

# ANNUAL REPORT 2024

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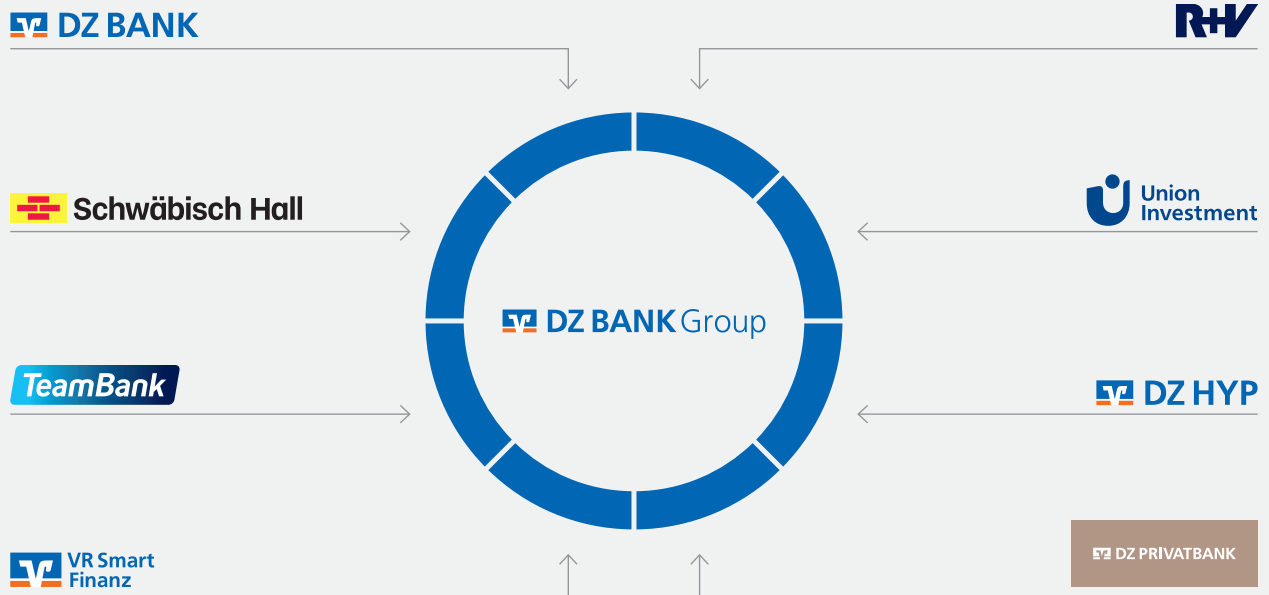
# OVERVIEW

€ mn	2024	2023
<b>DEVELOPMENT OF NEW BUSINESS</b>		
Corporate Clients	7,221	7,439
Retail Customers	1,509	753
Public-Sector Clients	768	435
<b>PORTFOLIO DEVELOPMENT</b>	31 Dec 2024	31 Dec 2023
Total assets	77,213	77,477
Mortgage loans	57,548	56,902
Originated loans to local authorities	8,580	8,785
Securities business	8,318	9,007
Pfandbriefe and other debt securities	49,117	49,880
Own funds	2,013	1,896
Total capital ratio (in %)	12.3	12.4
Tier 1 ratio (in %)	11.8	11.9
Common equity tier 1 ratio (in %)	11.8	11.9
<b>PROFIT AND LOSS ACCOUNT</b>	1 Jan to 31 Dec 2024	1 Jan to 31 Dec 2023
Net interest income	719.8	711.0
Net commission result	-21.1	-14.5
Administrative expenses	244.5	246.7
Net other operating income/expenses	18.2	16.6
Risk provisioning	-90.6	-109.6
Net financial result	4.4	-1.7
Operating profit	386.2	355.1
Allocation to the fund for general banking risks	146.0	155.0
Taxes	140.2	144.2
Partial profit transfer	0.0	0.5
Profits transferred under a profit and loss transfer agreement	100.0	55.4
Distributable earnings	245.8	210.2
Cost/income ratio (in %)	34.8	35.2
Return on equity (in %)	16.4	16.1
<b>NUMBER OF EMPLOYEES</b>	31 Dec 2024	31 Dec 2023
Annual average	906	863

\*) Lending transactions with national governments and sub-sovereign entities, Landesbanken and development and promotional banks, as well as state-guaranteed corporate bonds, bank bonds and mortgage-backed securities

# ANNUAL REPORT 2024

## DZ HYP – PART OF A STRONG GROUP (SELECTED COMPANIES)



DZ HYP is part of the DZ BANK Group and therefore part of the German Cooperative Financial Network, which comprises approximately 670 individual cooperative banks. In terms of total assets, it ranks among the largest financial services organisations in Germany. Within the Cooperative Financial Network, DZ BANK AG acts as the central institution, tasked with supporting the local cooperative banks' transactions as well as strengthening their competitive position. It operates as a commercial bank and exercises the holding entity function for the DZ BANK Group.

The DZ BANK Group comprises Bausparkasse Schwäbisch Hall building society, DZ HYP, DZ PRIVATBANK, insurer R+V Versicherung, TeamBank, Union Investment Group, VR Smart Finanz as well as various other specialist financial services providers. The DZ BANK Group entities and their strong brands are the cornerstones of a comprehensive range of financial services offered through the Cooperative Financial Network. The DZ BANK Group has organised its strategy and range of services for the cooperative banks and their clients along the lines of four business segments: Retail Customers, Corporate Clients, Capital Markets and Transaction Banking.

The Cooperative Financial Network has a long tradition of combining banking services with insurance products, home loan savings and a range of investment services. Each of the specialist institutions within the DZ BANK Group offers highly competitive and appropriately priced products in their respective area of expertise. This allows Germany's cooperative banks to offer their clients an end-to-end range of first-class financial services.

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# LETTER FROM THE MANAGEMENT BOARD



The Management Board of DZ HYP  
From left to right: Stefan Schrader, Sabine Barthauer (Chief Executive Officer), Jörg Hermes

Dear Business Associates,

With inflation easing and interest rates falling, 2024 was a very positive year from a monetary policy perspective. For most people, however, it will be remembered as a year full of challenges, with mounting crises around the world. Peace in Ukraine, in the middle of Europe, remains elusive. For millions of people, the state of emergency that is war has become a painful part of everyday life. Added to this was the US election at the end of the year, the global consequences of which are still uncertain. Then there are fraught relations with China and a fragile political situation at home in Germany. Overall, the year under review did little to strengthen the weak economy, with uncertainty paralysing investment in industry and stymieing consumer spending. The cumulative effect of these events tipped Germany into another recession. But given the year's low rate of inflation overall and the four interest rate cuts by the European Central Bank (ECB) so far, there is certainly cause for optimism. Once the budgetary situation in Germany has stabilised, which should occur once a new government has been formed, the monetary policy framework should gradually revive entrepreneurial investment and consumer spending.

Interest rate trends are one of the main driving forces in the real estate markets. In the year under review, the more attractive interest rate environment spurred a tentative uptick in the markets. Thanks to a strong final quarter, the number of commercial real estate transactions (including commercial residential investments) was up 14 per cent year on year. Interest in the private home loan financing market in particular grew noticeably, with a combination of rising rents, stable purchase prices and falling interest rates giving an increasing number of potential buyers the opportunity to purchase real estate. Despite these factors, the slight upswing in the markets remained muted, and the real estate industry as a whole had a fairly weak year.

Given that the market situation remains subdued, we are extremely satisfied with DZ HYP's performance in the year under review. The volume of new business totalled € 9.5 billion, which represents a noticeable increase of around 10 per cent compared to 2023. At € 7.2 billion, earnings in the Corporate Clients segment were almost the same as in the previous year, while the joint lending business with cooperative banks in this segment rose year on year to € 2.7 billion. The development of Retail Customers business was particularly pleasing, reflecting the revival of the market. With a volume of € 1.5 billion, we have doubled our new business in this segment. We also concluded significantly more contracts with public-sector clients, reaching a volume of € 768 million.

A robust credit portfolio is particularly important in times of market volatility. As a Pfandbrief bank, we benefit from long-term financing models and have built up a resilient, reliable portfolio thanks to our consistent and conservative risk strategy. Net interest income was slightly above the previous year's level and the risk situation can still be classified as moderate. Overall, the Bank's business model has proven to be sustainably viable.

Just like the real estate sector, we, too, are in the midst of a transformation process, guided by the three main pillars of decarbonisation, demographics and digital transformation. We are strategically and intensively focusing our efforts on these areas as well as on the future viability of the Bank. During the year under review, we pursued a robust sustainability agenda. In the Retail Customers segment, we launched the Eco product feature, which offers an attractive interest rate discount for financing privately used real estate consuming no more than 50 kWh/m<sup>2</sup> of energy per year. Multi-stage measures are planned in this segment for 2025, with the aim of increasing energy efficiency transparency for existing properties that have already been financed and identifying incentives for financing energy efficiency renovations. In the Corporate Clients segment, we thoroughly analyse climate-related and environmental risks before setting terms and conditions with a view to reducing our portfolio's emissions. On the funding front, we updated our Green Bond Framework in 2024 as an issuer of Green Pfandbriefe. Doing so allowed us to meet the minimum requirements for Green Pfandbriefe defined by the Association of German Pfandbrief Banks (vdp) and make a key step towards alignment with the EU Taxonomy. Our proprietary ESG ranking for municipalities has become firmly embedded in work with public-sector clients.

Digital transformation is another topic that commanded a lot of attention in the year under review. In the Corporate Clients segment, we continued the CC Digital project to deliver our vision for a new digital loan processing solution. The result will be a central credit workplace reflecting all major workflows across the entire loan life cycle. In the Retail Customers segment, we successfully introduced VR-BaufiComfort, a channel for collaborating with multiple partner banks, and will carry through this positive momentum in the 2025 financial year by doing things like launching VR-BaufiComfort on the omni-channel platform. This platform provides an efficient application process and enables customised financing solutions through risk-adjusted pricing, marking another milestone for us and strengthens the competitiveness of our partner banks in the Retail Customers segment. We also laid the foundations for a digital service portal in 2024, and this year we plan to use the portal to centralise all key information on home loan financing, making it easier to apply for existing loans. We continued to migrate various applications to the cloud across all segments and paved the way to securely use generative artificial intelligence where appropriate. Our sustainability and digital transformation work also supports our activities under the third pillar of the transformation process: demographics. We position ourselves as an attractive employer for new employees and provide a modern working environment for our staff. To provide each and every one of them with optimal, tailored support, we launched a HR development programme called ZukunftsFit! in the year under review. It is designed to prepare our employees for the working world of tomorrow, with a variety of measures and training courses on offer to strengthen their personal and professional skills while aligning continuing professional development with digital, ecological and economic transformation.

Looking ahead to further developments in the real estate markets, we are confident about 2025, even though the environment remains challenging. We are looking forward to achieving further milestones this year with the support of our employees, who are fully committed to the task. In this way, we will remain an expert source of real estate finance and public-sector lending and a reliable partner to Germany's cooperative banks in future.

Yours faithfully,  
The Management Board



Sabine Barthauer  
Chief Executive Officer



Jörg Hermes



Stefan Schrader

Hamburg and Münster, 1 April 2025

# ABOUT DZ HYP

## PARTNER FOR REAL ESTATE FINANCING AND PUBLIC-SECTOR LENDING IN THE GER- MAN COOPERATIVE FINANCIAL NETWORK

As a member of the Cooperative Financial Network, DZ HYP is committed to the success of its partners and clients. We strengthen the market position of cooperative banks in the Corporate Clients, Retail Customers and Public Sector segments. In DZ HYP, local cooperative banks have a partner supporting them – with a strong funding base, a decentralised approach and close proximity to its clients. The Bank's central business policy role is to anchor real estate financing and public-sector lending in the German Cooperative Financial Network, and to realise financing solutions together. To this end, DZ HYP offers German cooperative banks a solution-oriented range of products and services, working hand in hand with them to cultivate regional markets. In this context, both sides benefit from the partnership – DZ HYP from the direct contact with regional clients, and the German cooperative banks from the business relationships that come from developing the market throughout Germany.

### Working together with corporate clients

In their business with corporate clients, working together with DZ HYP using the IMMO META product family enables cooperative banks to realise larger financing solutions for their medium-sized real estate customers and companies in the housing industry – and also to

diversify their own risk. The German cooperative banks can draw on the specific financing expertise of their partner within the network, while at the same time contributing their regional market knowledge.

Through IMMO META, DZ HYP participates on a *pari-passu* basis in real estate finance exposures originated by cooperative banks in their region. In these cases, cooperative banks retain their lead manager role. With IMMO META REVERSE, the cooperative banks can get involved in selected large-volume DZ HYP financing projects early on, in some cases even in the origination phase. The financing partners themselves decide on their own level of involvement, also participating on a *pari-passu* basis. IMMO META REVERSE<sup>+</sup> allows a large number of cooperative banks to acquire individual tranches of a property financing arrangement concluded by DZ HYP; here, they can participate in a standardised manner as equal-ranking partners in the syndicate. The German cooperative banks can access an online platform to simplify the process and ensure efficient distribution. A framework agreement must be concluded before using this platform.

### Working together with retail customers

DZ HYP has a broad range of retail real estate financings on offer for cooperative banks in its retail customer business. These range from annuity loans and publicly subsidised financing from KfW Group's portfolio for new construction, purchase, modernisation and refurbishment of real estate to roll-over financings. Products can be adjusted to meet specific client requirements with regard to their fixed-rate period as well as their scheduled and unscheduled repayment rates. With terms and conditions being updated on a daily basis and risk-adjusted pricing models in place, DZ HYP is able to offer attractive packages.

Cooperative banks can close loans using the agree21, Genopace and Baufinex distribution systems, as well as other platforms. A traffic light code, including immediate approval, ensures that the process leading to a lending decision is fast and reliable. Whenever questions arise, DZ HYP's Customer Dialogue Centre ensures that they are answered quickly and conclusively. Regional directors are on hand to help intermediary banks with their sales and market activities.

VR-BaufiComfort, launched by DZ HYP, is a new model for cooperating with partner banks that does not require master agreements. Under this model, DZ HYP takes care of all steps from reviewing and approving loan applications to paying the loan. This in turn frees up banks to focus on advising customers and attending to their financing needs.

### Working together with public-sector clients

As a centre of competence for public-sector clients within the Cooperative Financial Network, DZ HYP helps cooperative banks across Germany to develop their business with counties, towns/cities and local authorities, their legally dependent operations, municipal special public-law administrative unions and public-sector institutions. The core element of DZ HYP's direct business, and of the business conducted jointly with the German cooperative banks, is granting loans to local authorities and short-term public-sector loans. In addition, DZ HYP offers banks a municipal ranking that uses the latest data to provide information on the economic, budgetary and debt situation of the municipalities in the individual business regions. This municipal ranking was expanded to better account for ESG factors and was also included in DZ HYP's local authority lending process. Integrating sustainability criteria – with the environmental, social and governance pillars – will allow DZ HYP to gain insight into the fundamental factors driving the sustainable transformation and long-term stability of a municipality.

### Real estate valuation by the subsidiary VR WERT

The wholly-owned subsidiary of DZ HYP, VR WERT Gesellschaft für Immobilienbewertungen mbH, appraises real estate for banks, the corporate sector, investors and housing cooperatives. Its range of services includes market and mortgage lending value appraisals, advice/consultancy on real estate matters, construction monitoring and product audits of appraisals performed by German cooperative banks. Mortgage lending values are calculated in line with the requirements of the Regulation on the Determination of Mortgage Lending Value (*Beleihungswertermittlungsverordnung* – “BelWertV”). For the most part, VR WERT values properties financed by DZ HYP with a focus on the Corporate Clients business – which require a particularly

sophisticated and individualised case analysis – and also privately owned properties.

### Ratings

**Standard & Poor's (S&P)** reviewed the DZ HYP rating in July and November 2024, affirming the issuer rating at A+/A-1 and the stable outlook. S&P notes that German real estate financing providers have come under significant pressure as a result of the monetary policy tightening that started in 2022, but that DZ HYP has so far fared comparatively well in this context, particularly as a result of its selective lending approach. As such, S&P expects DZ HYP to continue to be relatively resilient to the persistent headwinds in the cyclical commercial real estate markets.

In the view of S&P, DZ HYP's strong focus on the real estate lending business makes the Bank more vulnerable to economic fluctuations. At the same time, S&P acknowledges DZ HYP's strong position among German commercial real estate financing providers and that it maintains a moderate risk appetite while managing existing risks well. S&P expects that DZ HYP will continue to manage asset risks well, but that the downstream effects of current macroeconomic risks could have an impact on asset quality over the next 12 to 24 months. DZ HYP's rating is supported by the Bank's membership to the DZ BANK Group, the Cooperative Financial Network and the cooperative deposit insurance scheme. DZ HYP's Mortgage Pfandbriefe and Public Pfandbriefe continue to enjoy a top AAA/A-1+ rating awarded by S&P, with a stable outlook.

**Moody's** reviewed the DZ HYP rating in September 2024 and affirmed the Aa2/P-1 issuer rating and stable outlook. Moody's also views the sharp rise in interest rates observed since 2022 as a challenge for commercial real estate markets, but expects the recent interest rate cuts by central banks to stimulate real estate investment, leading to more transactions and recovering valuations. Moody's continues to view commercial real estate financing as a highly cyclical business segment but recognises the advantage of DZ HYP's positioning as a specialised lender with industry-specific risk management expertise. Since the quality of the Bank's assets has only deteriorated moderately in the current environment, the Bank's rating continues to be as-

sessed as very good and the extensive loan loss reserves on the balance sheet are seen as key risk mitigation factors. Moody's expects that DZ HYP's focus on Germany, combined with the high share of lower-risk sectors such as residential and multi-family homes, will continue to protect the Bank from a substantial deterioration in asset quality. DZ HYP's rating is also supported by the Bank's affiliation with DZ BANK and the deposit guarantee scheme of the National Association of German Cooperative Banks (BVR), and the support that can be expected from this, together with a moderate degree of government aid. Moody's continues to assign the top Aaa rating to DZ HYP's Mortgage and Public Pfandbriefe.

**Fitch Ratings** evaluates DZ HYP as part of the joint rating awarded to the Cooperative Financial Network. The issuer default rating of AA-/F1+ and the stable rating outlook were both affirmed in April 2024 and January 2025. The ratings reflect the Group's highly

diversified business profile, its low leverage, strong risk-adjusted capitalisation, conservative risk appetite, solid asset quality and above-average profitability by national standards. Fitch expects a gradual deterioration in the quality of the Bank's assets due to the ongoing difficult macroeconomic environment, particularly when it comes to loans to mid-market companies and in the commercial real estate sector. Fitch continues to assess the Cooperative Financial Network's funding as very stable. The customer deposit base of local cooperative banks is largely stable despite a significant shift towards term deposits. As Germany's largest Pfandbrief issuer, backed by an established and geographically diverse investor base, DZ HYP is a reliable partner to the Network as it provides access to the capital markets. Support within the Cooperative Financial Network and the BVR deposit guarantee scheme are other factors with a positive impact on the rating.

#### RATING OVERVIEW

	Standard & Poor's	Moody's	Fitch Ratings*)
<b>ISSUER CREDIT RATING</b>	<b>A+</b>	<b>Aa2</b>	<b>AA-</b>
<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>
<b>Current liabilities</b>	<b>A-1</b>	<b>Prime-1</b>	<b>F1+</b>
<b>ISSUE RATINGS</b>			
<b>Mortgage Pfandbriefe</b>	<b>AAA</b>	<b>Aaa</b>	<b>-</b>
<b>Public Pfandbriefe</b>	<b>AAA</b>	<b>Aaa</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>- Preferred senior unsecured</b>	<b>A+</b>	<b>Aa2</b>	<b>AA</b>
<b>- Non-preferred senior unsecured</b>	<b>A</b>	<b>A3</b>	<b>AA-</b>

\*) Joint rating of the Cooperative Financial Network

# EMPLOYEE MATTERS

## Efforts to enhance employer attractiveness stepped up

Continuing to attract the right talent is essential to the Bank's success. DZ HYP is laying the foundation for that success with its strong employer branding. In 2024, the Bank stepped up its efforts to position itself as an attractive employer. LinkedIn and Instagram are the Bank's most important digital communication channels for showcasing itself as an employer, with follower numbers steadily increasing. DZ HYP also shot a new image film in the 2024 financial year featuring exclusively Bank employees to drive home how they identify with the company. The video will be available on the DZ HYP website and social media channels and shown at trade fairs, recruiting events and other engagements. DZ HYP also produced new episodes for its external and internal podcasts *DZ HYP HÖRBAR* and *DZ HYP HÖRBAR INTERN*, covering day-to-day life at DZ HYP and recent projects in different departments.

## Results of the Pulse Check employee survey presented

To gauge employee mood and motivation, DZ HYP conducted another Pulse Check employee survey at the end of 2023 and presented the results at the beginning of the year under review. Those results paint a positive picture. The majority of employees are satisfied with their work, collaboration as a team and the leadership. The survey also revealed challenges at the macro level that are critical to the long-term development of DZ HYP. The survey serves as a compass for aligning activities with the challenges of the working world, with a focus on leadership, development opportunities, strategy, digital transformation and agility.

## HR development programme "ZukunftsFit!" launched

To help employees to adapt independently and flexibly to the requirements of the job market, DZ HYP launched the HR development programme ZukunftsFit!

in the year under review, focusing on the development of soft skills, improving mental health and a growing experience of the meaningfulness of one's own activity. Around 500 days of further training were completed on topics such as mindfulness, emotional intelligence, communication and leadership. In addition, the Bank launched Masterplan, a digital learning platform, and expanded its services for women, including the women's network "FreshUp"!

## Well-being options expanded

All DZ HYP employees have had access to the sports and wellness offerings available through the EGYM Wellpass since July 2024. With their membership, they can use over 9,000 fitness studios and healthcare facilities across Germany. DZ HYP covers the majority of the costs, supporting employees in staying active and healthy. Currently, around 270 employees are making use of the offer.

## Culture project intensified

The Bank's culture project, which had been launched in 2022, was expanded in the year under review to include new formats. One of the new additions is the World Café, where employees can attend engaging presentations on projects from other departments or on Bank-wide issues such as artificial intelligence, HR and sustainability. A new virtual format based on speed dating format was also launched to allow employees to expand their professional network within DZ HYP. Formats such as the dialogue series with the Management Board and lunch networking events, alongside wide-ranging keynote speeches, were continued.

## Fostering the next generation of talent

DZ HYP successfully continued its training activities. A total of four apprentices and two dual students were recruited in the year under review. Additional emphasis was placed on trainee programmes offering vocational training for university graduates. In 2024, seven trainees started their training across different Bank locations, including in the Real Estate Finance segment. In total, seven trainees were kept on in the areas of Finance, IT, Corporate Clients Back Office and Human Resources.

### **Diversity guidelines published**

DZ HYP has developed an action plan to combat discrimination and guide employees in their internal and external dealings. These diversity guidelines were published at the beginning of 2024. DZ HYP aims to foster diversity and create a corporate culture of respect and ensure equal opportunities for all employees.

### **Working together with the Works Council**

The fruitful collaboration between DZ HYP and the Works Council members in Hamburg and Munster continued unchanged during the year under review. DZ HYP would like to thank the Works Council members for the constructive working relationship.

*Further information can be found in the Sustainability Report.*

# MANAGEMENT REPORT

## BUSINESS MODEL

### The commercial real estate bank for the Cooperative Financial Network

DZ HYP is a leading provider of real estate finance and a major Pfandbrief issuer in Germany, as well as a centre of competence for public-sector clients within the Volksbanken Raiffeisenbanken Cooperative Financial Network. The Bank is active in three business segments: Corporate Clients, Retail Customers and the Public Sector. In its business activities, DZ HYP targets clients directly and acts as a partner to Germany's cooperative banks. The Bank is represented nationwide, with two head offices in Hamburg and Münster, six real estate centres in the business hubs of Hamburg, Berlin, Düsseldorf, Frankfurt, Stuttgart and Munich, and regional offices in Hanover, Kassel, Leipzig and Nuremberg. This decentralised structure gives DZ HYP regional proximity to the cooperative banks and their customers.

### Customised financing solutions for corporate clients

Within the segment Corporate Clients, DZ HYP is active both as part of its direct business and as a partner to the cooperative banks in Germany, working with commercial real estate investors and the housing sector. DZ HYP focuses on financing properties in the German market, as well as providing support for its German clients' investment projects in selected international markets. Its own commercial real estate finance activities are focused on the core segments of office, residential and retail properties. DZ HYP is also involved in the specialist segments of hotels, logistics properties and real estate for social purposes, within the scope of its credit risk strategy. Target clients are private and institutional investors, as well as commercial and residential real estate developers. When selecting expo-

sure, DZ HYP takes into account the quality of the client relationship, the long-term rentability and third-party usability of the financed property, and collateralisation through first-ranking liens.

The focus of our housing sector activities is on customised financing solutions for residential or mixed-use properties. We provide loans to cooperative, municipal, Church-based and other housing companies in Germany for new construction, modernisation and renovation projects, sometimes in combination with subsidised development loans granted by Kreditanstalt für Wiederaufbau (KfW), Germany's government-owned development bank. DZ HYP focuses on long-standing client relationships with companies that create sustainable and affordable housing. As a premium sponsoring member of the umbrella industry organisation, the Federal Association of German Housing and Real Estate Companies (GdW), the Bank works to bring about intensive dialogue between the housing sector and real estate financing providers.

### Active in the retail business

Retail business originates mainly from intermediation by cooperative banks. DZ HYP offers both initial and roll-over financings for new construction, purchase and modernisation/refurbishment projects. Thanks to DZ HYP's broad range of home loan products – with fixed-interest terms of up to 30 years – cooperative banks can offer their clients solutions that fit their exact needs. The business is based on standardised credit processes and involves fast lending decisions. The full distribution potential of the Cooperative Financial Network is made available to reach retail customers by integrating the products into the distribution systems of individual cooperative banks and by using largely automated processes.

## Centre of competence for public-sector clients

As a centre of competence for public-sector clients within the Cooperative Financial Network, DZ HYP supports cooperative banks across Germany in developing their business with counties, towns/cities and local authorities, their legally dependent operations, municipal special public-law administrative unions and public-sector institutions. The core element of DZ HYP's direct business, and of the business conducted jointly with the German cooperative banks, is granting loans to local authorities and short-term public-sector loans.

## Portfolio at a glance<sup>\*)</sup>

The share of domestic loans in DZ HYP's total real estate lending portfolio amounted to 96.0 per cent as at 31 December 2024 (2023: 96.4 per cent). The volume of international financings rose by 10.6 per cent to € 2.4 billion in 2024 (2023: € 2.2 billion), with the target markets of Austria, France, the United Kingdom and the Netherlands accounting for 93.4 per cent of the international lending volume.

The following chart breaks down the lending volume by DZ HYP's three types of business: real estate lending, local authority lending and capital markets activities.

### LENDING VOLUME BY BUSINESS DIVISION IN € MN



<sup>\*)</sup> The figures refer to the lending volume viewed from a risk perspective (i.e. including disbursement commitments)

The real estate lending volume, which is predominantly is broken down as follows by individual property type: collateralised by land charges and mortgages,

LENDING VOLUME<sup>\*)</sup> REAL ESTATE LENDING VOLUME BY TYPE OF PROPERTY

€ mn	Total 31 Dec 2024	Total 31 Dec 2023	Change %
<b>Housing</b>	<b>13,778</b>	13,320	3.4
<b>Multi-storey apartment buildings (multi-family homes)</b>	<b>17,663</b>	18,209	-3.0
<b>Offices</b>	<b>14,773</b>	15,278	-3.3
<b>Trading</b>	<b>7,466</b>	6,658	12.1
<b>Hotels</b>	<b>2,239</b>	2,354	-4.9
<b>Logistics</b>	<b>1,729</b>	1,566	10.4
<b>Other</b>	<b>1,382</b>	1,318	4.9
<b>Building plots</b>	<b>839</b>	805	4.2
<b>Not allocated to any property type</b>	<b>1,749</b>	1,795	-2.6
<b>Total</b>	<b>61,618</b>	61,303	0.5

\*) Including disbursement commitments

The regional breakdown of DZ HYP's capital markets business is as follows:

CAPITAL MARKETS BUSINESS: REGIONAL DISTRIBUTION OF SECURITIES HOLDINGS

€ mn	Total 31 Dec 2024	Total 31 Dec 2023	Change %
<b>Germany</b>	<b>5,861</b>	7,136	-17.9
<b>EU peripheral countries<sup>*)</sup></b>	<b>1,508</b>	1,533	-1.6
<b>Other EU member states</b>	<b>728</b>	787	-7.5
<b>Other third countries</b>	<b>351</b>	572	-38.6
<b>Supranationals</b>	<b>354</b>	358	-1.1
<b>Total</b>	<b>8,802</b>	10,386	-15.2

\*) Italy, Portugal and Spain

# DIGITALISATION

## Digitalisation in the retail and corporate business

DZ HYP continued to pursue its digitalisation strategy in the 2024 financial year and largely completed it in the segment Retail Customers. The new VR-BaufiComfort process is increasingly in demand from intermediary banks and organisations, and in the year under review provided a channel through which DZ HYP and numerous partner banks can communicate with one another. This positive trend will be continued in the 2025 financial year by, for example, activating VR-BaufiComfort on the omni-channel platform. The platform is designed to offer an efficient application process, to enable customised financing solutions through risk-adjusted pricing. This marks another milestone for DZ HYP and strengthens the competitiveness of its partner banks. The foundations for a digital service portal were also laid in the year under review. Starting in 2025, the portal will be used to centralise all key information on retail real estate financings and

make it easy to apply for existing loans, as well as provide optimised process handling and improved support to both partner banks and clients over the entire loan life cycle.

In the Corporate Clients segment, the “FK Digital” project was continued in the year under review with a view to establishing a new digital loan processing structure. This involves setting up, in various stages, a central credit workplace with a uniform database and state-of-the-art user interfaces reflecting all major tasks across the entire loan life cycle.

## Modifying internal bank processes

DZ HYP also continued to advance the digital transition of its internal processes in the year under review and has now achieved almost complete coverage. The S/4 HANA migration of the remaining SAP components for bank management continued, with the first sections of the central data warehouse being converted. In addition, DZ HYP transferred various applications to the Cloud and launched a project on the use of artificial intelligence.

# ECONOMIC REPORT

## ECONOMIC ENVIRONMENT

### Monetary policy decisions

Having increased interest rates in a total of ten steps beginning in 2022, the European Central Bank (ECB) initiated a turnaround in its interest rate policy in the reporting year. The main refinancing operations rate was reduced from 4.3 to 3.2 per cent in four steps, while the ECB also lowered rates for the marginal lending facility and the deposit facility. These measures can be attributed in part to the stabilisation of inflation which, at 2.2 per cent in Germany, was significantly lower than in the three previous years.

### Germany records negative growth

2024 was the second recessionary year in a row for the German economy. According to provisional calculations, Gross Domestic Product (GDP) shrank by 0.2 per cent when adjusted for inflation. The Federal Statistical Office attributed this muted performance to the rising competition faced by German exporters in key sales markets, and also to high energy costs and the uncertain economic outlook. On the political front, the end of the "traffic light coalition" in November only added to the growing uncertainty in Germany.

Above all, the situation regarding construction and equipment curbed overall economic development. A combination of high interest rates – in spite of the European Central Bank's interest rate reversal in the summer – and higher prices weighed heavily on construction investment. As well as being faced with tougher conditions for financing, equipment producers found their investment plans impacted by a marked slump in domestic and international demand for industrial goods. Growing bureaucratic requirements are likely to have been a factor here as well. The German economy also faced headwinds in its foreign trade, with exports down 0.8 per cent in the year as a whole. The lack of export demand was very much in evidence here, as

imports remained muted throughout 2024 as a result of the weak economic climate and only increased by 0.2 per cent. On the plus side, public-sector spending had a buoying effect on the economy.

### Labour market shows first signs of weakness

2024 saw an increase in the average annual figures for unemployment and underemployment but both are still comparatively low from a long-term perspective. These increases are due in particular to the flagging economic performance and the continuing decline in demand for labour, which made it more difficult for unemployed people to find a new position. Accordingly, the number of unemployed in Germany increased by 178,000 year on year to just under 2.8 million people. In December 2024, around 46.0 million people residing in Germany were gainfully employed, which was 0.1 per cent lower than in the previous year. The average unemployment rate for the year increased by 0.3 percentage points to 6.0 per cent.

### Economic recovery in Europe

The euro area economy continued to recover in 2024 even though there was only a marginal increase in its pace of growth. According to an initial estimate by Eurostat, GDP in the euro area was up 0.9 per cent in the fourth quarter of the reporting year compared with the same period in the previous year. By comparison, fourth-quarter growth in 2023 was 0.5 per cent higher than in 2022. Here, the strongest growth momentum came from more southern countries like Spain and Portugal. In addition, economic heavyweights France and Italy succeeded in improving their economic performance. By contrast, Germany – the euro area's largest economy – once again proved to be a drag on the currency zone's overall economic growth, with industry in particular impacted by a marked slump in demand.

### Development of public-sector budgets

According to preliminary calculations, state budgets ended 2024 with a financing deficit of € 113 billion, around € 5.5 billion more than in the previous year. States, local authorities and social security funds increased their financing deficit, primarily due to higher

spending on social assistance benefits and monetary social benefits. This in turn can be attributed first and foremost to higher pension expenditure. There was also a substantial increase in spending on care allowances and citizens' income ("Bürgergeld"). By contrast, the federal government was the only subsector to succeed in reducing its deficit. This was mainly because measures that had been taken to alleviate the energy crisis – notably the gas and electricity price brake – expired at the end of 2023. Based on GDP at current prices, a deficit ratio of 2.6 per cent was recorded for Germany in 2024. This is on a par with the previous year's level and below the 3 per cent reference value stipulated by the European Stability and Growth Pact.

### **Developments on the financial markets**

2024 was an encouraging year for the German equity market. The DAX index, which comprises Germany's top 40 blue chips, added around 19 per cent and reached almost 20,000 points at the end of the year. On the bond market, the monetary policy decisions had a clear impact on shorter-term bonds. For the reporting year as a whole, the yield on ten-year German government bonds increased to 2.4 per cent as at year-end (2023: 2.1 per cent).

# REAL ESTATE MARKETS

## Slight upward trend in the German real estate investment market

The effects of the recession in the German economy and resulting decline in investment appetite were also felt in the construction and real estate industries. Although real estate prices stabilised following the interest rate cuts by the European Central Bank, they were still comparatively high during the period under review and continued to weigh on construction project financing. High material and energy prices further slowed down market activities. For housing construction in particular, this caused the number of expected completions to drop once more, falling far short of demand. These circumstances have also created challenges beyond housing construction, particularly in areas such as project development, reflected in declining margins and financial difficulties. This resulted in an increasing number of insolvencies among large companies (revenues of more than € 10 million) in the construction segment. This number grew to 29 (2023: 19) for companies active in shell construction and to 40 (2023: 14) for all subsequent trades from fit-out to facility management.

The commercial real estate investment markets saw an upward trend in the year under review. After reaching a level of € 31 billion in the previous year, transaction volumes in 2024 totalled € 35.3 billion (including commercial residential investments), an increase of 14 per cent compared with 2023, driven in large part by a strong final quarter of € 11.8 billion, the strongest quarter in two years in terms of turnover. The transaction volume achieved with portfolios also recovered at the end of the year, though it narrowly fell short of the previous year's figure; at almost € 12 billion, it was 1.0 per cent lower than the 2023 result. The focus here was primarily on packages of residential and logistics properties. The trend in individual transactions was more positive, accounting for two thirds of the transaction volume in the year under review, an increase of 23 per cent compared with 2023. Deal sizes were also on an upward trajectory, with 74 deals achieved in this category in 2024, up from 51 transactions amounting to more than € 100 million in 2023.

## Increasing turnover in real estate strongholds

The trend towards declining transaction volumes in the seven top locations of Hamburg, Berlin, Dusseldorf, Cologne, Frankfurt, Stuttgart and Munich in the two previous years was broken in 2024, with the transaction volume of commercial real estate investments up by around 39 per cent on the previous year to reach a total of € 16.8 billion. The share of the top locations in total German turnover rose from 39 to 48 per cent.

The highest growth was recorded in Berlin, where numerous residential real estate transactions drove up the trading volume by more than 50 per cent to € 6.1 billion. Munich and Hamburg ranked second and third, achieving just under € 3.2 billion (up 65 per cent) and € 2.4 billion (up 30 per cent) respectively. They were followed by Frankfurt, which achieved around € 1.8 billion, equating to an increase of 17 per cent compared with 2023. Commercial real estate transactions amounted to around € 1.3 billion (up 62 per cent) in Dusseldorf, to more than € 1.2 billion (up 24 per cent) in Cologne and to € 860 million (down 16 per cent) in Stuttgart.

## Residential and logistics properties keep their top spots

Residential and logistics properties were once again at the top of investors' lists in the year under review. Commercial residential properties (including student accommodation and senior living properties) accounted for around € 10.3 billion (2023: € 9.0 billion), which corresponds to 30 per cent of the total transaction volume. In this segment, too, the overall result was significantly boosted by strong performance in the fourth quarter, with annual turnover amounting to € 3.9 billion. Logistics and industrial properties also exceeded their previous year's result, rising by 8 per cent to reach € 7.9 billion, accounting for 24 per cent of total turnover. As was the case for residential properties, the fourth quarter was also the strongest in terms of turnover in the logistics segment since the beginning of 2022: turnover of € 3.1 billion corresponded to 40 per cent of the annual transaction volume in this asset class. Retail properties followed in third place in the ranking with a turnover of just under € 5.6 billion, equating to a share of 16 per cent, primarily driven by activity in the supermarket and spe-

cialist retail segment, which accounted for € 2.1 billion. Office properties continued to occupy fourth place in the ranking. While turnover increased slightly in absolute terms (up 6 per cent), reaching close to € 5.5 billion (2023: € 5.2 billion), the share in total transaction volume fell to 15 per cent (2023: 17 per cent).

### Stabilisation of prime yields

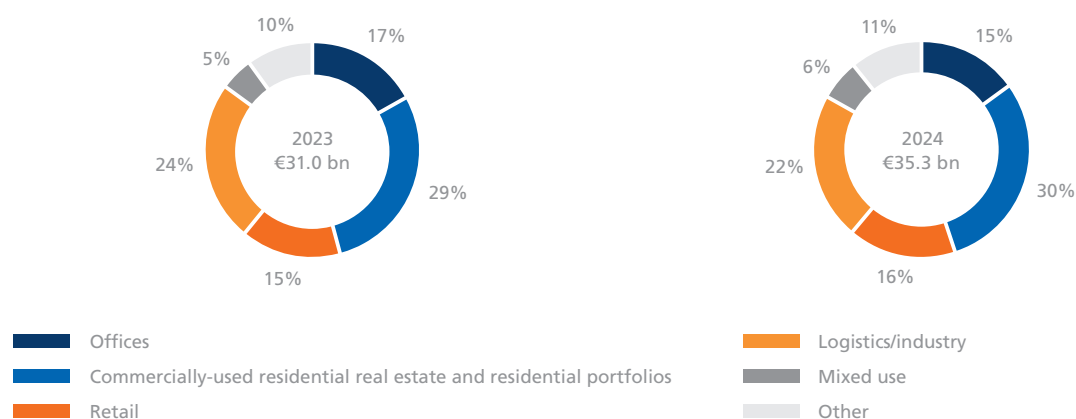
Prime yields in the top seven locations moved in both directions in the year under review, with the trend differing by asset class. Overall, they were largely stable. At the end of the year, the average prime yield for residential properties was 3.6 per cent. The yield was already down 10 basis points by the middle of the year, with prime yields for logistics and industrial properties amounting to 4.3 per cent by the end of the year, slightly down on the figure 12 months earlier (2023: 4.4 per cent). The trend in yields varied within the retail segment. Prime yields for shopping centres increased from 5.5 to 5.9 per cent, while those for specialist retail parks and commercial buildings stagnated at 4.6 and 3.5 per cent respectively. There was also little movement for office properties, with prime yields rising minimally in the first quarter of the year under review, from 4.3 to 4.4 per cent.

### Recovery in the residential investment market

Over € 9.8 billion was transacted in the German residential investment market in 2024, up 20.6 per cent on the previous year (2023: € 8.2 billion). This is primarily due to the performance in the fourth quarter, in which almost € 3.6 billion in properties was traded in several high-volume deals, including seven portfolio transactions each in the three-digit million range. In total, around 61,600 residential units changed hands in the year under review, spread over 337 transactions, equating to an increase of around 25 per cent compared with 2023. During the year under review, the average transaction size rose from € 18 billion at the end of March to € 51 billion in December. Increased activity in national portfolios also resulted in a shift in concentration from the seven real estate strongholds to other locations. The top seven cities accounted for around 43.9 per cent of transactions, considerably less than the five-year average of 54.4 per cent.

Forward deals with a one- to two-year horizon until completion were also back on investors' radars, rising from 18 to 24 per cent compared with the previous year, equating to 17.8 per cent of the total transaction volume, up from 11.5 per cent in 2023. The focus was on core-plus properties, with a 73 per cent share (84 per cent on average in 2023). Lagging further behind were properties in the core (21 per cent) and val-

#### COMMERCIAL REAL ESTATE TRANSACTION VOLUMES BY MAIN TYPE OF USE



ue-added or opportunistic segments (6 per cent). Despite a slight decline in the dominant position of asset and fund managers as the strongest buyer group (44 per cent compared with 67 per cent in 2023), they remained the most active buyers. Private housing enterprises accounted for 21 per cent of the market activities, while municipal and non-profit housing companies contributed 19 per cent.

Demand for housing, which continued to outstrip supply, supported the residential investment market in the year under review, with the shortage of suitable housing, forecast to continue, leading to rising rents for newly let properties, particularly in metropolitan regions and large cities. For investors, this equates to positive earnings, high occupancy rates and low likelihood of rent defaults.

### Widening gap between new and old office space

The office rental market closed the year with a slightly higher result than in 2023 (2.5 million square metres). With around 2.7 million square metres in office space take-up in the top seven German locations, however, the result still fell short of expectations at the beginning of the year and was around 30 per cent below the average for the previous year. It is fair to assume that companies' reluctance to rent space was primarily caused by the weakness of the German economy and job cuts in some sectors. Impending key political decisions in the USA and Germany and their consequences also played a role.

Different results were seen in the major cities in the year under review. While space take-up fell in Dusseldorf (down 16.2 per cent to around 253,000 square metres), Frankfurt/Main (down 8.3 per cent to around 371,000 square metres) and Hamburg (down 5.5 per cent to around 431,000 square metres), Munich came out on top in absolute terms with an increase of 28.9 per cent to around 620,000 square metres. Berlin, meanwhile, recorded an increase of 11.8 per cent to around 591,000 square metres, Stuttgart an increase of 26.5 per cent to around 199,000 square metres and Cologne an increase of 10.4 per cent to around 229,000 square metres.

In 2024, 1.6 million square metres of new office space was completed across all seven locations, up 24 per

cent on the same period of the previous year. Owing to the comparatively high demand for modern office space in central locations and high pre-letting rates there, which will persist in 2025, companies' options were and remain limited. By contrast, the vacancy rate continued to rise, with 6.7 million square metres (2023: 5.6 million square metres) remaining unused in the strongholds at the end of 2024. This corresponds to a rate of 6.8 per cent (2023: 5.8 per cent). The increase ranged from 4.3 per cent in Munich to 10.6 per cent in Dusseldorf, and was due to companies reducing their space requirements or searching for high-quality, sustainable space, leaving older, unrenovated properties more frequently vacant.

Prime rents for the seven top locations rose by an average of 5.7 per cent. With the exception of Cologne (€ 32.50 per square metre), where rents remained stable, rents rose significantly in the other cities. In Munich, they increased by 9 per cent to € 54.50 per square metre; in Dusseldorf by 8.8 per cent to € 43.50 per square metre; in Frankfurt am Main by 7.5 per cent, following in Munich's footsteps to take it above the € 50.00 per square metre mark; in Stuttgart by 5.7 per cent to € 37.00 per square metre; in Berlin by 4.5 per cent to € 46.00 per square metre; and in Hamburg by 4.3 per cent to € 36.00 per square metre.

### Growing momentum in the investment market for retail properties

Just under € 5.6 billion was transacted in retail properties in the year under review, which is 15 per cent more than in the previous year, but 37 per cent less than the five-year average. 2024 saw more deals (209) than in 2023 (194). Growth was mainly seen in transactions over € 100 million, of which ten (2023: six) took place, totalling € 2.6 billion. Market observers believe that the upward trend is due to increasing footfall and retail sales in city centres as well as increased purchasing power.

Specialist retail products accounted for 39 per cent of the transaction volume (of which 16 per cent attributable to specialist retail parks, 13 per cent to specialist retailers and 10 per cent to supermarkets; 2023 total: 46 per cent) and department stores for 30 per cent (2023: 9 per cent), followed by shopping centres with a share of 17 per cent (2023: 14 per cent) and com-

mercial buildings with a share of 14 per cent (2023: 11 per cent). Core products were the most popular product type, accounting for 54 per cent of the total, while core-plus properties accounted for 33 per cent, the value-added segment for 11 per cent and opportunistic deals for 2 per cent. Institutional investors were particularly active on the seller side, while the buyer side was dominated by retail specialists and private investors. There was also an increase in transaction activity outside of the seven real estate strongholds, with Hamburg and Dusseldorf accounting for 37 and 34 per cent respectively of the total volume in those strongholds.

Prime yields remained unchanged during the period under review, at 5.9 per cent for shopping centres and individual specialist retailers (excluding retailers with a focus on grocery retailing) and 4.6 per cent for specialist retail parks. For properties in very good locations, yields in the top seven locations ranged from 3.2 per cent in Munich to 3.7 per cent in Cologne and Stuttgart.

The rental market in the retail segment developed favourably in the year under review. Around 478,300 square metres of space found new tenants, exceeding the previous year's figure by 6 per cent, and the number of deals rose from 878 in the previous year to 932. Large-scale lettings and demand from the textile industry, department stores and non-food discount stores in particular boosted the market. The main rental activity took place outside of major cities, primarily due to limited availability of space in the top cities. Prime rents remained stable, ranging from € 340 per square metre per month in Munich to € 225 per square metre per month in Cologne.

### Positive trend continues in the logistics investment market

The transaction volume in the German investment market for logistics and industrial properties amounted to € 7.9 billion in 2024, up 8 per cent on the previous year and 11 per cent above the ten-year average. At € 3.1 billion, the final quarter alone accounted for 40 per cent of the total transaction volume in the year under review. A total of 237 deals took place, 25 of which were worth more than € 100 million, ten thereof in the final quarter. International investors were particularly active, accounting for 66 per cent of purchas-

es, while national investors dominated on the seller side with a share of 61 per cent. The main buyers were asset and fund managers (31 per cent), real estate companies (26 per cent) and corporates and REITs (8 per cent each).

Prime rents for warehouse and logistics properties showed varied development in the year under review and were less dynamic across the board. This was likely due to users being reluctant to take on new leases owing to economic uncertainties. For spaces over 5,000 square metres, there was no movement in any of the relevant logistics locations in Germany in the final quarter. There was a strong upward movement in Berlin, with prices rising by 31 per cent to reach € 10.50 per square metre. In Leipzig/Halle, too, prime rents for logistics space rose by 13 per cent to € 6.20 per square metre. Growth in the other markets remained below the 10 per cent mark. Only in Bremen did prime rents decline, falling by 4 per cent to € 5.85 per square metre in the second quarter. Despite stagnating rents, Munich remained the most expensive rental location at € 10.70 per square metre.

### Hotel investment market picks up momentum

At € 1.3 billion, the transaction volume in the hotel investment market fell 6 per cent short of the previous year's result and 27 per cent short of the five-year average (defined as individual transactions with an investment volume of at least € 5 million, portfolio transactions with properties exclusively located in Germany and German hotels sold as part of cross-border portfolio sales). The third (€ 470 million) and fourth (€ 400 million) quarters had the highest turnover in the year under review. Market activity was dominated by individual transactions, which accounted for 85 per cent of the trading volume, with deals worth € 25.8 million on average (2023: € 22.5 million). The most active buyers were private equity investors (€ 335 million or 26 per cent of the total volume) and institutional investors (€ 283 million or 22 per cent). The share of international investors grew to 63 per cent, with 19 transactions totalling € 821 million taking place. At 61 per cent or around € 800 million, value-added investments were particularly in demand, followed by core deals (35 per cent or € 461 million).

## Prices for condominiums reach pre-pandemic levels

Prices for condominiums and single- and double-family homes stabilised over the course of the year under review. Across all construction years, purchase price indices for condominiums and single- and double-family homes fell by 0.7 and 1.3 per cent respectively nationwide. In the previous year, these figures were 5.5 and 7.2 per cent respectively, with the indices rising by 86 and 75 per cent respectively over the previous decade. Prices in the new-build segment rose moderately. The indices for newly built condominiums rose by 2.1 per cent over the year, while those for single- and double-family homes rose by 0.6 per cent. Over the past ten years, the indices have climbed by 90 and 89 per cent respectively.

Purchase prices for newly built condominiums continued to rise, growing by 2.1 per cent in Germany as a whole in 2024, exceeding pre-pandemic levels on average. Advertised purchase prices in Germany have risen by 90 per cent over the past decade. In municipal districts, this increase was 98 per cent, slightly higher than the 85 per cent seen in administrative districts. Munich remained the most expensive city, at € 10,875 per square metre (fourth quarter of 2023: € 10,876 per square metre) despite a minor correction over the course of the year. The ranking for the next most expensive cities also changed a little: prices in Stuttgart remained at € 7,895 per square metre (2023: € 7,790 per square metre), ahead of Frankfurt at € 7,505 per square metre, which also recorded a decline over the course of the year (2023: € 7,701 per square metre). Next up, at € 7,472 per square metre (2023: € 7,072 per square metre), Hamburg overtook Berlin at € 7,178 per square metre (2023: € 7,260 per square metre). The national average is € 4,863 per square metre.

Munich is also in the lead when it comes to purchase prices for newly built single- and double-family homes, though the price per square metre of € 9,973 is lower than the previous year's figure of € 10,195 per square metre. Stuttgart ranks second with € 7,323 per square metre (2023: € 6,719 per square metre), Dusseldorf third with € 6,552 per square metre (2023: € 5,862 per square metre) and Frankfurt fourth with € 6,101 per square metre (2023: € 5,902 per square metre). The levels seen before the pandemic have not yet been reached again in this segment, which saw an increase of 0.6 per cent to an average of € 4,143 per square metre. In municipal districts, prices even fell slightly in 2024, by 0.1 per cent.

## Rental market continues to pick up

For rented apartments, the upward trend seen in previous years continued in 2024. Since January 2024, the indices have risen by 4.7 per cent across all years of construction, while new builds are up 5.1 per cent. Looking at the past ten years, there is an increase of 51 per cent across all years of construction; the increase is 49 per cent for new builds.

Residential rents also continued along the same path as in previous years, with the increase in newly built apartments amounting to 5.1 per cent across Germany. There were hardly any discernible differences between municipal and administrative districts, with a plus of 49 per cent observed over the past ten years. The average rent per square metre was € 12.47; across all years of construction it was € 10.29. Munich had the highest advertised rent at € 22.08 per square metre, followed by Frankfurt at € 19.17 per square metre, Berlin at € 18.18 per square metre, Stuttgart

### PURCHASE PRICE DEVELOPMENT IN GERMANY

(Newly-built) single/double-family homes  
 Average purchase price (€/sqm)



(Newly-built) condominiums  
 Average purchase price (€/sqm)



Q4 2023    Q4 2024

at € 17.03 per square metre, Hamburg at € 16.61 per square metre and Dusseldorf at € 15.58 per square metre.

### Cheaper home loan financings and increased demand

After climbing to 3.9 per cent by the end of 2023, interest rates for private housing loans fell in the year under review, in some cases with considerable fluctuations. In October 2024, they stood at 3.4 per cent, before falling briefly to below 3 per cent in some cases in December. Aided in particular by the more attractive terms and conditions, demand for home loan financings rose, with the highest increase in over 15 years seen in the third quarter. In the same period, the total amount of loans issued exceeded the € 50 billion mark for the first time in a long time. Specifically, € 53.1 billion in loans was extended, which corresponds to an increase of 30 per cent compared with the same period last year and roughly the same level as in 2014.

### Building permit figures in further decline

Regardless of whether single-family, double-family or multi-family homes, the number of approved new builds fell in all segments between January and November 2024. As a result, the target of 400,000 new homes per year set by the German government in 2021 was once again missed by a wide margin. By November 2024, 193,700 apartments had been approved across Germany, of which 34,800 were single-family homes (down 22.1 per cent or 9,900 compared with the same period last year), 11,700 double-family homes (down 12.7 per cent or 1,700 compared with the same period last year) and 101,200 apartments in multi-family homes (down 22.4 per cent or 29,300 compared with the same period last year). This equates to a decrease of 21.8 per cent or 44,100 apartments compared with the same period last year. Developments in Hamburg were positive. With 6,710 approved apartments, the previous year's figure (5,404 apartments) was exceeded by almost 25 per cent. In addition, almost 3,100 social housing units were built. Hamburg attributes this to a reduction in construction costs, among other things.

# BUSINESS DEVELOPMENT

## Credit Business

### New business volume slightly above the previous year's level

DZ HYP originated new real estate finance business – with both corporate clients and retail customers – totalling € 8,731 million in the 2024 financial year (2023: € 8,191 million). Including financing for public-sector clients, the Bank originated new business of € 9,498 million (2023: € 8,627 million).

### Corporate Clients segment

In its business with corporate clients, DZ HYP generated a new business volume of € 7,221 million in 2024 (2023: € 7,439 million). The German core market accounted for € 6,516 million (2023: € 6,907 million), in line with the Bank's strategic focus. Within the Cooperative Financial Network, joint lending business with the cooperative banks amounted to € 2,726 million (2023: € 2,552 million). To avoid cyclical peaks in the portfolio, DZ HYP continued to apply its conservative risk strategy with mandatory quantitative targets for its financing decisions in the year under review. Besides carrying out a comprehensive qualitative analysis of properties and location, including stress testing, the quality of the client relationship is essential.

### Retail Customers segment

Within the Cooperative Financial Network, lending to retail customers is dominated by real estate financing. Thanks to its funding options, as well as its standardised, highly efficient processes and a risk-adjusted price model, DZ HYP is in a position to provide cooperative banks with real estate loans that meet their exact needs. In the business with retail customers, the volume of new commitments intermediated via cooperative banks rose considerably in the year under review compared with the previous year, amounting to € 1,509 million (2023: € 753 million).

### Public Sector segment

DZ HYP is a centre of competence for business with public-sector clients in the Cooperative Financial Network. In this function, it supports cooperative banks in developing business with domestic local authorities as well as their legally dependent operations. DZ HYP originated new business of € 768 million in loans to local authorities during the year under review (2023: € 435 million). Of this figure, € 382 million (2023: € 252 million) was intermediated by cooperative banks and € 386 million (2023: € 183 million) was originated directly.

## REFINANCING

### Market environment

The 2024 financial year was characterised by geopolitical uncertainties and monetary policy decisions, which led to increased volatility on the financial markets overall. Alongside the crises in Ukraine and the Middle East, investors were unsettled by the snap elections in France, the collapse of Germany's three-party coalition government and the elections in the United States of America. Against this backdrop, Germany's covered bond market reacted with sharp increases in liquidity premiums in the fourth quarter of the year.

