Independent auditor's report

To DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the financial year from 1 January 2020 to 31 December 2020, and the consolidated balance sheet as at 31 December 2020, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the sustainability report 2020 that is cross-referenced in section IV "Human resources report and sustainability" of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and
– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Inclusion of forward-looking information in the parameter-based calculation of loss allowances for financial instruments not in default

Reasons why the matter was determined to be a key audit matter

The estimated probability of default used in the parameter-based calculation (pursuant to IFRS 9) of the loss allowances for financial instruments not in default is based in part on historical information. It is also based on current economic developments and forward-looking macroeconomic assumptions in the form of shift factors in the statistical probabilities of default in the rating models. Significant allocations to loss allowances arose in connection with the updated shift factors as of the reporting date.

As, from the Bank's point of view, the statistical shift factors do not adequately reflect the macroeconomic repercussions of the COVID-19 pandemic (due, among other things, to moratoria on payments and government aid) on borrowers' probabilities of default as of the reporting date, the Bank made expert-based adjustments to the statistical shift factors for the portfolio segments impacted by the pandemic. These adjusted input parameters were considered in the parameter-based calculation of the loss allowance.

In light of the significance of the portfolios of financial instruments not in default as well as the increased uncertainty due to the COVID-19 pandemic regarding macroeconomic forecasts and the increased use of judgement regarding the applied shift factors, we determined the inclusion of forward-looking information in the parameter-based calculation of loss allowances for financial instruments not in default, taking particular account of the impact of the COVID-19 pandemic, to be a key audit matter.

Auditor's response

During our audit, we obtained an understanding of the group-wide process for calculating the loss allowances for financial instruments not in default applied by DZ BANK with regard to the requirements resulting from IFRS 9. Our focus was on the conceptual inclusion of forward-looking information and their key assumptions.

We assessed the appropriateness of the calculation of DZ BANK's macroeconomic forecasts underlying the shift factors by comparing them with macroeconomic forecasts by leading economic research institutes and, with the assistance of internal specialists, we recalculated the model-based shift factors derived from the macroeconomic forecasts.

Furthermore, we obtained an understanding of the method used in the expert-based adjustments to the statistical shift factors for the portfolio segments impacted by the COVID 19 pandemic and assessed their appropriateness. In this connection, we analysed whether the adjustments to the shift factors duly reflect the impact of COVID-19 in substance and amount. In addition, we verified that the adjusted shift factors were appropriately considered in the parameter-based calculation of the loss allowances. Lastly, we performed sensitivity analyses to assess the effects of changes in shift factors on the amounts of parameter-based loss allowances.

Our audit procedures did not give rise to any reservations regarding the inclusion of forward-looking information in the parameter-based calculation of loss allowances for financial instruments not in default, taking particular account of the impact of the COVID-19 pandemic.

Reference to related disclosures

Information on the inclusion of forward-looking information in the parameter-based calculation of loss allowances for financial instruments not in default, taking particular account of the impact of the COVID-19 pandemic, is provided in Note 85 of the notes to the consolidated financial statements under credit risk management practices.

2. Measurement of the provision for reported, and incurred but not reported non-life insurance claims in direct business and inward reinsurance business contained in the gross provision for claims outstanding

Reasons why the matter was determined to be a key audit matter

The gross provision for claims outstanding mainly comprises the provisions for reported, and incurred but not reported non-life insurance claims in direct business and inward reinsurance business (claims reserve); they are measured in accordance with IFRS 4.13 and Sec. 341g HGB.

The gross provision for reported direct non-life claims is measured on a case-by-case base and is based on a claims rate trend assumed by the Board of Managing Directors on the basis of current information and the settlement of similar claims.

The gross provision for incurred but not reported claims from direct non-life business is measured on the basis of an actuarial method which uses assumptions about the expected number of claims yet to be reported and the expected indemnification amount. The calculation method is generally based on an observation period of 5 years or, in some classes and types of insurance, 15 years. Depending on the class and type of insurance, the provision for unknown claims is calculated as the product of the expected number of claims and the expected average cost per claim for each year in which claims occur.

