Group focuses its strategy on the local cooperative banks. In doing so, it pursues the objective of consolidating the positioning of the Cooperative Financial Network over the long term as one of the leading financial services providers in Germany. The DZ BANK Group supports the cooperative banks by providing an extensive range of financial products and services in the Retail Banking, Corporate Banking, Capital Markets, and Transaction Banking business lines. This partnership is built on the principles of subsidiarity, decentralization, and regional market responsibility. Strategic initiatives and programs are developed and implemented at the following three levels in the DZ BANK Group: firstly, at the level of the Cooperative Financial Network, with the leading role taken by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V., Berlin, (BVR) [National Association of German Cooperative Banks]; secondly, at the level of the DZ BANK Group; and thirdly, at the level of the individual entities in the DZ BANK Group, which may draw up their own specific strategic programs.

As regards overarching strategic projects and initiatives for the entire Cooperative Financial Network, the entities in the DZ BANK Group work in partnership with the cooperative banks, Atruvia AG, Frankfurt am Main, (Atruvia), and the BVR on the action areas in the strategic agenda and in the Germany-wide strategic portfolio. This portfolio builds on the strategic agenda and systematically brings together the Cooperative Financial Network's strategic initiatives.

The DZ BANK Group considers itself to be well prepared for future challenges. It intends to continually improve its performance by pursuing selective growth in certain international markets, expanding its product range (e.g. in relation to cryptoassets), and optimizing collaboration between front-office and middle-office divisions. The entities have jointly identified – and together will press ahead with – material areas of potential for collaboration in order to reinforce their shared future viability and profitability. In 2024, generative artificial intelligence (AI) was added as a further area of potential, while activities relating to open finance / financial data access (FIDA) and merchant customers / payment to loan were stepped up. DZ BANK is also concentrating on the big issues of this decade, namely sustainability and demographic change / employer branding. As part of its sustainability efforts, the DZ BANK Group has formulated measurable climate targets for over half of the business portfolio. In 2025, it also plans to make biodiversity a new area of focus in its sustainability program and to take account of it across all divisions and relevant banking processes. The management and implementation of sustainability in the DZ BANK Group is the responsibility of the Group Sustainability Committee (GSC) at the level of the Board of Managing Directors. The GSC reports regularly to the Group Coordination Committee, which is the highest-level management and coordination committee in the DZ BANK Group. When it comes to employer branding, the group entities are implementing action plans to attract workers with the necessary skills. In this context, DZ BANK regards recruitment as a groupwide task in which all employees and managers play a part.

In addition, each individual entity in the DZ BANK Group pursues a range of strategic initiatives, such as the 'Verbund First 4.0' strategic program at DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (DZ BANK), the 'WIR @ R+V – Growth. Innovation. Profitability.' program at R+V Versicherung AG, Wiesbaden, (R+V Versicherung; subgroup abbreviated to R+V), the '#Fokus100' program at Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, (Bausparkasse Schwäbisch Hall; subgroup abbreviated to BSH), and the 'Fit for Future' program at Union Asset Management Holding AG, Frankfurt am Main, (Union Asset Management Holding; subgroup abbreviated to UMH).

In the year under review, the German government and many trade associations and companies signed a joint declaration of intent in respect of the WIN Initiative (Growth and Innovation Capital for Germany). The initiative is aimed at improving fiscal, legal, and financial structures so as to make it easier for innovative start-ups to access private capital. The Cooperative Financial Network is supporting the WIN Initiative by participating in areas in which the individual entities in the DZ BANK Group can contribute their strengths. For example, it plans to make direct equity investments, provide equity financing, and set up a growth fund.

### **1.1 DZ BANK – central institution and corporate bank**

DZ BANK consists of DZ BANK – holding function and DZ BANK – central institution and corporate bank. DZ BANK – holding function, which is treated separately in the internal reporting structure, is used to pool a range of responsibilities, notably tasks carried out on behalf of the DZ BANK Group in relation to commercial law, tax, and prudential supervision. It does not constitute a separate operating segment within the meaning of IFRS 8.5 and is not analyzed separately in this chapter, ‘Business model and strategic focus’.

The strategic focus of DZ BANK, as described below, essentially relates to the activities of DZ BANK – central institution and corporate bank. DZ BANK – central institution and corporate bank comprises both the cooperative central institution function, which supports the operating activities of the local cooperative banks, and the corporate bank function.

For the sake of simplicity, DZ BANK – central institution and corporate bank equates to DZ BANK in this chapter, ‘Business model and strategic focus’.

At DZ BANK, the strategic initiatives designed to ensure the bank’s resilience for the future are brought together in the ‘Verbund First 4.0’ strategic program. The program is aimed at improvements in three key areas: market offering, control and production processes, and corporate culture. It is divided into implementation packages, with additional packages added in 2024. These include the ‘Fit4Growth’ initiative, in which DZ BANK is focusing on optimizing and stepping up cross-divisional collaboration on key processes. Going forward, the focus will be on the ongoing work on the processes. Activities around the themes of treasury and funding were also expanded, and a new implementation package for activities relating to generative AI was created. In 2024, this included rolling out an extensive continuing professional development program that draws on a variety of formats and media.

The following sections describe how DZ BANK is implementing its strategy in the various business lines.

#### **1.1.1 Cooperative Banks/Verbund**

The cooperative banks are DZ BANK’s most important customer group, its shareholders, and its partners in joint activities covering sales and the provision of advisory services. The focus of the Cooperative Banks/Verbund division is to meet the needs of this relationship of support for the cooperative banks. The Regionaldirektoren [regional directors] of DZ BANK are an important point of contact and customer relationship manager for the cooperative banks, with the aim of assisting them with their business activities in the regional markets. Moreover, DZ BANK’s presence throughout Germany ensures that it can be physically close to the banks it supports.

DZ BANK offers the cooperative banks consultancy and other services at every stage of strategic bank management and regulatory processes. In addition, DZ BANK assists the local cooperative banks with treasury and controlling aspects of bank management, such as planning and risk management, as well as with optimization for strategic bank management purposes and with own-account investing activities.

The support for the cooperative banks regarding sustainability is provided at various levels. Knowledge is shared using a number of different dialogue formats and events, such as the new sustainability meet-up that was jointly organized by Atruvia, the BVR, DG Nexolution eG, Wiesbaden, and DZ BANK in the reporting year. The new event replaced previous formats, such as the sustainability conference. In addition, a sustainability portal provides members with a central platform for sustainability information. Collaboration with the cooperative banks on sustainability matters is expected to intensify in the years ahead.