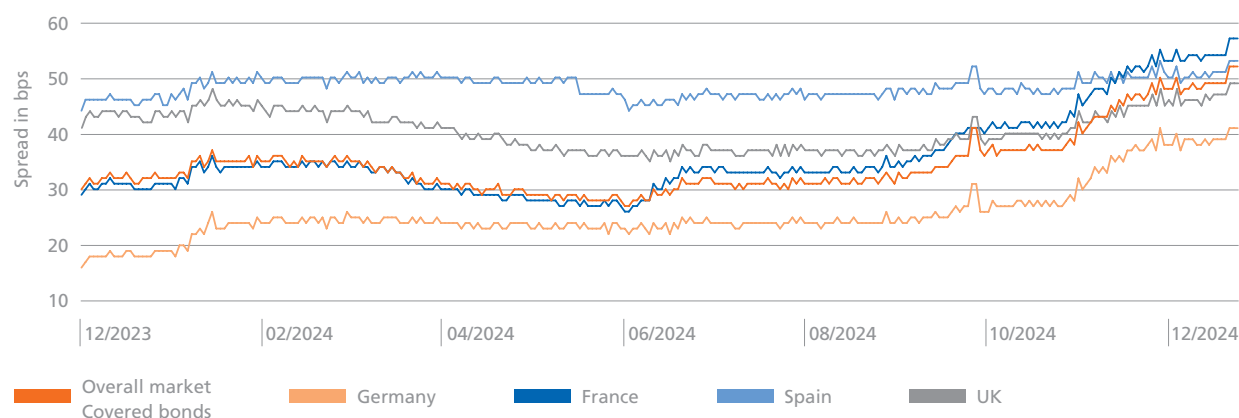
Overall, the euro-denominated benchmark covered bond market grew by € 31 billion in the 2024 financial year. Although the gross new issuance volume of € 146.8 billion was well below the previous year's figure (2023: € 184.9 billion), the relatively low level of maturities in 2024 (€ 115.8 billion) drove further growth in the market. Thus continuing the positive growth trend in the covered bond market seen in the last three years. Across a regional comparison, France (26 per cent) and Germany (20 per cent) dominated issuance activity, while Canadian issuers reduced their share. Overall, the covered bond market remains an important and stable source of funding in the European financial sector.

### Successful issuance activity in 2024

DZ HYP took advantage of the dynamic market environment in 2024, placing Pfandbriefe worth a total of € 4.5 billion (2023: € 5.3 billion). In the Mortgage Pfandbrief segment, DZ HYP issued a total of € 3.2 billion (2023: € 4.3 billion), including three benchmark bonds totalling € 1.8 billion (2023: € 1.0 billion) and a € 500 million Green Pfandbrief (2023: € 1.5 billion). In addition, € 0.9 billion (2023: € 1.3 billion) was generated through private placements and increases in outstanding mortgage bonds. In the Public Pfandbriefe segment, DZ HYP very successfully placed € 1.3 billion (2023: € 1.1 billion). In addition to a benchmark issue of € 500 million (2023: € 500 million), private placements of € 0.8 billion (2023: € 0.6 billion) were issued.

The Bank's unsecured funding totalled € 3.9 billion (2023: € 2.5 billion). Thanks to DZ HYP's deep roots in the Cooperative Financial Network and the DZ BANK Group, the majority of funds were generated via DZ BANK.

### REFINANCING PREMIUMS OF FIVE-YEAR COVERED BONDS



Source: DZ BANK

# NET ASSETS, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

## NET ASSETS

At € 77.2 billion, DZ HYP's total assets as at 31 December 2024 were down € 0.3 billion from the previous year's figure of € 77.5 billion. The real estate loan portfolio rose by € 0.6 billion to € 57.5 billion. The portfolio of real estate finance business with corporate clients recorded a rise of € 0.5 billion to € 43.4 billion, while

the private real estate financing portfolio volume increased by € 0.1 billion, from € 14.0 billion to € 14.1 billion.

In its business with public-sector clients, DZ HYP's investment strategy continues to focus on providing support for the German cooperative banks, while ensuring a balanced risk/return profile at the same time. As expected, new business originated during 2024 fell short of ongoing repayments, reducing the portfolio by € 0.2 billion to € 8.6 billion.

Furthermore, the public finance portfolio declined by € 0.7 billion, to € 8.3 billion during the year under review, as a result of maturities.

Overall, DZ HYP's credit portfolio in the 2024 financial year was down by € 0.2 billion on the previous year's level.

### DEVELOPMENT OF LENDING VOLUME

€ mn	31 Dec 2024	31 Dec 2023	Change from the previous year	
			€ mn	%
Mortgage loans <sup>*)</sup>	57,548	56,902	646	1.1
Originated loans to local authorities <sup>**)</sup>	8,580	8,785	-205	-2.3
Securities business <sup>***)</sup>	8,318	9,007	-689	-7.6
<b>Total</b>	<b>74,446</b>	<b>74,694</b>	<b>-248</b>	<b>-0.3</b>

\*) Mortgage loans including short-term loans collateralised by real property liens

\*\*\*) Credit business with direct liability of German local authorities or their legally dependent operations

\*\*\*\*) Lending transactions with national governments and sub-sovereign entities, Landesbanken and development and promotional banks, as well as state-guaranteed corporate bonds, bank bonds and mortgage-backed securities

DZ HYP's financial position is sound.

## Regulatory capital

With effect from the reporting date of 31 December 2012, DZ HYP has applied an own funds waiver option as provided for under Article 7 of the Capital Requirements Regulation (CRR). This means that it is exempt from applying certain regulatory requirements at individual institution level. DZ HYP makes use of the regulatory capital requirements for internal management purposes.

	31 Dec 2024	31 Dec 2023
Own funds (€ mn)	2,013	1,896
Total capital ratio (in %)	12.3	12.4
Tier 1 ratio (in %)	11.8	11.9
Common equity tier 1 ratio (in %)	11.8	11.9

To further strengthen the common equity tier 1 capital, DZ HYP, in consultation with DZ BANK, resolved to allocate a significant portion of the €245.8 million in distributable earnings generated in the 2024 financial year to the fund for general banking risks pursuant to section 340g of the HGB.

## FINANCIAL POSITION

Within the scope of liquidity management, DZ HYP differentiates between ongoing liquidity management and structural funding. In DZ HYP's view, appropriate management systems are in place for both types of liquidity. Liquidity management takes into account and complies with the limits of the internal liquidity risk model, DZ BANK's liquidity risk model and the regulatory risk requirements. The liquidity waiver with DZ BANK provided for under article 8 of the CRR will be taken into account from the date of first application, with effect from 31 December 2021.

- » Ongoing liquidity management aims to guarantee a reliable and continuous provision of liquidity at all times. Given DZ HYP's integration in the Cooperative Financial Network and its affiliation with DZ BANK, DZ HYP consciously refrains from maintaining an independent market presence for the purposes of short-term liquidity management, which is carried out in close coordination with DZ BANK. Due to its central bank function within the Volksbanken Raiffeisenbanken Cooperative Financial Network, DZ BANK raises cash and cash equivalents of various maturities and applies raised

funds within its Group. Within this Group liquidity management framework, subsidiaries such as DZ HYP may call upon funding from DZ BANK. This is based on closely coordinated, regular risk reporting about future changes to the liquidity position.

- » Structural funding is exposed to the risk that, due to various influencing factors, the Bank might be unable to maintain the required funding levels and that in certain circumstances debt may not be sufficiently available in the desired maturities. As a Pfandbrief issuer, DZ HYP is licensed to issue Pfandbriefe. This licence is the foundation for covered funding, providing a safe and cost-efficient way to raise liquidity. DZ HYP maintains its own market presence as a Pfandbrief issuer, placing Pfandbriefe with investors both within and outside the Cooperative Financial Network.

DZ HYP's liquidity situation is adequate.

## FINANCIAL PERFORMANCE

DZ HYP's financial performance in the 2024 financial year was decisively shaped by the successful operating results of the established real estate finance business segments. The increase in net interest income is accompanied by valuation allowances that are significantly lower than projected.

As part of its holistic management approach, DZ HYP uses the business performance indicators shown in the following table, which are derived from HGB accounting, and condenses them into the key performance indicators presented below.

### OVERVIEW OF THE PROFIT AND LOSS ACCOUNT

€ mn	2024	2023	Change from the previous year	
			€ mn	%
Net interest income	719.8	711.0	8.8	1.2
Net commission result	-21.1	-14.5	-6.6	45.5
Administrative expenses	244.5	246.7	-2.2	-0.9
Net other operating income/expenses	18.2	16.6	1.6	9.6
Risk provisioning <sup>*)</sup>	-90.6	-109.6	19.0	-17.3
Net financial result <sup>**)</sup>	4.4	-1.7	6.1	>-100.0
<b>Operating profit</b>	<b>386.2</b>	<b>355.1</b>	<b>31.1</b>	<b>8.8</b>
Allocation to the fund for general banking risks	146.0	155.0	-9.0	-5.8
Taxes	140.2	144.2	-4.0	-2.8
Partial profit transfer	0.0	0.5	-0.5	-100.0
Profits transfer	100.0	55.4	44.6	80.5

\*) Equates to the income statement line item "write-downs and valuation allowances of loans and advances and specific securities, as well as additions to loan loss provisions"

\*\*\*) Equates to the income statement line item "income from write-ups to participating interests, shares in affiliated companies and securities held as fixed assets"

### Net interest income

DZ HYP's net interest income of € 719.8 million in the 2024 financial year was € 8.8 million higher than the previous year's figure of € 711.0 million, with higher

margins, particularly in the lending business, having a positive effect. Net interest income results from the management of the banking books, which is geared towards generating long-term, matched-maturity margins.

### Net commission result

Compared to the previous year, the net commission result increased by € 6.6 million to € -21.1 million. At € 45.7 million (previous year: € 32.2 million), a significantly higher amount was paid on brokerage services to cooperative banks within the Cooperative Financial Network. At the same time, € 25.7 million (previous year: € 19.6 million) more was generated in commission income from the lending business, which depends both on the respective product mix and disbursement timing.

### Administrative expenses

Administrative expenses in the year under review – the total of general administrative expenses (€ 239.4 million; previous year: € 241.6 million) as well as amortisation/depreciation and write-downs of intangible and tangible fixed assets (€ 5.1 million; previous year: € 5.1 million) – amounted to € 244.5 million and are down € 2.2 million on the previous year (€ 246.7 million). This figure includes personnel expenses of € 110.2 million, up € 6.8 million from € 103.4 million in the previous year. Of this increase, € 4.7 million in particular is attributable to a rise in staff levels and salary increases.

Other administrative expenses are down € 9.3 million year on year to € 124.8 million. This decline is mainly due to the bank levy that no longer needs to be paid (previous year: € 33.2 million), after the target volume of the underlying fund was reached in 2023. In contrast, expenses for digital transformation projects rose by € 16.8 million.

### Net other operating income/expenses

At € 25.9 million, other operating income, generated largely from rental income of € 12.8 million (previous year: € 12.1 million), service income of € 6.9 million (previous year: € 7.2 million) and reversals of provisions of € 1.7 million (previous year: € 1.3 million), was up on the prior-year value of € 23.6 million. Other operating expenses increased by € 0.7 million to € 7.7 million (previous year: € 7.0 million). Net other operating income and expenses, as the balance of the two aforementioned income statement line items, rose by € 1.6 million to € 18.2 million.

### Risk provisioning

The Bank's risk provisioning expenses in the lending business were markedly lower than projected. In the Corporate Clients business and the private real estate lending business, additions to specific valuation allowances of € -79.0 million (previous year: € -120.8 million) were necessary. There was an expense of € 9.3 million in portfolio-based loss allowance (previous year: € +9.0 million), primarily due to adjustments to the rating parameters. In addition, income from the valuation and gains from the redemption of securities held as liquidity reserve amounted to € 0.1 million (previous year: € 0.7 million). Risk provisioning required expenses of € -90.6 million (previous year: € -109.6 million).

### Net financial result

Income of € 4.4 million (previous year: € -1.7 million) in the net financial result mainly resulted from € 3.4 million in gains on the disposal of a participation. Other realisation and measurement effects on securities held as fixed assets and credit derivatives amounted to € 1.0 million (previous year: € -1.7 million).

### Operating profit

Operating profit reflects DZ HYP's performance in its core business and is used for the internal management of the operating business segments. Operating profit of € 386.2 million exceeded the previous year's value of € 355.1 million, mainly due to higher net interest income and lower loss allowance.

### Change in the fund for general banking risks

During the 2024 financial year, € 146.0 million (previous year: € 155.0 million) was allocated to the special item for general banking risks pursuant to section 340g of the HGB in order to take account of particular risks facing the business purpose.

## Taxes

Taxes must be determined on a stand-alone basis under the existing tax compensation agreement between DZ BANK and DZ HYP. Taxes amounting to € 140.2 million (previous year: € 144.2 million) were allocated to DZ HYP. This includes for the most part a € 139.7 million income tax expense from allocations (previous year: € 143.7 million). Other tax expenses amounted to € 0.3 million (previous year: € 0.3 million) and related mainly to real estate taxes payable for the Bank's properties.

## Profit transfer

After taxes, profits of € 100.0 million (previous year: € 55.4 million) will be transferred to DZ BANK in accordance with the agreed distribution policy.

DZ HYP's key performance indicators are set out below.

## Distributable earnings

Distributable earnings are calculated for measuring DZ HYP's earnings power and are composed as follows:

### COMPOSITION OF DISTRIBUTABLE EARNINGS

€ mn	2024	2023
<b>Net income before profit transfer</b>	100.0	55.4
<b>Allocation to general risk provisions pursuant to section 340f of the HGB</b>	-0.2	-0.2
<b>Allocations to the fund for general banking risks pursuant to section 340g of the HGB</b>	146.0	155.0
<b>Distributable earnings</b>	<b>245.8</b>	<b>210.2</b>

The target of € 180 million was significantly exceeded due to the positive business performance.

## Cost/income ratio

The cost/income ratio (CIR) serves as a yardstick for the efficiency of commercial activities and also as a central management parameter. It expresses the ratio of administrative expenses (including other operating expenses) to the aggregate of net interest income, net

commission result and other operating income. Reflecting above all the year-on-year increase in net interest income, the CIR of 34.8 per cent in the 2024 financial year improved by 0.4 percentage points from 35.2 per cent in 2023, therefore significantly exceeding the target for 2024.

### STRUCTURE OF CIR COMPONENTS

€ mn	2024	2023
<b>Administrative expenses</b>	244.5	246.7
<b>Other operating expenses</b>	7.7	7.0
<b>Total relevant expense items</b>	<b>252.2</b>	<b>253.7</b>
<b>Net interest income</b>	719.8	711.0
<b>Net commission result</b>	-21.1	-14.5
<b>Other operating income</b>	25.9	23.6
<b>Total relevant income items</b>	<b>724.6</b>	<b>720.1</b>

## Return on equity

Another key performance indicator is return on equity (RoE), which is used to gauge a company's profitability. RoE is a measure of net income before taxes and allocation to general risk provisions in relation to the aver-

age invested relevant equity (the average of equity and risk provisions for the year under review and the previous year). In the year under review, DZ HYP's RoE improved to 16.4 per cent (previous year: 16.1 per cent), significantly exceeding the projection for 2024.

### COMPOSITION OF NET INCOME BEFORE INCOME TAXES AND ALLOCATION TO GENERAL RISK PROVISIONS

€ mn	2024	2023
<b>Net income before profit transfer</b>	100.0	55.4
<b>Allocation to general risk provisions pursuant to section 340f of the HGB</b>	-0.2	-0.2
<b>Allocations to the fund for general banking risks pursuant to section 340g of the HGB</b>	146.0	155.0
<b>Tax expense on income</b>	139.9	143.9
<b>Net income before taxes and allocations to general risk provisions</b>	<b>385.7</b>	<b>354.1</b>

DZ HYP's rigorously pursued business and risk strategy led to a stable financial situation and a robust financial performance in 2024. The accelerated build-up of general risk provisions combined with a sound financial position and performance provide the basis for what DZ HYP views as a viable business model.

The report on expected developments includes forecasts for the management parameters outlined above. In addition, DZ HYP has compiled various non-financial performance indicators in order to measure progress

regarding non-financial targets. Since these non-financial performance indicators are only used for internal management purposes, no further information is provided here. For disclosures on sustainability-specific indicators, please refer to the Non-financial Statement in accordance with section 289b of the HGB, in the "Sustainability Report" within DZ HYP's Management Report.

# REPORT ON OPPORTUNITIES, RISKS AND EXPECTED DEVELOPMENTS

## REPORT ON OPPORTUNITIES

DZ HYP defines opportunities as being positive unexpected deviations from the financial performance expected for the next financial year. The key factors determining value for the financial performance in this context (value drivers) were included in the forecast as planning assumptions. Opportunities exist here above all in the form of sources of income exceeding projections or expenses remaining below projections. The Bank benefited from these opportunities thanks in particular to the lower-than-expected loss allowance.

As a subsidiary of DZ BANK, DZ HYP is a member of the Cooperative Financial Network – a network characterised by a high degree of solidity, strong credit quality, and liquidity through customer deposits. The broadly diversified market position of the Cooperative Financial Network allows DZ HYP to offer financings based on risk and return criteria. DZ HYP will continue to use this ability to act – together with the German cooperative banks – as a reliable financing partner to its clients. As a member of the DZ BANK Group, DZ HYP is committed to the fundamental cooperative concept of re-

sponsible business practices. This means that the Bank's entrepreneurial spirit has a long-term horizon; it uses natural resources responsibly and efficiently and takes risks and opportunities into consideration as part of its decision-making processes.

### Managing opportunities

Seizing business opportunities while observing risk and return targets is an integral part of DZ HYP's enterprise management. The activities driven by the Bank's business model call for the ability to identify, measure, assess, manage, monitor and communicate opportunities. DZ HYP's opportunities management is integrated into the DZ BANK Group's annual strategic planning process. Strategic planning allows trends and changes to the market and competitive environment to be identified and analysed and also forms the basis for assessing potential opportunities. Reports submitted to the Management Board on opportunities arising from future business development, as derived from the business strategy, are based on operational planning determined from the results of the strategic planning process. Staff are informed about potential opportunities identified in the course of communicating the business strategy.

# RISK REPORT

With effect from the reporting date of 31 December 2012, DZ HYP has applied an own funds waiver option as provided for under Article 7 of the Capital Requirements Regulation (CRR). This means that it is exempt from applying certain regulatory requirements at individual institution level. In the context of the own funds waiver, economic and regulatory equity adequacy is monitored, ascertained and disclosed at DZ BANK Group level.

Since the reporting date of 31 December 2021, the ECB has also approved the application of a liquidity waiver pursuant to Article 8 of the CRR, whereby DZ HYP is exempt from complying at individual institution level with the requirements set out in Articles 412, 413 and 430 (1) lit. d) of the CRR. Instead, these requirements must be met at the level of the liquidity sub-group comprising DZ BANK and DZ HYP pursuant to Article 8 (2) and (6) of the CRR.

## I) Fundamental principles of risk management

Risk management at DZ HYP takes into account the requirements under the German Banking Act (*Kreditwesengesetz* – “KWG”), the Minimum Requirements for Risk Management in Banks (*Mindestanforderungen an das Risikomanagement* – “MaRisk”) and other relevant statements of the supervisory authorities, and is an integral part of the strategic and operational management of the Bank as a whole. Assuming risks in a targeted and controlled manner and observing target returns are both part of enterprise management within the DZ BANK Group, and therefore also within DZ HYP. The activities driven by DZ HYP’s business model require the ability to identify, measure, assess, manage, monitor and communicate risks. In addition, maintaining an adequate level of equity backing for risk exposure and a solid level of liquidity are fundamentally important for the Bank’s continued operation. As a guiding principle for all business activities carried out by the DZ BANK Group – and therefore also by DZ HYP – risk is assumed only to the extent required to achieve business policy objectives and provided that the Bank

has an adequate understanding of and expertise in identifying, measuring, assessing, managing, monitoring and communicating the risks involved.

To implement this principle, DZ HYP’s Management Board has formulated a Risk Appetite Statement in line with Group guidelines. Based on the risk policy guidelines and quantitative indicators in the Statement, as well as the business strategy, a Risk Strategy Framework was prepared and the respective risk strategies determined for the material types of risk.

The risk inventory, which is carried out at least annually or on an event-driven basis, identifies the types of risk that are relevant for the DZ BANK Group and assesses them with regards to their materiality. A materiality analysis is carried out for any type of risk that may occur in principle due to the business activities of DZ BANK Group entities. Following this, all types of risk classified as material are evaluated to determine to what extent risk concentrations exist.

Credit risk, market price risk, liquidity risk, operational risk, equity investment risk, reputational risk, business risk and longevity risk (as a sub-type of actuarial risk) have been identified as material risk types for DZ HYP. These types of risk are explained in sections II to IX. With the exception of liquidity risk, economic capital – referred to as the risk capital requirement – is determined for these types of risk. For risk types measured by DZ BANK, the “risk contribution” is used accordingly.

Risk is generally determined using a value-at-risk (VaR) figure based on a one-year holding period and a confidence interval of 99.9 per cent. A capital buffer is set aside to account for types of risk for which capital requirements cannot yet be (sufficiently) determined. As soon as adequate measures for quantifying such risks become available (if the exposure can be included in the risk capital requirement or risk contribution, respectively), this buffer will be released again. In substantiated exceptional cases, the capital buffer may be permanent (e.g. to account for longevity risk). The ratio of economic capital relative to reputational risk is taken into consideration or determined using the business risk model. The methods and procedures for managing liquidity risk are explained in section IV.

DZ HYP is closely integrated into the risk management of the DZ BANK Group, among other things through the use of the own funds and liquidity waivers. Risk management is performed in line with the business strategy and the risk strategies of DZ HYP and the DZ BANK Group. Risk limits for the material risk types are determined regularly as part of the yearly Group-wide strategic and operational planning process, taking into consideration the risk-bearing capacity of the DZ BANK Group. In addition, DZ HYP has limit systems in place for the internal management and monitoring of country and counterparty credit risks.

Early-warning indicators and escalation processes are defined as part of the limitation. In the event of any limit transgressions, an escalation procedure is initiated to restore limit compliance – or to approve transgressions – in line with delegated authority.

#### a) Responsibilities

The Management Board – as the Bank's highest internal decision-making body – is responsible for the management of DZ HYP. Management Board resolutions are taken during weekly meetings. As regards DZ HYP's risk governance, the Management Board has the management authority and sole power of representation, in accordance with section 78 of the German Stock Corporation Act (*Aktiengesetz* – "AktG"). The Management Board is responsible for managing and monitoring risks of the entire Bank at portfolio level, as well as for allocating risk capital. It decides upon individual loan exposures in line with its lending authority. In addition, DZ HYP is integrated into the committee structures of the DZ BANK Group and the Cooperative Financial Network, where DZ HYP's Management Board members or other employees are represented.

The Supervisory Board monitors the activities of the Management Board and receives the Management Board's reports, including reports on the business development and risk situation in accordance with section 90 of the AktG and other regulatory reports. The Rules of Procedure and Schedule of Responsibilities of the Management Board are subject to Supervisory Board approval. The Supervisory Board has established special committees from amongst its members to fulfil

its duties. The Risk Committee is responsible for risk management, including the Risk Appetite Statement and the resulting risk strategies in accordance with MaRisk. The Audit Committee's monitoring duties include, in particular, the accounting and financial reporting process, the effectiveness of the risk management system (in particular the effectiveness of the internal controlling systems and the internal audit), the audit of the financial statements and the independence of the external auditors. The Nomination Committee assists the Supervisory Board; its tasks include identifying candidates for appointment to the Management Board or Supervisory Board and assessing the structure, size, composition and performance of the Management Board and the Supervisory Board. The Remuneration Control Committee monitors the appropriate structure of the remuneration systems for members of the Management Board and employees.

#### b) Functions

A "three lines of defence" model has been established for the structural organisation of the risk management framework. This model clearly differentiates responsibilities between the various units and addresses potential conflicts of interest.

The first line of defence is the operational management in the front-office units (*Markt*). The units involved are responsible for recognising risks at an early stage, assessing them, consciously assuming or avoiding them, and implementing suitable risk management measures, taking the existing framework conditions into account.

The second line of defence is responsible for establishing and developing risk management standards. It also monitors compliance with these standards by the first line of defence, and submits corresponding reports to the Management Board and the Supervisory Board. The second line of defence largely assumes the function of monitoring the first line of defence, as required by MaRisk, through the second vote of the back office (*Marktfolge*).

In the second line of defence, Risk Controlling takes on the risk control function in accordance with MaRisk, and therefore the overarching responsibility for identi-

fyng, measuring, assessing and limiting risks, as well as for risk monitoring and communication.

The Compliance Office assumes additional functions of the second line of defence. It also serves as the Compliance Officer pursuant to MaRisk and the Securities Trading Act (*Wertpapierhandelsgesetz – “WpHG”*), Anti-Money Laundering Officer/Central Unit, Data Protection Officer, Information Security Officer, Business Continuity Manager and Central Outsourcing Officer.

As the third line of defence – and independent of individual processes – Internal Audit examines and assesses risk management processes employed by the first and second lines of defence. In this capacity, it reports directly to the Management Board, the Supervisory Board, the Audit Committee and external controllers.

### **c) Requirements pursuant to section 27 of the PfandBG**

DZ HYP's risk management framework fulfils the requirements under section 27 of the German Pfandbrief Act (*Pfandbriefgesetz – “PfandBG”*). The TXS-Pfandbrief application is used to determine the market risk exposure of cover asset pools, based on a coverage concept using present values, as set out in the Present Value Cover Regulation (*Verordnung über die Sicherstellung der jederzeitigen Deckung von Hypothekendarlehen, Öffentlichen Darlehen, Schiffsdarlehen und Flugzeugdarlehen nach dem Barwert und dessen Berechnung bei Darlehenbanken – “PfandBarwertV”*) promulgated by the Federal Financial Supervisory Authority (BaFin). Stress scenarios simulating the impact of standardised interest rate shocks on the present value of cover assets pools are used to quantify the market risk exposure.

BaFin has prescribed structural parameters for these interest rate shock scenarios, as well as for the maximum impact these scenarios may have on the present value of the cover assets pools. A report on the present values and DZ HYP's liquidity status is prepared on a daily basis and submitted to Treasury.

In addition, a quarterly report, which covers the more extensive PfandBG requirements regarding historical

and future performance and credit risk exposure of the cover assets pools, is submitted to the Management Board.

Internal rules regarding the commencement of business in new products or markets comply with the requirements of MaRisk as well as with those under section 27 of the PfandBG.

### **d) Internal control and risk management system related to the financial reporting process**

DZ HYP's accounting and financial reporting system is predominantly assigned to the Finance department (which is independent from the business segments); it comprises financial accounting and asset accounting. Securities accounting and loan accounting are both assigned to the various back office units within DZ HYP. Payroll administration has been outsourced to ZALARIS Deutschland AG, Henstedt-Ulzburg.

The internal control and risk management system implemented for the accounting process consists of accounting-related and other control objectives. Accounting-related control objectives are designed to ensure that internal and external accounting and financial reporting systems function correctly and reliably. Key objectives in this context are to ensure completeness and accuracy of documentation, to record transactions promptly, to reconcile balances across the IT systems used and to comply with applicable accounting rules. Other control objectives relate to compliance with applicable laws and regulatory requirements.

Integrated business process control mechanisms – such as dual control checks – have been installed to implement the strategy outlined above. The separation of functions, access restrictions, work instructions and plausibility checks serve to mitigate errors. The Bank regularly enlists the help of external experts to implement new legal regulations. New product processes always require evidence – prior to the launch of a new product – that the business with new products/new markets can be implemented correctly in the accounting and financial reporting system in line with applicable rules. Internal Audit regularly carries out process-independent checks concerning accounting and financial reporting.

Overall, the Bank has implemented a control and risk management system with regard to the financial reporting process. This system comprises measures for identifying and assessing material risks (and related risk mitigation measures) to ensure the proper preparation of the financial statements.

### e) Risk monitoring and reporting

An Overall Risk Report is prepared on a monthly basis. In accordance with MaRisk requirements, this report includes a presentation of the Bank's aggregate risk situation, the material types of risk and the regulatory and economic capital adequacy. In line with corresponding coordination, DZ BANK allocates the risk appetite to DZ HYP in the form of limits for the material types of risk. Overall risk limit utilisation stood at 51 per cent as at 31 December 2024; no risk type showed a utilisation above 90 per cent. The Overall Risk Report is discussed by the Management Board on a monthly basis, and three times a year by the Risk Committee and the Supervisory Board. In addition, the market price risks to which DZ HYP is exposed are reported daily to the Management Board pursuant to MaRisk; the key figures are also provided to the Supervisory Board and its Risk Committee on a regular basis.

## II) Credit risk

Credit risk is defined as being the risk of losses incurred as a result of the default or migration of creditworthiness of counterparties (borrowers, issuers, other counterparties) or guarantors. Both traditional lending business (real estate finance or local authority lending, including financial guarantees and loan commitments) as well as capital markets activities may be exposed to credit risk. In the context of credit risk, capital markets activities relate to products such as securities, promissory note loans (*Schuldscheindarlehen*), derivatives and money-market transactions.

Credit risk in real estate finance and local authority lending is defined as (I) the risk that a client is unable to settle claims arising from loans taken out by him (additional any existing overdrafts), or from overdue

payments; or (II) the risk of losses from contingent liabilities or committed credit lines.

Credit risk from capital markets activities is distinguished further, into replacement risk and issuer risk. Replacement risk from derivatives is defined as the risk of a counterparty defaulting during the term of a transaction (with a positive market value), in which case DZ HYP would have to incur only additional expenditure (equivalent to this market value at the time of default) in order to enter into an equivalent transaction with another counterparty. Issuer risk denotes the threat of losses from defaulting bond issuers.

### a) Credit risk quantification

Credit Risk Controlling is responsible for quantifying the risk capital requirement, using a credit portfolio model to determine Expected Loss (EL) and Credit Value-at-Risk (CVaR) on a monthly basis. For this purpose, the required default probabilities are mapped using CRR-compliant ratings insofar as possible. In principle, Expected Loss is determined by mapping probability of default and expected loss severity after the realisation of collateral with the expected receivables at the time of default. Expected losses at the level of individual transactions are incorporated into the calculation parameters for new business, in order to prevent gradual erosion of equity. Key factors used to determine credit risk, employing the credit portfolio model, are lending volume, concentration effects (relative to sectors, countries, or counterparties), eligible collateral, intra- and inter-sector correlations, and the credit quality structure of the portfolio. Measurement includes default risk from both the lending business and trading activities.

### b) Credit rating

The ECB has approved the majority of DZ HYP's rating systems for the purpose of calculating equity requirements under the IRB approach; they ensure an adequate assessment of counterparty credit risk and support internal management. Models are developed and validated in line with DZ BANK's requirements and rating procedures are validated at least once a year.

Given its extensive real estate expertise, DZ HYP has assumed the lead – within the Cooperative Financial Network – for developing, regularly maintaining and optimising rating procedures for commercial real estate finance in Germany. These are also employed by numerous cooperative banks. Based on the Bank's function as a centre of competence for public-sector clients, the public-sector entity rating within the DZ BANK Group is bundled in DZ HYP.

DZ BANK is responsible for methodological development for other client segments, such as banks and sovereigns, also involving the National Association of German Cooperative Banks (BVR).

For a small number of special cases, DZ HYP applies simplified rating procedures for which no Internal Ratings-Based Approach (IRBA) approval has been applied. This is due to cost/benefit considerations.

A breakdown of DZ HYP's total lending volume by type of business and by rating class is provided below:

#### LENDING VOLUME<sup>\*)</sup> BY RATING CLASS

€ mn	Total		Real estate lending	Originated loans to local authorities	Capital markets business
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2024	31 Dec 2024
<b>Investment grade (rating class 2A or better)</b>	<b>75,578</b>	77,269	57,324	9,497	8,758
<b>Non-investment grade (rating classes 2B-3E)</b>	<b>3,492</b>	3,175	3,459	–	33
<b>Defaulted rating classes (4A or worse)</b>	<b>846</b>	527	835	–	11
<b>Unrated</b>	<b>0</b>	1	0	–	–

\*) Including disbursement commitments

A new rating is prepared for each client at least once a year or for specific events.

### c) Intensified handling and management of problem loans

DZ HYP uses an individual risk management system (ERM) for the purposes of early warning, in a similar way as it is used by DZ BANK. Cases with early warning indicators are assigned to a 'yellow list'. Loans where a subsequent loss cannot be excluded are kept on a 'watch list'. Where there is a clear negative trend, coupled with an existing requirement for recognising specific impairments, the cases are included on the 'default list', which also contains all exposures subject to recovery without specific impairments required. The processing rules and requirements on the transfer from

one ERM list to another are subject to defined criteria. A detailed report on ERM exposures is submitted to the Management Board on a monthly basis.

Non-performing loans (NPLs) are managed using the following indicators in particular:

- » NPL ratio (defined as the share of NPLs in total lending volume (in particular without considering disbursement commitments))
- » Provisioning ratio (defined as risk provisioning in relation to total lending volume)
- » Risk coverage ratio (defined as risk provisioning in relation to NPLs)

Selected indicators used for internal credit risk management developed as follows during

the year under review:

CREDIT RISK INDICATORS

€ mn	Total 31 Dec 2024	Total 31 Dec 2023	Change in %
Lending volume <sup>*)</sup> (LV)	79,917	80,972	-1.3
NPL volume	846	527	60.5
NPL ratio in %	1.06	0.65	63.1
Risk provisioning pursuant to the German Commercial Code (Handelsgesetzbuch – "HGB" <sup>**)</sup>	581	477	21.8
Provisioning ratio in %	0.73	0.59	23.7

\*) Including disbursement commitments

\*\*) Specific and general valuation allowance, general risk provisions (section 340f of the HGB) and other provisions

The renewed increase in the NPL ratio was driven by the real estate lending business with corporate clients. Individual lending exposures had to be classified as NPLs and hedged with a corresponding specific allowance, where necessary. The portfolio's NPL structure has not shifted systematically; the NPL level remains low across all fields of business.

**d) Provisions for loan losses / loss allowance**

The Bank has accounted for all identifiable credit risks, in accordance with prudent commercial judgement, by recognising provisions in the amount of expected losses. Provisions for loan losses comprise write-downs and provisions for evident and inherent default risks, for all receivables carried on the balance sheet as well as for off-balance sheet transactions. When calculating expected losses in real estate financing, the value of property liens is recognised based on recent value appraisals. If the loan amount exceeds a threshold, these appraisals are issued by certified experts. Lending exposures with no recovery prospect are appraised at the minimum value achievable in a short-term realisation, given known recovery rates and costs. The inventory of specific loss allowance is regularly monitored and reported to the Management Board as part of the

monthly loss allowance projection and the Overall Risk Report. Potential default risks are recognised through general valuation allowances as per the IFRS 9 stage concept.

**e) Concentration risks**

Key factors used to determine credit risk are concentration effects (relative to counterparties, sectors, countries, or maturities) and the credit quality structure of the portfolio. Elevated concentrations of lending volume regarding counterparties, sectors or countries increase the risk of credit risks materialising cumulatively – for example, in the event of a default of counterparties subject to higher concentrations or economic crises affecting sectors or countries with higher concentrations.

**Real estate finance**

DZ HYP's business model-related focus on real estate lending is balanced by a broad diversification within the real estate loan portfolio – for example, across different types of property. Concentration trends recognised as part of risk monitoring serve as a basis for management measures. At present, no single property

type accounts for more than 30 per cent of the total lending volume for the real estate lending business. The regional breakdown of the Bank's domestic business is broadly diversified; no German Federal state accounts for more than 30 per cent of total domestic lending volume. From 2025 onward, portfolio limits will be introduced for individual property types or certain repayment options. These will limit the total credit volume in each segment.

#### Originated loans to local authorities

Risk monitoring in the area of public-sector clients focuses on regional concentration risks in particular. The broad portfolio diversification was maintained in the 2024 financial year.

#### Capital markets business

In 2024, capital market developments were driven by uncertainties in the interest rate outlook and (geo)political sphere (especially in the Middle East, the USA, China and France). Despite those uncertainties and the muted economic outlook, the Bank does not expect any default events to occur in its capital market portfolio, which remains well diversified across geographies and maturity structures.

### f) Commercial real estate finance risks

Macroeconomic challenges and the associated reluctance to invest, alongside comparatively high financing costs, continue to weigh on the real estate market. For commercial real estate finance, this primarily involves latent risks in connection with cash flows, investments and market values.

DZ HYP closely monitors the risks in its credit portfolio. No systematic anomalies have been identified to date, and, although an increasing number of risks requiring intensified or problem exposure handling have recently come to the fore, the rate of such exposures remains moderate overall, and exposures that have been successfully stabilised or restructured are regularly returned to normal handling.

Regarding financing with construction risks, positive market momentum has so far failed to materialise, as

a wait-and-see approach continues to prevail. Delays have been observed in the rental and sale of properties, while the first signs of an upswing have emerged for property development financing, particularly in the area of private (owner-occupied) use. The project development market remains tense, with the traditional route of property construction for subsequent sale not yet developing positively. One risk-mitigating factor is that the majority of the properties have already entered the development phase, meaning that many contracts have already been awarded and costs have largely been calculated. Meanwhile, the situation is difficult for construction projects that have not yet begun (involving real estate acquisition financing), with challenges faced including delays in obtaining planning permission, increased costs, more difficult exits due to new factors and interest rate hikes in the planning period.

The office investment market is faced with uncertainties about what kind of offices property users will want in the future and what space requirements this will entail. Demand for space is expected to decrease and to focus on ESG-compliant, state-of-the-art and high-quality spaces in city centres or other locations that are easy to reach and offer superior service infrastructure. Given the continued economic weakness, this also poses risks for office space demand, and companies are postponing their growth and investment decisions.

The retail property rental markets have recently picked up again somewhat and the development in rents for newly let properties remained positive on the whole. Despite this, there are currently no clear signs of consumer impetus; in 2024, retail sales adjusted for price and calendar effects were only slightly higher than those in 2023. As is the case for general economic development, consumer confidence remains very subdued.

Hotel occupancy had already largely stabilised at pre-pandemic levels back in 2023. In 2024, room occupancy at most hotels was back to being above the 2023 level in most cases, while room rates and revenues increased. The German hotel industry continued to face challenges in 2024, such as rising customer expectations, high operating costs, competitive pressure and a shortage of skilled personnel, though

many hotels are already taking measures to overcome those challenges, with their efforts aided by the positive occupancy rates, prices and revenues.

DZ HYP's portfolio does not include any properties serving as collateral that are located in Ukraine, Russia or Belarus, and there is no sign of any increased risks relating directly or indirectly to these countries at an individual exposure level.

**g) Limit monitoring**

Treasury has access to the country and counterparty credit risk limits and their utilisation at any time for the purposes of intraday monitoring. Back office units monitor the utilisation of individual business partner and country limits on a daily basis as part of their monitoring processes.

The risk capital requirement for credit risk (plus capital buffer) is compared with the limit for credit risk and monitored.

**III) Market price risk**

Market price risk is defined by the impact of interest rate fluctuations on the money and capital markets, and by changes in exchange rates. DZ HYP's primary market price risks are interest rate risks in the banking book, currency risk, as well as spread and migration

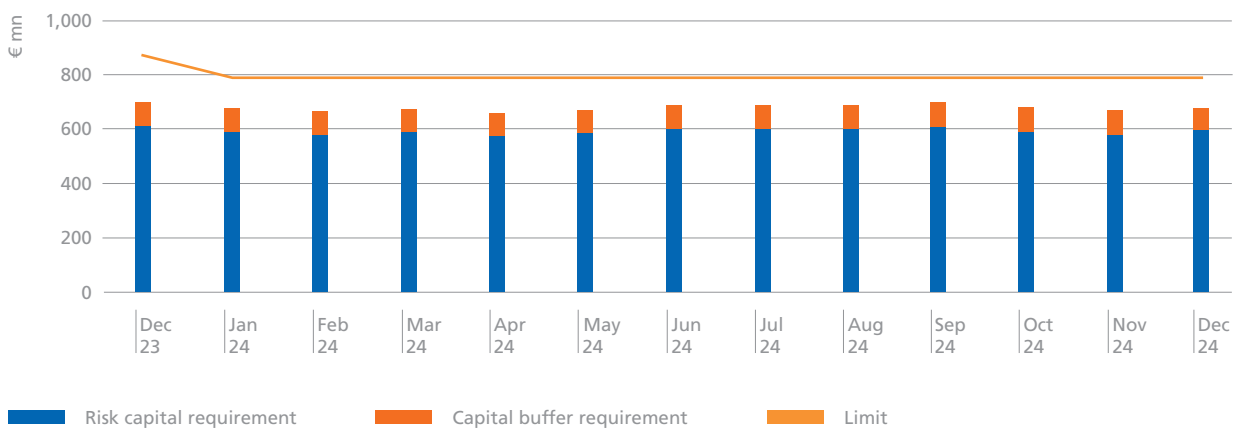
risk. These risks are measured and limits applied at Group level using data provided by DZ HYP on a daily basis. Market price risk is quantified via the risk contributions for interest rate risk and currency risk as well as for spread and migration risk.

DZ HYP uses various hedging tools in its dynamic management of interest rate risk and currency risk for the Bank as a whole. This consists mainly of interest rate swaps, cross-currency swaps and caps. Each derivative hedge forms part of the overall management of the entire banking book.

The Management Board and Head of Treasury are informed on a monthly basis about the limit utilisation in terms of the risk capital requirement calculated using the Group model. They are informed on a daily basis about the utilisation of sensitivity limits that have been implemented. A multi-level escalation plan, comprising escalation paths and measures to be taken, has been implemented to deal with any breach of defined thresholds.

To manage operational market risk, the Bank calculates interest rate sensitivity parameters (i.e. theoretical present value changes given simulated changes in interest rates) on a daily basis. Interest rate sensitivity during the 2024 reporting year was characterised by minor fluctuations at a low level. Aggregate interest rate sensitivity limits were complied with at all times. In line with the procedures applied to other types of risk, the risk classification procedure applied in assessing the market

**RISK CAPITAL REQUIREMENT FOR CREDIT RISK**



## RISK CAPITAL REQUIREMENT FOR INTEREST RATE, CURRENCY, SPREAD AND MIGRATION RISKS TO GROUP RISK EXPOSURE



\*) €4 mn as at 31 Dec 2024

price risk is examined for appropriateness on an annual basis, and adjusted if necessary. The Bank regularly calculates stress scenarios using DZ BANK Group's model. Aside from risk management based on interest rate sensitivities, DZ HYP measures and sets limits for periodic interest rate risks in net interest income.

In 2024, the risk contribution to Group risk exposure decreased owing to a reduction in risk contributions from interest rate and currency risks.

DZ HYP's Treasury management is in line with the Bank's business model. In particular, the primary focus of Treasury management is on managing profit and loss for the period in order to protect margins from client business. Treasury's business activities are not regarded as a profit centre.

Real estate loans with terms exceeding ten years are subject to statutory termination rights pursuant to section 489 of the German Civil Code (*Bürgerliches Gesetzbuch* – "BGB"). The effect of these optional risks is reflected in the risk model.

Contractual early redemption rights are taken into account via notional lifetimes, which are validated statistically.

#### IV) Liquidity risk

Liquidity risk comprises the threat of insufficient liquidity being available to meet payment obligations. Liquidity risk can thus be understood as the risk of insolvency. In this regard, liquidity risk arises from a mismatch in the timing and amount of cash inflows and outflows; it is affected to a significant degree by other types of risk. The Bank's liquidity risks are determined daily, in line with the regulatory and business requirements and in coordination with DZ BANK.

As a basis for managing economic liquidity, Market Price Risk and Liquidity Risk Controlling provides Treasury with a differentiated overview on each business day, indicating future liquidity flows (comprising cash flows as well as a gap analysis of principal repayments and fixed interest mismatches) resulting from individual positions in the portfolio. Where a comparison of liquidity data against defined limits gives rise to escalation, this follows a pre-defined process flow which may invoke the emergency procedure for liquidity bottlenecks pursuant to MaRisk. No escalation was required in 2024.

In order to determine Group liquidity risk exposure and DZ HYP's contribution to this, DZ HYP's liquidity data is transmitted to DZ BANK's Risk Control Unit daily, where it is used to determine limit utilisation.

The DZ HYP Management Board is also provided with an overview of excess liquidity incorporating stress scenarios in the Overall Risk Report. A limit system is implemented on a daily basis and integrated into the risk monitoring process. The results from the scenario analyses – which comply with the requirements set out in the relevant sections of MaRisk – are fed into the risk analysis process.

The first step in determining risk indicators is to calculate a liquidity run-off profile based on the contractually agreed terms of all financial instruments with an impact on liquidity. The base case scenario maps the development of current and future liquidity reserves in connection with expected business activities. Potential changes to the liquidity run-off profile and to liquidity reserves in the event of a crisis affecting markets or the Bank are simulated fo

- » A serious crisis threatening the DZ BANK Group
- » A three-notch downgrade of the DZ BANK Group's long-term rating
- » A sudden and pronounced loss in value for assets traded on the stock markets
- » A combination of a crisis affecting the market as well as the Company

Expected liquidity is indicated by the liquidity run-off profile in the base case scenario. In the stress scenario, liquidity is defined by the lowest daily value among the four scenarios. Using expected liquidity for each record date, the minimum excess liquidity indicator is deter-

mined, which expresses the adequacy of economic liquidity. Throughout 2024, this indicator remained above the limit of zero. The set of scenarios is complemented by an inverse stress test carried out on a quarterly basis.

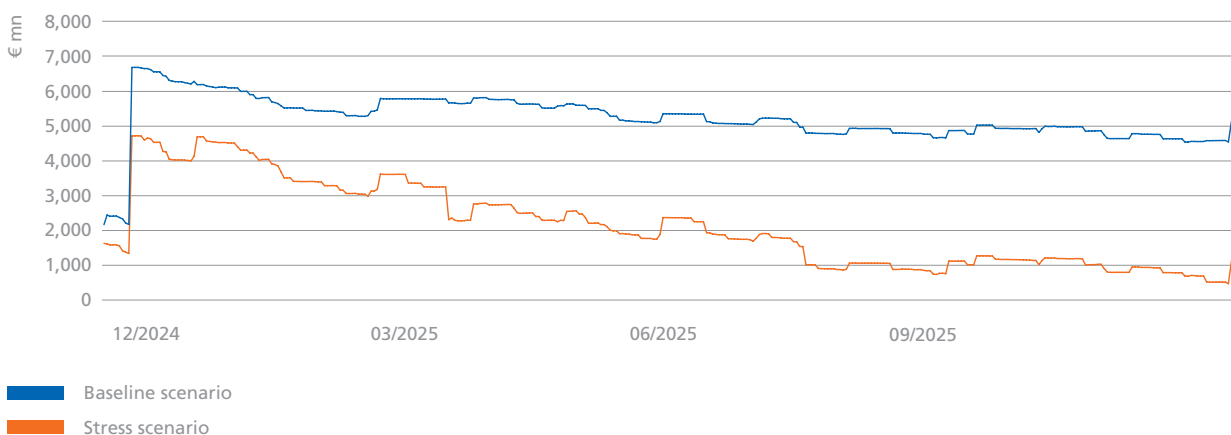
Our liquidity risk models and emergency plan for liquidity bottlenecks are reviewed annually and adjusted if necessary.

Refinancing risk denotes the risk of a deterioration in funding terms. With a widening liquidity spread, covering any future liquidity requirements would incur additional cost. DZ HYP minimises funding risk by managing the liquidity run-off profile.

During 2024, DZ HYP's funding activities included issuing Mortgage Pfandbriefe and Public Pfandbriefe, which were predominantly purchased by counterparties outside the Cooperative Financial Network. Further funding activity consisted of unsecured liquidity facilities provided predominantly by DZ BANK.

DZ HYP defines market liquidity risk as the threat of losses that may be incurred due to unfavourable changes in market liquidity, for example due to a deterioration in market depth or in the event of market disruptions. In such cases, the Bank may only be able to sell assets held at a discount and active risk management may be restricted. Since the impact of market liquidity risk is evident in changed spreads and volatility levels, this is reflected in risk calculations.

EXPECTED LIQUIDITY DEVELOPMENTS AS AT DECEMBER 2024



## V) Operational risk

The DZ BANK Group defines operational risk as the risk of losses resulting from human behaviour, technical faults, weakness in processes or project management procedures, or from external events. This definition includes legal risks but does not cover strategic or reputational risks

Capital requirements for operational risks are derived at Group level as part of the process for determining regulatory capital requirements. This is done by applying the standardised approach as set out in the CRR. Economic capital for operational risk is also determined at Group level using a portfolio model and is incorporated into internal management, at both a Group and individual institution level.

Compiling loss data in a central database makes it possible to identify, analyse and assess loss events and, in turn, to recognise patterns, trends and concentrations of operational risks. Losses incurred by DZ HYP include losses affecting income (direct losses, provisions) and losses recognised directly in equity (indirect losses, profits forgone/opportunity costs). Losses affecting income are included in the model used for quantifying risk capital requirement from DZ BANK's economic perspective.

Losses incurred from operational risks do not follow a continuous trend. The overall loss profile is derived from losses incurred over many years and is characterised by a small number of major losses. This means that comparisons of the period under review with the previous year's levels are not conclusive, which is why

these comparative figures are not provided. A total of 49 loss events under a CRR event category were recorded during the year under review.

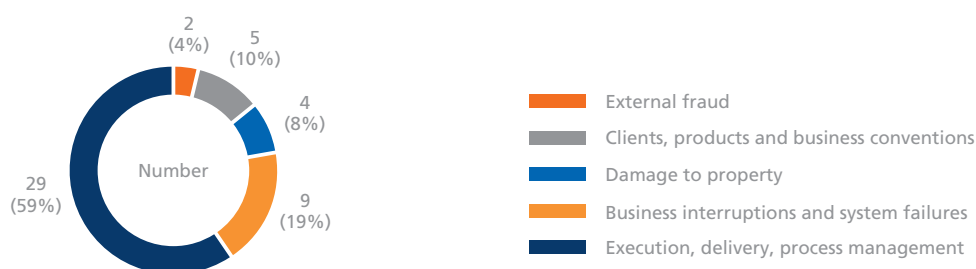
To identify operational risks in good time, an early warning system – used by DZ HYP regularly – records a total of 173 indicators (aligned with the CRR event categories, including system failures, fraud, damage to property) and analyses results by way of a traffic light system. Monitoring the risk indicators did not result in significantly higher operational risks during 2024. In fact, the vast majority of risk indicators did not show any risks during the course of 2024.

As a rule, the scenario-based risk self-assessment is conducted every year. Using risk scenarios, material potential risks are determined, in accordance with the CRR, for all first-level risk categories and mapped in the form of scenarios. The results of DZ HYP's assessments are incorporated into the economic risk model developed by DZ BANK for the Group. A risk self-assessment was not conducted for the DZ BANK Group as a whole in 2024; the previous year's scenarios were used instead. Some of the selected scenarios were subject to an in-depth review to ascertain their relevance; there were no indications of any material changes in the risk assessments. The scenarios deemed to be most likely were potential threats from hacker attacks and activity and process outsourcing risks.

### IT risk

Information risks, including risks relating to information and communications technology, can arise when information is processed; these are classified as opera-

#### OPRISK LOSSES 2024



tional risks. DZ HYP has created an information and IT risk inventory to recognise these risks at an early stage, respond to them appropriately, and manage and monitor them over the long term. This inventory comprises all information and IT risk areas relevant to DZ HYP together with the identified information and IT risk scenarios and all the individual information and IT risks assigned to the scenarios. Information and IT risk scenarios are assessed annually and on an event-driven basis, and appropriate risk management measures are determined. The risk scenarios are reported to the Management Board and elsewhere on a quarterly basis within the information and IT risk report. DZ HYP's underlying assessment methodology for IT risks is provided centrally by the Information Security Officer.

The information security risks for which the Information Security Officer is responsible form part of the information and IT risk inventory and are reported separately to the Security Advisory Board and to DZ BANK. This concept ensures collaboration between information security management and information risk management.

With regard to cyber risk management, risk exposure is assessed based on the likelihood of an underlying threat occurring and the extent to which an existing vulnerability can be exploited by a threat to an asset. The underlying threat catalogue incorporates findings from the DZ BANK Group's Cyber Risk Radar and contains threats arising from cyber attacks.

### **Outsourcing**

DZ HYP has outsourced certain activities and processes to external service providers. The outsourcing department – with the aid of outsourcing managers – determines the materiality of an outsourced activity or process within the scope of a risk analysis, and assesses the risk involved. Relevant organisational units within the second line of defence, e.g. Compliance, are also involved, as are the Legal department and Internal Audit. In the event of material and critical outsourcings, the risk analysis is reviewed at least once a year, while risk analyses for other outsourcings are reviewed and updated every three years. Event-driven risk analyses are performed in the event of material changes to services provided (on a case-by-case basis) and amendments of regulatory requirements (for all outsourcings as a whole). The review also determines whether a

process or activity can actually be defined as having been outsourced, along with an assessment of its materiality/criticality.

As a part of operational risk, outsourcing risk is defined as the risk of losses related to outsourced services, caused by a breach of strategic principles or operational provisions, and includes above all performance defaults of outsourced activities and processes. Outsourcing risk is measured within the scope of a scenario-based risk self-assessment. In addition, the information and IT risk management process identifies and evaluates systematic outsourcing management risks within the scope of its central outsourcing management.

### **VI) Equity investment risk**

Equity investment risk is defined as the risk of losses due to negative changes in value affecting the part of the investment portfolio that is not taken into account for other types of risk. Investments are held for strategic considerations and are of minor importance to DZ HYP.

Equity investment risk also includes real estate risk, which represents the risk of losses due to negative changes in the value of DZ HYP's real estate portfolio caused by a deterioration in the overall real estate situation or specific characteristics of individual properties (e.g. vacancy rates, loss of tenants, loss of use).

The risk contribution for DZ HYP's equity investment risk is calculated by DZ BANK alongside its measurement of equity investment risk for the DZ BANK Group. For this purpose, risk capital requirements are measured using a value-at-risk concept based on a variance/covariance approach, with a one-year holding period. Risk drivers are the market values of investments, the volatility of these market values and the correlation among them. Market value fluctuations are predominantly derived from exchange-listed reference assets.

### **VII) Reputational risk**

Reputational risk is defined as the risk of losses caused by events which damage the confidence of in particular clients (including cooperative banks), shareholders,

employees, labour market participants, the general public or regulatory authorities in the Bank or the products and services it offers. Reputational risk can be caused by other risks having materialised, but also by other publicly available negative information concerning the DZ BANK Group or DZ HYP.

Reputational risk is implicitly incorporated into risk measurement and risk capital backing via business risk. As well as this, liquidity risk management explicitly covers the threat of funding problems as a result of reputational damage.

### VIII) Business risk

Business risk is defined as the risk of an unexpected development in earnings that is not covered by other types of risk. In particular, this includes the risk that losses cannot be counteracted due to changes in key overall conditions (e.g. economic and product environment, customer behaviour, competitive situation) and/or due to inappropriate strategic positioning.

The risk contribution for DZ HYP's business risk is calculated by DZ BANK. Here, the risk capital requirement, seen from an economic perspective, is quantified as earnings at risk in a Monte Carlo simulation, based on theoretical operating profits under IFRSs.

### IX) Longevity risk

Within the scope of actuarial risk, longevity risk is relevant at DZ HYP – for risks from pension obligations created by DZ HYP for its employees. This means that, while longevity risk does not result from one of DZ HYP's core business segments, it still represents a material type of risk for DZ HYP in accordance with the risk inventory. It denotes the risk of a loss or adverse change in the value of insurance liabilities, arising from changes in the amount, trend or volatility in mortality rates if the decline in the mortality rate leads to a rise in the value of the insurance liabilities.

