

# Report of the Supervisory Board



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

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In 2022, the Supervisory Board carried out the tasks assigned to it by law, the Articles of Association, and rules of procedure. As part of this remit, the Supervisory Board advised the Board of Managing Directors and monitored its management activities. In particular, the Supervisory Board focused on the capital situation of DZ BANK and its strategy as the network-oriented central institution and holding company of a financial services group. It also thoroughly addressed current regulatory challenges, the risk position of the bank and the group, as well as the development of systems and procedures used to manage the main risks in the Bank sector and Insurance sector. The Supervisory Board was always involved in decisions of fundamental importance. The Board of Managing Directors provided the Supervisory Board with regular, timely, and comprehensive reports on all matters relevant to DZ BANK, in particular the strategy, planning, business performance, risk situation, risk management, remuneration systems, regulatory requirements, (information) technology, organizational matters, and compliance.

Despite the war in Ukraine, the DZ BANK Group did not need to significantly adjust its strategic focus in 2022. In the key areas of collaboration identified at group level as offering potential for reinforcing the future viability and profitability of the group, the entities in the DZ BANK Group continued to forge ahead with various strategic programs such as 'Verbund First 4.0' at DZ BANK AG. In the reporting year, strategic activities were strongly focused on the topics of sustainability and digitalization, which continue to be issues of major importance for the entities in the DZ BANK Group, both in their core businesses and in their own operations. Important steps included the transformation of the existing Group Corporate Responsibility Committees (GCRC) into the Group Sustainability Committee. This groupwide body is made up of members of the Boards of Managing Directors

of the DZ BANK group entities and its task is to intensify dialogue and information sharing on sustainability-related matters. Another crucial step is the progressive digitalization of customer interfaces. In 2022, significant positive effects were achieved in these key areas.

### Meetings of the Supervisory Board

The Supervisory Board held five ordinary meetings in 2022. Its members attended the meetings of the Supervisory Board and its committees regularly.

At its meetings in the reporting year, the Supervisory Board regularly received and discussed reports from the Board of Managing Directors on current business performance, the capital situation, and profitability of DZ BANK AG and the DZ BANK Group. The reports focused on topics such as the impact of the war in Ukraine on DZ BANK, the merger of DVB Bank into DZ BANK AG, and the capital situation of the DZ BANK Group. Concerning the latter, the Supervisory Board dedicated particular attention to the (temporary) adverse impact on the capital situation arising from accounting changes at R+V Versicherung AG in connection with IFRS reporting rules.

The Supervisory Board regularly received and discussed reports on the work of the committees from their Chairs. During the meetings, and by using a voting procedure in writing, the Supervisory Board also adopted resolutions in connection with transactions requiring its consent, such as commitments to long-term equity investments and loans. HR issues from 2021 relating to DZ BANK AG and the DZ BANK Group were further matters considered by the Supervisory Board. The Supervisory Board received the report from PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, (PwC) on the audit of the single-entity financial statements for the year ended December 31, 2021 and the report of the Audit Committee on the audit of the single-entity financial statements and management report of DZ BANK AG and of the consolidated financial statements and group management report for the year ended December 31, 2021, approved this Audit Committee report following its own review, and approved the single-entity financial statements of DZ BANK AG and the consolidated financial statements for the year ended December 31, 2021 in accordance with the recommendation of the Audit Committee. In further deliberations, the Supervisory Board acknowledged the 2021 Sustainability Report of the DZ BANK Group, which included the combined non-financial reporting of DZ BANK AG and the DZ BANK Group, and the findings of the audit of the separate combined non-financial report of the DZ BANK Group and DZ BANK AG for 2021, which the Supervisory Board had engaged the auditor to carry out in order to obtain limited assurance. On this basis and following its own review, the Supervisory Board came to the conclusion that the above report for 2021 satisfied the statutory requirements.

In accordance with the Audit Committee's recommendations, the Supervisory Board also approved the report of the Supervisory Board to the Annual General Meeting as well as the agenda for the Annual General Meeting on May 25, 2022. Based on the recommendation of the Audit Committee, this was accompanied by the Supervisory Board's proposal to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, (PwC) be appointed as auditor of the single-entity financial statements and the consolidated financial statements for the year ended December 31, 2022 and as auditor for the review of the group's half-year financial report for the period ended June 30, 2022 and any other interim financial statements at the level of the group or DZ BANK AG prepared for periods up to the 2023 Annual General Meeting.

Under items scheduled for regular discussion, the Supervisory Board examined and deliberated on the strategic planning in the DZ BANK Group for the period from 2023 to 2027 in the third and fourth quarters of 2022. This included discussing the recovery planning, which is required by law. Operational planning for DZ BANK AG and the DZ BANK Group for 2023 was also considered and discussed by the Supervisory Board.