In the year under review, the regular strategy events held by Atruvia, the BVR, and DZ BANK in collaboration with the Cooperative Financial Network's regional banking associations were again combined into a multi-company format entitled 'Strategie-Hub Regional 2024' with a series of four regional events. For the first time, an additional 'Strategie-Hub Regional 2024 kompakt' event was held in Leipzig for the cooperative banks located in eastern Germany. Furthermore, network committees ensure that the cooperative banks are closely involved in DZ BANK's strategic considerations and initiatives. The aim of the DZ BANK Group's Central Advisory Council is to enable important strategic matters in the DZ BANK Group to be discussed in depth and to connect the various players and levels in the Cooperative Financial Network. DZ BANK also has five regional Banking Advisory Councils that carry out an advisory and multiplier function.

### 1.1.2 Corporate Banking

In the corporate banking market, DZ BANK supports the cooperative banks. This support concept is geared to the needs of corporate customers and to the individual market situation and is integrated with the activities of the Cooperative Financial Network. DZ BANK has twelve regional branches that look after both its direct customers and its customers in the joint business with the cooperative banks at a regional level. Customer relationship management for multinationals, the agricultural and healthcare sectors, and Cooperative Financial Network customers has been grouped together in the Central Corporate Banking division in Frankfurt am Main.

The digitalization of banking processes is becoming increasingly important in the corporate banking business in Germany. DZ BANK is supporting the cooperative banks in this regard, for example by upgrading the VR GeschäftsNavigator (VR business navigator), which is used by 530 local cooperative banks. In 2024, DZ BANK also teamed up with the BVR to develop a new sales concept in order to improve the efficiency of marketing.

DZ BANK's Request-to-Pay (RtP) solution consists of new offerings that are designed not only to optimize accounting and payments processing for corporate customers and their retail customers but also to contribute to the digital revolution. RtP bridges the gap between billing and bill payment, which should thereby enable companies to reduce the amount of administration required. The benefit of the solution for their retail customers is that they do not need to spend time entering data during the billing process. Working with Atruvia and market partners, DZ BANK developed this solution into what is, from its perspective, a market-ready product. Corporate and retail customers can use the new type of payment request through participating cooperative banks. It will be important that banks outside the Cooperative Financial Network also engage with RtP to ensure that it reaches a wide range of corporate customers' end customers.

In addition to digitalization, other areas of focus in 2024 were integrating sustainability into the customer dialogue and helping corporate customers with their transformation in the context of the decarbonization of industry. This is illustrated by the growth of funding for renewable energies. DZ BANK reached a milestone in 2024 by providing funding for its biggest photovoltaics project yet. The bank, which sees itself as a supporter of its customers' transformation, pays particular attention to training its corporate banking relationship managers on environmental, social and corporate governance (ESG) aspects. The assessment process for ESG risks in the lending business, which was launched with the ESG credit risk score in 2023, was expanded in the reporting year. DZ BANK is in the process of developing a definition for sustainability-oriented products and a classification approach in the form of a sustainability product framework. The classification approach for sustainability-oriented products is currently being trialed as part of a one-year pilot phase in order to check whether it is fit for purpose. It is due to be finalized and integrated with sales processes in 2025.

DZ BANK also aims to support the international business of the Cooperative Financial Network's corporate customers. To grant them access to the world of international business, DZ BANK developed an information and communication tool called VR International, along with a related sales concept. DZ BANK offers a range of solutions geared to Germany's internationally oriented economy, including foreign payments processing, import and export credit guarantees and financing, and currency hedging. It has four branches and six representative offices outside Germany.

To improve the Cooperative Financial Network's performance when it comes to export credit guarantees and financing for German corporate customers, DZ BANK signed up additional correspondent banks in high-growth countries as business partners in 2024. DZ BANK also has detailed cooperation agreements with selected correspondent banks.

DZ BANK is the center of excellence for development lending business within the Cooperative Financial Network. It supports the cooperative banks in two ways. Firstly, its development lending experts help the cooperative banks to advise their end customers. And secondly, it is replacing existing sales and communication channels with digital processes and portal services. The focus of these activities is on stabilizing market share and harnessing potential for growth.

### 1.1.3 Retail Banking

In the Retail Banking business line, DZ BANK offers cooperative banks, cooperation banks, and retail customers a comprehensive range of services based on its financial services concept. One of the primary areas of focus is the marketing of securities business with retail customers, for which DZ BANK provides products, processes, and platforms.

The products provided include customer investment solutions for advisory customers and independent retail investors of all experience levels. The product range consists of DZ BANK's own interest-rate products, derivatives and, in particular, investment certificates relating to particular trends or topics and sustainability. In this context, investment certificates with a charitable income component are issued. This involves DZ BANK and the participating cooperative banks giving up a share of their margin, with the money going to selected organizations in the form of sponsorship. DZ BANK has also added savings plans based on funds, exchange-traded funds (ETFs), and equities to its product range, which also contains investment account price models that are geared to customer needs and cater to market trends. Among these models are traditional investment accounts that are also available online, meinDepot (my investment account) for young customers, and an investment account with a flat-rate fee. This is all designed to further DZ BANK's objective of establishing the brokerage solution in the customer business as a comprehensive depository for securities that can be used by a broad range of customers at the cooperative banks.

DZ BANK offers a management cycle to support the cooperative banks with their strategic planning. This encompasses the planning, implementation, and control of the corporate strategy as well as tools for data and analytics. It also helps the cooperative banks to fulfill their regulatory obligations. As part of its marketing programs for young customers, new investment accounts, and sustainability, DZ BANK offers packages of measures in the form of processes and support services. These also help with the fulfillment of regulatory requirements, for example concerning sustainability in advisory services.

In accordance with its digitalization strategy, DZ BANK is developing platform solutions for advisors and customers of the cooperative banks and cooperation banks. DZ BANK's meinGIS platform provides advisors with access to the latest market information, such as securities prices, price charts, and corporate news. As well as visiting a branch, customers in the securities business can access their bank digitally so that they can quickly open an online investment account themselves and carry out trades online, for example. This brokerage solution is integrated into the VR Banking App, which provides users with a range of information and products, including market data, real-time prices, analysis tools, access to DZ BANK research, and product suggestions. Furthermore, retail customers can use the Meine Anlagezertifikate (my investment certificates) function to obtain detailed information on the investment products in their investment accounts at any time. In 2025, DZ BANK plans to introduce cryptoasset trading for the local cooperative banks' retail customers.

### 1.1.4 Capital Markets

DZ BANK offers advisory and sales services in relation to investment and risk management products covering the interest-rate, credit, equities, and currency asset classes for the benefit of its institutional customers in Germany and abroad, the cooperative banks in their own-account investing activities, and its corporate customers. Its offering encompasses primary market, secondary market, and research services.