For insurance contracts exposed to longevity risk, this longevity risk is mapped via reduced mortality rates. The risk is reflected by a central capital buffer at DZ BANK Group level.

### X) ESG risk

ESG risks (sustainability risks) are events or conditions relating to environmental and climate-related ("E"), social ("S") or governance ("G") issues which, should they occur, could have an actual or potential negative impact on the Bank's net assets, financial position and financial performance or on its liquidity position or reputation.

DZ HYP identifies relevant, potentially material climate-related, environmental, social and governance risk drivers within its annual risk inventory. Potentially material ESG risk drivers have been identified in the following types of risk: credit risk, operational risk and reputational risk.

DZ HYP places its focus on climate-related and environmental risks resulting from climate change, i.e. physical risks, such as more frequent extreme weather events or long-term changes in climatic conditions. Transition risks that occur in connection with the transition to a climate-neutral economy (driven, for example, by legal risks) must also be kept in mind.

In the past few years, DZ HYP has implemented a scorecard for measuring physical and transition risks together with a method for calculating financed emissions (carbon accounting) and a method for evaluating its real estate portfolio that takes into account the financed greenhouse gas emissions based on benchmark paths established on the market (climate alignment). Sustainability risks are also integrated into the governance and instruction systems and are taken into account in lending decisions. Further, energy efficiency characteristics are considered in building assessments. Sustainability risks are measured and managed in line with the regulatory requirements.

### XI) Minimum Requirements for Own Funds and Eligible Liabilities Instruments (MREL)

The introduction of MREL set the stage for a uniform settlement process for banks at European and national level. As a member of the DZ BANK Group, DZ HYP itself is not a settlement unit and is therefore subject to the requirements of the internal MREL (section 49f (f) of the German Act on the Recovery and Resolution of Credit Institutions (*Sanierungs- und Abwicklungsgesetz*

– “SAG”). The minimum requirements for the internal MREL ratios, as determined by the Single Resolution Board, have been mandatory since 1 January 2022. The internal MREL ratios are the aggregate of DZ HYP’s own funds and eligible liabilities (MREL) relative to risk-weighted assets (total risk exposure amount (TREA)) or to the total exposure measure (TEM) as defined for the purposes of the leverage ratio in accordance with IFRS. As at the reporting date of 31 December 2024, the minimum requirements regarding the total risk exposure amount and total exposure measure

were 15.8 and 5.9 per cent respectively. The minimum requirements were adhered to at all times during the year under review. Eligible liabilities amounted to € 2.9 billion.

All eligible liabilities are assigned to SRB insolvency rank 4 (subordinated receivables due to a contractual subordination clause) and were acquired exclusively by DZ BANK (settlement unit). They had the following maturity profile as at 31 December 2024:

€ mn	31 Dec 2024
<b>Eligible liabilities within the meaning of internal MREL</b>	<b>2,900</b>
of which with a remaining term of $\geq 1$ year < 2 years	450
of which with a remaining term of $\geq 2$ years < 5 years	1,150
of which with a remaining term of $\geq 5$ years < 10 years	1,300
of which with a remaining term of $\geq 10$ years, excluding securities without a specific maturity	–

Due to the own funds waiver, DZ HYP is exempt from disclosing its own funds, total risk exposure amount and total exposure measure at individual institution level.

DZ HYP once again issued MREL-eligible liabilities in 2024. These were bought exclusively by DZ BANK to ensure that the minimum requirements for the internal MREL are met at all times.

## XII) Summary

Assessing risks and opportunities is an integral part of DZ HYP’s risk management. The Management Board considers the management and controlling instruments

implemented to be appropriate and they are fine-tuned and improved on an ongoing basis. The challenges arising during the year under review as a result of macroeconomic developments and their impact on the real estate market were adequately addressed by an effective and sustainable risk management approach. The Bank deems DZ HYP’s expected performance to be appropriate in terms of the risks assumed. There were no indications of any threats to DZ HYP’s continued existence at the time at which this Annual Report was prepared.

# REPORT ON EXPECTED DEVELOPMENTS

## Cautionary forward-looking statement

The report on expected developments, along with certain other parts of the Annual Report, includes expectations and forecasts that relate to the future. These forward-looking statements, in particular those regarding DZ HYP's business and earnings growth, are based on forecasts and assumptions and are subject to risks and uncertainties. As a result, actual results may differ from those currently forecast. There are many factors that impact DZ HYP's business and that are beyond the Bank's control. At present, these include, in particular, the concrete impact of the war in Ukraine and geopolitical risks. These factors primarily include shifts in the general economic situation and the competitive arena, plus developments on the national and international real estate and capital markets. In addition, results can be impacted by borrowers defaulting or by other risks, some of which are discussed in detail in the risk report. In this context, DZ HYP would like to point out that the rise in interest rates, more frequent crises and the shortage of skilled workers could pose additional burdens.

## Period covered by this report

Based on the strategic business orientation as part of a five-year plan, DZ HYP derives its operational planning on an annual basis, focusing on the subsequent financial year. As a rule, the Bank's forecast is based on a one-year operational planning horizon; in certain cases it also refers to the results of the five-year plan.

## Business environment and assumptions underlying the forecast

The 2024 financial year saw a very sluggish economy, a significant increase in the number of businesses declaring bankruptcy and persistently low business and consumer confidence. The general political develop-

ments and crises around the world were an additional strain. The outlook for Germany's gross domestic product in 2025 is equally muted. The commercial and residential real estate investment markets have stabilised on the whole since the beginning of 2024, with a positive trend in evidence towards the end of the year.

Transaction volumes are expected to rise further in 2025. Inflation and interest rate levels are likely to remain stable, creating a better environment for real estate investment. Confidence among many participants has improved, which means that more and more transactions are being considered. At the same time, transaction activity will still fall noticeably short of the levels seen before the abrupt rise in interest rates. Willingness to invest is being dampened by the fact that interest rates have remained fairly high in spite of the interest rate cuts. This is further compounded by the weak economic climate that is expected throughout 2025, together with macroeconomic and political uncertainty.

After stabilising in 2024, yields in the real estate market are not expected to change significantly in 2025.

As rents are set to at least remain stable, any further declines in property values are likely to be moderate. Factoring in the relevant financing parameters, this should allow property values to remain at very reasonable levels, with no systematic deterioration of collateral values.

Demand for residential properties is expected to rise again in 2025. Given the persistent housing shortage, especially in conurbations, the recent low level of new construction suggests that rents and prices will increase further, making them even more attractive for investors. Similarly, lower interest rates are expected to drive a further recovery in demand for owner-occupied and rented housing. In addition, salary increases will make real estate more affordable. All in all, we are confident that the desire for home ownership will remain intact, especially given the steady rise in rents and the prospect of a stable investment. Home ownership rates in Germany, which remain very low by European standards, show that there is still tremendous potential to tap into here.

As regards office properties, there is still a great deal of uncertainty in 2025 about the kind of properties users will need in the future and what space requirements this will entail. This uncertainty can be attributed to the ever-changing working environment with new working space concepts and remote working options. Demand for space is expected to decrease and to focus on ESG-compliant, state-of-the-art and high-quality spaces in city centres or other locations that are easy to reach and offer superior service infrastructure. Seen in isolation, this is likely to continue driving up prime rents. However, vacancies are also set to further increase slightly in 2025, which will dampen this effect somewhat. The vacancy situation is due in part to the completion of projects launched in recent years – in the current economic climate, businesses tend to defer any decisions on investment and changes to their office space. Despite all of this, demand for office space is expected to gradually pick up over the medium term. The number of office workers in Germany increased recently, while the trend towards a greater share of the workforce in the service sector continued. This is a clear indication that the number of office users in the production sector is still falling.

In the retail sector, there are currently no clear signs of new momentum in consumer spending and it remains to be seen what consumer behaviour will be like in bricks-and-mortar retailing. Prime retail yields once again exceed financing costs, making the market more attractive to investors. This is underpinned by retail rents which have now stabilised or are rising again and also by new tenancy concepts. Accordingly, transaction activity is expected to pick up significantly in 2025. Besides properties for local supply, it is likely that tenant and investor demand will focus on retail space in prime urban locations, combined with spaces for event and restaurant concepts.

Hotel occupancy and revenues are set to remain stable, at least at the levels seen in 2024. Even though the German hotel industry continues to face challenges such as rising customer expectations, high operating costs, competitive pressure and staff shortages, many hotels are already taking steps to overcome those challenges, aided by the positive occupancy rates, prices and revenues. This means that hotels are likely to become an even more attractive proposition for investors

in 2025, with a focus on existing properties rather than new builds. There is still uncertainty regarding the long-term effects and financial burdens of the pandemic, during which business operations were severely restricted.

Given the weak economy, the German logistics market is likely to record a muted performance in 2025, both in terms of rentals and investment, although this will vary greatly between individual locations. Due to the limited new construction, logistics and storage space remains scarce for the most part, especially in conurbations. This means that the overall outlook for the asset class remains good.

Local authorities perform important tasks relating to public services, including in the areas of municipal transport routes, local public transport, energy and water supply, and fire and disaster protection, as well as providing funding for schools, kindergartens and other social facilities. There are significant disparities in financial strength at the local authority level, which are minimised – for example, through (local authority) fiscal equalisation systems. With tax revenues recently stagnating, there is continued pressure on the financial situation for local authorities as a whole, particularly against the backdrop of rising social benefits. German cities and municipalities reported a financing deficit in 2023 for the first time since 2011, and local authorities are also expected to report a significantly negative funding balance in 2024. (Geo)political conflicts and the sustainability transformation are also weighing on local authority finances. This is reflected in higher staff and energy costs and investment requirements, etc. The government is sharing financial responsibility and assisting the local authorities with various measures and relief packages. However, demand for local authority (investment) loans is still high, though the share of municipality and association debt remained low, accounting for 6.3 per cent of total public sector debt in 2023. The federal government and the states are expected to be very willing to continue providing support. This is also due to the high level of systemic support in Germany, which has been demonstrated yet again. Competition for local authority loans is holding steady.

DZ HYP's business model, which is focused on the German real estate market, is responding to these potential threats with different degrees of sensitivity. This means that at the very least, there could be indirect effects, for example due to falling demand or financial market volatility.

### Expected development of DZ HYP

Based on these framework conditions, and adhering to its unchanged conservative risk strategy, DZ HYP plans to avoid cyclical peaks as much as possible in its long-term business it pursues. Key value drivers for DZ HYP's future financial performance are therefore the Bank's planned business volume, net lending margins, commission income and risk costs incurred in new business. Given DZ HYP's strengthened market position, the Bank has conservatively accounted for these value drivers in its planning calculations.

The Basel Committee on Banking Supervision (BCBS) finalised its revised "Basel III: Finalising post-crisis reforms" framework for calculating risk-weighted assets and capital floors on 7 December 2017. On 27 October 2021, the European Commission presented the proposals for implementing this framework in the European Union; these proposals have reached the legislative process. Simulations show that the amended regulations will directly impact DZ HYP's calculation of risk-weighted assets under the IRB approach. The increased capital requirements for commercial real estate finance under the revised Credit Risk Standard Approach are expected to lead to generally higher capital requirements related to the capital floor applicable to DZ HYP.

Under CRR III (regulation (EU) 2024/1623), these capital floor regulations took effect on 1 January 2025, with a phase-in period until 31 December 2032. The regulation stipulates that the member states may opt to implement the requirement to comply with the capital floor only at the highest consolidated level. National implementation of CRR III/CRD VI is pending.

The new regulatory requirements will be continually analysed together with DZ BANK, taking the existing own funds waiver into account.

The Bank expects to be able to originate new real estate finance business of over € 10 billion in 2025, generating slightly lower margins. This is all based on the assumption that there will be no significant economic disruptions. The aim is to strike a healthy balance between profitability targets and equity requirements while adhering closely to relevant regulatory requirements.

Net interest income is expected to be slightly lower than the € 719.8 million figure reported for the year under review.

Depending on relevant new business and the product mix, the net commission result is projected to be significantly below the current level.

DZ HYP expects a continued rise in staff and IT costs given regulatory requirements and the Bank's digital transformation. A considerable rise in administrative expenses is therefore to be expected.

Provisions for loan losses are calculated using individual standard risk costs commensurate with the Bank's business model. For 2025, these provisions are projected to be well above the level in the year under review.

We expect no significant changes in the Bank's net financial result.

Based on the anticipated development of the individual performance indicators, DZ HYP expects the key performance indicators to fall short of the levels achieved in the year under review. Our forecasts suggest that distributable earnings will be far lower in 2025 than in 2024, meaning that DZ HYP is expecting a significant drop in the RoE and in turn, a marked increase in the CIR.

In the Management Board's view, DZ HYP is on a successful path with regard to profitability and new business origination, even though it is not likely to match the result in the year under review, which was well above projections. New business is aligned toward our clients' requirements. The Bank consistently reduces capital market transactions that are not related to client business.

## EMPLOYEE REPORT

The diversity of DZ HYP's workforce is an important building block for its corporate success. The Bank believes that diversity encourages efficiency, inspires ideas, drives innovation and makes a company stronger. DZ HYP aims to foster diversity and create a corporate culture of appreciation and equal opportunities for all employees. Diversity guidelines setting out supporting measures were published in the year under review and will be updated regularly.

The German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst – "FüPoG"*) requires co-determined companies with more than 500 employees to define mandatory targets for their super-

visory board, management board and the two highest management levels (department/division heads).

The Management Board redefined target levels for the proportion of women on the first two management levels below the Management Board in November 2020; the target of 25 per cent for each of these levels remains in force and must be reached by October 2025. To this end, planning for personnel development and awareness initiatives was stepped up in the year under review; implementation will continue in 2025. As at 31 December 2024, the proportion of women was 12.5 per cent at F1 level and 20.6 per cent at F2 level. The targets for the proportion of women on the Management Board (33 per cent) and the Supervisory Board (22 per cent) that were reviewed and adopted by the Supervisory Board in June 2023 remain valid until July 2028. The targets for the Management Board and the Supervisory Board were both met as at 31 December 2024.

### STAFFING INDICATORS

	2024	2023
<b>Total<sup>*)</sup></b>	<b>906</b>	863
<b>Fluctuation rate (in %)</b>	<b>3.6</b>	6.1
<b>Share of voluntary resignations (in %)</b>	<b>1.8</b>	3.2
<b>Years of service</b>	<b>12.7</b>	13.5
<b>Number of training days per employee</b>	<b>2.7</b>	2.3
<b>Employment basis (in %)**)</b>		
Full time	<b>78.3</b>	77.9
Part time	<b>21.7</b>	22.1
<b>Share of women (in %)</b>	<b>42.4</b>	43.4
<b>Average age in years</b>	<b>46.0</b>	46.0

\*) Annual average

\*\*\*) Average values

# SUSTAINABILITY REPORT

## GENERAL DISCLOSURES

### ABOUT THIS REPORT

This Sustainability Report meets the requirements that apply to a non-financial statement pursuant to sections 289b et seq. of the German Commercial Code (HGB) and was prepared on an individual basis. The content below constitutes the non-financial statement for the 2024 financial year. Below, this statement is referred to as the “Sustainability Report” and is prepared applying the first sentence of the ESRS (Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU) as a framework within the meaning of section 289d HGB.

#### Time horizons

This report is based on the following time horizons:

- » Short-term time horizon: reporting period (until the reporting date of 31 December),
- » Medium-term time horizon: period of four years,
- » Long-term time horizon: time periods extending beyond this are defined as long-term.

Based on the requirements that apply to the DZ BANK Group, DZ HYP uses the established risk management time horizons for the medium- and long-term time horizons.

#### Estimation and outcome uncertainty

Some of the data points in this Report are based on estimates and assumptions. Content containing estimates and/or assumptions are indicated accordingly and explained in the relevant disclosures on these data points. The estimates and assumptions used are subject to an annual review.

Only limited data was available on greenhouse gas emissions at the time this report was prepared. As a result, some data was collected by extrapolating

existing data and selected indicators in order to estimate values that were not available. Detailed information on the basis for extrapolation is provided in the “Ecological responsibility” chapter and in the “Greenhouse gas emissions” chapter.

#### Intellectual property

In this Report, DZ HYP has not opted to omit disclosures relating to its intellectual property, know-how or innovations.

#### Supplementary references

Unless indicated otherwise, all references in the Sustainability Report are not part of the statement itself.

#### Disclosures based on the German Commercial Code

This Sustainability Statement in accordance with the ESRS also meets the requirements that apply to DZ HYP’s non-financial statement pursuant to sections 289b et seq. HGB.

In order to meet the reporting obligations under German commercial law, DZ HYP makes the following declaration:

- » As a framework pursuant to section 289d HGB, the European Sustainability Reporting Standards (ESRS) are being applied in full for the first time due to their significance as the sustainability reporting standards that have been adopted by the European Commission.
- » There are no material risks resulting from DZ HYP's own operations, or from its business relationships, products or services that are deemed very likely to potentially cause serious adverse impacts on the non-financial aspects pursuant to section 289c HGB.

- » There are no non-financial performance indicators at DZ HYP, as defined by section 289c HGB, that are material to the business activities of the DZ BANK Group.

#### **Disclosures based on the EU Taxonomy Regulation**

The disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation) for DZ HYP in the chapter entitled "Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" are included in this Sustainability Report as part of the environmental information.

## ABOUT DZ HYP

### Business model and strategy

DZ HYP is a leading real estate finance house and Pfandbrief issuer in Germany, as well as a centre of competence for public-sector clients within the Volksbanken Raiffeisenbanken Cooperative Financial Network. The Bank is active in three business segments: Corporate Clients, Retail Customers and the Public Sector.

Within the segment Corporate Clients, DZ HYP is active both as part of its direct business and as a partner to the cooperative banks in Germany, working with commercial real estate investors and the housing sector. DZ HYP focuses on financing properties in the German market, as well as providing support for its German clients' investment projects in selected international markets. Retail business is largely originated through intermediation by cooperative banks. DZ HYP's offering includes initial as well as roll-over financings for new construction, purchase and modernisation/refurbishment of real estate. As a centre of competence for public-sector clients within the Cooperative Financial Network, DZ HYP helps cooperative banks across Germany to develop their business with counties, towns/cities and local authorities, their legally dependent operations, municipal special public-law administrative unions and public-sector institutions. Further information can be found in the "Business Model" chapter.

For DZ HYP, sustainability is a complex issue that has been evolving constantly and has become firmly established within the Bank. As a member of the DZ BANK Group, DZ HYP is committed to the fundamental cooperative concept of responsible business.

### Sustainability in the DZ BANK Group

With a view to integrating sustainability to an even greater extent in business processes across the entire Group, DZ HYP has been playing an active role in the DZ BANK Group's sustainability initiative since 2012. The aim is to coordinate all activities in this area, to identify and exploit market opportunities, minimise

risks and promote constructive dialogue in order to realise synergy potential within the Group. To this end, the Group Sustainability Committee (GSC) has been set up as a standing committee.

The GSC is a central committee that helps to implement sustainability-related social, business policy and regulatory requirements at the DZ BANK Group. The GSC, whose members include management board representatives from the individual Group entities and the division heads responsible for sustainability, also acts as a platform where members can exchange their professional views and speed up the integration of sustainability factors into core business.

### DZ HYP's sustainability strategy

DZ HYP's governing principles as regards sustainability are laid down in a dedicated sustainability strategy. This itself is embedded in DZ HYP's overall strategic framework and defines what our responsibility is and what we mean when we talk about sustainable development. This sustainability strategy was finalised with the relevant departments and serves as a guide for identifying areas of action and suitable measures for sustainability management. The strategy is reviewed annually by analysing, evaluating and integrating the political and social environment, market dynamics and technological innovations. Ambition levels are also reviewed.

The main quantitative environmental and social sustainability targets are set out in the relevant chapters. Further information can be found in the "Environment" and "Social" chapters.

### Ecological responsibility

Ecological responsibility is coordinated by the Sustainability department. This department is in charge of developing the Bank's environmental management system. This is done with the support of further specialist divisions, which in turn are responsible for implementing environmental protection measures in their respective areas. Further information can be found in the "Ecological Responsibility" chapter.

### Sustainability in the product portfolio

Since the beginning of May 2024, a sustainable “Eco” loan has been offered to new retail customers for properties with very good energy efficiency classes or low energy consumption levels. The promotional programmes offered by the German state-owned development bank KfW, namely “Climate-Friendly New Construction – Residential Buildings”, “Refurbishment – Efficiency House”, “Home Ownership for Families” and “Young Buys Old”, were also incorporated into the Bank’s distribution channels and are used in the Retail Customers business. KfW’s promotional programmes are also offered in the Corporate Clients segment. As far as its existing business is concerned, DZ HYP is aiming to gradually incorporate additional energy performance certificates. It is also in the process of developing a sustainable loan for its Corporate Clients segment.

In the Public Sector segment, the DZ HYP sustainability ranking provides a standardised, structured and nuanced assessment of ESG criteria at business partner level. The DZ HYP sustainability ranking was expanded in 2024 to include a dynamic component that reflects not only the level of sustainability achieved by German municipalities, but also how they are evolving in this area. This ranking is an integral part of the municipal lending and decision-making process.

DZ HYP developed decarbonisation pathways for its portfolios in the 2024 financial year. Further information can be found in the “Sustainable Banking” chapter.

### Sustainable funding

By issuing Green Pfandbrief instruments, DZ HYP is establishing sustainable funding as an important pillar of its business model. DZ HYP issued further Green Pfandbrief instruments with a volume of € 520 million in the 2024 financial year. The proceeds are designated for financing sustainable real estate in Germany, with the main criterion being a property’s energy efficiency, as evidenced via energy performance and energy efficiency certificates, or the energy standard. Further information can be found in the “Sustainable Banking” chapter.

### Credit portfolio classification approach

DZ HYP aims to improve transparency in the credit portfolio and to promote sustainable lending in all business segments. Since 2022, the Bank has been concentrating on classifying its credit business, with a particular focus on the energy efficiency and environmental components of the properties it finances. Further information can be found in the “Sustainable Banking” chapter.

Lending is based on information and insights available on the borrower, property and financing project. To factor in the DZ BANK Group’s sustainability risks, the Group lending standard defines industry-specific exclusion criteria. DZ HYP then reviews each exposure against these exclusion criteria prior to granting a loan. The aim here is to prevent transactions that fail to comply with minimum sustainability requirements or transactions associated with an elevated ESG risk for the DZ BANK Group. For example, the Bank does not enter into business relationships if significant human rights violations or environmental breaches cannot be ruled out in the course of the partner’s business activities. Further information can be found in the “Clients” chapter.

### DZ HYP: A resilient business model

The resilience of DZ HYP’s strategy and business model is verified at regular intervals. Within the DZ BANK Group, ESG risks are not regarded as a separate risk category, but rather as a factor that drives conventional financial and non-financial risk types, in line with the regulatory definitions.

An annual risk inventory process is used to assess the DZ BANK Group’s exposure to potentially material risk factors related to the climate and environment, social factors and governance. Further information on how risks are derived can be found in the “Overall Methodology” chapter.

Since undergoing the ECB’s climate stress test in 2022, the DZ BANK Group has gradually incorporated sustainability criteria into its internal stress test. This involved using exploratory scenario analyses to examine the impact of physical and transition climate risks, tak-

ing into account the channels of transmission to the main types of risk affected. Environmental transition risks describe risks that emerge as part of the transition to a more sustainable economy. Physical environmental risks, on the other hand, relate to the direct physical impact of climate change. The flood risk is assessed based on extreme flood scenarios for 2055 assuming a global temperature increase of 2.5 degrees Celsius, which corresponds to the RCP (Representative Concentration Pathway) 8.5 scenario. Resulting losses are calculated for real estate and borrowers in specific locations. The risk of wildfires and drought is assessed by projecting detailed fire and drought events in specific locations for 2050 assuming a global temperature increase of 2.3 degrees Celsius, and then calculating the impact on the DZ BANK Group's portfolio. The NGFS (Network for Greening the Financial System) "delayed transition" scenario is used to analyse climate transition risks.

The environment in which DZ HYP operates was analysed in addition, exploring various risk drivers and assessing their impact on DZ HYP's strategy and business model. Particular attention is paid to physical risks in the banking business. No scenario analysis is performed for banking operations within this context. Physical risks arise both with regard to individual extreme weather events (such as wildfires, heavy rain, winter storms or river flooding) and their implications, known as acute risks, and with regard to long-term changes in climatic and ecological conditions, known as chronic risks. The impact of physical risks on DZ HYP's real estate portfolio is based on a risk assessment of various natural hazards in specific locations, derived from the potential losses for the property locations.

The analysis of the environment in which DZ HYP operates also looks at transition risks resulting, for example, from changes in legal requirements or consumer behaviour. The energy efficiency characteristics of the property used as collateral is particularly important in this regard.

Ultimately, the aim is to address sustainability risks by using an effective and sustainable risk management system. This is evident, for example, from the consider-

ation of sustainability risks in lending decisions and, in cases involving elevated risks, the assessment of appropriate risk mitigation measures. When valuing collateral, features such as the energy efficiency ratings of properties used as collateral and any investment backlogs are also taken into account. DZ HYP has also set climate targets to help it evaluate and manage the decarbonisation of the real estate portfolio that it finances. The controlling and management tools used will be continually refined and enhanced. At the time this report was prepared, there was no reason to suggest, from DZ HYP's perspective, that DZ HYP's business model was not resilient.

#### Future sustainability challenges for DZ HYP

In light of current developments, DZ HYP is working on establishing transparency for its portfolio with regard to the new and extensive information and reporting requirements for banks and customers alike. In particular, the "do no significant harm" criteria set out in the EU Taxonomy present both the Bank and its customers with a considerable challenge. This also applies to the management of the decarbonisation pathway and the decarbonisation of the Bank's large portfolio.

The future marketability of properties is already factored into the valuation and lending process. This means that greater emphasis needs to be placed on both transition and physical risks. Changes in overall statutory or regulatory conditions could require the Bank to step up this risk assessment even further.

The market is also faced with the challenge of striking a balance between increasing sustainability requirements for properties and the need for affordable housing.

#### Value chain

The value chain spans both upstream and downstream activities, as well as DZ HYP's own operations.

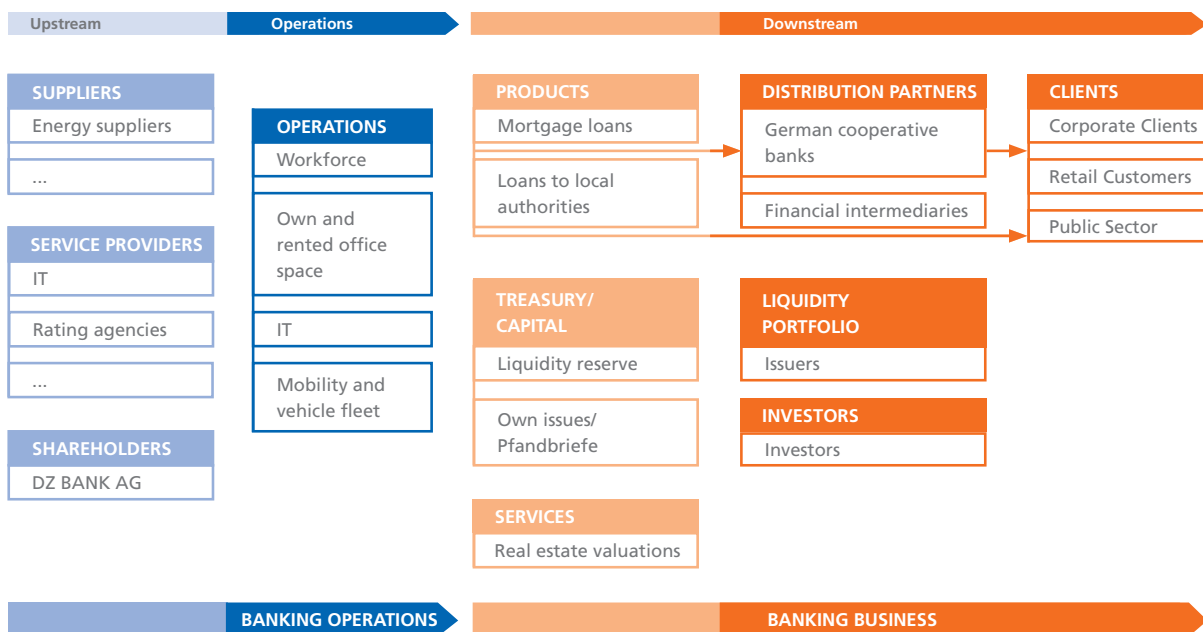
DZ HYP's upstream value chain includes activities performed by suppliers (e.g. energy suppliers), service providers (such as IT or training providers) and the shareholder (DZ BANK AG). The downstream value chain, on

the other hand, comprises products and services (real estate loans and loans to local authorities, property valuations, issues) and customers (cooperative banks, direct customers, investors). As part of its funding activities, DZ HYP issues covered bonds (Pfandbriefe), which are generally distributed to investors on the capital market via banks. By contrast, unsecured funding is primarily

used within the Group. Further information can be found in the “Business Model” chapter.

The full value chain was analysed for the purposes of identifying and assessing impacts, risks and opportunities. Further information can be found in the “Overall Methodology” chapter.

**UPSTREAM AND DOWNSTREAM VALUE CHAIN**



**Key elements of the value chain**

DZ HYP’s value chain is split into banking operations and banking business. Operations act as a bridge linking the upstream and downstream value chains and serve to operationalise DZ HYP’s business model.

**Interests and views of stakeholders**

Stakeholders are individuals and institutions that place social, ecological, economic, legal or ethical demands on DZ HYP, that are affected by the Bank’s decisions, or that can exert influence over these decisions. The table provides an overview of DZ HYP’s main stakeholders and the dialogue formats used to communicate with them

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**ENGAGEMENT AND DIALOGUE WITH DZ HYP'S STAKEHOLDER GROUPS**


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Stakeholder group		Engagement / dialogue
<b>Employees</b>	DZ HYP employees, employee representatives/Works Council members, external employees, employees in the supply chain	Employee appraisals, intranet, employee survey (Pulse Check), regular meetings with the Works Council and HR department, active employee involvement in Management Board talks, Management Board information, works meetings
<b>Clients</b>	Corporate Clients, Retail Customers, Public Sector	Ongoing regional support from DZ HYP's local real estate centres; New Year's receptions in Hamburg, Düsseldorf, Frankfurt, Stuttgart and Munich; investor meetings, Table talks, DZ HYP ImmoTalks and forecasting events in the DZ HYP Studio; booths at the MIPIM (Cannes) and EXPO REAL (Munich) real estate trade fairs and at the Marina Nights (MIPIM) and Investor Night (EXPO REAL) events organised as part of these trade fairs; housing industry talks; involvement of partner banks in specialist events, syndicate meetings, sponsorship and cooperation at specialist conferences
<b>Distribution partners</b>	German cooperative banks	Premium Partner Powerday (PPP) for cooperative banks that excel in sales, groups of cooperative banks as visitors to DZ HYP's head offices
<b>Industry associations</b>	Association of German Cooperative Banks (BVR), Association of German Pfandbrief Banks (vdp), German Property Federation (ZIA), etc.	Professional dialogue, participation in working groups and committees, cooperation at specialist conferences
<b>Suppliers/service providers</b>	IT suppliers, rating agencies, training providers, consultancy firms	Ad-hoc supplier meetings, management meetings regarding ratings
<b>Non-governmental organisations (NGOs)</b>	Representatives of NGOs, foundations, academics	Regular events with various representatives, lectures by academics (coverage of the UN Climate Change Conference), twice-yearly regional forum of the Active Citizenship Foundation ("Aktive Bürgerschaft") in Hamburg and Münster
<b>Shareholders/investors</b>	DZ BANK AG (shareholder), investors	Involvement in committees, capital market conferences, presentations, rounds of talks, trade fairs, individual group meetings
<b>Authorities (regulatory and supervisory authorities)</b>	German Federal Financial Supervisory Authority (BaFin), European Central Bank (ECB), Deutsche Bundesbank	Enquiries as and when required, led by DZ BANK AG
<b>Peers</b>	Private banks, public-sector banks, cooperative banks, building societies	Dialogue at events and specialist trade fairs

## Further information on engaging key stakeholders

### Employees

DZ HYP's employees play an active part in the Bank's decision-making processes. To intensify this dialogue, we conduct anonymous online employee surveys, known as Pulse Checks, to assess the Bank's development from its employees' perspective. The surveys are designed to capture the mood in the Bank and gauge workplace satisfaction. The most recent survey was evaluated at the beginning of 2024 on the initiative of the HR department.

The "Board talk" format – which serves primarily to allow a member of the Management Board to answer questions from employees face-to-face in a small group and to find out what issues most concern them – was organised six times in 2024. There is also the digital "Board information" format from the DZ HYP Studio, which the Management Board uses to keep employees abreast of the latest topics and projects within the Bank.

### Advisory Boards

DZ HYP has installed Advisory Boards for banks, public-sector clients and the housing sector, which serve as dialogue platforms for a regular exchange of views. They advise DZ HYP's Management Board on the Bank's strategic approach and, in turn, are provided with information by the Management Board twice a calendar year on important matters and the development of the Bank.

The Advisory Board members also act as multipliers. The Advisory Board – Banks consists of up to 30 members. At least 75 per cent of these are full-time management board members of cooperative banks. The Management Board appoints up to eleven members to the Advisory Board – Housing Sector. These members are managing directors and management board members of housing enterprises from all over Germany. The Management Board appoints up to twelve members to the Advisory Board – Public Sector. These members are representatives of municipalities, government agencies or municipal umbrella organisations.

### Distribution partners

As distribution partners, cooperative banks rank among DZ HYP's most important stakeholders. The formats for promoting dialogue with them include personal meetings and visits by the Management Board and employees of the front office units. Dialogue is also supported by the Advisory Board. In addition, DZ HYP continually creates opportunities for dialogue at events for its corporate clients by bringing the board members of its partner banks into contact with real estate clients. For example, it regularly invites selected cooperative banks to client events in order to take the collaboration to the next level and so that it evolves in line with expectations.

### Clients

In the age of digitalisation in particular, face-to-face interaction remains a central building block for solid business relationships. This is achieved through the ongoing regional support provided to our customers on location by the real estate centres. The following events are organised to complement this strategy. They include New Year's receptions, a suitable and popular event format that is organised annually at the real estate centres and attended by members of the Management Board. They are complemented by investor meetings at the six locations, in the form of exclusive "table talks" with selected corporate clients. Eight such events were held in 2024.

Events are key to DZ HYP's success in building and strengthening client relationships. The DZ HYP TV studio, which we set up at the Hamburg office in 2020, has proven very valuable in this context. Participants have the opportunity to watch the "DZ HYP Immo Talk" (three episodes each in the spring and autumn) with renowned real estate experts as well as the "Interest rate, economic and currency forecast", broadcast in January and September, featuring DZ BANK's Chief Economist Dr Michael Holstein, journalist and moderated by TV presenter Anja Kohl. The events are broadcast via livestream, with the opportunity for interaction.

Up-to-date and relevant information about the Company and its business activities is published on DZ HYP's website at regular intervals to ensure trans-

parent communication with capital market partners. The Bank also engages in stakeholder dialogues and actively participates in information events to create transparency and trust.

### Rating agencies

DZ HYP is in constant dialogue with rating agencies and analysts for financial and sustainability ratings. DZ HYP is rated by Moody's and S&P and also has a supplier rating awarded by EcoVadis and a joint rating from the German Cooperative Financial Network from Fitch. The most important current ratings and corresponding rating reports can be found on DZ HYP's website.

### Industry associations

DZ HYP is a member of numerous associations, including the Association of German Pfandbrief Banks (vdp), Association of German Cooperative Banks (BVR), Association for Environmental Management and Sustainability in Financial Institutions (VfU), German Investor Relations Association (DIRK), German Property Federation (ZIA), Federal Association of German Housing and Real Estate Companies (GdW), German Development Assistance Association for Social Housing (DESWOS), European Covered Bond Council (ECBC) and Hamburg@work e.V. Further information on our work with associations can be found in the "Compliance" chapter.

### Structure of remuneration systems

The key stakeholders involved in determining remuneration policies are the Bank's owners, the Central Works Council and the Works Council members in Hamburg and Munster. The Annual General Meeting elects shareholder representatives to the Supervisory Board, ensuring that the Bank's owners are involved in structuring the remuneration systems and receive annual information about them. In accordance with the co-determination rights stipulated in German works constitution law, the Central Works Council and the Works Council members in Hamburg and Munster also participate in structuring the remuneration systems.

## Corporate governance

At DZ HYP, we apply a model of dual leadership. A Management Board of three people leads the Company according to existing statutory provisions, ensuring compliance within DZ HYP. For its part, the Management Board is advised and monitored by the Supervisory Board and its committees. The Bank's internal regulations – for example the Articles of Incorporation and the Rules of Procedure of corporate bodies – comply with legal requirements.

### Duties and responsibilities of the Management Board

The Management Board is responsible for the Bank's strategic focus and the further development of DZ HYP's business model. The Management Board has the sole management authority concerning DZ HYP's risk governance. The Management Board is responsible for managing and monitoring risks of the entire Bank at portfolio level and also for allocating risk capital. It decides upon individual loan exposures in line with its lending authority, which is founded on the long-standing experience of its members. A Schedule of Responsibilities defines the responsibilities of the Management Board for individual divisions. It separates the front and back office units in line with statutory provisions. While the CEO is responsible for front-office divisions, one of the other two Management Board members is responsible for Finance and the other for the Back Office and Risk Controlling. In addition, DZ HYP is integrated into the committee structures of the DZ BANK Group and the Cooperative Financial Network, where DZ HYP's Management Board members or employees are represented.

To ensure that impacts, risks and opportunities are monitored and that sustainability issues are given the attention they deserve within the Bank, these responsibilities lie with the Management Board members responsible for the relevant decisions. These Management Board members are also involved in the processes for approving the results of the materiality analysis and in approving the gradual preparation of the report in accordance with the ESRS. The Supervisory Board is not involved separately.

### Duties and responsibilities of the Supervisory Board

By its very nature, the Supervisory Board concerns itself with matters such as business and risk strategies or the Bank's performance and risk management. As per the Articles of Incorporation, DZ HYP's Supervisory Board consists of 18 members. In accordance with the German Act to Simplify the Election of Employee Representatives to the Supervisory Board (*Drittelbeteiligungsgesetz – "DrittelbG"*), it comprises twelve members elected by the Annual General Meeting and six members elected by employees (employee representatives). The European Central Bank (ECB) also monitors the suitability of the individual Supervisory Board members to ensure that they have the necessary qualifications and experience to perform their duties effectively. Most of the shareholder representatives on DZ HYP's Supervisory Board are management board members of cooperative banks. With effect from the end of the 2024 Annual General Meeting, two shareholder representatives left the Supervisory Board and two new shareholder representatives were elected by the Annual General Meeting to replace them. To fulfil its tasks, the Supervisory Board appointed a Nomination Committee, a Remuneration Control Committee, an Audit Committee and a Risk Committee, which continued their work during the year under review, meeting eleven times. In addition, each committee's chairperson informed the Supervisory Board about its work on a regular basis. The Supervisory Board convened three times during the 2024 financial year.

### Suitability and composition of the Management Board and the Supervisory Board

The Supervisory Board and the Management Board complete external training sessions on current special-

ist topics every two years. The most recent training session was provided by an auditing firm at the end of 2023 and also covered sustainability topics. In the 2024 financial year, the Supervisory Board was also provided with information on the changes to sustainability reporting in accordance with the ESRS. The material impacts, risks and opportunities are covered by the areas of responsibility of the individual members of the Management Board.

The self-evaluation carried out by the Supervisory Board in the period from April to May 2024 and the evaluation of the DZ HYP Management Board led to the conclusion that the structure, size, composition and performance of the Supervisory Board and the Management Board were in line with legal requirements and those set out in the Articles of Incorporation. The evaluations also led to the conclusion that the knowledge, skills and expertise of the individual members of the Supervisory Board and Management Board and of both bodies in their entirety were in line with legal requirements and those set out in the Articles of Incorporation. The results of the self-evaluation were made available to the full Supervisory Board. The Supervisory Board also has human and financial resources at its disposal to assist members in taking up office and ensure they receive in-house training to help them maintain the required expertise.

A list of the individuals on the Management Board and the Supervisory Board can be found in the annual financial statements. Information on the professional experience of the members of the Management Board can also be found on DZ HYP's website.

#### COMPOSITION AND DIVERSITY OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS AT 31 DECEMBER 2024

Management body	Number of executive members	Number of non-executive members	Percentage of independent board members	Percentage of women	Percentage of men
Management Board	3	0	0	33.3	66.7
Supervisory Board	0	18	0	27.8	72.2

In the reporting year, the average proportion of female members was 33.3 per cent for the Management Board and 24.1 per cent for the Supervisory Board. The average figure is calculated by analysing the composition of the Supervisory Board over all months in the reporting period.

### Enshrining sustainability as a fundamental component of corporate governance

While responsibility for sustainability at DZ HYP lies with the Management Board, the topic is also addressed across all management levels and departments. To this end, the Bank has established the following committees, led by specific Sustainability Management team members. This governance is part of DZ HYP's sustainability strategy.

## SUSTAINABILITY GOVERNANCE – COMPREHENSIVE ANCHORING OF SUSTAINABILITY TOPICS

### SUPERVISORY BOARD

The Supervisory Board concerns itself with matters such as the Bank's business and risk strategies, its business performance, sustainability strategy and risk management.

### MANAGEMENT BOARD

Due to the importance of sustainability, overall responsibility for this lies with DZ HYP's Management Board, including the Bank's risk appetite and sustainability strategy.

### SUSTAINABILITY COORDINATION COMMITTEE

#### OBJECTIVES:

- » To oversee the operational design, coordination and management of sustainability topics
- » To exchange views and information on cross-divisional sustainability issues

#### PARTICIPANTS:

Sustainability experts from various divisions

### SUSTAINABILITY COMMITTEE

#### OBJECTIVES:

- » To oversee information and coordination at division management level
- » To exchange views on and manage key sustainability measures and implemented projects

#### PARTICIPANTS:

Heads of division (departmental representatives) plus Sustainability Officer

### SUSTAINABLE PRODUCTS COMMITTEE

#### OBJECTIVES:

- » To define green real estate and related management
- » To continue developing sustainable products

#### PARTICIPANTS:

Representatives of the front office and back office in the lending business, Treasury, Back Office Treasury & Public Sector, Legal department and Sustainability Officer

### SPECIALIST AREAS

(in particular: front office, back office, Risk Control, Finance, Compliance, Treasury and IT)

- » Responsible for implementing sustainability measures
- » First and second lines of defence within the risk governance framework

### INTERNAL AUDIT

- » Third line of defence within the risk governance framework

### **Sustainability Coordination Committee**

DZ HYP's Sustainability Coordination Committee ensures that sustainability issues are aligned and managed across departments at the level of the institution as a whole and identifies activities in the different fields of action. It meets once a month and is composed of sustainability experts from the various departments.

### **Sustainability Committee**

The Sustainability Committee – which was set up in 2019 and is composed of the Management Board and Division Heads, together with the Sustainability Officer – creates the ideal framework for the Bank to pursue a sustainable approach. The Committee acts as a central decision-making body, connecting the sustainability management team with the Bank's various organisational units. The aim is to improve DZ HYP's sustainability performance, and this includes the strategic development of DZ HYP's sustainability projects and targets, interdepartmental exchanges and the evaluation of risks and opportunities emanating from current developments in the context of sustainability. The Sustainability Committee met twice in the 2024 financial year. Participants in the meetings provide feedback from their department's perspective; this ensures that we deal with sustainability matters in a way that is tailored to DZ HYP's situation and that any decisions that are made can subsequently be implemented in the divisions. At the same time, this approach ensures that the divisions are actively involved in upcoming tasks.

### **Sustainable Products Committee**

The Sustainable Products Committee provides inspiration for new products and monitors them. This committee includes relevant decision-makers from the front and back offices, Treasury, the Back Office Treasury & Public Sector, the Sustainability department (Head) and Legal. The Committee's tasks not only include monitoring the green mortgage portfolio but also determining suitability criteria for adequate assets in line with relevant standards, while taking current regulatory requirements into account. The Committee also provides impetus for developing further sustainable products (on both the asset and the liabilities sides) and examines the banking market for trends and developments.

### **Stakeholder contacts**

The central point of contact for both internal and external stakeholders is the Sustainability department, which drives the Bank's sustainable transformation process and manages all activities relating to sustainability. In addition, the department is responsible for integrating sustainability activities into the Bank's operations, and – together with the Division Head – informs the Management Board about any internal and external developments at regular intervals.

The Sustainability department is also the point of contact for other departments in the event of issues arising that are related to sustainability. It monitors all actions and, in consultation with the relevant divisions, suggests ways to optimise the sustainability programme. Sustainability Communications is also part of the Sustainability department. Working in close collaboration with Communications, Marketing & Events, it manages internal and external communications on all matters related to sustainability. In the 2024 financial year, the department underwent further training on sustainability topics by completing online training courses and attending conferences.

### **Remuneration of members of the Management Board and Supervisory Board and sustainability-related performance**

The remuneration paid to members of the Management Board is agreed in writing with the Supervisory Board. Members receive twelve fixed monthly salaries as well as variable remuneration linked to the achievement of quantitative and qualitative targets. The target achievement level is measured as an average figure for the last three financial years of DZ HYP and the DZ BANK Group. The targets are set based on the corporate strategy in the form of Group, Bank, divisional and individual targets, and are agreed between the Supervisory Board and the members of the Management Board.

The remuneration strategy ties in closely with the corporate culture of both DZ HYP and the DZ BANK Group. The DZ BANK Group's remuneration systems are designed to support its sustainable culture and strategy. The remuneration paid does not create any incentives to take disproportionately high risks.

DZ HYP is committed to the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement and the German government's sustainability strategy. To meet these ambitions, several objectives across the relevant fields of action – Sustainable Banking, Ecological Responsibility, Employees and Social Commitment – were set out, and corresponding levels of ambition derived for implementing them. In addition, indicators are being developed to assess the composition of the portfolio as well as with regard to climate and environmental risks. Going forward, these indicators will be implemented through clearly defined ambitions.

15 per cent of the variable remuneration paid to members of the Management Board is linked to sustainability targets: 7.5 per cent to HR initiatives and the other 7.5 per cent to the further development of the Company's sustainable orientation, including environmental aspects. The sustainability targets for all members of the Management Board are usually qualitative but can also be quantitative. As well as this, sustainability targets can be agreed as part of the divisional/individual targets for members of the Management Board if appropriate. Targets are cascaded to ensure that corresponding sustainability targets are also included in the target agreements of several Division Heads. These sustainability targets for Division Heads are then cascaded down to the lower levels in the hierarchy.

Managers are also encouraged to set targets with their employees that promote sustainable behaviour at DZ HYP and undergo specific training in this regard. This helps to establish sustainable thinking and business practices as a central component of the Bank's culture. At present, greenhouse gas reduction targets are not reflected in the remuneration paid to members of the Management Board.

Supervisory Board remuneration comprises fixed annual remuneration paid to each member, which varies depending on whether that member is the (Deputy) Chairperson or serves on a committee. Supervisory Board members do not receive any variable remuneration, nor are greenhouse gas reduction targets incorporated in remuneration for Supervisory Board members.

#### **Due diligence in the Sustainability Report**

The table below provides an overview of those sections in DZ HYP's Sustainability Report that address the most important due diligence aspects and steps. Due diligence is a process that companies use to identify, prevent (or minimise) and report on the actual and potential negative impacts of their business activities on the environment and people.

DUE DILIGENCE IN THE SUSTAINABILITY REPORT

Core elements of due diligence	Sustainability Report reference (chapter)
a) Embedding due diligence in governance, strategy and business model	<ul style="list-style-type: none"> <li>» Business Model and Strategy</li> <li>» Corporate Governance</li> </ul>
b) Engaging with affected stakeholders in all key steps of the due diligence	<ul style="list-style-type: none"> <li>» Business Model and Strategy</li> <li>» Corporate Governance</li> <li>» Materiality Analysis</li> <li>» Guidelines and Objectives in Banking Operations</li> <li>» Working Conditions and Pay</li> <li>» Occupational Health and Safety</li> <li>» Workers in the Value Chain</li> <li>» Social Engagement</li> <li>» Supplier Management</li> </ul>
c) Identifying and assessing adverse impacts	<ul style="list-style-type: none"> <li>» Business Model and Strategy</li> <li>» Corporate Governance</li> <li>» Materiality Analysis</li> </ul>
d) Taking actions to address those adverse impacts	<ul style="list-style-type: none"> <li>» Guidelines and Objectives in Banking Operations</li> <li>» Measures to Achieve Targets in Banking Operations</li> <li>» Diversity</li> <li>» Occupational Health and Safety</li> <li>» Skills Development</li> <li>» Workers in the Value Chain</li> </ul>
e) Tracking the effectiveness of these efforts and communicating	<ul style="list-style-type: none"> <li>» Measures to Achieve Targets in Banking Operations</li> <li>» Measures to Achieve Targets in the Banking Business</li> <li>» Greenhouse Gas Emissions</li> <li>» Diversity</li> <li>» Occupational Health and Safety</li> <li>» Skills Development</li> <li>» Workers in the Value Chain</li> </ul>

**Risk management and internal controls for sustainability reporting**

DZ HYP uses its existing processes and controls to ensure risk management and internal controls for sustainability reporting. These are being expanded to include the sustainability reporting processes. The Bank's risk processes are set out in standardised documents in line with the requirements that apply throughout the Bank and are integrated into the organisational structure and procedures.

The following two risks have been identified in the context of sustainability reporting:

» First, there is a risk that the reporting might overlook key issues for DZ HYP, making for an incomplete Sustainability Report. In order to minimise this risk, a materiality analysis is performed before the Sustainability Report is prepared. Further informa-

tion on the processes and controls can be found in the "Materiality analysis" chapter. This is designed to ensure that all of the topics that are relevant to DZ HYP are covered in the Sustainability Report.

» Second, there is a risk that incorrect or incomplete data will be included in the Sustainability Report. This could mean that the contents of the report might not be accurate. To minimise this risk, a plausibility check is performed on report content before it is included as part of the project. The Division Heads and the Management Board are responsible for signing off on the report contents.

Various controls to mitigate the risks identified, ensuring the integrity and reliability of the Bank's reporting, have been implemented at all stages of the sustainability reporting process chain. The risks identified and controls implemented for sustainability reporting are recorded systematically in a control inventory, which is

to be updated on an ongoing basis. All of the control activities are documented and monitored carefully. Any risks related to the ICS are to be assessed and adjusted as part of an ongoing process. The roles and responsibilities within the ICS are defined in DZ HYP's Guidelines on the Internal Control System for Sustainability (CSRD ICS Guidelines). There are plans to implement regular reporting on the results of the internal controls to the Management Board and Supervisory Board in the 2025 financial year.

DZ HYP's Compliance function is involved in further developing internal guidelines in the defined sustainability action areas. It promotes the introduction of effective procedures for complying with applicable legislation, rules, regulations and standards. This also includes monitoring new regulatory requirements as well as identifying and, where appropriate, helping to implement major legal provisions and requirements related to sustainability.

DZ HYP's Internal Audit department regularly reviews compliance with internal guidelines and procedures and with external requirements. These reviews include regulations related to sustainability. As an independent review body, its task is to assess the appropriateness and effectiveness of the internal control system and compliance with internal guidelines. In this capacity, it reports directly to the Management Board, the Supervisory Board, the Audit Committee and external controllers. Further information can be found in the Risk Report.

If addressing sustainability issues leads to new products being launched or to decisions to move into new markets, the control units must always be integrated into the established new product processes.

# MATERIALITY ANALYSIS

## OVERALL METHODOLOGY

A materiality analysis was conducted in the first quarter of the financial year in accordance with the principle of double materiality in order to define the scope of this Report. This included DZ HYP's impacts on people and the environment ("impact materiality") and also examined opportunities and risks ("business materiality").

### OVERALL METHODOLOGY

An iterative process was used to identify the sustainability issues that might be relevant to DZ HYP's operations and banking business before exploring the corresponding impacts, risks and opportunities. This resulted in the following 21 sub-topics being determined for DZ HYP to serve as a basis for identifying the corresponding impacts, risks and opportunities.

#### ESRS E1 – Climate change:

- » Climate change adaptation
- » Climate change mitigation
- » Energy

#### ESRS E2 – Pollution:

- » Pollution of air, water and soil
- » Substances of concern

#### ESRS E3 – Water and marine resources:

- » Water
- » Marine resources

#### ESRS E4 – Biodiversity and ecosystems:

- » Direct impact drivers of biodiversity loss
- » Impacts on the extent and condition of ecosystems

#### ESRS E5 – Resource use and circular economy:

- » Resource use
- » Circular economy

#### ESRS S1 – Own workforce:

- » Working conditions
- » Equal treatment and opportunities for all
- » Other work-related rights

#### ESRS S2 – Workers in the value chain:

- » Workers in the value chain

#### ESRS S3 – Affected communities:

- » Local communities

#### ESRS S4 – Consumers and end-users:

- » Consumers and end-users

#### ESRS S1 – Business conduct:

- » Corporate culture
- » Management of relationships with suppliers, including payment practices
- » Anti-competitive behaviour or political engagement/lobbying
- » Corruption and bribery

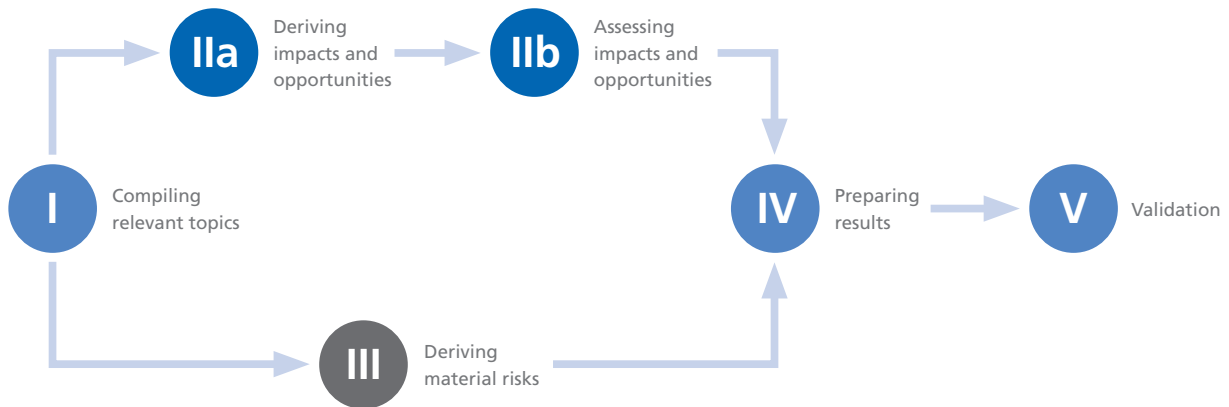
#### Stakeholder engagement

The Bank's key stakeholders were included in the materiality analysis by involving representative experts. These experts were required to have sufficient knowledge, based on their work at DZ HYP, of stakeholders' sustainability concerns and duties, and to be able to conduct an assessment. Further information on the Bank's main stakeholder groups can be found in the chapter on "Interests and views of stakeholders". The materiality analysis did not involve any specific consultation of affected communities with regard to pollu-

tion, water and marine resources, biodiversity and ecosystems, resource use or the circular economy. Instead, concerns of affected communities were taken into ac-

count as part of the survey of internal stakeholders as part of the qualitative materiality analysis.