Moreover, the Supervisory Board examined the results of the 2022 Supervisory Review and Evaluation Process (SREP) conducted by the ECB in respect of the DZ BANK Group. Material matters raised by the supervisory

authority during this process were addressed by the Supervisory Board and discussed with representatives of the supervisory authority. These matters related to quantitative and qualitative capital and liquidity requirements/recommendations, climate risks, and the most important supervisory activities, in each case at the level of the DZ BANK Group.

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

### Meetings of the Supervisory Board committees

Each Supervisory Board committee also met on a number of occasions in 2022. During this period, the Nominations Committee held five meetings, the Remuneration Control Committee four meetings, the Audit Committee four meetings, and the Risk Committee five meetings. The Mediation Committee did not need to meet at all.

In the year under review, the **Nominations Committee** addressed the annual reappraisal of the Board of Managing Directors and the Supervisory Board. The committee also discussed the suitability and election of two new members of the Supervisory Board and dealt with succession planning for the Board of Managing Directors, including the nomination and appointment of a new member and the renewal of the appointment of existing members of the Board of Managing Directors.

Moreover, the committee considered how changes to the EBA guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) should be implemented. It examined the changes to the associated internal framework policy and other documents relating to the fit and proper requirements for members of the Board of Managing Directors and Supervisory Board, as well as an updated version of the management principles for the selection and appointment of persons to the most senior management level (F1 level).

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

At its meetings in 2022, the **Remuneration Control Committee** covered a wide range of remuneration issues and contractual matters relating to the Board of Managing Directors and former members of the Board of Managing Directors. The topics included the variable remuneration of the members of the Board of Managing Directors, the amount of which was specified for 2021, and the planning of targets for the members of the Board of Managing Directors in 2022, both at corporate and individual levels. In this context, the committee also addressed the need to set the overall amount of variable remuneration at DZ BANK AG and in the DZ BANK Group in accordance with section 7 InstitutsVergV.

The committee recommended new occupational pension arrangements for future members of the Board of Managing Directors to the Supervisory Board for the adoption of a resolution and carried out a test of the appropriateness of the remuneration granted to the Board of Managing Directors. Further discussions by the Remuneration Control Committee covered the structure of the remuneration systems for employees, the appropriateness of the remuneration systems, analysis of the risk takers for 2022, and the remuneration officer's remuneration control report. In addition, the committee received reports from the remuneration officer on the appropriateness of the remuneration systems and on the latest remuneration regulations.

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

In 2022, the **Audit Committee** studied the findings of the audit of the single-entity financial statements and management report of DZ BANK AG as well as of the consolidated financial statements and group management report for the year ended December 31, 2021 by PwC. It recommended that the Supervisory Board approve the single-entity financial statements of DZ BANK AG and the consolidated financial statements for the year ended December 31, 2021, as submitted.

Furthermore, the committee discussed the appointment of the auditor of the single-entity financial statements and the auditor of the consolidated financial statements for 2022 as well as the auditor for the review of the group's half-year financial report and any other interim financial statements. In regard to the above, the Audit Committee considered the independence and quality of the auditor. The fee to be paid to the auditor was also taken into account. The Audit Committee recommended that the Supervisory Board propose to the Annual General Meeting on May 25, 2022 that PwC be appointed as the auditor of the single-entity financial statements and the consolidated financial statements for the year ended December 31, 2022, and as auditor for the review of the group's half-year financial report for the period ended June 30, 2022 and any other interim financial statements at the level of the group or DZ BANK AG prepared for periods up to the 2023 Annual General Meeting.

In addition, the Audit Committee examined the half-year financial report of the DZ BANK Group for the period ended June 30, 2022 and the reports from PwC on the review of the half-year financial report and on the audit of the securities and investment services business in 2021/2022. Furthermore, the Audit Committee studied the planning for the audit of the 2022 single-entity and consolidated financial statements by PwC, discussed the auditor's areas of focus for 2022 and key findings from the current audit, and monitored the financial reporting process.

In other activities, the Audit Committee discussed the report of the Supervisory Board to the Annual General Meeting and prepared the Supervisory Board's review of the separate combined non-financial report of DZ BANK AG and the DZ BANK Group for 2021. This also involved studying the findings of the external audit of the separate combined non-financial report for the DZ BANK Group and DZ BANK AG for 2021, for which PwC was also engaged by the Supervisory Board. The committee recommended resolutions to the Supervisory Board in relation to both matters.