DZ BANK's Group Treasury division is responsible for managing and optimizing liquidity throughout the DZ BANK Group. This ranges from managing the cooperative banks' day-to-day cash inflows and outflows in the context of the cash-pooling function performed by DZ BANK as the cooperative central institution to optimizing the procurement of liquidity by issuing securities. These are sold through the bank's own sales units and through intermediaries to institutional customers, such as insurance companies and fund management companies in Germany and abroad, and to retail customers of the cooperative banks. Group Treasury is also responsible for securities documentation in DZ BANK's capital markets business, which includes equity instruments and debt instruments issued by DZ BANK or by customers.

DZ BANK is working on further expanding its sustainability expertise and ESG activities in its capital markets business with institutional customers. In 2024, DZ BANK supported green, social, and sustainability bonds. It also helped a number of issuers to develop and/or update their underlying frameworks. In the same period, DZ BANK placed sustainable promissory notes in the market. It was one of the leading banks in terms of supporting euro-denominated benchmark green covered bonds in 2024 (market share of more than 6 percent). DZ BANK regards biodiversity as a topic of long-term importance for the capital markets because it believes that nature-related risks will increasingly come to the attention of the capital markets going forward. From DZ BANK's perspective, the transactions that it has supported so far attracted significant interest from investors, such as the issuance of Iceland's first green government bond. DZ BANK not only placed the green bond in the capital markets but also worked with the customer to develop a framework that defines how the money will be invested in projects with a positive environmental impact.

The digitalization of existing business models is continuing unabated in the capital markets business. At the end of September 2024, DZ BANK participated in an exploration phase of the European Central Bank (ECB), in which it tested the automated settlement cycle of the smart derivative contract (SDC) in real-world market conditions using Deutsche Bundesbank's Trigger Solution, which is based on distributed ledger technology (DLT) infrastructure. Using its own product innovation, DZ BANK managed to establish real DLT node operation with Deutsche Bundesbank in order to highlight the potential of digital disintermediation and automation in the capital markets. In another milestone, DZ BANK is evaluating its support for the first blockchain-based digital bond to be issued by Germany's KfW development bank in the form of a cryptosecurity. DZ BANK acted as both bookrunner and depository in this transaction, thereby minimizing the expense for investors. The bank already holds cryptosecurities for its institutional customers on its proprietary cryptodepository platform. In December 2024, DZ BANK submitted a MiCAR notification (MiCAR = Markets in Crypto-Assets Regulation) to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [German Federal Financial Supervisory Authority] requesting permission to provide depository services for cryptoassets and carry out transfer services so that it can also operate as a depository for its institutional customers' cryptoassets in the future.

To further the organic development of the Capital Markets business line, opportunities for growth were identified with the aim of offering a broader range of products and services to customers and improving performance. The main areas of focus are growth of business with corporate customers, growth of business with institutional customers, and process-related and organizational improvements.

In cooperative network business, DZ BANK is updating its advisory and sales processes to take account of the changing requirements of the cooperative banks and in order to leverage potential efficiencies. The EGon own-account investing platform was also further developed in the reporting year. Since the autumn, for example, it has been possible to integrate assessments provided by DZ BANK Research directly into the lending process. This should make processes more efficient for users.

#### 1.1.5 Transaction Banking

In the Transaction Banking business line, DZ BANK provides its customers with payments processing, card processing, customer-centric solutions, capital markets services, and securities services. It also offers a depository function for investment funds, plus advisory services. DZ BANK's objective in this context is to consolidate and continually improve the competitiveness of the entities within the Cooperative Financial Network with regard to transaction banking.

The focus of this business line is on ensuring that the Cooperative Financial Network is well equipped for the future requirements of transaction banking. DZ BANK is involved in the development of digital payment processes through its role as a scheme member in Visa's and Mastercard's card processing business, in the European Payments Initiative (EPI) for establishing the Wero European payment system, and in various partnerships in this context. In July 2024, EPI launched the Wero digital payment process in Germany with person-to-person (P2P) payments in order to cater to the digitalization trend and meet demand from customers for wallet solutions while also securing the customer interface with direct account-to-account transactions. This is to be followed in the years ahead by additional applications such as Wero PRO (digital payments for small businesses) and the facilitation of payments in e-commerce and brick-and-mortar stores. Wero is available to the cooperative banks' customers in the VR Banking App. Digitalization is also addressed by the RtP solution, which is designed to make the accounting and payment process easier for companies and retail customers. Following an initial pilot project, the technical and contractual foundations have been laid for all cooperative banks and their end customers so that the initiative can be expanded to include selected corporate customers (see also chapter I.1.1.2 'Corporate Banking').

Alongside the BVR, DZ BANK is also supporting and evaluating the ECB's planning for a digital euro and is monitoring the associated impact on private-sector solutions and initiatives. From the perspective of the Cooperative Financial Network, it is important that the Wero digital payment solution, which has a European focus, reaches a wide range of customers before the digital euro is introduced. This will make it possible to offer to the ECB to integrate the digital euro into the Wero application as a means of payment.

In 2024, DZ BANK completed its new centralized payments processing platform, which is one of its largest infrastructure projects of recent years. Thanks to the ZV ON€ project, the Cooperative Financial Network's entire payments processing operations are now combined on one powerful, inhouse platform. This harmonization is part of the Cooperative Financial Network's strategy and should help to further consolidate the network's payments processing resources, functions, and services and, from DZ BANK's perspective, to create a structure for payments processing that is efficient and fit for the future. This not only creates cost advantages but also paves the way for further innovation in payments processing. DZ BANK thus sees itself as a payment provider not only for the almost 700 cooperative institutions but also for banks outside the cooperative sector.

DZ BANK is keeping step with the evolution of card processing by enhancing its portfolio of solutions for retail and corporate customers. Key areas of investment in digitalization solutions for local cooperative banks in the reporting year were the online order process and a multitude of self-service options. In 2024, progress continued apace on the project to enable cards to be issued in real time to the Cooperative Financial Network's end customers. This function is expected to become available in the first quarter of 2025. Card details are displayed directly in the VR Banking App and can be used immediately. In corporate banking, the FikuFit ZV advisory module helps local cooperative banks to prepare for corporate customers' current and future payments processing requirements. The Digitale Region [digital region] advisory and sales concept brings together solutions that the local cooperative banks can use to support the digital transformation of their local authority customers and regional companies, and thus implement relevant products and services.

DZ BANK is continuing to pursue its growth strategy in the depository business. The aim in doing so is to strengthen its market position by stepping up business with investment management companies. It also intends to intensify its collaboration in the depository business with DZ PRIVATBANK S. A., Luxembourg, (DZ PRIVATBANK) under the auspices of the Fondshafen (fund haven) campaign, which brings together the DZ BANK Group's depository activities.