#### MATERIALITY ANALYSIS PROCESS



### I. Compiling relevant topics

A list of topics was compiled based on the 21 ESRS sub-topics set out above. No other DZ HYP-specific topics were identified by the stakeholder representatives involved. The next steps in the materiality analysis process took two approaches: firstly conducting workshops to identify and assess impacts and opportunities with stakeholder representatives, and secondly deriving material risks (risk drivers) based on the Group-wide ESG risk driver analysis for the DZ BANK Group.

### II. a) Deriving impacts and opportunities

The impacts and opportunities relevant to DZ HYP were identified based on the 21 sub-topics. These were initially split into three overarching categories: environment, social and governance. The potential and actual positive and adverse impacts and opportunities that were relevant to the Bank's business activities and stakeholders in general were recorded in an IRO (impacts, risks and opportunities) catalogue.

DZ HYP-specific IROs were also developed on the basis of specific business activities, such as real estate loans and Pfandbrief transactions. The collection of IROs used various sources to reflect DZ HYP's specific business model. After the IRO collection had been finalised, the impacts and opportunities were aggregated to provide a basis for further assessment.

### II. b) Assessing impacts and opportunities

Workshops were also organised with stakeholder representatives on specific topics to assess the impacts and opportunities. The workshops were used to assess the impacts and opportunities that had been identified in the previous step. The impacts were assessed in terms of their dimension, scope and the extent to which they can be remedied (in the case of adverse impacts), also taking into account the time horizon and, for potential impacts, the probability of occurrence. The opportunities were assessed based on the categories "financial effects" and "probability of oc-

currence”, taking into account the extent to which they might depend on impacts and resources.

If an impact or opportunity associated with a particular sustainability topic was considered material, this topic was categorised as material for the corresponding dimension (banking operations and/or banking business). The responsible Division Heads are tasked with managing any negative impacts.

The thresholds and scales used to determine the materiality of an impact or opportunity were defined based on the recommendations of the European Financial Reporting Advisory Group (EFRAG) in accordance with ESRS 1 “European Sustainability Reporting Guidelines 1 – Double materiality conceptual guidelines for standard-setting”. The impact threshold is greater than or equal to eight on a scale of one to 15. For financial materiality, the threshold value is greater than or equal to three on a scale of one to five.

### III. Deriving material risks

The DZ BANK Group’s group-wide ESG risk driver analysis looks at the impact on financial and non-financial risks every year. The results of the risk driver analysis were used in DZ HYP’s materiality analysis. ESG risks are not considered a risk type in their own right, but rather a driver of existing financial and non-financial risk types, considering short, medium and long-term horizons. Further information on how ESG risks are managed in comparison to other risks can be found in the “Business Model and Strategy” chapter.

The analysis is performed for all DZ HYP’s risk types and is based on concentration analyses at portfolio level, as well as on expert assessments for specific risk types. The concentration analyses involve identifying, for each risk type, portfolio shares that are exposed to potentially elevated ESG risks and comparing these against defined materiality thresholds, also taking the probability of occurrence into account at the same time.

The ESG risks identified based on the ESG risk driver analysis are assigned to the 21 ESRS sub-topics. This allows the Bank to identify risks in its banking operations and banking business that are material from a financial perspective.

### IV. Preparing results

The final step involved preparing the results of the impact and opportunity assessment and the risk driver analysis and assigning them to the individual ESRS reporting requirements. The material topics were also summarised in a matrix showing the materiality of the topics for DZ HYP’s operations and banking business. Further information on the results of the materiality analysis and the matrix can be found in the “Results” chapter.

### V. Validation

The results of the materiality analysis prepared in the first quarter were validated in the fourth quarter of the financial year. The validation process consisted of three components:

- » Qualitative review of the results of the materiality analysis to identify relevant events: the experts surveyed used a qualitative questionnaire to enquire about and evaluate relevant events (e.g. changes in the business model).
- » Quantitative analysis of DZ HYP’s portfolio with regard to relevant impacts: the business portfolio was quantified in terms of its impact on sectors using reference data. These results were then evaluated by the experts.
- » Deriving the material risks from the latest risk driver analysis: financial materiality is validated based on the materiality of ESG risks, as determined as part of the group-wide risk driver analysis update.

DZ HYP’s Management Board acknowledges the annual validation results for the materiality analysis.

# RESULTS

The overall results of the materiality analysis shown in the chart below were presented to the management bodies for information purposes. The materiality analysis allowed DZ HYP to identify impacts, risks and opportunities and to determine their materiality for banking operations and for the banking business.

The impacts, risks and opportunities identified can affect DZ HYP’s business model and strategy and vice versa. These interdependencies are addressed in the chapters of this Report that deal with the individual topics. Further information on the material impacts, risks and opportunities identified as part of the materiality analysis can be found in chapters 2 “Environment”, 3 “Social” and 4 “Governance”.

## MATERIALITY ANALYSIS RESULTS



## Material impacts, risks and opportunities in relation to the strategy and the business model

The material impacts, risks and opportunities identified are addressed in the individual topic chapters, assigned as follows:

### MATERIAL TOPICS AND THEIR IMPACTS, RISKS AND OPPORTUNITIES

Material topic	Value chain	Reference (chapter in the Sustainability Report)
ESRS E1 – Climate change adaptation	BB <sup>*)</sup>	Measures to Achieve Targets in Banking Operations, Measures to Achieve Targets in the Banking Business
ESRS E1 – Climate change mitigation	BO <sup>**)</sup> , BB	Measures to Achieve Targets in Banking Operations, Measures to Achieve Targets in the Banking Business
ESRS E1 – Energy	BO, BB	Measures to Achieve Targets in Banking Operations, Measures to Achieve Targets in the Banking Business
ESRS E2 – Pollution	BO	Measures to Achieve Targets in Banking Operations, Measures to Achieve Targets in the Banking Business
ESRS S1 – Working conditions	BO	Working Conditions and Pay, Occupational Health and Safety, Skills Development
ESRS S1 – Equal treatment and opportunities for all	BO	Diversity
ESRS S1 – Other work-related rights	BO	Working Conditions and Pay, Occupational Health and Safety
ESRS S2 – Workers in the value chain	BO, BB	Workers in the Value Chain
ESRS S3 – Affected communities	BO, BB	Social Engagement
ESRS S4 – Consumers and end-users	BB	Our Clients and Customers
ESRS G1 – Business conduct	BO, BB	Corporate Culture
ESRS G1 – Anti-competitive behaviour, political engagement and lobbying activities	BO, BB	Compliance
ESRS G1 – Corruption and bribery	BO, BB	Compliance

\*) Banking business

\*\*\*) Banking operations

The table below presents the main positive and adverse impacts and the expected time horizons.

#### IMPACT TIME HORIZONS

Impact	Contents	Time horizon
<b>ECOLOGICAL RESPONSIBILITY</b>		
Positive impact	The GHG emissions of the Company, its service providers and suppliers are being reduced.	Short-term
Positive impact	Energy consumption is being reduced thanks to energy-efficiency measures in the Company's own buildings.	Short-term
<b>SUSTAINABLE BANKING</b>		
Positive impact	Financing sustainable properties creates an incentive for sustainable behaviour.	Short-term
Positive impact	Financing of measures makes properties more resilient to the effects of climate change.	Medium- and long-term
Positive impact	Exclusion criteria allow the Bank to avoid financing emissions-intensive sectors or clients.	Short-term
Positive impact	Greenhouse gas emissions are reduced by financing energy-efficient properties.	Short-term
Positive impact	Institutional investors are assisted in taking sustainability criteria into account. This is promoted by offering suitable products such as green bonds.	Short-term
Positive impact	Projects are financed to help drive the energy transition. These include projects designed to boost the energy efficiency of existing properties.	Short-term
Adverse impact	Financing is provided for properties with high energy consumption or low energy efficiency levels.	Short-term
Adverse impact	The energy transition is hindered by the financing of properties that use fossil fuels.	Short-term

IMPACT TIME HORIZONS (CONTINUATION)

Impact	Contents	Time horizon
<b>EMPLOYEE MATTERS</b>		
Positive impact	Fair and transparent remuneration systems, coupled with the monetary benefits on offer, contribute to employee motivation and satisfaction.	Short-term
Positive impact	Work-life balance measures boost employee satisfaction.	Short-term
Positive impact	Upskilling and training courses increase employee motivation and satisfaction and enhance their performance.	Medium- and long-term
Positive impact	Equal rights and a non-discriminatory environment for employees create a more inclusive working environment.	Medium- and long-term
Positive impact	Equal treatment of employees is promoted.	Short-term
Positive impact	Human rights are respected in banking operations while child and forced labour are avoided.	Short-term
Adverse impact	Unsuitable working conditions can create psychological, social and health problems for employees.	Medium- and long-term
<b>WORKERS IN THE VALUE CHAIN</b>		
Positive impact	Selecting suppliers based on sustainability criteria improves working conditions in their companies.	Short-term
Positive impact	Financing construction projects creates jobs at business partners' companies.	Short-term
<b>SOCIAL ENGAGEMENT</b>		
Positive impact	Selecting suppliers based on sustainability criteria improves working conditions in their companies.	Short-term
Positive impact	Financing construction projects creates jobs at business partners' companies.	Short-term
Positive impact	Selecting suppliers based on sustainability criteria improves working conditions in their companies.	Short-term

## IMPACT TIME HORIZONS (CONTINUATION)

Impact	Contents	Time horizon
<b>OUR CLIENTS AND CUSTOMERS</b>		
Positive impact	Access to financing products is improved.	Short-term
Positive impact	Protection of general privacy rights increases security for clients.	Short-term
Positive impact	The quality of the advice that DZ HYP provides allows it to meet its information and disclosure obligations vis-à-vis its clients.	Short-term
<b>CORPORATE CULTURE</b>		
Positive impact	Protecting whistleblowers can help the Bank to detect non-compliant behaviour and, in doing so, improve its corporate culture.	Short-term
Positive impact	A healthy corporate culture translates into satisfied employees.	Short-term
Positive impact	Strong compliance and a healthy corporate culture at DZ HYP lead to sustainable business relationships that are successful in the long term.	Short-term
Positive impact	Good corporate governance is practised when selecting business partners in accordance with guidelines.	Short-term
<b>COMPLIANCE</b>		
Positive impact	Protecting whistleblowers can help the Bank to detect non-compliant behaviour and, in doing so, improve its corporate culture.	Short-term
Positive impact	A healthy corporate culture translates into satisfied employees.	Short-term
Positive impact	Strong compliance and a healthy corporate culture at DZ HYP lead to sustainable business relationships that are successful in the long term.	Short-term
Positive impact	Good corporate governance is practised when selecting business partners in accordance with guidelines.	Short-term

### ESRS disclosure requirements covered in the Sustainability Report

Based on the results of the materiality analysis and in line with the EFRAG Value Chain Implementation Guidance, the topics identified as material were matched

with the corresponding ESRS reporting requirements. A list of the material topics, including the assigned reporting requirements, can be found in the table below.

#### MATERIAL TOPICS AND ASSIGNED ESRS REPORTING REQUIREMENTS

Dimension	Standard	Topic	Reporting requirements
<b>Mitarbeiterinnen und Mitarbeiter</b>	E1	Climate change (climate change mitigation)	E1 GOV-3, E1 SBM-3, E1 IRO-1, E1-1, E1-2, E1-3, E1-4, E1-5, E1-6
	E2	Pollution	E2 IRO-1, E2-1, E2-2, E2-3
	S1	Own workforce	S1 SBM-2, S1 SBM-3, S1-1, S1-2, S1-3, S1-4, S1-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-12, S1-13, S1-14, S1-15, S1-16, S1-17
	S3	Affected communities	S3 SBM-2, S3 SBM-3, S3-1, S3-2, S3-3, S3-4, S3-5
	G1	Business conduct	G1 GOV-1, G1 IRO-1, G1-1, G1-2, G1-3, G1-4, G1-5
<b>Banking business</b>	E1	Climate change	E1 GOV-3, E1 SBM-3, E1 IRO-1, E1-1, E1-2, E1-3, E1-4, E1-6, E1-7
	E2	Pollution	E2 IRO-1, E2-1, E2-2, E2-3
	S2	Workers in the value chain	S2 SBM-2, S2 SBM-3, S2-1, S2-2, S2-3, S2-4, S2-5
	S3	Affected communities	S3 SBM-2, S3 SBM-3, S3-1, S3-2, S3-3, S3-4, S3-5
	S4	Consumers and end-users	S4 SBM-2, S4 SBM-3, S4-1, S4-2, S4-3, S4-4, S4-5
	G1	Business conduct	G1 IRO-1, G1-3, G1-4, G1-5

The materiality of the disclosure requirements in the list of datapoints in ESRS 2 Appendix B resulting from other EU legislation is presented below.

## DATAPOINTS IN ESRS 2 APPENDIX B

Disclosure requirement	Data point	Materiality	Chapter in the Sustainability Report
ESRS 2 GOV-1	Gender diversity in management and supervisory bodies	Material	Corporate Governance
ESRS 2 GOV-1	Percentage of independent board members	Material	Corporate Governance
ESRS 2 GOV-4	Statement on due diligence	Material	Corporate Governance
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities	Not applicable <sup>*)</sup>	
ESRS 2 SBM-1	Involvement in activities related to chemical production	Not applicable <sup>*)</sup>	
ESRS 2 SBM-1	Involvement in activities related to controversial weapons	Not applicable <sup>*)</sup>	
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco	Not applicable <sup>*)</sup>	
ESRS E1-1	Transition plan to reach climate neutrality by 2050	Material	Guidelines and Objectives in Banking Operations
ESRS E1-1	Undertakings excluded from Paris-aligned benchmarks	Not applicable <sup>*)</sup>	
ESRS E1-4	GHG emission reduction targets	Material	Guidelines and Objectives in Banking Operations, Guidelines and Objectives in the Banking Business
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Not material	
ESRS E1-5	Energy consumption and mix	Material	Energy Consumption and Mix Indicators
ESRS E1-6	Gross scopes 1, 2, 3 and total GHG emissions	Material	Indicators on Greenhouse Gas Emissions
ESRS E1-6	Gross GHG emissions intensity	Material	Indicators on Greenhouse Gas Emissions
ESRS E1-7	GHG removals and carbon credits	Material	Indicators on Greenhouse Gas Emissions
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks	Not applicable <sup>*)</sup>	
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk	Not applicable <sup>*)</sup>	
ESRS E1-9	Location of significant assets at material physical risk	Not applicable <sup>*)</sup>	
ESRS E1-9	Breakdown of the carrying value of its real estate assets	Not applicable <sup>*)</sup>	
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities	Not applicable <sup>*)</sup>	
ESRS E2-4	Amount of each pollutant listed in Annex II of the EPRT Regulation emitted to air, water and soil	Not material	

\*) not applicable because the datapoint was not included in the 2024 reporting year due to the transition period or because it is voluntary.

DATAPOINTS IN ESRS 2 APPENDIX B (CONTINUATION)

Disclosure requirement	Data point	Materiality	Chapter in the Sustainability Report
ESRS E3-1	Water and marine resources	Not material	
ESRS E3-1	Dedicated policy	Not material	
ESRS E3-1	Sustainable oceans and seas	Not material	
ESRS E3-4	Total water recycled and reused	Not material	
ESRS E3-4	Total water consumption in m <sup>3</sup> per net revenue on own operations	Not material	
ESRS 2 SBM3 E4	Paragraph 16	Not material	
ESRS E4-2	Sustainable land/agriculture practices or policies	Not material	
ESRS E4-2	Sustainable oceans/seas practices or policies	Not material	
ESRS E4-2	Policies to address deforestation	Not material	
ESRS E5-5	Non-recycled waste	Not material	
ESRS E5-5	Hazardous waste and radioactive waste	Not material	
ESRS 2 SBM3 S1	Risk of incidents of forced labour	Material	Working Conditions and Pay, Occupational Health and Safety
ESRS 2 SBM3 S1	Risk of incidents of child labour	Material	Working Conditions and Pay, Occupational Health and Safety
ESRS S1-1	Human rights policy commitments	Material	Working Conditions and Pay
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Material	Working Conditions and Pay
ESRS S1-1	Processes and measures for preventing trafficking in human beings	Material	Working Conditions and Pay, Occupational Health and Safety
ESRS S1-1	Workplace accident prevention policy or management system	Material	Occupational Health and Safety
ESRS S1-3	Grievance/complaints handling mechanisms	Material	Working Conditions and Pay
ESRS S1-14	Number of fatalities and number and rate of work-related accidents	Material	Occupational Health and Safety
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness	Material	Occupational Health and Safety
ESRS S1-16	Unadjusted gender pay gap	Material	Working Conditions and Pay
ESRS S1-16	Excessive CEO pay ratio	Material	Corporate Governance, Working Conditions and Pay

## DATAPOINTS IN ESRS 2 APPENDIX B (CONTINUATION)

Disclosure requirement	Data point	Materiality	Chapter in the Sustainability Report
ESRS S1-17	Incidents of discrimination	Material	Working Conditions and Pay
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not applicable <sup>*)</sup>	
ESRS 2 SBM3 S2	Significant risk of child labour or forced labour in the value chain	Material	Workers in the Value Chain
ESRS S2-1	Human rights policy commitments	Material	Workers in the Value Chain
ESRS S2-1	Policies related to value chain workers	Material	Workers in the Value Chain
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not applicable <sup>*)</sup>	
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Material	Workers in the Value Chain
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain	Material	Workers in the Value Chain
ESRS S3-1	Human rights policy commitments	Material	Social Engagement
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not applicable <sup>*)</sup>	
ESRS S3-4	Human rights issues and incidents	Material	Social Engagement
ESRS S4-1	Policies related to consumers and end-users	Material	Clients
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Not applicable <sup>*)</sup>	
ESRS S4-4	Human rights issues and incidents	Material	Clients
ESRS G1-1	United Nations Convention against corruption	Material	Compliance
ESRS G1-1	Protection of whistle-blowers	Material	Compliance
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws	Material	Compliance
ESRS G1-4	Standards of anti-corruption and anti-bribery	Not applicable <sup>*)</sup>	

\*) not applicable because the datapoint was not included in the 2024 reporting year due to the transition period or because it is voluntary.

# ENVIRONMENT

The “Environment” chapter covers environmental protection at the level of the Bank’s operations (“Ecological responsibility” chapter) and at the level of the banking business (“Sustainable banking” chapter). It also explains the methodology for calculating greenhouse gas emissions (GHG emissions) and presents the indicators used (“Greenhouse gas emissions” chapter). In addition, information is provided on the EU Taxonomy (“Disclosures Pursuant to Article 8 of Regulation (EU) 2020/852”).

DZ HYP strives to protect the environment in its own operations using guidelines and objectives that are reflected in environmental performance indicators and improved on an ongoing basis. This process is based on the material impacts and risks presented in the table below.

## IDENTIFICATION OF THE MATERIAL IROS FOR ECOLOGICAL RESPONSIBILITY

IRO type	Description	Dimension
Positive impact	The GHG emissions of the Company, its service providers and suppliers are reduced.	Banking operations
Positive impact	Energy consumption is reduced thanks to energy efficiency measures in the Company’s own buildings.	Banking operations
Risk	There is an elevated legal risk due to climate-related aspects (operational risk).	Banking operations
Risk	There is an elevated legal risk due to environmental aspects.	Banking operations

## ECOLOGICAL RESPONSIBILITY

### Guidelines and objectives in banking operations

The goal of conserving an intact and stable environment is reflected in DZ HYP’s business activities. Environmental management focuses on optimising the use of energy and resources at the Bank and on using renewable energy sources to consistently reduce our operational carbon footprint. DZ HYP is also working on reducing carbon emissions from mobility and on further measures to reduce these emissions. Looking at environmental issues in the supply chain of products and services is another part of the sustainability strategy.

### DZ HYP’s sustainability strategy

The sustainability strategy describes DZ HYP’s ambition of achieving climate-neutral banking operations by 2045. Based on the reporting to date, greenhouse gas emissions are to be reduced by at least 65 per cent by 2030 as against the 2009 baseline. This supports the German government’s Climate Action Programme and the Paris Climate Agreement, which aims to limit greenhouse gas emissions in a quest to cap global warming at 1.5 degrees Celcius. Responsibility for the sustainability strategy lies with the Management Board member responsible for the relevant division, and sustainability in banking operations is the responsibility of IT. In operational terms, the policy is implemented by the Sustainability department. Because ecological responsibility can only make a small contribution to DZ HYP’s total emissions, the Bank has not drawn up, and does not plan to draw up, a transition plan to reach climate neutrality in banking operations.

The climate strategy's scope of application encompasses DZ HYP's sites in Hamburg and Munster, as well as its nationwide real estate centres and regional offices. Ecological responsibility at the individual sites lies with the Security & Organisation department.

Operational risks exist in banking operations in the form of legal risks. To counter these, DZ HYP has an established risk management system that also includes measures for addressing these legal risks. Capital requirements for operational risks are derived at Group level using the standardised approach as set out in the Capital Requirements Regulation (CRR). Moreover, economic capital for operational risk is calculated using a portfolio model and incorporated into internal management. To identify operational risks in good time, DZ HYP records risk indicators (aligned with the CRR event categories) on a regular basis and analyses them by way of a traffic light system. Further information can be found in the Risk Report. Over and above this, DZ HYP does not have any separate policy or targets relating to pollution at present, as this is one of many ESG risk management topics that is addressed as part of the overall system.

#### Targets derived from the policy

As part of the DZ BANK Group, DZ HYP is guided by the Group's established target system for reducing greenhouse gas (GHG) emissions, measured in terms of Scope 1 to Scope 3 emissions. The use of ESRS reporting for the first time resulted in changes to the Scope 3 categories and the methodology for data capture, meaning that DZ HYP's previous ambitions have to be revised to formulate targets in line with the ESRS. The need for adjustment is described below.

As part of the DZ BANK Group, DZ HYP has reviewed the Scope 3 categories to analyse their significance. This ultimately results in changes to the emissions sources. A detailed list of the Scope 3 categories, broken down into "significant" and "not significant", can be found in the "Greenhouse gas emissions" chapter. In terms of methodology, DZ HYP has been using the VfU tool, which is used as standard across the DZ BANK Group, to calculate GHG emissions since the 2024 financial year, instead of the individual methods used in the past. In the 2025 financial year, the ambitions regarding target values will be updated

in line with the ESRS as part of this process for the purposes of the Sustainability Report.

#### Measures to achieve targets in banking operations

In order to achieve the targets it has communicated, DZ HYP has identified the following key decarbonisation levers and defined specific measures to reach these targets. The resources associated with the individual measures have not been quantified explicitly. As well as this, implementing measures does not depend on funds. The greenhouse gas reduction associated with each measure was not quantified in the financial year under review. The greenhouse gas reduction associated with the measures is in line with expectations. As far as impacts and the climate strategy are concerned, DZ HYP is focusing on the following measures, which are defined as consolidated measures for mitigating climate change.

##### » Improving energy efficiency in building operations – particularly in the context of modernisation measures

DZ HYP has undertaken various measures to reduce carbon emissions at its Hamburg office in recent years. These included refurbishing the façades to improve energy efficiency levels and installing high-quality windows with automatic shading. Extensive modernisation work was also carried out on the building in Munster. The main measures included installing new heating, ventilation and air-conditioning technology and replacing the entire façade, complete with automatic shading.

##### » Increased use of energy-saving (LED) lamps combined with smart lighting control systems

Energy-efficient LED lamps were introduced for lighting the building in Munster, together with a demand-based lighting control system that reduces the electricity used for lighting.

##### » Use of green/self-generated electricity

A co-generation unit and photovoltaic panels installed on the landscaped roof in Hamburg generate electricity at reduced emissions. Further information on the use of green/self-generated electricity can be found in the chapter entitled "Energy Consumption and Mix Indicators".

» **Measures to raise employee awareness**

DZ HYP employees are asked to delete any data they no longer need and to avoid using devices on standby. They are also urged to lower the room temperature and to refrain from lowering it too much in the summer. The measures are to be implemented in all locations and will help to reduce consumption. Internal formats are also used to provide employees with information on sustainability and on climate and environmental protection.

» **Heating modifications**

Measures to make the heating system more efficient, also by using hydraulic balancing in the existing heating system in Hamburg, reduces overall consumption. One of the ways this was achieved was by using hydraulic balancing in the existing heating system, which reduces gas consumption. The heating system in Munster was switched from natural gas to district heating in the 2024 reporting year. This made it possible to avoid 22,234.4 kg in CO<sub>2</sub>e in the reporting year.

» **Developing the mobility concept**

Using fuel-efficient and low-emission models in its vehicle pool is a priority for DZ HYP. The 2019 company car policy regulates CO<sub>2</sub> emissions for employees and Divisional Heads, capping them at between 150 and 200 grams of CO<sub>2</sub> per kilometre. Electric and plug-in hybrid vehicles are a key component of the fleet, with a total of 30 vehicles of this kind. The actual annual mileage and CO<sub>2</sub> values for all vehicles in the fleet are calculated in analyses conducted by the leasing provider.

As part of the checks on compliance with standards, DZ HYP undergoes an audit in accordance with German industry standard DIN EN 16247-1 every four years. This energy audit, most recently conducted in the 2023 financial year, involved three locations being visited by an auditor for an on-site inspection. The results of the energy audit bear testimony to the effectiveness of the measures that had already been implemented. In Munster in particular, the data showed the positive impact that upgrading measures have had. The measures described above, including modernisation work and the switch to renewable heating, were implemented by DZ HYP in 2024. DZ HYP has not planned any further measures for the moment.

Measures are taken to counteract the operational transition risk identified in the form of a legal risk in banking operations. Within this context, DZ HYP has an established risk management system in place that also encompasses legal risks and how to deal with them. Further information can be found in the Risk Report. Over and above this, DZ HYP has not defined any separate measures to address pollution at present, as this is one of many ESG risk management topics that is addressed as part of the overall system.

### Energy consumption and mix indicators

The photovoltaic system in Hamburg, which consists of 251 solar panels with an output of 325 watts each, generates solar output of around 80 kWp (kilowatt peak) per hour under optimal conditions. This corresponds to an output of 70 to 80 MWh per year. Total power of 85.2 MWh was generated in 2024. The solar panels allow DZ HYP to reduce annual carbon emissions by around 27,000 kg compared with conventional electricity generated from gas, coal and nuclear power (Germany's power mix), taking the corresponding emission factor into account.

Self-generated electricity from the co-generation unit and photovoltaic panels in Hamburg supply approximately 30 per cent of total energy demand, with over 800 MWh generated at reduced emissions and used on site, of which approximately 717 MWh are generated by the co-generation unit and about 85 MWh by the photovoltaic plant. The photovoltaic system in Munster generates around 4.1 MWh. The additional power used predominantly comprises electricity purchased from certified hydroelectric power sources.

In the 2024 reporting year, the aggregated electricity consumption at both head offices in Hamburg and Munster, including the real estate centres and regional offices, came to 3,757.0 MWh.

DZ HYP did not use any areas in the Quartier 21 building in Munster itself in the year under review. Any rental vacancies during the year were counted as use by DZ HYP. The Quartier 21 building uses district heating.

As a tenant in office buildings, DZ HYP can only exert limited influence over the energy mix and energy efficiency at its real estate centres (with the exception of Hamburg) and regional offices.

DZ HYP applies the latest 2024 version of the methodology of the German Association for Environmental Management and Sustainability in Financial Institutions (*Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.*) and also uses its tool to collect and calculate the data. Data is collected on energy consumption and the energy mix, which are shown in the table below. The data quality categories were defined as follows (in descending order): (I) primary data

as at 30 September; (II) primary data for the reporting year prior to 30 September; (III) prior-year data and (IV) estimated data. Consumption data is determined as at 30 September for each parameter (e.g. electricity) and defined unit. This process also uses meter readings. If bills are available from a utility company, service provider or landlord, these are also included in the calculation. If consumption data cannot be accessed until a later date, existing consumption data is used, for example based on bills from the previous year. The consumption data as at the reporting date of 30 September is extrapolated to 31 December of the year on a straight-line basis, or based on the weather.

#### ENERGY CONSUMPTION AND ENERGY MIX IN THE 2024 FINANCIAL YEAR

Energy source	Consumption
(1) Total fossil energy consumption (MWh)	11,232
Share of fossil sources in total energy consumption (%)	79
(2) Consumption from nuclear sources (MWh)	–
Share of consumption from nuclear sources in total energy consumption (%)	–
(3) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	–
(4) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2,829
(5) Consumption of self-generated non-fuel renewable energy (MWh)	89
(6) Total renewable energy consumption (MWh) (calculated as the sum of lines 3 to 5)	2,918
Share of renewable sources in total energy consumption (%)	21
<b>Total energy consumption (MWh) (calculated as the sum of lines 1 and 6)</b>	<b>14,150</b>

## SUSTAINABLE BANKING BUSINESS

DZ HYP sees itself as playing an active role in society and is aware of the material impact that its business decisions have on local communities, the environment and the climate. It considers sustainability efforts to be a strategic cross-divisional responsibility and strives to integrate them systematically into its core business. The material impacts, risks and opportunities are described in the table below.

### IDENTIFICATION OF MATERIAL IROS FOR THE SUSTAINABLE BANKING BUSINESS

IRO type	Description	Dimension
Positive impact	Financing sustainable properties creates an incentive for sustainable behaviour.	Banking business
Positive impact	Financing for measures makes properties more resilient to the effects of climate change.	Banking business
Positive impact	Exclusion criteria allow the Bank to avoid financing emissions-intensive sectors or clients.	Banking business
Positive impact	Greenhouse gas emissions are reduced by financing energy-efficient properties.	Banking business
Positive impact	Institutional investors are provided with support so they can take sustainability criteria into account. This is promoted by offering suitable products such as green bonds.	Banking business
Positive impact	Projects are financed to help drive the energy transition. These include projects designed to boost the energy efficiency of existing properties.	Banking business
Adverse impact	Financing is provided for properties with high energy consumption or low energy efficiency levels.	Banking business
Adverse impact	The energy transition is hindered by the financing of properties that use fossil fuels.	Banking business
Risk	Physical risks associated with climate change could increase the probability of default in the credit portfolio.	Banking business
Risk	A greater need to conserve resources could lead to the probability of default in the credit portfolio due to higher costs for borrowers.	Banking business
Risk	Misleading information on the Bank's business portfolio strategy in connection with climate change could result in reputational damage for DZ HYP.	Banking business
Risk	Misleading information on the Bank's business portfolio strategy in connection with financing for energy-efficient properties could result in reputational damage for DZ HYP.	Banking business
Opportunity	Customer demand increases for specialised solutions for financing climate change adaptation measures.	Banking business
Opportunity	The Bank manages to tap into further sources of funding and investor groups with its green bonds.	Banking business
Opportunity	DZ HYP improves its reputation by positioning itself as a transformation partner on the path towards climate neutrality.	Banking business

## Guidelines and objectives in the banking business

### DZ BANK Group's Climate and Environmental Strategy

The DZ BANK Group first developed a Group-wide climate strategy back in 2018, including measures to reduce carbon emissions and take account of natural capital. DZ HYP is guided by this strategy and is making a contribution to climate change mitigation. Its approach is founded on its commitment to the UN Global Compact, the Sustainable Development Goals, the Paris Climate Agreement and the German government's sustainability strategy. DZ HYP stands in solidarity with its customers and wants to help them transition to a low-carbon economy, which is why it complies with the principles published by the DZ BANK Group. These principles lay the foundation for the transition to a more environmentally friendly future, as well as for climate targets that are aligned with the 1.5-degree Celsius target set out in the Paris Climate Agreement and with the aim to achieve climate neutrality in the banking business by 2050, as required under the ESRS. Given that ecological responsibility can only make a small contribution to the total emissions caused (or financed) by DZ HYP, the Bank has not drawn up a transition plan to reach climate neutrality (ecological responsibility perspective) extending beyond the activities set out above, and has no plans to do so at present. The Bank's climate strategy and climate targets were approved by the Management Board of DZ BANK. What is more, the climate strategy for the banking business, as described above, is a fixed component of DZ HYP's sustainability strategy. Its Sustainability department ensures that the strategy is implemented by IT and the responsible Division Heads. The climate strategy and the targets derived from it have not been incorporated into DZ HYP's financial planning. The targets are reviewed at regular intervals and updated where appropriate. Further information on the climate strategy can be found in the chapter "Guidelines and Objectives in Banking Operations". More information on how ESG risks are handled in the Bank's business with corporate clients can be found under "Measures to Achieve Targets in the Banking Business".

### DZ HYP's exclusion criteria

The DZ BANK Group has set itself stringent standards for its business activities. DZ HYP applies the Group-wide exclusion criteria where these apply to its business areas. The exclusion criteria for specific business practices and areas are a key element of the Bank's commitment to sustainability. The aim is to ensure that minimum ESG requirements are met. The Group-wide exclusion criteria are subject to regular review and are updated to reflect changing social norms and new scientific and political developments. They also define exclusion criteria for the credit business. These criteria are specified in the business strategy under "Business model boundaries" and include the exclusion of controversial business areas (e.g. arms trading, the sex trade (pornography/prostitution)) and controversial business practices (such as significant human rights violations). As well as this, they exclude business where it is not possible to rule out human rights violations or environmental breaches. A corresponding exclusion criteria review section has been included in DZ HYP's decision-making document for new credit business. DZ HYP uses exclusion criteria as part of its efforts to reduce financing in emissions-intensive sectors and for customers in these sectors. The relevant guidelines cover the areas of climate protection and energy efficiency. The DZ BANK Group is responsible for monitoring the implementation of the exclusion criteria.

### Sustainable funding

In January 2022, DZ HYP published its very first Green Bond Framework, laying the foundation for Green Pfandbrief issues. In this context, the DZ HYP Green Bond Framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles and the vdp's Minimum Standards for Green Mortgage Pfandbriefe. To keep the framework up to date, it is reviewed and revised if necessary. This process is the responsibility of Treasury and the relevant Division Heads.

DZ HYP published a substantially revamped Green Bond Framework on 18 December 2024. Essentially, the adjustments include advanced criteria for selecting eligible projects. These criteria tie in more closely with

the EU Taxonomy criteria for making a substantial contribution to climate change mitigation. DZ HYP's updated Green Bond Framework has been developed in accordance with the latest market standards and with the new minimum standards published by the Association of German Pfandbrief Banks (vdp) in particular. It enables the Bank to further expand its Green Pfandbrief issuance, offering investors a transparent and reliable basis for sustainable investment.

### **Application of emission reduction targets within DZ HYP**

The building sector is the biggest single energy consumer in the EU, accounting for 36 per cent of total energy-related carbon emissions. Of this, residential buildings represent the largest share. This means that the sector offers enormous potential for boosting energy efficiency. As such, financing energy-efficient properties can help to reduce GHG emissions. However, market participants are up against major challenges in both the private and commercial property segments. In the medium term, decarbonisation will be achieved largely by refurbishing existing properties and replacing oil and gas heating systems. Statutory requirements such as the Energy Performance of Buildings Directive (EPBD), the German Buildings Energy Act (GEG) and the EU Taxonomy Regulation are designed to contribute to the decarbonisation process.

Key measures for decarbonising the real estate sector include switching from fossil fuels (coal, oil and gas) to renewable sources of heat and power, adapting properties to enable them to use efficient renewable energy sources, and improving building energy efficiency, particularly through refurbishment measures. The decarbonisation of DZ HYP's real estate portfolio hinges in

particular on to what extent – and within what time frame – the regulatory requirements and plans are implemented in practice and lead to a decarbonisation within the sector.

As part of its efforts to align the banking business with the requirements of the Paris Climate Agreement – i.e. achieving climate neutrality by 2050 and limiting the average global temperature rise to a maximum of 1.5 degrees Celsius compared to pre-industrial levels – DZ HYP defined decarbonisation targets for the real estate portfolio for retail customers and corporate clients alike for the first time in 2023. To this end, it benchmarked its own pathways against the Carbon Risk Real Estate Monitor (CRREM). The CRREM offers the real estate industry transparent, science-based and Paris-aligned decarbonisation pathways based on a relevant metric (physical emissions activities in emissions per year and square metre of usable building space in kilograms:  $\text{kg CO}_2\text{e/m}^2/\text{year}$ ). The transformation of the electricity and heating mix, as well as statutory requirements such as the German Buildings Energy Act and the EPBD (Energy Performance of Buildings Directive) were taken into account when modelling the targets for DZ HYP. As the sector targets relate to the business portfolio, they refer to Scope 3 emissions (category 15).

The key measures identified make up the Bank's decarbonisation lever for achieving the GHG emissions reduction target for the real estate sector. The expected total quantitative amount of the decarbonisation lever is broken down in the table below. The specific target values, expressed in terms of physical intensity ( $\text{kgs CO}_2\text{e/m}^2/\text{year}$ ), can change over time, for example when updated to reflect the reporting date or the need to make methodological adjustments.

## GREENHOUSE GAS EMISSION REDUCTION TARGETS

	2023 baseline year	31 Dec 2024	Target for 2026	Target for 2030	Target for 2040	Target for 2050
<b>Commercial properties in kg CO<sub>2</sub>e/m<sup>2</sup>/year</b>	<b>40.9</b>	<b>39.2</b>	<b>38.2</b>	<b>26</b>	<b>9</b>	<b>0.6</b>
<b>Reduction targets (commercial) in %</b>			<b>-7</b>	<b>-36</b>	<b>-78</b>	<b>-99</b>
<b>Private properties in kg CO<sub>2</sub>e/m<sup>2</sup>/year</b>	<b>54.4</b>	<b>53.4</b>	<b>48.6</b>	<b>31.9</b>	<b>9.7</b>	<b>0.4</b>
<b>Reduction targets (private) in %</b>			<b>-11</b>	<b>-41</b>	<b>-82</b>	<b>-99</b>

The targets for the real estate decarbonisation pathway were published for the first time in 2023. Initially, the gap separating the status quo from the selected pathway is to widen temporarily, as the CRREM reference pathway for Germany is very ambitious. The targets were calculated based on the assumption that the composition of the business portfolio would remain constant. The decarbonisation targets have been defined for DZ HYP's corporate client and retail customer real estate portfolios.

In our Corporate Client portfolio, the Bank is aiming to reduce emissions by seven per cent by 2026 and by 36 per cent by 2030. In the Private Customer portfolio, it is aiming for an eleven per cent reduction by 2026 and a 41 per cent reduction by 2030.

A climate target pathway management system has been developed at Group level to monitor compliance with the climate target pathways. The portfolio monitoring and management approach has been applied by DZ HYP accordingly. The annual business segment analysis looks at the implications of future developments and their impact on the emission reduction targets. Ultimately, no further measures have been developed. As things currently stand, DZ HYP has no plans to introduce any new technologies to achieve its GHG emission reduction targets.

### Measures to achieve targets in the banking business

DZ HYP's believes that its products and services are ethically justifiable; it intends to clearly communicate any potential risks. As the "sustainable banking business" action area is of great relevance to both internal and

external stakeholders, DZ HYP has defined measures to achieve its targets in the banking business. The resources associated with the individual measures have not been quantified explicitly.

### Green Pfandbriefe in the banking business

As part of the Green Bond Framework, a procedure has been established to classify properties. This is done by assessing and evaluating the properties based on factors such as energy performance certificates and sustainability certificates. The procedure was developed further in 2024 and, above all, was adapted to reflect the new minimum standards set out by the Association of German Pfandbrief Banks (vdp), which take effect from 1 January 2025. This will ensure that the Bank is closely aligned with the EU Taxonomy criteria for a substantial contribution to climate change mitigation and will also boost transparency. Further information can be found under "Guidelines and Objectives in the Banking Business".

The first green Mortgage Pfandbrief was issued in February 2022. Since then, sustainable funding using green Mortgage Pfandbriefe has become a fixed component of DZ HYP's business model, further underscoring the Bank's commitment to sustainable financing practices. As at 31 December 2024, DZ HYP had outstanding Green Pfandbriefe worth € 3.3 billion.

### Measures in the business segments

DZ HYP finances sustainable real estate projects, including new builds and refurbishment work, to help build a greener future, giving its customers an incentive to be more sustainable. DZ HYP also finances the provision of affordable housing for broad sections of

the population, particularly in the segment Housing Sector. Financing properties with high energy consumption or low energy efficiency levels and properties that use fossil fuel sources could potentially have an adverse impact on the energy transition. DZ HYP believes that the burgeoning demand among new and existing customers for specialised financing solutions to facilitate adaptation to climate change – for example measures for strengthening resilience in the face of climate change – presents an opportunity for the Bank to strengthen its position as a transformation service provider.

### Retail Customers business

In the Retail Customers business, DZ HYP has launched the “Eco” product feature for home loan financings, which can be used by properties with low levels of energy consumption. The expansion of this product type is designed to allow clients to combine financial decisions with an ecological mindset. DZ HYP considers this a key step towards meeting the growing demand for environmentally conscious financial solutions among customers.

Energy performance certificates are also requested as a disbursement condition if the property owner is required to produce one in accordance with the German Buildings Energy Act. DZ HYP records available sustainability data in the core banking system for an automatic sustainability classification.

### Corporate Clients

In the Corporate Clients segment, the extent to which the client/property or the financing project is sustainable from an environmental or social perspective is always evaluated as part of the credit decision. At the very beginning of a business relationship, it is crucial to ascertain whether the borrower, the property or the project is associated with any potential reputational risks from an ESG perspective. Energy performance certificates and certificates for classifying the mortgaged property shall also be collected. This aspect has been an integral component of the new business process since July 2021 and is intended to foster greater

transparency. The new business is classified in accordance with the Green Bond Framework and the exclusion criteria are checked. The new business process also examines climate risks. The implementation of and responsibility for the associated ESG risk policy lies with the Back Office and the responsible Division Heads. Binding ESG lending criteria in the form of requirements for energy efficiency classes G and H will also be implemented starting on 1 January 2025.

In addition, DZ HYP is part of the ECORE initiative (ESG Circle of Real Estate), which is designed to allow the Bank to apply further sustainability criteria when assessing clients and projects.

### Public Sector

Municipalities are instrumental when it comes to implementing sustainable action at global, national and federal state level. DZ HYP’s municipal clients can only achieve their environmental and social objectives if they are also thriving economically and financially and are benefiting from strong governance. The DZ HYP sustainability ranking is a key component of the municipal lending and decision-making process, and ensures that sustainability aspects are given greater consideration. Using a number of key indicators, a multidimensional sustainability assessment is carried out for all German municipalities based on the 17 United Nations Sustainable Development Goals (SDGs). In 2024, the ranking system was extended to include a dynamic component designed to assess the sustainability development of the municipalities at all evaluation levels.

Sustainability is also relevant for DZ HYP’s securities portfolio with its strong bias towards public-sector borrowers. As with its other portfolios, DZ HYP has integrated its own ESG assessment method into the credit quality analyses and lending decision process.

## GREENHOUSE GAS EMISSIONS

### Overall conditions and methodology

Within the DZ BANK Group's Centre of Competence for Environmental Matters, DZ HYP has worked with other Group companies to elaborate principles for calculating carbon emissions. Because the financed emissions in the banking business fall under Scope 3 emissions, GHG emissions are presented as an aggregate figure for banking operations and the banking business. In accordance with the Greenhouse Gas (GHG) Protocol, DZ HYP records its GHG emissions in CO<sub>2</sub>e for the following categories:

#### Scope 1 emissions

Direct emissions from within the system under review. At DZ HYP, these include:

- » the fleet (fuel),
- » self-generated energy,
- » volume of refrigerant loss,
- » emergency power.

#### Scope 2 emissions

Indirect emissions from externally generated energy (in particular, electricity and heating), shown as market-based accounting and location-based accounting:

- » purchased electricity or
- » purchased heat,
- » electricity for the data centre.

#### Scope 3 emissions

Other indirect emissions, e.g. related to transportation and logistics, the use of products and services, supply and disposal for our service providers, and business travel. These emissions can also occur at any level of the upstream or downstream value chain:

- » Cloud computing and data centre services
- » Waste production
- » Paper consumption
- » Water consumption

- » Business travel
- » Commuting
- » Mobile working
- » Events
- » Building remodelling, office furniture, office equipment
- » Refrigerants and extinguishing agents
- » IT resources and software
- » Rented space
- » Financed emissions

DZ HYP calculates its operational indicators (Scope 1, 2 and 3 emissions) based on the VfU indicator system (Association for Environmental Management and Sustainability in Financial Institutions). It identifies its main sources of emissions and calculates the GHG emissions using the tool. The VfU system is based on data from the Ecoinvent platform, the content of which is compiled by academic and public-sector institutions, and on individual emission factors published by public authorities (e.g. the "Germany mix" compiled by the German Federal Environmental Agency ("Umweltbundesamt")). Further information can be found in the section "Energy Consumption and Mix Indicators", while information on financed emissions is available under "Indicators on Greenhouse Gas Emissions".

To prepare for reporting in accordance with the ESRS, the Bank analysed the significance of its operational Scope 3 emissions in 2024. This analysis was conducted on a step-by-step basis by performing a preliminary and a main analysis. The preliminary analysis identified those Scope 3 categories that were not applicable and excluded them from the rest of the analysis. The main analysis quantified the applicable Scope 3 categories and then assessed how significant they were to DZ HYP. The VfU tool was used to calculate the emissions. The significant categories identified only take DZ HYP's emissions into account.

DZ HYP's results are consistent with those of the DZ BANK Group. The categories "Purchased goods and services" (1), "Capital goods" (2), "Fuel and energy-related activities" (3), "Business travelling" (6), "Employee commuting" (7) and "Downstream leased assets" (13) were assessed as significant as they exceeded the significance level of 3 per cent. The "Upstream transportation and distribution" (4) and "Upstream leased assets" (8) categories were assessed as not significant.

Even though it is classified as not significant, the category “Waste generated in operations” (5) is included in the analysis due to high stakeholder demand.

As “Downstream transportation” (9), “Processing of sold products” (10), “Use of sold products” (11), “End-of-life treatment of sold products” (12) and “Franchises” (14) do not apply to financial service providers, no data has been calculated for these categories.

### Financed emissions

Absolute financed CO<sub>2</sub> emissions (Scope 3 category 15) are calculated separately from the operational CO<sub>2</sub> emissions. They are calculated based on PCAF (“Partnership for Carbon Accounting Financials”), the market standard for calculating and reporting financed GHG emissions. The greenhouse gas emissions reported are CO<sub>2</sub> equivalents (CO<sub>2</sub>e), which include all greenhouse gases specified in the Kyoto Protocol (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) and are expressed as CO<sub>2</sub> equivalent values. The methods and values reported below relate to financed emissions.

In general, the financed emissions associated with a transaction are calculated pro-rated to the total emissions of the financed business partner. In line with the PCAF standard, the relevant share is calculated based on the attribution factor, namely by determining the share of the outstanding amount for the transaction in relation to the customer's current enterprise value. The “Accounting and Reporting of GHG Emissions from Real Estate Operations” technical guidance published by the Global Real Estate Sustainability Benchmark (“GRESB”), PCAF and CRREM provides a standard for calculating financed emissions from real estate. This is used by DZ HYP to calculate the financed emissions of properties in the corporate client and retail customer portfolios. Accordingly, the attribution factor corresponds to the ratio of that part of the loan volume that is collateralised by land charges on the property to the property's market value. The CO<sub>2</sub> emissions from property operations are calculated based on the energy certificates provided by business partners, where such certificates are available. If they are not available, estimates are used instead. An in-house estimation method is used for the Corporate Clients segment and takes into account the type of building and its year of construction. The estimation method was calibrated by examin-

ing a sample of the energy performance certificates obtained that was considered to be representative of DZ HYP's portfolio. If the data coverage was not sufficient, CRREM average values were used or assumptions were applied regarding the available heating source. The emissions factors for calculating building emissions are based on the CRREM publications and Annex 9 to the German Buildings Energy Act.

At present, DZ HYP does not use any primary data to collect figures on financed emissions. Primary data refers to emissions data that is collected directly from the customer by conducting research and quality assurance. It also includes emissions data that can be obtained from external data providers. Only emissions data that data providers have marked as stemming from reports is taken into account. The quality of this data depends on the data provider. Primary data is actual consumption data from property operations and is not the same as data taken from energy performance certificates.

Because estimation methods are sometimes used to calculate financed CO<sub>2</sub> emissions, the results are – as explained above – subject to some degree of measurement uncertainty. In particular, this is because customer-specific data has to be based on models or average values in cases where no data is available. This approach is based on the assumption that customers produce country-specific emissions and that an average value can be applied accordingly.

DZ HYP is aware that calculating financed emissions involves challenges, particularly when it comes to data accuracy. Methods and processes are planned to be continuously improved in order to meet these challenges. This includes reviewing and updating the models and assumptions used to ensure that the reported emissions are as accurate as possible and reflect the most recent data available.

The estimation approach for calculating emissions for the Retail Customers segment is based on the results of the EU-funded TABULA project, which was tasked with developing building typologies to assess the energy efficiency of residential buildings. The emissions factors for calculating building emissions are based on the CRREM publications and Annex 9 to the German Buildings Energy Act.

## Indicators on greenhouse gas emissions

DZ HYP reports the greenhouse gas emissions resulting from its business operations as CO<sub>2</sub> equivalents. The emissions factors from the VfU tool are used to calculate these emissions. Data is collected on emissions resulting from direct combustion, including fuel consumption in the vehicle fleet and refrigerant losses (Scope 1), emissions from electricity and district heating consumption (Scope 2), as well as emissions generated in the upstream and downstream value chain (Scope 3, operational). The indicators are not validated by an external body.

The procedure for calculating consumption data is explained in the chapter entitled “Energy Consumption and Mix Indicators”. The contractual instruments for

market-based Scope 2 emissions include various mechanisms and agreements that companies can use to reduce their indirect greenhouse gas emissions from purchased energy. Bundled contractual instruments are traded together with the energy generated to furnish evidence of specific characteristics (for example renewable energy). 40.7 per cent of the market-based Scope 2 GHG emissions reported in the table for the 2024 financial year are covered by bundled contractual instruments. No unbundled contractual instruments were traded in the financial year under review. 58 per cent of the Scope 3 GHG emissions reported in the table were calculated using primary data in the context of the Bank’s ecological responsibility. Estimation methods are used for the rest.

The table below shows DZ HYP’s GHG emissions.

TOTAL GHG EMISSIONS, BROKEN DOWN BY SCOPE 1, SCOPE 2 AND SIGNIFICANT SCOPE 3 EMISSIONS  
IN THE 2024 FINANCIAL YEAR

in t CO <sub>2</sub> e	Retrospect				Milestones and target years			
	Baseline year	Comparison	N (2024)	% N / N-1	2025	2030	(2050)	Annual target/baseline year
<b>SCOPE 1 GHG EMISSIONS</b>								
Gross Scope 1 GHG emissions (t CO <sub>2</sub> e)			1,552					
Percentage of Scope 1 GHG emissions from regulated emission trading schemes			0					
<b>SCOPE 2 GHG EMISSIONS</b>								
Gross location-based Scope 2 GHG emissions (t CO <sub>2</sub> e)			2,060					
Gross market-based Scope 2 GHG emissions (t CO <sub>2</sub> e)			670					

Refer to chapters  
“Guidelines and Objectives in  
Banking Operations” and  
“Guidelines and Objectives in the  
Banking Business”

TOTAL GHG EMISSIONS, BROKEN DOWN BY SCOPE 1, SCOPE 2 AND SIGNIFICANT SCOPE 3 EMISSIONS  
IN THE 2024 FINANCIAL YEAR (CONTINUATION)

in t CO <sub>2</sub> e	Retrospect				Milestones and target years			Annual target/baseline year
	Baseline year	Comparison	N (2024)	% N / N-1	2025	2030	(2050)	
<b>SIGNIFICANT SCOPE 3 GHG EMISSIONS</b>								
Total Gross indirect (Scope-3-) GHG-emissions (t CO <sub>2</sub> e)			1,885,520					
1 Purchased goods and services			905					
(Optional sub-category: Cloud computing and data centre services)								
2 Capital goods			526					
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)			1,519					
4 Upstream transportation and distribution			0					
5 Waste generated in operations			18					
6 Business travelling			189					
7 Employee commuting			1,184					
8 Upstream leased assets			0					
9 Downstream transportation			0					
10 Processing of sold products			0					
11 Use of sold products			0					
12 End-of-life treatment of sold products			0					
13 Downstream leased assets			970					
14 Franchises			0					
15 Investments			1,880,208					
<b>TOTAL GHG EMISSIONS</b>								
Total GHG emissions (location-based) (t CO <sub>2</sub> e)			1,885,520					
Total GHG emissions (market-based) (t CO <sub>2</sub> e)			905					

Refer to chapters  
“Guidelines and Objectives in  
Banking Operations” and  
“Guidelines and Objectives in the  
Banking Business”

The following table shows the intensity of total greenhouse gas emissions in relation to net income (€ 3,922.3 million) in tonnes of CO<sub>2</sub> equivalent. Net income comprises the sum of interest income, current

income, income from profit-pooling, profit transfer, and partial profit transfer agreements, commission income and other operating income.

#### TOTAL GHG EMISSIONS PER NET REVENUE (T CO<sub>2</sub>E/€)

	2024
Total GHG emissions (location-based) per net revenue (t CO <sub>2</sub> e/€)	0.000482
Total GHG emissions (market-based) per net revenue (t CO <sub>2</sub> e/€)	0.000481

#### GHG removals and carbon credits

DZ HYP has not launched any specific projects aimed at storing or removing greenhouse gases in its own oper-

ations or in the upstream and downstream value chain. No carbon credits were purchased either.

## DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY REGULATION)

### Information on methodology and status of the EU Taxonomy Regulation

The aim of the EU Action Plan on Financing Sustainable Growth, published in March 2018, is to reorient capital flows towards environmentally sustainable activities. In order to achieve this, it is essential to arrive at a common understanding of what is meant by an environmentally sustainable activity. Verifiable criteria are also needed before activities can be categorised as environmentally sustainable. The EU Taxonomy Regulation, which entered into force on 1 January 2022, is designed to provide this very foundation by defining criteria for environmentally sustainable economic activities and by setting out associated disclosure requirements in Article 8 of the EU Taxonomy Regulation.

Each of the six environmental objectives is defined in greater detail in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the EU Taxonomy Regulation using technical screening criteria set out in delegated acts. The scope of the quantitative disclosures will be gradually expanded over a period of several years as part of a phase-in process defined by the European Union, with links to regulatory requirements.

Alongside the technical screening criteria for determining EU Taxonomy alignment for environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation), the technical screening criteria for environmental objectives 3 to 6 (sustainable use and protection of water and marine resources [environmental objective 3], transition to a circular economy [environmental objective 4], pollution prevention and control [environmental objective 5] and protection and restoration of biodiversity and ecosystems [environmental objective 6]) were published in November 2023.

Table format requirements are to be met for the mandatory disclosures on the Green Asset Ratio. These requirements are set out in detail in Delegated Regulation EU/2021/2178 of 6 July 2021 (in particular Annexes V and VI).

### Scope of mandatory and voluntary EU Taxonomy disclosures

In its management report, DZ HYP only publishes mandatory EU Taxonomy disclosures, i.e. disclosures that are made within the narrow methodological framework set out in the EU Taxonomy Regulation for companies subject to reporting requirements.

Pursuant to the EU Taxonomy Regulation, voluntary disclosures cannot be made within mandatory disclosures; if voluntary disclosures are made, they are to be distinguished from the mandatory disclosures.

### Explanatory information on the structure of assets in the mandatory disclosures on the Green Asset Ratio

The presentation of results in DZ HYP's mandatory disclosures meets the relevant requirements set out in the EU Taxonomy Regulation. The balance sheet structure required under the EU Taxonomy Regulation to present the results was generally operationalised based on the structure of DZ HYP's financial reporting requirements (FINREP), supplemented to include any other necessary disclosures. In some cases, additional disclosures have to be made in "of which" items, which do not necessarily match the total item when added up. This is the case with the disclosures on retail customers.