In addition, the Audit Committee examined and discussed the business performance, the profitability and, in particular, the capital of the DZ BANK Group. The reporting placed particular emphasis on the capital situation of the DZ BANK Group and the aforementioned (temporary) adverse impact of accounting changes in connection with IFRS reporting rules at R+V Versicherung AG. The committee routinely focused on supervisory audits carried out in the DZ BANK Group, the latest regulatory issues, non-financial risk, and the project portfolio at DZ BANK AG, and discussed these matters with the Board of Managing Directors. Other matters addressed by the committee included the report for the year ended December 31, 2021 and the quarterly reports prepared by Group Audit, the annual compliance report for 2021, updates from the task force for the prevention of money laundering and fraud, updates on progress with resolution planning, the outcome of the comply-or-explain process for the audit of the group lending policy in 2021, the group IT strategy of the DZ BANK Group, and the IT strategy and outsourcing strategy of DZ BANK AG. In this context, the Audit Committee monitored the effectiveness of the internal control system, risk management system, and internal audit. Additionally, it examined the engagement of the auditor for non-audit services and updated the guidance for the approval of such services at the end of the year.

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

In 2022, the **Risk Committee** studied the findings of the review of the lending business, which had been brought forward, regulatory and organizational matters, and the shareholdings in preparation for the audit of the single-entity financial statements of DZ BANK AG and of the consolidated financial statements for the year ended December 31, 2021. In addition, the committee advised the Supervisory Board on current and

future aggregate risk appetite and strategy in the DZ BANK Group. It also helped the Supervisory Board to monitor implementation of this strategy. This involved regularly examining the quarterly reports on aggregate risk (including risk indicators) and credit risk. As scheduled at the end of the year, it also involved reviewing and acknowledging the risk appetite statement, the risk strategies, and the 2023 group governance policy of the DZ BANK Group. The review of the risk reports and strategies was an important component in the process of monitoring the effectiveness of the risk management system at DZ BANK AG and in the DZ BANK Group. In each quarter of 2022, the Risk Committee also received an update based on the 'Russia/Ukraine radar', providing them with the latest developments in the war in Ukraine and its impact on DZ BANK.

The Risk Committee also scrutinized the contents of a communication from the chair of the ECB's Single Supervisory Mechanism on the subject of leveraged transactions in the DZ BANK Group and examined the current performance of asset classes that were affected by the impact of the coronavirus pandemic. This included a review of project developers in DZ HYP's business.

Moreover, the Risk Committee acknowledged and discussed reports from the Board of Managing Directors on the results of the stress tests in the DZ BANK Group. It also dealt with various loan applications and matters relating to long-term equity investments (including the merger of DVB Bank SE into DZ BANK AG). In further deliberations, the committee examined the terms and conditions in customer business. The committee also reviewed the remuneration systems at DZ BANK pursuant to section 25d (8) sentence 4 KWG and found that the incentives set as part of the remuneration system take account of the risk, capital, and liquidity structure of the institution as well as the probability and maturity of revenue. The deliberations of the committee also covered the 2022 work program for resolution planning for 2022 and 2023 in accordance with the Single Resolution Board's requirements.

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

### Corporate governance

In line with the requirements of the German Banking Act, the Supervisory Board conducted an evaluation of the Board of Managing Directors and a self-evaluation in the first quarter of 2022. It found that the structure, size, composition, and performance of both the Board of Managing Directors and the Supervisory Board and the knowledge, skills, and experience of the individual members of the Board of Managing Directors and Supervisory Board and of the Board of Managing Directors and Supervisory Board as a whole fulfilled the requirements laid down by law and in the Articles of Association. The Supervisory Board therefore confirmed the individual suitability of the individual members of the Board of Managing Directors and Supervisory Board and the collective suitability of the Board of Managing Directors and Supervisory Board as a whole. In this context, it also signed off an updated profile of skills and expertise for the Board of Managing Directors and Supervisory Board.

In its view, the Supervisory Board had adequate financial and personnel resources at its disposal in the reporting year to be able to support new members in becoming familiar with their role and to provide the training that is necessary to maintain members' required level of expertise. DZ BANK offers to cover the costs for members of the Supervisory Board of training programs from external providers that are relevant to the activities of Supervisory Boards. As part of the onboarding process, new members are offered customized internal training sessions and information meetings to help them prepare for their tasks on the Supervisory Board of DZ BANK. This offer is meeting with good take-up. In 2022, the Supervisory Board also received internal training on various sustainability-related matters relating to the business of DZ BANK.

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

## Cooperation with the auditor

PwC attended all meetings of the Audit Committee and provided explanations and information as requested. As a priority at these meetings, the Audit Committee discussed with PwC the audit plan and the key audit matters for the 2022 single-entity financial statements and consolidated financial statements. Moreover, the Audit Committee obtained information on the auditor's areas of focus for 2022.

For the purposes of monitoring the quality of the audit of the financial statements for the year ended December 31, 2022, the Audit Committee asked PwC to provide a quality report explaining the quality assurance processes and measures implemented by the auditor, for example in connection with acceptance and continuation of the engagement and in connection with independent quality assurance related to the engagement. The committee also conducted its own evaluation of the quality of the audit using the qualitative indicators defined in the committee's audit quality review guidelines. For the purposes of this evaluation, the Audit Committee took into account any findings and conclusions from external and internal inspections of which it was aware.