## 1.2 BSH

BSH is the consumer home finance provider in the DZ BANK Group and offers solutions that enable customers to obtain home finance, build up private retirement or other savings, or own their own home. The long-term objective is to be a reliable partner that helps its customers to achieve their dreams when it comes to their home. BSH works with the cooperative banks to develop solutions in the homes and housebuilding ecosystem,

thereby helping to strengthen the Cooperative Financial Network. In 2024, it published its '#Fokus100' business strategy with the objective of making sure that it can achieve its long-term vision.

In its core home finance business, BSH offers its customers and partners a portfolio of financing products that include interest-only loans and building loans. These can be used in a variety of ways and incorporate a broad range of contract terms and fixed-interest periods. Thanks to the extensive product portfolio, collaboration within the Cooperative Financial Network on a decentralized basis and, in BSH's view, high-quality advice, BSH aims to create solutions that are tailored to customers' needs.

ESG key figures are used to measure the sustainability of the credit portfolio. BSH intends to reduce the credit portfolio's carbon footprint by 4 percent per year between now and 2030. In this context, BSH placed its second green Pfandbrief in the capital markets in 2024, following on from the first such paper issued at the start of the year. In accordance with BSH's Green Bond Framework, the proceeds from the green covered bond are being used to fund loans for the construction, purchase, or renovation of energy-efficient residential properties.

In its core home savings business, BSH is further developing its range of products under the Fuchs06 scale of rates and charges. The home savings tariffs and financing plans offer solutions that cater to different target groups and their individual financial needs. For example, interest on loans can be fixed for the future or for follow-up finance, renovation work aimed at improving energy efficiency and mitigating climate change can be carried out thanks to short saving periods, and there are home savings tariffs that help customers to start saving and to build up their savings.

In its international business, BSH focuses on maintaining the existing approach to business in Slovakia and China.

BSH's position as the largest German building society and one of Germany's leading home finance providers means that it can make a direct contribution to sustainability through its core business, working in partnership with the cooperative banks. To this end, BSH provided further skills training for its field sales team and, so far, has trained around 2,000 financial experts as certified modernization advisors, of whom around 1,400 have gained an additional qualification as a certified development lending advisor.

The Cooperative Financial Network is continuing to develop its homes and housebuilding ecosystem. Impleco GmbH, a joint venture between BSH and PSD banks, is playing a key part in this. Its objective is to establish a digital cooperative ecosystem for homes and housebuilding that has a regional emphasis. The main products are wohnglück.de, which is a Germany-wide platform for all matters relating to homes and real estate, and PIA (personal real estate assistant), a range of white-label services for regional cooperative banks.

### 1.3 R+V

R+V is the cooperative center of excellence for insurance, healthcare cover, and retirement pensions in the Cooperative Financial Network. It offers insurance products for retail and corporate customers in its non-life insurance, life insurance and pensions, and health insurance business segments. R+V also provides reinsurance cover for non-life insurance.

The company's strategic objectives are to improve the customer experience, follow a long-term trajectory of stable and income-oriented growth, and maintain an appropriate level of profitability, underpinned by sustainable, sound business operations. R+V intends to become one of the leading sustainable insurance companies. Its insurance products are already generally geared toward economic sustainability because they offer customers either an opportunity for long-term capital formation in a pension plan or a form of financial protection against risk.

One of R+V's goals under its strategy is to support its customers as they transition to greater sustainability. This applies in all of its business segments. In this context, R+V is contributing to the switch to cleaner energy and transportation, for example by offering insurance solutions for electric and hybrid vehicles, photovoltaic systems, geothermal power, and geothermal systems. R+V also makes a valuable contribution to sustainability

through its environmental liability and environmental impairment insurance products, insurance against natural hazards, and advice on risk prevention in these areas. In its life insurance business, it offers special investment strategies such as R+V InvestmentKonzept Duo Invest, in which sustainability criteria are taken into account. The objective is for R+V's investment portfolio to be climate-neutral by 2050. R+V also intends to reduce the carbon footprint of its directly held properties between now and 2030.

R+V plans to continue expanding in growth areas such as healthcare and long-term nursing care, in which it is aiming to evolve from a health insurer into a health partner. This includes not only developing healthcare services but also extending its solutions for companies and their employees. In this context, R+V offers its policyholders R+V HealthBenefits, which are free digital health services that are available, for example, to people covered by occupational health insurance under R+V's new PROFIL healthcare concept. The new R+V Gesundheit app, which was introduced in 2024, is the central platform for all of R+V's digital health services.

R+V is broadening its capital expenditure program, particularly with regard to investment in digitalization, so that it can continue to meet customers' evolving needs going forward. By maintaining a firm focus on omnichannel sales, it intends to offer customers the optimum balance of personal and digital sales channels.

#### 1.4 TeamBank

TeamBank AG Nürnberg, Nuremberg, (TeamBank) is the center of excellence in the Cooperative Financial Network for state-of-the-art liquidity management. In Germany, it offers its easyCredit family of consumer finance products. In Austria, TeamBank collaborates with the cooperative banks to offer 'der faire Credit', a consumer finance product.

The product range also includes 'easyCredit-Ratenkauf', which is an installment purchase solution that can be used online, in-store, and in direct sales. According to TeamBank, the installment purchase solution makes it possible to reach new target groups for the Cooperative Financial Network by means of embedded finance.

TeamBank's strategic activities are focused on generating long-term profitable growth for the Cooperative Financial Network. It is striving to transition from a purely ad hoc lending business (consumer finance) to a long-term liquidity partner (credit lines). TeamBank works with the Deutschland im Plus foundation in order to prevent consumers from becoming over-indebted.

TeamBank also focuses on using technologies and laying the technical foundations for its pursuit of growth. Its GENOFLEX consumer finance platform was developed in response to the partner banks' need for a solution that can also be used for consumer finance from lenders other than TeamBank. In this way, TeamBank intends to strengthen its position as a center of excellence for liquidity management, consolidate the relationship with its partner banks, and increase value creation within the Cooperative Financial Network.

#### 1.5 UMH

UMH is the asset manager in the Cooperative Financial Network and offers solutions for retail and institutional clients. In both areas of business, it is aiming for further expansion of the volume of assets under management.

For retail clients, UMH is working to extend its range of solutions for partner banks with a view to maintaining its growth trajectory. To this end, it is expanding its omnichannel capability and supporting the efforts of the cooperative banks to develop business on a digital basis by helping them to improve technological platforms and satisfy regulatory requirements. UMH is also responding to changing investor requirements and in recent years, for example, has constantly extended its range of sustainable investment funds. One of the ways that UMH is approaching nature-related matters is by publishing biodiversity guidelines that complement its sustainability code, responsible investment policy, and climate strategy.