The European Commission introduces the overall concept of GAR assets within this balance sheet structure. This term refers to assets that are included when calculating the Green Asset Ratio, either in both the numerator and the denominator, or only in the denominator. Assets that can be included in both the numerator and denominator push the GAR up, provided that they are found to be in line with the EU Taxonomy. Assets that can only be included in the denominator reduce the GAR. By contrast, specific assets such as central bank balances, the trading book and exposures to governments and supranational issuers are generally not included when calculating the Green Asset Ratio.

As at the reporting date, the assets that can be included in both the numerator and denominator when calculating the Green Asset Ratio primarily include financing provided to financial companies subject to the CSRD, to non-financial companies subject to the CSRD, to households and to local housing associations, provided these funds are used to finance specific activities defined by the EU Taxonomy Regulation. These are presented in the top part of the “Overview of assets used to calculate the Green Asset Ratio” in DZ HYP’s mandatory disclosures. As the CSRD disclosure requirements are only binding from the reporting date onwards, this information from customers that was not mandatory under the NFRD (Non-Financial Reporting Directive) was not yet available when the DZ HYP report was drawn up.

DZ HYP identified whether the relevant customers fell under the scope of the CSRD on the basis of certain criteria as required by Articles 19a or 29a of Directive 2013/34/EU (Accounting Directive). DZ HYP included those customers that are exempt from the CSRD due to what is known as the group privilege – i.e. the fact that their parent company is subject to a reporting obligation – in the section for customers that are not subject to the CSRD within the required balance sheet structure. These customers are not checked to ensure that they are in line with the EU Taxonomy. The same approach was taken for special-purpose vehicle structures. In these cases, based on the FAQs published by the European Commission on 21 December 2023, it is now mandatory to check whether financing is taxonomy-aligned even if the direct customer is not subject to the CSRD. This check is based on the information from the annual financial statements that is available at the level of the individual customer or, if a group structure is involved, on the basis of the information published in the consolidated financial statements of the parent company. In line with the requirements set out in the EU Taxonomy Regulation, DZ HYP presents the gross carrying amounts of the assets in the mandatory disclosures on the Green Asset Ratio (as with FINREP).

### **Explanatory information on the EU Taxonomy classification**

For the purposes of the EU Taxonomy, DZ HYP classifies the relevant assets in accordance with the methodological requirements set out in the EU Taxonomy Regulation.

Where the European Commission stipulates that certain assets must be checked for EU Taxonomy eligibility and alignment, it is necessary to decide which of the two possible methods – the KPI method or the individual transaction method – should be used.

If the use of funds for the asset or funding is not specified in the agreement with the customer, the EU Taxonomy eligibility and alignment must be assessed at the level of the entire business relationship with the customer (key performance indicator (KPI) method). In this method, DZ HYP obtains the EU Taxonomy KPIs published by the customer and assesses the assets to be classified pro rata in line with the customer’s KPIs as EU Taxonomy-eligible or EU Taxonomy-aligned. If the use of funds for the asset or funding is specified in the agreement with the customer, the EU Taxonomy eligibility and alignment must be assessed at the level of the funding (individual transaction method). In those DZ BANK Group subsidiaries that provide private real estate loans (Bausparkasse Schwäbisch Hall and DZ HYP), the individual transaction method is to be applied to private households due to the specific use of funds. It is irrelevant whether the country where the borrower is based or the property is located is inside or outside the European Economic Area (EEA). In cases involving properties outside the EEA, suitable proof of EU Taxonomy alignment must be furnished. DZ HYP classifies financing arrangements that are eligible for an EU Taxonomy classification and involve the specified use of funds by comparing the financing purpose against the EU Taxonomy requirements for financed activities. If the requirements for one of the defined environmental objectives are met and, at the same time, there is no significant risk to achieving the other environmental objectives (“do no significant harm” [DNSH]) and compliance with the minimum safeguards is ensured, the activity in question can be classed as EU Taxonomy-aligned.

### **Checking EU Taxonomy eligibility**

DZ HYP checks EU Taxonomy eligibility by comparing the purpose of the financing/use against the activities set out in the EU Taxonomy Compass.

The first step involves allocating real estate loans to one of the six environmental objectives in the EU Taxonomy.

This is based primarily on the relevant sector and the technical screening criteria defined for that sector.

As a rule, all real estate loans for which technical screening criteria have been defined are EU Taxonomy-eligible. This sort of financing is marked accordingly and is then checked for EU Taxonomy alignment. All other activities for which no technical screening criteria have been defined – meaning that they are not EU Taxonomy-eligible – are not analysed any further and are definitively marked as taxonomy-non-eligible and taxonomy-non-aligned.

### Checking EU Taxonomy alignment

#### a) Allocation to an environmental objective

Real estate loans are to be allocated to the “Construction and real estate activities” sector. The technical

screening criteria for the “Construction and real estate activities” sector are described in Annexes I and II of Delegated Regulation (EU) 2021/2139. These define the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Economic activities in the “Construction and real estate activities” sector can generally be allocated to the environmental objectives 1 “Climate change mitigation”, 2 “Climate change adaptation” or 4 “Transition to a circular economy”. Activities not listed in the table below are not currently included in DZ HYP’s portfolio.

#### ENVIRONMENTAL OBJECTIVE

Activity	Climate change mitigation	Climate change adaptation	Transition to a circular economy
Construction of new buildings	X	X	X
Renovation	X	X	X
Acquisition and ownership	X	X	

As the share of the financing amount attributable to the environmental objective “Climate change adaptation” is not usually reported separately in the context of the overall financing arrangement, DZ HYP does not have sufficient information at its disposal to assess EU Taxonomy alignment for this environmental objective. This means that the following description of the technical screening criteria only relates to the environmental objective “Climate change mitigation”, to which all of the activities mentioned are assigned.

#### b) Technical screening criteria

The technical screening criteria for all economic activities are defined in Delegated Regulation EU/2021/2178 of 6 July 2021 (Annex I). The activities described in chapter 7 “Construction and real estate activities” are particularly relevant for DZ HYP. These are outlined in brief below.

Information from the energy performance certificate is needed to check the technical screening criteria for private and commercial real estate loans. This is why new customers are required to submit energy performance certificates as a mandatory requirement as part of the lending process.

As far as DZ HYP's existing customers are concerned, an external service provider will collect energy and refurbishment data on the existing loan portfolio, both at portfolio and individual borrower level, going forward. Real estate loans that were classified and marked as EU Taxonomy-eligible in the previous step, and for which an energy performance certificate is available, are then checked for EU Taxonomy alignment by comparing the data from the energy performance certificate against the technical screening criteria under 7.1–7.7.

The procedure for checking EU Taxonomy alignment within the individual taxonomy activities is explained below:

### 7.1 Construction of new buildings:

The following technical screening criteria apply to both use types – “Construction of new buildings” and “Acquisition and ownership of buildings” – for buildings approved after 31 December 2020:

- » The property's Primary Energy Demand (PED) is at least ten per cent lower than the threshold set for the nearly zero-energy building (NZEB) requirements: The PED is compared against the reference requirement from the energy demand certificate ( $PED \leq 90$  per cent of the reference requirement).
- » Buildings spanning an area of more than 5,000 square metres must undergo testing for air tightness and thermal integrity (or, alternatively, robust and traceable quality control processes are to be carried out during the construction process); in addition, the life-cycle Global Warming Potential (GWP) of the new building must be calculated for each stage in the life cycle.
- » At DZ HYP, there are very few real estate loans with gross floor space of more than 5,000 square metres.

### 7.2 Renovation of existing buildings:

- » Renovation reduces the PED by at least 30 per cent: in the event of classification, the previously confirmed PED prior to the renovation work is compared, for example, with the PED shown in the energy performance certificate after the renovation work

### 7.6 Installation, maintenance and repair of renewable energy technologies:

- » The individual measure comprises the installation, maintenance and repair of renewable energy technologies (for example photovoltaic systems): in the event of classification, loans to be used for “renewable energies” meet the screening criterion and are used for the further DNSH review.

### 7.7 Acquisition and ownership of buildings:

- » Buildings whose permit was applied for before 31 December 2020 have at least energy efficiency class A.
- » Alternatively, the building ranks among the top 15 per cent of buildings nationwide: the energy efficiency class shown in the energy performance certificate is checked. Alternatively, the property fulfils the criteria required to be included in the top 15 per cent of buildings nationwide (for example, according to the “Drees & Sommer” study).
- » Buildings whose permit was applied for after 31 December 2020 are evaluated based on the criteria for activity 7.1.

If the real estate loan meets the criteria for contributing substantially to an environmental objective, compliance with the DNSH criteria is checked in the next step. If the criteria for contributing substantially to an environmental objective are not met, the DNSH criteria are not checked and the financing arrangement in question is marked, in the data interface, as not being EU Taxonomy-aligned. As such, it is only included in the denominator for the purposes of calculating the Green Asset Ratio (GAR).

#### c) Do no significant harm

Private and commercial real estate loans that meet the “substantial contribution” screening criteria are then checked to see whether they meet the DNSH criteria. In particular, a climate risk and vulnerability analysis has to be performed for real estate loans.

Properties are analysed at house number level using risk maps, weather maps and climate scenarios to identify material climate risks, and are then allocated to risk classes.

Properties classified as high-risk for at least one climate risk must be checked for adaptation solutions as part of the next step. If no risk-mitigating measures have been taken, the loan is classified as taxonomy-non-aligned.

Real estate loans which – following the review based on the climate risk and vulnerability analysis and the adaptation solutions that have been implemented – are only associated with a low or moderate risk can be classified as EU Taxonomy-aligned.

In accordance with paragraph 266 of EBA/GL/2020/06, building insurance is mandatory for loans secured by property. The building insurance for these loans is imposed as a condition in the loan agreement or in the declaration of purpose for the land charge. Customers generally have to submit evidence of this cover to the Bank at the time of disbursement, or at the Bank's request.

The building insurance has to cover the risks of fire, burst pipes, storm and hail at the very least. If the building insurance covers the high risks identified, meaning that it can be classed as a risk-mitigating measure, the real estate loan is considered to be taxonomy-aligned. These risks are marked accordingly and are included in the numerator and denominator when calculating the GAR.

According to the FAQs, other DNSH criteria (for example, evidence that 70 per cent of construction and demolition waste can be recycled) do not have to be checked for economic activity 7.7, regardless of the year in which the building was constructed.

While the DNSH criteria have to be checked for activity 7.1, DZ HYP cannot implement this check at present due to a lack of data. A questionnaire has been developed to collect the necessary information from customers in future as part of the standard loan processing workflow. At present, the companies carrying out the work are not obliged to furnish the required evidence during construction. This means that the corresponding evidence is not prepared and that all financing granted for properties that fall under activity 7.1 has to be reported as taxonomy-non-aligned.

#### **d) Minimum safeguards**

There is no need to check compliance with minimum safeguards for private real estate loans. These loans are assumed to comply with the safeguards.

In the case of Corporate Clients, an individual review of compliance with the minimum safeguards by all clients subject to the NFRD/CSRD is currently under way based on documents furnished by the clients themselves.

#### **Explanatory information on data sources and limitations**

##### **Explanatory information on the availability of EU Taxonomy ratios in cases involving corporate clients**

DZ HYP has based its EU Taxonomy classification of corporate clients on the KPI method, predominantly on information published by clients. In future, DZ HYP plans to obtain this data from external data providers that specialise in this area. Data is currently obtained from internet research performed by DZ HYP itself. DZ HYP has not used any estimates whatsoever for the EU Taxonomy classification of corporate clients using the KPI method.

In the event that DZ HYP does not know what the funds are being used for, the CapEx and turnover ratio published by the company is used to calculate the taxonomy-aligned share, as the product of the relevant ratio and the volume financed.

##### **Obtaining information from corporate clients when DZ HYP knows what the funds are being used for**

In cases where DZ HYP knows what corporate clients are using the funds for, the transaction is classified based on the individual transaction method. In such cases, there is no need to obtain any further information.

If DZ HYP knows what the funds are being used for, then, as with private real estate loans, the financing is assigned to 7.1 "Construction of new buildings", 7.2 "Renovation of existing buildings", 7.6 "Installation, maintenance and repair of renewable energy technologies" or 7.7 "Acquisition and ownership of buildings". An exact definition of the individual activities can be found in the chapter entitled "Information on methodology and status of the EU Taxonomy Regulation".

If the requirements for one of the defined environmental objectives are met and, at the same time, there is no significant risk to achieving the other environmental objectives (DNSH) and compliance with the minimum social safeguards is ensured, the activity in question can be classed as EU Taxonomy-aligned.

#### **Explanatory information on the availability of customer data for retail customers**

Retail business can generally be split into two categories: "Use of funds known" and "Use of funds unknown".

The first category tends to involve real estate loans. As there is no publicly available data for this sort of financing, data availability and data coverage for existing properties is still, for the main, a work in progress. However, action plans are in place designed to close these gaps.

Financing in the retail business where no information is available on the use of funds is neither taxonomy-eligible nor taxonomy-aligned due to the requirements set out in the EU Taxonomy Regulation.

#### **Explanatory information on flow reporting**

Based on the current interpretation of the EU Taxonomy Regulation, the flow of assets in the reporting year is to be determined and recognised via a definition of new business.

Following publication of the European Commission's FAQs on 21 December 2023, the method of calculating flow as the "balance at the reference date minus the balance at the previous year's reference date", which was often previously considered an optional interpretation, can no longer be used.

#### **Explanatory information on the development of the type and objectives of taxonomy-aligned economic activities within DZ HYP**

The methodology used to calculate the GAR means that large parts of DZ HYP's business portfolio are not considered taxonomy-aligned or cannot be adequately screened.

Specifically, these include:

- » all financing for commercial market participants that are not subject to the reporting obligations under the NFRD or the CSRD, such as special-purpose entities, housing companies in the SME segment and project developers, and
- » all financing for private households whose homes have not yet been issued energy performance certificates.

While the Bank has already taken action on the second point, starting in 2022, in its efforts to continually improve data coverage by obtaining energy performance certificates, it cannot influence the first point.

#### **On-balance sheet**

DZ HYP's total assets amounted to € 85,931 million as at 31 December 2024. DZ HYP's GAR assets came to € 84,473 million as at 31 December 2024 (98.3 per cent of total assets). These include assets of € 57,681 million (67.1 per cent of total assets) that can only be used in the GAR numerator. Assets of € 1,459 million (1.7 per cent of total assets) are left out of the GAR calculation entirely.

DZ HYP's total Green Asset Ratio, calculated for the first time as at 31 December 2024, comes to 0.1 per cent (revenue-based) or 0.1 per cent (CapEx-based).

#### **Off-balance sheet**

The scope of the financial guarantees issued by DZ HYP as at 31 December 2024 that are to be taken into account in accordance with the requirements of the EU Taxonomy Regulation amounts to € 1 million. The EU Taxonomy check for financial guarantees is carried out in the same way as for assets carried in the financial statements. The GAR in relation to these financial guarantees is 0 per cent (revenue-based) and 0 per cent (CapEx-based).

### **Compliance with Regulation (EU) 2020/852 in the financial company's business strategy, product development processes and cooperation with customers and counterparties**

DZ HYP sees itself as a transformation partner for the real economy on the path towards a sustainable business model: within this context, it aims to exploit business opportunities arising from the strong demand for financing and investment solutions. An increase in EU Taxonomy-aligned business would make a positive contribution to various ESG targets that DZ HYP has set in its business strategy (for example, with regard to the decarbonisation of its portfolio).

In order to make its credit portfolio more transparent and promote sustainable lending, the Bank has been focusing on classifying its lending business since 2022, with a particular emphasis on the energy efficiency and ecological components of the properties it finances.

In this connection, a range of green lending products was developed in the reporting year. To this end, the "Eco" product feature was developed in the Retail Customers segment, offering an attractive interest rate discount for financing privately used real estate with a maximum energy consumption of 0.05 MWh/m<sup>2</sup> per year. Other products, also for the Corporate Clients business, are currently being developed.

### **Significance of financing for taxonomy-aligned economic activities in the context of DZ HYP's overall activities**

For the purposes of the EU Taxonomy classification, DZ HYP started by addressing the implementation of the requirements set out in the EU Taxonomy Regulation and the processes for calculating the relevant KPIs. A Green Asset Ratio calculated based on a granular analysis of financed individual activities was calculated for the first time as at 31 December 2024 in accordance with the requirements, and is disclosed in this management report.

### **Quantitative EU Taxonomy disclosures made by DZ HYP**

The mandatory reporting templates in accordance with the Annex to Delegated Regulation (EU) 2023/2486 are included in the "Annex" chapter.

# SOCIAL RESPONSIBILITY

## EMPLOYEE MATTERS

This chapter deals with our employees (“Employee Matters” chapter), responsibility towards workers in the value chain (“Workers in the Value Chain” chapter), social commitment (“Social Commitment” chapter) and DZ HYP’s clients (“Our Clients” chapter).

As a responsible employer, DZ HYP constantly strives to offer its employees a healthy and safe working environment and attractive opportunities for development. The table below charts out the impacts, risks and opportunities (IROs) that are relevant to our own employees. The individual measures and the resources associated with them have not been quantified explicitly.

### IDENTIFICATION OF MATERIAL IROS FOR EMPLOYEES

IRO type	Description	Dimension
Positive impact	Fair and transparent remuneration systems, coupled with the monetary benefits on offer, boost employee motivation and satisfaction.	Banking operations
Positive impact	Work-life balance measures boost employee satisfaction.	Banking operations
Positive impact	Skills development measures and training make employees more motivated and satisfied and enhance their performance.	Banking operations
Positive impact	Equal rights and a non-discriminatory environment for employees create a more inclusive working environment.	Banking operations
Positive impact	Equal treatment of employees is promoted.	Banking operations
Positive impact	Human rights are respected, and child and forced labour avoided, in banking operations.	Banking operations
Adverse impact	Unsuitable working conditions can create psychological, social and health problems for employees.	Banking operations
Opportunity	Good working conditions and monetary benefits have the potential to boost our appeal as an employer and make it easier to recruit employees.	Banking operations
Opportunity	A good reputation as a fair employer that promotes diversity has the potential to boost employees’ commitment to performance.	Banking operations

### Characteristics of DZ HYP's workforce

Motivated and skilled employees are DZ HYP's most vital resource because the Bank's economic success depends largely on their ability, dedication and hard work. Creating a working environment in which everyone is treated with respect, openness and fairness is not only essential for ethical and legal reasons but also because this sort of environment is a prerequisite for a company's long-term success.

DZ HYP's HR work is based on the labour and social standards of the International Labour Organization (ILO), as set out in the DZ BANK Group's Code of Conduct and the DZ BANK Group's Human Rights Guideline. Further information on these guidelines can be found in the chapter on "Workers in the Value Chain". DZ HYP sees itself as a responsible employer and wants to harmonise its employees' needs with the prevalent economic conditions. The aim is to offer employees performance-related pay, flexible working hours and a family-friendly corporate culture. This is complemented by an extensive continuing professional development programme, social benefits and occupational health management.

### DZ HYP's employees

A total of 938 people work at DZ HYP. These 392 female and 546 male employees are all based in Germany, either at the Bank's two head offices in Hamburg and Munster or at one of its other offices in Berlin, Düsseldorf, Frankfurt, Hanover, Kassel, Leipzig, Munich, Nuremberg and Stuttgart. DZ HYP does not employ any staff outside Germany. The number of employees in the reporting year was recorded as a headcount at the reporting date. To calculate the average number of employees during the reporting year, the number of employees on the last day of each month was added up and then divided by twelve. The gender split within DZ HYP reflects its efforts to promote equal treatment for employees, with a view to creating a diverse working environment by ensuring equal rights. Further information can be found in the employee report.

#### NUMBER OF EMPLOYEES (HEADCOUNT) BY GENDER AS AT 31 DECEMBER 2024

Gender	Anzahl
Men	546
Women	392
Non-binary	–
Not disclosed	–
<b>TOTAL</b>	<b>938</b>

#### NUMBER OF EMPLOYEES (HEADCOUNT) BY COUNTRY AS AT 31 DECEMBER 2024

Country	Anzahl
Germany	938

DZ HYP employs a total workforce of 899 people on permanent contracts. The number of fixed-term employment contracts comes to 39. DZ HYP does not employ any staff that do not have guaranteed working hours. The number of employees with permanent and fixed-term employment contracts in the reporting year was recorded as a headcount at the reporting date. Please refer to the employee report for further details regarding employees.

A total of 33 employees left DZ HYP during the reporting period, accounting for a staff turnover rate

of 3.6 per cent. The employee figures presented here are based on the headcount as at 31 December 2024. In order to calculate these figures, the number of employees leaving the Bank – due to their contract being terminated by the employer, to their own resignation and cancellation of contract agreements (*Aufhebungsverträge*), to the end of a fixed-term contract, to employees leaving due to age (e.g. retirement) or to death within the reporting year – was calculated and then divided by the average number of employees in the reporting year.

NUMBER OF EMPLOYEES (HEADCOUNT) BY TYPE OF CONTRACT, BY GENDER AS AT 31 DECEMBER 2024

	Female	Male	Non-binary	Not disclosed	TOTAL
Number of employees	392	546	–	–	938
Number of permanent employees	373	526	–	–	899
Number of employees on fixed-term contracts	19	20	–	–	39
Number of employees without guaranteed working hours	–	–	–	–	–

## Diversity

DZ HYP intends to treat all employees equally, regardless of their heritage, skin colour, religion, gender or gender identity, age, nationality, sexual orientation, marital status or degree of disability. DZ HYP also adopted a Diversity Directive in 2024.

### DZ HYP's diversity guidelines

DZ HYP published its diversity guidelines in 2024, containing internal and external measures for employees to take, based on suitable packages of measures that were developed to combat discrimination. The guidelines aim to support all DZ HYP employees in their career progression and further development. They also promote a healthy work-life balance and are designed to boost employee satisfaction. The diversity guidelines apply to all DZ HYP employees and are implemented by Human Resources under the auspices of the responsible Division Head.

### Diversity targets

Back in November 2020, the Management Board of DZ HYP set itself the target of having women account for 25 per cent of Division Heads and Department Heads in order to significantly increase the proportion of women in leadership positions. The targets are to be achieved by the end of October 2025 and are set to help promote equal treatment for all employees. As at 31 December 2024, the proportion of women was 12.5 per cent at Division Head level and 20.6 per cent at Department Head level. The target is adjusted every five years.

DZ HYP is also aiming to keep the proportion of women on the Management Board at 33 per cent and the proportion on the Supervisory Board at 22 per cent between now and July 2028. The targets for the Management Board and the Supervisory Board were both met as at 31 December 2024.

### Diversity measures

Employees are to be recruited irrespective of specific personal characteristics such as ethnic origin, religion, gender, age, nationality, sexual orientation, gender identity, marital status or degree of disability. DZ HYP's representative body for severely disabled employees and the inclusion officer represent the interests and concerns of employees with severe disabilities. The diversity guidelines are designed to promote a healthy work-life balance, communication among employees based on respect, anti-discrimination and generational diversity.

The working hours system and the option for mobile working are conducive to a healthy work-life balance. DZ HYP's working hours system for its employees is governed by the employer/works council agreement on working hours. This agreement provides DZ HYP's employees with a framework within which they are to work their weekly target working hours. The employer/works council agreement on working hours also sets out provisions governing sabbaticals, working hours planning, mobile working, overtime and time recording. DZ HYP's employees are offered flexible working hours for a better work-life balance, governed by the relevant employer/works council agreements. These agreements apply to all DZ HYP employees within the Works Council's sphere of responsibility.

Mobile working is governed by the corresponding employer/works council agreements on hybrid working at DZ HYP. These agreements apply to all employees covered by the sphere of responsibility of the Hamburg and Munster works councils and are the responsibility of HR and the corresponding board division.

Promoting equal treatment of DZ HYP employees is another key component of the Bank's strategy. The aim is to strengthen the Bank's good reputation as a fair employer that takes a zero-tolerance stance against discrimination and promotes diversity. This also serves to reduce the risk of stakeholder trust being damaged by the Bank underestimating the importance of equal treatment.

DZ HYP did not measure the monetary resources made available for managing material impacts on employees during the reporting period.

### Diversity indicators

The gender split at DZ HYP's top management level in the reporting period is shown below.

GENDER SPLIT AT DZ HYP'S TOP MANAGEMENT LEVEL AS AT 31 DECEMBER 2024

Gender	Number	Per cent
Men	14	87.5
Women	2	12.5
Non-binary	–	–
Not disclosed	–	–
<b>TOTAL</b>	<b>16</b>	<b>1.7</b>

To calculate the percentages, the number of employees at top management level by gender was divided by the number of employees at top management level, in each case on the reporting date before being multi-

plied by 100. The top management level includes the Division Heads. The figure refers to the headcount.

The breakdown of DZ HYP's employees by age is as follows.

#### BREAKDOWN OF EMPLOYEES (HEADCOUNT) BY AGE AS AT 31 DECEMBER 2024

Age	Number	Per cent
Less than 30	94	10.0
Ages 30 to 50	467	49.8
Ages 50+	377	40.2
<b>TOTAL</b>	<b>938</b>	<b>100</b>

With regard to age structure, DZ HYP also strives to maintain a balanced mix of all age groups in the interests of ensuring equal treatment for employees. This figure was calculated by taking the number of employees by age group on the reporting date and dividing it by the number of employees on the reporting date.

The proportion of severely disabled employees and employees with equivalent status at DZ HYP came to 2.9 per cent in the reporting year. This was calculated by dividing the number of employees with a proven degree of disability of 50 per cent or more – and employees with a certificate attesting to their equivalent status owing to a degree of disability of between 20 and 50 per cent – on the reporting date by the number of employees on the reporting date. The definition that applies to individuals with disabilities pursuant to section 2 (1) of Book IX of the German Social Code (SGB IX) is binding in Germany.

#### Working conditions and pay

DZ HYP's HR work is based on the ILO labour and social standards. As a responsible employer, we want to harmonise our employees' needs with the prevalent economic conditions. Employees shall be offered performance-related pay, flexible working hours and a family-friendly corporate culture.

#### Code of Conduct

By complying with the DZ BANK Group's Code of Conduct, DZ HYP commits itself and its employees to acting responsibly, respecting international human rights, rejecting all forms of child and forced labour, treating each other with respect, and ensuring good and sustainable corporate governance. DZ HYP also strives to prevent white-collar crime and takes a zero-tolerance approach to criminal acts, corruption and market abuse within its workforce. Processes have been put in place to ensure compliance with the DZ BANK Group's Code of Conduct and allow employees to report any potential or actual violations while keeping their identity confidential. In this way, DZ HYP strives to ensure respect for human rights and the prevention of child and forced labour in its own operations while protecting the confidentiality of employee identities. The Code of Conduct must be observed by all DZ HYP employees and the DZ BANK Group makes sure that it is implemented.

The contents of the Code of Conduct relating to human rights are set out in greater detail in the DZ BANK Group's Human Rights Guideline. Further information on the Human Rights Guideline can be found in the chapter on "Workers in the Value Chain".

In 2008, DZ BANK AG became a participant in the UN Global Compact, thereby committing itself to the ten internationally acknowledged principles stipulated by the initiative for responsible conduct. DZ HYP also joined the initiative in 2013 and is committed to ensuring, for example, that the Bank is not complicit in any human rights violations. The Bank recognises and upholds human rights. This applies in particular to the Universal Declaration of Human Rights (UDHR), which was adopted by the United Nations General Assembly, and to the European Convention on Human Rights (ECHR). DZ HYP is strictly opposed to any form of forced or child labour.

### Human resources strategy

DZ HYP's HR strategy includes the following action areas: recruitment, employee loyalty and generational management, leadership and culture, social sustainability, learning and development, regulatory and statutory legal requirements, modern working and agility, digital transformation and AI, strategic HR planning, personnel costs and resource management, and co-determination. This defines the framework for DZ HYP's HR strategy activities, which are implemented by Human Resources under the auspices of the responsible Division Head.

### DZ HYP's remuneration strategy

DZ HYP is subject to the requirements set out in the DZ BANK Group's Group-wide remuneration strategy. Taking this strategy as a basis, the Management Board of DZ HYP has defined its own remuneration strategy for DZ HYP. This remuneration strategy is designed to help achieve the targets set out in the Bank's business and risk strategies, and also reflects the corporate culture. DZ HYP's remuneration strategy applies to all of the Bank's locations and business areas in Germany. The remuneration strategy is reviewed at least once a year and, if necessary, is adjusted to ensure that it still complies with the latest requirements and objectives. No significant changes were made to DZ HYP's remuneration strategy in the year under review.

The main representatives of the key stakeholders involved in determining remuneration policies are the Bank's owners, the Central Works Council and the Works Council members in Hamburg and Munster. The Annual General Meeting elects shareholder representatives to the Supervisory Board, ensuring that the Bank's owners are involved in structuring the remuneration systems and receive information about them every year. In accordance with the co-determination rights stipulated in German works constitution law, the Central Works Council and the Works Council members in Hamburg and Munster also participate in structuring the remuneration systems.

DZ HYP ensures that its employees receive fair and adequate pay, and that any applicable statutory benchmarks are adhered to. By implementing the requirements set out in the German Act to Promote Transparency of Pay Structures (*Entgelttransparenzgesetz* – "EntgTranspG") and the individual right to information implemented in accordance with section 10 EntgTranspG, DZ HYP ensures that its remuneration systems are transparent and can be verified by all employees. Its remuneration systems are in line with market standards. DZ HYP believes that they are designed to support the Bank's sustainable culture and strategy. None of DZ HYP's employees are paid below the applicable benchmark (industry or collective pay scale comparison) for adequate wages.

The remuneration paid to DZ HYP's employees consists of fixed remuneration and, as a rule, variable remuneration based on the Bank's performance. The size of the fixed remuneration component for employees covered by collective agreements is determined by the collective bargaining agreements for the private banking industry and public banks, the collective agreement for cooperative banks, and the cooperative central institution, in each case as amended. For employees who are not covered by a collective agreement, the fixed component of the remuneration is determined by status, market conditions and the employee's individual qualifications. The size of the variable remuneration component generally depends on an employee's personal performance. However, depending on the remuneration system, it might also – or exclusively – depend on the Bank's performance and, in some cases, partially on

the performance of the relevant division. The variable remuneration component is not guaranteed. DZ HYP's remuneration systems are reviewed at least once a year to ensure they are appropriate. The relevant Internal Audit reports, the audit report prepared by the auditor of the annual financial statements and the Remuneration Oversight Report of the Remuneration Officer are used for the purposes of this review. The remuneration structures for all employees are coordinated with the Works Council as and when required. Various bodies and functions are involved in structuring and monitoring the remuneration systems at DZ HYP. The Supervisory Board decides on the structure of the remuneration system for members of the Management Board and monitors the remuneration systems for employees who are not members of the Management Board.

The Management Board of DZ HYP is responsible for making decisions regarding the structure and implementation of the remuneration systems for employees who are not members of the Management Board. HR prepares and implements the design of the remuneration systems and the decisions made by the Management Board on a technical level. Managers use the performance management and remuneration tools provided as part of their leadership and management role.

#### **Targets related to working conditions and pay**

DZ HYP aims to strengthen employee loyalty. Its appeal as an employer plays a key role here. It also strives to make itself a more attractive employer in less conventional areas, such as IT. DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to employee working conditions and pay during the reporting period. In addition, the Bank does not have any procedures in place to involve its employees in defining and pursuing its targets. Quantitative targets have not yet been deemed necessary to date, given DZ HYP's strong attractiveness as an employer.

#### **Collective bargaining coverage and social dialogue**

DZ HYP grants its employees freedom of association, the right to collective bargaining and the right to strike

in line with the national legislation. They are free to form and join a trade union.

623 members of staff were not covered by a collective agreement as at 31 December 2024, while 315 were employed at DZ HYP based on a valid collective pay scale agreement. This equates to a collective bargaining coverage rate of 33.6 per cent. These figures include both fixed-term and permanent employment contracts. The remuneration paid to employees covered by collective agreements is based on the collective agreements referred to above. These collective bargaining agreements define criteria for job classification and the corresponding remuneration that are not based on gender, institutionalising equal pay for men and women in the collective remuneration scheme. For employees who are not covered by a collective agreement, salary and salary development are set forth in an employer/works council agreement based on the employees' activities and their qualifications. Employees can also take family leave as part of the social benefits they enjoy. In the reporting year, 7.3 per cent of female employees and 2.8 per cent of male employees – or 4.6 per cent of employees in total – took advantage of this benefit. This total figure was calculated by dividing the number of employees who took family leave in the 2024 reporting year by the number of employees entitled to take special family leave under German law as at the reporting date. The calculation also included an employee breakdown by gender. Here, the number of female and male employees who took family leave was divided by the average number of female and male employees respectively in the reporting year. Special family leave includes, for example, parental leave and care leave.

DZ HYP's offices are subject to the German Works Constitution Act (*Betriebsverfassungsgesetz* – "BetrVG"), which sets out provisions governing cooperation between DZ HYP, as the employer, and the Works Council, as the employee representative body. All DZ HYP employees are represented by employee representatives. The individual employer/works council agreements are the responsibility of HR and the relevant Division Head.

For the purposes of the calculation, the number of employees in the EEA covered by employee representative bodies on the reporting date was divided by the

total number of employees on the reporting date. The results are presented in the table below.

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE AS AT 31 DECEMBER 2024

Collective bargaining coverage		Social dialogue	
Coverage rate	Employees (EEA)	Employees (non-EEA countries)	Workplace representation (EEA only)
0–19 per cent			
20–39 per cent	Germany		
40–59 per cent			
60–79 per cent			
80–100 per cent			Germany

**Social protection for employees**

DZ HYP employees who are subject to social security contributions in Germany enjoy protection against loss of earnings under public social security schemes if they face major life events. Specifically, they enjoy protection through the statutory health insurance scheme in the event of illness, protection in retirement through the statutory pension insurance scheme, protection in the event of unemployment through the statutory unemployment insurance scheme and protection in the event of workplace accidents and general disability through the statutory accident and disability insurance schemes. Employees on parental leave are also entitled to statutory parental allowance.

Occupational benefits are offered to all in-house employees. As well as performance-related pay, DZ HYP offers all full-time and part-time employees – as well as employees on fixed-term contracts – an extensive range of social benefits to enhance their security and improve their work-life balance. These benefits include group accident insurance and financial support for surviving dependants. A company pension scheme is available to permanent employees. All employees also receive tax-free employer grants for capital formation purposes to help them accumulate personal assets in the long term. The additional occupational benefits

offered by DZ HYP help to enhance employee motivation and satisfaction, and give the Bank a competitive edge on the labour market.

DZ HYP contributes to employees' retirement provisions through the employer/works council agreement on the company pension scheme for employees. The employer/works council agreement sets out the conditions and benefits provided by DZ HYP as part of its company retirement provision for its employees. The scheme is available to all employees who joined DZ HYP on 1 January 2002 or later and who are not senior executives. The individual employer/works council agreements are the responsibility of HR and the relevant Division Head.

**Employee loyalty measures**

DZ HYP provides an additional financial incentive by assuming the costs of public transport cards such as Jobticket or Deutschlandticket. In the reporting year, 594 employees took advantage of the Jobticket programme. Employees in Munster have also been able to lease bikes and e-bikes from bicycle leasing provider JobRad at a special company bike rate. This allows them to travel to work in an extremely environmentally friendly way. DZ HYP subsidises the lease with a € 10

per month contribution, and also pays the insurance for the bike. In the 2024 financial year, a total of 180 employees used bicycles or e-bikes to travel to and from work.

Bicycle parking places and a bicycle repair station are available to employees – and to commercial tenants of our cooperative companies – at the DZ HYP head office underground car park in Hamburg. To make cycling to work an even more attractive option, suitable changing rooms have been available since mid-2022. There are covered bicycle parking places in Munster and further spaces on the grounds, as well as charging stations for e-bikes. Employees there can also use free parking spaces at the bicycle station at the railway station. Changing and shower facilities are also available there, as is a bike station in Cube 1 with its own car-free entrance.

### Employee engagement and co-determination at DZ HYP

Engaging in regular dialogue with employees and building long-term relationships are strategic cornerstones of DZ HYP's sustainability strategy. This regular dialogue enables DZ HYP to take more pointed action in response to the concerns and wishes of its stakeholders, and to find out how they view DZ HYP's approach to dealing with the opportunities and risks associated with its business activities.

DZ HYP's employees play an active part in the Bank's decision-making processes. This gives them the opportunity to contribute their perspectives and ideas, which is designed to lead to well-founded and more sustainable decisions. To ensure transparent communication, detailed information on the latest processes and developments at DZ HYP is made available on the intranet. In its efforts to promote more in-depth dialogue with employees and to take their perspectives into account in the Bank's decisions, anonymous online employee surveys are conducted at regular intervals. One example of this is the Pulse Check survey, which captures the mood in the Bank and gauges workplace satisfaction. The most recent survey was conducted in November 2023. This additionally gave employees the opportunity to voice suggestions, concerns and wishes while

remaining anonymous. DZ HYP also invites employees to dialogue events with the Management Board. Further information on this format can be found in the chapter on "Interests and views of stakeholders".

Employees can also consult their local Works Council members to express their concerns and needs, make suggestions or lodge complaints. Information on contacts within the Works Council is published on the intranet for all employees. The Works Council and DZ HYP engage in regular dialogue, with bi-weekly meetings at the Munster site and weekly meetings in Hamburg.

Any decisions made by DZ HYP that affect its own employees are communicated via the intranet, which can be accessed by all DZ HYP employees.

### Employee grievance mechanisms

DZ HYP uses a variety of channels and procedures to find out about the expectations and needs of its employees, to identify areas for action and to initiate any necessary changes. This allows it to keep in touch with its employees' opinions and incorporate them into its decisions.

If any incidents covered by the German General Equal Treatment Act (*Allgemeines Gleichbehandlungsgesetz* – "AGG") occur, an AGG complaints office has been set up within HR to deal with them. Compliance also has a whistleblower system for reporting breaches of legal norms or internal regulations. Further information on DZ HYP's whistleblower system can be found in the "Compliance" chapter. No reports were submitted via the system during the year under review.

### Indicators on incidents, complaints and severe human rights impacts

No violations or complaints regarding non-compliance with the General Equal Treatment Act (AGG) were registered in 2024. The procedures established to investigate violations include DZ HYP's complaints mechanisms.

As DZ HYP's business activities focus on the German market, its business is not associated with any critical human rights issues such as child or forced labour. Fur-

ther issues such as equal treatment, freedom of association and collective bargaining, anti-discrimination and data protection are addressed in the applicable legislation, internal regulations and in the DZ BANK Group's Code of Conduct.

The Compliance department records any complaints lodged using the whistleblower system, while HR records AGG incidents via its AGG complaints office. The following work-related incidents and/or complaints and severe human rights impacts occurred within DZ HYP's workforce during the reporting period:

- » Number of work-related incidents, including harassment, related to discrimination – for example on the grounds of gender, ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination – in the reporting period: 0
- » Number of complaints received via DZ HYP channels for employees to raise concerns: 0
- » Total amount of fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above: € 0
- » Number of severe human rights incidents involving DZ HYP's workforce: 0
- » Number of severe human rights violations and incidents connected to DZ HYP's workforce involving failure to respect the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises: 0
- » Number of complaints filed through the National Contact Points for OECD Multinational Enterprises: 0
- » Total amount of fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above: € 0

### Remuneration indicators

The unadjusted pay gap between male and female employees at DZ HYP is 18.9 per cent. This gap represents the gender pay gap excluding factors that explain salary differences, such as managerial responsibility or remit. It is only after these factors have also been taken into account that information can be provided on equal pay for men and women for equal or equivalent work. DZ HYP uses a fair remuneration system to promote employee motivation and equal treatment. This is

also designed to reinforce DZ HYP's good reputation as a fair employer that does not tolerate discrimination. The pay gap calculation as at 31 December 2024 included all employees of all DZ BANK Group companies excluding members of executive bodies, i.e. members of the Supervisory Board and the Management Board. The calculation included not only their basic salary and possible variable remuneration but also other salary components such as the company pension scheme.

The ratio of the remuneration paid to the highest-paid individual and the median remuneration within DZ HYP's workforce was 12.4 in the reporting year. The highest-paid individual in the company is identified including the salaries paid to members of the Management Board.

DZ HYP's remuneration strategy applies to all of the Bank's locations and business areas in Germany. DZ HYP does not have any branches in third countries.

### Occupational health and safety

#### Guidelines, occupational health management and occupational safety

In order to avoid occupational accidents, DZ HYP adheres to the guidelines set out by the employers' liability insurance associations responsible for the individual locations. As well as addressing factors that pose a risk to health, DZ HYP takes preventative steps to maintain and improve employee health. In addition, occupational health management is already focusing more on mental health challenges at the workplace in the wake of a changing work environment. DZ HYP also considers this to be important from a commercial perspective, as the performance of its employees depends on how they themselves experience and deal with stress.

#### Targets related to occupational safety

DZ HYP did not have any measurable quantitative targets for managing material impacts, risks and opportunities relating to occupational health and safety during the reporting period. Quantitative targets have not yet been deemed necessary to date, given DZ HYP's high working safety standards.

### Measures related to occupational health management and safety in the workplace

The Bank's occupational health management focused on employees' mental health during the reporting year. A series of open seminars was developed to this end, aiming to provide employees with ways of maintaining or improving their mental health. External trainers conducted various face-to-face and online seminars. As well as the seminars themselves, the Bank subsidised the cost of selected meditation and mindfulness apps. Health insurers have recognised just how effective these apps are in reducing stress, helping people to relax and, in turn, easing the mental and physical strain on employees.

In the 2024 reporting year, a committee comprising equal numbers of employees and management representatives was responsible for developing the psychological and stress-related risk assessment, and other occupational health management services and initiatives. The Bank-wide Committee for Occupational Safety (ASA) – which consists of the two Occupational Health and Safety Officers from the Hamburg and Munster offices, an external occupational safety expert, fire protection and safety officers, representatives from HR, the Works Council and the representative body for severely disabled employees, and company doctors – met every six months in 2024 in both Hamburg and Munster.

The ASA's remit includes:

- » Analysing accidents at the workplace, including accidents occurring during commuting
- » Advising on measures and arrangements to counter (and prevent) accident and health risks
- » Sharing experience regarding the measures taken
- » Coordinating the occupational safety obligations incumbent upon DZ HYP as the employer
- » Advising on safety aspects when new procedures or arrangements are introduced.

The task of this committee is to counter the risk of insufficient occupational health and safety having an adverse impact on the trust that stakeholders place in DZ HYP. The aim is to prevent any adverse impacts on employees, such as mental health problems and injury

due to unsuitable working conditions. In the reporting year, the Hamburg and Munster offices worked with external company B·A·D Gesundheitsvorsorge und Sicherheitstechnik GmbH on issues relating to workplace ergonomics and occupational health and safety. In the real estate centres that serve as DZ HYP's sales offices, the Occupational Health and Safety Officer conducts inspections at least every three years together with an external occupational safety specialist and a representative of the Works Council with a view to preparing a risk assessment. These inspections are conducted every year at the head offices in Hamburg and Munster. The occupational safety specialist is also on hand to answer any questions from employees and to give advice on topics such as ergonomics in the workplace.

The Bank-wide ASA is responsible for advising on measures and arrangements to counter (and prevent) accident and health risks. This work includes reviewing and updating the existing risk analyses every two years and, if necessary, adjusting them in the course of the year as well. The meetings take place on a quarterly basis, alternating between Munster and Hamburg.

DZ HYP offers support for employees who have children or dependants needing care and for those who undertake voluntary work in their free time. It works with these employees to find the right solutions for their personal needs – no standardised measures were taken in the reporting period. Examples of individual measures include flexible working hours, various part-time working models and the option of mobile working. In recognition of DZ HYP's family-friendly human resources policy, the non-profit Hertie Foundation first awarded the Bank the "audit berufundfamilie®" certificate back in 2013. Since then, DZ HYP has regularly received this seal of quality – which has to be earned anew every three years – most recently in December 2023 for all of its offices.

Occupational re-integration management has been in place at the Hamburg office since 2012 and in Munster since 2019. Both head offices have permanent integration teams who contact affected employees during their working hours and develop measures for re-integration or continued employment at the work-

place. The resources required to implement these measures were not quantified in the reporting period.

### Occupational health and safety indicators

The planning of the psychological and stress-related risk assessment, together with other occupational health management services and initiatives, such as gym memberships, mobile massages or use of the "Wellpass network", is the responsibility of the committee of the same name. DZ HYP complies with all statutory occupational health and safety requirements. The Bank does not have any other guidelines or a certified management system in place for occupational health and safety.

The following work-related circumstances and incidents occurred in the reporting period:

- » Percentage of DZ HYP employees covered by statutory occupational health and safety requirements: 100 per cent,
- » Number of fatalities resulting from work-related injuries and work-related ill health: 0
- » Number of reportable workplace accidents: 11
- » Rate of reportable workplace accidents: 7.3
- » Number of cases of recordable work-related ill health: 0
- » Number of days lost to work-related injuries and fatalities from work-related accidents: 0
- » Number of cases of work-related ill health: 0
- » Number of fatalities resulting from ill health: 0
- » Number of incidents involving work-related injuries, ill health and fatalities: 0
- » Number of fatalities resulting from work-related injuries and ill health involving other workers on DZ HYP's sites: 0

The period used to calculate the number of fatalities and the number of reportable workplace accidents is the reporting year. The rate of reportable workplace accidents in a reporting year is made up of the average number of employees involved in reportable accidents in the reporting year, divided by the actual hours worked, then multiplied by 1,000,000.

## Skills development

### Guidelines on training and skills development

DZ HYP successfully completed the BEST PLACE TO LEARN® certification programme in 2022, and once again received its seal of approval for outstanding vocational training in January 2023. The seal is valid until December 2025. Students and schoolchildren can also get to know DZ HYP by working as interns, student employees or completing their dissertation or thesis with the Bank. When designing these projects, DZ HYP adheres to the Fair Company Codex, a voluntary self-commitment that DZ HYP made in 2014 and for which it was awarded the corresponding seal.

For several years now, DZ HYP has been providing vocational training for talented young professionals. This is part of its ongoing efforts to rise to current challenges and respond to changing skills requirements. Since adopting its demographic concept in 2019, DZ HYP has strengthened its vocational training activities from year to year and has increased the quality and quantity of its trainee programmes.

### Targets related to training and skills development

DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to training and skills development during the reporting period. Quantitative targets have not yet been deemed necessary to date, given that DZ HYP already has numerous skills development measures in place.

### Measures related to training and skills development

DZ HYP has been forging ahead with its trainee programmes offering vocational training for university graduates. In the 2024 reporting year, eight trainees successfully completed the programme, including in the area of Commercial Real Estate Finance, and went on to be offered permanent positions. During the year under review, a total of seven new trainees embarked upon their trainee programmes in different areas and at various DZ HYP locations. Adding to the established Real Estate Finance (commercial real estate finance)

and IT programmes, DZ HYP also launched traineeships in Finance and Risk Controlling at the start of the year under review. The trainee programmes aim to give junior staff the qualifications they need for a permanent position in different specialist departments, while also making new skills available to DZ HYP. The traineeship programme that started in autumn 2023 continued successfully during the year under review, with trainees being deployed in various specialist departments to observe and learn from Bank employees (“work shadowing”) and participating in courses, workshops and networking events. Trendence, an independent consultancy and market research institute, once again awarded DZ HYP its seal of quality in 2024 for its “fair trainee programme”.

The DZ HYP Real Estate Academy is an integral part of the specialist training programme for the Bank’s employees. It functions in partnership with the IRE|BS International Real Estate Business School. In addition to attending a series of lectures split into four modules, participants work in small teams on a real-life case study, which they then present to a commission of IRE|BS representatives and DZ HYP’s Management Board. The Real Estate Academy offers comprehensive training and in-depth insights into the various areas of the real estate industry. All DZ HYP employees also have access to DZ BANK AG’s continuing professional development programme, which allows employees to develop their skills, with a view to making them more motivated. DZ HYP employees can find comprehensive information on the entire range of training courses on DZ HYP’s intranet. The resources required to implement these measures were not quantified in the reporting period.

New employees at DZ HYP must complete the following training programmes:

- » Preventing fraud
- » Preventing money laundering
- » Data protection
- » Information security
- » German General Equal Treatment Act

### **Mandatory company training sessions**

DZ HYP employees receive regular training on the German General Equal Treatment Act (*Allgemeines Gleichbehandlungsgesetz – “AGG”*). This training applies to our executive staff in particular. After joining DZ HYP, new employees must complete a training course on the General Equal Treatment Act within 14 days. In the reporting year, they also underwent training on sustainability topics, such as issues relating to carbon emissions, as part of a series of events.

In accordance with the statutory provisions and requirements for occupational and fire safety, all employees receive safety training when they join the Bank. An occupational safety specialist is on hand to answer any questions and to give advice on topics such as ergonomics in the workplace. All new employees joining DZ HYP are given an overview of all first-aiders and fire safety assistants as well as an information leaflet on how to conduct themselves in an emergency. Most of the training courses above are held online. Some of the training courses, e.g. on occupational and fire safety or on data protection, are repeated at regular intervals. Regular initial and further training courses are also organised for company first-aiders and fire safety assistants.

The new “ZukunftsFit!” format was launched in the reporting year. This is an initiative to shift the focus of DZ HYP’s HR development and mainly features programmes relating to soft skills. The concept includes events designed to give employees food for thought, the use of the digital learning platform “Masterplan” and a mindfulness programme to improve mental health. All DZ HYP employees have the option of taking part.

### **Employee evaluation**

To facilitate modern management, DZ HYP has developed a workable and state-of-the-art format for employee appraisals at its Hamburg office. This ensures that managers and their staff enter into dialogue at least once a year. Engaging in a regular dialogue also serves to identify individual areas for improvement. The office in Munster also uses a similar format.

### **Indicators related to training and skills development**

DZ HYP employees completed an average of 20.6 hours of training per person in the reporting period. Male employees took part in an average of 21.7 hours of training per person, and female employees in an average of 19.2 hours of training per person. The aver-

age number of training hours per person is calculated by dividing the total training hours by the average number of employees in the reporting year, multiplied by 100. The average number of training hours by gender is calculated by dividing the training hours by gender by the average number of employees in the reporting year by gender, multiplied by 100.

## WORKERS IN THE VALUE CHAIN

As well as its own employees, ensuring the responsible treatment of all other workers in the value chain is a top priority for DZ HYP. Sustainable purchasing and respect for human rights are particularly important in this regard. The table below describes the main impacts for workers in the value chain.

### IDENTIFICATION OF MATERIAL IROS FOR SUPPLIERS

IRO type	Description	Dimension
Positive impact	Selecting suppliers based on sustainability criteria improves working conditions at these suppliers.	Banking operations
Positive impact	Financing construction projects creates jobs at business partners.	Banking business

DZ BANK Group companies have been bundling their sustainability activities for social aspects since 2010 with the overarching aim of jointly leveraging market opportunities, avoiding risks, helping to benefit society and taking responsibility for workers in the value chain.

#### Guidelines on sustainability in purchasing

Based on this core value, guidelines on sustainability in purchasing were developed at Group level in 2012 to define standard requirements. Further information can be found in the "Supplier management" chapter. When it comes to procurement, we give preference to local suppliers and service providers close to our offices. This results in short transportation routes and helps reduce CO<sub>2</sub> emissions.

The DZ BANK Group guidelines on sustainability in purchasing serve as a guide for all Group companies and help them to develop. The document sets out what is expected of all business partners, based on German and international standards, including the UN Global Compact and the ILO core labour standards. DZ HYP's guidelines on sustainability in purchasing describe the extent to which the Group guidelines

have been implemented to date. The IT Division Head is responsible for the further development, approval and adoption of these guidelines.

The sustainability requirements for DZ BANK Group suppliers were revised and published in the 2023 financial year with respect to the German Act on Corporate Due Diligence in Supply Chains (*Lieferkettensorgfaltspflichtengesetz* – "LKSG"). Within this context, DZ HYP expects those suppliers that are relevant from a sustainability perspective to take ecological responsibility and comply with environmental standards, as well as to minimise their environmental impact. Suppliers are considered relevant to sustainability if they exceed a certain revenue threshold and/or are associated with existing sector or country risks. With regard to social responsibility, DZ HYP expects its suppliers to acknowledge and respect human rights, to ensure occupational health and safety in the workplace, and to reject child labour, forced labour and all forms of slavery. DZ HYP also expects its business partners to have an effective whistleblower system in place or to join an industry-wide system. It expects business partners, employees or subcontractors to report any possible breaches of sustainability requirements. By implementing sustaina-

bility requirements for its suppliers, DZ HYP aims to improve working conditions by ensuring that these suppliers also take sustainability criteria into account. They are designed to minimise the risk of human rights violations involving workers in DZ HYP's value chain. These sustainability requirements are binding for all of DZ HYP's relevant suppliers for the duration of the business relationship. By signing the requirements, business partners give their assurance that they will comply with them and address them appropriately at all stages in their supply chain. At the level of DZ HYP, the IT Division Head is the highest-ranking organisational entity responsible for compliance with the sustainability requirements for suppliers.

### **Human Rights Guideline**

The Human Rights Guideline provides further details on the contents of the Code of Conduct as they relate to human rights, and was adopted by the Group Sustainability Committee. It provides in-depth information on DZ HYP's positioning as a responsible client. Overall compliance with the Guideline is not monitored at DZ HYP but its contents have an impact on the various departments. The Human Rights Guideline is DZ HYP's way of positioning itself with regard to fundamental human rights, and compliance with the Guideline is a top priority. DZ HYP's voluntary commitments are designed to minimise the risk of human rights violations, allowing the Bank to help build a humane society and economy that offers equal opportunities for everyone. As a DZ BANK Group document, the Human Rights Guideline applies to all DZ HYP employees and their work. The highest-ranking organisational entity within DZ HYP with responsibility for implementing the Guideline is the IT Division Head.

### **Targets related to workers in the value chain**

DZ HYP keeps a particularly close eye on the regulatory landscape so that it can react to new developments early on and incorporate them into its objectives. This is achieved first of all via DZ HYP's Regulatory Workflow Centre (RWC) tool, and secondly via the DZ BANK Group's Sustainability in Purchasing working group, which monitors and discusses regulatory changes.

DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to workers in the value chain during the reporting period. Quantitative targets have not yet been deemed necessary to date, given that the impact on workers in the value chain has mainly been positive.

### **Processes for engaging with workers in the value chain**

As regards social criteria, DZ HYP requires those contractors that are relevant from a sustainability perspective to respect human rights, not to tolerate any form of child or forced labour, to guarantee fair compensation and fair working conditions, to grant employees freedom of association and the right to collective bargaining, to take relevant measures to ensure occupational health and safety in the workplace, to rule out any form of discrimination and to refrain from engaging in corruption or bribery.

Other than the grievance mechanism described below, DZ HYP does not have any general procedure in place for including the views of workers in the value chain.

### **Grievance mechanisms for workers in the value chain**

If employees of customers, suppliers or business partners who are in contact with DZ HYP in the course of their work become aware of violations of any breaches of legal norms or internal regulations by DZ HYP, these can be reported using DZ HYP's whistleblower system, which is managed by Compliance. DZ HYP requires its suppliers to inform their employees that any such violations or concerns can be reported either using the supplier's own whistleblower system or via the DZ HYP whistleblower system. Further information can be found in the "Compliance" chapter. DZ HYP aims to use successful stakeholder management to foster trust.

### **Measures related to workers in the value chain**

The sustainability requirements for DZ BANK Group suppliers serve to ensure that due diligence obligations are met and are designed to make sustainable action an established feature of its supply chains too.