For inward reinsurance business, the gross provision is generally measured in accordance with the instructions from the ceding insurers. If such instructions are not available or are not considered sufficient for the recognition of a provision, the gross provision is estimated using actuarial methods. The estimates are primarily based on the instructions of the competent functional department.

The gross provision for claims outstanding is a major liability item in the consolidated balance sheet. In light of the use of judgement and estimates, the measurement of the provisions for reported, and incurred but not reported non-life insurance claims in direct business and inward reinsurance business contained in the gross provision for claims outstanding was a key audit matter. There is a risk that the gross provisions for reported, and incurred but not reported claims in the aggregate and in the individual classes of insurance are not sufficient.

Auditor's response

During our audit we obtained an understanding of the processes for handling claims and determining the gross provisions for reported, and incurred but not reported claims and the procedures, methods and controls used therein.

We examined the gross provision for reported claims from direct non-life business to determine whether the process for processing and provisioning claims – from the reporting of claims to the accounting for claims in the consolidated financial statements – is appropriately designed so as to ensure complete recognition and proper valuation. We evaluated the design and tested the operating effectiveness of significant controls in this regard. In addition, for a risk-based sample of claims, we examined whether the provisions recognised are sufficient on the basis of the information and insights available as at the reporting date and the claims have been properly processed. For our audit of the measurement of the provision for unknown claims, we examined the derivation of the estimated number of incurred but not reported claims and their amounts taking into account historical data as well as current developments and reviewed the arithmetical calculation for a deliberately selected sample of insurance classes and types.

By way of a time series comparison of, in particular, numbers, frequencies and average amounts of claims and claims ratios for the financial year and on the balance sheet, we analysed the development of gross claims reserves for the main insurance classes.

We also assessed whether the gross outstanding claims reserves in prior years were, in hindsight, sufficient to cover the actual claims and thus obtained indications of the adequacy of the historical estimates.

To check the measurement of the gross provision for inward reinsurance business, we examined both the process of entering the invoices received from the ceding insurers as well as for estimates and tested selected significant controls for ensuring complete and correct measurement in these processes. On the basis of a sample, we checked whether the invoices received matched with the values posted. We analysed the actuarial estimation techniques as to determine whether they give rise to, when applied properly, measurement of the gross provision that is in accordance with the requirements of Sec. 341g HGB. In addition, we analysed the mis-estimation (difference between the original invoices actually received in the following year and the estimated values recognised in the previous year) in order to assess the estimation quality.

Furthermore, to assess the measurement of the gross provision for reported, and incurred but not reported claims from direct non-life business and from inward reinsurance business, we performed our own claims forecasts on the basis of statistical methods and used our best estimate for each type of claim as a benchmark for assessing the measurement of the claims reserves as a whole.

In connection with the audit of the valuation of gross provisions for claims outstanding in direct non-life insurance business, we worked with the component auditors of individual group entities. To this end, we sent audit instructions to the component auditors about risk classification and the audit approach, especially in relation to the audit of the valuation of gross provisions for outstanding claims. We examined the reporting received from the component auditors as to whether the valuation of the gross provision is in accordance with the requirements of Sec. 341g HGB.

We used our own actuaries in the course of our audit.

Our audit procedures did not give rise to any reservations concerning the measurement of the provision for reported, and incurred but not reported non-life insurance claims in direct business and inward reinsurance business contained in the gross provision for claims outstanding.

Reference to related disclosures

Information on the measurement of the gross provision for claims outstanding is provided in notes 2, 11 and 70 of the notes to the consolidated financial statements.

3. Measurement of the gross benefit reserve for the German life insurance business allowing for the interest rate obligations entered into in respect of insured persons

Reasons why the matter was determined to be a key audit matter

The gross benefit reserve is determined in accordance with IFRS 4.13 in conjunction with Sec. 341f HGB and Sec. 25 RechVersV ["Verordnung über die Rechnungslegung von Versicherungsunternehmen": German Insurance Accounting Directive] in accordance with regulatory requirements and contains a range of assumptions about biometrics (including mortality or longevity and occupational incapacity), policyholders' exercise of options (cancellation and lump-sum payments) and on costs and interest rates for actuarial obligations.