UMH updated its climate strategy in 2024, under which it is continuing to pursue the objective of achieving climate neutrality in its securities and commercial real estate portfolios before 2050. It is also working on further reducing the greenhouse gas emissions that it produces as a company.



In the institutional client business, UMH is the central asset manager for the Cooperative Financial Network. It also provides asset management for German and international institutional clients outside the cooperative sector. It offers special funds, institutional mutual funds, asset management, advisory services, capital preservation strategies, and quantitative asset management strategies. Risk management lies at the core of all investment processes. UMH's objective in its institutional client business is to consolidate its positioning as an active risks/returns manager and sustainability manager. The volume of sustainably managed assets has risen steadily in recent years.

UMH follows a transparent approach to sustainable investment. This is the responsibility of the ESG committee in portfolio management. UMH has also established an interdisciplinary sustainability team for real estate investment. The properties selected for the funds in both the retail and the institutional real estate business must satisfy certain quality criteria and pursue the objective of generating stable rental income over the long term in order to secure a return for the investor. UMH aims for portfolios that are broadly diversified in terms of geography and usage type.

UMH is investing in key growth sectors such as digitalization in order to cater to what it regards as the increasing importance of platforms and new technologies. For example, a fund launched in 2024 enables investors to participate in the development of blockchain technology and cryptomarkets.

### 1.6 DZ HYP

The core business policy objective of DZ HYP AG, Hamburg and Münster, (DZ HYP) is to embed real estate finance and public-sector finance in the Cooperative Financial Network and to operate the finance business jointly with the cooperative banks. To this end, DZ HYP offers a range of products and services to the cooperative banks and works together with them to develop business in the regional markets focusing on corporate, retail, and public-sector customers. DZ HYP's sales activities are based on long-term customer relationships in its direct and cooperative network business and on products and services that are defined with a view to their risk and reward.

In its Corporate Clients business line, DZ HYP has its own direct business and also acts as a partner to the cooperative banks. Customers in this business include investors, project developers, property developers, and companies in the housing sector. The focus is on real estate finance in the German market. German customers in selected international markets are supported too. The digitalization of the Corporate Clients business line is a priority action area for DZ HYP. The FK Digital project, which is aimed at creating a new digital approach to loan processing in corporate customer business, is expected to deliver the first significant results in 2025. In addition, DZ HYP has developed a method for identifying sustainable properties with which it hopes to make an even bigger contribution to sustainable development and to forge ahead with its activities in this sphere.

DZ HYP also works closely with the local cooperative banks in its Retail Customer business line, where the product portfolio includes initial and follow-up finance for new builds, purchases, and modernization/renovation. The VR-BaufiComfort product has established a new collaboration model in which the local cooperative banks can focus on providing customers with individual advice while DZ HYP deals with all aspects of loan processing. Sustainability continues to play a key role in the Retail Customer business line. By introducing the Eco product feature, DZ HYP can now offer a reduced interest rate for energy-efficient properties with annual final energy consumption of no more than 50 kWh per square meter. Marketing within the VR-Baufi product family got under way in 2024. New target-group-specific communication formats were also established, with webinars and news channels facilitating the ongoing sharing of knowledge and experience with the local cooperative banks.

Within the DZ BANK Group, DZ HYP also operates as the center of excellence for collaboration with public-sector customers. The core element of this business with local authorities and their legally dependent subsidiaries is the awarding of short-term loans to local authorities and loans to public-sector entities in collaboration with the cooperative banks. Customers' sustainability credentials are also covered in the risk assessment in this business line. DZ HYP implemented an extended ESG analysis in order to place a greater

emphasis on sustainability matters in its Public Sector business line and has made the analysis an integral element of the local authority lending and decision process. Drawing on grouped KPIs, a highly granular and multidimensional sustainability assessment is conducted for all local authorities in Germany on the basis of the 17 UN sustainability goals.

In the funding business, DZ HYP further established itself as an issuer of green Pfandbriefe in the year under review. Most of the paper issued was placed in the primary market in benchmark format. By issuing green Pfandbriefe, DZ HYP generates funds for financing energy-efficient buildings and thereby supports the transformation of the real estate industry.

### **1.7 DZ PRIVATBANK**

DZ PRIVATBANK, together with its branches at eight locations in Germany, its two subsidiaries DZ PRIVATBANK (Schweiz) AG and IPCConcept (Luxemburg) S. A., and IPCConcept (Schweiz) AG, a subsidiary of DZ PRIVATBANK (Schweiz) AG, is the center of excellence for private banking and is also involved in fund services and lending in all currencies in the Cooperative Financial Network. DZ PRIVATBANK specializes in individual solutions for private banking customers, with a portfolio ranging from classic asset management, asset structuring, and investment advice to financial planning, pension planning, and advice on charitable foundations.

The expansion of its advisory and digital services is aimed at strengthening customer relationships and attracting new customers. Digital innovations, such as Mein Vermögensportal [my investment portal] and the real estate check are designed to improve interaction with customers and the quality of the end-to-end advice provided. In 2024, the online private banking options were extended for end customers, for example so that alternative asset classes such as real estate and valuables are included. The plan for 2025 is to generate further strong growth in DZ PRIVATBANK's Private Banking business line on the basis of closer collaboration with the cooperative banks. The BVR believes that private banking offers substantial potential for the local cooperative banks to generate additional income.

In recent years, DZ PRIVATBANK has continued to consolidate its market position in Germany by working closely with the cooperative banks. The main core growth areas at DZ PRIVATBANK are private banking / wealth management and the fund business relating to liquid and alternative asset classes. In addition, the LuxCredit financing options for retail and corporate customers supplement the range of variable lending products denominated in euros and other currencies for the cooperative banks. The primary focus is on the VR ImmoFlex solution, which the cooperative banks and DZ PRIVATBANK are using to target the 50+ age group.

The DZ PRIVATBANK 2030 strategy has been launched to drive the bank's growth. Maintaining its existing business strategy, the bank is examining options for optimizing areas such as corporate governance.

### **1.8 VR Smart Finanz**

VR Smart Finanz AG, Eschborn, together with its subsidiary VR Smart Finanz Bank GmbH, (together referred to as VR Smart Finanz) is the digital provider of finance for the self-employed and small businesses in the Cooperative Financial Network. It offers financing solutions and digital services for the day-to-day financial needs of regional small and medium-sized enterprises (SMEs) and the cooperative banks' small-business and self-employed customers. VR Smart Finanz AG's portfolio encompasses object finance solutions for hire purchase and leasing for assets up to €1 million as well as the digital Bonitätsmanager (credit status manager) service, which helps to optimize businesses' credit quality and create transparency. The 'VR Smart flexibel' business loan for up to €100,000 is offered through VR Smart Finanz Bank GmbH. The 'VR Smart Guide' tool for bookkeeping and invoice management is operated through VR Smart Guide GmbH.