DZ HYP's sustainability management team performs a check once a year to ensure that all major suppliers have signed the sustainability requirements. Business partners must remedy with immediate effect any violations of DZ HYP's sustainability requirements for suppliers. If the violation cannot be remedied in the foreseeable future, DZ HYP requires these business partners to prepare a concept showing how this will be achieved – including a schedule, necessary action and targets – and to submit this concept to DZ HYP and implement it. The implementation process must be documented and checks performed to ensure that the measures are effective. If a business partner violates the sustainability requirements, DZ HYP has the right to suspend the

business relationship temporarily. No such measures needed to be taken in the reporting period.

No actual or potentially adverse impacts with respect to human rights or society or to working practices were identified in the year under review.

No cases of failure to respect the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises that involve value chain workers were reported to DZ HYP in its upstream and downstream value chain in the reporting period.

## SOCIAL COMMITMENT

DZ HYP uses guidelines, measures and targets to underscore its commitment to affected communities. The table below describes the impacts that are material to the Bank's social commitment.

### IDENTIFICATION OF MATERIAL IROS FOR SOCIAL COMMITMENT

IRO type	Description	Dimension
Positive impact	Financing and promoting social housing creates homes for communities.	Banking business
Positive impact	Supporting non-profit projects and organisations helps local communities.	Banking operations
Positive impact	The regional population is provided with jobs and opportunities for initial and further training.	Banking operations

The basic cooperative values of solidarity, aiding empowerment and sustainable and responsible business practices are cornerstones of DZ HYP's social commitment. DZ HYP embraces its responsibility as a corporate citizen, is particularly active in regions where it has offices and has a positive impact on local communities. As both an employer and client, the Bank is aware of its social responsibility towards affected communities and wants to exert a positive influence over economic and social development in the areas in which it is based.

#### Guidelines related to affected communities

DZ HYP's practical understanding of integrity and ethical business is clearly set out in the Code of Conduct that it prepared together with the DZ Bank Group companies. In this Code of Conduct, the Bank makes a commitment to democracy, tolerance, equal opportunities and respect for human rights, and acknowledges the right of all employees to form trade unions and employee representative bodies in line with democratic principles, as provided for in the national regulations. This also includes protecting fundamental labour rights as defined by the ILO and the core labour standards.

In 2008, DZ BANK AG became a participant in the UN Global Compact, thereby committing itself to the ten

internationally acknowledged principles stipulated by the initiative for responsible conduct. In 2013, DZ HYP followed suit in taking up these principles, which focus on human rights, labour norms, protecting the environment and combating corruption. The DZ BANK Group's Human Rights Guideline sets out further details on the human rights principles listed in the Code of Conduct. In particular, this includes the Universal Declaration of Human Rights (UDHR), which was adopted by the United Nations General Assembly, and the European Convention on Human Rights (ECHR). DZ HYP is strictly opposed to any form of forced or child labour.

As the Bank mainly provides real estate loans in Germany, it has not signed any agreement regarding compliance with the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. Further information on the Human Rights Guideline can be found in the chapter on "Workers in the Value Chain".

During the reporting period, there were no cases of failure to comply with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises.

Moreover, DZ HYP strives to exert a positive impact on economic and social development at its locations – as an employer and a client. Its business creates jobs for a total of 938 employees at both head offices and at the real estate centres and regional offices. It also provides opportunities for training and continuing professional development.

As part of its business model, DZ HYP promotes and finances social home ownership and the creation of housing in the communities in which it operates. Further information can be found in the “Business Model” chapter. DZ HYP’s social commitment is also enshrined in a donations and sponsorship concept, which is implemented by Communications, Marketing & Events under the auspices of the Division Head.

DZ HYP has adopted diversity guidelines to avoid potential reputational risks when dealing with different ethnic groups and local communities. The Bank takes a zero-tolerance approach to inappropriate and discriminatory behaviour and has set up a complaints office so that any violations in connection with the German General Equal Treatment Act (AGG) can be reported. Employees and managers are given mandatory AGG training at regular intervals. Further information on DZ HYP’s diversity guidelines can be found in the “Diversity” chapter.

The main Group-wide criteria that set the individual companies apart as responsible employers, including with regard to HR strategy and employee development, are summarised in the document “Employee rights in the DZ BANK Group”.

#### **Targets related to social commitment and affected communities**

DZ HYP has not yet defined any targets for managing material adverse impacts, promoting positive impacts or handling material risks and opportunities in relation to its social commitment. Quantitative targets have not yet been deemed necessary to date, given that the impact on affected communities has mainly been positive.

#### **Processes for engaging with affected communities**

DZ HYP engages in dialogue with local authorities in the places where it has its head offices, and takes the economic, social and cultural rights of local communities into account when making decisions that affect the places where it is based.

In order to steer DZ HYP in the right direction, it is important to know as much as possible about what affected communities expect as regards the actual or potential impact that the Bank’s business activities could have on them. DZ HYP defines affected communities as persons or institutions with social, environmental, economic, legal or ethical expectations towards the Bank. These must either be affected by the Bank’s decisions or be in a position to influence its decisions. Regular dialogue with these stakeholder groups enables DZ HYP to respond to concerns and wishes as a part of a tailored approach that is appropriate for the target group in question. Two such opportunities for dialogue arose in the 2024 financial year. These discussions also serve as a source of information about how the outside world perceives the risks and opportunities associated with the Bank’s business activities. This is why building and maintaining long-term relationships with affected communities is also of strategic importance and essential for enhancing the Bank’s approach.

There is currently no standardised approach, for example in the form of guidelines or processes, that allows DZ HYP to assess how effective its collaboration with affected communities is – including possible agreements or outcomes based on these findings.

#### **Grievance mechanisms for affected communities**

Compliance has a whistleblower system for reporting breaches of legal norms or internal regulations. Further information on DZ HYP’s whistleblower system can be found in the “Compliance” chapter. DZ HYP did not receive any reports from affected communities in the reporting year.

### Measures related to affected communities

The very concept of a cooperative was based on the idea of joining forces to solve economic and social problems. DZ HYP remains loyal to this tradition today. This is why the Bank has set stringent standards for its business activities. Exclusion criteria for specific business practices and areas are a key element of DZ HYP's commitment to sustainability. Further information on the exclusion criteria used can be found in the chapter "Measures to Achieve Targets in the Banking Business". The implementation of these measures was not quantified in the reporting period.

DZ HYP analyses operational reputational risk from various angles at quarterly intervals. In the Corporate Clients segment, the responsible client relationship manager from the front office must investigate any potential reputational risks at the very start of a business relationship. Further information on how DZ HYP deals with material impacts in this context can be found in the chapter "Our Clients and Customers".

In the 2024 reporting year, DZ HYP took part in an event organised by the City of Munster centred on the mobility concept for the future. At the invitation of the City of Hamburg, it gave representatives from the environmental ministries a tour of the Bank's landscaped roof and photovoltaic system. The resources required to implement these measures were not quantified in the reporting period.

Two-thirds of DZ HYP's capital markets business relates to Germany and over 90 per cent to EU member states. As a result, indigenous communities are not affected by DZ HYP's business activities in these regions.

### Donations and support for affected communities

Together with its employees, DZ HYP is dedicated to working for the benefit of society, making its own contribution to social cohesion. The Bank actively supports a large number of social projects, institutions and non-profit organisations that are active in the real es-

tate or cooperative sectors. As well as this, it supports initiatives within the Cooperative Financial Network and assists with humanitarian disaster aid campaigns. The Bank also promotes the Active Citizenship Association (*Aktive Bürgerschaft*), which advocates civic action and non-profit organisations. In the reporting year, both partners joined forces to initiate the civic foundation fund "Bildung ist Vielfalt" for diversity in education. Financial support totalling € 10,000 will be provided every year. This allows DZ HYP to help educational projects launched by civic foundations and also to support the local cooperative banks as key partners of civic foundations in their individual regions. The civic foundation fund has initially been set up for a period of two years, but is to continue as a long-term sponsorship arrangement after it has been launched successfully. In addition, the GESTE foundation for development cooperation, which assists cooperative systems and structures across the globe, received a donation for the first time in this reporting year. DZ HYP also aids the CLUB OF ROME's German charter by providing the club's branch office with rent-free premises in Hamburg. As well as this, it is the host and financial backer of the annual meeting of the CLUB OF ROME schools network. DZ HYP works together with two schools in Munster within the scope of the "Schools and Business Partnership" project launched by the local chamber of commerce and industry. The Bank also supports hands-on vocational orientation as part of the "Don't leave school without the prospect of a job" project run by the State of North-Rhine-Westphalia. One internship at DZ HYP was offered and completed in the year under review. In 2024, DZ HYP also subsidised the Hamburg Donors' Parliament ("*Hamburger Spendenparlament*"), which helps initiatives for tackling homelessness and poverty and also initiatives that promote integration in Hamburg. The "Hamburg Pride e.V." and "CSD Münster e.V." associations additionally received donations for the first time to promote diversity within society. As in previous years, the Bank also matched the staff Christmas collection initiated by the Works Council and made donations to customer-related projects.

The DZ HYP department responsible for donations and sponsoring is Communications, Marketing & Events (CME), which presents the Management Board with a budget once a year. The total amount donated as at 31 December 2024 came to € 259,325. DZ HYP makes no donations to political parties or affiliated institutions. This is to avoid exposing itself to any possible accusation of exercising political influence or receiving preferential treatment. Further information can be found in the "Compliance" chapter.

DZ HYP is also committed to supporting employees who are actively involved in social projects. For many years now, the kitchen staff have regularly donated soup to the soup kitchen for homeless people organised by the Protestant parish of St. Georg-Borgfelde near the Hamburg office. As well as this, the Bank once again held its Social Day at the "Sternenbrücke" children's hospice in the reporting year, the second time the event has been organised since the COVID-19 pandemic. DZ HYP employees were given time off work to volunteer for the initiative.

## CLIENTS

DZ HYP provides its clients and customers with extensive financial planning support, offering a vast range of financial products. It also works for its clients and customers, meaning that their interests and their experience with DZ HYP are of paramount importance. The material impacts, risks and opportunities are described in the table below.

### IDENTIFICATION OF MATERIAL IROS IN DEALINGS WITH CLIENTS AND CUSTOMERS

IRO type	Description	Dimension
Positive impact	Access to financing products is improved.	Banking business
Positive impact	Protection for general privacy rights enhances security for clients.	Banking business
Positive impact	The quality of the advice that DZ HYP provides allows it to meet its information and disclosure obligations vis-à-vis its clients.	Banking business
Risk	Potential failure to meet external documentation obligations correctly could result in reputational damage for DZ HYP.	Banking business
Opportunity	Focusing on customer satisfaction can translate into long-term success.	Banking business
Opportunity	Aligning financing products with customer needs can help the Bank to tap into new markets.	Banking business

We strive to connect with clients and customers in many different ways and to provide an overview of DZ HYP's products and services. DZ HYP presents its full range of products and services using both online and print publications, in face-to-face discussions, at events and on the DZ HYP website.

#### Client and customer guidelines

The DZ BANK Group's Human Rights Guideline provides further details on the DZ HYP Code of Conduct as it relates to employees, suppliers, clients/customers, society and the environment. This is aligned with the UN Global Compact and the ILO.

DZ HYP guarantees that it will protect its customers' personal data and only use it for specific purposes,

countering the risk that customers might end up losing trust in DZ HYP due to insufficient data protection. This approach is based on an internal data protection policy that applies to all members of staff. Data protection requirements also play a key role in DZ HYP's internal projects as it continues to digitalise its customer interface. The Bank's aim is to meet customer expectations with regard to processes of enhanced quality, better efficiency and speed, while at the same time complying with the highest standards of data protection and security. The Management Board is responsible for compliance in line with the General Data Protection Regulation (GDPR), and managers are responsible for ensuring that their employees implement the required measures.

### Targets related to clients and customers

DZ HYP strives to strengthen its market presence in the existing Real Estate Finance business segment. This is to be achieved through systematic joint regional market coverage and development, and by expanding business with the cooperative banks. Within the Cooperative Financial Network, DZ HYP positions itself as a centre of competence for members. Its product portfolio is geared towards the needs of its customers and it is committed to optimising its internal processes in the enquiry, offer, front office approval and portfolio management phases, particularly by making greater use of digital technologies. It also intends to step up the use of ESG criteria in its lending activities.

DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to its clients and customers during the reporting period. Quantitative targets have not yet been deemed necessary to date, given the high level of client satisfaction.

### Processes for engaging with clients and customers

In the Retail Customer segment, it is mostly the intermediating banks that assess the creditworthiness in accordance with provisions set out by DZ HYP. When entering into the agreement, customers can apply to be granted the right to adapt repayments three times during the fixed-interest period. This is an ideal solution for customers who want to be flexible and adjust their monthly instalments to fit their individual income and liquidity situation. In addition, borrowers can make individual arrangements with DZ HYP should they face financial difficulties. DZ HYP endeavours to protect its customers from taking on too much debt by adopting an appropriate and moderate lending policy. The Bank also checks the customers' financial status and sustainable debt-servicing capacity in line with the provisions stipulated in the EU Mortgage Credit Directive (MCD).

DZ HYP is a member of numerous associations. It supports efforts towards a more stable financial system as well as the interests of Pfandbrief issuers and the economic and non-economic interests of the entire real

estate sector. Further information on DZ HYP's association memberships can be found in the "Compliance" chapter.

DZ HYP uses various dialogue formats to communicate with its main customer groups. Detailed information on the various formats used by DZ HYP can be found in the chapter "Interests and views of stakeholders".

To date, no standardised procedure has been established for assessing whether customers are aware of the ways in which they can voice their concerns or needs.

### Customer grievance mechanisms

If they have grounds to lodge a complaint, customers can access DZ HYP's grievance management system using the central complaints address shown on the DZ HYP website. If Compliance receives complaints relating to retail customers, corporate clients or public-sector clients, these are forwarded directly to the relevant Retail Customer Sales, Corporate Client Sales Management and Public Sector Sales departments, which are then responsible for handling the case to resolution.

No serious problems or incidents related to clients or customers were reported to DZ HYP during the reporting period.

### Measures related to clients and customers

With regard to sustainability risks resulting from its own operations, DZ HYP – as a DZ BANK Group company – uses various tools in its financing and investment business to minimise potentially adverse sustainability impacts and to limit potential risks. These include exclusion criteria, sector principles and the Group lending standard for handling ESG risks. As a matter of principle, the DZ BANK Group refuses to finance any products or activities that are categorised as illegal in accordance with the laws or provisions of the target country or per international conventions or agreements. The DZ BANK Group has exclusion criteria that are applied in the event of violations of international

labour standards, including the standards on child and forced labour. Further information on the exclusion criteria used can be found in the chapter “Measures to Achieve Targets in the Banking Business”.

DZ HYP also endeavours to protect its clients from over-indebtedness, basing its assessments on the sustainable mortgage lending values of the properties to be financed or collateralised in the real estate finance business with retail customers. It also examines customers’ financial position – i.e. their assets and liabilities – and their sustainable debt-servicing capacity and other aspects.

In the Corporate Clients segment, DZ HYP promotes affordable housing, for example by financing housing industry projects. Housing companies include cooperative, municipal and church-sponsored housing companies, as well as other members of the Federal Association of German Housing and Real Estate Companies (GdW). DZ HYP also acts as a sales partner for subsidised KfW loans.

In its business with retail customers, DZ HYP aims to tap into new or additional distribution channels, while maintaining the principle of subsidiarity vis-à-vis cooperative banks, in order to facilitate access to DZ HYP’s financing products and expand its customer base on an ongoing basis. In its new business, DZ HYP offers

sustainable loans with a lower interest rate for very good energy efficiency classes or low energy consumption levels. The promotional programmes offered by the German state-owned development bank KfW, namely “Climate-Friendly New Construction – Residential Buildings”, “Refurbishment – Efficiency House”, “Home Ownership for Families” and “Young Buys Old”, are also incorporated via the Bank’s distribution channels. These products allow DZ HYP to finance the construction of sustainable homes.

The products offered to public-sector clients are exclusively made up of conventional loans to local authorities and short-term public-sector loans. No sustainable products are currently on offer for local authority lending. Loans are granted in the local authority lending business without having to be linked to specific projects. In the Public Sector segment, DZ HYP conducts a standardised and structured assessment of ESG risks and opportunities at business partner level. The target group consists exclusively of local authorities in Germany. DZ HYP prepares its own sustainability ranking for local authorities to ensure that sustainability aspects are given greater consideration in this segment. The ranking is an integral component of DZ HYP’s local authority lending and decision-making process. The resources required to implement these measures were not quantified in the reporting period.

# GOVERNANCE

## CORPORATE CULTURE

The “Governance” chapter addresses DZ HYP’s corporate culture (“Corporate culture” chapter), supplier management (“Supplier management” chapter) and compliance management (“Compliance” chapter).

Good corporate governance calls for compliance with legal and regulatory requirements, voluntary commitment and internal guidelines (compliance), the responsible management of risks (risk management), the pro-

tection of the Bank’s reputation and the implementation of transparent business processes. The table below charts out the impacts, risks and opportunities that are significant to DZ HYP’s corporate culture.

### IDENTIFICATION OF MATERIAL IROS FOR CORPORATE CULTURE

IRO type	Description	Dimension
Positive impact	Protecting whistleblowers can help the Bank to pick up on non-compliant behaviour and, in doing so, improve its corporate culture.	Banking operations
Positive impact	A healthy corporate culture translates into satisfied employees.	Banking operations
Positive impact	A strong compliance and corporate culture at DZ HYP leads to sustainable business relationships that are successful in the long run.	Banking business
Positive impact	Good corporate governance is practised when selecting business partners in accordance with guidelines.	Banking business
Risk	An inadequate internal control and risk management system could encourage people to take prohibited actions.	Banking operations
Risk	Inadequate corporate values and guidelines related to non-transparent disclosures could translate into a reputational risk for DZ HYP.	Banking operations
Risk	Business partners with inadequate corporate values and guidelines related to non-transparent disclosures could translate into a reputational risk for DZ HYP.	Banking business
Opportunity	By acting with integrity, DZ HYP can position itself as a reliable and transparent business partner.	Banking business

### Governance guidelines

The main overall conditions for the management and supervision of DZ HYP are set out in the DZ BANK Group Governance Policy (GGP) and are based on standards of good and responsible corporate governance and Group management. The GGP is implemented by the Group Risk and Finance Committee via the DZ BANK Group. DZ HYP's practical understanding of integrity and ethical business is clearly set out in the Code of Conduct that it prepared together with the DZ Bank Group companies, as well as in its supplementary Human Rights Guideline. This includes ensuring legally compliant behaviour, which is described in the Code of Conduct, and a functioning risk management system that also takes sustainability risks into account. The Policy obliges the Management Board and the Supervisory Board to use sustainable value creation to safeguard the survival of DZ HYP and the Cooperative Financial Network in accordance with the principles of company and supervisory law. Risk management at DZ HYP takes into account the requirements under the German Banking Act (*Kreditwesengesetz* – “KWG”), the Minimum Requirements for Risk Management in Banks (*Mindestanforderungen an das Risikomanagement* – “MaRisk”) and other relevant statements of the supervisory authorities, and is an integral part of the strategic and operational management of the Bank as a whole. The Bank has established extensive control mechanisms to manage the main risk types, including operational and reputational risk. Capital requirements for operational risks are derived at Group level using the standardised approach under the CRR. Moreover, economic capital for operational risk is calculated using a portfolio model and incorporated into internal management. To identify operational risks in good time, DZ HYP records risk indicators (aligned with the CRR event categories) on a regular basis and analyses them by way of a traffic light system. Further information can be found in the Risk Report.

In order to ensure a healthy corporate culture and responsible corporate governance, a training initiative has been launched to further develop professional and personal skills, and to allow employees to build new skills that will be relevant in the future. Managers can take part in seminars on responsible leadership and

social topics held by external coaches in three modules per year, designed to further develop management work. Further information can be found in the “Skills Development” chapter.

In order to integrate sustainability to an even greater extent in its business processes, DZ HYP has been actively involved in the DZ BANK Group's sustainability market initiative since 2012. As a result of this collaboration, for example, common supplier standards have been established, the policy on sustainability in lending has been developed and exclusion criteria for specific business practices and areas have been defined. DZ HYP uses these guidelines to promote good corporate governance among its business partners. Inadequate stakeholder management could jeopardise trust in DZ HYP. Further information can be found in the “Business Model and Strategy” chapter.

In order to evaluate its corporate culture, DZ HYP conducts an anonymous online employee survey – the Pulse Check – which reflects the current mood in the Bank and gauges workplace satisfaction. Further information can be found in the “Working Conditions and Pay” chapter.

### Targets related to corporate culture

DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to its corporate culture during the reporting period. Quantitative targets have not yet been deemed necessary to date, given that the impact on corporate culture has mainly been positive.

### Measures for sustainable and responsible corporate governance

In 2008, DZ BANK AG became a participant in the UN Global Compact, thereby committing itself to the ten internationally acknowledged principles stipulated by the initiative for responsible conduct. In 2013, DZ HYP followed suit in taking up these principles, which focus on human rights, labour norms, protecting the environment and combating corruption. This Code of Conduct is based on the principles set out in the UN Global

Compact and refers, among other things, to undesirable business practices and various tools for preventing fraud and ensuring respect for human rights. We define responsible corporate governance as including not only adherence to legal standards and requirements, but also values and principles, together with clear and transparent management. DZ HYP is also committed to the 2030 Agenda for Sustainable Development. The resources associated with the individual measures have not been quantified explicitly.

DZ HYP's Corporate Governance policy provides an ongoing framework designed to cover all legal concerns and operational principles. As part of the Cooperative Financial Network, the cooperative basic values of aiding empowerment, individual responsibility and independent operations are cornerstones of our activity. Two examples of measures geared towards the needs and interests of its employees include the Culture Project launched in 2023 and the Network for Innovation in the Bank (ILAB), which was initiated in the 2024 financial year. The Culture Project was developed based on an employee survey in which respondents expressed a desire to interlink joint successes more effectively, to improve the way central Group functions work together and to achieve greater mutual understanding between the business segments. The ILAB is designed to serve as a platform for feasibility checks on new ideas, innovations or trends at DZ HYP and to help implement them.

### **Preventing fraud**

DZ HYP has taken organisational safeguards to prevent the risk of criminal acts, both in-house and outside of the Bank, which could pose a risk to market integrity and to the assets of DZ BANK Group, its customer base and its business partners. To achieve this, binding regulations and processes have been put in place to prevent and investigate offences like these. This means that employees can report potential or actual breaches while ensuring that their identity remains confidential, which also helps to create a better corporate culture and foster long-term stability. The Compliance function is a central unit to which breaches (past, imminent or planned) of internal regulations, applicable legislation or legal standards can be reported. DZ HYP's employees are committed to complying with all relevant legal and regulatory requirements and also with internal requirements. They are aware that any breaches will result in the necessary measures under labour, civil or criminal law being taken or initiated. The general principles of behaviour, regulations and guidelines addressed in the Code of Conduct, together with further information, are available to all employees on the intranet and in company-specific information systems.

## SUPPLIER MANAGEMENT

DZ HYP is committed to creating a supply chain that is not only cost-effective and efficient, but also environmentally and socially responsible. Goods and services are selected based on their environmental friendliness, social responsibility and support for ethical business practices to prevent corruption. The material risks that arise in this context are shown in the table below.

### IDENTIFICATION OF MATERIAL IROS FOR SUPPLIER MANAGEMENT

IRO type	Description	Dimension
Risk	Failure to implement external requirements at the level of the Bank's suppliers could translate into a reputational risk for DZ HYP.	Banking business

Environmental and social factors are key components of DZ HYP's purchasing strategy. All DZ BANK Group suppliers are required to fulfil comprehensive criteria as set out in the sustainability agreement. These include issues such as human rights, combating corruption, equal opportunities and environmental action.

#### Guidelines for dealing with suppliers

As early as in 2012, the DZ BANK Group developed joint guidelines on sustainability in purchasing, as well as for dealing with suppliers. The Head of IT is responsible for monitoring implementation. At Group level, this is continuously updated by the Sustainability working group and is recommended for all DZ BANK Group entities. DZ HYP has integrated the requirements into the entire current sustainability documentation for purchasing processes. The provisions set out in the Group guidelines are also included in supplementary internal guidelines for the Bank's purchasing departments. The sustainability requirements for suppliers of the DZ BANK Group were updated in April 2023 to reflect the German Act on Corporate Due Diligence in Supply Chains (*Lieferkettensorgfaltspflichtengesetz*, "LKSG"). DZ HYP is not affected by the more stringent provisions

of this Act, which took effect as of 1 January 2024. DZ HYP applies economic, environmental and social criteria when choosing its suppliers, based on Group-wide sustainability standards for suppliers established in 2012. These standards have since been amended to satisfy further requirements imposed by investors, regulators, etc., and account for greater ambition within the Group itself. The standards are aligned with the principles stipulated by the United Nations Global Compact, the Code of Conduct published by the German Association for Supply Chain Management, Procurement and Logistics (BME), and the relevant ILO conventions. The sustainability standards also include compliance with anti-corruption legislation and the applicable AML legislation. DZ HYP gives preference to local suppliers and service providers close to the Bank's offices.

All DZ HYP suppliers with an aggregate revenue that exceeds a specified threshold are bound by the sustainability requirements that apply for DZ BANK Group suppliers. A working group made up of sustainability officers in the purchasing departments of Group companies optimises sustainability-related purchasing targets and processes.

When it comes to environmental responsibility, DZ HYP expects its contractors to ensure they are taking reasonable action to protect the environment and, at the very least, to comply with local and national legal requirements. DZ HYP requires its contractors to meet social criteria as part of its sustainability requirements. Further information can be found in the chapter on “Workers in the Value Chain”.

DZ HYP endeavours to pay suppliers’ invoices on time and to prevent payment arrears. This is set out in payment guidelines, which include an escalation procedure to avoid default on payments. There is a central unit for incoming invoices and an electronic invoice receipt book, ensuring a high level of transparency with regard to incoming invoices. The Bank also has automated electronic procedures in place that remind it to process incoming invoices quickly.

#### **Targets related to supplier management**

The Bank did not have any measurable targets for managing material impacts, risks and opportunities relating to supplier management during the reporting period. Quantitative targets have not yet been deemed necessary to date, given that no material challenges have been identified in supplier management.

#### **Supplier management measures**

DZ HYP strives to select its suppliers carefully based on defined criteria and potential risks so that it can minimise the risk of reputational damage associated with inadequate stakeholder management. The resources associated with the individual measures have not been quantified explicitly.

DZ HYP examines 13 fundamental risk criteria, including reputational risk and sustainability risk, as part of its outsourcing management in accordance with MaRisk. The individual risks are analysed as part of a risk analysis in accordance with MaRisk and using other questionnaires, including the sustainability questionnaire.

In 2022, DZ HYP introduced EcoVadis, a sustainability software that allows suppliers to be assessed based on in-depth sustainability analyses focusing on environmental matters, labour and human rights, ethics and sustainable procurement. This allows risks in the supply chain to be identified early on and action to be taken in response to any breaches. The Sustainability department assists service providers with the EcoVadis rating process on an ad-hoc basis or in some cases organises talks with them to discuss the relevant measures.

Implementing EcoVadis also helps DZ HYP prepare for the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – “LKSG”), even though this does not apply to the Bank at present. In 2023, DZ HYP conducted its first country- and industry-specific risk analysis via EcoVadis. If a supplier’s risk profile is high or very high, the supplier is asked to complete a detailed sustainability assessment as part of the EcoVadis rating. Once the results are available, the supplier can be asked to take action in accordance with the minimum requirements matrix. A supplier risk analysis, which is carried out at least once a year, is another way of ensuring that suppliers associated with a high or very high risk are identified and reviewed in greater detail. As the test did not yield any critical results, it was not necessary to subject any of the service providers to a more in-depth EcoVadis rating in 2024. The resources required to implement these measures were not quantified in the reporting period.

If necessary, DZ HYP talks to its suppliers about introducing relevant measures to optimise their sustainability performance. An incident of non-compliance will lead to a specific action plan being developed together with the supplier in question, including an escalation scheme that – in extreme cases – may lead to the business relationship being terminated.

No actual or potentially negative repercussions for the environment and/or adverse impacts with respect to human rights or society or to working practices were identified in the year under review.

When it comes to outsourcing management, reputational risk is also included in the risk analysis. The outsourcing manager assesses the impact that a hypothetical poor performance by the service provider or a hypothetical failure of third-party activities and processes would have on DZ HYP's reputation. This assessment is included in the overall evaluation of the risk analysis, meaning that it is also taken into account when estab-

lishing and managing business relationships with suppliers. Indicators for services are also collected and evaluated by the outsourcing manager at regular intervals, allowing appropriate action to be taken as part of the provider management process even before poor performance or process failures occur.

## COMPLIANCE

Compliance management is the foundation for maintaining integrity within DZ HYP and ensures proper business practices. The table below charts out the material impacts, risks and opportunities associated with compliance management.

### IDENTIFICATION OF MATERIAL IROS FOR COMPLIANCE MANAGEMENT

IRO-type	Description	Dimension
Positive impact	Disclosing lobbying activities promotes transparency vis-à-vis stakeholders.	Banking operations
Positive impact	Establishing a compliance framework prevents cases of corruption.	Banking operations
Positive impact	The anonymous whistleblower system and employee training sessions help the Bank to pick up on incidences of corruption and fraud.	Banking operations
Positive impact	Transparent handling of issues such as corruption and bribery strengthens trust in DZ HYP.	Banking operations
Positive impact	In collaboration with business partners, incentives are created to prevent corruption and bribery.	Banking business
Positive impact	Financial crime is combated as part of the compliance framework.	Banking business
Opportunity	Transparent information showing that no corruption or bribery incidents have occurred can help to position DZ HYP as a reliable and transparent business partner.	Banking operations
Opportunity	Lobbying and the representation of interests within legally permissible limits can improve business opportunities.	Banking business

DZ HYP believes that integrity and transparency are key to any sustainable business activity. This includes compliance with applicable legislation, regulations and requirements, as well as voluntary commitments and internal guidelines that are designed to contribute to business relationships that are sustainable and successful in the long run.

#### Compliance guidelines

DZ HYP uses various tools that aim to minimise the potentially adverse sustainability impacts resulting from its business activities and also to limit potential risks. As a matter of principle, DZ HYP refuses to work with

business partners that have questionable corporate values and guidelines. It also refuses to finance any projects that are categorised as illegal in accordance with the laws or provisions of the target country or per international conventions or agreements.

The compliance framework was set up to meet statutory and regulatory requirements within the DZ BANK Group. It consists of a Compliance Policy that sets out the requirements that apply to the establishment/structure and remit of compliance functions, as well as compliance standards for implementing these requirements on an operational level. Compliance and the relevant Division Head are responsible for implement-

ing the framework. These are implemented by DZ HYP and communicated to employees in training sessions.

A Compliance function has also been established to counteract any risks arising from non-compliance with legal rules and requirements. The Compliance function is responsible for ensuring that effective procedures for complying with legal rules and regulations that are material to the institution are implemented, together with corresponding controls. It also supports and advises the management regarding compliance with these legal regulations and requirements. In particular, it is responsible for identifying the main legal regulations and requirements which, if not complied with, would pose a risk to the Bank's assets. These checks are performed at regular intervals as part of a risk-based approach.

Compliance reports directly to the Management Board and bundles key second line of defence functions. It combines MaRisk compliance and capital markets compliance as well as the Central Unit encompassing anti-money laundering and fraud prevention (Anti-Money Laundering Officer). First and foremost, the Compliance Office is tasked with identifying, managing and reducing compliance risks, exercising a supervisory function and advising DZ HYP's business entities on implementing and complying with regulatory requirements.

### Political engagement and lobbying activities

DZ HYP considers itself to be an independent, politically neutral institution. The Bank is represented via memberships of associations and stakeholder groups that represent their respective interests. Work within associations is carried out at an expert and industry-specific level via industry associations that represent DZ HYP's interests as part of the Cooperative Financial Network and as a Pfandbrief bank, in order to safeguard DZ HYP's business interests. The relevant memberships listed in the lobbying register (no. R002192) include: Association of German Pfandbrief Banks (vdp), German Cooperative and Raiffeisen Confederation (dgrv), National Association of German Cooperative Banks (BVR), German Property Federation (ZIA), Cooperative Associ-

ation Baden-Württemberg (Baden-Württembergischer Genossenschaftsverband e.V.), Cooperative Association Bavaria (Genossenschaftsverband Bayern e.V.), Genverband Cooperative Association, Cooperative Association Weser-Ems (Genossenschaftsverband Weser-Ems e.V.), Federal Association of German Housing and Real Estate Companies (GdW), Association of North German Housing Companies (Verband Norddeutscher Wohnungsunternehmen e.V.), Housing and Real Estate Industry Association of Rhineland-Palatinate (Verband der Wohnungs- und Immobilienwirtschaft Rheinland-Pfalz e.V.), Employers' Association of German Cooperative Banks (Arbeitgeberverband der Deutschen Volksbanken und Raiffeisenbanken e.V.), Employers' Association for Private-Sector Banks (Arbeitgeberverband des privaten Bankgewerbes e.V.), Association of Housing Companies in Berlin-Brandenburg (Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V.), Association for the Hamburg Financial Industry (Finanzplatz Hamburg e.V.), Society for Data Protection and Data Security (Gesellschaft für Datenschutz und Datensicherheit e.V.), Active Citizenship Association (Stiftung Aktive Bürgerschaft), Association for Environmental Management and Sustainability (Verein für Umweltmanagement und Nachhaltigkeit e.V.).

DZ HYP does not support any political parties. DZ HYP does not make any donations to political parties or affiliated institutions. This is to avoid exposing itself to any possible accusation of exercising political influence or receiving preferential treatment. This is set out in internal guidelines governing the acceptance and granting of personal benefits. In the reporting period, no members of the Management Board or Supervisory Board were appointed who had held a comparable position in public administration (including regulatory authorities) in the two years preceding their appointment.

Pursuant to the German Lobbying Register Act (*Lobbyregistergesetz* – "LobbyRG"), which came into force on 1 January 2022 and was amended with effect from 1 March 2024, all natural persons and legal entities that approach members of the German parliament or the Federal Government of Germany in order to influence political processes, or that instruct others to pur-

such activity, are required to enter their details in the German parliament's lobbying register as soon as their activity exceeds a materiality threshold defined in the Act, and provided that none of the exceptions stipulated in the Act apply. The LobbyRG also requires any annual financial expenses related to the representation of interests, financial support and subsidies received by the public sector, or third-party donations to be disclosed in the lobbying register. In accordance with this Act, DZ HYP, as a member of the DZ BANK Group, published the required information in the lobbying register by the relevant deadlines. This is also to ensure transparency vis-à-vis its employees, stakeholders and the general public. DZ HYP also ensures that this information is updated on an ongoing basis. Management Board members are named as authorised representatives in the lobbying register entry. By virtue of this registration, DZ HYP has also accepted a code of conduct requiring registered parties to comply with the principles of openness, transparency, honesty and integrity as stipulated by the LobbyRG. No other material guidelines apply in this regard.

### Compliance targets

The core principles of DZ HYP's business include combating corruption and bribery, preventing money laundering, terrorist financing and criminal acts, and complying with financial sanctions and embargoes.

DZ HYP did not have any measurable targets for managing material impacts, risks and opportunities relating to compliance during the reporting period. Quantitative targets have not yet been deemed necessary to date, given that the impact regarding compliance has mainly been positive.

### Anti-corruption and anti-bribery measures

DZ HYP has zero tolerance of corruption and does not participate in any business that it suspects of being connected with such activities. The Bank follows clearly defined criteria when selecting individuals who act in its name or on its behalf and also expects its business partners to take anti-corruption measures. Policies on accepting and granting gifts or invitations provide a

solid and reliable framework for DZ HYP employees, ensuring that legal standards and common market practice are adhered to in order to bolster trust and integrity. The resources associated with the individual measures have not been quantified explicitly.

The duty of the Anti-Money Laundering Officer (Central Unit) is to ensure appropriate risk management and internal safeguards to prevent money laundering, terrorist financing and other criminal acts that could endanger the Bank's assets. The Anti-Money Laundering Officer is responsible for compliance with money laundering rules and regulations, as well as for fulfilling the obligations to prevent criminal acts and for monitoring compliance with applicable financial sanctions and embargoes. A dedicated monitoring system and other control procedures throughout the Bank help it keep watch for suspicious business relationships and transactions. The anti-money laundering and fraud prevention department works to identify, assess and manage risks in close cooperation with the organisational unit responsible for managing operational risks. DZ HYP applies uniform instruments for identifying operational risks and processes feedback from risk analyses to ensure that the risk of losses is minimised and eliminated at an early stage.

### Whistleblowing system

In order to prevent white-collar and financial crime and to protect the Bank's reputation and assets, a procedure has been put in place allowing DZ HYP employees to report potentially illegal or damaging activities. This allows the Bank to pick up on and take action against any irregularities or breaches of applicable national and international legislation, as well as directly applicable EU legislation. This measure is a firmly established component of the compliance framework. Employees who report a suspected breach by others in good faith will not be sanctioned or disadvantaged by DZ HYP in any way. This allows the Bank to safeguard the employment status of whistleblowers and protect them from being harassed at work.

Both internal and external whistleblowers can submit reports to DZ HYP's internal reporting unit. This in-

cludes incidents relating to employees as well as those relating to the Management Board and the Supervisory Board. The identity of both the whistleblower and the person to whom the report relates is treated as confidential in order to avoid discrimination or retaliation against the whistleblower. The reporting unit is run by DZ HYP's Compliance Officer and can be contacted in person, by telephone or by post. Access to the whistleblower portal is restricted to DZ HYP's internal reporting unit comprising the Compliance Officer and the Deputy Compliance Officer. These individuals are subject to increased requirements regarding ongoing training and continuous professional development. These also apply to the whistleblower portal established by the Bank. The internal reporting unit provides whistleblowers with confirmation that their report has been received within seven days at the latest and forwards the report to the Whistleblowing Committee. This committee was set up as an independent body at DZ HYP and is responsible for investigating any reports of breaches and then taking the necessary steps to clarify the matter and initiate any requisite action on a case-by-case basis. The Whistleblowing Committee makes a binding decision on the action to be taken for the department in question. In the event of disagreements, the Management Board of DZ HYP can be called upon to de-escalate the matter. The report documents and the final report are archived by the Head of the Whistleblowing Committee, ensuring that the relevant confidentiality requirements are met. They are deleted three years after the matter has been brought to a conclusion, unless other statutory retention periods apply. At least once a year, the internal reporting unit provides DZ HYP's full Management Board with written information on the number and type of reports and on any investigations carried out, the outcome of these and any measures taken. This information is provided in the annual compliance report.

### Compliance training

DZ HYP organises mandatory compliance training sessions for its employees. High-risk functions include all employees, as any individual within the Bank could be at risk of corruption as well as bribery. The only employees who might potentially be exempt from the

mandatory training are those whose duties bear no relation to the typical business tasks or services of those employees to whom this requirement applies (e.g. cleaning staff, canteen staff). However, compliance training is mandatory for all DZ HYP employees, as all employees and the management bodies could be at risk with regard to corruption and bribery. The training programmes on combating corruption and bribery include learning how to avoid corruption scenarios.

New employees at DZ HYP must complete the following training programmes: fraud prevention, preventing money laundering and terrorist financing, sanctions and embargoes (only front office functions, such as customer advisors, loan officers), data protection and information security.

Employees are required to repeat the training sessions on preventing money laundering and terrorist financing and on fraud prevention every two years. This is verified by the Compliance function.

### Indicators for combating corruption and bribery

In the 2024 financial year, DZ HYP conducted training for 100 per cent of its high-risk employees. These include all employees of DZ HYP with an active employment relationship. Employees take part in computer-based training on combating corruption and bribery. The training sessions include a definition of corruption, strategies to avoid these scenarios, and procedures that apply in suspected cases and those used to identify possible cases of corruption.

The members of the Management Board are briefed annually by Compliance on combating corruption and bribery. The members of the Supervisory Board are not addressed separately.

In 2024, DZ HYP did not become aware of any corruption incidents and there were no convictions for breaches of anti-corruption and anti-bribery legislation or any fines imposed in this connection.

# ANNEX

## 0. SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

		Total environmentally sustainable activities	KPI (****)	KPI (*****)	% coverage (over total assets) (***)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
<b>Main KPI</b>	<b>Green asset ratio (GAR) stock</b>		0,1%	0,1%	31,2%	67,1%	1,7%

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)		2,2%	2,2%	2,1%	96,2%	1,7%
	Trading book (*)		-	-	-	-	-
	Financial guarantees		-	-	-	-	-
	Assets under management		-	-	-	-	-
	Fees and commissions income (**)		-	-	-	-	-

\*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

\*\*) Fees and commissions income from services other than lending and AuM

Institutions shall disclose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

\*\*\*) % of assets covered by the KPI over banks' total assets

\*\*\*\*) based on the Turnover KPI of the counterparty

\*\*\*\*\*) based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

### Methodological Explanations for the Main KPI

"% Coverage (of total assets)": The numerator for this metric consists of the "GAR – Assets included in both the numerator and denominator" from Table 1 (numerable assets).

"% of assets not included in the GAR numerator (Article 7, paragraphs 2 and 3, and Annex V, section 1.1.2)": The numerator for this metric is the difference between "Total GAR assets" and "GAR – Assets included in both the numerator and denominator" from Table 1 (denominator of the GAR – numerable assets).

"% of assets not included in the GAR denominator (Article 7, paragraph 1, and Annex V, section 1.2.4)": The numerator for this metric consists of "Assets not considered for the GAR calculation" from Table 1 (assets without impact on the GAR).

### Methodische Erläuterungen zum KPI, GAR (Zuflüsse)

"% Coverage (of total assets)": The numerator for this metric consists of the inflows during the reporting year within the "GAR – Assets included in both the numerator and denominator" from Table 1 (flows of numerable assets).

"% of assets not included in the GAR numerator (Article 7, paragraphs 2 and 3, and Annex V, section 1.1.2)": The numerator for this metric is the difference between "Total GAR assets" and the inflows during the reporting year within the "GAR – Assets included in both the numerator and denominator" from Table 1 (denominator of the GAR – inflows of numerable assets).

"% of assets not included in the GAR denominator (Article 7, paragraph 1, and Annex V, section 1.2.4)": The numerator for this metric consists of "Assets not considered for the GAR calculation" from Table 1 (assets without impact on the GAR).

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
€ mn	Total [Gross] carrying amount		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	26,792	12,910	119	115	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	1,812	561	4	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	1,755	505	4	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,487	331	4	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	268	174	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	<b>Other financial corporations</b>	56	56	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	44	44	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	44	44	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	12	12	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	12	12	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	263	263	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	263	263	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	12,091	12,086	115	115	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	12,047	12,047	115	115	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	170	170	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	12,627	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	12,627	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		Disclosure reference date T												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
€ mn	Total [Gross] carrying amount													
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	57,681	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS	51,993												
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	51,384												
35	Loans and advances	49,815												
36	of which loans collateralised by commercial immovable property	29,913												
37	of which building renovation loans	1,298												
38	Debt securities	1,568												
39	Equity instruments	1												
40	Non-EU country counterparties not subject to NFRD disclosure obligations	609												
41	Loans and advances	312												
42	Debt securities	297												
43	Equity instruments	-												
44	Derivatives	5,580												
45	On demand interbank loans	896												
46	Cash and cash-related assets	-												
47	Other categories of assets (e.g. Goodwill, commodities etc.)	-789												
48	<b>TOTAL GAR ASSETS</b>	<b>84,473</b>	<b>12,910</b>	<b>119</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
49	ASSETS NOT COVERED FOR GAR CALCULATION	1,459												
50	Central governments and Supranational issuers	1,458												
51	Central banks exposure	-												
52	Trading book	-												
53	<b>TOTAL ASSETS</b>	<b>85,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	1	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	12,910	119	115	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	561	4	-	-	-
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	505	4	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	331	4	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	174	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	56	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	263	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	263	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12,086	115	115	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	12,047	115	115	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	170	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12.910	119	115	-	-
49	ASSETS NOT COVERED FOR GAR CALCULATION																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	<b>TOTAL ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

			Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
€ mn		Total [Gross] carrying amount	1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	28,948	12,788	57	57	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	2,573	57	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	2,517	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,192	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	1,324	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	<b>Other financial corporations</b>	57	57	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	44	44	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	44	44	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	13	13	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	13	13	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	771	755	15	15	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	771	755	15	15	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	11,978	11,976	42	42	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	11,935	11,933	42	42	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	160	160	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	13,626	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	13,626	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

			Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
€ mn		Total [Gross] carrying amount													
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	57,117	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS	-													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-													
35	Loans and advances	-													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	-													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-													
41	Loans and advances	-													
42	Debt securities	-													
43	Equity instruments	-													
44	Derivatives	-													
45	On demand interbank loans	-													
46	Cash and cash-related assets	-													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	-													
48	<b>TOTAL GAR ASSETS</b>	<b>86,065</b>	<b>12,788</b>	<b>57</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
49	ASSETS NOT COVERED FOR GAR CALCULATION	-													
50	Central governments and Supranational issuers	-													
51	Central banks exposure	-													
52	Trading book	-													
53	<b>TOTAL ASSETS</b>	<b>87,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	2	2	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	12,788	57	57	-	-
2	FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	13	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	13	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	NON-FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-	755	15	15	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	755	15	15	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	HOUSEHOLDS	-	-	-	-	-	-	-	-	-	-	-	-	11,976	42	42	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	11,933	42	42	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	160	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	4)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12.788	57	57	-	-
49	ASSETS NOT COVERED FOR GAR CALCULATION																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	<b>TOTAL ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

## 1. ASSETS FOR THE CALCULATION OF GAR (CAPEX)

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1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

### **The Denominator of the GAR**

The "total GAR assets" serve as a key reference value in the denominator and represent one of the most important figures in GAR calculations.

"Assets that are not included in the numerator for the GAR calculation (but included in the denominator)" refer to the portion of the "total GAR assets" that are factored into the GAR calculations via the denominator but are not themselves assessed for EU taxonomy compliance.

### **Numerable Assets**

"GAR – Assets included in both the numerator and the denominator" represent the portion of the "total GAR assets" that are subject to assessment for EU taxonomy compliance (sum in Table 1, Row 1, Column a).

However, for the category "Financing of local authorities," there is a special condition: such financings are only assessed for EU taxonomy compliance if the purpose of the financing is clearly known.

### **Assets Without Impact on the GAR**

"Assets not considered for the GAR calculation" are completely disregarded in the GAR calculations.

This also includes receivables from regional authorities that must be assigned to the category "Central Governments."

### **Off-Balance Sheet Items**

Only CSRD-obligated entities have been considered for off-balance sheet assets.

2. GAR SECTOR INFORMATION (CAPEX)

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)		2)		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)
1	Buying and selling of own real estate [68.10]	134	–			–	–			–	–			–	–		
2	Real estate agencies [68.31]	15	–			–	–			–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)
1	Buying and selling of own real estate [68.10]	–	–			–	–			134	–		
2	Real estate agencies [68.31]	–	–			–	–			15	–		

1) Non-Financial corporates (Subject to NFRD)  
2) SMEs and other NFC not subject to NFRD

3. GAR KPI STOCK (CAPEX)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total covered assets in the denominator)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	15.28	0.14	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	0.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	0.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	0.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
7	<b>Other financial corporations</b>	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
16	of which insurance undertakings	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
24	<b>HOUSEHOLDS</b>	14.31	0.14	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	14.26	0.14	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	0.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-												
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>15.28</b>	<b>0.14</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

3. GAR KPI STOCK (CAPEX)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to total covered assets in the denominator)															
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	15.28	0.14	0.14	-	-	31.18
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.66	-	-	-	-	2.11
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	0.60	-	-	-	-	2.04
4	Loans and advances	-	-	-	-	-	-	-	-	0.39	-	-	-	-	1.73
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	0.21	-	-	-	-	0.31
6	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
7	<b>Other financial corporations</b>	-	-	-	-	-	-	-	-	0.07	-	-	-	-	0.07
8	of which investment firms	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
9	Loans and advances	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
17	Loans and advances	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.31
21	Loans and advances	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.31
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
24	<b>HOUSEHOLDS</b>									14.31	0.14	0.14	-	-	14.07
25	of which loans collateralised by residential immovable property									14.26	0.14	0.14	-	-	14.02
26	of which building renovation loans									0.20	-	-	-	-	0.20
27	of which motor vehicle loans														
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	14.69
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	14.69
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>15.28</b>	<b>0.14</b>	<b>0.14</b>	-	-	<b>98.30</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

3. GAR KPI STOCK (CAPEX)

		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total covered assets in the denominator)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	14.86	0.07	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-
7	<b>Other financial corporations</b>	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-
16	of which insurance undertakings	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	0.88	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	0.88	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-
24	<b>HOUSEHOLDS</b>	13.92	0.05	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	13.87	0.05	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	0.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans																	
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>14.86</b>	<b>0.07</b>	<b>0.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

3. GAR KPI STOCK (CAPEX)

		Disclosure reference date T-1													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to total covered assets in the denominator)															
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	14.86	0.07	0.07	-	-	33.12
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.07	-	-	-	-	2.94
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	2.88
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	1.36
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	1.52
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	<b>Other financial corporations</b>	-	-	-	-	-	-	-	-	0.07	-	-	-	-	0.06
8	of which investment firms	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
9	Loans and advances	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
17	Loans and advances	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.88	0.02	0.02	-	-	0.88
21	Loans and advances	-	-	-	-	-	-	-	-	0.88	0.02	0.02	-	-	0.88
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	-	-	-	-	-	-	-	-	13.92	0.05	0.05	-	-	13.70
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	13.87	0.05	0.05	-	-	13.65
26	of which building renovation loans	-	-	-	-	-	-	-	-	0.19	-	-	-	-	0.18
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	15.59
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	15.59
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>14.86</b>	<b>0.07</b>	<b>0.07</b>	<b>-</b>	<b>-</b>	<b>98.46</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The Denominator of the KPI Stock  
The denominator for the ratios presented in Table 3 is uniformly the position "Total GAR assets" from Table 1.

4. GAR KPI FLOW (CAPEX)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
in % (compared to flow of total eligible assets)																		
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	43.82	2.16	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	FINANCIAL UNDERTAKINGS	2.56	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	2.56	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1.96	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
20	NON-FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
24	HOUSEHOLDS	41.26	2.14	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	41.23	2.14	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	0.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-												
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>43.82</b>	<b>2.16</b>	<b>2.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

4. GAR KPI FLOW (CAPEX)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to flow of total eligible assets)															
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	43.82	2.16	2.14	-	-	2.06
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	2.56	0.02	-	-	-	0.19
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	2.56	0.02	-	-	-	0.19
4	Loans and advances	-	-	-	-	-	-	-	-	1.96	0.02	-	-	-	0.18
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	0.60	-	-	-	-	0.01
6	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
7	<b>Other financial corporations</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
24	<b>HOUSEHOLDS</b>									41.26	2.14	2.14	-	-	0.85
25	of which loans collateralised by residential immovable property									41.23	2.14	2.14	-	-	0.85
26	of which building renovation loans									0.67	-	-	-	-	0.01
27	of which motor vehicle loans									-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	1.02
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	1.02
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>43.82</b>	<b>2.16</b>	<b>2.14</b>	-	-	<b>2.06</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

**The Denominator of the KPI flow**  
The denominator for the ratios presented in Table 4 corresponds to the inflows of the reporting year within the numerator of the GAR in Table 1 ("GAR – Assets included in both the numerator and denominator").

5. KPI OFF-BALANCE SHEET EXPOSURES (STOCK) (CAPEX)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Disclosure reference date T														
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)		
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	100.00	-	-	-	-		
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-			

- 1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
- 2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

**The Denominator of the KPI Stock**

The denominator for the ratios presented in Table 5 (Stock) corresponds to the values listed in Table 1, Rows 54 and 55, Column a.

5. KPI OFF-BALANCE SHEET EXPOSURES (FLOW) (CAPEX)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Disclosure reference date T														
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)		
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-		
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-		

- 1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
- 2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

**The Denominator of the KPI flow**

The denominator for the ratios presented in Table 5 (Flow) corresponds to the flows of the reporting year within the values listed in Table 1, Rows 54 and 55, Column a.

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
€ mn	Total [Gross] carrying amount		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	26,792	12,908	118	115	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	1,812	559	2	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	1,755	503	2	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,487	329	2	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	268	174	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	56	56	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	44	44	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	44	44	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	12	12	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	12	12	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	263	263	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	263	263	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	12,091	12,086	115	115	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	12,047	12,047	115	115	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	170	170	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	12,627	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	12,627	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

			Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
€ mn		Total [Gross] carrying amount													
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	57,681	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS	51,993													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	51,384													
35	Loans and advances	49,815													
36	of which loans collateralised by commercial immovable property	29,913													
37	of which building renovation loans	1,298													
38	Debt securities	1,568													
39	Equity instruments	1													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	609													
41	Loans and advances	312													
42	Debt securities	297													
43	Equity instruments	-													
44	Derivatives	5,580													
45	On demand interbank loans	896													
46	Cash and cash-related assets	0													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	-789													
48	<b>TOTAL GAR ASSETS</b>	<b>84,473</b>	<b>12,908</b>	<b>118</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
49	ASSETS NOT COVERED FOR GAR CALCULATION	1,459													
50	Central governments and Supranational issuers	1,458													
51	Central banks exposure	-													
52	Trading book	-													
53	<b>TOTAL ASSETS</b>	<b>85,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	1	1	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	12,908	118	115	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	559	2	-	-	-
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	503	2	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	329	2	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	174	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	56	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	263	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	263	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12,086	115	115	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	12,047	115	115	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	170	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

		Disclosure reference date T																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	<b>FINANCIAL AND NON-FINANCIAL UNDERTAKINGS</b>																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12,908	118	115	-	-
49	<b>ASSETS NOT COVERED FOR GAR CALCULATION</b>																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	<b>TOTAL ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations</b>																		
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

€ mn		Total [Gross] carrying amount	Disclosure reference date T-1											
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)		
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	28,948	12,788	57	57	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	2,573	57	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	2,517	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1,324	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	57	57	-	-	-	-	-	-	-	-	-	-	-
7	<b>Other financial corporations</b>	44	44	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	44	44	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	13	13	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	13	13	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	771	755	15	15	-	-	-	-	-	-	-	-	-
21	Loans and advances	771	755	15	15	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	11,978	11,976	42	42	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	11,935	11,933	42	42	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	160	160	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	13,626	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	13,626	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

			Disclosure reference date T-1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)
€ mn	Total [Gross] carrying amount														
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	57,117	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS	-													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	-													
35	Loans and advances	-													
36	of which loans collateralised by commercial immovable property	-													
37	of which building renovation loans	-													
38	Debt securities	-													
39	Equity instruments	-													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	-													
41	Loans and advances	-													
42	Debt securities	-													
43	Equity instruments	-													
44	Derivatives	-													
45	On demand interbank loans	-													
46	Cash and cash-related assets	-													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	-													
48	<b>TOTAL GAR ASSETS</b>	<b>86,065</b>	<b>12,788</b>	<b>57</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
49	ASSETS NOT COVERED FOR GAR CALCULATION	-													
50	Central governments and Supranational issuers	-													
51	Central banks exposure	-													
52	Trading book	-													
53	<b>TOTAL ASSETS</b>	<b>87,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	2	2	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	12,788	57	57	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	<b>Other financial corporations</b>	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	13	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	13	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	-	-	-	-	755	15	15	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	755	15	15	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	<b>HOUSEHOLDS</b>	-	-	-	-	-	-	-	-	-	-	-	-	11,976	42	42	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	11,933	42	42	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	160	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)  
2) Of which environmentally sustainable (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

		Disclosure reference date T-1																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
€ mn		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
32	ASSETS EXCLUDED FROM THE NUMERATOR FOR GAR CALCULATION (COVERED IN THE DENOMINATOR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. Goodwill, commodities etc.)																	
48	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	12,788	57	57	-	-
49	ASSETS NOT COVERED FOR GAR CALCULATION																	
50	Central governments and Supranational issuers																	
51	Central banks exposure																	
52	Trading book																	
53	<b>TOTAL ASSETS</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
- 2) Of which environmentally sustainable (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

## 1. ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

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1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

### **The Denominator of the GAR**

The "total GAR assets" serve as a key reference value in the denominator and represent one of the most important figures in GAR calculations.