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

The auditor PwC confirmed that the single-entity financial statements – together with the bookkeeping system – and the management report of DZ BANK AG as well as the consolidated financial statements and the group management report submitted by the Board of Managing Directors for the year ended December 31, 2022 complied with the applicable legal provisions. PwC issued an unqualified opinion for each of these sets of financial statements. The audit reports were submitted to the members of the Supervisory Board, who discussed them in detail at their meetings. In addition, the Chairman of the Supervisory Board and the Chairs of the Supervisory Board committees maintained a regular, intensive dialogue with the auditor. This dialogue also covered the independent auditor's report pursuant to section 322 HGB (including the key audit matters). The Supervisory Board agrees with the findings of the audit.

The Board of Managing Directors of DZ BANK AG issued a separate combined non-financial report for the DZ BANK Group and DZ BANK AG for 2022. The Supervisory Board decided to submit the report for a voluntary external audit, for which it engaged the auditor. PwC did not become aware of any facts that would lead it to believe that the separate combined non-financial report for the DZ BANK Group and DZ BANK AG for 2022 had not been prepared, in all material respects, in accordance with the statutory requirements. On this basis and in accordance with the Audit Committee's recommendation, the Supervisory Board concluded, having conducted its own review, that the separate combined non-financial report complies with the statutory requirements. At its meeting on March 23, 2023, the Supervisory Board therefore approved the 2022 separate combined non-financial report prepared by DZ BANK.

## Adoption of the financial statements

At their respective meetings, the Supervisory Board and its Audit Committee scrutinized the single-entity financial statements and management report of DZ BANK AG (including the Board of Managing Directors' proposal for the appropriation of profits) as well as the consolidated financial statements and group management report for the year ended December 31, 2022. The Chairman of the Audit Committee provided the Supervisory Board with detailed information about the committee's extensive deliberations on the single-entity financial statements and management report of DZ BANK AG as well as the consolidated financial

statements and group management report. Representatives of the auditor attended the Supervisory Board meeting convened to adopt the financial statements as well as the preparatory meetings held by the Audit Committee and by the Risk Committee so that they could report in detail on the material findings of their audit. They were also available to answer questions from the members of the Supervisory Board. The Supervisory Board did not express any reservations following the concluding findings of its review.

The Supervisory Board approved the single-entity financial statements of DZ BANK AG and the consolidated financial statements prepared by the Board of Managing Directors for the year ended December 31, 2022 at its meeting on March 23, 2023 in line with the Audit Committee's resolution recommendation. The financial statements have therefore been adopted. Due to temporary accounting effects at R+V Versicherung AG and their impact on capital, the Board of Managing Directors and the Supervisory Board have decided to propose to the Annual General Meeting on May 24, 2023, in a resolution on the appropriation of the distributable profit reported in the 2022 single-entity financial statements amounting to €386 million, that the distributable profit for 2022 be carried forward to the next accounting period in full.

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

With effect from September 1, 2022, Ms. Souâd Benkredda was appointed to the Board of Managing Directors of DZ BANK AG and assumed responsibility for the Capital Markets Institutional Clients and Capital Markets Retail Clients divisions. When Mr. Wolfgang Köhler stepped down from the Board of Managing Directors of DZ BANK AG with effect from December 31, 2022, Ms. Benkredda also took over responsibility for the Capital Markets Trading and Group Treasury divisions.

Employee representatives Ms. Renate Mack and Mr. Uwe Spitzbarth stepped down from the Supervisory Board on May 25, 2022 and December 31, 2022 respectively due to retirement. The Supervisory Board would like to thank Ms. Mack and Mr. Spitzbarth for their dedicated work as members of the Supervisory Board and its committees over many years. Upon Ms. Mack's retirement from the Supervisory Board, Ms. Pia Erning, who had been elected as Ms. Mack's replacement at the employee representative election on September 15, 2021, became the new Supervisory Board member with effect from May 25, 2022 (section 101 (3) sentence 2 AktG). The Frankfurt am Main local court appointed Mr. Kevin Voß to replace Mr. Spitzbarth as a works council representative (section 16 MitbestG) on the Supervisory Board of DZ BANK AG with effect from January 1, 2023. There were no personnel changes among the shareholder representatives on the Supervisory Board in 2022.

The Supervisory Board wishes to thank the Board of Managing Directors and all employees of the DZ BANK Group for their valuable contribution in 2022.

Frankfurt am Main, March 23, 2023

DZ BANK AG  
Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main



Henning Deneke-Jöhrens  
Chairman of the Supervisory Board