VR Smart Finanz attaches particular importance to offering automated, rapid finance decisions within a few minutes and to providing an omnichannel approach for business loans. The loan amount is generally disbursed within 24 hours. Sales partners also benefit from data-supported marketing approaches. VR Smart Finanz's

portfolio therefore contributes to the digital and personal banking portfolio and to omnichannel sales in corporate banking.

As part of its strategy, VR Smart Finanz constantly strives to enhance its finance solutions, integrate them into the internal platforms used by the Cooperative Financial Network, and establish new decentralized sales channels and sales partners, such as digital financing platforms, for the Cooperative Financial Network.

## 2 Management of the DZ BANK Group

### 2.1 Management units

(The following chapter contains disclosures relating to ESRS disclosure requirement ESRS 2 SBM-1 paragraphs 40 a) i, ii and 42 a) b).)

The DZ BANK Group comprises DZ BANK as the parent company and the DZ BANK Group's subsidiaries in which DZ BANK directly or indirectly exercises control.

All entities in the DZ BANK Group are integrated into groupwide management. In the case of subgroups, the disclosures in the group management report on management units relate to the entire subgroup comprising the parent company of the subgroup plus its subsidiaries and second-tier subsidiaries. The management units are managed by the parent company in the subgroup, which is responsible for compliance with management directions in the subsidiaries and second-tier subsidiaries. The following management units form the core of the financial services group:

- BSH
- R+V
- UMH
- TeamBank
- DZ BANK – central institution and corporate bank (DZ BANK – CICB)
- DZ HYP
- DZ PRIVATBANK
- VR Smart Finanz

The management units are each managed as a separate operating segment. DZ BANK – holding function is also presented separately, although it does not constitute an operating segment within the meaning of IFRS 8.5.

The DZ BANK – CICB operating segment comprises both the cooperative central institution function, which supports the operating activities of the local cooperative banks, and the corporate bank function. DZ BANK – holding function is used to pool a range of responsibilities, notably tasks carried out on behalf of the DZ BANK Group in relation to commercial law, tax, and prudential supervision.

All risks at DZ BANK, and therefore arising in connection with the CICB segment and the holding function, are determined, reported, and managed for DZ BANK. The aim of this approach is to satisfy the regulatory requirements under Basel Pillar 1 and Pillar 2 whereby DZ BANK must be treated as one bank overall. This also meets the German Minimum Requirements for Risk Management for Banks and Financial Services Institutions (MaRisk BA). The operating segments presented in the risk report in this group management report (chapter VI.2.3) are consistent with the operating segments in the consolidated financial statements.

The terms DZ BANK Group and DZ BANK financial conglomerate are synonymous and refer to all the management units together. The context dictates the choice of term. For example, in the case of disclosures relating to economic management, the focus is on the DZ BANK Group, whereas in the case of regulatory issues relating to all the management units in the DZ BANK Group, the term DZ BANK financial conglomerate is used.

The DZ BANK financial conglomerate largely comprises the DZ BANK banking group and R+V. DZ BANK acts as the financial conglomerate's parent company.

### 2.2 Governance

Governance in the DZ BANK Group is characterized by the general management approach of the DZ BANK Group, appointments to key posts in the subsidiaries, and the committee structure.

### 2.2.1 General management approach

The general management approach consists of a combination of centralized and decentralized management tools. It is aligned with the business model and risks of the DZ BANK Group as a diversified financial services group that is integrated into the Volksbanken Raiffeisenbanken Cooperative Financial Network and that provides this network with a comprehensive range of financial products.

The DZ BANK Group is a financial services group comprising entities whose task as product specialists is to supply the Cooperative Financial Network with an entire range of financial services. Because of the particular nature of the DZ BANK Group, it is managed both centrally and locally with clearly defined interfaces and taking into account business policy requirements.

### 2.2.2 Appointments to key posts in the subsidiaries

For the purposes of managing the subsidiaries through appointments to key posts, a representative of DZ BANK is appointed in each case as the chairman of the supervisory body and generally also as the chairman of any associated committees (e.g. the risk and investment committee, the audit committee, and the human resources committee).

### 2.2.3 Corporate management committees

Figure I.1 provides an overview of the committees of particular importance in the management of the DZ BANK Group.

FIG. I.1 – MANAGEMENT COMMITTEES IN 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 coordinate fundamental product and sales issues. The committee also aims to ensure coordination between the key entities in the DZ BANK Group to achieve consistent management of opportunities and risks, allocate capital, deal with strategic issues, and leverage synergies. Its members comprise the Board of Managing Directors of DZ BANK and the chief executive officers of BSH, DZ HYP, DZ PRIVATBANK, R+V, TeamBank, UMH, and VR Smart Finanz.

Various committees consisting of representatives from all strategic business lines and group functions assist the Group Coordination Committee's decision-making by preparing proposals. These are the following committees: the Group Risk and Finance Committee, the Group IT Committee, the Group HR Committee, the product and sales committees for retail customers, corporate customers, and institutional customers, the Group Procurement Committee, the Group Sustainability Committee, the Heads of Internal Audit working group, the Economic Roundtable, and the Innovation Roundtable.

The **Group Risk and Finance Committee** is the central committee in the DZ BANK Group responsible for proper operational organization and, in particular, risk management in accordance with section 25 of the German Supervision of Financial Conglomerates Act (FKAG) and section 25a of the German Banking Act (KWG). It assists DZ BANK with groupwide financial and liquidity management, risk capital management, and recovery and resolution planning. The Group Risk and Finance Committee also assists the Group Coordination Committee in matters of principle. The members of this committee include the relevant executives at DZ BANK responsible for finance, risk, and treasury. The committee members also include executives at various subsidiaries. The Group Risk and Finance Committee has set up the following working groups to prepare proposals for decision-making and to implement management action plans relating to financial and risk management at group level:

- The **Group Risk Control working group** supports the Group Risk and Finance Committee in all matters concerning risk and the management of risk capital and market risk in the DZ BANK Group, and in matters relating to risk reporting. At DZ BANK level, the monitoring and control of the aggregate risks to the bank is coordinated by the Risk Committee. The **Risk Committee** makes recommendations to the entire Board of Managing Directors in matters relating to risk management, risk methodology, risk policies, risk processes, and the management of operational risk.
- The **Architecture and Processes Finance/Risk working group** assists the Group Risk and Finance Committee with the further development of the integrated finance and risk architecture in the DZ BANK Group. In terms of the corporate management of the DZ BANK Group, this committee works on refining the blueprint for the business, process, and data architecture and on ensuring a coordinated roadmap, a transparent project portfolio, and a holistic data governance approach.
- The management of credit risk throughout the group is the responsibility of the **Group Credit Management working group** of the Group Risk and Finance Committee. This working group monitors compliance with the rules in the group credit risk policy in connection with its involvement in drawing up group credit standards and related monitoring and validation processes as the basis for groupwide management of counterparty risk. In particular, this covers all measures relating to the monitoring and management of the limit allocation at individual counterparty level. The working group also participates in the further development and harmonization of the credit management organization and processes, and it discusses and continually develops the group credit risk strategy, group credit risk management, and group credit standards. It thus assists the Group Risk and Finance Committee with the groupwide harmonization of credit-related processes with due regard to their economic necessity. The monitoring and control of DZ BANK's overall portfolio for credit risk is coordinated by the **Credit Committee**, a committee of the Board of Managing Directors. It normally meets every week and makes decisions on material lending exposures at DZ BANK, taking into account the credit risk strategy of the DZ BANK Group. The Credit Committee is also responsible for managing country risk in the DZ BANK Group.
- The Group Risk and Finance Committee's **Market working group** is responsible for providing implementation support throughout the group in the following areas from the market viewpoint: capital management, balance sheet and balance sheet structure management, market risk management, liquidity and liquidity risk management, and funding activities. This body also focuses on coordinating and dovetailing funding strategies and liquidity reserve policies, as well as on independently determining funding needs and on preparing consistent investor relations and rating documents within the DZ BANK Group. In addition, the Market working group is responsible for refining the management of centrally measured market risk. At DZ BANK level, the **Asset/Liability Committee** is the central body responsible for the operational implementation of the strategic asset/liability management (ALM) requirements in the following areas: capital management, total assets management, liquidity management, and management of interest-rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB). This committee also discusses overarching issues and current regulatory matters with the aim of identifying those requiring management action.

- The **Finance working group** advises the Group Risk and Finance Committee on matters concerning the consolidated financial statements, tax law at group level, regulatory law at group level, group controlling, and the management of financial resources. It discusses new statutory requirements and works out possible implementation options. The objective of the Finance working group is to continually update the uniform management framework used throughout the group (definitions, nomenclature, methodologies), particularly taking into account requests made by the supervisory authorities.
- The **Compliance working group** assists DZ BANK with compliance management across the group where this is legally required. It also advises the DZ BANK Group's Group Risk and Finance Committee on fundamental compliance-related issues. One of the primary tasks of the Compliance working group is to draw up common compliance standards for the DZ BANK Group; in addition, it serves as a platform enabling specialists to share information and agree on requirements across the group. When fulfilling its responsibilities, the Compliance working group must respect the individual responsibility of the heads of compliance in the group entities and ensure specific regulatory requirements are observed. The Compliance working group reports to the Group Risk and Finance Committee, headed by the member of the DZ BANK Board of Managing Directors responsible for compliance and finance, and by the member of the DZ BANK Board of Managing Directors responsible for risk control.
- The **Information Security working group** of the Group Risk and Finance Committee and of the Group IT Committee is the central body responsible for managing information security and information security risk in the DZ BANK Group. It advises the Group Coordination Committee, the Group Risk and Finance Committee, and the Group IT Committee on matters relating to specifying and adjusting information security targets and on the group's corporate strategy in this regard. The working group encourages information and experience relating to information security issues to be shared throughout the group, is responsible for the design of the risk management system for information security in the DZ BANK Group, and signs off the documentation forming part of the rules and regulations for the groupwide information security management system before this documentation is presented, where required, to the Boards of Managing Directors in the DZ BANK Group for approval.
- The **Outsourcing Management working group** is the central committee in the DZ BANK Group responsible for the management of outsourcing and sets out the general parameters for the management of outsourcing risk in the DZ BANK Group. It encourages information and experience relating to issues in connection with the management of outsourcing to be shared throughout the group. The Outsourcing Management working group is responsible for the design of the risk management system from the perspective of the group's minimum requirements for the management of outsourcing in the DZ BANK Group. It signs off the documentation forming part of the rules and regulations for the groupwide outsourcing management system before this documentation is presented, where required, to the Boards of Managing Directors in the DZ BANK Group for approval and assists the Group Coordination Committee, the Group Risk and Finance Committee, and the Group IT Committee with matters relating to specifying and adjusting targets for the management of outsourcing and with the group's corporate strategy in this regard.

The **Group IT Committee (GITC)**, comprising the members of the Boards of Managing Directors of the main group entities with responsibility for IT, supports the Group Coordination Committee in strategic IT matters. It is the highest-level IT management committee in the group and coordinates all overarching IT activities in the DZ BANK Group.

In particular, the Group IT Committee is responsible for the group IT strategy of the DZ BANK Group, makes decisions on collaboration issues between IT units, identifies and realizes synergies, specifies common IT standards, and initiates joint IT projects. The aim of the GITC is to develop a future-proof IT setup for the DZ BANK Group and to support the departments of the group entities and the local cooperative banks in their respective markets. The cooperative principle is practiced both within the DZ BANK Group and in the collaboration with the BVR and Atruvia.

From an operational perspective, the activities are coordinated by the Heads of IT group and implemented in the IT units in the DZ BANK Group.

The **Group HR Committee** normally comprises the members of the Boards of Managing Directors with responsibility for HR and the HR directors from the main entities in the DZ BANK Group. This committee helps the Group Coordination Committee address HR issues of strategic relevance. The Group HR Committee initiates and coordinates activities relating to overarching HR issues while at the same time exploiting potential synergies. It also coordinates the groupwide implementation of regulatory requirements concerning HR systems and facilitates the sharing of HR policy information within the DZ BANK Group.

The **product and sales committees** perform insight, coordination, and bundling functions relating to the range of products and services provided by the DZ BANK Group.

- The **retail customers** product and sales committee coordinates products and services, and the marketing activities of its members where there are overarching interests affecting the whole of the group. The common objective is to generate profitable growth in market share for the cooperative banks and the entities in the DZ BANK Group with a focus on customer loyalty and customer acquisition by providing needs-based solutions (products and processes) as part of a holistic advisory approach across all sales channels (omnichannel approach).
- The **corporate customers** product and sales committee is responsible for coordinating the strategies, planning, projects, and sales activities in the DZ BANK Group's corporate banking business if overarching interests are involved. The objective is closer integration in both the joint lending business with the cooperative banks and the direct corporate customer business of the entities in the DZ BANK Group.
- The aim of the **institutional clients** product and sales committee is to help strengthen the position of the DZ BANK Group in the institutional clients market.