"Assets that are not included in the numerator for the GAR calculation (but included in the denominator)" refer to the portion of the "total GAR assets" that are factored into the GAR calculations via the denominator but are not themselves assessed for EU taxonomy compliance.

### **Numerable Assets**

"GAR – Assets included in both the numerator and the denominator" represent the portion of the "total GAR assets" that are subject to assessment for EU taxonomy compliance (sum in Table 1, Row 1, Column a).

However, for the category "Financing of local authorities," there is a special condition: such financings are only assessed for EU taxonomy compliance if the purpose of the financing is clearly known.

### **Assets Without Impact on the GAR**

"Assets not considered for the GAR calculation" are completely disregarded in the GAR calculations.

This also includes receivables from regional authorities that must be assigned to the category "Central Governments."

### **Off-Balance Sheet Items**

Only CSRD-obligated entities have been considered for off-balance sheet assets.

2. GAR SECTOR INFORMATION (TURNOVER)

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)		2)		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)
1	Buying and selling of own real estate [68.10]	134	–			–	–			–	–			–	–		
2	Real estate agencies [68.31]	15	–			–	–			–	–			–	–		

Breakdown by sector - NACE 4 digits level (code and label)		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		1)		2)		1)		2)		1)		2)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)	mn EUR	Of which environmentally sustainable (CCM)
1	Buying and selling of own real estate [68.10]	–	–			–	–			134	–		
2	Real estate agencies [68.31]	–	–			–	–			15	–		

1) Non-Financial corporates (Subject to NFRD)  
2) SMEs and other NFC not subject to NFRD

3. GAR KPI STOCK (TURNOVER)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total covered assets in the denominator)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	15.28	0.14	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	FINANCIAL UNDERTAKINGS	0.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	0.59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	0.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
7	Other financial corporations	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
16	of which insurance undertakings	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
20	NON-FINANCIAL UNDERTAKINGS	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
24	HOUSEHOLDS	14.31	0.14	0.14	-	-	-	-	-					-	-	-	-	-
25	of which loans collateralised by residential immovable property	14.26	0.14	0.14	-	-	-	-	-					-	-	-	-	-
26	of which building renovation loans	0.20	-	-	-	-	-	-	-					-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-												
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>15.28</b>	<b>0.14</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

3. GAR KPI STOCK (TURNOVER)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to total covered assets in the denominator)															
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	15.28	0.14	0.14	-	-	31.18
2	FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	0.66	-	-	-	-	2.11
3	Credit institutions	-	-	-	-	-	-	-	-	0.59	-	-	-	-	2.04
4	Loans and advances	-	-	-	-	-	-	-	-	0.39	-	-	-	-	1.73
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	0.21	-	-	-	-	0.31
6	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	0.07	-	-	-	-	0.07
8	of which investment firms	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
9	Loans and advances	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
17	Loans and advances	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
20	NON-FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.31
21	Loans and advances	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.31
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
24	HOUSEHOLDS									14.31	0.14	0.14	-	-	14.07
25	of which loans collateralised by residential immovable property									14.26	0.14	0.14	-	-	14.02
26	of which building renovation loans									0.20	-	-	-	-	0.20
27	of which motor vehicle loans														
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	14.69
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	14.69
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>15.28</b>	<b>0.14</b>	<b>0.14</b>	-	-	<b>98.30</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

3. GAR KPI STOCK (TURNOVER)

Disclosure reference date T-1

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
in % (compared to total covered assets in the denominator)																		
<b>GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR</b>																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	14.86	0.07	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>FINANCIAL UNDERTAKINGS</b>	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-		-	-	-		-	-	-		-	-
7	<b>Other financial corporations</b>	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-	-	-		-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	0.88	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	0.88	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-	-	-		-	-
24	<b>HOUSEHOLDS</b>	13.92	0.05	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	13.87	0.05	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	0.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans																	
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>14.86</b>	<b>0.07</b>	<b>0.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

3. GAR KPI STOCK (TURNOVER)

		Disclosure reference date T-1													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to total covered assets in the denominator)															
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	14.86	0.07	0.07	-	-	33.12
2	<b>FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.07	-	-	-	-	2.94
3	<b>Credit institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	2.88
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	1.36
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	1.52
6	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
7	<b>Other financial corporations</b>	-	-	-	-	-	-	-	-	0.07	-	-	-	-	0.06
8	of which investment firms	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
9	Loans and advances	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
17	Loans and advances	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
20	<b>NON-FINANCIAL UNDERTAKINGS</b>	-	-	-	-	-	-	-	-	0.88	0.02	0.02	-	-	0.88
21	Loans and advances	-	-	-	-	-	-	-	-	0.88	0.02	0.02	-	-	0.88
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-	-	-
24	<b>HOUSEHOLDS</b>									13.92	0.05	0.05	-	-	13.70
25	of which loans collateralised by residential immovable property									13.87	0.05	0.05	-	-	13.65
26	of which building renovation loans									0.19	-	-	-	-	0.18
27	of which motor vehicle loans									-	-	-	-	-	-
28	<b>LOCAL GOVERNMENTS FINANCING</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	15.59
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	15.59
31	<b>COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>14.86</b>	<b>0.07</b>	<b>0.07</b>	-	-	<b>98.46</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The Denominator of the KPI Stock  
The denominator for the ratios presented in Table 3 is uniformly the position "Total GAR assets" from Table 1.

4. GAR KPI FLOW (TURNOVER)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
in % (compared to flow of total eligible assets)																		
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	43.80	2.15	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	FINANCIAL UNDERTAKINGS	2.54	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	2.54	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	1.95	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
20	NON-FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-		-	-	-		-	-
24	HOUSEHOLDS	41.26	2.14	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	41.23	2.14	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	0.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-												
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	<b>43.80</b>	<b>2.15</b>	<b>2.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

The table continues on the next page.

4. GAR KPI FLOW (TURNOVER)

		Disclosure reference date T													
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)	
in % (compared to flow of total eligible assets)															
GAR - COVERED ASSETS IN BOTH NUMERATOR AND DENOMINATOR															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	-	-	-	-	-	-	-	-	43.80	2.15	2.14	-	-	2.06
2	FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	2.54	0.01	-	-	-	0.19
3	Credit institutions	-	-	-	-	-	-	-	-	2.54	0.01	-	-	-	0.19
4	Loans and advances	-	-	-	-	-	-	-	-	1.95	0.01	-	-	-	0.18
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	0.60	-	-	-	-	0.01
6	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
20	NON-FINANCIAL UNDERTAKINGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-		-	-	-	-
24	HOUSEHOLDS									41.26	2.14	2.14	-	-	0.85
25	of which loans collateralised by residential immovable property									41.23	2.14	2.14	-	-	0.85
26	of which building renovation loans									0.67	-	-	-	-	0.01
27	of which motor vehicle loans									-	-	-	-	-	-
28	LOCAL GOVERNMENTS FINANCING	-	-	-	-	-	-	-	-	-	-	-	-	-	1.02
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	1.02
31	COLLATERAL OBTAINED BY TAKING POSSESSION: RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	<b>TOTAL GAR ASSETS</b>	-	-	-	-	-	-	-	-	<b>43.80</b>	<b>2.15</b>	<b>2.14</b>	-	-	<b>2.06</b>

1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)  
2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)  
3) Of which Use of Proceeds

4) Of which transitional  
5) Of which enabling

**The Denominator of the KPI flow**  
The denominator for the ratios presented in Table 4 corresponds to the inflows of the reporting year within the numerator of the GAR in Table 1 ("GAR – Assets included in both the numerator and denominator").

5. KPI OFF-BALANCE SHEET EXPOSURES (STOCK) (TURNOVER)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
- 2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

**The Denominator of the KPI Stock**

The denominator for the ratios presented in Table 5 (Stock) corresponds to the values listed in Table 1, Rows 54 and 55, Column a.

5. KPI OFF-BALANCE SHEET EXPOSURES (FLOW) (TURNOVER)

		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	4)	5)	1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	5)
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Disclosure reference date T												
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
in % (compared to total eligible off-balance sheet assets)		1)	2)	3)	5)	1)	2)	3)	5)	1)	2)	3)	4)	5)
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-

- 1) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
- 2) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
- 3) Of which Use of Proceeds
- 4) Of which transitional
- 5) Of which enabling

**The Denominator of the KPI flow**

The denominator for the ratios presented in Table 5 (Flow) corresponds to the flows of the reporting year within the values listed in Table 1, Rows 54 and 55, Column a.

TEMPLATE 1 – NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NEIN
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NEIN
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NEIN
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NEIN
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NEIN
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NEIN



# FINANCIAL STATEMENTS

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# FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2024  
ASSETS

	€ 000's	Note	€ 000's	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>CASH FUNDS</b>				<b>354</b>	<b>874</b>
a) Cash on hand			1		3
b) Balances with central banks			353		871
of which: with Deutsche Bundesbank	(353)				(871)
<b>LOANS AND ADVANCES TO BANKS</b>		(4)		<b>3,103,083</b>	<b>3,003,879<sup>*)</sup></b>
a) Mortgage loans			5,811		4,002
b) Loans to local authorities			396,223		192,740
c) Other loans and advances			2,701,049		2,807,137 <sup>*)</sup>
of which: payable on demand	559,940				(704,921)
<b>LOANS AND ADVANCES TO CUSTOMERS</b>		(4)		<b>67,939,282</b>	<b>67,658,651</b>
a) Mortgage loans			54,604,348		54,293,183
b) Loans to local authorities			10,384,254		10,726,715
c) Other loans and advances			2,950,680		2,638,753
<b>BONDS AND OTHER FIXED-INCOME SECURITIES</b>		(6)		<b>5,422,743</b>	<b>6,005,719</b>
a) Bonds and debt securities			(5,418,664)		(5,997,880)
aa) Public-sector issuers			3,331,108		3,939,327
of which: securities eligible as collateral with Deutsche Bundesbank	3,043,457				(3,373,829)
ab) Other issuers			2,087,556		2,058,553
of which: securities eligible as collateral with Deutsche Bundesbank	1,856,892				(1,688,784)
b) Own bonds issued			4,079		7,839
Nominal amount	4,402				(8,141)
<b>PARTICIPATIONS</b>		(6)		<b>413</b>	<b>912</b>
<b>INVESTMENTS IN AFFILIATED COMPANIES</b>		(6)		<b>1,566</b>	<b>1,566</b>
<b>TRUST ASSETS</b>		(7)		<b>5,325</b>	<b>6,214</b>
of which: trustee loans	5,325				(6,214)
<b>INTANGIBLE FIXED ASSETS</b>		(6)		<b>1,747</b>	<b>438</b>
a) Concessions, industrial property rights and similar rights and assets, as well as licences in such rights and assets			1,702		248
b) Advance payments made			45		190
<b>TANGIBLE FIXED ASSETS</b>		(6)		<b>219,165</b>	<b>219,558</b>
<b>OTHER ASSETS</b>		(8)		<b>74,960</b>	<b>73,651<sup>*)</sup></b>
<b>PREPAID EXPENSES</b>		(10)		<b>444,818</b>	<b>505,712</b>
a) From new issues and lending			442,780		503,997
b) Other			2,038		1,715
<b>TOTAL ASSETS</b>				<b>77,213,456</b>	<b>77,477,174</b>

\*) Previous year's figure adjusted

BALANCE SHEET AS AT 31 DECEMBER 2024  
LIABILITIES AND EQUITY

	€ 000's	Note	€ 000's	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>LIABILITIES TO BANKS</b>		(12)		<b>28,078,184</b>	<b>28,793,494<sup>*)</sup></b>
a) Outstanding Registered Mortgage Pfandbriefe			811,174		940,000
b) Outstanding Registered Public Pfandbriefe			794,053		1,045,684
c) Other liabilities			26,472,957		26,807,810 <sup>*)</sup>
of which: payable on demand	56,992				(18,748)
<b>LIABILITIES TO CUSTOMERS</b>		(12)		<b>11,280,066</b>	<b>11,522,536</b>
a) Outstanding Registered Mortgage Pfandbriefe			4,291,648		4,555,580
b) Outstanding Registered Public Pfandbriefe			5,121,928		5,661,949
c) Other liabilities			1,866,490		1,305,007
of which: payable on demand	469,528				(506,772)
<b>SECURITISED LIABILITIES</b>		(12)		<b>34,536,205</b>	<b>33,978,926</b>
a) Bonds issued					
aa) Mortgage Pfandbriefe (Hypothekenpfandbriefe)			29,391,982		29,800,969
ab) Public Pfandbriefe			4,094,238		2,938,349
ac) Other debt securities			1,049,985		1,239,608
<b>TRUST LIABILITIES</b>		(7)		<b>5,325</b>	<b>6,214</b>
of which: trustee loans	5,325				(6,214)
<b>OTHER LIABILITIES</b>		(13)		<b>333,798</b>	<b>281,228<sup>*)</sup></b>
<b>DEFERRED INCOME</b>		(10)		<b>442,008</b>	<b>503,678</b>
a) From new issues and lending			442,008		503,678
<b>PROVISIONS</b>				<b>286,539</b>	<b>285,767</b>
a) Provisions for pensions and similar obligations			237,050		236,878
b) Provisions for taxes			4,198		4,198
c) Other provisions			45,291		44,691
<b>SUBORDINATED LIABILITIES</b>		(14)		<b>0</b>	<b>0</b>
<b>FUND FOR GENERAL BANKING RISKS</b>				<b>1,124,000</b>	<b>978,000</b>
<b>EQUITY</b>				<b>1,127,331</b>	<b>1,127,331</b>
a) Subscribed capital		(15)	(149,990)		(149,990)
aa) Share capital			149,990		149,990
ab) Silent partnership contributions			0		0
b) Capital reserves			884,196		884,196
c) Retained earnings			(93,145)		(93,145)
ca) Legal reserves			945		945
cb) Other retained earnings			92,200		92,200
<b>TOTAL EQUITY AND LIABILITIES</b>				<b>77,213,456</b>	<b>77,477,174</b>
<b>CONTINGENT LIABILITIES</b>		(16)		<b>229,210</b>	<b>189,501</b>
a) Liabilities from guarantees and indemnity agreements				229,210	189,501
<b>OTHER COMMITMENTS</b>		(16)		<b>6,067,291</b>	<b>7,534,545</b>
a) Irrevocable loan commitments				6,067,291	7,534,545

\*) Previous year's figure adjusted

# PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024

	€ 000's	Note	€ 000's	2024 € 000's	2023 € 000's
<b>INTEREST INCOME FROM</b>					
a) Lending and money market transactions			3,702,506		3,289,089 <sup>*)</sup>
b) Fixed-income securities and debt register claims			156,238		167,578
				3,858,744	3,456,667 <sup>*)</sup>
<b>INTEREST EXPENSES</b>				3,142,365	2,748,495 <sup>*)</sup>
				716,379	708,172
<b>CURRENT INCOME FROM</b>					
a) Participations				217	83
<b>INCOME FROM PROFIT-POOLING, PROFIT TRANSFER OR PARTIAL PROFIT TRANSFER AGREEMENTS</b>				3,194	2,704
<b>COMMISSION INCOME</b>			34,199		27,948
<b>COMMISSION EXPENSES</b>			55,317		42,413
				-21,118	-14,465
<b>OTHER OPERATING INCOME</b>		(25)		25,921	23,602
<b>GENERAL ADMINISTRATIVE EXPENSES</b>					
a) Staff expenses					
aa) Wages and salaries			88,375		83,724
ab) Compulsory social security contributions and expenses for pensions and other employee benefits			21,873		19,705
			110,248		103,429
of which: pension expenses	8,081				7,262
b) Other administrative expenses			129,150		138,110
				239,398	241,539
<b>AMORTISATION/DEPRECIATION AND WRITE-DOWNS OF INTANGIBLE AND TANGIBLE FIXED ASSETS</b>				5,074	5,143
<b>OTHER OPERATING EXPENSES</b>		(26)		7,769	7,061
<b>WRITE-DOWNS AND VALUATION ALLOWANCES OF LOANS AND ADVANCES AND SPECIFIC SECURITIES, AS WELL AS ADDITIONS TO LOAN LOSS PROVISIONS</b>				90,551	109,594
<b>INCOME FROM WRITE-UPS ON PARTICIPATIONS, SHARES IN AFFILIATED COMPANIES AND INVESTMENT SECURITIES</b>				4,445	-1,690
<b>ALLOCATION TO THE FUND FOR GENERAL BANKING RISKS</b>				146,000	155,000
<b>RESULT FROM ORDINARY ACTIVITIES</b>				<b>240,246</b>	<b>200,069</b>
<b>INCOME TAXES</b>		(27)	139,980		143,962
<b>OTHER TAXES NOT REPORTED UNDER ITEM 12</b>			266		266
				140,246	144,228
<b>PROFITS TRANSFERRED ON THE BASIS OF PROFIT POOLS, PROFIT TRANSFER AGREEMENTS OR PARTIAL PROFIT TRANSFER AGREEMENTS</b>				100,000	55,841
<b>NET INCOME/LOSS</b>				-	-

\*) Vorjahreswert angepasst

## STATEMENT OF CHANGES IN EQUITY

	31 Dec 2023	Issue of shares	Dividends paid	Net income/ loss	Transfers to/ from retained earnings	Other changes	31 Dec 2024
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
<b>SUBSCRIBED CAPITAL</b>	(149,990)	-	-	-	-	-	<b>(149,990)</b>
- Share capital	149,990	-	-	-	-	-	<b>149,990</b>
<b>CAPITAL RESERVES</b>	(884,196)	-	-	-	-	-	<b>(884,196)</b>
- Premium at issuance	408,590	-	-	-	-	-	<b>408,590</b>
- Other payments	475,606	-	-	-	-	-	<b>475,606</b>
<b>RETAINED EARNINGS</b>	(93,145)	-	-	-	-	-	<b>(93,145)</b>
- Legal reserves	945	-	-	-	-	-	<b>945</b>
- Other retained earnings	92,200	-	-	-	-	-	<b>92,200</b>
- Net retained profit	-	-	-	-	-	-	<b>-</b>
<b>EQUITY</b>	<b>1,127,331</b>	-	-	-	-	-	<b>1,127,331</b>

# CASH FLOW STATEMENT

€ mn	2024	2023
<b>RESULT FROM ORDINARY ACTIVITIES</b>	<b>240</b>	<b>200</b>
- Other taxes not disclosed under "other operating expenses"	0 <sup>*)</sup>	0 <sup>*)</sup>
<b>PROFIT OR LOSS FOR THE PERIOD (NET INCOME/LOSS BEFORE TAXES AND PROFIT TRANSFER)</b>	<b>240</b>	<b>200</b>
+/- Amortisation/depreciation, write-downs and write-ups on loans and advances, and non-current assets	102	123
+/- Increase/decrease in provisions	1	-4
+/- Other non-cash expenses/income	146	155
-/+ Profit/loss from the disposal of non-current assets	-4	0*
-/+ Other adjustments (net balance)	6	5
-/+ Increase/decrease in loans and advances to banks	-88	-1.005 <sup>**)</sup>
-/+ Increase/decrease in loans and advances to customers	-374	337
-/+ Increase/decrease in securities (excluding financial assets)	4	19
-/+ Increase/decrease in other assets from operating activities	61	26 <sup>**)</sup>
+/- Increase/decrease in liabilities to banks	-730	-1.109 <sup>**)</sup>
+/- Increase/decrease in liabilities to customers	-234	-882
+/- Increase/decrease in securitised liabilities	483	2.676
+/- Increase/decrease in other liabilities from operating activities	-48	-97 <sup>**)</sup>
+/- Interest expenses/income	-720	-711
+ Interest and dividend payments received	3.856	1.874
- Interest paid	-3.062	-1.071
- Extraordinary cash payments	0	-1
+/- Net cash inflow/outflow from income taxes (including Group tax overheads)	-146	-92
<b>= CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-507</b>	<b>443</b>
+ Receipts from the disposal of financial assets	951	533
- Payments for investments in financial assets	-384	-277
+ Cash proceeds from the disposal of property and equipment	0 <sup>*)</sup>	0 <sup>*)</sup>
- Payments for investments in tangible fixed assets	-4	-3
- Payments for investments in intangible fixed assets	-2	0
<b>= CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>561</b>	<b>253</b>
- Auszahlungen aus Eigenkapitalherabsetzungen stille Einlagen	0	-635
- Mittelabfluss aus Gewinnabführung an DZ BANK als Inhaberin von Grundkapital	-55	-30
- Mittelabfluss aus Teilgewinnabführungen an DZ BANK als Inhaberin von stillen Einlagen	0	-20
+/- Mittelzufluss/-abfluss aus Begebung/Rückzahlung von nachrangigen Verbindlichkeiten (Saldo)	0	-10
<b>= CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-55</b>	<b>-695</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>1</b>	<b>0<sup>*)</sup></b>
+/- Cash flow from operating activities	-507	443
+/- Cash flow from investing activities	561	253
+/- Cash flow from financing activities	-55	-695
<b>= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>0<sup>*)</sup></b>	<b>1</b>

\*) Values less than € 0.5 million

\*\*) Previous year's figure adjusted

Cash and cash equivalents correspond to the balance sheet item "Cash funds" and include cash on hand and balances with central banks.

# NOTES TO THE FINANCIAL STATEMENTS

## GENERAL NOTES

DZ HYP AG ("DZ HYP") has dual registered offices in Hamburg and Münster, Westphalia. DZ HYP is registered with the Commercial Register of the Hamburg Local Court (Amtsgericht Hamburg) under HRB 5604, and with the Commercial Register of the Münster Local Court (Amtsgericht Münster) under HRB 17424.

### (1) General information on the preparation of financial statements

The financial statements of DZ HYP for the financial year 2024 have been prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – "HGB"). Furthermore, the financial statements are prepared in accordance with the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* – "RechKredV") and the German Banking Act (*Kreditwesengesetz* – "KWG"); they fulfil the requirements of the German Stock Corporation Act (*Aktiengesetz* – "AktG") and the German Pfandbrief Act (*Pfandbriefgesetz* – "PfandBG").

Given the non-materiality of all subsidiaries, even if considered in aggregate, in accordance with section 290 (5) in conjunction with section 296 (2) of the HGB, the Company has not prepared consolidated financial statements.

All amounts have been quoted in euros, in accordance with section 244 of the HGB.

### (2) Accounting policies

Loans and advances to banks and customers are recognised at nominal value, in accordance with section 340e (2) of the HGB. Where their stated value differs from the amount disbursed, or cost, the amount of the difference is reported under prepaid expenses or deferred income, and amortised in interest income over the term of the transaction.

Loans and advances, which are fully classified as current assets, are valued strictly at the lower of cost or market. Loss allowance is recognised to account for default risks in the lending business.

Even for reporting under German commercial law (HGB), loss allowance is calculated using the expected loss model in accordance with IFRS 9, which classifies loss allowance into three stages. When calculating expected credit losses, the probability of default, the loss given default and the expected exposure at default are all taken into account. Stages 1 and 2 are related to portfolio-based loss allowance and are recognised for potential default risks, equating to expected 12-month credit loss (stage 1) or the credit loss expected over the remaining term (stage 2). Current macroeconomic uncertainty is accounted for using an expert-based override of shift factors determined using statistical data. Another component is the staging assessment for stage 2, meaning the allocation of asset classes in commercial corporate lending business to stage 2 based on risks that have not yet materialised.

Loss allowance for identifiable credit risks (incurred impairment) is allocated to stage 3, equating to the credit loss expected over the remaining term.

Specific allowance is recognised when the Bank has reason to doubt the performance of a receivable, due to the difficult financial circumstances of a borrower, or in the event of insufficient collateralisation; or if there are indications that the borrower will be unable to pay interest on a sustainable basis. The same applies to contingent receivables.

When determining specific loss allowance, existing receivables as at the valuation date (including any pro-rata interest and pending items) are compared to discounted and scenario-weighted cash flows from collateral – including realisation of collateral. The uncovered portion determined in this way is written down in full.

When recognising loss allowances, DZ HYP applies the option to cross-compensate all income and expense items in line with section 340f (3) as well as section 340c (2) of the HGB.

#### **Bonds and other fixed-income securities**

Bonds and debt securities held as fixed assets are measured at amortised cost; if impairments are expected to be permanent, DZ HYP recognises a write-down to the lower observable closing rate (“gemildertes Niederstwertprinzip”). Other bonds and debt securities are allocated to the liquidity reserve. These items are measured at the lower of cost and fair value (“strenges Niederstwertprinzip”).

The vast majority of bonds and debt securities held as fixed assets are used in coverage calculations as ordinary or extended cover. The difference between cost and redemption amount is disclosed in net interest income during the remaining term.

The fair value of liquid debt securities and other fixed-income securities is generally determined on the basis of external market prices. If a valid market price for securities already held cannot be determined as at the reporting date, due to a lack of transaction volume, spread curves are used to determine the relevant price on the basis of the discounted cash flow method. Future cash flows from interest and principal were discounted to their present value as at the reporting date, using market interest rates in line with the risks and maturities concerned. If specific parameters needed for valuation purposes cannot be observed on the market, and cannot be derived from market data, DZ HYP applies parameters estimated within the DZ BANK Group.

The valuation of securities held as fixed assets, or included in the liquidity reserve, is generally based on an individual approach.

#### **Participations and interests in affiliated companies**

Investments and shares in affiliated companies are measured at amortised cost, or at the lower fair values in case of permanent impairments.

#### **Intangible and tangible fixed assets**

According to section 253 (1) and (3) of the HGB, intangible and tangible fixed assets are measured at cost less depreciation, amortisation and impairment losses. Depreciation and amortisation are recognised monthly on a straight-line basis, taking the expected useful life into account. Low-value assets disclosed under intangible and tangible fixed assets with cost of between € 250 and € 800 are recognised in the balance sheet in the year of acquisition, and amortised/depreciated immediately. Assets with cost of less than € 250 are recognised through profit or loss in the year of acquisition.

#### **Liabilities**

Liabilities are recognised at their settlement amount in accordance with section 253 (1) sentence 2 of the HGB. The difference between the nominal value and the initial carrying amount of liabilities is recognised under prepaid expenses or deferred income, and amortised over the term of the transaction.

Zero bonds are shown at their issue value, plus pro-rata interest in line with the yield at the time of issue.

Liabilities classified as structured products (as defined in Statement IDW RS HFA 22 issued by the Institute of Public Auditors in Germany) are accounted for as uniform liabilities, since such products at DZ HYP exclusively contain interest rate derivative components, which do not have to be accounted for separately.

### Provisions

Provisions for pensions are recognised in accordance with actuarial principles and determined on the basis of the projected unit credit method, using Dr Klaus Heubeck's 2018 G actuarial tables (revised version dated 2 October 2018). The calculation of the provisions takes into account annual future salary increases of 3.0 per cent as well as annual pension increases of 2.2 per cent. DZ HYP uses the average market interest rate for the last 10 years and a notional remaining term of 15 years as established by Deutsche Bundesbank in accordance with section 253 (2) of the HGB (1.90 per cent).

Due to amended legal requirements, the calculation of pension provisions was adapted in 2016. The assessment period of the applied average interest rate was extended from 7 to 10 years. The negative difference according to section 253 (6) sentence 1 of the HGB (i.e. the excess in pension provisions due to the change in the period used to determine average values to the last 10 years) stood at € -2.0 million as at year-end 2024 (31 December 2023: € 2.7 million).

A part of pension provisions refers to pension commitments which are accessory to reinsurance. The amount of pension commitments is determined exclusively using the fair value of reinsurance cover.

Since the fair value of the reinsurance claim (capitalised value) exceeds the present value of the settlement amount of the guaranteed minimum benefits, the pension obligation has to be recognised at capitalised value of the reinsurance cover in analogous application of section 253 (1) sentence 3 of the HGB, and amounted to € 5.3 million as at 31 December 2024 (31 December 2023: € 5.1 million).

In accordance with section 246 (2) sentence 1 of the HGB, netting the obligation against the capitalised value of the reinsurance cover is not permissible. This applies analogously to the netting of interest expenses against interest income.

The projected unit credit method was used as the valuation method. The valuation is based on the accu-

al-based allocation of pension benefits during the employment relationship and the actuarial assumptions used to calculate the present value of these benefits. The addition to provisions for pensions due to interest rate effects is recognised in other operating expenses.

DZ HYP recognises tax provisions for current taxes in accordance with tax regulations.

Other provisions are recognised for contingent liabilities or for impending losses from executory contracts in the amount of the expected settlement amounts, exercising prudent commercial judgement.

In accordance with section 253 (2) of the HGB, provisions with a remaining term of more than one year are discounted using the average market interest rate of the last seven years, in line with maturities. Income or expenses from discounting or accumulating provision items are recognised in other operating income/expenses.

### Contingent liabilities

Guarantees are recognised at their nominal amount. Contingent liabilities from credit collateral pledged for clients' interest rate swap hedges are recognised at their regulatory credit equivalent amount.

### Derivative financial instruments and fair value measurement of the banking book

Financial derivatives are accounted for separately in auxiliary ledgers. These instruments are used to hedge against the interest rate and currency risk exposure of on-balance sheet transactions. All derivative transactions therefore form part of the overall management of the banking book. Segregated sub-portfolios (valuation units) are not managed on an individual basis. Accordingly, section 254 of the HGB is not applicable.

Current interest payments are amortised and recorded in net interest income.

In connection with the early redemption of hedged items recognised on the balance sheet, we also gener-

ally terminate derivative financial instruments early. Any resulting gains are usually recognised in net interest income. Only where interest rate swaps can be allocated to individual securities, income realised upon closing out swaps is recognised in line with the recognition of income of the underlying transaction, in the net financial result, or in the net risk provisioning balance, respectively.

In accordance with Statement IDW RS BFA 3, the fair value measurement ("*verlustfreie Bewertung*") of the interest-related banking book ("interest rate book") is based on the present value. The interest rate book comprises both the interest-related underlying transaction as well as the interest-related derivative.

As at 31 December 2024, the provision test resolved that no provisions pursuant to section 249 (1) sentence 1 alternative 2 of the HGB have to be recognised for the interest rate book, since the present value of the interest rate book was higher than the carrying amount of the interest rate book, less general administrative and risk costs.

#### **Profit and loss account**

Interest rate option premiums paid and received are disclosed under other liabilities, or other assets, and recognised through profit or loss in net interest income at maturity.

Damages charged for loan repayments or extensions during the fixed-interest term of a loan are fully recognised in interest income.

Income and expenses from the valuation of the lending business and securities held in the liquidity reserve are recognised on an offset basis in accordance with section 32 of the RechKredV in conjunction with section 340f (3) of the HGB. Expenses from financial investments are offset against the corresponding income items in accordance with section 33 of the RechKredV in conjunction with section 340c (2) of the HGB.

#### **(3) Currency translation**

Assets and liabilities from foreign exchange transactions are translated in line with section 340h in conjunction with section 256a of the HGB and the Statement IDW RS BFA 4 issued by the Banking Committee of the Institute of Public Auditors in Germany (IDW). Book receivables, securities, liabilities and unsettled spot transactions as well as foreign exchange forwards and cross-currency swaps denominated in foreign currencies entered into for FX hedging purposes are translated into euro, using the ECB reference rate on the reporting date. Regarding foreign exchange forwards entered into in order to hedge interest-bearing balance sheet items, currency translations are made by splitting the forward rate into the spot rate and the swap rate in line with IDW RS BFA 4. Due to the specific coverage of all existing foreign currency items, all currency translation effects have been recognised in income. Currency translation effects (as well as any realised FX effects) are recognised in other operating income.

# NOTES TO THE BALANCE SHEET

## (4) Lending business

MORTGAGE LOANS	Principal € mn	Carrying amount € mn
to banks	6	6
to customers	54,706	54,604
<b>Total</b>	<b>54,712</b>	<b>54,610</b>
	€ mn	€ mn
PORTFOLIO DEVELOPMENT (NOMINAL VALUE)		
Balance at 31 Dec 2023		54,417
ADDITIONS DURING THE FINANCIAL YEAR 2024		7,393
through Disbursements	7,374	
Transfers	2	
Other additions	17	
DISPOSALS DURING THE FINANCIAL YEAR 2024		7,098
through Scheduled and unscheduled redemptions / repayments	6,540	
Transfers	558	
Other disposals	–	
<b>BALANCE AT 31 DEC 2024</b>		<b>54,712</b>

LOANS TO LOCAL AUTHORITIES	Principal € mn	Carrying amount € mn
to banks	2	396
to customers	10,325	10,384
<b>Total</b>	<b>10,327</b>	<b>10,780</b>
	€ mn	€ mn
PORTFOLIO DEVELOPMENT (NOMINAL VALUE)		
Balance at 31 Dec 2023		10,699
ADDITIONS DURING THE FINANCIAL YEAR 2024		736
through Disbursements	736	
Transfers	–	
Other additions	–	
DISPOSALS DURING THE FINANCIAL YEAR 2024		1,108
through Scheduled and unscheduled redemptions / repayments	1,105	
Transfers	–	
Other disposals	3	
<b>BALANCE AT 31 DEC 2024</b>		<b>10,327</b>

**(5) Negotiable securities**

Balance sheet item	Listed		Unlisted		Carrying amount of negotiable securities not valued at the lower of cost or market	
	31 Dec 2024 € 000's	31 Dec 2023 € 000's	31 Dec 2024 € 000's	31 Dec 2023 € 000's	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>Bonds and other fixed-income securities</b>	5,214,486	5,655,454	208,257	350,265	2,706,302	3,501,459

As at 31 December 2024, the Bank did not recognise an extraordinary write-down in the aggregate amount of € 2,706.3 million (31 December 2023: € 3,501.5 million) for negotiable securities held as fixed assets with a carrying amount of € 2,540.5 million (31 December 2023: € 3,295.3 million) and a fair value of € 165.8 million (31 December 2023: € 206.2 million) not measured at the lower of cost or market, due to the generally expected temporary nature of the impairment. This assessment is based on the observation that the euro area has become more resilient to stress due to the crisis mechanisms established in the recent past, and that the effects of individual stabilisation measures are becoming (or have become) increasingly evident.

## (6) Breakdown of, and statement of changes in fixed assets

PURCHASE COST	1 Jan 2024 € 000's	Additions € 000's	Transfers € 000's	Disposals € 000's	31 Dec 2024 € 000's
<b>I. INTANGIBLE ASSETS</b>					
1. Software	28,164	1,375	480	32	29,987
2. Advance payments made on intangible assets	190	334	-480	-	44
	<b>28,354</b>	<b>1,709</b>	<b>-</b>	<b>32</b>	<b>30,031</b>
<b>II. TANGIBLE FIXED ASSETS</b>					
1. Plots and buildings	253,466	1,056	-	-	254,522
2. Office furniture and equipment**)	10,770	3,271	-	1,217	12,824
	<b>264,236</b>	<b>4,327</b>	<b>-</b>	<b>1,217</b>	<b>267,346</b>
<b>III. FINANCIAL ASSETS***)</b>	-				-

DEVELOPMENT OF CARRYING AMOUNTS	Depreciation and amortisation in the financial year € 000's	Transfers € 000's	Disposals and write-ups € 000's	Total € 000's	31 Dec 2024 € 000's	1 Jan 2024 € 000's
<b>I. INTANGIBLE ASSETS</b>						
1. Software	400	-	32	28,284	1,703	248
2. Advance payments made on intangible assets	-	-	-	-	44	190
	<b>400</b>	<b>-</b>	<b>32</b>	<b>28,284</b>	<b>1,747</b>	<b>438</b>
<b>II. TANGIBLE FIXED ASSETS</b>						
1. Plots and buildings <sup>1)</sup>	3,558	-	-	40,150	214,372	216,874
2. Office furniture and equipment**)	1,116	-	1,171	8,031	4,793	2,684
	<b>4,674</b>	<b>-</b>	<b>1,171</b>	<b>48,181</b>	<b>219,165</b>	<b>219,558</b>

### Change

<b>III. FINANCIAL ASSETS</b>					
1. Participations		-499			413
2. Shares in affiliated companies		-			1,566
3. Investment securities		-570,898			5,366,116
		<b>-571,397</b>			<b>5,368,095</b>
					<b>5,939,492</b>

\*) Of which: owner-occupied properties: € 116.0 million; used by third parties: € 98.4 million

\*\*\*) Fully used for the Bank's own operations

\*\*\*\*) Separate disclosure waived in accordance with section 34 (3) of the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – "RechKredV")

**(7) Trust business**

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>Assets held in trust comprise:</b>		
- Loans and advances to customers	5,325	6,214
	<b>5,325</b>	<b>6,214</b>
<b>Trust liabilities are carried vis-à-vis:</b>		
- Banks	5,325	6,214
	<b>5,325</b>	<b>6,214</b>

**(8) Other assets**

Other assets of € 75.0 million (31 December 2023: € 73.7 million) mainly include the cash collateral for the restructuring fund and the associated interest rate claim totalling € 56.2 million (31 December 2023: € 55.9 million), receivables under financial swaps of € 8.7 million (31 December 2023: € 8.4 million), reinsurance coverage claims of € 5.3 million (31 December 2023: € 5.1 million), as well as claims against VR WERT Gesellschaft für Immobilienbewertungen mbH, Hamburg (profit transfer 2024) of € 3.2 million (31 December 2023: € 2.7 million).

**(9) List of investments pursuant to sections 285 no. 11 and 340a of the HGB**

Minimum stake of 20 % Name/registered office	Equity interest %	Equity € 000's	Result 2024 € 000's
VR WERT Gesellschaft für Immobilienbewertungen mbH, Hamburg	100.0	50	3,194 <sup>*)</sup>
VR HYP GmbH, Hamburg	100.0	25	- <sup>**)</sup>
VR REAL ESTATE GmbH, Hamburg	100.0	25	- <sup>**)</sup>

\*) Control and profit and loss transfer agreement with DZ HYP

\*\*) Result for the financial year 2023

**(10) Prepaid expenses and deferred income**

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>ASSETS</b>		
<b>Sub-item a) From new issues and lending comprises:</b>		
Difference between the nominal amount and the higher disbursement amount of receivables	12,254	19,330
Difference between the nominal amount and the lower issuing amount of liabilities	65,689	74,548
<b>LIABILITIES AND EQUITY</b>		
<b>Sub-item a) From new issues and lending comprises:</b>		
Difference between the nominal amount and the lower disbursement amount of receivables	7,202	8,541

## (11) Securities repurchase agreements

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
Carrying amount of securities pledged under repo agreements Securities	604,329	714,881
Repurchase amount	612,850	725,703

## (12) Breakdown of, and statement of changes in debt securities and borrowed funds

	Principal € mn	Carrying amount € mn
<b>REGISTERED MORTGAGE PFANDBRIEFE</b>		
to banks	801	811
to customers	4,248	4,292
<b>MORTGAGE PFANDBRIEFE</b>	29,212	29,392
	<b>34,261</b>	<b>34,495</b>
<b>REGISTERED PUBLIC PFANDBRIEFE</b>		
to banks	775	794
to customers	5,009	5,122
<b>PUBLIC PFANDBRIEFE</b>	4,070	4,094
	<b>9,854</b>	<b>10,010</b>
<b>OTHER DEBT SECURITIES</b>	<b>1,045</b>	<b>1,050</b>
<b>BORROWED FUNDS</b>		
from banks	22,008	22,173
from customers	1,364	1,391
	<b>23,372</b>	<b>23,564</b>
<b>TOTAL</b>	<b>68,532</b>	<b>69,119</b>

### DEVELOPMENT (PRINCIPAL)

	Balance on 31 Dec 2023 € mn	Additions € mn	Derecognitions € mn	Reclassifications and other adjustments € mn	Balance on 31 Dec 2024 € mn
Mortgage Pfandbriefe and Registered Mortgage Pfandbriefe	35,125	3,167	4,032	1	34,261
Public Pfandbriefe and Registered Public Pfandbriefe	9,474	1,298	942	24	9,854
Other debt securities	1,232	–	187	–	1,045
Borrowed funds	23,000	4,073	3,704	3	23,372
<b>Total</b>	<b>68,831</b>	<b>8,538</b>	<b>8,865</b>	<b>28</b>	<b>68,532</b>

### (13) Other liabilities

This item amounts to € 333.8 million (31 December 2023: € 281.2 million) and mainly comprises liabilities from tax allocations of € 137.8 million (31 December 2023: € 144.2 million), liabilities from profit transfers of € 100.0 million (31 December 2023: € 55.4 million), as well as € 79.4 million (31 December 2023: € 67.0 million) in liabilities of principal under foreign exchange swaps.

### (14) Subordinated liabilities

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>SUBORDINATED BORROWED FUNDS</b>	-	-
<b>INTEREST EXPENSE</b>	-	416

Subordinated liabilities were repaid in full in 2023, meaning that they are not included in the own funds for regulatory purposes.

### (15) Equity

DZ HYP reported equity of € 1,127.3 million as at 31 December 2024 (31 December 2023: € 1,127.3 million).

The share capital amounts to € 149,989,937.14 and is divided into 5,832,942 notional no-par value shares ("unit shares"). The notional interest in the share capital therefore amounts to approximately € 25.71 per share.

By virtue of a resolution adopted at the General Meeting on 8 May 2024, the Management Board is authorised to increase, on one or more occasions, the Company's share capital by issuance of up to 1,300,000 new registered no-par value shares for contribution in cash, not exceeding a maximum aggregate amount of € 33,428,571.43, subject to the approval of the Supervisory Board; this authority will expire on 31 May 2029 ("Authorised Capital"). In the financial year, the Management Board did not make use of these authorisations with a view to the authorised capital.

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, has given notice pursuant to section 20 (4) of the AktG that it holds a majority shareholding.

With effect from 31 December 2012, DZ BANK issued an unrestricted letter of comfort for DG HYP (DZ HYP after change of company name). According to the still-valid unrestricted letter of comfort, except in the event of political risk, DZ BANK has undertaken to ensure (in total for the consolidated entity DZ HYP) that DZ HYP is able to meet its contractual obligations.

Return on assets as defined in section 26a (1) sentence 4 of the KWG is 0.50 per cent (previous year: 0.46 per cent), calculated as the ratio of net profit to total assets.

## (16) Contingent liabilities and other commitments

Contingent liabilities of € 229.2 million (31 December 2023: € 189.5 million) comprise almost exclusively guarantees for commercial real estate loans, € 77.6 million (31 December 2023: € 58.1 million) of which are extended to DZ BANK.

Irrevocable loan commitments of € 6,067.3 million (31 December 2023: € 7,534.5 million) mainly relate to mortgage loans.

DZ HYP's credit risk management is responsible for monitoring contingent liabilities. Prior to entering into a binding obligation, the Bank assesses the risk of losses which it might occur from a contingent liability or irrevocable loan commitment being drawn upon within the framework of a credit check of the client; if applicable, it relies on an assessment of the client's expected fulfilment of the underlying obligation.

In addition, during the term of its obligations, the Bank regularly examines whether any drawdowns are to be expected from contingent liabilities or irrevocable loan commitments. In accordance with IFRS 9, the Bank has recognised loss allowance of € 17.2 million (31 December 2023: € 13.8 million) for expected credit losses; this was deducted from contingent liabilities and irrevocable loan commitments.

## (17) Other financial commitments

Regarding contributions to the restructuring fund ("bank levy"), DZ HYP has in recent years made use of the option to make a part of the annual contributions in form of irrevocable payment obligations. These obligations amount to € 54.3 million (31 December 2023: € 54.3 million) and are deposited as cash collateral.

The pledged collateral is included in Other assets – other receivables. Following a judgment that has not yet become final by the European General Court in a case between the SRB and a French bank on 25 October 2023, there is legal uncertainty as to whether a bank's payment commitments expire if that bank falls outside the scope of the single resolution mechanism, in particular as a result of its licence being surrendered, and the cash collateral backing these payment commitments be returned to the bank without the bank having to fulfil its irrevocable payment commitment. The case has been referred to the European Court of Justice for a final decision.

Regardless of the outcome, no relevant condition for the occurrence of a payment obligation has materialised at present. Furthermore, DZ HYP has no intentions to surrender its banking licence in the foreseeable future, nor are there any indications for a resolution occurring in respect of another institution outside the Group that is subject to the single resolution mechanism (SRM).

DZ HYP is a member of the BVR Institutssicherung GmbH (BVR-ISG) and the deposit insurance scheme of the National Association of German Cooperative Banks (BVR).

According to the articles of association of the deposit insurance scheme of the BVR, DZ HYP has issued a letter of indemnity to BVR. As a result, DZ HYP is liable to contingent liabilities in the amount of € 58.4 million.

According to BVR-ISG's articles of association, DZ HYP has undertaken to make special contributions and payments to BVR-ISG in proportion to the volume of the covered deposits. Pursuant to section 27 (4) of the German Deposit Guarantee Act (*Einlagensicherungsgesetz*), BVR-ISG may generally raise, as a statutory deposit guarantee scheme, special contributions and payments of a maximum amount of up to 0.5 per cent of the covered deposits of the credit institutions allocated to it within a given settlement year.

**(18) Relationships with affiliated enterprises and subsidiaries**

## AFFILIATED COMPANIES

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>Loans and advances to</b>		
- banks	2,594,672	2,439,120
- customers	52,902	57,908
<b>Other assets</b>	9,240	8,623
<b>Liabilities to</b>		
- banks	24,602,614	24,999,712 <sup>*)</sup>
- customers	228,123	229,402
<b>Other liabilities</b>	307,617	236,499*
<b>Other provisions</b>	688	623

\*) Previous year's figure adjusted

**Subsidiaries**

As at the reporting date, liabilities to subsidiaries amounted to € 11,000 (31 December 2023: € 10,000); loans and advances to subsidiaries amounted to € 2,000 (31 December 2022: € 2,000). There were no provisions as at the reporting date (31 December 2023: € 82,000).

**(19) Related-party transactions**

There were no related-party transactions entered into – at terms not in line with prevailing market terms – which would give rise to a disclosure duty pursuant to section 285 no. 21 of the HGB.

## (20) Breakdown of maturities for loans and advances, and liabilities

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>ASSETS</b>		
<b>Loans and advances to banks</b>		
Remaining term - payable on demand	559,940	704,921
- up to three months	1,025,828	1,080,809*
- between three months and one year	349,374	4,605
- between one year and five years	990,195	378,541
- more than five years	177,746	835,003
	<b>3,103,083</b>	<b>3,003,879<sup>1)</sup></b>
<b>Loans and advances to customers</b>		
Remaining term - payable on demand	430,345	305,236
- up to three months	1,680,085	1,312,304
- between three months and one year	7,220,991	6,094,781
- between one year and five years	27,856,584	26,379,717
- more than five years	30,751,277	33,566,613
	<b>67,939,282</b>	<b>67,658,651</b>
<b>Bonds and other fixed-income securities maturing in the following year</b>	279,095	945,417
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities to banks</b>		
Remaining term - payable on demand	56,992	18,748
- up to three months	3,609,454	3,988,247 <sup>1)</sup>
- between three months and one year	4,426,920	4,421,034
- between one year and five years	11,800,203	10,402,954
- more than five years	8,184,615	9,962,511
	<b>28,078,184</b>	<b>28,793,494<sup>1)</sup></b>
<b>Liabilities to customers</b>		
Remaining term - payable on demand	469,528	506,772
- up to three months	538,701	452,014
- between three months and one year	823,363	636,627
- between one year and five years	2,296,967	2,310,844
- more than five years	7,151,507	7,616,279
	<b>11,280,066</b>	<b>11,522,536</b>
<b>Certificated liabilities maturing in the following year</b>	4,712,310	3,899,220

\*) Previous year's figure adjusted

**(21) Assets and liabilities in foreign currencies**

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
<b>Assets include</b>		
foreign-currency receivables in the total amount of	1,711,930	1,920,447
<b>Liabilities and equity include</b>		
foreign-currency liabilities in the total amount of	410,109	400,837

**(22) Forward contracts not reflected in the balance sheet**

The following types of forward transactions based on foreign currencies, interest rates or other underlying instruments were outstanding as at the reporting date:

€ mn	Nominal amounts by residual term			Total		Fair value			
	≤ 1 year	> 1 – 5 yrs	> 5 yrs	31 Dec 2024	31 Dec 2023	31 Dec 2024		31 Dec 2023	
						positive	negative	positive	negative
Interest rate instruments *)	16,856	62,121	70,591	149,568	148,223	5,535	5,368	6,543	6,614
Currency-related instruments	280	998	293	1,571	1,767	45	88	73	99
Credit-related transactions	–	–	–	–	27	–	–	–	1
<b>Total</b>	<b>17,136</b>	<b>63,119</b>	<b>70,884</b>	<b>151,139</b>	<b>150,017</b>	<b>5,580</b>	<b>5,456</b>	<b>6,616</b>	<b>6,714</b>

\*) Including interest rate swaps with identical foreign currency

The breakdown of the carrying amounts of forward contracts not reflected on the balance sheet by balance sheet items pursuant to section 285 no. 19 of the HGB is as follows:

	Carrying amount 31 Dec 2024 € mn	Carrying amount 31 Dec 2023 € mn	Balance sheet item Assets	Carrying amount 31 Dec 2024 € mn	Carrying amount 31 Dec 2023 € mn	Balance sheet item Liabilities and equity
<b>Interest-based instruments</b>	880	861	Loans and advances to banks, loans and advances to customers, prepaid expenses, other assets	643	721	Liabilities to banks, liabilities to customers, deferred income, other liabilities
<b>Currency-based instruments</b>	9	9	Loans and advances to banks, loans and advances to customers, prepaid expenses, other assets	84	73	Liabilities to banks, liabilities to customers, deferred income, other liabilities
<b>Rating-based instruments</b>	–	1	Loans and advances to banks, prepaid expenses	–	1	Provisions

The forward transactions identified above are used to manage interest rate, currency and counterparty credit risk exposure. As a rule, counterparties are OECD banks, OECD financial services institutions or OECD central governments. In addition, borrowers as well as a public-sector institution formerly licensed as a bank also appear as counterparties (market value of € 6.9 million) in connection with loan agreements.

Interest rate and currency swaps are valued using present values, based on individual yield curves prevailing on the reporting date. For this purpose, future cash flows are discounted to their present value as at the reporting date, using market interest rates in line with the risks and maturities concerned. Furthermore, credit adjustments are applied in the valuation of such trades, to reflect default risks and closing costs. Structured products are divided into components for valuation purposes.

Options are valued using option pricing models. These are applied on the basis of generally recognised assumptions regarding valuation parameters; in particular, the value and volatility of the underlying instrument, the agreed exercise price (interest rate), the remaining lifetime of the contract, as well as the risk-free interest rate for that lifetime. Regarding the valuation of foreign exchange forwards, the respective cash flows are translated into euro using the corresponding foreign currency rate, and discounted using the market interest rate appropriate to the risk level and maturity.

The credit derivatives were sold in the year under review and are no longer held in the portfolio as at the balance sheet date. In this context, the provision recorded in the previous years was utilised and reversed (31 December 2023: € 0.5 million).

Market values are determined without consideration of netting agreements. The market values of derivatives are offset by compensating market values of the related hedged balance sheet items at overall Bank level.

Cash collateral was provided for derivatives, as part of the Bank's collateral management, in the amount of € 465.1 million (31 December 2023: € 575.5 million).

# NOTES TO THE PROFIT AND LOSS ACCOUNT

## (23) Breakdown of income by geographic markets within the meaning of section 34 (2) no. 1 of the RechKredV

The breakdown of interest income, current income from equities and other non-fixed income securities, commission income and other operating income is as follows:

in %	2024	2023
<b>GERMANY</b>	<b>87.0</b>	<b>87.7</b>
<b>INTERNATIONAL</b>	<b>13.0</b>	<b>12.3</b>

## (24) Interest expenses and income

Net interest income/expense for derivatives is determined at the level of individual transactions and is reported either in interest expense or interest income, respectively. The previous year's figures were adjusted accordingly.

In individual exceptional cases, derivative transactions may be terminated early; the resulting compensation payments are recognised in interest expense or interest income, respectively.

Interest income includes income from impaired receivables (unwinding effects) in the amount of € 10.0 million (previous year: € 1.0 million).

In the reporting period, no positive interest income was recorded in interest expense, and no negative interest income was reported in interest income.

## (25) Other operating income

Other operating income of € 25.9 million (previous year: € 23.6 million) primarily comprises rental income of € 12.8 million (previous year: € 12.1 million), service income of € 6.9 million (previous year: € 7.2 million) as well as € 1.8 million (previous year: € 1.3 million) in income from the reversal of provisions.

## (26) Other operating expenses

Other operating expenses totalling € 7.8 million (previous year: € 7.1 million) largely include expenses of € 1.9 million (previous year: € 2.5 million) for the discounting of provisions for pensions and similar obligations, and expenses for buildings not directly used for Bank business of € 3.8 million (previous year: € 2.9 million).

## (27) Income taxes

Income tax expenses relate almost solely to the result from ordinary activities and are transferred to the controlling company, DZ BANK AG, Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, as a tax levy in the amount of € 139.7 million (previous year: € 143.7 million).

DZ HYP is part of the DZ BANK Group. The DZ BANK Group falls within the scope of the issued or substantively implemented legislation regarding global minimum tax (Global Anti-Base Erosion Rules (Pillar Two)). In Germany, the rules were implemented as part of the Act to Guarantee Minimum Taxation for Corporate Groups (Gesetz zur Gewährleistung einer globalen Mindestbesteuerung für Unternehmensgruppen – “MinStG”) to implement Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation. The Act became effective for the financial year beginning on 1 January 2024.

DZ HYP belongs to the minimum tax group under section 3 (1) of the Minimum Tax Act, with DZ BANK AG as its parent company and group responsible entity (“*Gruppenträger*”). It is the group responsible entity that is the taxpayer under the MinStG, required to submit the minimum tax report and file the corresponding tax return on a national level.

The DZ BANK Group did not recognise any current tax expense or tax income under the Minimum Tax Act, including foreign minimum tax laws, for the financial year.

