

V DZ BANK Group and DZ BANK opportunity report

The details relating to DZ BANK are included in the opportunity report for the DZ BANK Group. A separate opportunity report is not prepared for DZ BANK. Unless stated otherwise, the disclosures relating to the DZ BANK Group also apply to DZ BANK.

1 Management of opportunities

Based on the three areas of potential listed in chapter V.2, such as better economic conditions than those assumed in the planning scenario, the DZ BANK Group defines **opportunities** as situations in which potential income can be unlocked and/or potential cost savings can be achieved.

The management of opportunities is integrated into the **annual strategic planning process**. The potential for returns is identified and analyzed on the basis of various macroeconomic scenarios, trends, and changes in the market environment, and then included in strategic financial planning. Details about the strategic planning process are presented in chapter I.2.4 of the (group) management report.

Opportunity management is an integral component of **governance** and is therefore taken into account in the general management approach, in the management of subsidiaries via appointments to key posts, and in the DZ BANK Group's committees. Details about the governance of the DZ BANK Group can be found in chapter I.2.2 of the (group) management report.

2 Potential opportunities

2.1 Potential opportunities from macroeconomic developments

The statements made in the outlook on the expected business performance of the DZ BANK Group in 2025 are based on the macroeconomic scenario that DZ BANK considers to be the most likely. Opportunities may arise for the DZ BANK Group if economic conditions in the relevant markets prove to be better than in this scenario.

In a positive scenario such as that, the looming trade disputes between the United States, China, and the European Union would be settled through negotiations, and the introduction of tariffs – which would be damaging for the global economy – would be prevented. Furthermore, US President Donald Trump would not be able to push through his disruptive political agenda in full. This would benefit Germany's export-led economy, in particular, but economic growth in China and the United States could also stabilize as a result.

An easing of tensions in geopolitical trouble spots would also provide positive impetus. The prospect of an end to the war in Ukraine, for example, would bring energy and commodity prices back down. Equally, de-escalation of the conflict in the Middle East and a political détente between China and Taiwan and between North and South Korea would have a stabilizing effect on the global economic situation and mitigate a rise in financial market volatility around the world. A more stable political environment would also give less ground to growing nationalistic and right-wing populist trends in Europe and thereby strengthen investor and business confidence. This would also create a steadier base for economic growth and financial development going forward.

In light of improved growth prospects and with inflation hovering at only just over the 2 percent mark, the European Central Bank could cut its deposit facility interest rate to a neutral level of 2.25 percent. Further reductions in key interest rates, in combination with a consistent and moderate rate of inflation, would stimulate investment and improve consumer sentiment. This could also bring about a recovery in the real estate markets,

with positive knock-on effects on the DZ BANK Group's financial performance. The improved growth outlook and associated increases in corporate profits would produce a robust uptrend in the European share indices too. A consistent economic approach in Europe, joint decision-making, and a gradual lowering of the key interest rate could stimulate growth in the eurozone despite high debt levels.

A new government in Germany that is in a position to implement key domestic reforms on the basis of a solid majority in the Bundestag would provide further support for this growth. Moreover, Germany could take on a leading role in Europe and set the tone for fiscal and economic policy, bringing about a lasting upswing, particularly on the domestic front.

All of the positive factors outlined above are highly unlikely to materialize together. From the DZ BANK Group's perspective, however, even the occurrence of individual factors would create an environment that would probably benefit the individual business models and the financial position and financial performance of the DZ BANK Group. Stable conditions in the financial and capital markets would have a positive impact on the net interest income and net fee and commission income generated from customer business and on net income from insurance business. In particular, an assumed economic recovery and impending crises failing to materialize could potentially limit the net expense recognized for loss allowances and thereby help to increase the Group's net profit.

2.2 Potential opportunities from regulatory initiatives

Regulatory changes and initiatives may provide banks and insurance companies with the opportunity to offer products or services that are better tailored to customers' needs. Further development of statutory requirements, such as the Sustainable Finance Disclosure Regulation (SFDR) as part of the EU Sustainable Finance Framework, may lead to customers and the markets participating in sustainable finance initiatives on a greater scale, which would provide banks and insurance companies with the opportunity to strengthen the unique selling points of their products and services and to unlock potential growth in sustainable finance. This would have a positive impact on, for example, net fee and commission income and net interest income.

2.3 Potential opportunities from strategic initiatives

The strategic focus of the DZ BANK Group (see chapter I.1 of the (group) management report) follows the guiding principle of fulfilling the role of a **network-oriented central institution and financial services group**. Business activities are centered on the local cooperative banks and their customers. The objective of this strategic approach is to consolidate the positioning of the Cooperative Financial Network as one of the leading financial services providers in Germany on a long-term basis. The partnership between the cooperative banks and the entities in the DZ BANK Group is built on the principles of subsidiarity, decentralization, and regional market responsibility.

The DZ BANK Group develops and implements **strategic initiatives and programs** at three levels:

Firstly, the entities in the DZ BANK Group work on strategic projects and initiatives in collaboration with the cooperative banks and Atruvia AG, Frankfurt am Main, with the leading role taken by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V., Berlin (BVR) [National Association of German Cooperative Banks]. By implementing the strategy agenda, the central service providers in the Cooperative Financial Network assist the cooperative banks with their individual strategic processes and help them to assume responsibility for their own profitability. Based on the strategy agenda, the 'Germany-wide strategic portfolio bringing together strategic initiatives of the Cooperative Financial Network' has been established with the aim of improving the transparency of these initiatives for the cooperative banks.

