

I DZ BANK Group fundamentals

1 Business model and strategic focus

The business model and strategic focus of the DZ BANK Group are described in detail on page 10 onward of the 2019 Annual Report. Those disclosures are also applicable to the first half of 2020.

1.1 Impact of the COVID-19 pandemic on the DZ BANK Group's strategic focus

The DZ BANK Group did not need to significantly adjust its strategic focus as a network-oriented central institution and financial services group as a result of the COVID-19 pandemic. Business activities continue to be centered on the local cooperative banks and their customers.

Nevertheless, the entities in the DZ BANK Group responded to the changed market conditions by taking various measures and adapting their product ranges. Nearly all sales activities were moved to digital channels owing to the social distancing requirements introduced in connection with the crisis.

Within the DZ BANK Group, precautionary measures were coordinated and implemented to ensure operational stability. The technical options for working from home were extended across the group. As a result, around 90 percent of employees were working from home at times, without any restriction on business. During the crisis, DZ BANK's committees were kept up to date on the latest situation and were able to make decisions at all times by holding virtual meetings, including extra meetings added to the usual schedule.

In April 2020, R+V Versicherung AG, Wiesbaden, (R+V Versicherung; subgroup abbreviated to R+V) participated in an initiative of the German government aimed at maintaining credit insurance and ensuring the

movement of goods. The voucher portal set up by the cooperative financial network, VR-ExtraPlus Hilft, enables small and medium-sized enterprises to offer vouchers to their customers, in particular when their business has to close due to coronavirus. R+V supports the portal by providing integrated insolvency cover for the vouchers.

The options introduced before the COVID-19 pandemic designed to make it easier for customers of TeamBank AG Nürnberg, Nuremberg, (TeamBank) to repay loans were expanded in view of the pandemic. Other entities in the DZ BANK Group implemented similar measures.

Since the end of March 2020, VR Smart Finanz AG, Eschborn, (VR Smart Finanz) has been offering the 'VR Smart flexibel Förderkredit' development loan, which can be taken out through the local cooperative banks under 'Emergency program 2020 for established and young companies', a government-backed program provided by Kreditanstalt für Wiederaufbau (KfW) that offers immediate support for both established and new companies. VR Smart Finanz thus enables customers of the cooperative banks to submit an automated loan application for up to €100,000 and is supporting the growing digital sales trend, which has gathered pace during the COVID-19 pandemic.

In the first half of this year, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (DZ BANK) particularly focused on development lending business in order to meet the requirements for implementation of the various government support programs. In this role, it acts as a processing point and channel between the development banks and cooperative banks. DZ BANK continued its 'Verbund First 4.0' strategic program, first established in 2018, without change. As part of the program, improvements to the market offering, control and production processes, and corporate culture were addressed and action plans were initiated as part of 28 defined implementation packages.

1.2 Refinement of DZ BANK's governance structure

Following its merger with the former WGZ BANK in 2016, DZ BANK refined its governance structure along the lines of a holding company model. To this end, it set up a Central Advisory Council in 2018 and separated responsibility for the holding company activities and for the central institution and corporate bank activities within DZ BANK. The examination of the legal configuration, particularly with regard to separating DZ BANK's individual functions into two legal entities, was completed in the first half of 2020. All committees decided unanimously that the legal separation would not be pursued further.

2 Management of the DZ BANK Group

The management of the DZ BANK Group is described in detail on page 16 onward of the 2019 Annual Report. Those disclosures are also applicable to the first half of 2020.