The **Group Procurement Committee**, comprising the members of the Boards of Managing Directors and executives holding power of attorney at DZ BANK and its subsidiaries, supports the Group Coordination Committee in matters relating to procurement strategy in the DZ BANK Group. This committee manages the DZ BANK Group's procurement activities that are relevant throughout the group. In particular, the Group Procurement Committee makes decisions on collaboration issues between procurement units, identifies and realizes synergies, and specifies common standards and procedures with the objective of achieving optimum procurement terms and conditions for the entities of the DZ BANK Group. From an operational perspective, the activities are coordinated by the Procurement Board – the Group Procurement Committee's executive arm consisting of the DZ BANK Group's heads of procurement – and implemented in the procurement units in the DZ BANK Group.

The DZ BANK Group **Heads of Internal Audit working group**, which is led by DZ BANK, coordinates audit issues and activities of relevance to the management of the group based on a jointly developed framework approved by the relevant Boards of Managing Directors. This working group also serves as a platform for sharing specialist information across the group – especially information on current trends in internal audit – and for the ongoing development of Group Audit. On behalf of this working group, the Head of Group Audit reports to the Chief Executive Officer, who is responsible for Group Audit, and – where appropriate – to the Group Coordination Committee.

The **Economic Roundtable**, the members of which comprise the economists from the main group companies, helps the Group Coordination Committee to assess economic and capital market trends, providing a uniform basis for consistent planning scenarios throughout the group, and to prepare risk scenarios required by regulators.



The members of the **Innovation Roundtable** comprise specialists, executive managers, and innovation managers from the various divisions of DZ BANK and the subsidiaries. The Innovation Roundtable is therefore the Group Coordination Committee's key point of contact for information on innovations and trends relevant to the group. The objectives of the Innovation Roundtable are to systematically examine innovation topics with group relevance on an ongoing basis, to bring together the divisions involved in innovation projects, and to ensure that innovation activities in the DZ BANK Group are transparent.

The **Group Sustainability Committee (GSC)** is the central committee that manages the implementation of societal, business-policy, and regulatory requirements relating to sustainability matters in the DZ BANK Group. The GSC also constitutes a platform for sharing information throughout the group and drives the integration of sustainability into core areas. The job of the GSC is to maintain an overview of all sustainability-specific decision-making of relevance to the group, to help the entities in the DZ BANK Group to manage, communicate, and coordinate sustainability matters, and to formulate strategic input. Another task of the GSC is to assist the Group Coordination Committee of the DZ BANK Group in matters of principle. The GSC's members include the Chief Executive Officer of DZ BANK and the members of the Boards of Managing Directors with responsibility for sustainability at DZ BANK and the material subsidiaries. The Heads of Division with relevant responsibility at DZ BANK and in the group entities participate in the GSC as permanent guests in order to represent the members of the Boards of Managing Directors.

### 2.3 Key performance indicators

The KPIs of the DZ BANK Group / DZ BANK financial conglomerate for profitability, volume, and productivity, the regulatory return on risk-adjusted capital (RORAC), and liquidity adequacy and capital adequacy are presented below:

– **Profitability figures in accordance with International Financial Reporting Standards (IFRS):**

The profitability figures (primarily loss allowances for loans and advances, profit/loss before taxes, net profit/loss) are presented in chapters II.3.1 and 3.2 of this group management report as well as in note 32 of the notes to the consolidated financial statements.

– **IFRS volume figures:**

The main volume-related KPIs include equity and total assets. These are set out in chapter II.4 of the group management report, in the consolidated financial statements (balance sheet as at December 31, 2024), and in note 32 of the notes to the consolidated financial statements.

– **Productivity:**

The KPI for productivity is the cost/income ratio. This KPI is described in chapters II.3.1 and 3.2 of this group management report and in note 32 of the notes to the consolidated financial statements.

– **Liquidity adequacy:**

Appropriate levels of liquidity reserves in relation to the risks associated with future payment obligations are demonstrated using the KPIs for economic and regulatory liquidity adequacy presented in chapters VI.6.2 and VI.6.3 of the risk report in this group management report. The minimum liquidity surplus reflects economic liquidity adequacy. Regulatory liquidity adequacy is expressed in terms of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

– **Capital adequacy:**

The KPIs for economic capital adequacy are described in chapter VI.7.3 of the risk report in this group management report. The KPIs for regulatory capital adequacy are included in chapter VI.7.4. They comprise the coverage ratio for the financial conglomerate, the total capital ratio, the Tier 1 capital ratio, the common equity Tier 1 capital ratio, and the leverage ratio, as well as the metrics for the minimum requirement for own funds and eligible liabilities (MREL), namely the MREL ratio as a percentage of risk-

weighted assets, the MREL ratio as a percentage of the leverage ratio exposure, the subordinated MREL ratio as a percentage of risk-weighted assets, and the subordinated MREL ratio as a percentage of the leverage ratio exposure.

– **Regulatory RORAC:**

Regulatory RORAC is a risk-adjusted performance measure. In the reporting period, it reflected the relationship between profit before taxes and the average own funds for the year (calculated as an average of the monthly figures) in accordance with the own funds/solvency requirements for the financial conglomerate. It therefore shows the return on the regulatory risk capital employed. This KPI is described in chapters II.3.1 and 3.2 of this group management report and in note 32 of the notes to the consolidated financial statements.

Forecasts for the aforementioned KPIs in the DZ BANK Group are set out in the outlook. The DZ BANK Group has also collated various non-financial key performance indicators in order to measure progress on achieving its non-financial targets. These non-financial KPIs are used for internal management purposes only to a limited extent, which is why no further disclosures are provided here. Sustainability-specific metrics are reported in the non-financial statement pursuant to section 315b HGB in chapter VII of the group management report.

## **2.4 Management process**

In the annual strategic planning process, the entities in the DZ BANK Group produce a business strategy (objectives, strategic direction, and action plan), a strategic finance and capital plan, and risk strategies derived from the business strategy.

The planning by the management units is then validated and the plans are also discussed in strategy meetings. When the individual entity planning has been completed, the process then moves on to consolidated group planning, which primarily aims to facilitate active management of the DZ BANK Group's economic and regulatory capital adequacy.

The action plans to attain the targets are discussed in a number of ways, notably in quarterly meetings with the subsidiaries.

At DZ BANK level, the main divisions involved in the strategic planning process are Strategy & Group Development, Group Risk Control & Services, Group Risk Controlling, Group Finance, Bank Finance, and Research and Economics. The planning coordinators in the front-office divisions of DZ BANK and the subsidiaries are also incorporated into the process. The Strategy & Group Development division is responsible for overall coordination of the strategic planning process.