These calculation assumptions are derived from the premium calculation assumptions for the various scales on the one hand, and on current calculation assumptions on the other. The latter may originate from statutory provisions (e.g., the reference interest rate in accordance with the DeckRV ["Verordnung über Rechnungsgrundlagen für die Deckungsrückstellung": German Ordinance on Calculation Assumptions for Benefit Reserves] or from publications by the German Association of Actuaries (DAV) (e.g., an updated mortality table for longevity risk). In addition, entity-specific assumptions made on the basis of past experience and allowing for current legal and economic developments, e.g., cancellation and lump-sum payment probabilities or biometric assumptions, are used in the analysis. The Board of Managing Directors derives these assumptions from historical data using mathematical methods, in some cases taking into account long-term assumptions as recommended by DAV.

In accordance with Sec. 341e (1) HGB, technical reserves are required to be recognised also to the extent deemed necessary according to prudent business judgement to ensure that obligations under insurance policies may be fulfilled at all times. The regulatory requirements adopted in the interests of the insured persons governing the calculation assumptions used to calculate the reserves, including the discount rate, and the allocation of certain investment income to the reserves must be observed.

In particular, the interest rate obligations entered into in respect of insured persons must be considered in accordance with Sec. 341f (2) HGB in conjunction with Sec. 5 (3) and (4) DeckRV in recognising the gross benefit reserve if the current or expected income from the Group's assets is not sufficient to meet these obligations. This leads to recognition of a supplementary change-in-discount-rate provision, as part of the gross benefit reserve, which comprises the supplementary change-in-discount-rate reserve (new policies) and an addition to the discount rate reserves (existing policies).

In determining the supplementary change-in-discount-rate provisions, options are exercised that are set forth in the letter from BaFin ["Bundesanstalt für Finanzdienstleistungsaufsicht": German Federal Financial Supervisory Authority] dated 5 October 2016 and entitled "Guidance on the calculation of the supplementary change-in-discount-rate reserve for new policies and the allocation to the discount rate reserves for existing policies. In this connection, cancellation and lump-sum payment probabilities are used which are determined using judgement. These are affected in particular by assumptions about the behaviour of policyholders.

In light of the estimation processes and the related use of judgement and given the amount, there is a risk that the measurement of the gross benefit reserve for the German life insurance business does not meet the requirements of IFRS 4.13 in conjunction with Sec. 341f HGB and Sec. 25 RechVersV. For that reason we determined this to be a key audit matter.

Auditor's response

During our audit we walked through the processes for determining the gross benefit reserve for the German life insurance business including the supplementary change-in-discount-rate provision and assessed and tested the design and operating effectiveness of significant controls in this process. The tested controls cover, among other things, the completeness and correctness of the portfolio.

In addition, we performed analytical and substantive procedures on a sample basis. We developed our own expectation by extrapolating the gross benefit reserve on the basis of the profit allocations of recent years and the current development of the portfolio and compared this expectation with the reported values. In addition, we recalculated the gross benefit reserve and the supplementary change-in-discount-rate provision for selected subportfolios or policies. In addition, we performed ratio and time series analyses in order to analyse the development of the gross benefit reserve overall and for subportfolios or components thereof over time.

Our audit also included the derivation of the underlying calculation assumptions and an assessment of adequacy. In order to audit the adequacy of the calculation assumptions used to calculate the gross benefit reserve, especially in respect of the options used for the calculation of the supplementary change-in-discount-rate provisions, we critically appraised the derivation of the calculation assumptions on the basis of the historical and current portfolio development, profit allocation and the Board of Managing Directors' expectation of future policyholder behaviour. When assessing the adequacy of the calculation assumptions used, we referred in particular to the recommendations and publications of DAV and BaFin.