# COVERAGE

## (28) Coverage by balance sheet item

	Mortgage Pfandbriefe 31 Dec 2024 € mn	Mortgage Pfandbriefe 31 Dec 2023 € mn	Public Pfandbriefe 31 Dec 2024 € mn	Public Pfandbriefe 31 Dec 2023 € mn
<b>ORDINARY COVER</b>	<b>39,677</b>	<b>40,009</b>	<b>11,453</b>	<b>11,802</b>
<b>LOANS AND ADVANCES TO CUSTOMERS</b>	<b>39,533</b>	<b>39,885</b>	<b>10,043</b>	<b>10,529</b>
Loans secured by property mortgages	39,533	39,885	5 <sup>*)</sup>	23 <sup>*)</sup>
Loans to local authorities	–	–	10,038	10,506
<b>LOANS AND ADVANCES TO BANKS</b>	<b>50</b>	<b>30</b>	<b>578</b>	<b>290</b>
Loans secured by property mortgages	50	30	–	–
Loans to local authorities	–	–	578	290
<b>BONDS</b>	<b>–</b>	<b>–</b>	<b>832</b>	<b>983</b>
<b>BANK BUILDINGS</b>	<b>94</b>	<b>94</b>	<b>–</b>	<b>–</b>
<b>EXTENDED COVER</b>	<b>1,416</b>	<b>1,263</b>	<b>–</b>	<b>–</b>
<b>LOANS AND ADVANCES TO BANKS</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Monetary claims	–	–	–	–
<b>BONDS</b>	<b>1,416</b>	<b>1,263</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>41,093</b>	<b>41,272</b>	<b>11,453</b>	<b>11,802</b>

\*) Under a municipal guarantee

## (29) Details pursuant to section 28 of the German Pfandbrief Act

### Outstanding Pfandbriefe and related cover assets

	Nominal amount		Present value		Risk-adjusted present value <sup>*)</sup>	
	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn
a) Total amount of outstanding						
Mortgage Pfandbriefe	34,261	35,125	33,308	33,312	31,834	31,394
Cover assets pool	41,093	41,272	40,873	40,365	38,952	37,869
of which: derivatives	–	–	–	–	–	–
<b>Excess cover</b>	<b>6,832</b>	<b>6,147</b>	<b>7,565</b>	<b>7,053</b>	<b>7,118</b>	<b>6,475</b>
<b>Excess cover in %</b>	<b>19.9</b>	<b>17.5</b>	<b>22.7</b>	<b>21.2</b>	<b>22.4</b>	<b>20.6</b>
Statutory excess cover <sup>**)</sup>	1,377	1,426	666	666		
Contractual excess cover	–	–	–	–		
Voluntary excess cover	5,455	4,721	6,899	6,387		
Excess cover with due regard to the vdp credit quality differentiation model ("vdp-Bonitäts-differenzierungsmodell")	6,832	6,147	7,565	7,053		
<b>Excess cover in %</b>	<b>19.9</b>	<b>17.5</b>	<b>22.7</b>	<b>21.2</b>		

\*) When calculating the risk-adjusted present value, the dynamic method pursuant to section 5 (1) no. 2 of the Present Value Cover Regulation (*Verordnung über die Sicherstellung der jederzeitigen Deckung von Hypothekendarlehen, Öffentlichen Pfandbriefen, Schiffspfandbriefen und Flugzeugpfandbriefen nach dem Barwert und dessen Berechnung bei Pfandbriefbanken – "PfandBarwertV"*) was used.

\*\*\*) The requirement as regards statutory excess cover comprises the present value of statutory over-collateralisation in accordance with section 4 (1) of the PfandBG, including interest and currency stress scenarios, and the nominal value of statutory collateralisation in accordance with section 4 (2) of the PfandBG.

ad a) Maturity structure and related cover assets	Mortgage Pfandbriefe		Cover assets pool		Extension of maturity *)	
	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn
<= 6 months	1,646	2,131	2,322	2,137	-	-
> 6 months and <= 12 months	2,371	1,795	2,807	1,950	-	-
> 12 months and <= 18 months	2,472	1,647	2,524	1,987	1,647	2,131
> 18 months and <= 2 years	2,080	2,376	2,208	2,634	2,370	1,795
> 2 years and <= 3 years	4,278	4,552	4,612	4,211	4,551	4,022
> 3 years and <= 4 years	4,147	4,278	4,204	4,264	4,278	4,552
> 4 years and <= 5 years	3,965	3,626	4,211	3,760	4,147	4,278
> 5 years and <= 10 years	9,851	10,341	11,160	12,563	12,250	12,876
> 10 years	3,451	4,379	7,045	7,766	5,018	5,471
<b>Total</b>	<b>34,261</b>	<b>35,125</b>	<b>41,093</b>	<b>41,272</b>	<b>34,261</b>	<b>35,125</b>

### Information on the extension of the maturity of the Pfandbriefe

	Q4 2024	Q4 2023
<b>REQUIREMENTS FOR EXTENDING THE MATURITY OF THE PFANDBRIEFE</b>	<p>The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (avoidance of insolvency), the Pfandbrief bank with limited business activity is not over-indebted (no existing over-indebtedness) and that there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive forecast in relation to meeting its liabilities). For further information, also see section 30 (2b) of the PfandBG.</p>	<p>The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity (avoidance of insolvency), the Pfandbrief bank with limited business activity is not over-indebted (no existing over-indebtedness) and that there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension (positive forecast in relation to meeting its liabilities). For further information, also see section 30 (2b) of the PfandBG.</p>
<b>AUTHORISATIONS OF THE COVER POOL ADMINISTRATOR AS REGARDS THE EXTENSION OF THE PFANDBRIEFE'S MATURITY</b>	<p>The cover pool administrator may extend the maturity date of principal payments when the relevant prerequisites in accordance with section 30 (2b) of the PfandBG are met. The period of extension, which may not exceed a period of twelve months, is determined by the cover pool administrator as required.</p> <p>The cover pool administrator may extend the maturity dates of interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides to implement such an extension, the existence of the prerequisites set out in section 30 (2b) of the PfandBG shall be irrefutably presumed. Any such extension has to be taken into account in the maximum period of extension of twelve months.</p> <p>The cover pool administrator may only exercise their authority uniformly for all Pfandbriefe of an issuance. In this case, maturity dates may be extended either in full or pro rata. The cover pool administrator has to extend the maturity date of a particular Pfandbrief issue, such that the original order of servicing Pfandbriefe which could be bypassed as a result of such extension is not changed (prohibition of bypassing). This may lead to the requirement to extend the maturities of issues with later maturity dates in order to comply with the prohibition of bypassing. For further information, also see section 30 (2a) and (2b) of the PfandBG.</p>	<p>The cover pool administrator may extend the maturity date of principal payments when the relevant prerequisites in accordance with section 30 (2b) of the PfandBG are met. The period of extension, which may not exceed a period of twelve months, is determined by the cover pool administrator as required.</p> <p>The cover pool administrator may extend the maturity dates of interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides to implement such an extension, the existence of the prerequisites set out in section 30 (2b) of the PfandBG shall be irrefutably presumed. Any such extension has to be taken into account in the maximum period of extension of twelve months.</p> <p>The cover pool administrator may only exercise their authority uniformly for all Pfandbriefe of an issuance. In this case, maturity dates may be extended either in full or pro rata. The cover pool administrator has to extend the maturity date of a particular Pfandbrief issue such that the original order of servicing Pfandbriefe which could be bypassed as a result of such extension is not changed (prohibition of bypassing). This may lead to the requirement to extend the maturities of issues with later maturity dates in order to comply with the prohibition of bypassing. For further information, also see section 30 (2a) and (2b) of the PfandBG.</p>

\*) Effects of an extension of maturity on the maturity structure of the Pfandbriefe/extension scenario: 12 months. This represents a very unlikely scenario which could only materialise once a cover pool administrator is appointed.

ad a) Disclosure pursuant to section 6 of the PfandBarwertV	Net present value in €	
	31 Dec 2024 mn	31 Dec 2023 mn
Currency		
GBP	183.3	225.8
SEK	37.9	48.7

		31 Dec 2024	31 Dec 2023
ad a) Additional indicators on Mortgage Pfandbriefe outstanding			
Share of fixed-interest assets in total cover assets pool	in %	89.3	90.0
Share of fixed-interest Pfandbriefe in liabilities to be covered	in %	98.8	99.8
Total amount of assets breaching the limits as set in section 13 (1) of the PfandBG	€ mn	–	–
Average volume-weighted age of assets	in years	5.7	5.3
Average weighted loan-to-value ratio	in %	53.9	54.0
Assets breaching the limits as set in section 19 (1) sentence 7 of the PfandBG	€ mn	–	–
Assets breaching the limits as set in section 19 (1) no. 2 of the PfandBG	€ mn	–	–
Assets breaching the limits as set in section 19 (1) no. 3 of the PfandBG	€ mn	–	–
Assets breaching the limits as set in section 19 (1) no. 4 of the PfandBG	€ mn	–	–

		31 Dec 2024	31 Dec 2023
ad a) Liquidity indicators pursuant to section 28 (1) sentence 1 no. 6 of the PfandBG			
Greatest calculated negative total in the next 180 days within the meaning of section 4 (1a) sentence 3 of the PfandBG for Mortgage Pfandbriefe (liquidity requirements)	€ mn	226.1	1,037.7
Day on which the greatest negative total is calculated	Day (1-180)	176	85
Total of cover assets that meet the requirements of section 4 (1a) sentence 3 of the PfandBG (liquidity coverage)	€ mn	1,236.8	1,076.4

b) Total amount of outstanding	Nominal amount		Present value		Risk-adjusted present value <sup>*)</sup>	
	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn
Public Pfandbriefe	9,854	9,474	10,335	9,927	9,868	9,293
Cover assets pool	11,453	11,802	12,013	12,253	11,316	11,388
of which: derivatives	–	–	–	–	–	–
Excess cover	1,599	2,328	1,678	2,326	1,448	2,095
Excess cover in %	16.2	24.6	16.2	23.4	14.7	22.5
Statutory excess cover	383	376	207	199		
Contractual excess cover	–	–	–	–		
Voluntary excess cover	1,216	1,952	1,471	2,127		
Excess cover with due regard to the vdp credit quality differentiation model ("vdp-Bonitäts-differenzierungsmodell")	1,599	2,328	1,678	2,326		
Excess cover in %	16.2	24.6	16.2	23.4		

\*) When calculating the risk-adjusted present value, the dynamic method pursuant to section 5 (1) no. 2 of the Present Value Cover Regulation (Verordnung über die Sicherstellung der jederzeitigen Deckung von Hypothekendarwertpfandbriefen, Öffentlichen Pfandbriefen, Schiffspandbriefen und Flugzeugpfandbriefen nach dem Barwert und dessen Berechnung bei Pfandbriefbanken – "PfandBarwertV") was used.

ad b) Maturity structure	Public Pfandbriefe		Cover assets pool		Extension of maturity <sup>*)</sup>	
	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn
<= 6 months	801	534	541	581	–	–
> 6 months and <= 12 months	442	397	648	702	–	–
> 12 months and <= 18 months	528	784	595	476	801	534
> 18 months and <= 2 years	172	454	573	600	442	397
> 2 years and <= 3 years	1,071	700	951	1,084	700	1,238
> 3 years and <= 4 years	540	1,070	891	901	1,071	700
> 4 years and <= 5 years	1,011	538	811	825	540	1,070
> 5 years and <= 10 years	2,971	1,692	2,767	2,769	2,945	1,933
> 10 years	2,318	3,305	3,676	3,864	3,355	3,602
<b>Total</b>	<b>9,854</b>	<b>9,474</b>	<b>11,453</b>	<b>11,802</b>	<b>9,854</b>	<b>9,474</b>

The same information on the extension of Pfandbrief maturity as stated above applies.

\*) Effects of an extension of maturity on the maturity structure of the Pfandbriefe/extension scenario: 12 months. This represents a very unlikely scenario which could only materialise once a cover pool administrator is appointed.

ad b) Disclosure pursuant to section 6 of the PfandBarwertV	Net present value in €	
	31 Dec 2024 mn	31 Dec 2023 mn
Currency		
CAD	19.2	24.2
CHF	0.1	54.9
GBP	22.3	24.0
JPY	20.7	26.2
USD	-224.5	-20.9

		31 Dec 2024	31 Dec 2023
ad b) Additional indicators on outstanding Public Pfandbriefe			
Share of fixed-interest assets in total cover assets pool	in %	95.1	97.0
Share of fixed-interest Pfandbriefe in liabilities to be covered	in %	88.4	95.6
Total amount of assets breaching the limits as set in section 20 (3) of the PfandBG	€ mn	–	–
Assets breaching the limits as set in section 20 (2) no. 2 of the PfandBG	€ mn	–	–
Assets breaching the limits as set in section 20 (2) no. 3 of the PfandBG	€ mn	–	–

		31 Dec 2024	31 Dec 2023
ad b) Liquidity indicators pursuant to section 28 (1) sentence 1 no. 6 of the PfandBG			
Greatest calculated negative total in the next 180 days within the meaning of section 4 (1a) sentence 3 of the PfandBG for Public Pfandbriefe (liquidity requirements)	€ mn	581.2	295.5
Day on which the greatest negative total is calculated	Day (1-180)	174	175
Total of cover assets that meet the requirements of section 4 (1a) sentence 3 of the PfandBG (liquidity coverage)	€ mn	805.7	935.7

## Assets included in cover for Mortgage Pfandbriefe

	31 Dec 2024 € mn	31 Dec 2023 € mn
by loan amount		
<= € 300,000 €	10,534	10,569
> € 300,000 <= € 1 mn	3,395	3,295
> € 1 mn / <= € 10 mn	9,351	9,974
> € 10 mn	16,397	16,171
<b>Total</b>	<b>39,677</b>	<b>40,009</b>

	31 Dec 2024 € mn	31 Dec 2023 € mn
by type of property		
Housing properties	23,181	23,445
Commercial properties	16,496	16,564
<b>Total</b>	<b>39,677</b>	<b>40,009</b>

## Assets included in cover for Mortgage Pfandbriefe, by country where real property collateral is located, and by type of property

	Fiscal Year	Federal Republic of Germany	France	United Kingdom	Netherlands	Austria	Poland	Sweden	Total
€ mn									
RESIDENTIAL PROPERTIES	31 Dec 2024	2,829	*)–	–	–	–	–	–	2,829
	31 Dec 2023	2,707	*)–	–	–	–	–	–	2,707
SINGLE AND DOUBLE FAMILY HOMES	31 Dec 2024	8,206	*)–	–	*)–	–	–	–	8,206
	31 Dec 2023	8,094	*)–	–	*)–	–	–	–	8,094
MULTI-FAMILY HOMES	31 Dec 2024	11,942	8	–	–	–	–	–	11,950
	31 Dec 2023	12,315	8	–	–	–	–	–	12,323
OFFICE BUILDINGS	31 Dec 2024	6,920	235	206	556	4	–	–	7,921
	31 Dec 2023	6,948	208	229	465	4	–	–	7,854
COMMERCIAL BUILDINGS	31 Dec 2024	4,893	141	7	110	–	43	42	5,236
	31 Dec 2023	5,031	123	7	105	–	43	50	5,359
INDUSTRIAL BUILDINGS	31 Dec 2024	1,106	88	–	77	10	–	–	1,281
	31 Dec 2023	1,067	–	–	77	10	–	–	1,154
OTHER COMMERCIAL PROPERTIES	31 Dec 2024	1,785	–	–	62	–	–	1	1,848
	31 Dec 2023	1,856	–	–	75	–	–	1	1,932
UNFINISHED NEW BUILDINGS NOT YET YIELDING RETURNS	31 Dec 2024	163	–	–	–	–	–	–	163
	31 Dec 2023	379	–	8	–	–	–	–	387
BUILDING PLOTS	31 Dec 2024	243	–	–	–	–	–	–	243
	31 Dec 2023	199	–	–	–	–	–	–	199
<b>Total</b>	<b>31 Dec 2024</b>	<b>38,087</b>	<b>472</b>	<b>213</b>	<b>805</b>	<b>14</b>	<b>43</b>	<b>43</b>	<b>39,677</b>
	31 Dec 2023	38,596	339	244	722	14	43	51	40,009

\*) Values &lt; € 0.5 mn

**Additional cover assets for Mortgage Pfandbriefe pursuant to section 19 (1) sentence 1 no. 2a and 2b, section 19 (1) sentence 1 no. 3a to c, section 19 (1) sentence 1 no. 4**

	Claims pursuant to section 19 (1) no. 4 of the PfandBG		Total	
	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 € mn	31 Dec 2023 € mn
Sovereign borrowers				
Federal Republic of Germany	1,416	1,263	1,416	1,263
<b>Total</b>	<b>1,416</b>	<b>1,263</b>	<b>1,416</b>	<b>1,263</b>

There are no claims pursuant to section 19 (1) sentence 1 no. 2a and b and section 19 (1) sentence 1 no. 3a to c.

In the financial year and in the previous year there were no payments in arrears by at least 90 days on cover assets for Mortgage Pfandbriefe and Public Pfandbriefe.

As at the current reporting date and as at the reporting date of the previous year, there were no pending or executed forced sales or forced sales proceedings on cover assets for Mortgage Pfandbriefe.

There were no purchases of plots to prevent losses on mortgages (previous year: € nil).  
As at the current reporting date and as at the reporting date of the previous year, there were no interest arrears.

In the financial year and in the previous year, there were no payments in arrears by at least 90 days on cover assets for Public Pfandbriefe.

**Assets included in cover for Public Pfandbriefe**  
**Share in total amount of Pfandbriefe outstanding (nominal)**

	31 Dec 2024 € mn	31 Dec 2023 € mn	31 Dec 2024 %	31 Dec 2023 %
<b>Total cover assets pool</b>	<b>11,453</b>	<b>11,802</b>	<b>116.22</b>	<b>124.57</b>
of which: ordinary cover	11,453	11,802	116.22	124.57
of which: additional cover	–	–	–	–

**Assets included in cover for Public Pfandbriefe**

	31 Dec 2024 € mn	31 Dec 2023 € mn
by loan amount		
<= € 10 mn	5,214	5,454
> € 10 mn / <= € 100 mn	3,778	4,057
> € 100 mn	2,461	2,291
<b>Total</b>	<b>11,453</b>	<b>11,802</b>

### Assets included in cover for Public Pfandbriefe, by country of domicile of the borrower and, in the case of full guarantee, of the guarantor

a) of which: due from	Sovereign states		Regional public-sector entities		Local public-sector entities		Other		Total a)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
€ mn										
Belgium	45	45	23	23	–	–	–	–	68	68
Federal Republic of Germany	26	26	1,205	1,247	7,853	8,096	513	512	9,597	9,881
France	40	40	–	–	–	–	–	–	40	40
Italy	10	10	81	88	5	5	–	–	96	103
Canada	–	–	70	126	2	2	–	–	72	128
Luxembourg	7	7	–	–	–	–	–	–	7	7
Austria	417	417	25	25	–	–	–	–	442	442
Switzerland	–	–	106	162	–	–	–	–	106	162
Spain	50	50	204	204	30	30	–	–	284	284
EU institutions	–	–	–	–	–	–	59	64	59	64
<b>Total</b>	<b>595</b>	<b>595</b>	<b>1,714</b>	<b>1,875</b>	<b>7,890</b>	<b>8,133</b>	<b>572</b>	<b>576</b>	<b>10,771</b>	<b>11,179</b>

b) of which: guaranteed by	Sovereign states		Regional public-sector entities		Local public-sector entities		Other		Total b)		Total a) and b)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
€ mn												
Belgium	–	–	–	–	–	–	–	–	–	–	68	68
Federal Republic of Germany	415	234	144	163	54	73	0	2	613	472	10,210	10,353
France	–	–	–	–	–	–	–	–	–	–	40	40
Italy	–	–	–	–	–	–	–	–	–	–	96	103
Canada	–	–	45	127	–	–	–	–	45	127	117	255
Luxembourg	–	–	–	–	–	–	–	–	–	–	7	7
Austria	–	–	–	–	–	–	–	–	–	–	442	442
Switzerland	–	–	–	–	–	–	–	–	–	–	106	162
Spain	–	–	24	24	–	–	–	–	24	24	308	308
EU institutions	–	–	–	–	–	–	–	–	–	–	59	64
<b>Total</b>	<b>415</b>	<b>234</b>	<b>213</b>	<b>314</b>	<b>54</b>	<b>73</b>	<b>0</b>	<b>2</b>	<b>682<sup>*)</sup></b>	<b>623<sup>*)</sup></b>	<b>11,453</b>	<b>11,802</b>

\*) Totals do not include any guarantees due to promotion of export activities.

List of International Securities Identification Numbers (ISIN) of the International Organisation for Standardisation by types of Pfandbriefe

Mortgage Pfandbriefe

	Q4 2024	Q4 2023
ISIN	DE000A1REY59, DE000A13SR38, DE000A14J5J4, DE000A14KKK3, DE000A14KKM9, DE000A14KK24, DE000A161ZQ3, DE000A2AASB4, DE000A2AAW53, DE000A2AAX03, DE000A2AAX11, DE000A2AAX45, DE000A2AAX60, DE000A2BPJ78, DE000A2BPJ86, DE000A2E4UX0, DE000A2GSMH3, DE000A2GSMJ9, DE000A2GSMK7, DE000A2GSP31, DE000A2GSP49, DE000A2GSP56, DE000A2GSP64, DE000A2GSP80, DE000A2GSP98, DE000A2G9HD6, DE000A2G9HE4, DE000A2G9HF1, DE000A2G9HG9, DE000A2G9HJ3, DE000A2G9HK1, DE000A2G9HL9, DE000A2G9HM7, DE000A2G9HN5, DE000A2G9HQ8, DE000A2NB841, DE000A2TSDV6, DE000A2TSDW4, DE000A2TSDY0, DE000A2TSD06, DE000A288367, DE000A289PA7, DE000A289PB5, DE000A289PC3, DE000A289PD1, DE000A289PE9, DE000A289PG4, DE000A289PH2, DE000A3E5UT4, DE000A3E5UU2, DE000A3E5UY4, DE000A3E5U22, DE000A3H2TK9, DE000A3H2TQ6, DE000A3H2TR4, DE000A3MP601, DE000A3MP619, DE000A3MP635, DE000A3MP643, DE000A3MP650, DE000A3MP684, DE000A3MP692, DE000A3MQUX3, DE000A3MQUY1, DE000A3MQUZ8, DE000A3MQU03, DE000A3MQU37, DE000A3MQU45, DE000A3MQU52, DE000A3MQU86, DE000A351XK8, DE000A351XM4, DE000A351XS1, DE000A351XT9, DE000A351XU7, DE000A351XV5, DE000A351XW3, DE000A351XX1, DE000A351XY9, DE000A3825L1, DE000A3825N7	DE000A1REY59, DE000A1TNEX3, DE000A12T2F9, DE000A12UGG2, DE000A13SR38, DE000A13SWZ1, DE000A14J5J4, DE000A14KKK3, DE000A14KKM9, DE000A14KK24, DE000A161ZQ3, DE000A2AASB4, DE000A2AAW12, DE000A2AAW53, DE000A2AAX03, DE000A2AAX11, DE000A2AAX45, DE000A2AAX60, DE000A2BPJ45, DE000A2BPJ78, DE000A2BPJ86, DE000A2E4UX0, DE000A2GSMH3, DE000A2GSMJ9, DE000A2GSMK7, DE000A2GSP31, DE000A2GSP49, DE000A2GSP56, DE000A2GSP64, DE000A2GSP80, DE000A2GSP98, DE000A2G9HD6, DE000A2G9HE4, DE000A2G9HF1, DE000A2G9HG9, DE000A2G9HJ3, DE000A2G9HK1, DE000A2G9HL9, DE000A2G9HM7, DE000A2G9HN5, DE000A2G9HQ8, DE000A2NB841, DE000A2TSDV6, DE000A2TSDW4, DE000A2TSDY0, DE000A2TSD06, DE000A288367, DE000A289PA7, DE000A289PB5, DE000A289PC3, DE000A289PD1, DE000A289PE9, DE000A289PG4, DE000A289PH2, DE000A3E5UT4, DE000A3E5UU2, DE000A3E5UY4, DE000A3E5U22, DE000A3H2TK9, DE000A3H2TQ6, DE000A3H2TR4, DE000A3MP601, DE000A3MP619, DE000A3MP627, DE000A3MP635, DE000A3MP643, DE000A3MP650, DE000A3MP668, DE000A3MP684, DE000A3MP692, DE000A3MQUV7, DE000A3MQUX3, DE000A3MQUY1, DE000A3MQUZ8, DE000A3MQU03, DE000A3MQU29, DE000A3MQU37, DE000A3MQU45, DE000A3MQU52, DE000A3MQU78, DE000A3MQU86, DE000A3MQU94, DE000A351XK8, DE000A351XL6, DE000A351XM4, DE000A351XS1, DE000A351XT9

Public Pfandbriefe

	Q4 2024	Q4 2023
ISIN	DE000A0DLV76, DE000A0EUMF2, DE000A0EUMR7, DE000A0EUM42, DE000A0EUPJ7, DE000A1TM6A4, DE000A12TYS2, DE000A14J5C9, DE000A161ZP5, DE000A2BPJ11, DE000A2BPJ29, DE000A2BPJ52, DE000A2BPJ60, DE000A2GSMC4, DE000A2TSDZ7, DE000A3MQU11, DE000A351XN2, DE000A351XP7, DE000A351XQ5, DE000A351XR3, DE000A351XZ6, DE000A3825K3, DE000A3825M9	DE000A0DLV76, DE000A0EUMF2, DE000A0EUMR7, DE000A0EUM42, DE000A0EUPJ7, DE000A0XF AE1, DE000A1TM6A4, DE000A1YC8K4, DE000A12TYS2, DE000A14J5C9, DE000A161ZP5, DE000A2BPJ11, DE000A2BPJ29, DE000A2BPJ52, DE000A2BPJ60, DE000A2GSMC4, DE000A2TSDZ7, DE000A3MQU11, DE000A3MQU60, DE000A351XN2, DE000A351XP7, DE000A351XQ5, DE000A351XR3

## OTHER INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS

### (30) Audit and consulting fees within the meaning of section 285 no. 17 of the HGB

Fees for the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, for the 2024 financial year are as follows:

	2024 € 000's	2023 € 000's
<b>Auditing fees</b>	1,405	1,060
<b>Other assurance services</b>	500	39
<b>Tax advisory services</b>	–	–
<b>Other services</b>	111	5
<b>Total</b>	<b>2,016</b>	<b>1,104</b>

Auditing fees comprise expenses for the audit of DZ HYP's financial statements and management report, and for the review of the half-yearly financial report. Other assurance services are fees billed for certifications of commercial audits, especially concerning the non-financial statement under full application of the ESRS. Other services mainly relate to fees for project-related audits.

## (31) Executive bodies of DZ HYP

### Supervisory Board

#### Uwe Fröhlich

Co-Chief Executive Officer of the Board of Managing Directors, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main  
– Chairman –  
(until 8 May 2024)

#### Johannes Koch

Member of the Board of Managing Directors, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main  
– Chairman –  
(since 8 May 2024)

#### Dagmar Mines

Bank employee, DZ HYP AG  
– Deputy Chairwoman –

#### Thomas Müller

Spokesman of the Management Board, Volksbank Dresden-Bautzen eG  
– Deputy Chairman –

#### Uwe Berghaus

Member of the Board of Managing Directors, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main

#### Hubertus Beringmeier

Chairman of the Board of Directors, Stiftung Westfälische Landschaft

#### Dr Michael Düpmann

Chairman of the Management Board, VR Bank Rhein-Neckar eG

#### Karin Fleischer

Member of the Management Board, Volksbank Franken eG

#### Ralph Gruber

Bank employee, DZ HYP AG

#### Harald Herkströter

Chairman of the Management Board, Volksbank Halle/Westf. eG

#### Olaf Johnert

Bank employee, DZ HYP AG

#### Carsten Jung

Chairman of the Management Board, Berliner Volksbank eG

#### Petra Kalbhenn

Member of the Management Board, VR Bank Main-Kinzig-Büdingen eG

#### Michael Kuehn

Bank employee, DZ HYP AG

#### Katja Lewalter-Düssel

Member of the Management Board Genoverband e.V. (since 8 May 2024)

#### Marcus Lühder

Bank employee, DZ HYP AG

#### Anja Niehues

Bank employee, DZ HYP AG

#### Michael Speth

Member of the Board of Managing Directors, DZ BANK Deutsche Zentral-Genossenschaftsbank AG, Frankfurt/Main

#### Heinrich Stumpf

Deputy Spokesman of the Management Board, VR Bank Augsburg-Ostallgäu eG

#### Hans-Peter Ulepić

Spokesman of the Management Board, Gladbacher Bank Aktiengesellschaft von 1922 (until 8 May 2024)

### Management Board

#### Sabine Barthauer

– Chief Executive Officer –

#### Jörg Hermes

#### Stefan Schrader

**(32) Remuneration of the executive bodies**

	2024 € 000's	2023 € 000's
Member of the Supervisory Board	276	275
Management Board	2,159	2,119
Advisory Council	133	148
Former members of the Management Board or their surviving dependants	3,317	2,950
Provisions for current pensions and pension commitments for former members of the Management Board or their surviving dependants	46,913	45,914

**(33) Loans to members of the executive bodies**

	2024 € 000's	2023 € 000's
Member of the Supervisory Board	66	80

**(34) Offices held by members of the Management Board or members of staff in supervisory bodies of large limited companies**

As at 31 December 2024, neither the members of the Management Board nor members of staff held any offices in supervisory bodies of large limited companies.

**(35) Average number of employees**

	Male	Female	2024 Total	Male	Female	2023 Total
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>522</b>	<b>384</b>	<b>906</b>	489	374	863
of which: full-time employees	489	220	709	459	213	672
part-time employees						
number	33	164	197	30	161	191
weighted	(25)	(111)	(136)	(22)	(107)	(129)

**(36) Information about the parent company pursuant to section 285 no. 14 of the HGB**

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main, prepares consolidated financial statements which incorporate the financial statements of DZ HYP. The consolidated financial statements of DZ BANK are published in the German Federal Gazette (Bundesanzeiger).

**Report on material events after the reporting date Events after 31 December 2024**

No events of particular importance materialised during the period from 1 January to 28 February 2025 which would have required a materially different presentation of DZ HYP's net assets, financial position and financial performance, had they occurred earlier.

Hamburg and Münster, 28 February 2025

DZ HYP AG



Sabine Barthauer  
– Chief Executive Officer –



Jörg Hermes



Stefan Schrader

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# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Hamburg, 28 February 2025

DZ HYP AG



Sabine Barthauer

– Chief Executive Officer –



Jörg Hermes



Stefan Schrader

# INDEPENDENT AUDITOR'S REPORT

**The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.**

To DZ HYP AG, Hamburg and Münster

Report on the audit of the annual financial statements and of the management report

## Audit Opinions

We have audited the annual financial statements of DZ HYP AG, Hamburg and Münster, which comprise the balance sheet as at 31 December 2024, the statement of profit and loss, cash flow statement and statement of changes in equity for the financial year from 1 January to 31 December 2024 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of DZ HYP AG for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

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

- » the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles and
- » the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

## Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit opinions on the annual financial statements and on the management report.

## Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

### Allowance for credit losses in lending business

Our presentation of this key audit matter has been structured as follows:

- » Matter and issue
- » Audit approach and findings
- » Reference to further information

Hereinafter we present the key audit matter:

### Allowance for credit losses in lending business

- » In DZ HYP AG's annual financial statements loan receivables amounting to EUR 67,9 billion (88,0 % of total assets) are reported under the "Loans to customers" balance sheet item and amounting to EUR 3,1 billion (4,0 % of total assets) under the "Loans to banks" balance sheet item. In addition, there are contingent liabilities and other commitments in the amount of EUR 6,3 billion. As of December 31, 2024, there is an allowance for credit losses in the statement of financial position consisting specific and general valuation allowances and provisions for the lending business. The measurement of the allowance for credit in the lending business is determined in particular by the structure and quality of the loan portfolios, macroeconomic factors and executive director's estimates with regard to future credit defaults, among other things, also against the background of the impact of the deterioration in macroeconomic conditions and the associated effects on the real estate lending business. The amount of the specific valuation allowances on loans to customers reflects the difference between the outstanding amount of the loan and the lower value assigned to it as at the balance sheet date. Existing collaterals are taken into account. General valuation allowances are recognized for foreseeable counterparty risks in the lending business of banks that have not yet been specifically identified for individual borrowers. For this purpose, a general valuation allowance is recognized for loans for which no specific allowance has been recognized in the amount of the expected loss for an observation period of twelve months, unless the credit default risk has increased significantly since the date of addition. In the event of a significant increase in the credit default risk since addition, a general valuation allowance is recognized for the losses expected over the remaining term of the loans concerned for loans for which no specific allowance has been recognized. The amount of the valuation allowances and provisions for credit losses are highly significant for the assets, liability and financial performance of the Company and, on the other hand, they involve considerable judgement on the part of executive director's with regard to the cash flows still expected from a loan and the macroeconomic forecasts in the model used to cal-

culate the general valuation allowances. Furthermore, the measurement parameters applied, which are subject to material uncertainties, have a significant impact on the recognition and the amount of any valuation allowances required. Against this background, this matter was of particular significance during our audit.

- » As part of our audit, we initially assessed the design of the relevant internal control system of the Company. Thereby, we considered the business organization, the IT systems and the relevant measurement models. In addition, we evaluated the assessment of the loans, including the appropriateness of estimated values, on the basis of sample testing of loan engagements. For this purpose, we assessed, among other things, the available documentation of the Company with respect to the economic circumstances as well as the recoverability of the corresponding collaterals. For real estate as collateral, we obtained an understanding of and critically assessed the source data, measurement parameters applied, and assumptions made on which the expert valuations provided to us by the Company were based and evaluated whether they lay within an acceptable range. In addition, for the purpose of assessing the specific and general valuation allowances applied, we evaluated the calculation methodology applied by the Company together with the underlying assumptions and parameters. In this context we especially evaluated the assessment of the executive director's regarding the impact of the deterioration in macroeconomic conditions and the associated effects on the real estate lending business on the economic situation of the borrowers and the valuation of the corresponding real estate collateral and examined their consideration in the valuation of the customer loans. With the assistance of our specialists in the mathematical finance, we have assessed the calculation of counterparty risks not yet specified for individual borrowers in the model for determining general valuation allowances. Based on our audit procedures performed, we were able to satisfy ourselves that the assumptions made by the executive director's for the purpose of testing the recoverability of the loan portfolio are justifiable overall, and that the controls implemented by the Company are appropriate and effective.

- » The Company's disclosures regarding the allowance for lending business are contained in the notes of the financial statements in section 2 "Accounting Policies" and in the Management Report in the "Financial Performance" section of the Economic report.

### Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- » the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in section "Employee Report" of the management report
- » the non-financial statement to comply with §§ 289b to 289e HGB included in section "Sustainability Report"

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

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

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

- » is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- » otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

## Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the annual financial statements and of the 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 audit 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 controls.
- » Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in or-

der to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control of the Company and these arrangements and measures (systems), respectively.

- » 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 Company'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit 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 Company to cease to be able to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- » Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- » Perform audit procedures on the prospective information presented by the executive directors in the 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 prospec-

tive information from these assumptions. We do not express a separate audit 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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 on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

#### Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file DZ HYP\_AG\_JA+LB\_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB

for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

### **Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company 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 § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

### **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 § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- » Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 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 work 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 the

Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.

- » Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

#### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 8 May 2024. We were engaged by the supervisory board on 10 May 2024. We have been the auditor of the DZ HYP AG, Hamburg und Münster, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

#### Reference to an other matter- use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are

merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form..

#### German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Anne Witt.

Hamburg, 28 February 2025

PricewaterhouseCoopers GmbH  
 Wirtschaftsprüfungsgesellschaft

Anne Witt	ppa. Uwe Gollum
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

# ASSURANCE REPORT

## ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE SUSTAINABILITY REPORT

To DZ HYP AG, Hamburg and Münster

### Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Report of DZ HYP AG, Hamburg and Münster, (hereinafter the "Company") included in section "Sustainability Report" of the Management Report for the financial year from 1 January to 31 December 2024 (hereinafter the "Sustainability Report"). The Sustainability Report has been prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] to prepare a non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Report is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, §§ 289c to

289e HGB to prepare a non-financial statement as well as with the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- » that the accompanying Sustainability Report does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Sustainability Report (hereinafter the "materiality assessment") is not, in all material respects, in accordance with the description set out in section "Materiality Analysis" of the Sustainability Report, or
- » that the disclosures set out in section "Disclosures Pursuant to Article 8 of the Regulation (EU) 2020/852" of the Sustainability Report do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

### Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Sustainability Report" section.

We are independent of the Company 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. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

### Responsibility of the Executive Directors and the Supervisory Board for the Sustainability Report

The executive directors are responsible for the preparation of the Sustainability Report in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for

the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Sustainability Report in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Sustainability Report) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Sustainability Report, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Sustainability Report.

### Inherent Limitations in the Preparation of the Sustainability Report

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Sustainability Report.

### German Public Auditor's Responsibilities for the Assurance Engagement on the Sustainability Report

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Sustainability Report has not been prepared, in all material respects, in accordance with the CSRD and the relevant

German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Sustainability Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism.

We also:

- » obtain an understanding of the process to prepare the Sustainability Report, including the materiality assessment process carried out by the Company to identify the information to be included in the Sustainability Report.
- » identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- » consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

### Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- » evaluated the suitability of the criteria as a whole presented by the executive directors in the Sustainability Report.
- » inquired of the executive directors and relevant employees involved in the preparation of the Sustainability Report about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Sustainability Report, and about the internal controls relating to this process.
- » evaluated the reporting policies used by the executive directors to prepare the Sustainability Report.
- » evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- » performed analytical procedures and made inquiries in relation to selected information in the Sustainability Report.

- » considered the presentation of the information in the Sustainability Report.
- » considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report.

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted

### Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engage-

ment. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Hamburg, den 28. Februar 2025

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Anne Witt	ppa. Uwe Gollum
Wirtschaftsprüferin	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

# REPORT OF THE SUPERVISORY BOARD



Johannes Koch  
Chairman of the Supervisory Board

Despite the persistently weak economy, DZ HYP reaffirmed its market position in the 2024 financial year, with new business slightly above the previous year's volumes and a stable portfolio. Although geopolitical uncertainty and the unstable political situation at home in Germany in particular paralysed market activity, lower inflation and the interest rate turnaround initiated by the European Central Bank (ECB) led to a slight recovery in the real estate market. Property prices and yields stabilised, too, which made investments more attractive again. In this environment, DZ HYP once again confirmed its position as a leading real estate bank and Pfandbrief issuer and will once again contribute positively to DZ BANK Group's earnings for the year under review.

The second half of the year in particular was characterised by a special market dynamic. Due to the lower interest rates, buyers and sellers were increasingly able to find common ground again, which led to a marked increase in the retail real estate finance business, especially in the final quarter of 2024, as well as to a significant increase in transactions concluded with corporate clients. Average margins remained constant in the Retail Customers seg-

ment; they developed favourably in the Corporate Clients segment. Overall, the Bank ended the year under review with net interest income at a stable level.

In a challenging market environment, DZ HYP remained a responsible and strong counterparty to its clients and business partners throughout 2024. In line with its conservative risk strategy, the Bank responded prudently to the geopolitical and economic environment and the inherent uncertainties that this entailed.

The domestic Corporate Clients and Retail Customers business with the German cooperative banks made a good recovery in 2024. DZ HYP facilitates the growing share of the platform business in private home loan finance as an efficient product supplier by developing new competitive solutions designed to meet clients' needs. Through the progressive digital transition of its own processes, the Bank is able to expand and realise growth potential together with its local partners.

During the year under review, the Supervisory Board dealt extensively with business developments in the segments Corporate Clients, Retail Customers and Public Sector. It also addressed the impact on DZ HYP's performance of the geopolitical situation, interest rate developments and market changes. In this context, it also conducted in-depth discussions regarding the Bank's risk situation, with a particular focus on the different impacts on individual asset classes, the risk management system, regulatory requirements and compliance with them and, where required, the performance of individual exposures. The main topics covered in particular the development of collateral values in selected asset classes, liquidity risks associated with open-ended property funds, risks facing commercial and residential real estate developers and interest rate risks for existing financings. Discussions also

focused on the workload and organisation in the Restructuring and Recovery departments, as well as the results of external audits (in particular, the OSI-CRE, OSI-IT and IMI audits). Sustainability, the digital transformation and selected aspects of internal development were all discussed extensively in the year under review as well.

The Supervisory Board also focused on preparing the resolutions for the Annual General Meeting concerning the renewal of the authorised capital, the adjustment of the remuneration system for the Supervisory Board and the option for conducting virtual annual general meetings. In addition, the annual review of the work and qualifications of the Supervisory Board and Management Board members, the Bank's remuneration systems, the Remuneration Officer's report, the Management Board members' target achievement and agreed remuneration were the subject matter of resolutions. Diversity targets and the introduction and training programmes for the Supervisory Board and the Management Board were reviewed and the report on compliance with the Bank's lending standards discussed.

The Supervisory Board also dealt with filling vacant Supervisory Board and committee mandates, the suitability of new shareholder representatives to be elected to the Supervisory Board, the Risk or Audit Committee, the extension of a Management Board member's office and long-term succession planning for the Management Board of DZ HYP. Other significant topics were the CSRD project report, the transfer of DZ HYP registered shares to DZ BANK, the sale of a shareholding, a change in the statutes for DZ HYP's Advisory Boards and the adjustments to D&O insurance cover.

### **Supervisory Board and committees**

During the year under review, the Supervisory Board of DZ HYP and its committees have monitored the conduct of business by the Management Board in accordance with statutory regulations and those set out in the Bank's Articles of Incorporation, and also took decisions on those transactions required to be presented to the Supervisory Board for approval. To fulfil its tasks, the Supervisory Board engaged a Nomination Committee, a Remuneration Control Committee, an Audit Committee and a Risk Committee.

The self-evaluation of the Supervisory Board and Management Board by the Supervisory Board carried out in the second quarter of 2024 (for the first time in digital form) led to the conclusion that the structure, size, composition and performance of the Supervisory Board and the Management Board as well as the knowledge, skills and expertise of the individual members of the Supervisory Board and of the Management Board, as well as of both bodies in their entirety, are in line with legal requirements and those set out in the Articles of Incorporation. The Supervisory Board also has adequate personal and financial resources at its disposal to assist members in taking up office and ensure they receive in-house training to help them maintain the required expertise. The majority of the Supervisory Board members took part in a voluntary Bank-specific training held by the external auditors in November. The next regular evaluation of DZ HYP's Supervisory Board and Management Board is scheduled for the first half of 2025. The next regular internal training course for members of the Supervisory Board on Bank-specific issues held by the external auditors will take place in June 2025.

### **Cooperation with the Management Board**

The Management Board regularly reported to the Supervisory Board on DZ HYP's situation and performance, general business developments, profitability and risk exposure, in good time and comprehensively, both in writing and verbally. The impact of geopolitical and economic market changes was addressed in this context. Furthermore, the Supervisory Board was informed by the Management Board concerning the Bank's operative and strategic planning and orientation, and about material lending exposures and investments. The Supervisory Board

discussed these issues, current developments and matters relating to the Bank's strategic focus with the Management Board; it advised the Management Board, and supervised the management of the Company. The Supervisory Board was involved in all decisions that were of fundamental importance to the Bank.

### **Meetings of the Supervisory Board**

The Supervisory Board convened three times during the 2024 financial year. The Committees established by the Supervisory Board also convened on numerous occasions during 2024. The Chairpersons of the various committees regularly gave accounts of their work to the plenary meeting.

Between Supervisory Board meetings, the Management Board informed it in writing about the Bank's business and risk development. During discussions with the Management Board outside the meetings, the Chairman of the Supervisory Board and the Chairmen of the Committees also addressed key decisions – especially transactions and the development of the Bank's business and risk exposure – on a regular basis as well as when required. The members of the Supervisory Board and its Committees participated regularly in the written resolutions and meetings of the respective bodies during the 2024 financial year. To avoid any conflicts of interest in the Risk Committee, committee members affected by such conflicts of interest did not participate in the respective resolutions. There were no other potential conflicts of interest during the year under review.

### **Cooperation with the external auditors**

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which submitted a declaration of independence to the Supervisory Board, audited the annual financial statements of DZ HYP, including the accounting records and management report of DZ HYP for the 2024 financial year, as well as the Sustainability Report that DZ HYP prepared voluntarily, as presented to it by the Management Board, and found these to be in line with statutory requirements. It has issued an unqualified audit opinion for the financial statements and an unqualified opinion for the Sustainability Report. The audit report and the assurance report were submitted to members of the Supervisory Board, and were discussed in detail during Supervisory Board meetings. The Supervisory Board accepted the results of the audit by the external auditors, in line with a recommendation by the Audit Committee.

### **Approval and confirmation of the financial statements**

The Supervisory Board and the Audit Committee reviewed the annual financial statements and the management report of DZ HYP in detail at their meetings. The Chairman of the Audit Committee notified the Supervisory Board about the detailed discussions of the Committee regarding the financial statements and the Bank's management report. The external auditor's representatives participated in the Supervisory Board meeting to adopt the annual financial statements, and in the preparatory meetings of the Audit Committee and the Risk Committee, and reported in detail on the key findings of their audit. They were also available to answer questions put by Supervisory Board members. The Supervisory Board raised no objections with regard to the accounts. In its meeting on 28 March 2025, the Supervisory Board approved the financial statements of DZ HYP as at 31 December 2024, prepared by the Management Board. The annual financial statements have thus been adopted.

## Personnel changes within the Supervisory Board and the Management Board

With effect from the conclusion of the Annual General Meeting on 8 May 2024, Uwe Fröhlich resigned from his office as member and Chairman of the Supervisory Board of DZ HYP. On the same date, he also resigned as member of the Audit and Risk Committee and as member and Chairman of the Nomination and the Remuneration Control Committees of DZ HYP's Supervisory Board. Johannes Koch, who was newly elected by the Annual General Meeting to the Supervisory Board with effect from 8 May 2024, was elected on the same date and for the duration of his term of office as member of the Supervisory Board of DZ HYP as Chairman of the Supervisory Board, member of the Audit and Risk Committee and as Chairman of the Nomination and Remuneration Control Committees of DZ HYP's Supervisory Board. Hans-Peter Ulepić also retired from the Supervisory Board of DZ HYP with effect from the conclusion of the Annual General Meeting on 8 May 2024. The Annual General Meeting newly elected Katja Lewalter-Düssel to the Supervisory Board on the same date. The Supervisory Board appointed her as an additional member of the Audit Committee and Petra Kalbhenn to the Risk Committee.

There were no other changes to the members of the Supervisory Board and the Management Board during the 2024 financial year.

The Supervisory Board would like to thank the Management Board, and all of DZ HYP's staff, for their commitment and successful contribution during the 2024 financial year.

Hamburg and Münster, 28 March 2025

DZ HYP AG  
The Supervisory Board



Johannes Koch  
Chairman of the Supervisory Board

# SERVICE

## CORPORATE BODIES AND COMMITTEES, EXECUTIVES

### Supervisory Board

#### **Johannes Koch**

Member of the Board of  
Managing Directors,  
DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt/Main  
– Chairman –

#### **Dagmar Mines**

DZ HYP AG,  
Hamburg  
– Deputy Chairwoman –

#### **Thomas Müller**

Speaker of the Management  
Board Volksbank Dresden-  
Bautzen eG,  
Dresden  
– Deputy Chairman –

#### **Uwe Berghaus**

Member of the Board  
of Managing Directors,  
DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt/Main

#### **Hubertus Beringmeier**

Chairman of the  
Board of Directors,  
Stiftung Westfälische Landschaft,  
Vreden

#### **Dr Michael Düpmann**

Chairman of the  
Management Board,  
VR Bank Rhein-Neckar eG,  
Mannheim

#### **Karin Fleischer**

Member of the  
Management Board,  
Volksbank Franken eG,  
Buchen

#### **Ralph Gruber**

DZ HYP AG,  
Hamburg

#### **Harald Herkströter**

Chairman of the  
Management Board,  
Volksbank Halle/Westf. eG,  
Halle (Westphalia)

#### **Olaf Johnert**

DZ HYP AG,  
Hamburg

#### **Carsten Jung**

Chairman of the  
Management Board,  
Berliner Volksbank eG,  
Berlin

#### **Petra Kalbhenn**

Member of the  
Management Board,  
VR Bank Main-Kinzig-  
Büdingen eG,  
Linsengericht

#### **Michael Kuehn**

DZ HYP AG,  
Münster

#### **Katja Lewalter-Düssel**

Member of the  
Management Board  
Genoverband e.V.,  
Düsseldorf  
(since 8 May 2024)

#### **Marcus Lühder**

DZ HYP AG,  
Münster

#### **Anja Niehues**

DZ HYP AG,  
Münster

#### **Michael Speth**

Member of the Board  
of Managing Directors,  
DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt/Main

#### **Heinrich Stumpf**

Deputy Spokesman of the  
Management Board,  
VR Bank Augsburg-Ostallgäu eG,  
Augsburg

## Advisory Board – Banks

### Frank Baer

Chairman of the Management Board, Volksbank Spree-Neiße eG, Spremberg

### Thomas Büscher

Chairman of the Management Board, VR Bank eG Bergisch Gladbach-Leverkusen, Bergisch Gladbach

### Joachim Erhard

Speaker of the Management Board, Volksbank Raiffeisenbank Würzburg eG, Würzburg

### Christian Forstner

Deputy Spokesman of the Management Board, VR-Bank Rottal-Inn eG, Pfarrkirchen

### Mirko Gruber

Member of the Management Board, Meine Volksbank Raiffeisenbank eG, Rosenheim

### Rita Herbers

Member of the Management Board, Hamburger Volksbank eG, Hamburg

### Wolfgang Hillemeier

Co-Chairman of the Management Board, Volksbank Delbrück-Rietberg eG, Delbrück

### Johannes Hofmann

Deputy Chairman of the Management Board, VR-Bank Metropolregion Nürnberg eG, Nuremberg

### Andreas Jeske

Member of the Management Board, VR Bank in Holstein eG, Pinneberg

### Ina Kreimer

Member of the Management Board, VerbundVolksbank OWL eG, Paderborn

### Jörg Lindemann

Member of the Management Board, Volksbank Darmstadt Mainz eG, Mainz

### Sabine Meister

Member of the Management Board, Volksbank Konstanz eG, Konstanz

### Gregor Mersmann

Member of the Management Board, Dortmunder Volksbank eG, Dortmund

### Daniel Mohaupt

Member of the Management Board, PSD Bank Berlin-Brandenburg eG, Berlin

### Daniel Mohr

Member of the Management Board, Volksbank Neckartal eG, Eberbach

### Christoph Ochs

Chairman of the Management Board, VRBank Südpfalz eG, Landau

### Ralf Pakosch

Member of the Management Board, Frankfurter Volksbank Rhein/Main eG, Frankfurt/Main

### Andreas Walter Ritzenhofen

Member of the Management Board, Volksbank Rhein-Erft-Köln eG, Hürth

### Volker Schmelzle

Member of the Management Board, Volksbank Plochingen eG, Plochingen

### Norbert Schmitz

Chairman of the Management Board, VR-Bank Fläming-Elsterland eG, Luckenwalde

### Tobias Schmitz

Spokesman of the Management Board, Volksbank Alzey-Worms eG, Worms

### Alexander Schulze

Deputy Spokesman of the Management Board, Volksbank Ulm-Biberach eG, Ulm

### Mathias Semmelmann

Member of the Management Board, Volksbank Raiffeisenbank Regensburg-Schwandorf eG, Schwandorf

## Advisory Board – Banks

### **Volker Spietenborg**

Member of the  
Management Board  
Volksbank Freiburg eG,  
Freiburg

### **Thomas Stolper**

Speaker of the  
Management Board,  
Volksbank eG,  
Wolfenbüttel

### **Stefan Terveer**

Member of the  
Management Board,  
Volksbank Westerstede eG,  
Westerstede

## Advisory Board – Public Sector and Housing Sector

### **Christian Schuchardt**

Lord Mayor of the  
City of Würzburg,  
Würzburg  
– Chairman –

### **Claus Hamacher**

Councillor for Finance  
and Municipal Economy, Associa-  
tion of Cities and Municipalities in  
North-Rhine Westphalia,  
Düsseldorf

### **Dr Frank Nagel**

Head of the Credit Department,  
Ministry of Finance of the State  
of Rhineland-Palatinate,  
Mainz

### **Jörn-M. Westphal**

Managing Director,  
ProPotsdam GmbH,  
Potsdam  
– Deputy Chairman –

### **Peter Kay**

Member of the  
Management Board,  
BGFG – Baugenossenschaft freier  
Gewerkschafter eG,  
Hamburg

### **Andreas Otto**

Chairman of the  
Management Board,  
GWG Gifhorner Wohnungsbau-  
genossenschaft eG,  
Gifhorn

### **Konrad Beugel**

Finance and Economics Officer  
of the City of Erlangen,  
Erlangen

### **Markus Kreuz**

Treasurer of the  
City of Hamm,  
Hamm

### **Ute Schäfer**

Member of the  
Management Board,  
Wohnungsgenossenschaft  
UNITAS eG,  
Leipzig

### **Michael Esken**

President,  
Municipal Audit Authority  
North Rhine-Westphalia,  
Herne

### **Steffan Liebscher**

Member of the  
Management Board,  
GEWOBA Nord  
Baugenossenschaft eG,  
Schleswig

### **Sybille Wegerich**

Member of the  
Management Board,  
bauverein AG,  
Darmstadt

### **Dr Stefan Funke**

Treasurer/Director of the  
District of Warendorf,  
Warendorf

### **Dr Georg Lunemann**

Regional Director,  
Landschaftsverband  
Westfalen-Lippe,  
Münster

### **Christine Zeller**

Treasurer of the City,  
Finance, Investments and  
Migration Department,  
City of Münster,  
Münster

### **Franz-Bernd Große-Wilde**

Chairman of the  
Management Board,  
Spar- und Bauverein eG,  
Dortmund

### **Rüdiger Maier**

Chairman of the  
Management Board,  
Neues Heim –  
Die Baugenossenschaft eG,  
Stuttgart

## Management Board and distribution of responsibilities

### Sabine Barthauer

– Chief Executive Officer –

- » Segment Corporate Clients
- » Segment Public Sector
- » Segment Retail Customers
- » Treasury
- » Communications, Marketing & Events
- » Corporate Strategy and Development

### Jörg Hermes

- » Compliance
- » Finance
- » Internal Audit
- » IT
- » Human Resources
- » Security and Organisation

### Stefan Schrader

- » Back Office Corporate Clients
- » Back Office Treasury & Public Sector
- » Risk Controlling
- » Legal, Restructuring, Recovery

## Department Heads

### Patrick Ernst

Treasury

### Anja Klarmann

Security and Organisation

### Frank Schneider

Compliance

### Norbert Grahl

Back Office Corporate Clients

### Markus Krampe

Segment Public Sector,  
Segment Retail Customers

### Jürg Schönherr

Segment Corporate Clients  
- Housing Sector

### Steffen Günther

Segment Corporate Clients  
- Institutional & International Clients  
- SMEs & Cooperative Banks

### Dr Stefan Krohnsnest

Risk Controlling

### Peter Vögelein

Internal Audit

### Nicole John

Corporate Strategy and  
Development

### Maik Michaelis

Finance

### Carsten Hendrik Vollberg

Legal, Restructuring, Recovery

### Kirsten Jucknat

Back Office Treasury &  
Public Sector

### Peter Ringbeck

IT

### Anke Wolff

Communications, Marketing &  
Events

### Arne Schneider

Human Resources

## Trustees

### Dr Michael Labe

Judge (retired),  
Hamburg

### Björn Reher

Deputy Trustee,  
Public auditor and tax advisor,  
Hamburg

# DZ HYP ADDRESSES

## Hamburg Head Office

Rosenstrasse 2  
20095 Hamburg, Germany  
PO Box 10 14 46  
20009 Hamburg, Germany  
Phone: +49 40 3334-0

## Münster Head Office

Sentmaringer Weg 1  
48151 Münster, Germany  
Mailing address:  
48136 Münster, Germany  
Phone: +49 251 4905-0

## Commercial Real Estate Investors

### Real Estate Centre Berlin

Pariser Platz 3  
10117 Berlin, Germany  
Phone: +49 30 31993-5101

### Hanover Regional Office

Berliner Allee 5  
30175 Hanover, Germany  
Phone: +49 511 866438-08

### Nuremberg Regional Office

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### Real Estate Centre Düsseldorf

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### Kassel Regional Office

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### Real Estate Centre Hamburg

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