Secondly, the entities in the DZ BANK Group have jointly identified key areas of collaboration (such as operating models and sustainability) that offer potential to reinforce their future viability and profitability. The aim is to continue to develop and take action in these areas of collaboration over the coming years. In 2024, for example, a new area of potential in generative artificial intelligence was established.

Thirdly, each individual entity in the DZ BANK Group pursues its own strategic initiatives. One example is the 'Verbund First 4.0' strategic program at **DZ BANK**, which is designed to ensure the organization's resilience for the future. The program is aimed at improvements in three key areas: market presence (network-focused, customer-oriented, and digital), control and production processes (efficient, effective, and focused), and corporate culture (performance-driven and integrative). The 'Verbund First 4.0' strategic program is updated continually in line with requirements. Topics that are related to 'Verbund First 4.0', such as sustainability, digitalization (e.g. generative artificial intelligence), and employer branding, are key elements of the transformation of the economy.

BSH describes its long-term objective through its vision of being a reliable partner that helps its customers to achieve their dreams when it comes to their home. The building society works with the cooperative banks to develop all-round solutions in the homes and housebuilding ecosystem, thereby strengthening the Cooperative Financial Network. It intends to remain the market leader in the home savings market and, together with the cooperative banks, defend its no. 1 position in the home finance market. In addition, it is making inroads into new areas of growth for homes and housebuilding by maintaining a firm focus on customers and facilitating close collaboration between the cooperative banks and BSH's field staff on marketing. BSH is the cooperative center of excellence (provider of products and solutions) for consumer home finance, playing an important part in strengthening the Cooperative Financial Network's market position. The evolution of BSH's role into that of a products and solutions provider for its bank partners and its integration into the homes and housebuilding cooperative ecosystem address the demand for end-to-end products and solutions and the creation of new business models centered around customers' basic needs alongside financial products and extending the value chain.

DZ HYP is forging ahead with digitalization in many areas of its business. In consumer home finance, it is further expanding its role as a decentralized product supplier for the banks in the Cooperative Financial Network. Competitive products, rapid processes, and a risk-adjusted pricing model give banks scope to generate income through fees and commissions and through cross-selling options. Programming the integration of Atruvia AG's omnichannel platform was a central focus in 2024. Starting in the first quarter of 2025, DZ HYP will thus be able to support local cooperative banks with best-in-class products and services on this platform that they can use to advise customers on consumer home finance. The main aspects of DZ HYP's FK Digital project in its corporate customer business are deploying data optimally within processes, improving interfaces, and unlocking the associated potential for greater efficiency while, at the same time, catering to the current and future requirements of market players and supervisory authorities alike. The initial implementation phase of FK Digital began in 2023 and is expected to be completed in the second half of 2025. This should also help to further optimize the bank's streamlined, profitable approach incorporating intensive customer relationship management. The bank has also drawn up a strategy for implementing the DZ HYP cloud infrastructure. In 2024, it finished establishing the fundamental cloud infrastructure and plans to migrate the IT landscape to the future operating model by summer 2025. In this context, DZ HYP sees the use of artificial intelligence as a key issue for the future. As part of a preliminary study initiated in the third quarter of 2024, preparations are being made for an implementation project in the first half of 2025. Based on use cases, the added value from the strategic use of artificial intelligence will be tested in the handling of a number of processes. The real estate sector has the potential to play a key role in combating climate change. DZ HYP sees its own role as supporting the green transformation of the economy in order to channel cash flows toward more sustainable business, for example by financing more energy-efficient real estate.

R+V's vision is to be the cooperative center of excellence for insurance, healthcare cover, and retirement pensions, working closely with its sales partners. Making customers happy is the cornerstone of future success under its strategic program, WIR@R+V. The program is designed to boost R+V's earnings power by putting a greater emphasis on profitability so that it can continue to make a significant contribution to the success of business in the Cooperative Financial Network. R+V also remains firmly focused on its growth strategy of strengthening areas of importance for the future, such as healthcare and long-term nursing care, membership, sustainability, and the omnichannel approach. By delivering a consistently robust business performance, it can

maintain sufficient financial strength to be able to remain a reliable partner and deliver on its value propositions in the long term.

In response to the changing conditions in which it operates, **Union Investment** has created the internal FitForFuture program, which establishes the strategic areas of investment going forward. These areas of investment include not only sustainability and digitalization but also a 'learning organization'. Other key areas are the cementing of Union Investment's positioning as an active asset manager and the Masterplan platform in its retail business, which chimes with the aim of harnessing the potential of high-net-worth customers and the related product range. The Masterplan platform will also expand digital offerings for cooperative sales partners. This investment in the future will be cost-neutral and will thus help to secure the profitable growth of the Union Investment Group.

Positive effects from the strategic programs and initiatives could have a beneficial impact on, for example, net fee and commission income, net interest income, or administrative expenses.