In addition, we examined whether the gross benefit reserve was recognised in accordance with the approved business plans and notifications pursuant to Sec. 143 VAG ["Versicherungsaufsichtsgesetz": German Insurance Supervision Act] and in compliance with the other regulatory requirements.

In addition, we analysed and critically reviewed the explanatory reports and the adequacy reports of the responsible actuaries of the various group entities and the results of the annual forecasts of BaFin to determine whether all risks with regard to the adequacy of the calculation assumptions and the ability to fulfill insurance policies at all times were considered in measuring the benefit reserve.

We used our own actuaries in the course of our audit.

Our procedures did not lead to any reservations relating to the measurement of the gross benefit reserve for German life insurance business, allowing for the interest rate obligations entered into in respect of insured persons.

Reference to related disclosures

Information on the recognition and measurement of the gross benefit reserve for German endowment and pension insurance policies is provided in notes 2, 11 and 70 of the notes to the consolidated financial statements.

4. Measurement of provisions relating to building society operations (Bauspar-specific provisions)

Reasons why the matter was determined to be a key audit matter:

Provisions relating to building society operations (Bauspar-specific provisions) primarily comprise provisions for interest bonuses (particularly loyalty bonuses) granted by the group company Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall (BSH). The amount of the provisions to be recognised is determined on the basis of the results of the collective simulation (building society simulations used for forecasting). The determination of the underlying probabilities of customer behaviour (e.g., with regard to claiming of a loyalty bonus) is based on assumptions relating to the building society customers’ future behaviour on the basis of historical data and the forecast capital market rate; these assumptions have a significant effect on the measurement of the provisions. BSH tests the plausibility of the amount of the provisions thus determined by reference to a supplementary expiry simulation. The forecast quality of the collective simulation model is tested annually during the validation process, by, among other things, backtesting.

In light of the complexity of the simulation models and the necessary use of assumptions and estimates subject to uncertainty with a significant effect on the amount of the provisions, the measurement of provisions relating to building society operations was a key audit matter.

Auditor’s response:

We assessed the design and operating effectiveness of the internal control system with regard to the process for determining the amount of the provisions for interest bonuses.

We checked the methodology and the clerical accuracy of the calculations of the amount of the provisions using the collective simulation. In so doing, we examined the model used to determine whether the relevant contract portfolio was included in full in the calculation, whether the significant estimation inputs are included in the model and whether the model chosen with the related model assumptions appropriately determines the provision amounts within the scope of estimation accuracies customary in the industry for mathematically similar models.

In order to validate the estimation inputs, we analysed the current calculations by reference to historical data and the periods used and their weighting in the model by comparing the results of the current validation report with the inputs estimated in previous years, allowing for the historical forecast accuracy.

For the review of the building society simulation model, we used specialists in the audit team who have particular expertise in the area of building society mathematics.

Our audit procedures did not lead to any reservations relating to the measurement of provisions relating to building society operations.

Reference to related disclosures

Information on the measurement of provisions relating to building society operations is provided in notes 2, 26 and 69 of the notes to the consolidated financial statements.

5. Calculation of specific allowances for the DVB Subgroup’s Shipping and Offshore loan portfolios

Reasons why the matter was determined to be a key audit matter

The valuation of the Shipping and Offshore loan portfolios and the resulting estimate of any necessary specific loan loss allowances constitutes a significant area of management judgement. The identification and valuation of impaired loans entail uncertainties and involve various assumptions and factors, in particular the financial situation of the borrower, expectations of future cash flows, observable market prices with regard to existing collateral and resulting net sales prices.

During our audit, the calculation of specific allowances for the DVB Subgroup’s Shipping and Offshore loan portfolios within the customer lending volume was a key audit matter because together the two portfolios make up a significant share of DZ BANK Group’s total customer lending volume and the market conditions in these areas are persistently negative. In light of these uncertainties, judgements involved in determining assumptions for valuing the portfolios can have a significant effect.

Auditor’s response

During our audit, we analyzed the process implemented for identifying impaired loans and determining the IFRS 9 conformity of the valuation and assessed the effectiveness of the relevant existing internal controls.

We also performed substantive procedures using a risk-based selection and an additional sample, thereby assessing the adequacy of the specific allowances. The risk-based selection includes, in particular, watchlist loans and loans in problem loan processing in the Shipping and Offshore loan portfolios.

We obtained an understanding of the significant assumptions used in the impairment process during the audit. This included evaluating the individual estimates of the expected future cash flows from customers, including the cash flows from the realisation of loan collateral on the basis of our industry expertise and our expectations regarding the industry development. The effects of deferral agreements were taken into account in this respect. We used external appraisals by experts appointed by the Board of Managing Directors in our audit of collateral. We obtained an understanding of the assumptions used in these appraisals, appraised the adequacy of the valuation method used and assessed the competence and objectivity of the experts.

Our audit procedures did not lead to any reservations relating to the valuation of the Shipping and Offshore loan portfolios.

Reference to related disclosures

Information on the valuation of the loan portfolios (including DVB’s Shipping and Offshore portfolios) are contained in notes 2, 5 and 85 of the notes to the consolidated financial statements and in the “Combined opportunity and risk report of DZ BANK and the DZ BANK Group” section of the group management report.

Other information

The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the responsibility statement pursuant to Sec. 297 (2) Sentence 4 HGB in conjunction with Sec. 315 (1) Sentence 6, the combined separate group non-financial report of which we received a version before issuing this auditor's report, and other parts of the annual report of which we received a version before issuing this auditor's report, including the letter to shareholders and the report of the Supervisory Board.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
– otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "DZ BANK_AG_KA+KLB_ESEF_2020-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2020 to 31 December 2020 contained in the “Report on the audit of the consolidated financial statements and of the group management report” above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the “Group auditor’s responsibilities for the assurance work on the ESEF documents” section. Our audit firm applied the requirements for the quality assurance system set forth in the IDW Standard on Quality Control: “Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis” [Requirements for Quality Control in Audit Firms] (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Institution are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Institution are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Institution are also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor’s responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 27 May 2020. We were engaged by the Supervisory Board on 13 August 2020. We have been the auditor of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, without interruption since financial year 2002.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Institution or entities controlled by it the following services that are not disclosed in the consolidated financial statements or in the group management report: reviews of interim financial statements, voluntary audits of the annual financial statements of controlled entities, project-based reviews and audit of reporting requirements and rules of conduct pursuant to Sec. 89 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act], including the audit of custody operations and the depositary function pursuant to Sec. 68 (7) KAGB ["Kapitalanlagegesetzbuch": German Investment Code], issuance of comfort letters, certificates pursuant to Sec. 5 InvStG ["Investmentsteuergesetz": German Investment Tax Act], agreed-upon procedures pursuant to ISRS 4400, reviews pursuant to ISRE 2410 and IDW AuS 900, assurance engagements relating to the internal control system at service organisations pursuant to IDW AsS 951 and ISAE 3402, audits of single financial statements or elements thereof in accordance with IDW AuS 490, other assurance engagements pursuant to ISAE 3000. In addition, permitted non-audit services in the form of tax and other advisory services for DZ BANK and its controlled entities (organisational or professional support for quantitative and qualitative data requests from supervisory authorities and in connection with regulatory reports, provision of information in connection with current and planned legislative amendments and events for employees of DZ BANK Group, preparation of certificates for foreign tax purposes, support with regard to new or amended tax reporting or documentation requirements, review of tax returns and tax brochures, tax due diligence services).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Mai.

Eschborn/Frankfurt am Main, den 5. March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Eckl	Mai
Wirtschaftsprüferin	Wirtschaftsprüfer

The copy of the auditor's report also includes a "Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the management report prepared for publication purposes" ("separate report on ESEF compliance"). As the subject of the assurance engagement (ESEF documents) covered by the ESEF report has an electronic format, it is not possible to enclose it in a paper-based format. The audited ESEF documents can be inspected in or downloaded from the Bundesanzeiger [German Federal Gazette].